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AfricaGoGreen Fund for Renewable Energy and Energy Efficiency S.A. SICAV RAIF

SFDR Disclosures for Website

1.Objective, article and allocation

AfricaGoGreen Fund for Energy and Energy Efficiency S.A. SICAV RAIF, (the "**Fund**") aims at spurring additional greenhouse gas ("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") and renewable energy ("RE") projects by providing medium and long-term debt financing, guarantees and specific technical assistance aimed at maximising learning-by-doing opportunities, facilitating deals and encouraging the long-term sustainability of the EE and/or RE market in the target region ("**Sustainable Investments**"[1])

The Fund pursues two objectives ("hereinafter referred to as "**Sustainable Investment Objectives**"):

1. Fostering EE and increasing RE production by extending senior and mezzanine loans dedicated to finance energy solutions predominantly via direct investments to non-financial institutions,
2. 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, with the view of contributing to the long-term global warming objectives of the Paris Agreement.

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The Fund expects that its **Sustainable Investments** should represent a minimum of **80% of its total assets**.

By investing in economic activities contributing to an **environmental objective** withing the meaning of the SFDR, the Fund contributes to the following environmental objective aligned with Article 9 of the **Taxonomy Regulation**: **Climate Change Mitigation**.

[11] Sustainable Investment defined under (EU) SFDR 2019/2088 Art.2 (17) as "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, […] 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".

The Fund has not had yet a quarterly reporting by investees with respect to **Taxonomy alignment**. The alignment % will be calculated during the first quarter of 2022 as part of the Fund's quarterly reporting requirements and based on agreed framework which will pass by Innpact Fund Management S.A.

1.2 KPIs

The Fund uses different indicators to measure its performance on the Sustainable Investment Objective. Tailored indicators are developed for each of the Fund's focus sector (Green Housing and Retrofit for Energy Efficiency, Green Mobility, Industrial Energy Efficiency, Green Appliances and Solutions) with a view of assessing, measuring, monitoring and reporting on the Fund's Key Sustainability Indicators related to the areas of:

- CO2 emissions: reduction and /or elimination
- Clean energy: access to and production of affordable and clean energy increased
- Vulnerability to climate-related shocks/hazards: reduced, increased adaptability and improved living standards
- Climate finance mobilised

Indicators are based on best practice impact assessment used by comparable investment funds and principals in the renewable energy sector.

The Fund will collect information on indicators from the investees, and may rely on its TA Facility to fund third party reviews to support impact reporting.

1.3 Do Not Significantly Harm

The delegated Portfolio Manager of the Fund will seek to ensure that the Fund's investments **do not significantly harm** ("DNSH") sustainable investment objectives by screening potential investments and managing the environmental and social performance of investments throughout the life of the investments.

The following documents sets out the criteria, processes and practices that allow the fund to incorporate environmental, social, and governance ("ESG") requirements throughout the investment process, and ensure that the Fund's investment activities do not significantly harm any other environmental or social objectives:

i. The Fund's **E&S Policy** which lays down the ESG requirements against which all investments will be screened. These include:
   - the Fund's **Exclusion Lists**, aligned to **KfW, AfDB, IFC and NDF Exclusion list**,
   - **AfDB Operational Safeguards**
   - **IFC Performance Standards**

   Such requirements ensure that investees effectively avoid, manage, and mitigate against all ESG impacts of their activities and do no significant harm to sustainable investment objectives.

ii. the Fund's **environmental and social management system** ("**ESMS**"), underpinned by the E&S Policy, which defines how the Fund incorporates environmental and social considerations in its decision-making to ensure investments do no significant harm to sustainable investment objectives. The ESMS includes:

- the **ESG Risk Management Framework** defining the process for evaluating, categorizing and monitoring ESG for each investment and ensuring appropriate mitigants are in place.
- the **ESG Assessment Checklist**, which serves to identify the potential ESG risks and opportunities of an investee, categorize its activities, and inform the screening paper.
- The **ESG Due Diligence Template**, which guides the thorough and systematic ESG due diligence on potential investees.
- The **ESG Portfolio Monitoring Reporting Template** which sets out how the Fund's will report on its sustainable investment objective and guarantees that all risks including sustainability risks are communicated to investors.

Only potential investees which successfully pass the due diligence stage will be considered for investments, thus ensuring that the Fund will not knowingly invest in any investee which is expected, or is determined, to significantly harm any of the sustainable investment objectives.

The delegated Portfolio Manager of the Fund is also working to integrate the **Taxonomy requirements** across the Fund's investment activities. The delegated Portfolio Manager will seek to develop a systematic process to assess potential investees according to the **Technical Screening Criteria**, **Substantial Contribution Criteria** and **Do No Significant Harm Criteria** of the Taxonomy Regulation.

1.4 Index

Given that there is no EU Climate Transition Benchmark or EU Paris-aligned Benchmark, in accordance with the Benchmark Regulation, available for the Fund, the Fund will assess energy savings and GHG reductions based on guidelines such as the Global Off-Grid Lighting Association or the World Bank. Energy savings and GHG reductions will be monitored on an ex-post basis, comparing project emissions with baseline emissions for a scenario where no mitigation intervention occurs.

2. PASI

The delegated Portfolio Manager of the Fund is working to incorporate **Principal Adverse Impacts** ("PAIs") assessment in the Fund's investment activities. PAIs have not been considered at this stage; however, the Portfolio Manager will seek to define an action plan to monitor all PAIs defined in the Regulatory Technical Standards of the SFDR within a clear and regulatory deadline.

2.1 Identification and prioritization of PASIs, due diligence policies and mitigants

The **Operational Safeguards** defined in the Fund's ESMS ensure that all potential impacts of project activities on indigenous peoples, vulnerable groups, gender inequality, cultural heritage preservation, community consultation and engagement, as well as potential transboundary and regional impacts are evaluated, monitored and managed. In addition, by adhering to established industry standards such as the KfW, IFC, AfDB and NDF Exclusion Lists, the Fund will first of all ensure that it does not invest in investees engaged in activities with significant adverse impacts, such as the most egregious GHG emitting or polluting activities, activities related to coal, in violation of relevant conventions regarding hazardous waste, of ILO's International Labour Standards or engaged in the destruction of biodiversity.

The Fund will ensure that all investment activities meet the requirements of AfDB Safeguards and IFC Performance Standards to mitigate the potential adverse impacts of its investments.

2.2. Engagement Policies

The Fund will actively engage investees in order to put in place or monitor the implementation of environmental and social management systems that can adequately meet the Fund's E&S requirements, to ensure that the Fund's investments are not linked to significant harm to the sustainable investment objective or to other environmental or social objectives.

3. Integration of Sustainability Risks into the decision-making process

The Fund integrates sustainability considerations into decision-making and investee engagement throughout the investment and portfolio management process. The assessment, management and monitoring of sustainability risks is based on the information received from the Portfolio manager, which has developed and is working to strengthen the ESG risk framework to implement a systematic process to identify, assess, measure, monitor ESG risks and mitigation measures in place.

Particularly the E&S due diligence requirements on ongoing E&S management requirements of the delegated Portfolio Manager, such as the KfW Exclusion List, the IFC's Performance Standards on Environmental and Social Sustainability and KfW's Sustainability Guidelines, are designed to manage and mitigate the risks of reputational or other damages arising from social and environmental factors.

Further, as the Fund provides mostly medium to long term financing, the responsiveness and agility of the delegated Portfolio Manager and Innpact Fund Management S.A., as the case may be, to review and adapt the Fund's investment strategy to shifts in the underlying market due to sustainability impacts can be important in maintaining portfolio quality and returns. The delegated Portfolio Manager, and as the case may be Innpact Fund Management S.A., will identify the risk time horizons relevant for the Fund's Investments and integrating these into the investment strategy reviews.