



# Sustainability-Related Disclosures of REPP 2

30 September 2024

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# Table of contents

Summary	3
Résumé	5
No significant harm to the sustainable investment objective	7
Sustainable investment objective of the financial product	10
Investment strategy	11
Proportion of investments	12
Monitoring of the sustainable investment objective	14
Methodologies	15
Data sources and processing	16
Limitations to methodologies and data	16
Due diligence	16
Engagement policies	16
Attainment of the sustainable investment objective	17

# Summary

## Sustainable investment objectives of the financial product

The sustainable investment objectives of Camco REPP 2 SCSp (the “Partnership”), Camco REPP 2 Feeder SCSp (the “Feeder Partnership”) and GCF REPP 2 Holdings SCSp (the “GCF Feeder”), collectively referred to as the “Fund” or “REPP 2”, are twofold: (1) to invest in and support the small- to medium-scale renewable energy sector in Sub-Saharan Africa (as defined by the United Nations) with a particular focus on Least Developed Countries (LDCs), thereby achieving a sustainable return on investment for investors, and (2) to mitigate greenhouse gas (GHG) emissions and build the resilience of the energy system in the region.

Specifically, REPP 2 will invest in the development, building, and/or operation of renewable energy projects within the following market segments and technologies:

- Independent power producer (IPP) projects (solar, including energy storage; onshore wind; and run-of-river hydropower), and related energy infrastructure.
- Mini-grids and isolated grid projects (solar, including energy storage; onshore wind; and run-of-river hydropower), and related energy infrastructure.
- Solar home systems or small solar systems plus energy storage, and equipment for productive use of energy.
- Energy storage projects where sources of stored energy are proven to be renewable.

## Investment strategy

REPP 2 expects to achieve its investment objective by financing small- to medium-sized distributed renewable energy projects or companies developing these projects. The Fund will invest by way of senior loans, subordinated loans and/or hybrid equity instruments such as convertible notes and redeemable shares (including combinations of these, as appropriate). The investment strategy is described in the REPP 2 Investment Policy.

## No significant harm to the sustainable investment objective

REPP 2 will engage in responsible investment that incorporates environmental, social and governance (ESG) factors and principles into investment decisions to better manage risk and generate sustainable, long-term returns for all investors. All investment activities that REPP 2 makes will be governed by Camco’s Environmental and Social Safeguards Policy (E&S Policy) and the Environmental and Social Management Framework (ESMF), which are designed to ensure that, in addition to being compliant with local laws and regulations, all sustainable investments made by REPP 2 will be in line with the Sustainable Finance Disclosure Regulation (SFDR) Minimum Safeguards and meet the following:

- IFC Environmental and Social Performance Standards
- Sustainability principles advocated by the UN Global Compact
- UN Guiding Principles on Business and Human Rights, and
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

A significant focus here is on (a) ensuring that investees apply the appropriate policies and processes themselves to ensure environmental and social (E&S) safeguarding and (b) that REPP 2 maintains appropriate levels of risk management.

## Proportion of investments

REPP 2 seeks to invest at least 80% of its assets in sustainable investments with an environmental objective contributing to the EU Taxonomy Climate Change Mitigation and Adaptation objective in line with the Paris Agreement. The remaining investments (maximum 20%) will be cash, cash equivalents and hedging instruments held for liquidity purposes. At least 30% of the Fund's investments will be aligned with the EU Taxonomy Regulation, with the minimum share of investments in transitional and enabling activities expected to be 0%.

## Monitoring of sustainable investment objective

REPP 2 will use tailored sustainability indicators (key performance indicators or “KPIs”) to measure each investment’s performance against its baseline and set targets. Performance reporting will be based on objective, self-reported data from the Fund’s investees. Similarly, REPP 2 will collect Principle Adverse Impact indicators (PAIs) and key sustainability indicators from its investees and analyse and report on these indicators on an annual basis.

## Methodologies

A Theory of Change for REPP 2 has been established, which serves as a basis for the impact objectives and defines measurable sustainability indicators.

The mitigation targets for REPP 2 have been estimated using a technology split based on the Fund’s indicative transaction pipeline. Other key assumptions driving mitigation target calculations include average technology-specific electricity generation estimates, United Nations Framework Convention on Climate Change (UNFCCC)-approved grid emission factors and average technology lifetimes (for lifetime CO<sub>2</sub>e estimates).

The value of physical assets made more resilient to the effects of climate change will be estimated based on the value of the energy infrastructure financed by REPP 2 that will improve and strengthen the resilience of current energy infrastructure in the target countries.

## Data sources and processing

REPP 2 will report the impact based on actual measured data from investees, and the data samples will be verified periodically. When no PAI data is available, or if data is incomplete or of low quality, tailored proxies may be used on a case-by-case basis for PAI reporting. These will be clearly reported as PAI proxies. Data collection is expected to take place through an online-based data management system (DMS) on a quarterly and annual basis to ensure the sustainability of investments. This includes ensuring that a mandatory Do No Significant Harm (DNSH) test is continually satisfied pre- and post-investment.

## Limitations to methodologies and data

Most of the data will be based on investees’ self-measured and reported data. Some PAI information will be received through the investment-specific ESAs. Due to the size of the investee companies, it is possible that they will not be able to report on all PAIs. In such instances, proxy data will be used based on internationally recognised methods and country-specific default values are applied best-effort. While this can be interpreted as a limitation, it does not affect the sustainable investment objective of REPP 2, which is to mitigate GHG emissions and build the climate resilience of energy systems by investing in distributed renewable energy.

## Due diligence

REPP 2 will be committed to not causing significant harm to any E&S sustainable investment objective through its investments by assessing its investees against minimum safeguards and good governance practices at the due diligence stage and monitoring adverse impacts continuously. The due diligence performed on the underlying investments will assess the potential positive impact of the investment on the climate and the potential negative impacts on people and the planet.

## Engagement policies

REPP 2 will carefully select its investees and proactively support them in establishing investment-level E&S management systems to mitigate negative impacts and increase their positive outcomes. Through active engagement, targeted technical assistance funding, and advocacy, REPP 2 will ensure that investees are equipped to meet the highest sustainability standards and drive meaningful E&S benefits.

# Résumé

## Les objectifs d'investissement durable de ce produit financier

Les objectifs d'investissement durable de Camco REPP 2 SCSp (le « Partenariat»), Camco REPP 2 Feeder SCSp (le « Feeder ») et GCF REPP 2 Holdings SCSp (le « Feeder GCF »), collectivement appelés le « Fonds » ou « REPP 2 », sont (1) d'investir et de soutenir le secteur des énergies renouvelables à petite et moyenne échelle en Afrique subsaharienne (telle que définie par les Nations Unies), en mettant l'accent sur les pays les moins avancés (les PMA), afin de (1) obtenir un retour sur investissement durable pour les investisseurs, et de (2) atténuer les émissions de gaz à effet de serre (GES) et de renforcer la résilience du système énergétique.

Plus précisément, la REPP 2 investira dans le développement, la construction et/ou l'exploitation de projets d'énergie renouvelable dans les segments de marché et les technologies suivants :

- les projets de producteurs indépendants d'électricité (solaire — y compris le stockage de l'énergie, éolien terrestre et hydroélectricité au fil de l'eau), ainsi que les infrastructures énergétiques connexes
- les mini-réseaux et projets de réseaux isolés (le solaire — y compris le stockage de l'énergie, éolien terrestre et hydroélectricité au fil de l'eau), ainsi que toute infrastructure énergétique connexe
- les systèmes solaires domestiques, ou les petits systèmes solaires qui dispose d'un stockage de l'énergie, ainsi que les équipements pour l'utilisation productive de l'énergie
- les projets de stockage d'énergie où il est prouvé que les sources d'énergie stockée sont renouvelables

## Notre stratégie d'investissement

La REPP 2 atteindra son objectif d'investissement en finançant des projets d'énergie renouvelable distribuée de petite à moyenne taille ou des sociétés développant ces projets. Ce Fonds investira dans des bénéficiaires par le biais de prêts de premier rang, de prêts subordonnés et/ou d'instruments de capitaux propres hybrides tels que des obligations convertibles et des actions rachetables (y compris des combinaisons de ces instruments, le cas échéant). La stratégie d'investissement est décrite dans la politique d'investissement de la REPP 2.

## Aucune atteinte significative à l'objectif d'investissement durable

La REPP 2 s'engagera dans l'investissement responsable qui incorpore les facteurs environnementaux, sociaux et de gouvernance (ESG) dans les décisions d'investissement afin de mieux gérer les risques et de générer des rendements durables à long terme pour tous nos investisseurs. Toutes les activités d'investissement de la REPP 2 seront régies par sa politique et ses procédures environnementales et sociales (politique E&S) et le cadre de gestion environnementale et sociale (CGES), qui sont conçus pour garantir que — en plus d'être conformes aux lois et aux réglementations locales — tous les investissements durables réalisés par la REPP 2 seront conformes aux garanties minimales du Règlement sur la divulgation des informations relatives à la finance durable (SFDR) et répondront à tous les critères suivants :

- les normes de performance environnementale et sociale de la Société financière internationale (IFI) ;
- les principes de développement durable préconisés par le Pacte mondial des Nations unies ;
- les principes directeurs des Nations unies relatifs aux entreprises et aux droits de l'homme ; et
- la déclaration de l'Organisation internationale du travail (OIT) relative aux principes et droits fondamentaux au travail.

L'accent ici est mis sur (a) l'assurance que les entreprises investies appliquent elles-mêmes les politiques et processus appropriés pour garantir (a) la protection environnementale et sociale (E&S) et (b) que la REPP 2 maintient des niveaux appropriés de gestion des risques.

## Les proportions des investissements

La REPP 2 investira au moins 80 % de ses actifs dans des investissements durables ayant un objectif environnemental contribuant à l'objectif d'atténuation et d'adaptation au changement climatique de la taxonomie de l'UE, conformément à l'Accord de Paris. Les investissements restants (maximum 20 %) seront constitués de liquidités, d'équivalents de liquidités et d'instruments de couverture détenus à des fins de liquidité. Au moins 30 % des

investissements du Fonds seront alignés sur le règlement relatif à la taxonomie de l'UE, la part minimale des investissements dans des activités transitoires et habilitantes devant être de 0 %.

### **Le suivi de l'objectif d'investissement durable**

La REPP 2 utilisera des indicateurs de durabilité adaptés (des indicateurs clés de performance ou « ICP ») pour mesurer la performance de chaque investissement par rapport à son niveau de référence et aux objectifs fixés. Les rapports de performance sont basés sur des données objectives et auto-déclarées par les entreprises investies. De même, la REPP 2 recueillera des principales incidences négatives (PIN) et des indicateurs clés de durabilité auprès de ses bénéficiaires d'investissement, et analysera et rendra compte de ces indicateurs sur une base annuelle.

### **Les méthodologies**

Une théorie du changement a été établie pour la REPP 2, qui sert de base aux objectifs d'impact et définit des indicateurs de durabilité mesurés.

Les objectifs d'atténuation pour la REPP 2 ont été estimés en utilisant une répartition technologique basée sur la réserve indicative de transactions du Fonds. Parmi les autres hypothèses clés sur lesquelles reposent les calculs des objectifs d'atténuation figurent les estimations de la production d'électricité moyenne par technologie, les facteurs d'émission du réseau approuvés par la Convention-cadre des Nations unies sur les changements climatiques (CCNUCC) et la durée de vie moyenne des technologies (pour les estimations de la durée de vie du CO<sub>2</sub>e).

La valeur des actifs physiques rendus plus résistants aux effets du changement climatique est estimée sur la base de la valeur de l'infrastructure énergétique financée par la REPP 2 qui améliorera et renforcera la résilience de l'infrastructure énergétique actuelle dans les pays cibles.

### **Les sources et traitement des données**

La REPP 2 déduira les indicateurs de durabilité et les PIN des bénéficiaires investis. Si aucune PIN n'est disponible, ou si les données sont incomplètes ou de faible qualité, des approximations personnalisées peuvent être utilisées au cas par cas pour les rapports PIN. Il sera clairement indiqué qu'il s'agit de PIN indirectes. La collecte des données devrait se faire par un système de gestion des données en ligne (SGD) sur une base trimestrielle et annuelle afin de garantir la durabilité des investissements. Il s'agit notamment de s'assurer que le test obligatoire « Do no significant harm » (ne pas causer de dommages significatifs) est continuellement respecté avant et après l'investissement.

### **Les limites des méthodologies et des données**

La REPP 2 rendra compte de l'impact sur la base des données réelles mesurées par les entreprises investies et les échantillons de données seront vérifiés périodiquement. Lorsque des données de substitution sont utilisées, des méthodes internationalement reconnues et des valeurs par défaut spécifiques au pays (par exemple, des facteurs d'émission de grille) seront appliquées dans la mesure du possible. Bien que cela puisse être interprété comme une limitation, cela n'affecte pas l'objectif d'investissement durable de REPP 2, qui est de réduire les émissions de GES et de renforcer la résilience climatique des systèmes énergétiques en investissant dans des énergies renouvelables décentralisées.

### **Une diligence raisonnable**

La REPP 2 s'engage à ne pas nuire de manière significative à tout objectif d'investissement durable E&S par le biais de ses investissements, en évaluant ses bénéficiaires en fonction de garanties minimales et de pratiques de bonne gouvernance au stade de la diligence raisonnable, et en surveillant continuellement tout impact négatif. Le contrôle préalable des investissements sous-jacents évaluera l'impact positif de l'investissement sur le climat, ainsi que les impacts négatifs potentiels sur les personnes et la planète.

### **Nos politiques d'engagement**

L'engagement en faveur de l'impact comprendra une sélection minutieuse des bénéficiaires des investissements, ainsi qu'un soutien proactif à ces derniers pour qu'ils mettent en place des systèmes de gestion E&S au niveau des investissements afin d'atténuer les impacts négatifs et d'accroître les résultats positifs. Cela se fera par le biais d'un engagement actif des investisseurs, d'une assistance technique, d'un financement et d'un plaidoyer.

# No significant harm to the sustainable investment objective

## Principal Adverse Impact indicators

As the appointed Alternative Investment Fund Manager of the Partnership and Feeder Partnership, Innpart Fund Management S.A. (the “AIFM”), will implement a consistent approach to collect data on the fourteen mandatory and two optional Principal Adverse Impact indicators (collectively, the “PAIs”).

The AIFM will work in close collaboration with fund advisor Camco Management Limited (“Camco”) on this process. PAIs will be analysed throughout the investment process and, based on this analysis, the AIFM will not approve any investment which is expected or determined to do significant harm to any E&S objectives. Further to monitoring the PAIs, the Fund, Camco and the AIFM will use the yearly data collected in respect of the PAI indicators to ensure that all the Fund’s investments do not cause significant harm to any other E&S objectives (as noted in Table 1 below).

The AIFM will engage with the Fund and Camco to capture relevant PAI data for the first PAI reporting period. It will also engage with the Fund to ensure that data on PAIs regarding the investees is collected periodically depending on the investees’ capacity to report and the availability of proxies where needed.

Camco will publish an annual report which will be provided to the AIFM and the Fund’s stakeholders and will include reporting on PAIs.

Table 1. Climate, environmental, and social indicators

Adverse sustainability indicator		Metric	Explanation	Actions taken, actions planned, and targets set for the next reference period
GHG emissions	1. GHG emissions	Scope 1 GHG emissions	Monitored and reported at the investee level	As per the Fund’s investment mandate, investments will be made into renewable energy. The eligibility of each deal will be assessed during due diligence conducted before each investment. Reporting obligations will be embedded in each funding agreement. Investees will report to the Fund on a quarterly and annual basis to ensure the sustainability of investments, including that the DNSH test is continually satisfied pre- and post-investment. The Fund will report to its investors and the public on an annual basis.
		Scope 2 GHG emissions	Monitored and reported at the investee level	
		Scope 3 GHG emissions	Monitored and reported at the investee level	
		Total GHG emissions	Calculated and reported by Camco	
	2. Carbon footprint	Carbon footprint	Monitored and reported by Camco	
3. GHG intensity of investee companies	GHG intensity of investee companies	Monitored and reported by Camco		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Monitored and reported by Camco. The amount will be zero since the Fund will invest in renewable energy only		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources expressed as a percentage of total energy sources	Monitored and reported at the investee level, if material		

Adverse sustainability indicator		Metric	Explanation	Actions taken, actions planned, and targets set for the next reference period
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Monitored and reported by Camco	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Monitored through ESIA's at the investee level	Assessed during investment due diligence with the ESMF in order to ensure that the DNSH test is satisfied at the point of investment. Reported by <b>the Fund</b> on an annual basis in order to ensure that the DNSH test is continually satisfied.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Monitored and reported by Camco. The amount will be zero since the Fund invests in renewable energy only	
Waste	9. Hazardous and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Monitored and reported at the investee level	
Social and employee matters	10. Violations of UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Monitored and reported at the investee level	Assessed at the due diligence stage in line with <b>the</b> ESMF in order to ensure that the DNSH test is satisfied at the point of investment.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without 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	Monitored and reported by Camco. Camco is a signatory to the UN Global Compact and reports to it on an annual basis	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Monitored and reported at the investee level	
	13. Board gender diversity	The average ratio of female to male board members in investee companies expressed as a percentage of all board members	Monitored and reported at the investee level	
	14. Exposure to controversial weapons (anti-	Share of investments in investee companies involved in the	Monitored and reported at the investee level.	As per the exclusion list provided in the ESMF.



Adverse sustainability indicator		Metric	Explanation	Actions taken, actions planned, and targets set for the next reference period
	personnel mines, cluster munitions, chemical and biological weapons)	manufacture or selling of controversial weapons	Camco and the Fund will apply rigorous exclusions in line with IFC and EDFI guidance.	
	15. 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	Monitored through ESIA's at the investee level	Assessed during investment due diligence in line with the ESMF in order to ensure that the DNSH test is satisfied at the point of investment.
	16. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	Monitored through ESIA's at the investee level	
	17. 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 an area of high biodiversity value outside protected areas	Monitored through ESIA's at the investee level.	
The Fund will also report on several additional PAIs on occupational health and safety, community grievance, and anti-corruption indicators in its annual report.				

## Alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

The E&S Policy and ESMF have been designed to ensure that, in addition to being compliant with local laws and regulations, all investments made by the Fund are in line with the Minimum Safeguards and meet all the following:

- IFC Environmental and Social Performance Standards
- Sustainability principles advocated by the UN Global Compact
- UN Guiding Principles on Business and Human Rights, and
- ILO Declaration on Fundamental Principles and Rights at Work.

The E&S Policy and ESMF will be made publicly available as of the date the Fund admits its first investor at: <https://www.camco.fm/sustainability-disclosures>

The Fund applies the following principles through its work with investees:

**Ensure social safeguards:** IFC's performance standards have been guided by several international conventions and instruments, including those of the ILO and the UN. The standards stipulate that businesses should avoid infringing on the human rights of others and address adverse impacts they may cause or contribute to. Specific attention is given to ensuring full respect for the human rights, dignity, aspirations, culture and natural resource-based livelihoods of Indigenous peoples, as well as labour and working conditions to protect the rights, health and safety of employees and workers.

**Ensure sustainability:** All investees must incorporate E&S considerations into their project designs through project-specific ESAs and ESMSs.

**Do no significant harm:** Any activity financed by the Fund must not cause significant harm to any of the following objectives: climate change mitigation or adaptation, protection of water and marine resources, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. This is in line with IFC's performance standards to promote the sustainable use of resources and give specific focus to biodiversity conservation and the sustainable management of living natural resources.

**Adopt IFC's mitigation hierarchy:** Any potential negative impact or risk to workers, affected communities and the environment should be anticipated and avoided. Where avoidance is not possible, it should be minimised or mitigated. Where residual impacts occur, these should be compensated for or offset.

**Ensure ESMSs are fit for purpose:** The Fund's investees must adopt a risk-based approach to ensure that E&S requirements and processes are commensurate with the level of risk and nature of their projects.

**Support gender equality:** Investees are encouraged to adopt a gender-sensitive approach to identifying social risks and impacts and to establish activity-level gender action plans stipulated further in the Fund's Gender Action Plan.

To ensure investees' alignment with the standards and principles, the Fund will integrate ESG considerations into all of its investment decisions through:

- initial E&S screening and risk assessment of projects
- due diligence before investment
- assessment of projects' E&S impacts
- KYC assessments to prevent corruption, money laundering, and terrorist financing, and
- impact monitoring with key E&S performance indicators.

## Sustainable investment objective of the financial product

The sustainable investment objectives of REPP 2 are:

- to invest and support the small- to medium-scale distributed renewable energy sector in Sub-Saharan Africa (as defined by the UN) with a particular focus on LDCs, thereby achieving a sustainable return on investments for investors, and
- to mitigate GHG emissions and build the climate resilience of the energy system.

Through its investments, REPP 2 aims to stimulate the development of the sector and contribute towards the UN's Sustainable Development Goal (SDG) 13 (limit and adapt to climate change) and mitigate climate change in line with the Paris Climate Agreement and the EU Taxonomy Objective 1 and 2 – Climate Change Mitigation and Adaptation - by investing in renewable energy. The sustainable investments will be made into economic activities that substantially contribute to climate change mitigation and climate change adaptation. The Fund also aims to ensure access to affordable, reliable, sustainable, and modern energy for all in alignment with SDG 7.

Specifically, REPP 2 will invest in the development, building, and/or operation of renewable energy projects within the following market segments and technologies:

- Independent power producer (IPP) projects (solar, including energy storage; onshore wind; and run-of-river hydropower), and related energy infrastructure.
- Mini-grids and isolated grid projects (solar, including energy storage; onshore wind; and run-of-river hydropower), and related energy infrastructure.
- Solar home systems or solar systems plus energy storage, and equipment for productive use of energy.
- Energy storage projects where sources of stored energy are proven to be renewable.

# Investment strategy

REPP 2 will achieve its investment objective by financing small- to medium-size distributed renewable energy projects, or companies developing these projects. The Fund will invest (directly or indirectly) by way of senior loans, subordinated loans and/or hybrid equity instruments such as convertible notes and redeemable shares (including combinations of these, as appropriate) in investees. The investment strategy is established in the REPP 2 Investment Policy.

Each investment is screened prior to investment to ensure alignment with the Fund's investment objectives, contribution to sustainability indicators, compliance with the E&S Policy, and respective exclusions presented in the ESMF. Specifically, the Fund will invest in the development, building, and/or operation of renewable energy projects within the market segments and technologies outlined in the section above.

Projects supported by the Fund shall typically have an installed capacity of up to 25MW, or 50MW for onshore wind projects.

Mini-grids and isolated grids are broadly defined as renewable electricity generators (potentially also including an energy storage system) connected to a distribution network that supplies electricity to a localised group of customers.

A fossil fuel component shall be permitted for mini-grids or isolated grids only in instances (a) where the fossil fuel component acts as a backup facility, (b) where customers of the mini-grids or isolated grids include providers of critical services, and/or (c) where the fossil fuel component is needed to ensure the viability of the project to buffer against seasonality. In all such cases, emission limits must be in line with the EU Taxonomy Regulation and the Complementary Climate Delegated Acts. This includes:

- the preparation of a note on the justification for the fossil fuel component to be presented to the Investment Committee, and
- a cap on the use of fossil fuels to 250g/kWh of the overall yearly electricity generation, to be reduced to 100g/kWh over the project's lifetime.

In addition, the AIFM will ensure that the Fund proceeds are not used to procure any fossil-fuel based equipment.

REPP 2 will only support projects that are categorised as low (category C/1-3) or medium risk (category B/1-2), as per the IFC's E&S risk categorisation of projects and depicted.

The Fund's E&S screening and approval processes consist of the following steps and have been designed to ensure the application of the Exclusions and Minimum Safeguards as defined in the REPP 2 ESMF:

**Step 1: E&S risk screening:** The initial desktop E&S risk screening occurs prior to investment approval during the funding proposal stage and involves a Risk Assessment Tool (RAT) and an E&S Initial Screening Checklist to pre-define the risk category and eligibility of the project for funding.

**Step 2: E&S onboarding:** If the project is approved for further consideration, an onboarding call takes place to ensure the company understands the Fund’s E&S requirements and processes.

**Step 3: E&S gap analysis:** This will entail a review of the project’s ESIA and ESMS to the extent that it is available and confirmation of the project’s IFC risk categorisation. The results of this gap analysis are presented to the investee for revision in compliance with the Camco’s E&S Policy.

**Step 4: E&S due diligence:** Once the investee has finalised the ESIA and ESMS, the AIFM conducts a due diligence site visit to verify E&S risks. The due diligence trip will also serve to assess the investee’s internal E&S resources, competence and aptitude for managing E&S risks in accordance with the Fund’s E&S standards. Any additional risks and E&S-related findings will be incorporated into the E&S Action Plan, which will form part of any investment agreement to ensure timelines of implementation are tied to disbursement milestones.

An integral part of this process constitutes the assessment of governance, employee relations and remuneration of staff, as well as tax compliance. Camco requires compliance, in letter and spirit, with best practice and relevant laws to prevent corruption, money laundering and the financing of terrorism, including the UK Bribery Act 2010 and the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. A summary of Camco policies is available on its website at:

[https://www.camco.fm/\\_files/ugd/179ccb\\_c817a0feeed341dd8f7db491caaba90b.pdf](https://www.camco.fm/_files/ugd/179ccb_c817a0feeed341dd8f7db491caaba90b.pdf)

# Proportion of investments

## Minimum share of sustainable investments with an environmental objective

All investments made under REPP 2 will be into renewable energy projects and companies. In other words, all investments will be made into economic activities that qualify as having a substantial contribution to climate change mitigation or adaptation and are therefore aligned with the Fund’s environmental objectives.

A minimum of 30% of the activities REPP 2 invests in must meet the criteria of being “environmentally sustainable” under the EU Taxonomy Regulation (the “Taxonomy-aligned Investments”), as presented in Figure 1.

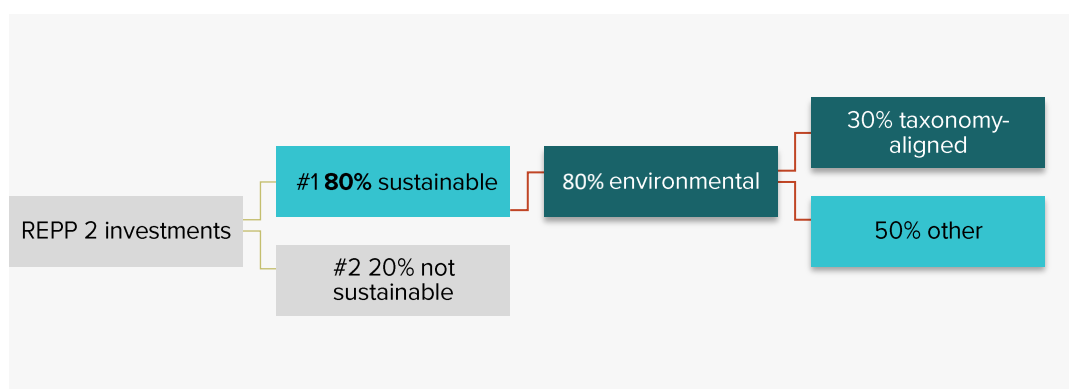


Figure 1: Minimum share of sustainable investment

As noted above, a minimum 30% of the sustainable investments of the Fund will be Taxonomy-aligned environmentally sustainable investments. The remaining 50% will be sustainable investments that do not necessarily align with the EU Taxonomy. Minimum safeguards will be applied to all sustainable investments.

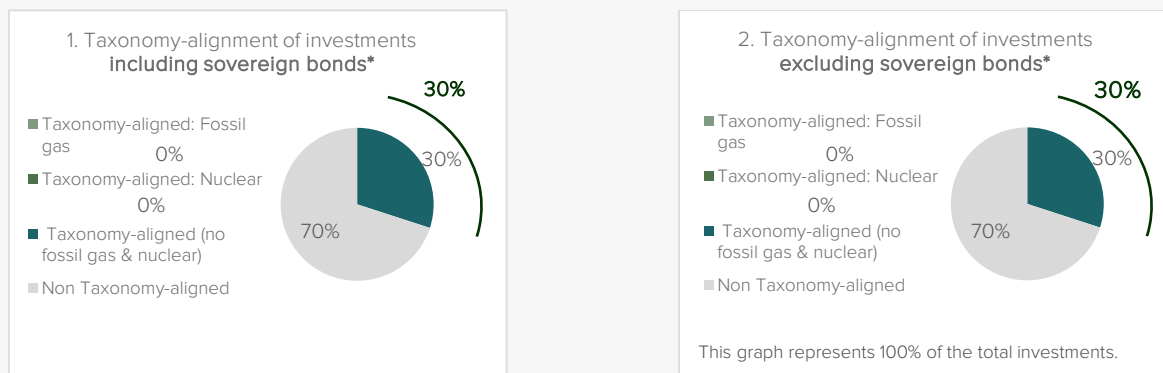
For cash and FX hedging instruments, which are considered by SFDR as “not sustainable”, no minimum safeguards assessment will be applied. As noted above, a maximum of 20% of the Fund’s investments may be categorised as not sustainable. These assets do not affect the delivery of the sustainable investment objectives of REPP 2.

## Sustainable investments with an environmental objective aligned with EU Taxonomy

The Taxonomy-aligned investments must substantially contribute to either the climate change mitigation or adaptation objectives under the EU Taxonomy Regulation (and supporting Delegated Acts), as defined in the technical screening criteria outlined below.

- Hydropower project activities must comply with the following eligibility requirements:
  - The electricity generation facility is a run-of-river plant and does not have an artificial reservoir.
  - The power density of the electricity generation facility is above 5W/m<sup>2</sup>.
  - The life cycle GHG emissions from the generation of electricity from hydropower are lower than 100gCO<sub>2</sub>e/kWh.
- The activity generates electricity from wind power.
- The activity generates electricity using solar PV technology.
- The activity involves the construction and operation of electricity storage, including pumped hydropower storage.
- The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria:
  - Construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO<sub>2</sub>e/kWh measured on a lifecycle basis to a substation or network.
  - Construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport section of the EU Taxonomy Technical Screening Criteria.
  - Installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to Commission Regulation (EU) No 548/2014 and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAO level requirements on no-load losses set out in standard EN 50588-1(195).
- Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation.
- Installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including:
  - sensors and measurement tools (including meteorological sensors for forecasting renewable production), and
  - communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed).
- Installation of equipment such as, but not limited to, future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council (198), which meet the requirements of Article 20 of Directive (EU) 2019/944 and will be able to carry information to users for remotely acting on consumption, including customer data hubs;
- Construction/installation of equipment to allow for the exchange of specifically renewable electricity between users.
- Construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant.

It is anticipated that the actual proportion of investments in EU Taxonomy-aligned Investments may be higher than 30%. However, due to the uncertainty associated with the potential challenges of collecting verifiable data from its investments within emerging markets, the Fund has committed to a minimum proportion of 30%, as presented below in Figure 2. The only derivatives the Fund will use are foreign exchange and interest rate hedging instruments, which do not impact the attainment of sustainable investment objectives.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

Figure 2: Minimum share of EU Taxonomy-aligned Investments

As noted above, REPP 2 will ensure that the Taxonomy-aligned environmentally sustainable investments do not significantly harm any of the other environmental objectives and are carried out in compliance with minimum safeguards, in accordance with the relevant Taxonomy technical screening criteria.

### Fossil gas and/or nuclear energy-related activities

As explained above, fossil fuel components shall be permitted in instances where the fossil fuel component acts as a backup facility, where customers of the mini-grids or isolated grids include providers of critical services, or where the fossil fuel component is needed to ensure the viability of the project to buffer against seasonality. The AIFM will ensure that the Fund proceeds are not used to procure any fossil-fuel based equipment.

In all such cases, emission limits must meet the technical screening criteria EU Taxonomy Regulation and the Complementary Climate Delegated Acts, as follows:

1. A cap on the use of fossil fuels to 250g/kWh of the overall yearly electricity generation, to be reduced to 100g/kWh over the project's lifetime.
2. The Fund will invest a minimum of 30% of its investments in line with the EU Taxonomy Regulation. Sovereign bonds are not eligible for the Fund's investments.

The Fund may invest in transitional activities (e.g. gaseous fossil backup generation) with a minimum share of 0%. However, the Fund does not anticipate investing more than 10% in transitional activities, i.e., in fossil gas backup generation, which fulfils the emission limit of 100g CO<sub>2e</sub>/kWh over the project's lifetime.

The Fund will not invest in nuclear activities.

## Monitoring of the sustainable investment objective

REPP 2 selects investments that contribute positively to climate change mitigation and adaptation. To measure the attainment of its sustainable investment objective REPP 2 uses tailored sustainability indicators (key performance indicators or "KPIs") to measure each investment's performance against its baseline and set targets. Performance reporting is based on objective, self-reported data from the Fund's investees. **Similarly, REPP 2 will collect PAIs and key sustainability indicators from its investees and analyse and report on these indicators on an annual basis.**

The following sustainability indicators are monitored and reported annually:

- Total **installed capacity in megawatts (MW)** of clean energy generated by a project, measured as rated power output when operational.
- The **annual net amount of GHG** emissions mitigated through project intervention, estimated relative to the assumed business-as-usual emissions scenario and measured in tonnes of carbon dioxide equivalent (tCO<sub>2e</sub>).
- The **number of people connected to electricity** for the first time as a result of the Fund's intervention (relevant to off-grid projects only).
- The **number of beneficiaries adopting improved and/or new climate-resilient livelihood options** due to the Fund's intervention (relevant to off-grid projects only).

The Fund will continuously assess the extent to which the sustainable investment objective has been achieved through its sustainability indicators. All REPP 2 investees will undergo a periodic review to verify PAIs and sustainability performance indicators. In addition, a mid-term review, enhanced performance review and final review, and a third-party verification will take place to ensure compliance with REPP 2 investment objective.

# Methodologies

The investment objective of REPP 2 is to achieve a sustainable return on investment for investors by investing in the small- to medium-scale renewable energy sector in Sub-Saharan Africa (with a particular focus on LDCs), in the process mitigating GHG emissions and increasing the resilience of energy systems.

## Outcome 1: Reduced GHG emissions from renewable energy installations

The mitigation targets for REPP 2 have been estimated using a technology split based on the Fund's indicative transaction pipeline. Other key assumptions driving mitigation target calculations include average technology-specific electricity generation estimates, United Nations Framework Convention on Climate Change (UNFCCC)-approved grid emission factors and average technology lifetimes (for lifetime CO<sub>2e</sub> estimates).

The following Clean Development Mechanism (CDM) methodologies have been applied:

- AMS-I.A.: Electricity generation by the user (version 19) - applied for mini-grids and isolated grids
- AMS-I.D.: Grid-connected renewable electricity generation (version 18) - applied for on-grid renewable energy generation, and
- AMS-I.L.: Electrification of rural communities using renewable energy (version 04) - applied for solar home systems and solar-based productive use of energy equipment.

## Outcome 2: Improved climate resilience of energy infrastructure

The value of physical assets made more resilient to the effects of climate change is estimated based on the value of the energy infrastructure financed by REPP 2 that will improve and strengthen the resilience of current energy infrastructure in the target countries. This will be achieved through:

- improving grid stability in regions with widespread power outages and poor grid maintenance and management, which makes it more resilient to climate change, and
- reducing reliance on long-lived hydropower in countries that are prone to drought.

# Data sources and processing

REPP 2 will report the impact based on actual measured data from investees, and the data samples will be verified periodically. When no PAI data is available, or if data is incomplete or of low quality, tailored proxies may be used on a case-by-case basis for PAI reporting. These will be clearly reported as PAI proxies.

Data collection is expected to take place through an online-based data management system (DMS). Each investee will submit performance data quarterly and annual basis to ensure the sustainability of investments, including that the DNSH test is continually satisfied pre- and post-investment through the DMS. The Fund will report on its performance against the PAIs and other sustainability indicators to its investors and the public on an annual basis.

REPP 2 undertakes document reviews and interviews with each investee on a periodic basis to compare and analyse each project's performance against the baseline and targets set during the due diligence process. A site visit may be conducted as an additional part of the review if substantial material issues are discovered.

## Limitations to methodologies and data

The majority of the data will be based on investees' self-measured and reported data. Some PAI information will be received through the investment-specific ESAs.

Due to the size of the investee companies, it is possible that they will not be able to report on all PAIs. In such instances, proxy data will be used based on internationally recognised methods and country-specific default values are applied best-effort. While this can be interpreted as a limitation, it does not affect the sustainable investment objective of REPP 2, which is to mitigate GHG emissions and build the climate resilience of energy systems by investing in distributed renewable energy.

Through REPP 2's impact investing approach, rigorous due diligence processes and periodic monitoring and reviews, the risk of not delivering on intended impact objectives will be low. The main risks in delivering impact will be project-related delays and potential performance risks of future projects due to physical climate risks.

## Due diligence

REPP 2 will commit to not causing significant harm to any environmental or social sustainable investment objective through its investments by assessing its investees against minimum safeguards and good governance practices at the due diligence stage and monitoring adverse impacts continuously (as detailed above under the No significant harm to the sustainable investment objective section).

In addition, the Fund will commit to implementing best sustainability market practices, such as its Exclusion List and IFC Performance Standards (IFC PS), to mitigate any potential negative impacts as presented in the Fund's ESMF.

## Engagement policies

A significant focus here will be on (a) ensuring that investees apply the appropriate policies and processes themselves to ensure environmental and social (E&S) safeguarding and (b) maintaining appropriate levels of risk management. REPP 2 will proactively support investees in establishing investment-level E&S management systems



to mitigate negative impacts and increase their positive outcomes. This will be done through active investee engagement, technical assistance funding and advocacy.

REPP 2 will only invest in projects categorised as low or medium risk (IFC risk category B or C). It excludes high-risk projects (Category A). REPP 2 exclusions are specified in the ESMF and include exclusions for EU Paris-aligned Benchmarks and IFC exclusions.

As per the E&S Policy and ESMF, stakeholder engagement and grievance redress mechanisms will be required at the fund and investee levels. At the fund level, all IFC risk category B projects will be published on Camco's website: <https://www.camco.fm/sustainability-disclosures>.

Furthermore, a publicly available anonymous grievance mechanism exists in accordance with Camco's E&S Disclosure, External Communication and Grievance mechanism policy. This policy provides details for incident reporting and specifies how Camco receive, registers and acknowledges communications, including E&S-related grievances from stakeholders, including project-affected people.

To log a grievance anonymously, a person may submit the grievance through an online form at <https://www.camco.energy/grievance/> or contact the whistleblowing hotline on +44 191 516 7764 / [camco@safecall.co.uk](mailto:camco@safecall.co.uk).

In addition, all investee companies will be required to ensure stakeholder engagement and establish a grievance mechanism at the project community and employee level as per the guidance provided in the ESMF.

Camco will publish an annual report, which will provide the Fund's stakeholders with information on impact performance, including reporting on PAIs.

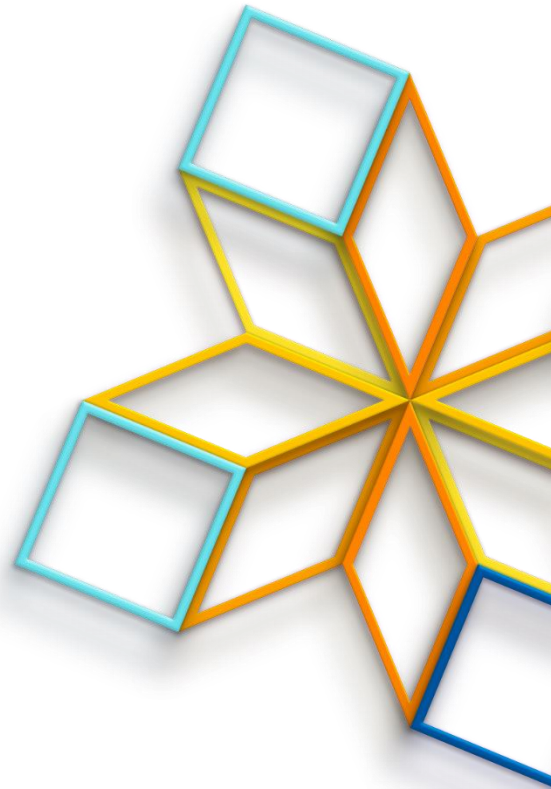
## Attainment of the sustainable investment objective

As described in the Sustainable investment objective of the financial product section, REPP 2's investments will actively contribute to objectives 1 and 2 of the EU Taxonomy, namely climate change mitigation and climate change adaptation. This will be ensured through the Fund's investment strategy described in REPP 2 Investment Policy, which lays down the eligibility criteria for investments in line with the investment strategy presented in this document.

For the attainment of the sustainable investment objective, REPP 2 reports on sustainability indicators and PAIs. The performance of such indicators is a consequence of the investment strategy.

No index has been selected as a reference benchmark for REPP 2 since no EU-approved index is currently available in the market in alignment with the Fund's investment strategy. Nonetheless, the Fund will monitor and report on the performance of its sustainability indicators and PAIs against its baseline.

The absolute GHG emissions of each investment, including scopes 1, 2 and 3 GHG emissions, will be reported by the investee companies for each investment. REPP 2 will report GHG intensity, including absolute and relative mitigation achieved, through the investments at fund level in line with the guidance provided in Delegated Regulation (EU) 2020/1818.



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