



Project Summary Information

Date of Document Preparation/Updating: 9/12/2024	
Project Name	ENGIE Sustainability Linked Green Loan
Project Number	P000863
AIIB member	Multicountry
Sector/Subsector	Energy / Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	To support the strategic expansion of ENGIE's clean energy assets in AIIB members as part of the company's transition towards a more robust sustainability performance.
Project Description	<p>AIIB is providing a senior corporate green and sustainability-linked loan (SLL) of EUR75 million to ENGIE (the Borrower). The loan is part of an EUR 500 million corporate financing arranged by IFC. The financing also comprises participation from the IFC's managed co-lending portfolio program (MCP), as well as a parallel loan from Société de Promotion et de Participation pour la Coopération Economique (Proparco).</p> <p>Established in 2008 and headquartered in Paris, France, ENGIE (formerly known as GDF Suez) is one of the world's largest energy utilities. ENGIE operates a global portfolio comprising 38 gigawatts (GW) of renewable energy (RE) assets. ENGIE's goal is to become a leader in green energy and climate transition by investing EUR22-25 billion between 2023 and 2025 across multiple jurisdictions.</p> <p>Proceeds from the loan will finance the acquisition, development, and construction of two of ENGIE's strategic portfolios:</p>

	<ul style="list-style-type: none"> • <u>Poland</u>. A portfolio of up to 213 megawatts (MW) of solar and wind assets at various development stages, that include: <ul style="list-style-type: none"> ○ Stella Solar PV (66 Projects), 64MW, operational; ○ West Poland Solar PV (7 Projects), 28MW, construction; ○ Gizycko Solar PV (2 Projects), 18MW, pipeline; ○ Kukinia Wind, 53MW, operational; and ○ Tychowo Wind, 50MW, operational. • <u>South Africa</u>. A portfolio of up to 340 MW of acquired operational solar and wind assets,¹ which comprise: <ul style="list-style-type: none"> ○ MBP Prieska, 60MW Solar PV, operational; ○ Konkoonsies II Solar PV, 84MW, operational; ○ Aggeneys Solar PV, 46MW, operational; ○ Golden Valley Wind, 120MW, operational; and ○ Excelsior Wind, 30MW, operational. <p>The SLL is supporting the energy transition of two AIIB Members. Both Poland and South Africa require substantial capital to bolster their energy systems and present above-average reliance on coal for electricity generation, as approximately 70-80 percent of their respective electricity needs are supplied by coal-fired plants.</p>
<p>Expected Results</p>	<p>The expected results have been developed in line with the following Sustainable Development Targets (SDT):</p> <ul style="list-style-type: none"> • Scope 1 and 3 greenhouse gas (GHG) emissions from energy production. These are to be calculated as a 3-year rolling average, in terms of metric tons of carbon dioxide emissions (MtCO₂eq). • Renewable capacities in the global installed capacity for electricity. To be calculated as a 3-year rolling average percent (%) over total installed capacity.

¹ Proceeds from the loan will finance the acquisition of the shares of BTE Renewables, a South African renewable energy platform company previously owned and developed by Actis Energy Fund IV. The platform's assets are already in operations.

	<ul style="list-style-type: none"> The lost-time injury frequency rate for employees and subcontractors on sites with controlled access, calculated a 3-year rolling average starting from 2025. <p>The SLL spread margin will be reduced or increased if the Borrower meets some or all the pre-agreed SDT by a defined timeline. The structure will therefore incentivize ENGIE to achieve its corporate sustainability and ESG goals. The SLL structure and SDT have received a favorable Second Party Opinion (SPO).</p>
<p>Environmental and Social Category</p>	<p>IFC Category A (equivalent to Category A under AIIB's ESF).</p>
<p>Environmental and Social Information</p>	<p>Applicable Policy and Categorization. The proposed Project will be co-financed with the IFC. To ensure a harmonized approach to addressing environmental and social (E&S) risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (ESP), IFC's Performance Standards (PSs) will apply to this Project in lieu of AIIB's ESP. AIIB has reviewed the IFC's PSs and is satisfied that: (a) They are consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including AIIB's Environmental and Social Exclusion List (ESEL) and the relevant Environmental and Social Standards (ESSs); and (b) the monitoring procedures in place are appropriate for the Project. IFC has categorized E&S risks of the Project as Category A, which is equivalent to Category A if AIIB's ESP were applicable because two operational wind farms in South Africa have the potential to impact sensitive bird and bat species, some of which trigger thresholds for Critical Habitat from potential collisions with turbines and collisions with and/or electrocutions on overhead transmission interconnection lines.</p> <p>Environmental and Social Instruments. The Project is a corporate loan with defined/targeted use of proceeds, the review focused on two levels: (a) the Company's Environmental and Social Management System (ESMS), policies and management programs, and organizational structure charts applicable at the corporate level; and (b) review of key E&S procedures at the project level to assess how the Company is managing the E&S risks and impacts associated with the development and operation of RE projects in Poland and South Africa. AIIB relied on IFC's E&S due diligence of the Company's projects already in operation and under construction. The E&S management planning process and documentation for the project and gaps, if any, between these and IFC's requirements were considered. Where necessary, corrective measures intended to close these gaps within a reasonable period are summarized in an agreed Environmental and Social Action Plan (ESAP).</p> <p>Environmental Aspects. The assessment revealed that all the Polish assets are in modified habitat sites widely distributed across the country. None overlap or are likely to impact Key Biodiversity Areas (KBAs) or legally protected</p>

areas, and none will generate impacts to Natural or Critical Habitats, per IFC's PS6. Post-construction fatality monitoring has already been carried out in the past on ongoing projects and the company, as part of ESAP, will implement a Wildlife Incident Reporting System on its Polish assets to document any chance find wildlife injuries or deaths that are observed at any of its solar or wind facilities. The three operational PV solar facilities in South Africa are located within the inland Nama Karoo biome and were developed in government-delineated renewable energy zones. All three sites were used for low-density livestock grazing before construction, and botanical baseline characterizations were used to avoid impacts on highly sensitive plants and microhabitats. Baseline ecological characterizations are consistent with the IFC's PS6 definition of Natural Habitat. ENGIE will conduct an assessment to document the extent of loss of sensitive plants and microhabitats and develop a strategy to achieve 'no net loss' of Natural Habitat in compliance with IFC's PS6.

The company has developed a Biodiversity Action Plan (BAP) for the Excelsior Wind Power Project, located inside of Important Bird and Biodiversity Areas (IBA/KBA), and is implementing offset programs to create conservation gains for each of the critical habitat receptors. In implementing the actions agreed in the ESAP, the Company will consult with relevant stakeholders to update the BAP, including the associated offsets, other mitigation programs, and monitoring programs, as necessary, to achieve and document net positive gains for critical habitat receptors. Two operational wind farms in South Africa have implemented a series of impact mitigation measures, and bird and bat fatality monitoring programs following industry-standard protocols and effort levels, covering both the wind turbines and the project-associated powerlines.

As part of ESAP, the Company will enhance and expand already developed biodiversity monitoring and evaluation plans (BMEP), transforming them into comprehensive operational Biodiversity Management Plans (BMP) describing a set of bird and bats mitigations and associated monitoring programs sufficient to achieve, and document satisfaction of the pertinent standard in compliance with IFC's PS6. The anticipated environmental impacts of potential pipeline subprojects during construction will include dust emissions, generation of waste including solid and toxic/hazardous waste, noise, wastewater, removal of vegetation and earthworks, spills, and occupational health and safety, to be managed through site-specific E&S management plans and good international industry practices (GIIP).

Climate Change Risks and Opportunities. The Project has the potential to make a large contribution to the global GHG emissions mitigation agenda as it targets, inter alia, the decarbonization of two of the world's most carbon-intensive national electricity generation countries: Poland and South Africa. An SLL to ENGIE focused on reducing absolute GHG emissions from electricity production and increasing the share of RE capacities, is poised to significantly accelerate ENGIE's Net Zero pathway and foster the decarbonization of electricity sectors in coal-dependent countries like Poland and South Africa. By aligning financial incentives with environmental targets—specifically, the

decommissioning or conversion of coal-fired plants by 2027 and achieving 100 percent RE capacity (excluding pumped storage)—this financing mechanism supports ENGIE's commitment to a well-below 2°C trajectory and stimulates a shift towards sustainable, low-carbon energy systems.

Social Aspects. To enhance the Borrower's E&S policies at the corporate level vis-à-vis the IFC PS and to prevent any potential E&S impacts derived from land acquisition for new projects in the pipeline, the Borrower will, as part of ESAP, develop a Land Acquisition and Resettlement Policy (LARP) aligned with IFC's PS5 to be applied to all greenfield or acquired assets utilizing the loan proceeds. The LARP will focus on cases where government expropriation is an option and/or any restriction to access is identified; and will apply to any new or future project, asset, or acquisition, including Associated Facilities (as defined in IFC's PS1).

ENGIE'S Integrated Management System (IMS) integrates a social management process that initiates with the screening for risks and impacts on communities and includes a review of impact studies, stakeholder mapping, and stakeholder engagement. IFC's E&S appraisal confirmed that ENGIE's IMS is operational and aligned with the 'plan-do-check-act' cycle for continuous improvement, with indicators, targets, and metrics that are reported to senior management, who are also actively involved in the determination of improvement plans, annual E&S plans and targets.

Gender Aspects. Through this investment, AIIB can spotlight, endorse, and share lessons among other clients from ENGIE's very strong performance on gender equality. ENGIE's corporate approach to prevention of Gender-Based Violence and Harassment (GBVH), applicable to conditions worldwide (including Poland and South Africa), is governed by the Sexual Harassment and Sexist Acts and is overseen by the Group Human Resources Ethics, Compliance and Privacy department. The guidance is implemented by individual country human resources departments, or by regional hubs where countries do not have a dedicated HR team, in alignment with local regulations. In line with ENGIE's proactive promotion of women's employment, ENGIE has developed a zero-tolerance policy on Preventing and Combating Domestic Violence. ENGIE implements a group-level whistleblowing system to manage complaints. Reports are reviewed and addressed every month in a dedicated committee involving Ethics and HR, under the supervision of the General Secretary.

Occupational Health and Safety, Labor, and Employment Conditions. ENGIE has a robust, well-structured, and sophisticated occupational health and safety (OHS) management system based on ISO 45001 standards and the GIIP. The system encompasses all the activities carried out by employees, contractors, and subcontractors and is heavily centered on ensuring high-quality OHS training and competency of the workforce, particularly those involved in high-risk activities. ENGIE follows country specific OHS and technical regulatory standards and implements a series of corporate actions, Group rules, programs, and activities that go beyond legal compliance, foster safety culture, and

continuous improvement. ENGIE has group-level Human Resources (HR) policies, which are broadly aligned with IFC PS2 and cover aspects such as hiring, rights, obligations (including non-discrimination and equal opportunities), freedom of association, prevention of child and forced labor, and working conditions. In addition, risks and impacts to host communities of subprojects and the public are individually assessed during the CSR screening process established by ENGIE. However, there are important enhancements to the CSR process that ENGIE will implement as part of the ESAP.

Stakeholder Engagement, Consultation, and Information Disclosure. ENGIE's stakeholder engagement policy is based on ENGIE's group-level Stakeholder Engagement Referential and the CSR Matrix. As part of early project screening, ENGIE conducts stakeholder mapping and screens for project-related conflict. In 2016, ENGIE set the target that by 2020 all projects would implement stakeholder engagement programs. Currently all medium to large projects must implement a Stakeholder Engagement Plan. The E&S documentation in English and a summary in local languages, as appropriate, will be disclosed by the Company on its website and in hard copies in all sub-project areas. A summary of this documentation will also be disclosed on IFC's website, and AIIB's website will include links to the documentation on the Company's and IFC's websites.

Project Grievance Redress Mechanism (GRM) and Worker's Grievance Mechanism (WGM). For all sub-projects to be developed utilizing loan proceeds, a community grievance mechanism, as project-level GRM, will be constituted in line with the requirements of IFC's PS1. ENGIE has developed a whistleblowing system that is available to stakeholders of the Group and managed by an external service provider. The anonymity of complaints is assured when made anonymously, as is freedom from retaliation.

Similarly, a commensurate WGM will be set up and shall include specific considerations related to GBVH grievances. It will consist of multiple entry points to raise and address allegations, including options to report anonymously if preferred. The company will appoint an adequately trained grievance officer to coordinate the implementation of the WGM. The information of established GRMs, WGM, and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed appropriately.

Monitoring and Supervision Arrangements. The company has deployed a team of environmental, health and safety, and social specialists on its projects to monitor the E&S performance and will maintain all the monitoring records and submit reports to the lenders including AIIB aligned with the reporting schedule and format agreed with IFC. The AIIB team along with IFC will conduct regular supervision missions to the project sites to monitor the E&S performance.

Cost and Financing Plan	<u>Sources:</u> IFC (including MCPPP): EUR 365.00 million AIIB Loan: EUR 75.00 million Proparco: ² EUR 60.00 million Sources total: EUR 500.00 million <u>Uses:</u> Poland Portfolio: EUR 195.00 million South Africa Portfolio: EUR 155.00 million Other eligible projects: ³ EUR 150.00 million Uses total: EUR 500.00 million
Borrower	ENGIE S.A.
Estimated date of last disbursement	Q1 2027

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² Proceeds from the Proparco Loan will be earmarked solely for South Africa.

³ Other eligible projects will be financed by IFC alone and be subject to eligibility criteria.

Date of Concept Decision	March 14, 2024
Date of Appraisal Decision	April 12, 2024
Date of Financing Approval	May 31, 2024

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its E&S Policies and procedures in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanism (GRM) or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html.</p>
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