

ENVIRONMENTAL SOCIAL & GOVERNANCE MANAGEMENT SYSTEM

Africa Go Green



Africa Go Green is a Luxembourg domiciled Fund, managed by an Alternative Investment Fund Manager (AIFM) with an Advisory Committee comprised of representatives of the Limited Partners. The AIFM is delegating Portfolio Management to the Portfolio Manager and maintaining the Risk Management function.

- AIFM: LHNL AM B.V.
- Risk Manager: AIFM
- Portfolio Manager: LHGP Asset Management 18 Ltd

Africa Go Green Fund encourages developing and/or investing in eligible Energy Efficiency (“EE”) & Renewable Energy (“RE”). “AGG”, the “Fund” has developed the Fund’s Environmental, Social & Governance Policy, which includes the Environmental Social and Governance Management System (together the “ESG Policy”). The ESG Policy sets out objectives, procedures and guidelines to express the Fund’s desired development impact, as well as how the Fund will manage risks, monitor and report on the Fund’s impact achievements in line with the aims of its principal shareholders. It will be used for investee-company evaluation and reporting and Fund reporting to the Investment Committee, the Risk Manager and the Advisory Committee.

This ESG Policy includes a framework that integrates environmental and social risk management into the AGG business processes. It is a set of actions and procedures that are implemented concurrently with the AGG’s broader risk management procedures.

The ESG Policy ensures that the AGG activities are consistent with its development impact goals and in compliance with high environmental, social and governance standards. It helps AGG to avoid and manage investments with potential environmental, social and governance risks by conducting environmental and social due diligence prior to deal completion and adequate supervision of projects during the term of the investment. It also sets expectations with regard to development impact goals and how these will be assessed and reported.

This ESG Policy is rooted in the IFC Performance Standards (“IFC PS”) on Environmental and Social Sustainability as well as other relevant guidelines and standards integrated within the IFC PS such as the World Bank EHS guidelines and the ILO core labour standards.

This ESG Policy supersedes all previous ESG Policies and shall be superseded by all future ESG Policies approved by the Advisory Committee and / or the AIFM as required.

CONFIDENTIAL

October 2022

Version	Issue Date (DD/MM/YYYY)	Author	Approved by
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Acronyms and Definitions

AC	Advisory Committee
AESPR	Annual ESG Performance Report
AfDB	African Development Bank
AIFM	LHNL AM BV as Alternative Investment Fund Manager
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CAP	Climate Action Plan
DD	Due Diligence
EE	Energy Efficiency
EHS	Environmental, Health and Safety
Environmental Law	Any law, rule or regulation (including international treaty obligations) concerning environmental matters and natural resource management applicable to any Investee in any country in which it carries out business activities financed by the Fund.
ESAP	The environmental and social action plan agreed upon between the Fund and any defining actions, responsibilities, deliverables, compliance indicators and a timeframe for the measures required to remedy the known non-compliances of the activities of the Investee with the ESG Requirements and for any other measure agreed upon, as amended from time to time.
ESCP	Environmental and Social Commitment Plan
ESG	Environmental, Social and Governance
ESHS	Environmental, Social, Health and Safety
ESIA	Environmental and Social Impact Assessment
ESG Instruments	Means all environmental and social studies and plans that are required to assess and manage the impacts and risks of an investment such as ESIA, ESAP, SEP (Stakeholder Engagement Plan), RAP (Resettlement Action Plan), ESMS, etc.
ESG Manager	The senior officer of the Fund Manager having management responsibility, among other things, for ensuring proper operation and maintenance of the ESMS.
ESMS	Environmental and Social Management System. The part of the overall management system of the Fund that includes the relevant policies, organizational structure, planning activities, ES(G) staff and responsibilities, practices, procedures and resources for developing, implementing, achieving, reviewing and maintaining compliance with ESG Requirements, dedicated to the systematic and structured improvement of environmental and social performance, specifically targeted to identify and manage environmental and social risks and opportunities in the Investee appraisal and management processes.
ESG Officer	The suitably trained officer of the Fund Manager, responsible for the practical and day-to-day development, implementation, and operation of the ESMS.
ESG Permit	Any environmental and/or social permit, license, consent, approval or other authorization required by the Fund or an Investee to conduct its business.
ESG Requirements	The stricter of (i) Environmental Law, (ii) Social Law, (iii) ESG Permits, (iv) ILO Fundamental Conventions, (v) all applicable IFC Performance Standards, general and sector specific EHS Guidelines of the World Bank Group (vi) AGG Exclusion list which combines the KfW Group Exclusion List, IFC Exclusion List, AfDB Exclusion List and the NDF Exclusion List.

ESS	E&S Standards 1-10 of the World Bank.
Exclusion List	Defines activities that cannot be financed by the Fund, i.e., see AGG Exclusion List (APPENDIX 1)
FI	Is a financial intermediary or financial institution receiving funding from the Fund to finance Investments and must conform to the relevant ESG Principles.
Fund / AGG	Africa Go Green SCS SICAV-RAIF
Fund Manager	Any person or entity which oversees the portfolio management of the Fund (the AIFM and/or the Portfolio Manager, as applicable)
Fundamental Conventions	The requirements on child and forced labour, discrimination and freedom of association and collective bargaining, stemming from the ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 and covering: (i) freedom of association and the right to collective bargaining, (ii) the elimination of forced and compulsory labour, (iii) the abolition of child labour and (iv) the elimination of discrimination in the workplace.
GRM	Grievance and Redress Mechanism
IC	Investment Committee as defined under the LPA
IFC	The International Finance Corporation.
IFC PS	The IFC's Performance Standards on Social and Environmental Sustainability, published on January 1, 2012 ¹ , (including the technical reference documents known as World Bank Group Environmental, Health, and Safety (EHS) Guidelines).
ILO	The International Labour Organization, the tripartite United Nations agency which brings together governments, employers and workers of its member states in common action to promote decent work throughout the world.
Investees	Means the final recipients of Investments that are financed via the Fund.
Investment	Investments into energy efficiency and renewable energy projects that are done by the Fund.
IUCN	International Union for Conservation of Nature
KYC	Know Your Customer
LPA	Limited Partners Agreement
MIS	Management Information System
MSME	Micro, small and medium sized enterprises
MW/MWh	Mega Watt/ Mega Watt hour
NFI	Non Financial Institutions
PAI	Principle Adverse Impact Indicators as defined under SFDR
Partner Institution	FI or NFI
PCB	Polychlorinated Biphenyl
Portfolio Manager	LHGP Asset Management 18 Ltd
PI	Partner Institutions
RE	Renewable Energy

¹ ESG policy will be updated to replace the IFC PS with newer versions following any future updates to the PS

Remediation Measures	With respect to any existing investment, such measures as are necessary or appropriate to remedy the applicable breach, including an appropriate timeframe for implementation of such measures.
Serious Incident	Means a serious incident, accident, complaint with respect to Environmental, Social (including labour and community), Health and Safety (ESHS) issues that occur in any Investment or within the Fund's activities. Serious ESHS Incidents can comprise incidents of (i) environmental, (ii) occupational or (iii) public health and safety or (iv) social nature as well as material complaints and grievances addressed to the project (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and -violence involving project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to Free, Prior and Informed Consent), any allegation that requires intervention by the police/other law enforcement authorities, such as loss of life, sexual violence or child abuse), which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iii) give, or are likely to give rise to material potential liabilities.
SFDR	Sustainable Finance Disclosure Regulation as defined under the EU Regulations as seen under APPENDIX 13.
Social Law	Any law, rule or regulation (including international treaty obligations) applicable to any Investee, any country in which it carries out business activities financed by the Fund concerning (i) labour, (ii) social security, (iii) the regulation of industrial relations (between government, employers and employees), (iv) the protection of occupational as well as public health and safety, (v) the regulation of public participation, (vi) the protection and regulation of ownership of land rights (both formal and traditional), immovable goods and intellectual and cultural property rights, (vii) the protection and empowerment of indigenous peoples or ethnic groups, (viii) the protection, restoration and promotion of cultural heritage, (ix) all other laws, rules and regulations providing for the protection of employees and citizens.
SPV	Special Purpose Vehicle
Target Region	all African countries with the focus and exclusions as set out in the Investment Policy

1 INTRODUCTION

The Africa Go Green Fund (“AGG”, the “Fund”) was launched by KfW to spur additional GHG reductions by encouraging corporate and industrial entities, local financial institutions, and other businesses (“Partner Institutions” or “PIs”) which are developing and/or investing in eligible Energy Efficiency (“EE”) & Renewable Energy (“RE”) projects by providing medium and long-term debt, mezzanine financing, and guarantees as well as technical assistance aimed at maximizing learning-by-doing opportunities, facilitating deals and encouraging the long-term sustainability of the EE/RE market in the Target Region

The Fund plans to accomplish these objectives by providing financing to the following Partner Institutions (“PIs”):

- Non-Financial Institutions (“NFIs”) including corporate and industrial entities, independent power producers, and SMEs that are developing or implementing EE and/or RE projects within the Target Region;
- Financial Institutions (“FIs”) including local commercial banks, leasing companies and other selected financial institutions that either finance or are committed to finance private sector investments in EE and RE projects.

The ESG Policy is to be read in conjunction with other Key Policies and the Fund Documents as listed in Section **Error! Reference source not found.** of this Policy.

ESG Policy processes will occur in parallel with a credit due diligence, legal due diligence, and other investment activities, and are equal in importance to these other processes in determining how investments are made and managed.

2 ENVIRONMENTAL SOCIAL AND GOVERNANCE POLICY (“ESG POLICY”)

The purpose of this Policy is to formalize our commitment to responsible and thoughtful management and integration of ESG considerations throughout our investment process, to reduce risk and enhance value creation. This ESG policy outlines the Fund’s commitment to embedding ESG factors within the investment decision making processes. The ESG policy and strategy sets out objectives, procedures, and guidelines to express the Fund’s desired development impact, as well as how the Fund will manage risks, monitor, and report on the Fund’s impact achievements in line with the aims of its principal shareholders. The guidelines outlined in this policy will be used for investee-company evaluation and reporting and Fund reporting to the Investment Committee, the Risk Manager, and the Advisory Committee.

2.1 Fund Manager Undertakings

AGG recognizes that the stewardship of the environment and the prosperity of local communities are integral aspects of their investment activities. They also recognize that investments often benefit from following sound social and environmental practices. AGG will therefore, in compliance with relevant local and national legislation and international standards and agreements, and in view of best practices, seek to invest both in projects that minimize negative environmental and social impacts to the full extent possible, and in projects that contribute to proactively improving environmental and social outcomes, with a specific focus on gender inclusivity.

2.2 Scope

This policy applies to AGG. AGG will ensure that the ESG Policy is fully communicated to, understood by, and implemented at all levels throughout the Fund, its investees, and its contractors, and will make it available publicly.

AGG will invest in companies at varying stages of maturity (and in some cases, AGG may invest in greenfield companies). AGG’s portfolio will include early-stage investees with limited operational activity at the time of investment as well as companies with a few years track record. In certain cases, due to dilution, minority position or size of the company AGG may not have preferential or information rights. The application of this ESG Policy will be tailored to the nature of each portfolio company and its stage in the business life cycle.

2.3 Standards and Guidelines

AGG is committed to the alignment and implementation of best ESG local and international practice for the Fund. The ESG Policy is rooted in the IFC Performance Standards (“IFC PS”) on Environmental and Social Sustainability as well as other relevant guidelines and standards integrated within the IFC PS such as the World Bank EHS guidelines and the ILO core labour standards. A non-exclusive list of standards and guidelines AGG has based the ESG Policy on and will adhere to, or as set out herein, comply with, is shown below. (Note: for all investments, AGG will always comply with national laws and regulations):

- The International Finance Corporation (IFC):
 - Performance Standards.
 - IFC Corporate Governance Methodology
 - IFC Interpretation Note on Financial Intermediaries²
- The World Bank Group:
 - General and Sector Specific EHS Guidelines,
 - Environmental and Social Standard 9 (ESS 9) for financial institutions.
- United Nations (UN):
 - International Bill of Human Rights,
 - Global Compact,
 - Sustainable Development Goals,
 - UN Principles for Responsible Investment (UNPRI),
 - United Nations Framework Convention on Climate Change (“UN Framework Convention”), and
 - Paris Agreement.
- European Union (EU):
 - Sustainable Finance Disclosure Regulations (SFDR),
 - EU Taxonomy:
 - Required disclosures,
 - Alignment to the Do No Significant Harm principle (DNSH),
 - Tracking performance against the Principle Adverse Indicators (PAIs),
 - Utilising adaptation, mitigation and transitional guidelines to inform carbon reduction.
- ILO International Labour Standards and Fundamental Labour Conventions.
- 2X Challenge,
- OECD Principles of Corporate Governance,
- Anti-Bribery and Corruption (ABC) laws and principles in the United States of America (“USA”), the UK, Singapore, Australia, South Africa, and Mauritius which relate to international activities,
- Standards of the Financial Action Task Force on Money-Laundering (FATF),
- Task Force on Climate-related Financial Disclosure (TCFD),

Other standards and guidelines may be included in this ESG Policy at a later stage dependent on requirements set out by relevant national legislation. It is expected that AGG investments implement similar policies to ensure that all ESG aspects are appropriately managed and can be reported at an aggregated level. The ESG Policy is supported by several other policies and procedures which provide additional guidance on aspects relating to ESG management.

2.4 ESG Management

As part of the ESG policy, AGG is committed to undertake the following:

² <http://www.ifc.org/IN-FI>

- Ensures that the AGG activities are consistent with its development impact goals and in compliance with high environmental, social and governance standards.
- Cover a range of ESG issues considered material to avoid and manage investments with potential environmental, social and governance risks.
- Conduct environmental and social due diligence prior to deal completion and adequate supervision of projects during the term of the investment.
- Sets expectations regarding development impact goals and how these will be assessed and reported.
- Ensure each investment is made in line with ESG Policy and associated procedures.
- Ensure that each of its investees is evaluated primarily on basis of the “ESG Standards” based on the IFC PS (APPENDIX 2 (incl. EHS Guidelines) and other applicable Standards and Guidelines and assigned a risk level in accordance with IFC’s process of environmental and social categorization.
- Investees are financed only when they are expected to be designed, built, operated, and maintained in a manner consistent with the ESG Policy (which is verified during appraisal / due diligence and continuously monitored).
- Efforts are made to ensure that all investments are operated in compliance with the ESG Policy.
- Commits to a process of continuous improvement in its Environmental, Social and Governance Management System “ESMS” design and implementation.
- Ensure that investees commit contractually to adopt ESG standards, which align with the ESG Policy.
- Monitor and report on ESG performance of projects in a transparent, credible, and timely manner to all relevant stakeholders.
- Commits to having a public grievance mechanism in place for the fund life
- Note that where the Fund invests in Financial Institutions, it will take care that the above principles apply to the ultimate recipients of AGG funding.

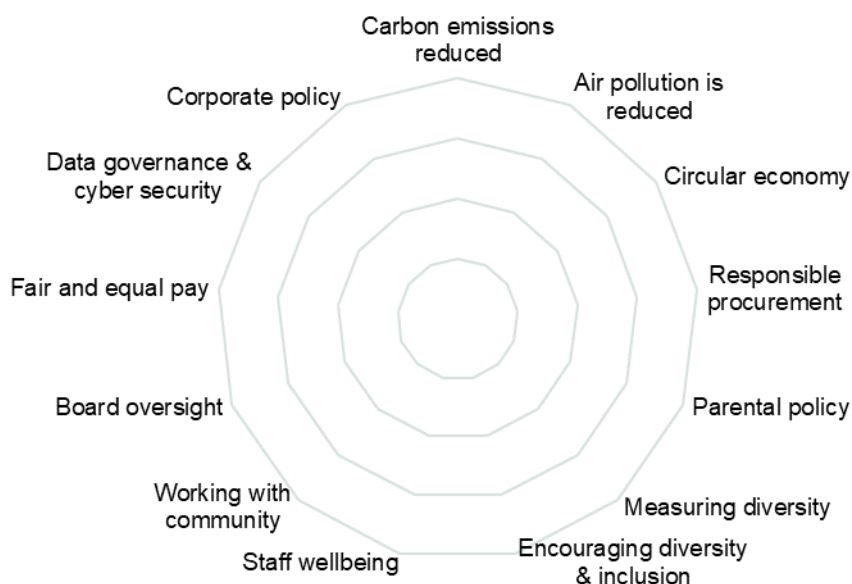
2.5 General ESG Objectives

This Policy applies to all our activities and will be adapted and refined as the business matures. In support of this policy, we endeavour to:

- Strive to reach specific and measurable social or environmental goals articulated for the Fund.
- Identify ESG issues throughout the due diligence process. Diligence should consider the macroeconomic environment required for potential investments to succeed and whether that aligns with the fund’s values.
- Refuse to acquire any business that wilfully exploits underserved or underprivileged communities, does not promote the advancement of women and/or creates significant damage to society or the environment.
- Seek to grow and improve ESG performance across our portfolio. To that end, we will work on environmental, health, safety, gender parity, energy efficiency, carbon neutrality and social issues to improve performance and minimize adverse impacts.
- Adhere to the highest standards of conduct. This includes complying with applicable labour laws in the countries in which investees operate; supporting the payment of competitive wages and benefits to employees; providing a safe and healthy workplace in conformance with relevant laws; and, consistent with applicable law, respecting the rights of employees to decide whether to join a union and engage in collective bargaining.
- Respect the human rights of those affected by our activities and seek to confirm that our operations do not support companies that utilize child or forced labour or maintain discriminatory policies.

2.6 ESG Integration

Key steps will be considered when incorporation ESG during assessment of investment opportunities. The Fund Manager will ensure that all investments are evaluated against the ESG themes as illustrated below:



These themes will be reflected in the core ESG principles:

2.7 Active Ownership and Engagement

We practice active ownership and engagement throughout our portfolio, through the following measures:

- Monitoring compliance with ESG requirements and ensuring implementation of identified action/management items.
- Adoption of this ESG Policy and supporting procedures for the fund; we will assess, mitigate, and manage ESG risks across our portfolio, on an ongoing basis.
- Maintain adequate internal capacity in terms of expertise, power and budget to implement the ESG Policy; provide appropriate and regular training to our staff on this ESG policy and associated procedures.
- Monitoring and reporting on our ESG performance and compliance with the IFC Performance Standards and National labour legislation.
- Report on ESG metrics, where applicable, to LPs annually.

2.8 Public Disclosure and Transparency

We will be transparent in our approach to incorporating ESG considerations in our portfolio and we are committed to maintaining policies, procedures, and activities in line with applicable legislation and reporting standards. Reporting and disclosure will be supported by the following measures:

- Ensuring a publicly accessible grievance and redress mechanism (GRM) is available on our website
- Reporting to our investors on at least an annual basis.
- Subject to applicable considerations such as confidentiality and privilege, reporting of ESG incidents that we determine to be material to LPs when required.

- Reporting annually according to applicable regulatory disclosure standards and side letters issued by LPs.
- Develop SFDR disclosures with the publication of a website disclosure which conforms to the requirements of an Article 9 fund as stipulated under this regulation.

2.9 Policy Management

To support the implementation of this ESG Policy, we will:

- Allocate resources necessary for the implementation of this ESG Policy and the policies, procedures and practices which support this ESG Policy.
- Distribute and discuss the importance of this ESG Policy and the policies, procedures and practices which support this ESG Policy with our employees and partners (as relevant).
- Discuss the importance of this ESG Policy with all our businesses and partners and all potential future affiliates/businesses and encourage our investee companies and partners to operate in a manner that is consistent with this ESG Policy, the IFC and SFDR requirements

2.10 Applicable Requirements and Guidelines

The ESG Policy is supported by several other AIFM policies and procedures which provide additional guidance on aspects relating to ESG management namely:

- Human Resources Manual,
- Diversity and Inclusion Policy,
- Emergency Preparedness and Response Plan,
- Human Rights Policy,
- Anti-Bribery and Corruption,
- Anti-Money Laundering, Countering the Financing of Terrorism,
- Sanctions,
- Conflict of Interest,
- Cyber Security and Data protection,
- Confidentiality,
- Whistleblowing,
- Risk Categorisation,
- Fund's investors ESG requirements, and
- AGG Exclusion List.

2.11 Assurance Check

We will adopt a monitoring framework for key ESG metrics which will assist us with reviewing our policy for its adequacy and effectiveness including the policies and procedures that support this ESG Policy. These metrics will be informed by the various ESG standards mentioned previously. We intend on reviewing this Policy on an annual basis.

3 IDENTIFICATION OF ESG RISKS

The AGG AGG EXCLUSION LIST (APPENDIX 1) and ESG ASSESSMENT CHECKLIST (APPENDIX 3) which include a list of excluded activities that will not be funded under any circumstances, and a checklist of specific risks expected under each performance standard, respectively) are tools to be used by the Fund Manager to evaluate and categorize the potential risks posed by the investee's activities.

3.1 AGG ESG Risk Profile

The Fund will target Category B and C investments in NFIs or FIs with medium to low risk (FI-2/3) as highlighted in section 3.2 and is therefore expected to maintain a medium to low ESG risk profile. Table 1 sets out specific ESG risks to be expected for the investment categories set out in the Fund's Investment Policy. Specific risks identified related to each Investee, the Performance Standard's, and for each technology type and risks relevant to Financial Institutions are drawn from many sources. For reference, please see the IFC Environmental, Health, and Safety Guidelines for electric power transmission (2007) and for each energy production technology type (2015), and IFC's Interpretation Note on Financial Intermediaries (2012).

An overarching principle of managing environmental & social risks is ensuring that investees have established good governance procedures that enable them to assess, monitor and address those risks. Weak governance structures amplify ESG risks. It is therefore a key focus of the Fund Manager to assess governance and ensure weaknesses are identified and addressed as part of an overall investment.

Table 1: Illustrative and non-exhaustive matrix of potential environmental and social risks for the main types of investees and the Performance Standards

Performance Standard	Potential Risks
PS 1: Assessment and Management of Environmental and Social Risks and Impacts	Lack of/inadequate ESMS to manage ESG risks and impacts; Unclear or poorly structured ESG policy; Limitations on organizational capacity and competency to implement ESMS Mitigation includes adopting ESG policies and management systems that meet international best practices and that adhere to international standards such as the IFC PS.
PS 2: Labour and Working Conditions	Potential unsafe operating conditions from the investee may result in increased on-site accidents thus disrupting/delaying project operations. These might not only cause reputational repercussions for the fund, but also financially stress the portfolio in the case of delayed repayments. Risk mitigation might include ensuring investees' commitment to the Fund's Conduct and Social Standards such as ILO and IFC.
PS 3: Resource Efficiency and Pollution Prevention	Faulty batteries, or uncontrolled disposal of batteries might pollute groundwaters and cause health issues for the local population. Damage claims or government sanctions can threaten the viability of a project. Risk mitigation mechanism include introduction of recycle schemes, rigorous maintenance regimes or product design that protects environmental sensitive parts. The Fund will be looking at climate (anthropogenic GHG emissions) and energy efficiency as specific qualifiers.
PS 4: Community Health, Safety and Security	Risks posed to those within and outside the project site by the security personnel assigned to the project. Mitigating these risks includes requiring the investee to train security personnel to act appropriately and commit to act within the applicable law.
PS 5: Land Acquisition and Involuntary Resettlement	Risk of claims for damages, civil unrest or reputational damage and as a result reduced product uptake or destruction of property. Risk mitigation includes following, transparent and well documented process; payment of fair prices and extensive stakeholder engagement and base line assessment. Working with external experts to ensure that the process is conducted in a manner where negative impacts on affected communities are minimised. N.B. Cat A projects are excluded so in theory PS5 with respect to "involuntary resettlement" shouldn't apply.

Performance Standard	Potential Risks
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<p>Destruction of Biodiversity or the ecosystem during development of large green housing projects which necessitate clearing of managed forests with exotic tree species on land that was previously “de graded,” “dryland,” or previously used for occasional food production</p> <p>Risk mitigation includes engagement of biodiversity experts to limit a project’s impact on the environment (e.g. avoidance of removal of trees).</p>
PS 7: Indigenous Peoples	<p>Adverse impact on indigenous people who may be more vulnerable to adverse impacts associated with project development through, e.g., loss of identity, culture and natural resource-based livelihoods.</p> <p>Risk mitigation includes engaging local stakeholders to seek free, prior and informed consent for indigenous people where land in the traditional ownership structure or customary use is involved.</p>
PS 8: Cultural Heritage	<p>Destruction of sites that hold significant importance to cultural heritage of communities in the project development area.</p> <p>Risk mitigation includes assessing all sites against local public records and conducting robust stakeholder engagements, to ensure the project site does not encroach on sites of cultural heritage.</p>

3.2 ESG Risk Categorization

Potential investments will all be evaluated for environmental, health, safety and community risks and impacts in accordance with the IFC performance standards and subsequently categorized into one of four levels of risk, which then informs subsequent investment and mitigation actions (Table 2). FIs will be assessed on the basis of the scope of their lending activities, ESG risks on the level of Investments and the capacity of the FI to manage these risks adequately. In addition, the Fund will require its FI investees to apply the same process of ESG risk categorization in their credit process.

Based on the guidance notes for the IFC Performance Standards, the following analytical framework shall be applied when assessing ESG risk among investees. Primarily, for NFIs, Performance Standard 1 requires assessment of the level of ESG risks and impacts across the project’s lifecycle; For FIs, it requires assessment of the level of ESG risk in the portfolio (through disclosure or lending strategy and portfolio composition) followed by an assessment of the quality/adequacy of the investee’s ESG Management System (ESMS).

Figure 1: Illustration of ESG categorization process

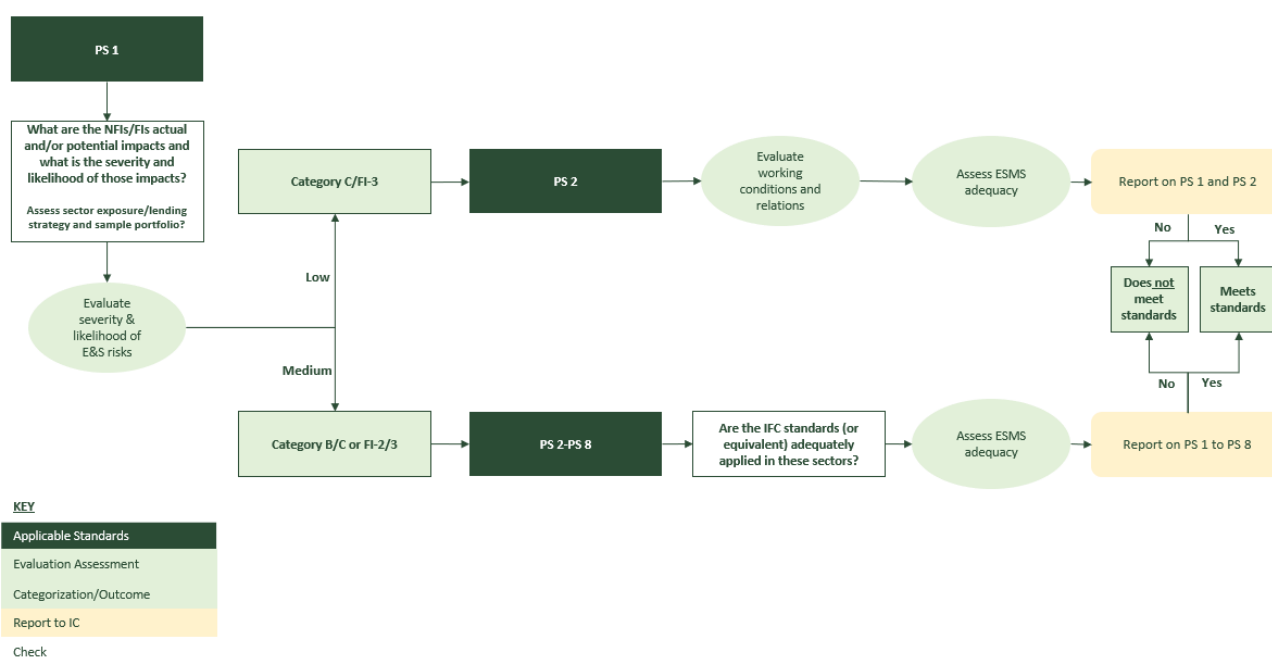


Table 2: Categorization of environmental and social risks associated with Fund investments, adapted from IFC's Environmental and Social Categorization process.

Risk Category	Likely Risks Imposed by the Proposed investment
A	Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
B	Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
C	Business activities with minimal or no adverse environmental or social risks and/or impacts.
FI	Business activities involving investments in financial institutions (FIs) or through delivery mechanisms involving financial intermediation. FIs should be categorised into one of the 3 below risk categories.
FI-1	when an FI's existing or proposed portfolio includes, or is expected to include, financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
FI-2	when an FI's existing or proposed portfolio is comprised of, or is expected to be comprised of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
FI-3	when an FI's existing or proposed portfolio includes financial exposure to business activities that predominantly have minimal or no adverse environmental or social impacts.

Table 3: Illustration of the different due diligence requirements for each investment risk category.

Category A – High risk	Category B – Medium risk	Category C – Low risk
Excluded (N.B. see section Error! Reference source not found.)	Compliance with: <ul style="list-style-type: none"> • AGG Exclusion List • Local environmental, health, safety and labour laws, and public disclosure requirements engendered therein • ILO fundamental conventions • Relevant IFC PS (ESG Checklist Appendix 3) • General and sector-specific guidelines of the World Bank Group • AGG ESG Requirements 	Compliance with: <ul style="list-style-type: none"> • AGG Exclusion List • Local environmental, health, safety and labour laws, and public disclosure requirements engendered therein • ILO fundamental conventions • IFC PS 1 and 2 (ESG Checklist Appendix 3) • General and sector-specific guidelines of the World Bank Group • AGG ESG Requirements
	Focus on: investee capacity and willingness to manage ESG risks and mitigate potential ESG impacts	Focus on: identifying investee non-compliance, and ensuring the investee has a plan to remedy the non-compliance in a reasonable time frame
	Required due diligence: <ul style="list-style-type: none"> • ESG appraisal commensurate with the severity of potential impacts and risks, focusing on key risks and gaps to relevant international standards and action plan to close them (ESAP) • Gender impacts or other analyses as needed • PAI baseline assessment • EU taxonomy alignment and ESAP specifically focused on climate 	Required due diligence: <ul style="list-style-type: none"> • Simplified ESG appraisal (working conditions, grievance mechanism, if relevant) • Gender impacts or other analyses as needed • PAI baseline assessment • EU taxonomy alignment and ESAP specifically focused on climate
	Required outputs: <ul style="list-style-type: none"> • ESIA, • ESMP, and if relevant, • Abbreviated Resettlement Action Plan (ARAP) 	Required outputs: <ul style="list-style-type: none"> • Policies such as Health, Safety and Environment (HSE), Code of Conduct, GRM etc.

	<ul style="list-style-type: none"> • Completed ESDD • ESAP • ESHS clauses in legal agreement • Where gaps identified, explore option of Technical Assistance support 	<ul style="list-style-type: none"> • ESAP • ESHS clauses in legal documents • Where gaps identified, explore option of Technical Assistance support
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Risk Category A: The first category represents investments in which operations are likely to cause high adverse environmental and social risks/impacts. More specifically, the potential investment is “likely to induce significant and/or irreversible adverse environmental and/or social impacts, or to significantly affect environmental or social components that the Fund’s investors or the borrowing country considers sensitive.”

Category A investments shall be excluded from the Fund’s investments.

Risk Category B: The second category represents Fund investments in which operations are likely to cause limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures or incorporating internationally recognized design criteria and standards. Projects in this category, require an ESIA and an ESMP, as well as an Abbreviated Resettlement Action Plan (ARAP) when applicable. Most renewable energy facilities and mini-grid projects will likely fall into this “limited risk” category.

Risk Category C: The third category represents Fund investments in which operations will likely have negligible adverse environmental and social risks. Potential investments in this category do not directly or indirectly affect the environment adversely and are unlikely to induce adverse social impacts. They do not require an intensive environmental and social assessment; they only require ESG risk categorization and simplified review focusing on working conditions, and implementation of environmental and health and safety procedures. Many solar home system projects are likely to fall into this category.

Risk Category FI: Finally, the fourth category represents Fund investments channelled through other financial intermediaries. Performance Standard 1 requires assessment of the level of ESG risk in the portfolio (through disclosure or lending strategy and portfolio composition) followed by an assessment of the quality/ adequacy of the investee’s ESG Management System (ESMS). Financial intermediary operations will be classified as FI-1, FI-2, and FI-3 to reflect the potential environmental and social impacts and risks of the financial intermediary’s existing or proposed portfolio of projects, in accordance with IFC’s Environmental and Social Categorization framework.

Based on the guidance notes for the IFC Performance Standards in relation to financial institutions and the World Bank Group ESS 9 the following requirements shall be applied to FIs based on the level of ESG risk categorisation:

Table 4: Illustration of the differing requirements for indirect FI risk categories

Category FI-1 High Risk:	Category FI-2 Medium Risk	Category FI-3 Low Risk
Excluded	<p><i>Compliance of the FI with:</i></p> <ul style="list-style-type: none"> • National environmental, occupational health & safety and social laws and regulations, • Local environmental, health, safety and labour laws, and public disclosure requirements engendered therein • IFC PS 1 and WBB ESS9 for the ESMS (incl. publicly accessible Grievance and Redress Mechanism) • IFC PS 2 for internal working conditions of FI • ILO fundamental conventions • General and sector-specific EHS guidelines of the World Bank Group • International best practices on management of the environmental, social, health and safety aspects of its business and operations to the satisfaction of the fund • Compliance with AGG ESG checklist requirements • AGG Exclusion List • AGG ESG Requirements • Compliance of operations with all local and international standards supported by the FI under AGG funding • The Fund shall ensure and shall oblige each FI to ensure that all Investments under the Fund comply with the ESG Requirements.(including having sufficient internal ESG capacity including an ESG Manager and ESG Officer) 	
	<p><i>Compliance of operations supported by the FI under AGG funding:</i> All relevant IFC Performance Standards, ILO fundamental labour conventions, national regulation, AGG Exclusion List and AGG ESG Requirements (including the exclusion of Cat A activities from financing by AGG)</p>	<p><i>Compliance of operations supported by the FI under AGG funding:</i> IFC Performance Standards 1 and 2, ILO fundamental labour conventions, national regulation, and AGG ESG Requirements</p>
	<p><i>Focus on:</i> FI developing and maintaining ESMS and level of implementation, ensuring grantee/investee compliance Ensuring sufficient capacity to assess and manage E&S risks and impacts.</p>	<p><i>Focus on:</i> FI's capacity to identify grantee/investee non-compliance, ensuring the grantee/investee has a plan to remedy the non-compliance in a reasonable time frame</p>
	<p><i>Required due diligence:</i></p> <p><i>ESG appraisal of the ESMS and working conditions commensurate with the severity of potential impacts and risks</i></p>	<p><i>Required due diligence:</i></p> <p>Simplified ESG appraisal of the management structures to steer existing ESG risks and potential impacts of clients</p>

Category FI-1 High Risk:	Category FI-2 Medium Risk	Category FI-3 Low Risk
	<p><i>Required outputs:</i></p> <ul style="list-style-type: none"> • ESMS and GRM as defined in the ESG Policy, in line with the above-mentioned standards, to be implemented in a reasonable time frame • Appointed ESG Officer and an ESG Manager • ToR for TA developing/strengthening the ESMS (if needed) • ESAP (if needed) • ESHS clauses in legal documents 	

3.3 AGG ESG Risk Mitigation Procedures

The direct physical operational risks and indirect business transition risks can be mitigated through good governance (sound management practices, adequate management of employees and remuneration of the staff, respect for human rights, anti-corruption and anti-bribery matters) and effective risk management. The Fund periodically reviews its Target Country risk profiles and reporting tools, and encourages its investees to perform a similar exercise in the regions or sectors they are active or considering becoming active in.

The Fund's ESG due diligence requirements, as well as adherence to the Fund's ESG requirements, such as the Exclusion Lists (See APPENDIX 1) are designed to mitigate the risks of reputational or other damages arising from the Fund's investment activities.

The Fund's ESG risk assessment will lead to the development of an Environmental and Social Action Plan, describing the environmental & social mitigation and monitoring measures, and the organisational measures to be implemented by the project. The Fund Manager will refer to the mitigation measures set out in the IFC Performance Standards (see APPENDIX 2).

4 IDENTIFICATION OF ESG IMPACTS

4.1 Impact Objectives

The Fund seeks to have a positive ESG impact which starts with the premise that debt finance is necessary to progress a global effort to reduce GHG emissions through promoting renewable energy and energy efficiency. The Fund is committed to Economic sustainability.

- By financing economically sound investments, the Fund ensures that its capital is reused several times, thus increasing its environmental and social impact.
- By introducing or enhancing innovative climate lending products of local banks, AGG would help the financial sector to expand into the green energy financing space.
- By improving financial inclusivity with investment in women-led businesses or those businesses that bring significant benefit to women and girls in local communities.
- With its economically sustainable set-up and measurable impact, AGG could establish itself as an attractive investment opportunity or both public and private investors.

The Fund's approach is to provide debt financing, in the form of project or corporate finance. Beneficiaries of AGG funding are local financial institutions, aggregators and other businesses ("Partner Institutions" or "PIs") which are developing and/or investing in eligible Energy Efficiency ("EE") & Renewable Energy ("RE").

This approach translates into two broad impact objectives:

- Fostering implementation/adaptation of EE and increasing RE production by extending senior and mezzanine loans dedicated to finance energy solutions predominantly via direct investments to NFIs; and

- Catalysing local financial sector to finance private sector investments in EE and RE by demonstrating the commercial viability of green finance predominantly via credit lines as well as guarantees and guarantee-type products.

Increased and Sustainable Financing

The renewable energy sector in Africa is growing rapidly but the availability of sufficient and appropriately structured finance remains a bottleneck. This is true across the industry; US\$60-90bn per year in new investment is required to achieve electrification of the African continent by 2025. However, the issue is particularly apparent for traditionally underserved segments of the market, including those that AGG is targeting. In so doing, AGG is promoting flexible and tailored capital to be a source of transformative capital to demonstrate the commercial viability of green finance, the Fund will provide medium- and long-term financing in the form of debt and mezzanine capital as well as loans and guarantees to FIs that are committed to building an EE/RE lending portfolio;

AGG is also promoting additional finance sources to maximize the impact generated. The Fund is designed to offer financing solutions that are not readily available in the market and, in ways other investors or banks might not, provide finance and strategic benefits. The Fund will be a source of capital that can co-invest with other finance providers to close a project funding gap or that has a strong demonstration effect showcasing the viability of EE/RE projects. Increased social impact can also be achieved by encouraging investees to involve more women in their businesses, through technology development, product design and service delivery. The Fund aims to be a source of capital for businesses that actively demonstrate their gender inclusivity.

Reduction in Greenhouse Gas Emissions

It is a global goal to address climate change by reducing GHG emissions. No continent or country can be excluded from this challenge. While the African continent has the lowest per capita CO2 emissions today, rapid industrial development and a growing population risk could turn Africa into a major GHG emitter, unless mitigating steps are taken. Africa is in the fortunate position to side-step many polluting technologies and move directly to a low carbon economy. This requires investment to support innovative business models and adoption of technologies available in developed economies.

AGG is one of the first funds targeting energy efficiency in Africa and is well positioned to play a pioneering role in promoting low carbon economies on the continent.

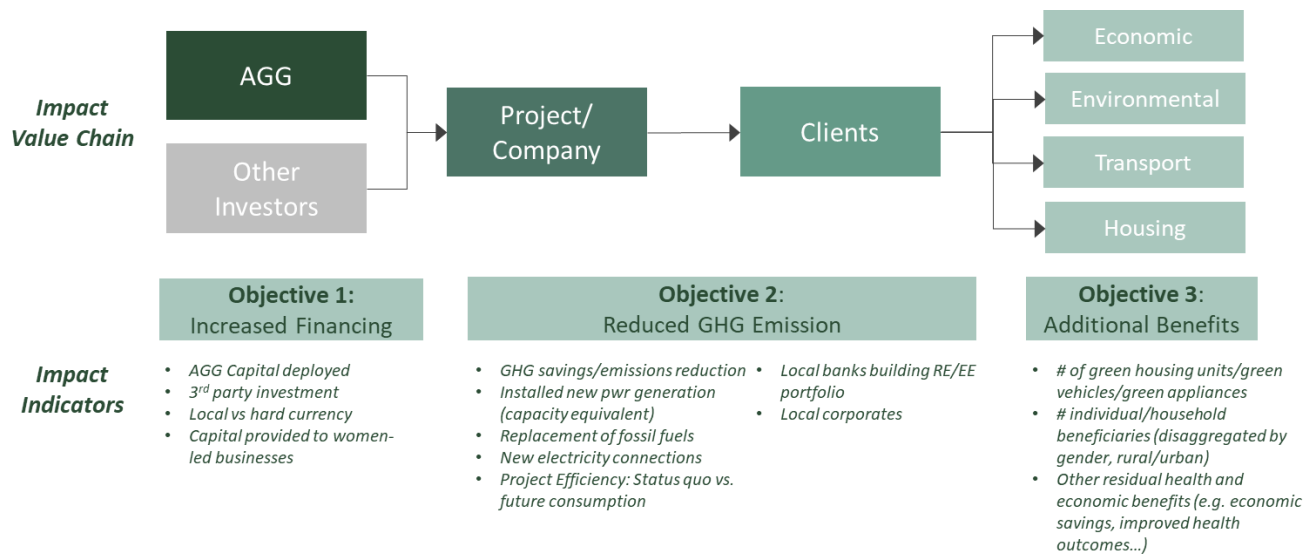
4.2 Impact Framework

A framework is derived to provide the analytical basis for assessing whether and how the Fund is meeting its impact objectives, each measured by several indicators (defined in more detail in APPENDIX 4). The framework is based on an analysis of the fund strategy and best practice impact assessment as used for comparable investment funds and principals in the renewable energy sector.

The Fund in general focuses on metrics that are quantitative but recognizes that certain assumptions have to be made for indicators in particular related to certain market development parameters and the additional benefits of improved energy access, e.g., reduced/avoided greenhouse gas emissions. The Fund will itself not conduct separate industry studies to assess these impact indicators and will instead rely on and promote market best practice and information provided by the investees. In certain circumstances, the Fund may rely on its TA Facility to fund third party reviews to support its impact reporting.

The Fund will assist potential investees to define objectives, set targets and show them how to track and monitor performance. APPENDIX 4 dictates the impact metrics that investees need to report against. This will be accomplished by sharing best practices or industry standards and by connecting investee companies with relevant industry experts.

Figure 2: Impact framework across the financing value chain



4.3 Impact Scenario

Taking a hypothetical portfolio of investments and reported indicators relative to the three objectives above, we can generate a set of high-level impact indicators for AGG. Over the course of the fund life, these performance scenarios will be updated to reflect the activities of the Fund and changes in the wider operating context. We would also anticipate that the Fund’s support for investees to mainstream gender initiatives through basic business improvements such as enhanced ESG policies, revised employment practices, new product development, can have, in aggregate, an appreciable qualitative effect on the quality of life of girls and women in our target geographies. The Fund would look to analysis and express this impact in its annual reports.

5 ORGANISATIONAL CAPACITY AND ACTIVITIES DEFINED

5.1 Roles and responsibilities

The ESG Policy has defined roles and responsibilities to ensure sufficient discharge and oversight throughout the ESG management process. Below is a summary of the roles and responsibilities:

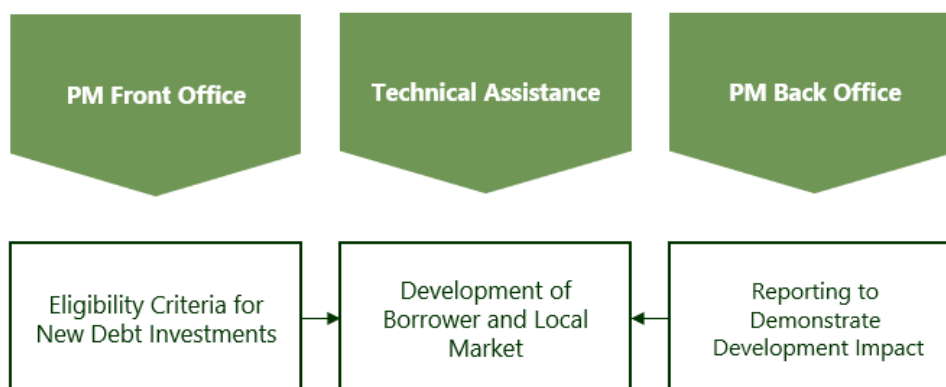
Table 5: Roles and Responsibilities

Role	Responsibility(ies)
ESG Manager (Fund Manager senior management)	Overall management responsibility of adherence to ESG policy
ESG Officer, Investment Officers	ESMS implementation
	ESG screening, due diligence, reporting and monitoring
Investment Committee	Decision making, waivers, approval of ESAP
Legal, Investment Officers	ESG covenant tracking, review of grievances received

5.2 Oversight

The Fund shall apply its ESG Policy through its investment screening, due diligence and monitoring; application of Technical Assistance to promote market and investee development; and subsequent reporting to stakeholders. This is shown through the different FM functions below.

Figure 3: Different Fund Manager functions implementing the ESG Policy



The Fund Manager will maintain an organizational structure with qualified staff and resources to support management of the ESMS and for coordination and the management of the environmental and social aspects of the Fund in accordance with the provisions of the Fund Documents. The Fund Manager will also ensure that during the whole investment cycle this structure is adhered to:

- A senior manager of the Fund Manager holds overall management responsibility for adherence to this ESG Policy (AGG ESG Manager), who will assume the overall responsibility for coordinating the management of the environmental and social aspects of the Fund, and
- AGG has a confirmed ESG Officer, who reports to the AGG ESG Manager, responsible for the day-to-day implementation of the ESMS during project implementation;
- The ESG Policy systems are kept up to date;

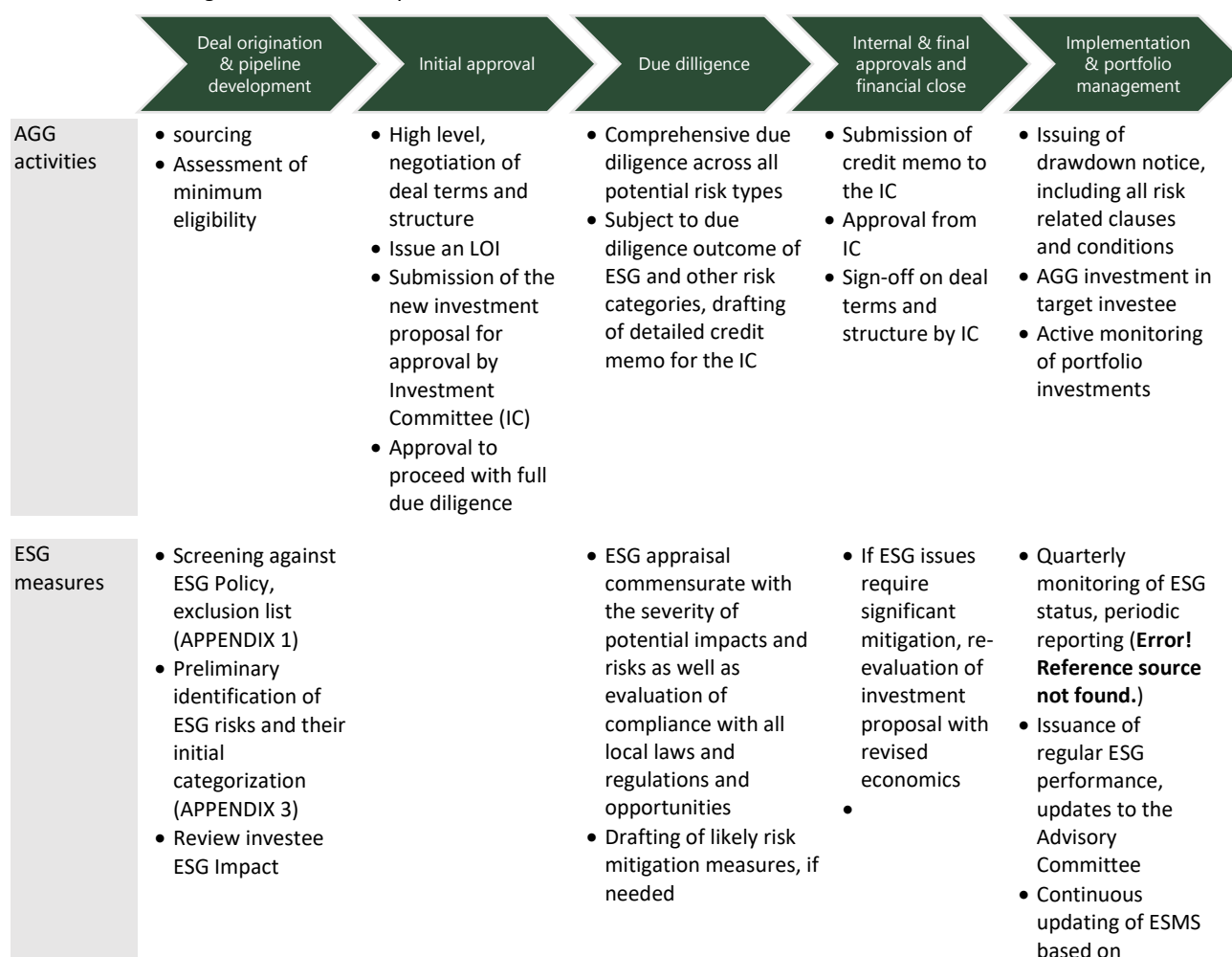
- AGG has set up its GRM as an External Communication Mechanism in line with international standards regarding requirements related to community engagement by clients based on the IFC Performance Standards; and
- The investment team will receive adequate ESG risk management training.

Additionally, external consultants may be engaged at specific points in the investment process to provide objective, expert perspectives on ESG risk evaluation and performance. Specifically, AGG may engage consultants to assist with determining the ESG risk categorisation of projects requiring resettlement³, due diligence on the ESG risks associated with a potential investee (particularly if they are likely to be Category A⁴ or B/Fi-1 or Fi-2); to conduct independent baseline, midterm, and final evaluations (to measure ESG and other performance) for each investee; to support creation of annual independent portfolio reports that measure performance across all investees; and for other independent auditing as necessary. For sample terms of reference for external consultants, please see APPENDIX 8.

5.3 Procedures Across the Investment Cycle

The Fund Manager will follow a streamlined and thorough process to originate, screen, approve and implement deals with developers. The process outlined in Figure 4 consists of five main steps.

Figure 4: Illustrative procedures across AGG investment activities and ESG measures



³ Involuntary resettlement is always Category A.

⁴ and in such case the transaction will not proceed

	Reporting Framework	<ul style="list-style-type: none"> • Documentation of categorization rationale 	grievances and issues as they occur
ESG risk outputs	<ul style="list-style-type: none"> • Contribution to screening paper outlining initial assessment of ESG risks 	<ul style="list-style-type: none"> • For Category B/FI-2 investments, an environmental and social impact assessment (ESIA), as well as environmental and social management plan (ESMP) and Resettlement Action Plan (RAP) as applicable, depending on the severity of the risks identified 	<ul style="list-style-type: none"> • ESG clauses for insertion into investment agreements • annual report on ESG risks, mitigation, impact indicators, grievances, incidents and progress to date

5.4 Deal origination and pipeline development

General communication: The Fund's ESG approach is addressed in its general external communication (e.g., in the Annual Report, presentations, internet site, etc.).

First contact with potential investee: During the initial discussion about a prospective investment, the Fund's commitment towards ensuring ESG standards as part of its investment practices will be shared with the potential investee.

Screening of investment: The Fund Manager will summarise the key ESG features of the prospective investment in the preliminary investment memo and complete an initial high-level ESG screening.

Exclusion list: In accordance with international standards, the Fund has developed a list of financing purposes that shall be excluded from financing due to non-compliance with internationally recognised ESG standards, and non-compliance to the investor Exclusion Lists (KfW, NDF, IFC, Afdb), and AGG ESG Requirements. The Exclusion List (see APPENDIX 1) shows the financing activities not permitted for investees of the Fund and shall be part of the Fund's eligibility check.

5.5 Initial approval

At the point of seeking initial approval, the Fund will undertake a preliminary review of the ESG risks associated with the potential investee taking into consideration the Fund's ESG safeguards as per the AGG ESG Requirements. At this stage, the objective is to check for potential red-flag issues and identify the preliminary ESG risk category, subject to confirmation following an enhanced due diligence. Any significant ESG concerns will be included in the preliminary screening memo.

5.6 Due diligence

As part of due diligence, the Fund carries out an ESG review of the prospective investment to get an overview of the institution's commitment and capacity to manage ESG risks and to screen out institutions that indicate a heightened risk of ESG non-compliance. For NFIs, this will include categorisation according to ESG risk (i.e., Category A/Category B/Category C), and the Performance Standards 1-8 will be applied as relevant (noting that PS1 will apply to all, whilst PS2-8 will be applied as relevant). For FIs, this will include categorisation according to ESG risk (i.e., FI-1/ FI-2/ FI-3). Performance Standards 1-2 will be applied for FIs, plus Standard 3 for asset finance companies (e.g., home solar finance).

The ESG review shall ensure investees' compliance with the ESG Policy including the AGG ESG Requirements and the AGG Exclusion List. The following guiding topics are addressed when discussing ESG issues during the due diligence to gain a better understanding of the prospective investee's social and environmental policies and management in place:

Other International Financial Institution (IFI) involvement – Investments from other IFIs with binding ESG guidelines and information thereon. Close cooperation with other IFI (debt, equity) usually means that the prospective investee already underwent some form of ESG screening and possibly implementation of measures to strengthen their approach. Such activities shall be analysed and documented during due diligence and highlighted in investment proposals for the Fund.

Proactive and communicative management regarding social and environmental issues – Communication of social and environmental guidelines, policies and procedures within the organisation, including licensing requirements acquired through an Environmental Social Impact Assessment (ESIA) process, management systems certified or not, or agreed to principles to be adhered to as signatory to sector or regional organisations such as the UNPRI. A review will thus be undertaken for FIs, on how ESG may already be implemented in lending practices or, for infrastructure-related companies.

Environmental and Social Activities and Conflicts – The entity's past and current activities relating to ESG issues and any impacts/effects on the organisation's reputation are analysed and monitored on an ongoing basis.

Portfolio Analysis – Analysis of the investee's operations to detect ESG risks as an outcome of its operations.

The specific screening methodology and techniques applied by the due diligence team and during monitoring of outstanding Fund investments should be appropriate to the nature of the institution and its businesses. Before the Fund invests in any proposed Investment (including in respect of a new investment or a follow-up investment in an existing Investment) a proper ESG due diligence will be performed, starting with information available in the public domain.

For NFI's the Fund Manager shall review, investigate and ensure that each investee undertakes to: (i) implement and operate projects in compliance with relevant Environmental Laws and other applicable legislation; (ii) confirm, upon request, that they have obtained all relevant authorizations, permits, assessments, studies, and/or management plans (both for construction and operation) to comply with national laws on environment and competition (iii) and ensure that Fund exclusion list is applied at all times (iv) have assessed and mitigated against any adverse impact on local communities or the environment or adverse environmental or social performance associated with that proposed Investment ensuring the do no significant harm principles stipulated under SFDR can be upheld.

For all investees the Fund will carry out a carbon footprint review which will cover Scope 1 and 2 emissions. Note AGG will additionally conduct a Scope 1, 2 and 3 emissions analysis at Fund level. The AGG portfolio companies will only need to report Scope 1 and 2 emissions, unless the Fund has a significant level of influence (unlikely as a debt provider) over the investee, and it is an energy intensive industry. The Fund will work with its investeeInvestees' to align their reporting with EU taxonomy requirements, where required.

Based on the risk categorisation, the Fund shall involve adequately qualified internal or external experts to evaluate and monitor compliance of all proposed Investments with the ESG Requirements and carry out a gap analysis against the relevant standards, considering the following:

- In case the Fund invests in category B activities, these shall meet the requirements of the IFC Performance Standards 1 to 8, as applicable and including ILO fundamental labour conventions. These require an environmental and social Action Plan (ESAP) or other adequate ESG Instruments to be developed proportionate to the potential risks and impacts of the financed activity.
- In case the Fund invests in Category C activities (no or only minor adverse environmental and social impacts or risks) Performance Standard 1 and 2 (including ILO fundamental labour conventions) shall be applicable.
- For both Category B and C activities the Investee will need to make an assessment of its climate change adaptation, mitigation and transitional activities during the life of the investment ensuring EU Taxonomy

alignment. This means the investee has to develop an environmental and climate action plan (CAP) clearly defining how they intend to adapt or mitigate against the impacts of climate change.

- For FIs, overall ESG risk will be analysed by review of the sector breakdown in their loan portfolio, detecting high-risk industries such as mining and metal processing, and collecting summary information on the underlying portfolio as well as measures to mitigate ESG risks. This will focus in particular on large enterprises within the lending portfolio, and on the ESG strategy applied by infrastructure related companies. For this portion of their portfolio the investee may be required to develop a Scope 3 emissions inventory.

Prior to the provision of financing the Fund will assess the FI's ESMS regarding conformance to the Fund's ESG Policy, operational implementation and application of the defined ESG Requirements. In case gaps are identified an ESAP will be developed by the Fund and agreed upon with the FI to close these gaps (at least for the financing provided by the Fund, rather than the entire portfolio of the FI). The Fund will require the FI to establish and maintain an organizational capacity and competency for implementing and maintaining the ESMS with clearly defined roles and responsibilities as defined in rows above and below.

The findings of the due diligence are subsequently summarised in the Investment Committee Proposal (IC Proposal) presented to the Investment Committee (IC) of the Fund. ESG related findings during monitoring of outstanding Fund exposures are reported in regular monitoring and risk reports as appropriate.

If red flags are revealed during due diligence, the institution may either fail to be considered for investment, or be subject to recommendations to be decided on a case-by-case basis. An ESAP may be developed which defines the environmental and social aspects which need to be addressed, who should undertake this work within the organisation as well as timelines for completion. The ESAP needs to be satisfactory to the Fund, and ensure compliance with the Fund's requirements in a technically and financially feasible and cost-effective manner within a time frame acceptable to the Fund.

In cases where considerable shortcomings are identified within the ESG management and monitoring of the institution or the Fund identifies a lack of capacity within the institution to ensure compliance with the Fund's exclusion list, it may be appropriate to make the entity a recipient of grant funding from the technical assistance facility to close these gaps.

5.7 Internal & final approvals and financial close

The Fund requires its investees to use the proceeds of the investment in accordance with the Fund's ESG Policy.

The Fund will only invest in a proposed Investment if:

- all material identified adverse impact or performance has been resolved in accordance with the ESG Requirements (including, in respect of any follow-on investment in an existing Investment, by way of implementation of any Remediation Measures approved); or
- in respect of any new investment, the investee has agreed to implement an ESAP to resolve the identified adverse impacts or performance within a reasonable timeframe.
- The investee agrees that the investment documentation shall include appropriate remedies if the proposed Investment fails to implement the ESAP.

The Fund shall first specify in any preliminary Term Sheet provided to the investee, and then contractually bind the Investee to conform to the relevant ESG Requirements, ESAP and climate action plans (to allow for appropriate alignment to EU Taxonomy and SFDR) commensurate to the level of ESG risk identified. (See APPENDIX 6 for examples ESG clauses to be included in the Loan Agreements).

5.8 Implementation & portfolio management

The Fund will continue to monitor implementation of its ESG policy by its investees on an ongoing basis during the life of its investment. If the investee fails to comply with its ESG commitments, as expressed in the investment agreement, the Fund can rely on the enforcement and mitigation measure highlighted in section 6.2 of the funds ESMS.

6 MONITORING AND REPORTING

The Investment Policy outlines the approach for the Fund's monitoring and reporting. This section outlines those areas most relevant to the ESG Policy. Monitoring and reporting refer to measurement of ESG risk and impact for portfolio companies on an ongoing basis.

6.1 Monitoring

The Fund Manager commits to:

Monitoring all active investments for ESG performance, including using its expertise and insights from previous experiences to identify opportunities for proactive risk mitigation and achievement of positive impacts beyond those already planned.

The AGG ESG Manager and the Portfolio Management team will work with the investee to collect data on their ESG status on a quarterly basis and will inform AGG senior management and the Advisory Committee of all investments' ESG statuses on a quarterly basis and in aggregate on an annual basis.

Information to be included in the ESG status report shall include the ESG performance, compliance to ESG Requirements, received grievances and incidents and ESG Action Plans (aligned to EU Taxonomy Climate Action Plan requirements) of the Investments in a frequency adequate to the risk classification.

The investee commits to:

In the case of severe ESG incidents and breaches of conduct (such as those listed in APPENDIX 7), inform AGG within twenty-four hours of occurrence.

The extent of monitoring will correspond to an investee's risks, likely impacts, and compliance requirements, and will also be adjusted over time according to performance and feedback from investees and beneficiaries.. Upon documenting and analysing monitoring results, AGG will identify any necessary corrective or preventive measures to the investee ESAP as well as to AGG's own ESG policies and procedures to ensure continued relevance and effectiveness.

In case the Investment presents a higher impact/risk the Fund must ensure that the Investee develops adequate ESG Instruments to meet the ESG Requirements. If the risk classification of any Investment deteriorates, the Fund will inform its limited partners immediately if the higher risk classification of the Investment results in an objectively significant ESHS or reputational risk.

The Fund will require its FI investees to apply the same or similar monitoring approach to its underlying investees.

In addition to regular monitoring, each investment will likely be subject to several evaluations to measure ESG. PAI indicators, and other progress over time:

A baseline evaluation, and an annual evaluation to track progress made in achieving objectives and targets set against the baseline.

All evaluations must include greenhouse gas accounting, up to and including tertiary climate impacts from the investment if they invest in high energy intensive sectors.

Evaluations must be independently produced, and the costs to produce these evaluations must be borne by the investee; however, the Fund Manager may provide funding for evaluations in certain cases.

6.2 Enforcement and Mitigation

In the event that the ESG Policy is found to have not been upheld by the investee, an investigation team consisting of the AGG ESG Manager and senior AGG management will be informed. The team will then determine appropriate disciplinary measures in proportion to the severity of the transgression and the degree of premeditation on the part of the investee, ranging from fines to abortion of the investment in the case of severe breaches.

All investment agreements must include relevant ESHS clauses regardless of the risk category. For Category B /FI-2 investment, mitigation actions will be included in the ESAP, as needed on a case by case basis. Investees commit to

proactively mitigating against ESG risks based on their own ESMS which should be aligned to the principles outlined in the AGG ESMS.

The ESAP must collectively outline all mitigation actions to be taken once the potential investee becomes an active AGG investee and must be in place by the time investment by the Fund is concluded. The documents will identify specific mitigation actions necessary for compliance with national and local regulations, the AGG ESG Policy, and IFC and other investors' safeguards. The action items outlined in the ESAP should be technically feasible and cost-effective, should prioritize specific actions to be taken and the timeline for their implementation. The ESAP should also describe the schedule and mechanisms for reporting on mitigation progress to AGG.

ESG shortcomings identified during ongoing investee evaluation may give rise to additional remedial action that must be spelled out and accompanied with defined milestones in a revised ESAP.

Projects classified as Category C/FI-3 will aim to fully mitigate against potential ESG risks prior to beginning activities; otherwise, they may be reclassified as Category B/FI-2 and be required to implement an ESAP.

6.3 Reporting

The Fund Manager commits to a reporting schedule that is set out in the Fund Documents and includes regular reporting on ESG performance to Fund investors and other stakeholders. In addition the Fund Manager is responsible for annual reporting to comply with EU Taxonomy and SFDR requirements. Annual ESG reporting formats will be based on the requirements of the investors in AGG, but a sample template is available in **Error! Reference source not found..** The annual report will explain performance across all investments in aggregate. In addition, reports will be made available for major incidents, and for each investment's baseline, and annual evaluations, as stated earlier.

The AGG ESG Manager will be responsible for coordinating reporting to the Advisory Committee, Senior Management, LPs the Fund and other relevant external stakeholders. Below is a summary of the Fund's ESG reporting requirements:

Table 6: Reporting Requirements

Report	Timing
Annual ESG Performance Report (AESPR) which shall include: updates on the development and compliance of the ESMS of the Fund, conformance and compliance and updates to the ESAP (as applicable), status of organisational capacity and competency for implementing and maintaining the Fund ESMS, ESG risks of the portfolio, the ESG performance of investments, annual reporting against principle adverse impact indicators versus the baseline for both the Fund and the Portfolio (APPENDIX 5), EU taxonomy alignment and update on investee Climate Action Plan as required under EU Taxonomy, report on received and managed grievances and incidents in a format and content that is acceptable to the Fund's LPs.	120 days after the end of each financial year
Notify the Fund's LPs of any environmental, social, labour or health and safety incident, accident or circumstance with respect to any existing or proposed Investment that (a) has, or could reasonably be expected to have, a material adverse effect or impact on the Fund, the Investment, the environment, communities or the workforce, or (b) involves or causes, or is reasonably likely to involve or cause, any material breach of the ESG Requirements, specifying the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken, to address them and prevent any future similar event; and keep the Fund's LPs informed of the ongoing implementation of those measures;	Within five days after becoming aware of the occurrence

7 EXTERNAL RELATIONS: GRIEVANCE AND REDRESS MECHANISMS

7.1 Fund Manager

The Fund Manager has an internal Grievance procedure to address grievances from its employees (APPENDIX 12). In addition, the Fund Manager will ensure that members of the public have a channel to easily provide comments or

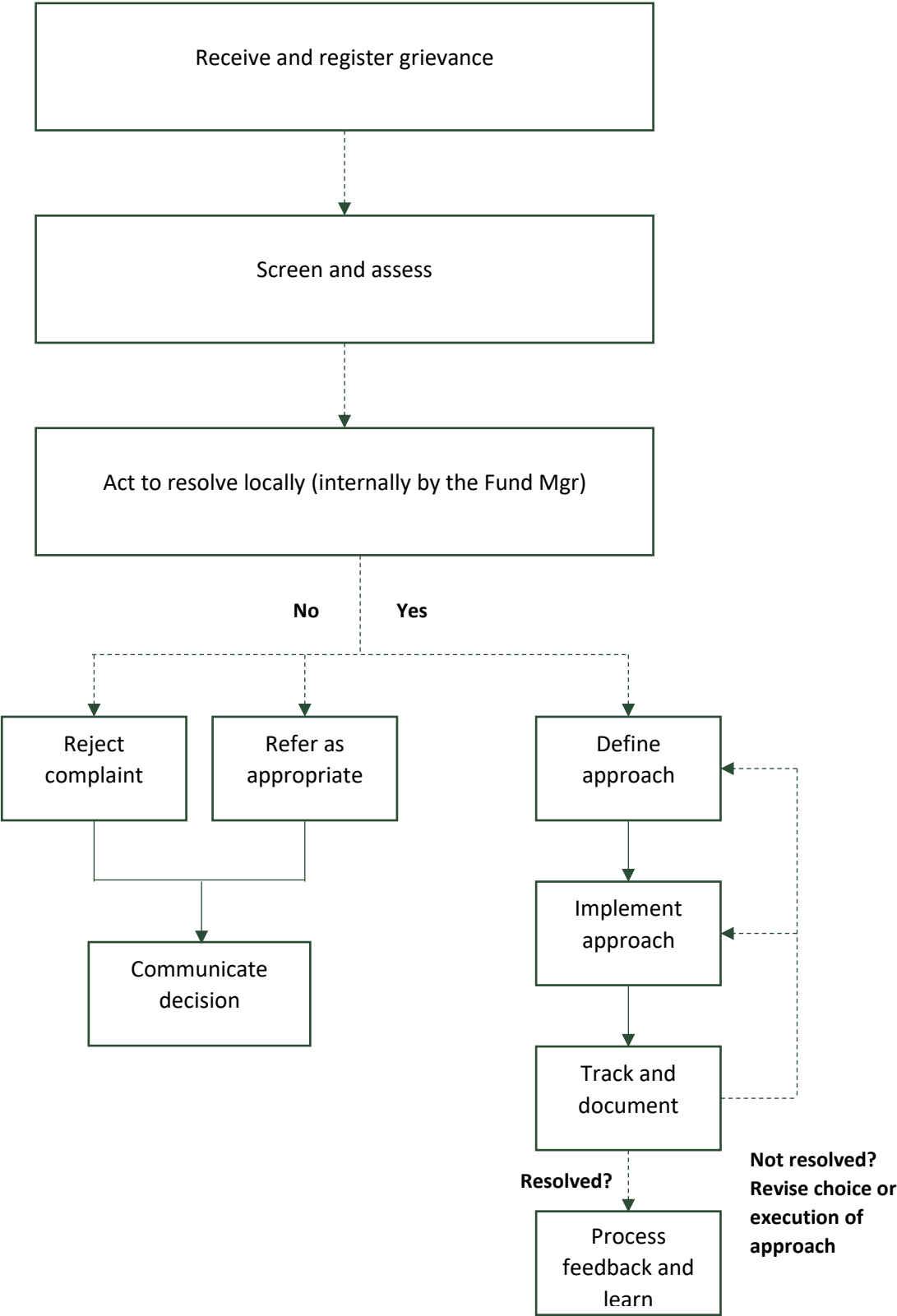
express grievances. The Fund provides a clear grievance and redress mechanism (GRM) that ensures grievances are appropriately addressed and are used to prevent similar complaints in the future. The methods of doing so are highlighted in the table below.

Table 7: Summary of Fund Manager's GRM

Consideration	Method
Provide public with the means to easily communicate grievances, including anonymous ones.	The Fund website provides publicly available and easily accessible channels (phone number, website, e-mail address) that members of the public may use to file complaints confidentially.
Implementation of a clear process that includes assignment of responsibility, timelines for responding to grievances, assessment process, monitoring of outcomes and right to appeal	The Portfolio Manager will maintain a logbook to monitor progress towards resolution of all grievances. The ESG Officer is responsible for reviewing and recording any complaints received. He/she is also responsible for working with any relevant staff or stakeholders to investigate the complaints, determine the necessary response, and report on the outcome. A grievance recording template is highlighted in APPENDIX 10.
Ensure grievances are used as a source of continual learning	The ESG Officer will periodically compile all grievances in order to improve operations and proactively prevent future grievances.

A summary of the GRM process is highlighted in the figure below:

Figure 5: Flow chart outlining GRM resolution



7.2 Investee

As per the IFC Performance Standards, all investees are required to create a GRM prior to receiving investment for AGG -funded projects if they do not already have such mechanisms in place. Specifically, the GRM must be credible, independent, accessible to stakeholders at all times during the project's lifetime, and have the capacity to receive, process, and resolve affected individuals' or communities' grievances regarding the environmental or social performance of an investee project or activities. Investees will ensure that potentially affected stakeholders understand what the GRM is for, the different options that they have for communicating their grievances, and where they can get assistance and advice about whether and how to communicate a grievance. All responses to grievances must be recorded and included in investee and AGG ESG reports.

To establish a GRM, the investee must allocate staff, financial resources, and equipment, with Category B activities expected to have more resources allocated to the GRM than Category C or FI-2 or FI-3 activities due to higher expected severity and likelihood of negatively impacting communities. GRMs typically draw from internal or external expertise, including lawyers, anthropologists and other social scientists, and communication specialists, however, the allocation of such expertise will be commensurate with the Category of the activity and the size of the Investee GRMs are generally designed during an ESMP for Category B projects, and as such should be in place as soon as the investment is finalized.

8 ESMS REVIEW AND CONTINUOUS IMPROVEMENT

An effective ESG management system is dynamic, responsive to changing circumstances, and continuously improved through iteration and feedback.

AGG and its Fund Manager commit to soliciting feedback annually from internal and advisory stakeholders, LPs, and external experts before or during Advisory Committee meetings, about the perception of AGG ESG performance. Similarly, AGG will survey investees, each year to understand areas of success as well as concerns that have not been addressed. Feedback from these two sources will then be reviewed by the Fund Manager's senior team, and revisions will be made to the AGG ESMS to improve future performance both for investees already part of the portfolio, and for future investees.

If severe incidents or breaches of ESG Policy occur, the Fund Manager commits to making rapid changes to the ESMS, including to future due diligence procedures.

Any updates to the ESG Policy shall be deemed approved via unanimous Advisory Committee's approval.

APPENDIX 1 AGG EXCLUSION LIST

AGG will not invest into activities included in the list below

- Production or trade in any product or activity subject to national or international phase-out or prohibition regulations or to an international ban, for example i) certain pharmaceuticals, pesticides, herbicides and other toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"), ii) ozone depleting substances (under the Montreal Protocol), iii) protected wildlife or wildlife products (under CITES / Washington Convention) iv) prohibited transboundary trade in waste (under the Basel Convention).
- Investments which could be associated with the destruction ** or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
- Forced labour, or harmful or exploitative forms of child labour.
- Production or trade in controversial weapons or critical components thereof (nuclear reactors and related products and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, antipersonnel mines, enriched uranium).
- Production or trade in weapons or munitions.
- Production or trade in radioactive material. This does not apply to the procurement of medical equipment, quality control equipment or other application for which the radioactive source is insignificant and/or adequately shielded.
- Production or trade in harmful substances that are subject to international phase-outs or bans (including pharmaceuticals and pesticides classified as Class Ia (extremely hazardous); Class Ib (highly hazardous); Class II (moderately hazardous); and ozone depleting substances).
- Production or trade in or use of unbonded asbestos fibres or asbestos-containing products;.
- Destructive fishing methods including blast-fishing, drift-net fishing or trawling in the marine environment.
- Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
- Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines. ***
- Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.
- Investments into search, extraction, production, distribution, processing and promotion of fossil fuels (coal, oil, natural gas and peat).
- Activities that increase use of fossil fuels and/or prolong the technical or economic lifetime of heat and power production using fossil fuels, except for back-up in power generation plants, for household cooking purposes and for processes where feasible alternatives do not exist.
- Production, processing or trade in alcoholic beverages (excluding beer and wine), tobacco, and luxury consumer goods.*****
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Gambling, casinos and equivalent enterprises.investee *****
- Speculative trade or investment in platinum, pearls, precious stones, gold and related products.
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production of or trade in products containing PCBs;
- Projects with a negative impact on biodiversity resources or cultural heritage;
- Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements.
- Projects with significant ethically controversial components (i.e. more than 10%):
- Sex work and related infrastructure and services;

- Biofuel projects if they are:
 - Based on feedstock grown on land with high carbon content or biodiversity value, such as rainforests, wetlands, peat lands and grasslands, in reserves or on protected lands, or on lands with a high conservation value;
 - Large-scale projects focusing only on export of feedstock or biofuels. Such projects should in any case be commercially viable without concessional financing;
 - Using a feedstock for production of liquid biofuels, where the overall climate and development benefits would be higher by using the same feedstock unprocessed for e.g. direct combustion in a co-generation plant.
 - Using solid biomass fuels from forests, planted or natural, having a carbon cycle incompatible with the Paris Agreement.
 - First generation biofuel projects with production area over 75ha.

All financial intermediaries (FIs), except those engaged in activities specified below, must apply the following exclusions, in addition to the above Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labour *****/labour harmful*****/ child labour ****.*.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

When investing in microfinance activities, FIs will apply the following items in addition to the above Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Trade finance projects, given the nature of the transactions, FIs will apply the following items in addition to the above Exclusion List:
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.

Supplementary Requirements

In selected sectors, the Fund ties its direct financial commitment for concrete new projects to the following qualitative conditions: *

- Outside the EU and the OECD high income countries, large agricultural or forestry enterprises producing palm oil or wood must either comply with recognised international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions, or must be in the process of achieving compliance.
- Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation. ****
- Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards, that no material groundwater drawdown or contamination is to be expected, that measures for resource protection (in particular water) and recycling are taken, that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

* *Deviations can result from mandated transactions (Zuweisungsgeschäft) in accordance with § 2 (4) of the Law Concerning KfW, or from instructions of the relevant federal ministries.*

**** "Destruction"** means (i) the destruction or severe deterioration of the integrity of an area caused by a major and prolonged change in the use of land or water, or (ii) the alteration of a habitat which leads to the inability of the affected area to perform its function.

***** Investments in power transmission grids with significant coal-based power feed-in** will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the share of coal based power in the relevant grid. In developing countries, heating stations and cogeneration facilities (CHP) essentially fired with coal can be co-financed in individual cases based on a rigid assessment, if there is a particularly high sustainability contribution, major environmental hazards are reduced, and if there demonstrably is no more climate-friendly alternative.

****** Dams with a height of at least 15 meters measured from the foundation or dams with a height between 5 and 15 meters with a reservoir volume of more than 3 million cubic meters.**

******* This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved"** means that the activity concerned is ancillary to a project sponsor's primary operations.

******* Forced labour** means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

******* Harmful child labour** means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

APPENDIX 2 IFC PERFORMANCE STANDARDS AS PUBLISHED ON JANUARY 1, 2012

The International Finance Corporation (IFC) is the private sector arm of the World Bank Group (WBG) and the largest global development institution focused on private sector development in developing countries. The IFC's approach to and standards on environmental and social sustainability, particularly the IFC Performance Standards (IFC PS)⁵, have become a benchmark for private sector investing in emerging markets, with many DFIs and investors formally adopting or incorporating the IFC's standards and guidelines in their own ESG policies and procedures. The Equator Principles are based on the policy frameworks established by the IFC.

The IFC has published a set of Guidance Notes⁶ corresponding to the PS with explanations on the requirements of the PS and good sustainability practices to improve project performance. Furthermore, the WBG publish Environmental, Health and Safety (EHS) Guidelines as technical reference documents for implementation of the PS, with examples of Good International Industry Practice (GIIP) for environmental, occupational health and safety and community health and safety management and performance. In addition to General EHS Guidelines⁷, which includes guidelines specific to construction and decommissioning of projects, various Industry Sector EHS Guidelines have been published. Relevant guidelines include those for Electric Power Transmission and Distribution⁸, Geothermal Power Generation⁹ and Wind Energy¹⁰.

AGG will apply the Performance Standards and all relevant Guidance Notes to its investment activities. Overview of the IFC Performance Standards

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

PS 1 underscores the importance of managing environmental and social performance throughout the life of a project. A good management system appropriate to the size and nature of project operations promotes sound and sustainable environmental and social performance, and can lead to improved financial, environmental and social development outcomes. The management system should incorporate the following elements, as relevant: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.

The objectives of PS1 are to:

- Identify and evaluate environmental and social risks and impacts;
- Adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimise and, where residual impacts remain, compensate / offset for risks and impacts to workers, Affected Communities and the environment;
- Promote improved environmental and social performance through the effective use of management systems;
- Ensure that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately; and

⁵ [IFC Performance Standards on Environmental and Social Sustainability, 2012](#)

⁶ [Guidance Notes to Performance Standards on Environmental and Social Sustainability, 2012](#)

⁷ [EHS General Guidelines, 2007](#)

⁸ [EHS Guidelines for Electric Power Transmission and Distribution, 2007](#)

⁹ [EHS Guidelines for Geothermal Power Generation, 2007](#)

¹⁰ [EHS Guidelines for Wind Energy, 2015](#)

- Promote and provide means for adequate engagement with Affected Communities on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated.

PS 2: Labour and Working Conditions

PS 2 recognises that the pursuit of economic growth through employment creation and income generation should be balanced with protection for basic rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the sustainability of the enterprise. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention and can jeopardise an investment.

PS2 sets out the standards that must be adhered to with regard to direct workers, where there is a clear employment relationship and complete control over their working conditions and treatment. Obligations with regard to the labour and working conditions, specifically health and safety, of workers employed by third parties and those within the primary supply chain are also set out in this PS. The requirements set out in this PS have been in part guided by a number of international conventions negotiated through the International Labour Organisation and the United Nations.

The primary objectives of this PS are to:

- Promote the fair treatment, non-discrimination and equal opportunity of workers;
- Establish, maintain and improve the worker-management relationship;
- Promote compliance with national employment and labour laws;
- Protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties and workers in the company's supply chain;
- Promote safe and health working conditions, and the health of workers; and
- Avoid the use of forced and child labour.

PS 3: Resource Efficiency and Pollution Prevention

PS 3 recognises that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels. PS 3 requires the implementation of measures to improve efficiency in the consumption of resources (e.g. energy and water), focusing on core business activities. Ambient conditions must be considered and pollution prevention and control technologies and practices applied that are best suited to avoid or, where avoidance is not feasible, minimise or reduce adverse impacts on human health and the environment, while remaining technically and financially feasible and cost-effective.

The objectives of PS3 are to:

- Avoid or minimise adverse impacts on human health and the environment by avoiding or minimising pollution from project activities.
- Promote more sustainable use of resources, including energy and water.
- Reduce project-related greenhouse gas emissions.

PS 4: Community Health, Safety and Security

PS 4 recognises that, in addition to benefits such as employment, services and opportunities for economic development, development activities, equipment, and infrastructure can also increase the potential for community exposure to risks and impacts arising from accidents, structural failures, and releases of hazardous materials. Communities may also be affected by impacts on their natural resources, exposure to diseases, and the use of security personnel. While acknowledging the public authorities' role in promoting the health, safety and security of the public,

this PS addresses the Fund Manager's responsibility to avoid or minimise the risks and impacts to community health, safety and security that may arise from development activities. The level of risks and impacts described in this Performance Standard may be greater for projects located in conflict and post-

The objectives of PS4 are to:

- Anticipate and avoid adverse impacts on the health and safety of Affected Communities from both routine and non-routine circumstances.
- Ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimises risks to Affected Communities.

PS 5: Land Acquisition and Involuntary Resettlement

Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for affected persons and communities, as well as environmental damage and social stress in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided or at least minimised. However, where it is unavoidable, appropriate measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented. In many countries, there are national legislation that guide the resettlement (and compensation) process. However, project proponents are required to ensure that any resettlement undertaken on their behalf also meets the requirements as set out in in this PS.

The requirements of PS5 aims to:

- Avoid, and when avoidance is not possible, minimise displacement by exploring alternative project designs.
- Avoid forced eviction.

Anticipate and avoid, or where avoidance is not possible, minimise adverse social and economic impacts from land acquisition or restrictions on land use by providing compensation for loss of assets at replacement cost and ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.

Improve, or restore, the livelihoods and standards of living of displaced persons.

PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS 6 recognises that protecting and conserving biodiversity – the variety of life in all its forms, including genetic, species and ecosystem diversity – and its ability to change and evolve, is fundamental to sustainable development. The components of biodiversity, as defined in the Convention on Biological Diversity, include ecosystems and habitats, species and communities, and genes and genomes, all of which have social, economic, cultural and scientific importance.

This PS reflects the objectives of the Convention on Biological Diversity to conserve biological diversity and promote use of renewable natural resources in a sustainable manner. PS 6 addresses how project proponents can avoid or mitigate threats to biodiversity arising from project operations as well as sustainably manage renewable natural

resources. Where projects pose risks to biodiversity or ecosystem services (including where there are knowledge gaps), this PS requires the adoption of practices that integrate conservation needs and development priorities in order to:

- Protect and conserve biodiversity.
- Maintain the benefits from ecosystem services.
- Promote the sustainable management of living natural resources.

PS 7: Indigenous Peoples

PS 7 recognises that Indigenous Peoples are often among the most marginalised and vulnerable communities among a population. The ability of Indigenous Peoples to defend their rights to and interests in land and natural or cultural resources is often restricted by their economic, social and/or legal status. They are often more vulnerable to the adverse impacts associated with development than non-indigenous communities.

Private sector developments may create opportunities for Indigenous Peoples to participate in and benefit from development-related activities that may help them fulfil their aspiration for economic and social development. In addition, the recognises that Indigenous Peoples may play a role in sustainable development by promoting and managing activities and enterprises as partners in development.

The objectives of this Performance Standards are to:

- Ensure respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.
- Anticipate and avoid adverse impacts on communities of Indigenous Peoples, or when avoidance is not possible, to minimise and/or compensate for such impacts.
- Promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.
- Establish and maintain an ongoing relationship based on Informed consultation and participation with Indigenous Peoples.
- Ensure Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples in specific circumstances.
- Respect and preserve the culture, knowledge, and practices of Indigenous Peoples.

PS 8: Cultural Heritage

PS 8 recognises the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this PS aims to protect irreplaceable cultural heritage. In addition, the requirements of this PS on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.

The objectives of this Performance Standard are to:

- Protect cultural heritage from the adverse impacts of project activities and support its preservation.
- Promote the equitable sharing of benefits from the use of cultural heritage.

APPENDIX 3 ESG ASSESSMENT CHECKLIST

This checklist represents a list a potential ESG risks and opportunities against which a potential investee will be evaluated and its activities categorized (as Category A, B, C, or FI (FI-1, FI-2, FI-3)). This is used to directly inform each investment's ESA and the screening as well as credit paper, both of which must receive approval prior to the investee receiving approval for the investment. This checklist may be modified and added to by the Fund Manager.

Table 8: Illustrative assessment checklist for evaluating potential AGG investees based on the four IFC categories of risk.

Environmental and Social Assessment Checklist	
General Information	
Project Name:	Location:
Address:	Contact Person and Telephone:
Industry:	<input type="checkbox"/> Energy Efficiency <input type="checkbox"/> Renewable Energy <input type="checkbox"/> Financial Institution <input type="checkbox"/> Other
Activity:	Facility amount and type:
Type of project (tick x):	<input type="checkbox"/> New <input type="checkbox"/> Extension <input type="checkbox"/> Existing
ESG Category:	
Date of Site Visit:	Prepared/Updated by: Position:
Brief Project Description:	

Sector Specific ESG Issues:**Instructions:**

Please provide as much information as possible in the 'additional information' section to support the responses provided
 Please provide a summary of the key issues after completing the questionnaire and include a categorization for the project
 Please include an action plan if required

For sector-specific information on ESG risks, please refer to the First for Sustainability Factsheets and the IFC EHS Guidelines:

<http://firstforsustainability.org/risk-management/understanding-environmental-and-social-risk/risk-by-industry-sector/>
www.ifc.org/ehsguidelines

Assessment of Applicable Requirements

Applicable Requirements	Requirement	Risk Categorization (A/F1: High B/F2: Mid C/F3: Low)	Y	N	NAN A	ADDITIONAL INFORMATION (Please provide additional information to support all responses and mitigation measures if applicable)
Exclusion List:	Is the activity on the Exclusion List? During the two years prior to the due diligence period, the potential investee engaged in activities on the AGG exclusion list? FI is committed to applying the AGG exclusion list to its on-lending?					
National Laws: Does the activity comply with National	Does the company have proof of valid environmental permits and licenses?					

regulatory requirements?						
International Laws:	<p>Potential investee is in line with the Minimum Safeguards of SFDR and Taxonomy (including International Labour Organization standards (ILO), International Bill of Human Rights (UN), Guiding Principles on Business and Human Rights (UN), OECD Guidelines for Multinational Enterprises)</p> <p>In the case of an FI, what ESG standards and commitments are applied to review clients ESG risk management (e.g., IFC PS, WB ESS, WB EHS, ILO, National Regulations etc.)?</p>					
PAI/SFDR/EU Taxonomy	<p>The proposed investment was screened against the Principal Adverse Impacts (PAIs) Indicators of Table I of the RTS (APPENDIX 5)</p> <p>Investee organization complies with the minimum safeguards of SFDR and EU Taxonomy</p>					
Reporting	<p>Potential investee has sufficient capacity for periodic reports as well as annual reporting on ESG performance to the Fund?</p> <p>Potential investee agrees to major incident reporting as required to the Fund (including details of the incident, root cause analysis, authority / emergency services participation, action taken, lessons learnt, etc.)?</p> <p>For an FI this obligation extends to its underlying clients</p>					
	Potential investee agrees to conduct baseline, midterm, and final evaluations, including greenhouse gas emissions calculation and gender-based metrics					
Positive Impact reporting	The potential investee expresses willingness to cooperate and identify opportunity for positive ESG impacts beyond those already planned for or identified, particularly as might benefit women, in the case of financial intermediaries, the intermediary is willing to financially support investees' mitigation efforts					
GHG emissions (IFC PS1 and IFC PS3)	Proposed investee activities are likely to result in the replacement of previously-used thermal energy sources with renewable energy sources					
	Proposed investee activities are likely to offset 100,000 MT CO ₂ -equivalent or more per year					

	Proposed investee activities are likely to reduce communities' vulnerability to climate change, including siting on currently productive land					
Performance Standards:						
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	<p>Does the company have an ESG Policy/Management System that was approved by Senior Management and incorporates gender inclusivity practices? (All the questions below apply to both the ESG Policy and the ESMS)</p> <p>Please describe the system/procedure in place to identify, assess and manage the potential risks and impacts related to the company's business activities/projects.</p> <p>Are ESG issues fully integrated into the vision / strategy of the company? Is the management fully supportive of the vision and are ESG commitments formalised into policies?</p> <p>Does the company have a documented process to assess ESG impacts and risks of its operations (or investments in the case of financial intermediaries)?</p> <p>Are both the ESG Policies and ESMS effectively communicated and implemented? What are the areas for improvement?</p>					
	<p>Does the FI have a formalized Environmental and Social Management System (ESMS) that is aligned with the World Bank (WB) Environmental and Social Standards (ESS) 1: Assessment and Management of Environmental and Social Risks and Impacts; ESS 2: Labour and Working Conditions and ESS 9: Financial Intermediaries and / or IFC Performance Standard (PS) 1: Assessment and Management of Environmental and Social Risks and Impacts; IFC PS 2: Labour and Working Conditions and the IFC Interpretation Note on Financial Intermediaries (FIs).</p> <p>In the case of an FI, describe the products / services / clients it covers? And how often it is updated/improved?</p> <p>Is the FI a signatory to any voluntary ES principles, organisations, or initiatives (e.g. Equator Principles, United Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI), etc.)?</p>					

	Has the company designated an ESG Manager and ESG Officer to manage ESG issues? Please provide the name of the designated employee(s) and qualifications. What is the company's approach to accountability? How often does ESG training take place (for those responsible for ESG as well as all other employees)? Provide an organogram of the ESG team?					
	<p>Please describe the procedures in place to engage with local communities and address community grievances where applicable. (e.g. grievance redress mechanism, stakeholder engagement plan).</p> <p>Does the company have a grievance redress mechanism in place for outside stakeholders, and if not, is it willing to put one in place? Describe in detail the GRM process, application, accountabilities and individuals involved?</p> <p>Has the GRM been effectively communicated to internal and external stakeholders?</p> <p>Please give examples of grievances received in the last 3 years and how they have been managed / resolved?</p>					
	Does the company have an emergency response plan ?					
	<p>During the two years prior to the due diligence period, has the company experienced incidents of severe ESG incidents or policy breaches, including forced resettlement?</p> <p>And if yes has the ESG Policy been amended to reflect the incident?</p>					
	Proposed investee activities may indirectly pose physical, psychological, or economic harm to one or more individuals or communities, may damage a community's or group's historical, cultural, religious, or archeological heritage, may take place on, or to flood and damage, land previously used as farmland or for other productive use, and may therefore have negative economic impacts on affected communities; investees plan to actively compensate for lost income and offer at least as equally attractive alternative income generation opportunities (Cat B/FI-2)					

	<p>If classified as Category B/FI-2, the company is willing to create an Environmental and Social Management Plan (ESMP) or Environmental and Social Action Plan (ESAP), as applicable.</p> <p>If classified as Category B/FI-2, the company is willing to create a climate mitigation action plan (CAP) outlining all actions it will take to proactively mitigate against risk and is willing to complete all items listed under the action plan.</p> <p>If classified as Category C/FI-3, the company commits to proactively mitigating all potential ESG risk, and understands that it may be classified as 'Category B/FI-2' if it is unable to mitigate risks</p>					
	Potential investee has full human capacity and other resources necessary to mitigate against all Category B/FI-2 risks?					
Performance Standard 2: Review of Labour and Working Conditions	How many employees does the company have?					
	Potential investee commits to comply with all international and national labour and workers' rights agreements and regulations					
	Investee will not directly or indirectly employ children (under the age of 18) or forced labour					
	Investee will not discriminate against employees on the basis of gender, age, ethnicity, religion, sexual orientation, or HIV status					
	Investee organization has or shall prepare employee handbook that outlines policies and procedures with respect to women and minority hiring, professional development and promotion.					
	<p>Does the company have a Human Resource (HR) Policy that is consistent with the requirements of the national labour laws? Please highlight the major policies covered.</p> <p>Does the company have policies and procedures for managing and monitoring the performance of third party employee contractors in terms of labour and working conditions?</p> <p>Has the company established a grievance and redress mechanism for workers and third party contract workers?</p> <p>Has the company made explicit commitment(s) to gender inclusivity as expressed in ESG or other corporate policy (i.e.: HR policy, company handbook, etc...)?</p>					

	<p>Does the company provide its workers with a safe and healthy work environment?</p> <p>Where applicable does the company provide workers with and mandating that workers use personal protective equipment (PPE)?</p> <p>Does the company have occupational health and safety procedures?</p> <p>Does the company track and report on rates of injury, occupational diseases, lost days, and number of work-related fatalities? Please provide recent data.</p> <p>Does the company have training programs in place for workers on occupational health and safety?</p>					
	Please confirm that the company is not involved in harmful child labourlabour or forced labourlabour (including supply chain for agri-commodity clients)?					
	Please confirm that the company has not, directly, or indirectly (including through contractors or subcontractors), purchased, leased, or otherwise acquired solar panels that are manufactured by entities that are, at the time the contract, associated with forced labour?					
Performance Standard 3: Resource Efficiency and Pollution Prevention	Does the company implement measures for improving efficiency in its consumption of energy, water, raw materials and other resources and inputs?					
	Does the company generate any air, liquid or solid waste emissions during construction and/or operational phases? If yes, please provide details.					Air: Liquid: Solid Waste:
	Please describe the procedures in place for monitoring air and water emissions. Please provide a copy of any effluent discharge permit issued by the local authorities.					
	Does the company have procedures to guide the storage, handling, and disposal of solid wastes (including hazardous waste) emanating from its business? If yes, provide brief details.					
	Proposed investee activities may result in the release of dust, smoke, odours, noise, fumes, vibrations, or traffic congestion over					

	a period of at least 15 days, and has a plan to prevent any significant impacts due to the release of emissions?					
	Are the diesel storage tanks fitted with secondary containment bunds ?					
	Is there response procedure in place to manage spills or accidental discharges?					
	Proposed investee activities include the use of lead acid or lithium ion batteries, but investees have a system in place for the collection, refilling, replacement, and safe recycling of these batteries ¹¹					
	Energy efficiency plans in place and measures utilised to track performance over time					
	Climate action plan in place with clearly defined risk metrics with climate adaptation, mitigation and transitional activities defined. The action plan should have been informed through scenario planning, stakeholder engagement.					
Performance Standard 4: Community Health, Safety and Security	Are there local communities in close proximity to the company's facilities? Does the company have procedures to address community health, safety and security issues in the context of its operations?					
	Beneficiaries of and community members affected by the potential investees' previous activities maintain positive opinions of the investee organization and their activities?					
	Does the company have safety procedures in place to deal with hazardous material release, transport and disposal in order to avoid or to minimize exposure of local communities to those materials?					
	Does the company engage armed security personnel to provide security services at their facilities? If so, do the contract provisions include guidelines on how security personnel shall interact with communities in close proximity to the facility?					

¹¹ See APPENDIX 9 for more information

	Is there a traffic management plan for managing additional traffic associated with the company's activities?					
Performance Standard 5: Land Acquisition and Involuntary Resettlement	Is there any land acquisition planned/happened for/in the proposed investment?					
	Has there been any physical and/or economic displacement as a result of land acquisition for this project?					
	Has the company disclosed all relevant information, consulted with affected persons and communities and facilitated their informed participation in the decision making process relating to resettlement?					
	If applicable, the company is willing to create a Resettlement Action Plan (RAP) (N.B. this should not be applicable to AGG funded projects but included for completeness)					
	Did the company consider alternative designs to avoid or minimize economic and physical displacement?					
Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management	Does the company's activities impact on biodiversity ? Has the company minimized impacts and implemented mitigation measures ?					
	Does the business operate in a legally protected area ? If yes, confirm that the company has the requisite approvals to operate in such area					
	Are there any biodiversity impacts associated with your supply chain ? (e.g agri-commodity supply chain)					
Performance Standard 7: Indigenous Peoples	Is it likely that Indigenous Peoples will be adversely impacted as a result of the company's operations?					
Performance Standard 8: Cultural Heritage	Is the project located in an area where cultural heritage objects, sites and structures (e.g. artefacts, archeological sites, graves, and sacred forests) can be found?					
Additional FI specific questions (not linked to specific IFC PS)	How does the FI categorise ESG risks of loans / investments? Does the FI use any tools for the ESG risk categorisation process? Is the risk categorisation assigned to a transaction formally documented?					

	<p>Does the categorisation process take account of nuances between direct and indirect lending / investments activities (i.e. Cat A, B and C and FI-1, FI-2 and FI-3)? This includes categorising the ESG risk of an entire portfolio for indirect lending / investments into another financial intermediary.</p> <p>Does the ESG risk category process inform the level of ES due diligence or appointment of third-party specialists to support the ES due diligence process? Is there any difference in approach (for ESDD, ES standards, Monitoring and Reporting, etc.) based on the ES risk category assigned to a specific sub-loan / investment?</p> <p>Please provide a brief overview of the ES Due Diligence (ESDD) process undertaken by the FI for new credit / investment reviews and appraisals? Include the approach to approval and decision making with respect to credit reviews.</p> <p>Who is responsible for carrying out the ESDD (e.g., E&S Officer / Team; Credit Officer(s); depends on transaction/category/risk, etc)? Is done internally or with exterior consultants? Describe the ESDD process thoroughly (including individuals involved, site visits, formal procedures, generation of ESAPs, instances of non-compliance/breaches, approval process, escalation process, governance structure, etc...)?</p> <p>Does the FI finance any category A/FI-1 or B/FI/2 projects? Were ESDDs of these projects conducted and by whom?</p> <p>Does the organisation include ES related covenants and corrective action plans into loan agreements? Are these ES conditions standardised or tailored to the specific transaction in question?</p> <p>Describe the ESG monitoring and reporting process within the organisation and with respect to the FIs clients/projects? Level of monitoring based on risk levels and individuals involved (internal and external)</p> <p>Has ESG monitoring and reporting data been integrated into the FI's broader information management system? Does the FI prepare annual ESG / Sustainability reports? Any specific ESG performance targets / benchmarks? And progress with respect to achieving these?</p> <p>Has a specific budget been allocated to the implementation of the ESMS?</p>				
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Summary of ESG Issues (Please provide a summary addressing the management of the main ESG issues associated with the client’s business)

Action Plan

Issue Identified	Action Required	Completion Date

APPENDIX 4 ESG IMPACT INDICATORS AND INVESTEE REPORTING TEMPLATE

The Fund uses different indicators to measure its performance on the three Fund impact objectives. The indicators are derived from best practice impact assessment as used for comparable investment funds and principals in the energy access sector. The Results Management Framework (from AfDB and NDF has been used as the baseline for impact reporting)

Table 9: AGG ESG Impact Indicators and Reporting Template

General information	<i>Name of investee:</i>			
<i>Type of investment and lending amount:</i>				
<i>Percent disbursed so far:</i>				
<i>Brief description of the status of financed activities</i>				
Industry:	<input type="checkbox"/> Energy Efficiency <input type="checkbox"/> Renewable Energy <input type="checkbox"/> Financial Institution <input type="checkbox"/> Other			
Accidents and incidents reporting	<i>Newly recorded accidents and incidents since the last reporting period</i>			
Grievances reporting	<i>Summary of grievances reported, remedial actions taken, status of resolving grievances, and planned actions including timelines</i>			
Application of ESMS and ESG Performance	<i>Status of application of ESMS</i> <i>ESG risk categorization: Reasoning for categorization (previously identified potential ESG risks, i.e. risk levels as per corresponding PS applied to underlying customers). Status of Mitigation Actions</i> <i>Ongoing or newly reported ESG risks and issues since the last reporting period and status of corrective actions and schedule:</i>			
Summary of principal adverse impact indicators	Update PAI on an annual basis			
RMF Indicators	AGG Focus Sectors/Indicator Suitability			
	Green Housing & Retrofit for EE	Green Mobility	Industrial EE	Green Appliances & Solutions (e.g Battery Storage, Green Hydrogen)
I RESULTS AREA: Access to and production of affordable and sustainable clean energy increased				
a. IMMEDIATE OUTCOME LEVEL: Additional energy generated or saved, MWh/a or kW	Energy saved in whatever form that is versus a non-Edge building	Dirty fuel displaced	MWh saved. Dirty fuel displaced.	As applicable
1. Beneficiaries disaggregated: households, people (by sex), private sector entities; public sector entities; other	As applicable	As applicable	As applicable	As applicable
2. Off/on-grid	As applicable	As applicable	As applicable	As applicable
3. Connections disaggregated by the ESMAP multi-tier framework	N/A	N/A	N/A	N/A
4. Type/technology	As applicable	As applicable	As applicable	As applicable
5. Urban, rural	Yes	Yes	Yes	Yes
b. IMMEDIATE OUTCOME LEVEL: Number of people (by sex) with improved access to clean energy	Yes	As applicable	As applicable	As applicable
1. People disaggregated by sex, (and age if possible)	As applicable	As applicable	As applicable	As applicable

2.	Off/on-grid	As applicable	As applicable	As applicable	As applicable
3.	Connections disaggregated by the ESMAP multi-tier framework	N/A	N/A	N/A	N/A
4.	Type/technology	As applicable	As applicable	As applicable	As applicable
5.	Urban, rural	Yes	As applicable	As applicable	As applicable
c.	OUTPUT LEVEL: Number and types of affordable, clean energy connections facilitated	N/A	Yes	As applicable	As applicable
1.	Beneficiaries disaggregated: households, people (by sex); private sector entities; public sector entities; other	N/A	As applicable	As applicable	As applicable
2.	Off/on-grid	N/A	As applicable	As applicable	As applicable
3.	Connections disaggregated by the ESMAP multi-tier framework	N/A	N/A	N/A	N/A
4.	Type/technology	N/A	As applicable	As applicable	As applicable
5.	Urban, rural	N/A	As applicable	As applicable	As applicable
d.	OUTPUT LEVEL: Additional capacity installed or saved, MW	As applicable	N/A	As applicable	As applicable
1.	Beneficiaries disaggregated: households / people (by sex); private sector entities; public sector entities; other	As applicable	N/A	As applicable	As applicable
2.	Off/on-grid	As applicable	N/A	As applicable	As applicable
3.	Connections disaggregated by the ESMAP multi-tier framework	N/A	N/A	N/A	N/A
4.	Type/technology	As applicable	N/A	As applicable	As applicable
5.	Urban, rural	As applicable	N/A	As applicable	As applicable
e.	OUTPUT LEVEL: Number of entities, both public and private, supported with measures to increase their capacity in clean energy and energy efficiency	Yes	Yes	Yes	Yes
1.	Type of entity	As applicable	As applicable	As applicable	As applicable
2.	Type of support (training, awareness raising, TA...)	As applicable	As applicable	As applicable	As applicable
3.	Urban, rural	As applicable	As applicable	As applicable	As applicable
f.	OUTPUT LEVEL: GHG emissions reduced or eliminated	Yes	Yes	Yes	Yes
1.	Beneficiaries disaggregated: households / people (by sex); private sector entities; public sector entities; other	As applicable	As applicable	As applicable	As applicable
2.	Off/on-grid	As applicable	As applicable	As applicable	As applicable
3.	Type/technology	As applicable	As applicable	As applicable	As applicable

4. Urban, rural	As applicable	As applicable	As applicable	As applicable
g. OUTPUT LEVEL: Number of MSMEs impacted	Yes	Yes	Yes	Yes
II RESULTS AREA: Climate- and disaster-resilience and adaptability of cities, human settlements and infrastructure strengthened				
a. IMMEDIATE OUTCOME LEVEL: Number of people (by sex) / households / MSMEs benefiting from established or improved climate- and disaster-resilient infrastructure, services and/or physical assets	As applicable	As applicable	As applicable	As applicable
1. People disaggregated by sex, (and age, disability, if possible) By # HH	As applicable	As applicable	As applicable	As applicable
2. Type of infra/service/asset	As applicable	As applicable	As applicable	As applicable
3. Urban, rural	As applicable	As applicable	As applicable	As applicable
b. OUTPUT LEVEL: Number of new or improved infrastructure assets made more climate and disaster resilient	Yes	As applicable	Yes	As applicable
1. Type of infra/service/asset	As applicable	As applicable	As applicable	As applicable
2. Urban, rural	As applicable	As applicable	As applicable	As applicable
III ENABLING OUTPUTS: OTHER	- - - -			
a. Amount of climate finance mobilised on project / investment level through AGG loans	Yes	Yes	Yes	Yes
1. Type of investor (domestic, foreign, public, private...)	Yes	Yes	Yes	Yes
2. Type of finance (grant, loan, equity...)	Yes	Yes	Yes	Yes
3. 3rd party investment in USD equivalent raised	Yes	Yes	Yes	Yes
4. On-shore vs off-shore investors	Yes	Yes	Yes	Yes
5. Currency break down of funds raised, local vs hard currency	Yes	Yes	Yes	Yes
6. Nature/ type of local currency investors of investment	Yes	Yes	Yes	Yes
b. Number of direct (and indirect) full-time (equivalent) jobs supported or created	Yes	Yes	Yes	Yes
1. Disaggregated between permanent and temporary	As applicable	As applicable	As applicable	As applicable
2. Disaggregated by sex, women in mgmt, (or according to technical/senior positions), (age if possible)	As applicable	As applicable	As applicable	As applicable
c. Number of people (by sex) with increased capacities, improved skills or raised awareness in the field of clean energy and energy efficiency (this could be directly linked to TAF activities but also Fund activities with positive capacity building results)	As applicable	As applicable	As applicable	As applicable
1. Disaggregation by sex, age, if possible	As applicable	As applicable	As applicable	As applicable

2. Type of support (training, awareness raising, TA)	As applicable	As applicable	As applicable	As applicable
3. Urban, rural	As applicable	As applicable	As applicable	As applicable
d. Other Environmental and Social benefits	As applicable	As applicable	As applicable	As applicable
1. Average fuel / equivalent cost savings	As applicable	As applicable	As applicable	As applicable
2. Estimated health impact (QALYs)	As applicable	As applicable	As applicable	As applicable
IV END OF PROJECT OUTCOMES:	-	-	-	-
a. Tons of CO ₂ e per annum reduced, avoided or sequestered (if annual figures feasible to obtain, otherwise end of project) <i>Assessed through an ex post/end of project qualitative (and quantitative) impact study/evaluation to determine the adaptation and resilience related co-benefits of the project results which would include deeper dive into the following aspects (b., c., and d.)</i>	Yes	Yes	Yes	Yes
b. Level of decreased vulnerability to resource depletion due to climate change among end beneficiaries of the projects	Yes	Yes	Yes	Yes
c. Level of reduced vulnerability to climate related shocks/hazards in end beneficiaries, especially the vulnerable	Yes	Yes	Yes	Yes
d. Level of improved living standards and well-being among end beneficiaries of the projects	Yes	Yes	Yes	Yes

APPENDIX 5 PRINCIPLE ADVERSE IMPACT INDICATORS

Annex 1 Table 1 – all defined indicators are mandatory for reporting against to ensure SFDR compliance

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
Greenhouse gas emissions							
1	GHG emissions						
1.1		Scope 1 GHG emissions of potential Investee					
1.2		Scope 2 GHG emissions of potential Investee				Proxy	
1.3		From 1 January 2023, Scope 3 GHG emissions of potential Investee					
1.4		Total GHG emissions					
2	Carbon footprint	Carbon footprint of potential Investee					
3	GHG intensity	GHG intensity of potential Investee				Field Data	
4	Exposure to companies active in the fossil fuel sector	Is potential Investee active in the fossil fuel sector					
5	Share of non renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of potential Investee from non-renewable energy sources compared to renewable energy sources, expressed as a percentage					
6	Energy consumption intensity per high impact climate sector if any	Energy consumption in GWh per million EUR of revenue of potential Investee, per high impact climate sector if any					
Biodiversity							
7	Activities negatively affecting biodiversity sensitive areas	Does the potential Investee have sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas					
Water							
8	Emissions to water	Tonnes of emissions to water generated by potential Investee per million USD invested, expressed as weighted average					
Waste							
9	Hazardous waste ratio	Tonnes of hazardous waste generated by potential Investee per million USD invested, expressed as weighted average					
Social and Employee matters							
10	Violations of UN Global Compact	Has the potential Investee been involved in violations of the					

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
	principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises					
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Does the potential Investee NOT have policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises					
12	Unadjusted gender pay gap	Average unadjusted gender pay gap of potential Investee					
13	Board gender diversity	Average ratio of female to male board members of potential Investee					
14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Is the potential Investee company involved in the manufacture or selling of controversial weapons					

Annex 1 Table 2- one indicator to be selected to report against as a minimum from this list to ensure SFDR compliance

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
	Emissions						
1	Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average					
2	Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average					
3	Emissions of ozone depletion substances	Tonnes of ozone depletion substances equivalent per million EUR invested, expressed as a weighted average					
4	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement					
	Energy Performance						
5	Breakdown of energy consumption by type	Share of energy from non-renewable sources used by					

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
	of non-renewable sources of energy	investee companies broken down by each non-renewable energy source					
	Water, waste and material emissions						
6	Water usage and recycling	1. Average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies					
		2. Weighted average percentage of water recycled and reused by investee companies					
7	Investments in companies without water management policies	Share of investments in investee companies without water management policies					
8	Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy					
9	Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006					
10	Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing					
11	Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies					
12	Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies					
13	Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average					
14	Natural species and protected areas	1. Share of investments in investee companies whose operations affect threatened species					
		2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or					

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
		an area of high biodiversity value outside protected areas					
15	Deforestation	Share of investments in companies without a policy to address deforestation					
	Green Securities						
16	Share of securities not certified as green under a future EU legal act setting up an EU Green Bond Standard	Share of securities in investments not certified as green					

Annex 1 Table 3- one indicator to be selected to report against as a minimum from this list to ensure SFDR compliance

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
	Social and employee matters						
1	Investments in companies without workplace accident prevention policies	Share of investments in companies without a workplace accident prevention policy					
2	Rate of accidents	Rate of accidents in investee companies expressed as a weighted average					
3	Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average					
4	Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)					
5	Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters					
6	Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers					
7	Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average					
		2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average					

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Type of data	Mitigants Identified/Action Taken
8	Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)					
	Human Rights						
9	Lack of a human rights policy	Share of investments in entities without a human rights policy					
10	Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts					
11	Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings					
12	Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour exposed to hazardous work in terms of geographic areas or type of operation					
13	Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation					
14	Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis					
	Anti-corruption and anti-bribery						
15	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption					
16	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery					

ID	Indicator	Metric	Impact [year n]	Impact [year n-1]	Explan ation	Type of data	Mitigants Identified/Actio n Taken
17	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies					

APPENDIX 6 EXAMPLE OF ESG CLAUSES FOR INVESTMENT AGREEMENTS

The investment agreement (or equivalent instrument) between AGG and all investees will include appropriate social and environmental clauses that address and protect ESG objectives in contractual agreements. These clauses may include:

A general environmental warranty/covenant that the investee organization is currently in compliance with, and will continue to comply with, all applicable national social and environmental laws and regulation, and with all ratified international agreements:

“The Investee has not received nor is it aware of any existing or threatened complaint, claim, citation or notice from any authority under applicable [specify country] law and local requirements.”

“The Investee shall design, construct, operate, maintain and monitor the project in compliance with the Government of [specify country] and local requirements, and with all international conventions and agreements ratified by the Government.”

“The Investee shall commit to hiring and promotion processes that give women equal opportunity where appropriate and where possible encourage the inclusion of women in all aspects of its business”

A general environmental and social warranty or covenant that the investee organization will comply with all relevant policies of the AGG ESMS:

“The Investee shall ensure the social and environmental performance of the project is in compliance with the IFC PS as set out in the AGG Environmental, Social and Governance Policy. To that end, the investee also commits to carrying out any remedial action set out in an ESMP or such ESG action/ mitigation plan requested by the Fund during the life of the investment”

“The Investee shall provide AGG with quarterly updates on its environmental and social performance, including about compensation implementation when applicable, and respond within a reasonable time period to requests for further information.”

“The Investee shall provide AGG with access to sites, documentation (permits, authorisations, licenses and other), as requested by the Lender within a reasonable time period”

A general environmental and social warranty or covenant that the investee organization (FIs) will comply with all relevant policies of the AGG ESMS:

“The Financial Institution shall ensure the social and environmental performance of the project is in compliance with the IFC PS as set out in the AGG Environmental Social and Governance Policy. To that end, the Financial Institution also commits to complying with the all the requirements of AGG’s ESG Policy in relation to FIs, and carrying out any remedial action set out in an ESG action/ mitigation plan requested by the Fund during the life of the investment, and implementing a GRM for external stakeholders.”

“Additionally, the use of proceeds of each Eligible Sub-loan shall comply with the ESG Requirements (Exclusion List, compliance with national laws, IFC Performance Standards, and all other applicable standards and guidelines). Beneficiaries of the use of proceeds/Eligible Sub-investees of each Eligible Sub-loan shall not carry out Category A activities or activities on the Exclusion List.”

“The Financial Institution shall provide AGG with quarterly updates on its environmental and social performance and respond within a reasonable time period to requests for further information.”

“The Financial Institution shall provide AGG with quarterly updates on the use-of-proceeds of its Eligible Sub-loans and its compliance to all the AGG ESG requirements.”

Or for NFIs:

“The Investee shall ensure the social and environmental performance of the project is in compliance with the IFC PS as set out in the AGG Environmental, Social and Governance Policy.

“The Investee shall provide AGG with quarterly updates on its environmental and social performance and respond within a reasonable time period to requests for further information.”

A general environmental and social warranty or covenant that any contractors of the investee organization will be subject to and must comply with all relevant policies of the AGG ESMS:

“The Investee shall only choose contractors who agree to comply with the AGG Environmental, Social and Governance Policy, and will monitor their activity to ensure it is fully implemented.”

“The Obligors will provide all information requested by any Lender in order to meet the Lender’s reporting requirements under the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/208) and the Taxonomy Regulation (Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and amending the Disclosure Regulation) and associated legislation.”

A general social warranty or covenant that the investee organization certifies no exposure to the sourcing of solar PV panels from suppliers subject to human rights-related risks:

“The Investee has not, directly, or indirectly (including through contractors or subcontractors), purchased, leased, or otherwise acquired solar panels that are manufactured by entities that are, at the time the contract, subject to Sanctions¹² or (ii) a Withhold Release Order”

“The Investee has not, directly, or indirectly (including through contractors or subcontractors), purchased, leased, or otherwise acquired solar panels that are manufactured by entities that are, at the time the contract, associated with forced labour. “ (can also be added as a separate and appropriate Representation & Warranty)

Notification clause which requests the Developer to notify the Fund of any serious adverse environmental and social incident:

“Immediately and no later than 24 hours after its occurrence, the Investee shall notify the Fund of any major social and environmental incident as a result of the Developer’s operations (e.g., death, riot, spills, explosions, exhaustive negative media coverage, etc.). Notification will be in the form of an email and formal letter to AGG. The Fund shall maintain the right to require the investee to implement remediation measures as applicable.

¹² Sanction including but not limited to Withhold Release Order issued by the U.S. Customs and Border Protection pursuant to Section 307 of the Tariff Act of 1930 (19 U.S.C. §1307) and The White House ‘New US Government Action on forced Labour in Xinjiang.’ (24 June 2021) Accessed on 12 November 2021 <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/24/fact-sheet-new-u-s-government-actions-on-forced-labourlabour-in-xinjiang/>

APPENDIX 7 MAJOR INCIDENTS REQUIRING IMMEDIATE REPORTING

In the event that any of the below incidents occurs at an investee site, the investee must report the incident to AGG within twenty-four hours of occurrence, including a description of remediation measures already taken and to be taken. Table 10 below provides a template for serious accidents reporting.

- Fires or explosions;
- Significant fuel/Chemical spills;
- Significant pollution discharges above limits of normal operation;
- Major work-related injuries (including employees, contractors and/or members of public);
- Work-related fatalities (including by employees, contractors and/or members of public);
- Incidents significantly affecting the health of employees, contractors or members of public, including incidents of a sexual nature;
- Regulator enforcement actions/notices;
- Major security breaches;
- Strikes or employee unrest;
- Incidents requiring operations to be substantially curtailed or shut-down; and
- Significant community unrest or public relations incidents.

Table 10: Serious Accidents Reporting Template

SHEET A: REPORT ON ESG SERIOUS INCIDENT FOR INVESTORS [NAME OF COMPANY]	
Date of report	
Fund/ contact person	/
Date of investment	
Date and time of accident / Date of notification to fund	[Date, Time] / [Date/ explanation of delay]
Type of accident	(e.g. Fatality, major oil spill, explosion)
Victims and damage	<p>Fatalities (including number deceased and differentiating between employee/ contractor fatalities and members of the public).</p> <p>Number injured (mention hospitalisations/ loss of limb).</p> <p>Loss/ damage to company facilities or operating environment.</p> <p>Environmental damage (e.g. water pollution).</p>
Immediate response	
Description of issue	<p>Include the following where available or relevant:</p> <p>names of involved (if fatalities)</p> <p>witnesses (including where relevant staff, unions, police, other authorities and other parties)</p> <p>routine/non-routine activity being undertaken</p> <p>factual statement of what happened</p> <p>scene inspection photos/notes</p> <p>sequence of events pre-dating accident</p> <p>immediate cause</p> <p>unsafe acts in sequence</p> <p>unsafe conditions in sequence</p> <p>underlying causes of unsafe acts/conditions (initial view)</p> <p>root cause(s)</p> <p>corrective / preventive action for EACH significant cause</p> <p>actioned, timed-bound plan (can be attached)</p> <p>Interim preventive measures</p> <p>Other interim actions required cross-check to other activities / locations for lessons learned</p> <p>Any negative publicity (including media) resulting from the incident</p>
Concluding statement -	Outline of accident, key causes, corrective/ preventative actions, final position, and lessons learned.
Follow-up by fund manager	Complete Sheet B based on preliminary investigation
SHEET B: FOLLOW-UP CHECKLIST FOR FUND MANAGER	
Areas where further clarity is desired based on current information:	Based on LP feedback and internal review
Further information awaited (utilising third party expertise where necessary):	

Critical review of accident and investigation status	
Credibility of causes and corrective /preventive actions identified	
Outcome based on above:	Accept report / findings Or Conditionally accept report / require additional / different corrective actions Or Reject report
Key follow up points	Schedule to check / verify implementation of corrective and preventive actions. Include dates.
Additional plans for verification / close-out of actions?	Is third party expertise required?
Lessons learned that could be shared with other portfolio companies?	

APPENDIX 8 SAMPLE TORS FOR ESG DUE DILIGENCE CONSULTANTS

The template below can be used as a guide for developing a Terms of Reference (ToR) for a Consultant to perform certain aspects of the Environmental and Social appraisal of prospective investments of AGG, as well as ongoing supervision of the investment portfolio.

Introduction

The purpose of this Terms of Reference is to ensure that the Consultant performs the environmental and social review of a prospective investment, and later, the ongoing evaluation and supervision of portfolio projects according to the Fund's environmental and social management policies and procedures.

The Africa Go Green Fund ('AGG') is committed to promoting sustainable development through renewable energy generation, which contributes to economic growth, social development and environmental conservation. AGG realizes this aim by carrying out appropriate environmental and social ('ESG') due diligence of proposed and committed investments. AGG will ensure that all projects it finances comply with AGG's Environmental and Social Management System ('ESMS'), including:

The identification, assessment, and management by the investee of potential environmental and social risks and impacts in relation to the Project.

The implementation of specific mitigation measures by the investee relating to the different environmental and social issues identified, including vulnerability issues and supply chain issues, that are triggered if the assessment process reveals that the Project may present certain risks.

Consultant Qualifications

The Consultant must have substantial experience in the ESG review of energy projects in Africa, with particular focus on the support of project finance activities. They must be thoroughly knowledgeable of AGG's ESMS policy and procedures. Scope of Work

The Consultant will conduct the ESG appraisal of a prospective project, as well as the ongoing supervision of ESG performance of a portfolio project consistent with the AFDB ISS and IFC PS and as set out further in the AGG's ESG policy and procedures.

For new project appraisals, the four tasks include:

Preliminary Review: Review all available information and documentation related to project environmental and social impacts and risks. This includes corporate and employment policies. Prepare a list of additional information and/or questions that will be needed to continue the appraisal.

Site Visit and Further Review: Conduct site inspections, review facility-based records, and interview key staff, including both sponsor personnel and relevant stakeholders (regulatory officials, community leaders, suppliers, and customers).

ESG Performance Gaps and Necessary Corrective Actions Analyses: Analyze project environmental and social performance in relation to AGG's Environmental and Social Policy as outlined in the ESMS. Identify these gaps and any corresponding corrective actions that will be necessary. Prioritize these and recommend acceptable and justified implementation schedules.

Due Diligence Documentation: Prepare a report summarizing the results of the ESG due diligence. The report shall include a summary of the impacts and risks associated with the project, including the related performance gaps and corresponding correction actions that will be necessary in order for AGG to invest.

For **supervision** of AGG's portfolio projects, the three tasks include:

Review Monitoring Reports. Review periodic documentation submitted by the project sponsor regarding implementation of any corrective actions included as conditions of investment, as well as overall environmental and social performance. Also, review information submitted by the sponsor concerning significant incidents or fatalities. Identify any follow-up corrective actions that might be necessary.

Site Visit and Further Review (Optional). Where directed by AGG, conduct a site visit to confirm ESG performance and/or to investigate incidents. Identify any follow-up corrective actions that might be necessary.

Supervision Documentation. Prepare a report summarizing the findings of the supervision activity.

Schedule

The Consultant shall submit a draft *[Due Diligence/Monitoring]* Report by *[insert date]*. The final Report shall be submitted within 2 weeks after receiving comments from AGG on the draft report. All reports should be written and prepared in English and delivered in electronic and hard copy.

APPENDIX 9 WASTE MANAGEMENT AND RECYCLING PRINCIPLES

One of the challenges facing companies selling energy efficiency or energy access equipment as it moves beyond the useful life of first-generation products is the safe and environmentally sustainable treatment of e-waste derived from investees' products and infrastructure.

Given the relative immaturity of the sector, local and international regulations and general market best practice are still very much in development and no generally accepted principles exist. Instead, AGG will take three steps to maximise the role of the fund in promoting responsible e-waste management and recycling as follows:

The Fund Manager commits to participate in industry activities to harmonise and enhance waste management policies in these sectors, and make every effort to be aware of international best practice from a wider range of stakeholder/sector-linked initiatives and apply and promote these across its portfolio;

AGG investee companies must ensure compliance with national and where applicable international regulations governing the treatment of e-waste and other materials in their supply chain and logistics, retail and generation/distribution infrastructure

AGG Investee companies must have a comprehensive waste management plan within their broader environmental and social risk management documentation¹³. The waste management plan should generally prefer local service provider or solutions, noting that environmental and health and safety related performance needs to be assessed carefully in this regard. In case no local service provider or solution can be identified for this task, exports to specialized plants might also be organized via an international service provider. The waste management plan should, where applicable, incorporate the following major underlying elements of the energy efficiency/energy access product range:

- Batteries will be collected for either second-life application or sound recycling and disposal in accordance with international environmental and social standards and best-practice;
- Electrical equipment (transformers, PCBs) will either be reused on other developments/projects or recycled;
- PV panels will be removed from the fixed aluminium frames and tracker systems and then transported to approved recycling facilities, as per National Waste Regulation; and international best practice
- Fixed aluminium frame and tracker system structures will be removed, reused, or recycled;
- Cable runs (where applicable) will be removed and recycled;
- For buildings, all reusable material will be removed, the structures demolished, and the rubble transported to a municipal waste site.
- For construction projects, all solid waste will be managed sustainably by eliminating waste where possible; minimizing waste where feasible; and reusing materials which might otherwise become waste

¹³ Where companies do not have a waste management plan, the fund may proceed if a TAF CIP has been prepared to support a company to prepare a waste management plan.

APPENDIX 10 GRIEVANCE RECORDING TEMPLATE

Grievance Identification Number		
2. Details of Complaint		
2.1 When it occurred		
2.2 Where it occurred		
2.3 How it occurred and who was involved		
2.3a Relevant third parties		
2.4 Complainant(s)'s story and expectation		
2.5 Date grievance was recorded		
2.6 Place/method grievance was received		
3. PROFILE OF COMPLAINANT(S)		
3.1 Gender		
3.2 Age		
4. CONTACT INFORMATION OF COMPLAINANT(S)		
4.1 Anonymous (Y/N)		
4.2 Phone		
4.3 Email		
4.4 Address		
5. COMPLAINT ACCEPTED (Y/N)		
5.1 COMPLAINT NOT ACCEPTED		
5.1.1 Action taken	Clearly not related to the operations of the organization – rejected <input type="checkbox"/> Labour-related grievances – transfer to Human Resources <input type="checkbox"/> Commercial disputes – transfer to commercial dispute resolution mechanisms or civil court <input type="checkbox"/> Related to governmental policy and institutions – transfer to authorities <input type="checkbox"/> Other <input type="checkbox"/>	
5.1.2 Complainant notified (Y/N)		
5.1.3 Method of notification		
5.1.4 Date of closure		
5.2 COMPLAINT ACCEPTED		
5.2.1 Evidence of legitimacy		
5.2.3 Resolution	First: Internal <input type="checkbox"/> - Responsible people/division: Second: Multi-stakeholder oversight body <input type="checkbox"/> Third: Independent mediation <input type="checkbox"/>	
5.2.4 Resolution/corrective action taken		
5.2.5 Complainant notified (Y/N)		
5.2.6 Method of notification		
5.2.7 Complainant(s) satisfied or appealed		
5.2.8 Photos and documentary evidence of closure		
5.2.9 Resources spent		
5.2.10 Date of closure		
5.2.11 Number of days from complaint to closure		
6. POST CLOSURE MONITORING REQUIRED (Y/N)		

6.1 Method and frequency of monitoring required	
7. PREVENTIVE MEASURES TO AVOID REOCCURRENCE OF SIMILAR GRIEVANCES	
7.1 Suggested preventive actions	

APPENDIX 11 IDENTIFICATION OF CATEGORY A PROJECTS

The following projects are indicative of Category A Projects (N.B. this is not an exhaustive list, and needs to be assessed on a case-by-case basis) and investments are only permitted if the ESG assessment is considered medium (i.e. as Category B or C) and the rationale for this assessment has been adequately documented.

- Large-scale industrial plants
- Large-scale industrial estates
- Thermal power stations and other combustion installations with a heat output of 200 megawatts or more.
- All projects that pose potentially serious occupational or health risks.
- Cement manufacturing with an annual production rate of greater than one million dry weight tons.
- Construction of motorways, express roads and lines for long-distance railway traffic 10 km or more in a continuous length; airports or airport expansions with a basic runway length of 2,100 meters or more.
- Sea ports and also inland waterways and ports for inland-waterway traffic that permit the passage of vessels of over 1,350 tons; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) that can take vessels of over 1,350 tons.
- Construction or significant expansion of dams and reservoirs not otherwise prohibited.
- Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic meters or more.
- Industrial plants for the (a) production of pulp from timber or similar fibrous materials; (b) production of paper and board with a production capacity exceeding 200 air-dried metric tons per day.
- Peat extraction.
- Quarries, mining, or processing of metal ores or coal;
- Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines
- Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.
- Large-scale power transmission.
- Municipal wastewater treatment plants servicing more than 150,000 people.
- Municipal solid waste-processing and disposal facilities.
- Large-scale tourism and retail development.
- Large-scale land reclamation.
- Large-scale primary agriculture/silviculture involving intensification or conversion of previously undisturbed land.
- Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.

- Installations for the intensive rearing of poultry or pigs with more than: 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows.
- All projects with potentially major impacts on people or which pose serious socio-economic risk.
- Housing developments that contain more than 2,500 residential units.
- Projects, not categorically prohibited, but located in or sufficiently near sensitive locations of national or regional importance to have perceptible environmental impacts on:
 - Wetlands;
 - Areas of archaeological significance;
 - Areas prone to erosion and/or desertification;
 - Areas of importance to ethnic groups/indigenous peoples;
 - Primary temperate/boreal forests;
 - Coral reefs;
 - Mangrove swamps;
 - Nationally-designated seashore areas;
 - Managed resource protected areas, protected landscape/seascape (IUCN categories V and VI) as defined by IUCN's Guidelines for Protected Area Management Categories; additionally, these projects must meet IUCN's management objectives and follow the spirit of IUCN definitions.

APPENDIX 12 FUND MANAGER INTERNAL GRIEVANCE PROCEDURE

APPENDIX 13 SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR) AND EU TAXONOMY DEFINITIONS

SFDR is a set of EU Regulations of the European parliament and the Council of 27 November 2019 on sustainability - related disclosures in the financial services sector. Taxonomy is an EU regulation of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. The ESG policy should be compliant with the SFDR regulation in a first stage and with the taxonomy regulation as well at a later stage.

Sustainability Risk: A sustainability risk means under SFDR 2019/2088 (14) an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment, as specified in sectoral legislation, in particular in Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU, (EU) 2016/97, (EU) 2016/2341, or delegated acts and regulatory technical standards adopted pursuant to them.

Sustainable Investment: Sustainable investment under SFDR 2019/2088 (17) means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Energy Efficiency: Under Taxonomy Regulation 2020/852 art.2 (17) means the more efficient use of energy at all the stages of the energy chain from production to final consumption. Definition in line with relevant Union law, including Regulation (EU) 2017/1369 of the European Parliament and of the Council (48) and Directives 2012/27/EU (49) and (EU) 2018/844 (50) of the European Parliament and of the Council, as well as the implementing measures adopted pursuant to Directive 2009/125/EC of the European Parliament and of the Council (51).

GHG – Green House Gas Emissions: Under Taxonomy Regulation Art.2 (7) ‘greenhouse gas’ means a greenhouse gas listed in Annex I to Regulation (EU) No 525/2013 of the European Parliament and of the Council.

Objectives Environmentally Sustainable: Under Taxonomy Regulation 2020/852 Art.2(1), investment in one or several of the activities qualifying as environmentally sustainable in this case such providing a substantial contribution to climate change mitigation.

Sustainability/ESG factors: Under SFDR 2019/2088 Art.2 (24) ‘sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

Renewable Energy: Under Taxonomy Regulation Art.10.1 (a) generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid.

PASI: Under Taxonomy Regulation (18) principal adverse sustainability adverse impacts whether material or likely to be material, of investment decisions on sustainability factors.