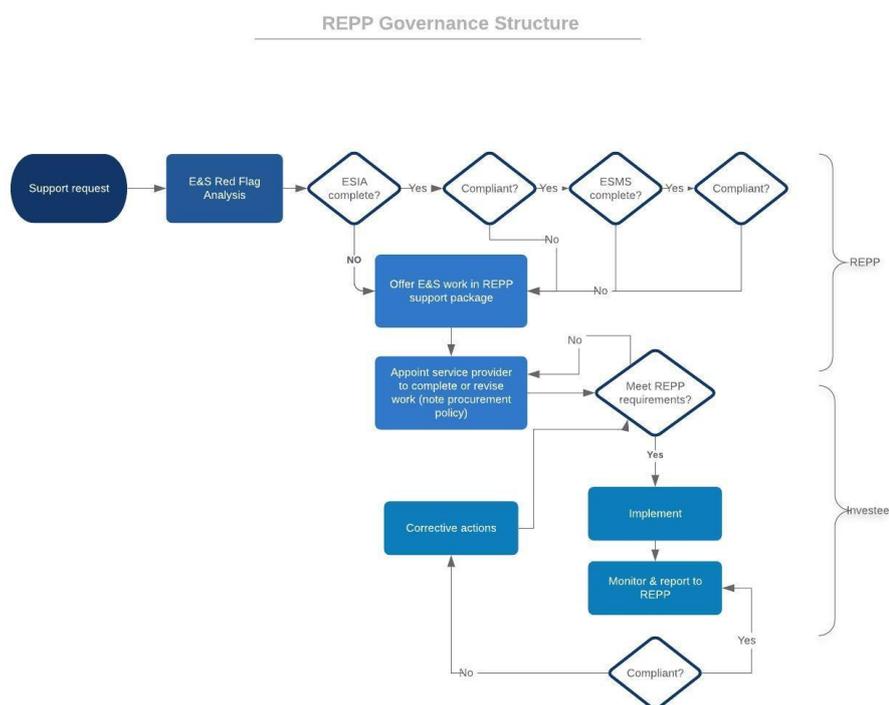


## REPP Environmental and Social Policy and Procedures

<b>Purpose</b>	To ensure that the environmental and social performance of the projects supported by REPP are sustainable and of a bankable standard.
<b>Standards</b>	All project supported by REPP shall meet: <ul style="list-style-type: none"><li>• Host Country Legislation;</li><li>• IFC Environmental and Social Performance Standards;</li><li>• European Investment Bank (EIB) E&amp;S Standard 10 – Stakeholder Engagement;</li><li>• EIB E&amp;S Standard 3 – Biodiversity and Ecosystems (para. 26-31);</li><li>• Sustainability principles advocated by the UN Global Compact.</li></ul>
<b>Project/Developer Requirements</b>	<p>All projects and/or developers supported by REPP (“Investees”) should comply to the above-mentioned standards and implement following:</p> <ol style="list-style-type: none"><li>1. Complete Environmental &amp; Social Impact Assessments (ESIAs);</li><li>2. Implement and maintain an Environmental and Social Management System (ESMS);</li><li>3. Ensure that the requirements of the ESIA and ESMS are followed faithfully and transparently, and make any corrections required; and</li><li>4. Report ongoing compliance and activity transparently to REPP.</li></ol> <p>The ESIA, ESMS and ongoing reporting requirements should be appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts.</p>
<b>Process</b>	REPP will engage with Investees in accordance with the process outlined below.



**ESIA requirements** The ESIA should address, at a minimum, the risks and impacts on: (a) Labour and working conditions; (b) Resource efficiency and pollution prevention; (c) Community health, safety and security; (d) Land acquisition and involuntary resettlement; (e) Biodiversity conservation and sustainable management of natural living resources; (f) Indigenous peoples; and (g) Cultural heritage.

**Investee responsibilities**

Investees are responsible for:

- Contracting and managing the environmental and social consultant in compliance with REPP policies (including procurement policy);
- Implementing and maintaining an ESMS;
- Complying with and monitoring project performance against the ESIA, ESMS and Key Performance Indicators (KPIs);
- Cooperate with the REPP Manager, including by providing project level data, monitoring records and supporting documents to REPP on a quarterly basis and as part of the REPP Manager's annual evaluation;
- Where the Investee has over 1 MW installed capacity in REPP supported project(s), providing an annual update on the implementation status of the ESMS including but not limited to (a) compliance with local environmental laws and regulations; (b) any health and safety related incident; (c) any grievances raised and how these were dealt with; and (d) any environmental parameters measured that were outside the target level/range; and (e) any training events that have taken place.

**Specific requirement – mini-grids**

Mini-grids (broadly referred as micro-, mini,- and isolated grids, which is a renewable electricity generator, potentially also including an energy storage system, interconnected to a distribution network that supplies electricity to a

localised group of customers) may include diesel or other fossil fuel-based generation for up to 25% of electricity produced (measured in kWh) by each mini-grid in the Investee's portfolio supported by REPP (the "Diesel cap"), except:

- For the first 12 months of operation of a mini-grid (counted from the date of commissioning for a new mini-grid or the date of purchase by the Investee for an already operating mini-grid), where temporary fossil-fuel based generation of up to 50% of kWh produced may be permitted to acquire information on load demand levels and patterns, or to meet temporary demand variations for the purpose of sizing the generation system, and
- Instances where the mini-grid is an isolated or interconnected brownfield grid being retrofitted with renewable energy and thereby displacing fossil fuel-based generation.

Fossil-fuel based electricity production shall be measured on a 12-month moving average, calculated at the end of each quarter for each mini-grid. The Investee is required to provide verifiable data on fossil-fuel generation (kWh generated, quantity of fuel used, and/or efficiency of the generator) on at least a quarterly basis for each mini-grid in line with the REPP reporting requirements.

If an Investee is in breach of the Diesel Cap, they are required to inform the REPP Manager immediately at the end of the reporting quarter and establish and present a diesel action plan to the REPP Manager within the next reporting quarter.

For the duration of the breach the Investee will:

- Incur a penalty interest of  $N \times 5\%$  per annum above the prevailing interest rate on any loan facilities that the Investee has with REPP for a given portfolio, N being the ratio of the number of mini-grids that are in breach divided by the total number of mini-grids in the portfolio of mini-grids supported by REPP; and/or
- If the REPP Support is in the form of equity in the Investee, and the Investee continues to be breach of the Diesel Cap for more than 1 year, REPP shall exercise any and all rights as a shareholder to procure remedy the non-compliance by the Investee.

Immediately following identification of a breach, the REPP Manager shall investigate the cause of the breach and report any material breach to the Investment Committee and develop a remedial action plan with the Investee. If the breach persists for more than 24 months, REPP may terminate all support and require full repayment.

## Carbon Crediting

Investees shall not receive revenues from carbon credits through the CDM or any other formal carbon market mechanism relating to the emission of CO<sub>2</sub> or greenhouse gases but excluding any certificates or other benefits relating to the generation of electricity from renewables (including, but not limited to,

equivalents of feed in tariffs or renewable obligation certificates). Accordingly, the Investee:

- a. shall not seek CDM accreditation except with the consent of REPP or accreditation in respect of any other carbon market mechanism relating to the emission of CO<sub>2</sub> or greenhouse gases (but excluding any certificates or other benefits relating to the generation of electricity from renewables (including, but not limited to, equivalents of feed in tariffs or renewable obligation certificates); and
- b. shall either undertake not to apply for CERs or similar credits or shall assign any such CERs or credits to REPP, REPP may then cancel on the behalf of the Secretary of State for Business, Energy and Industrial Strategy, or, in the case of other carbon market revenues, shall undertake not to apply for such revenues.