



ENVIRONMENTAL AND SOCIAL POLICY

AUGUST 3, 2020

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
DI	Development Impact
E&S	Environmental and Social
ESN	Environmental and Social Screening Note
ESDD	Environmental and Social Due Diligence
ESAP	Environmental and Social Action Plan
ESMS	Environmental and Social Management Systems
GHG	Greenhouse Gas
GSF	Government Security Forces
InfraCredit	Infrastructure Credit Guarantee Company Limited

IFC	International Finance Corporation
ILO	International Labour Organization
NESREA	National Environmental Standards and Regulations Enforcement Agency
NBC	New Business Committee
PIDG	Private Infrastructure Development Group
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
ToC	Theory of Change
WMP	Waste Management Plan

INTRODUCTION

Infrastructure Credit Guarantee Company Limited (“InfraCredit”) has prepared this Environmental & Social Policy to guide Directors, senior management and employees in line with InfraCredit’s commitment to promoting sustainable development which contributes to economic growth, social development and environmental conservation.

We believe that sustainable development should be an underlying aim of infrastructure financing and that management of Environmental and Social (E&S) issues is a critical pathway to assuring success in this regard. Along with our commitment to creating value for our investors and stakeholders, we insist upon satisfactory environmental and social performance in all projects/transactions that we guarantee, in line with or superior to international best practice.

InfraCredit will not provide guarantees for transactions that are included on our Exclusion List or which present unacceptable environmental or social risks to InfraCredit or our business partners. We will also ensure that all transactions that we guarantee comply with all applicable national laws and international best practices such as the International Finance Corporation’s (IFC) Performance Standards on Environmental and Social Sustainability, the World Bank’s Environmental, Health and Safety Guidelines (both general, and industry sector specific), the International Labour Organisation Conventions and the Voluntary Principles on Security and Human Rights.

Where InfraCredit, by nature of a particular transaction’s structure, has limited control in implementing our environmental and social performance evaluation and monitoring procedures, we will rely on other partners’ E&S policies and will encourage the implementation of positive E&S principles throughout the project.

InfraCredit will engage environmental and social performance evaluating procedures from the initial stages of each transaction, while also applying effective E&S management to our own activities. We will continuously seek to improve the efficiency of our E&S performance evaluation and monitoring procedures. A combined effort of internal resources and third-party specialists will be engaged to ensure this goal is achieved.

This E&S Policy (the Policy) has been structured to clearly communicate our E&S commitments, guiding standards, review and management process and provide implementation guidance. It also provides a list of important laws, regulations and standards that are relevant to the Policy. Guidance Notes have been provided as Appendix E to further support InfraCredit personnel and stakeholders in their use, interpretation and implementation of the Policy.

ENVIRONMENTAL AND SOCIAL POLICY GOALS

InfraCredit's E&S Policy has been developed to achieve the following goals:

- Pursue sustainable development in infrastructure financing;
- Eliminate and/or minimise environmental and social risks associated with transactions we guarantee;
- Provide InfraCredit's Directors, senior management and all employees with guidance and tools for environmental and social risk management in our activities;
- Engender acceptable environmental and social performance of our clients and their businesses; and
- Monitor and report incidents involving guaranteed companies that could result in reputational damage, scandal, loss of life, material effects on the environment, or a material break of the law, and to promptly promote appropriate corrective actions.

CORE COMMITMENTS

InfraCredit's E&S Policies are driven by core commitments to citizenship and attendant global environmental and social issues that are relevant to our business activities. The core commitments that guide E&S Policy are outlined below.

Regulatory Compliance

InfraCredit believes Responsible Corporate Governance lies at the core of our business activities. It is therefore committed to compliance with all applicable environmental and social laws, regulations and best practices in our guaranteed transactions. We will require that all prospective guaranteed projects/transactions are compliant with applicable laws and regulations. Health, Safety, Environment, Social and Security (HSESS) related Legal and Permit Registers of prospective portfolio companies are reviewed during Environmental and Social Due Diligence and post guarantee, during Environmental and Social Monitoring. Legal non-compliances will be captured as actions in Environmental and Social Action Plans.

Environmental and Social Risk Management

InfraCredit will assess our exposure to environmental and social risks associated with the transactions it guarantees. InfraCredit will diligently review transactions to assess our exposure to environmental and social risks. The outcome of this review will guide the nature, scope and extent of its involvement in each transaction. Our assessment of E&S risk will deploy tools considered appropriate to the specific transaction.

Climate Change

InfraCredit recognises that climate change is a serious global challenge with impacts that may impede economic, social well-being and development efforts particularly in infrastructure related projects. InfraCredit aims to ensure that the transactions it guarantees do not contribute to already high levels of greenhouse gas (GHG) emissions in the atmosphere and to support projects that use sustainable alternatives to reduce high emissions levels of GHG in the atmosphere.

InfraCredit will pursue a 10 to 20-year roadmap that supports a strategic transition across targeted areas of opportunity. Our 10 to 20-year energy transition roadmap covers the following key areas of opportunity:

- Energy supply
- Urban, Semi Urban and Rural infrastructure
- Transportation

Our focus will be to support increased investment in renewable energy, cleaner energy, energy efficiency and low carbon technology in these areas. We will pay particular attention to energy transition projects that need additional support to realise their goals.

Biodiversity Conservation

InfraCredit believes that the earth's biological diversity, which comprises its ecosystems, species and genetic material, is an integral part of human existence. Biodiversity provides substantial economic, cultural, recreational, nutritional and ecological benefits to humanity. The rapid loss of biodiversity worldwide remains one of the major global environmental challenges particularly in developing countries.

InfraCredit is committed to ensuring the transactions it guarantees do not reduce biodiversity value in the environment. InfraCredit will ensure that transactions that have a potential to create biodiversity loss account for biodiversity conservation in their management plans.

Human Rights and Labour

InfraCredit's business operations and activities are guided by the International Bill of Human Rights, and the conventions of the International Labour Organisation. We also support the Voluntary Principles on Security and Human Rights. Accordingly, we recognise the responsibility of businesses, governments, transactions and organisations to respect and protect human rights. This translates to ensuring that none of our operations and activities of the transactions we guarantee violate human rights. With regard to labour, we embrace and support the following core labour standards as fundamental universal and indivisible human rights enshrined in the eight International Labour Organisation (ILO) fundamental conventions.:

- Freedom from forced labour;
- Freedom from child labour;
- Freedom from discrimination at work; and
- Freedom to form and join a union, and to bargain collectively

The operation of an effective employee's grievance mechanism that supports early indication of, and prompt redress of human rights grievances and project related grievances is critical to this commitment.

Social Empowerment and Theory of Change

InfraCredit understands the concept of empowerment as a process that provides capacity for individuals, groups and/or communities to gain control of their circumstances and achieve their own goals thereby maximising the quality of their lives. InfraCredit will therefore aim to ensure that the financial guarantees it provides do not exclude individuals, groups or communities from empowering themselves. We will actively pursue this social empowerment goal through a Theory of Change (ToC), which seeks to:

- Catalyze the unlocking of long-term local currency capital for infrastructure financing
- Actively identify and support viable investments in all eligible transaction sectors
- Intervene in two ways: alleviate financing bottlenecks (via guarantees) and build investor understanding to increase their appetite for infrastructure financing
- Improve intermediation capacity and mobilize additional sources of financing to infrastructure projects

Our Development Impact (DI) Monitoring Handbook outlines the key pillars, specific goals, monitored indicators and overall management of the ToC.

Full Disclosure and Transparency

InfraCredit upholds principles of transparency in all of our activities including acting in "utmost good faith" and ensuring timely, regular, reliable and relevant disclosure as we pursue positive environmental and social performance within our organisation.

InfraCredit will provide accurate and timely information regarding our guarantees, investment and advisory activities as well as more general institutional information in accordance with our Corporate Governance policies. InfraCredit also recognises the importance of disclosure of information, both for ourselves and our clients, as a means of managing environmental and social risks. InfraCredit is therefore committed to global standards of audit and sustainability reporting.

GUIDING LAWS, REGULATIONS AND STANDARDS

InfraCredit's Environmental and Social Policy, its requirements and implementation procedures are guided and driven by our public good initiative, internal risk strategy, and relevant local and international environmental and social laws, regulations and safeguard requirements. Some of these are voluntary while others are statutory.

Laws of Federal Republic of Nigeria

As a good corporate citizen, InfraCredit will ensure that the activities and transactions it guarantees comply with the requirements and provisions of applicable Nigerian laws, regulations and standards on environmental and social issues. Key Nigerian laws include:

- Constitution of the Federal Republic of Nigeria (1999)
- Environmental Impact Assessment Act (No.86) 1992 and other National Environmental Regulations
- National Environmental Standards and Regulations Enforcement Agency (NESREA) Act (2007) and Regulations
- Nigerian Labour Act (1990)

We will also require that our clients identify and comply with other laws, regulations and standards that apply to their business activities.

International Environmental and Social Safeguard Requirements

InfraCredit consciously seeks to implement international E&S best practices. Recognising that there is a general convergence around what constitutes such best practices, our E&S Policy draws on and assures our compliance with requirements of:

- World Bank Environmental and Social Framework (2017)
- The International Finance Corporation (IFC) Performance Standards (2012)
- World Bank Environmental, Health and Safety General Guidelines (2007).
- Applicable World Bank Environmental, Health and Safety Industry Sector Guidelines (see Appendix D for list and website address of the guidelines).
- International Labour Organisation 8 fundamental conventions, and conventions C001, C026, C131 and C155.
- Voluntary Principles on Security and Human Rights.

Although compliance with environmental and social laws, regulations and standards is primarily the responsibility of our clients, we will assess our clients, and require that transactions and companies we guarantee meet applicable local and international E&S best practice requirements.

ENVIRONMENTAL AND SOCIAL MANAGEMENT IN BUSINESS OPERATIONS

InfraCredit commits to managing environmental and social risks and aspects associated with our business operations, i.e., internal day to day activities including the use of natural resources, energy, waste management, labour and security. In this regard, a number of policy-commitments and requirements will be implemented across our operations.

5.1 Health and Safety of Workers

InfraCredit has developed an Occupational Health and Safety (OHS) Management Plan to ensure best practice when it comes to the health and safety of all our employees, partners and visitors while conducting business activities.

The OHS Management Plan is based on best practice and follows Nigerian legal requirements. The main components include the life-saving rules selected and adapted from the International best practices rules , critical controls and procedures, risk management tools, visual felt leadership activities, monitoring framework, and Emergency Response Plan. The components of the OHS Management Plan are customized to the risks presented by InfraCredit's work environment.

While the office-based nature of InfraCredit's work presents a low risk, potential risks during travel to portfolio projects may exist and are controlled accordingly through implementation of the procedures in the OHS Management Plan. InfraCredit's Life and Fire Management System is compliant with World Bank EHS Guidelines. The OHS Management Plan includes a Journey Management Procedure which puts in place adequate controls based on pre-journey risk assessment.

The Health, Safety, Environment and Social Governance (HSESG) Manager has the responsibility for advising the business on health and safety issues, monitoring standards and carrying out the annual review of health and safety risks.

Energy and Fuel Use

InfraCredit will support National and global climate change reduction targets by reducing its energy consumption over time across our business operations. We will seek to achieve this by:

- Integrating energy saving options into the design and operations of our office environment;
- Gradually retrofitting our existing facilities with energy saving options such as renewable energy for lighting, motion sensitive switches and energy saving cooling systems; and
- Monitoring and evaluating fuel usage relating to power generation, air and land travel with a view to reducing total consumption over time.

Water Use

We will study and implement cost-effective designs that reduce our water use in the office. Our goal will be to reduce our water consumption by up to 20% over the next 5 years.

Paper Use

Our overall target on paper use will be to continually reduce paper used throughout our organization annually. We will achieve this by:

- Expanding our use of recycled paper;
- Promoting a “think before you print or copy” attitude, which encourages workers to carefully consider whether they need to make a physical copy or print a document;
- Operating a policy to print on both sides of papers and provide office tools that support this policy;
- Encourage reuse of envelopes; and
- As much as possible use electronic tools such as e-mail to replace forms, Bank statements and other printed documents.

Waste Management

InfraCredit will develop a Waste Management Plan (WMP) that includes categorization, handling and disposal of all wastes we generate. For all solid wastes, we will pursue source reduction, recycling and reuse options. Oil, electronic and other hazardous wastes will be given special attention and only approved government waste handling facilities will be used. We will also consider supporting commercial waste recycling businesses.

Pollution and Loss Prevention

Our pollution and loss prevention strategy will focus on:

- Awareness on fire safety in the work environment;
- Ensuring we have adequate fire-fighting facilities and capacity;
- Proper handling and containment of fuels;
- Security; and
- Development of an emergency response plan.

Fire fighting

Our office building was carefully selected to support our loss prevention goals, which are rooted in best practice. InfraCredit’s offices are fitted with fire-fighting facilities including sensors, alarms, fire extinguishers, smoke detectors and sprinklers. A waterless, heat-absorbing fire-fighting system provides additional loss prevention for our data center (i.e., server room). Our staff are also trained on fire prevention and fighting tips routinely.

The Facility Manager (FM) is responsible for the provision and maintenance of all fire prevention and detection equipment in the building. The FM is also responsible for maintaining the fire safety management strategy and fire risk assessments for all our offices and for ensuring that they are maintained within best practice guidelines and are communicated to staff. Our emergency response plan provides details of our fire prevention, response strategy, and specific guidelines in the event of a fire emergency

Fuel Handling

As we work towards reduced use of fossil fuels at our office, we will implement diesel handling and containment procedures that protects the environment and reduces exposure to health hazards of diesel. These procedures include enforcing fueling protocols that minimize spills, installation of containment around the diesel storage tank and generators and the use of appropriate personal protection equipment by all staff involved in diesel handling within our business premises. Additional details on fuel handling and cleanup of spills are provided in our Emergency Response Plan.

Security

InfraCredit is committed to ensuring the security and safety of its employees, visitors, partners and community around its area of operations. Our security management plan is a key component of our overall goals for workplace safety. Our approach is both proactive and reactive as may be required in response to threatening incidents.

Proactive measures include:

- Regular security assessments;
- Use of appropriate security personnel;
- Deployment of technology;
- Learning from past incidents; and
- Minimum exposure work outings.

InfraCredit shall react to security threats in proportion to the nature and potential harm of the threat. As pertains to our business operations, identified security-related threats include kidnapping, community unrest, robberies, workplace violence and conflicts with service providers. In general, we do not deploy armed Government Security Forces (GSF) either as a protective measure or in response to a threat. Exceptions are when real threats exist such as kidnapping or violent conflicts. Our reaction to threats is guided by our assessment of the threat level based on the following categorization:

- **High** – The risk of harm to employees and/or visitors is palpable
- **Moderate** - There is enough evidence to suggest possible threat of harm to employees and/or visitors
- **Low** – There is little to no risk of harm to employees and/or visitors although vigilance remains at proactive levels.

Serious Incidents

InfraCredit operates a Serious Incident framework, which seeks to ensure serious incidents are promptly and accurately identified, investigated, where appropriate causative factors are corrected and used as learning to prevent future occurrences. A serious incident is any social, labour, health, safety, security or environmental incident, accident or circumstance rated as “Serious” or “Extreme” in accordance with the incident matrix provided as Appendix A.

PUBLIC GRIEVANCE MECHANISM

At InfraCredit we understand that establishing a public grievance mechanism to manage complaints also mitigates business risks. Accordingly, we have developed a public grievance procedure aimed at:

- Addressing grievances of external shareholders relating to our activities and those of our guaranteed companies
- Proactively reviewing and addressing raised grievance issues before they result in conflicts
- Providing a practical and visible process for resolving grievances
- Eliminating or minimizing the occurrence of similar grievances

Elements of Grievance Procedure

Our grievance procedure has the following core elements:

- **Accessibility** – Ensuring public accessibility of the procedure through various channels including our website and guaranteed companies to ensure stakeholders are aware of the mechanism and how to communicate grievances.
- **Fairness and transparency** – We believe fairness and transparency and in practice and perception are key to satisfactorily resolving complaints.
- **Mediation** – Using appropriate and culturally sensitive communication and negotiation techniques, encourage aggrieved parties to come together for the purpose of discussing and addressing specific grievances.
- **Timed Resolution** – As much as possible set and maintain agreed timelines to address and close out grievances.
- **Communication** – Aggrieved stakeholders will be continually notified and where appropriate, engaged through the various stages of the grievance cycle.
- **Monitoring, Auditing and Reporting** – As part of our Stakeholder Engagement process and overall annual E&S monitoring, we will report grievances and lessons learned.

Key Steps in Grievance Mechanism

The steps involved in the InfraCredit's public grievance procedure are guided by the IFC's Good Practice Note for Addressing Grievances in Project-affected Communities. The key steps are:

- Step One – Disclosure of Grievance Procedure
- Step Two - Receipt and Registration of Grievances
- Step Three - Review and Investigation
- Step Four - Response, Resolution and Close-out
- Step Five - Monitoring and Reporting



Figure 1: InfraCredit's Public Grievance Procedure

TRANSACTION REVIEW

Exclusion List

Our transaction review process starts with the screening against InfraCredit's Exclusion List (Appendix B). InfraCredit will not guarantee any transaction engaged in any activity on our Exclusion List. All transactions that are not on InfraCredit's Exclusion List will be further screened in accordance with additional review processes as outlined in Sections 7.2 to 7.4. InfraCredit's overall transaction review process is shown in Figure 2 while the E&S review process is shown in Figure 3.

In the event of any unclear interpretations of the Exclusion List (e.g. where project sponsors may not be "substantially involved" in an excluded activity) or should we become aware of any changed circumstances regarding existing guarantees (e.g., client acquisition of an excluded business), senior management will consult with the New Business Committee / Credit Committee to agree and document the appropriate course of action.

Initial Environmental and Social Screening

InfraCredit's HSESG Manager will carry out an Initial Environmental and Social Screening of all projects that are not on our Exclusion List. This initial screening will include initial Project Categorization and identification of applicable IFC Performance Standards. A completed Initial Environmental and Social Screening Form will be submitted for each new project along with other project details where applicable to the New Business Committee (NBC) for review and approval in line with InfraCredit's project review procedures. The screening form will be accompanied by a Checklist of HSESS requirements (or check points) that shall be appended to the ESDD Scope of Work for the specific transaction under review. The post screening checklist will be developed from those requirements of relevant regulations, standards and/or guidelines (e.g., IFC PS standards, World Bank EHS Guidelines, ILO Conventions etc.,) that apply to the transaction.

Project/Transaction Categorisation

Prior to making any submission to the New Business Committee, InfraCredit's HSESG Manager will assign a preliminary categorisation to the potential transaction in terms of environmental and social risk using international best practices. All potential transactions shall be screened and categorised using the following system.

Category "A" (High Impact) Transactions

These are projects considered to have potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

Category "B" (Medium Impact) Transactions

These are projects that have potential limited adverse social or environmental impacts that are few in number, site-specific, largely reversible and readily addressed through mitigation measures.

Category “C” (Low Impact) Transactions

Transactions categorised as C typically have minimal or no adverse social or environmental impacts.

Transaction categorisation will be handled by adequately trained staff under the supervision of the HSESG Manager using procedures outlined in the Appendix E (E&S Policy Guidance Notes). Where the transaction is Category ‘A’ or ‘B’, the preliminary categorisation must also indicate to the New Business Committee the scope of the ESDD to be conducted for the proposed transaction.

Environmental and Social Due Diligence

Formal ESDD will be carried out on all Categories “A” and “B” transactions after approval by the NBC and issuance of the Mandate Letter, while Category “C” transactions will be subject to a limited review by InfraCredit’s HSESG Manager. In all cases, prospective clients shall be required to provide all requested information for review in order to facilitate our screening process and ESDD.

Where InfraCredit assumes the lead role for environmental and social governance, we will undertake or commission a preliminary appraisal of the environmental and social risks of the project proposed for credit enhancement. This appraisal will have regard to the location and nature of the project, its E&S issues including labour issues and community interactions, compliance status / arrangements and where relevant, previous developer performance (i.e. a check for potential “red flag” issues).

In the event that another qualified Financing Party in a proposed transaction assumes the lead role in establishing and monitoring environmental and social governance, InfraCredit will actively seek information from such Financing Party and collaborate as appropriate to ensure the adequacy of risk identification and mitigation strategy.

The ESDD will be undertaken by external consultants unless either (i) InfraCredit has sufficient internal capacity and experience to conduct the necessary due diligence or (ii) the due diligence will be undertaken by a qualified guarantor/investor/lender (“Financing Party”) recognised by InfraCredit to have the appropriate internal expertise (e.g., IFC, World Bank, African Development Bank, Asian Development Bank, EIB, FMO, DEG, PIDG and Proparco).

The purpose of the ESDD to review and verify the submissions made by the sponsor, assess the transaction’s compliance with applicable environmental and social laws and regulations and highlight key environmental and social risks.

The scope and content of each ESDD will be determined by, and commensurate to the Environmental and Social Risks associated with the specific transaction. InfraCredit will prepare or procure the Terms of Reference for the ESDD, based upon a review of all applicable documentation and an evaluation of the project against our E&S Policy. The Terms of Reference for the ESDD shall include the filtered list of applicable requirements (or checkpoints) developed after the initial transaction screening. Please see Appendix E for typical Terms of Reference for environmental and social due diligence consultants.

ESDD may consist of a desk review, site inspection(s) and/or a detailed audit. The ESDD report will identify any gaps between actual or expected performance and InfraCredit's E&S Policy and specify requirements/recommendations for addressing such gaps in a timely and effective manner.

ESDD may require input from technical specialists from a separate technical due diligence process, particularly on potential Occupational Health and Safety risks related to the condition of infrastructure, equipment and technical systems and processes. To ensure the required data is obtained from the technical due diligence, the HSESG Manager shall provide input into the scope and Terms of Reference of the technical due diligence after screening or by way of requesting a modification to the technical due diligence Terms of Reference after ESDD site visits.

ESDD on all Categories "A" and "B" transactions requires a review of the HSESS Legal Register of the proposed project company. A Legal Register is a document listing the details, status of, actions required and responsibilities for project company's HSESS legal requirements and commitments. Sources of legal requirements and commitments include: applicable provisions of relevant local laws and regulations, Environmental and Social Impact Assessment Reports, Resettlement and Compensation Plans, and permit conditions. Non-conformances are to be included in the Environmental and Social Action Plan (ESAP) and tracked during E&S Monitoring. Annex IX in Appendix E provides guidance on developing and updating HSESS legal registers.

The ESDD may require sampling and laboratory analysis of potentially contaminated soil, surface and groundwater, and air quality identified during screening.

Recommendations are likely to cover mitigation actions, management controls, monitoring / reporting routines and institutional arrangements during construction, operation and, as appropriate, closure.

An output of each ESDD will be a SMART (Specific, Measurable, Achievable, Realistic and Time-bound) ESAP to address identified E&S risks and areas of non-compliance, clearly setting out measures to be undertaken and responsible authorities. The ESAP and timeline for completion of each action item will be included in the agreements as covenants/conditions to be fulfilled by the transaction sponsor/owner.

InfraCredit will consult with, as appropriate, other stakeholders on the draft ESAP and report it, along with the results of other due diligence (e.g. financial, legal, technical) to the Credit Committee for its approval.

Appendix E provides further information on conducting ESDD for transactions.

Risk and Credit Committee Review

Upon completion of the ESDD, InfraCredit's HSESG Manager will update the categorisation of the proposed transaction (if it has changed from the initial screening) and complete an E&S Evaluation Form to be reviewed by the Chief Risk Officer and Credit Committee. The E&S Evaluation Form will highlight key E&S risks identified by the ESDD and recommended conditions for InfraCredit's Guarantee. In the case of Category "C" transactions, which are typically not subject to ESDD, the key E&S issues will be highlighted by the HSESG Manager. The E&S Evaluation Form will be supported by the ESDD Report. E&S conditions will be clearly stated and articulated for all transactions that are approved by the Credit Committee.

Transaction ProcessFlow

Deal Execution will be done in three (3) phases: Origination (Preliminary Assessment), Due Diligence & Structuring and Final Approval/Closing.

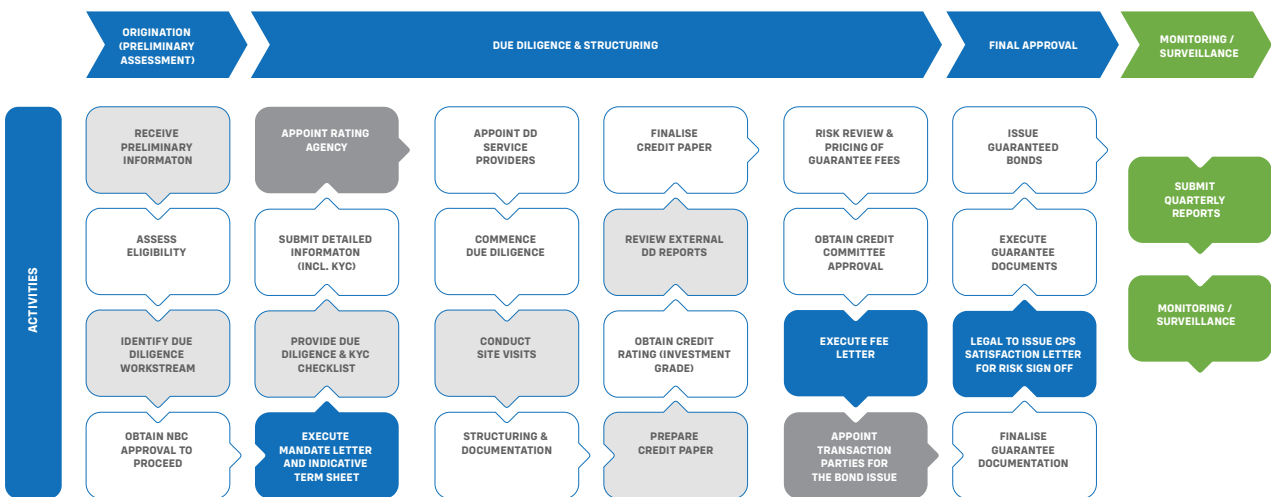


Figure 2: InfraCredit's Standard Transaction Process

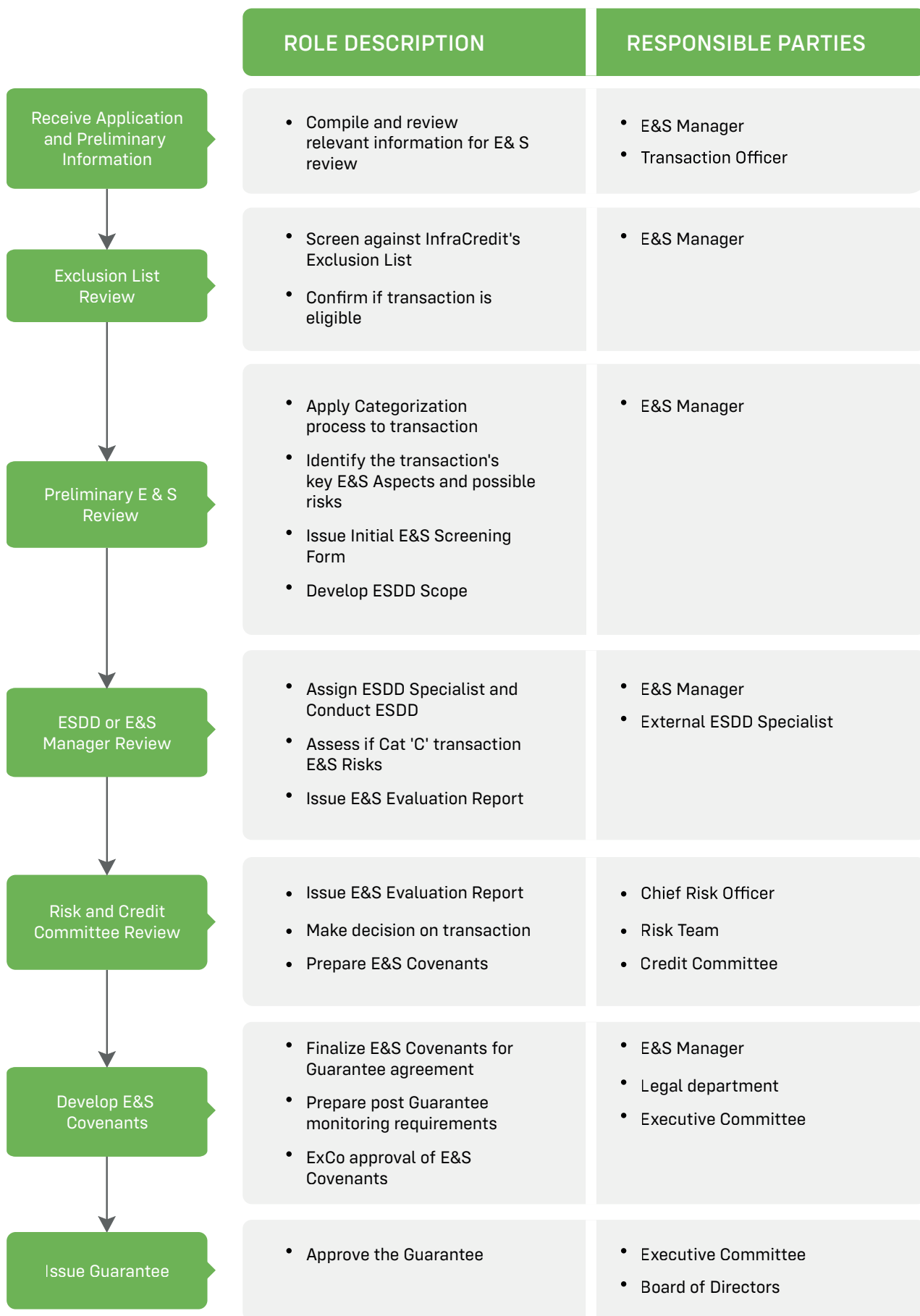


Figure 3: InfraCredit's Environmental and Social Review Process

GUARANTEE CONDITIONS

E&S covenants shall be included in conditions accompanying all transactions approved for InfraCredit's guarantee. InfraCredit will include clauses in Term Sheets and legal guarantee documentation to ensure that all guaranteed clients continue to maintain acceptable Environmental and Social Management Systems (ESMS) and/or take appropriate steps towards attaining an acceptable ESMS that is commensurate to their operations. Legal documents will generally include covenants to: Conduct their business in accordance with applicable laws and standards relating to Environmental and Social Management and Labour Practices;

- Conduct their business in accordance with InfraCredit's E&S Policy and requirements;
- Promote the protection of the environment within and around where the company operates;
- Treat all employees fairly and without any form of discrimination;
- Ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed and monitored;
- Monitor and report on E&S performance to InfraCredit at least annually in a Monitoring Report prepared by the sponsor, the guarantee beneficiary or an approved independent consultant, using the template for summary reporting shown in Appendix E of this E&S Policy or employing a modified template specific to the transaction that is approved by the HSESG Manager. Details of reporting frequency shall be contained in the guarantee agreements.

The E&S covenants to be included in the guarantee agreements will state conditions precedent to issuance of the guarantee and those subsequent. Agreements will be reviewed and approved by the HSESG Manager and Legal Team.

The HSESG Manager will be available to provide additional technical advice to the Credit Committee or Executive Council prior to and/or during the guarantee issuance process.

Where the effectiveness of the guarantee is conditional on specific actions, InfraCredit will ensure that such actions have been implemented to InfraCredit's satisfaction prior to financial close of the guarantee. However, in instances where InfraCredit grants waivers and/or extensions of E&S requirements to the guarantee recipient, where such changes will not compromise the realisation of the agreed environmental and social performance of the project, such waivers and/or extensions shall be formally recorded and documented via a Transaction Closing Memo prepared by the HSESG Manager, indicating the state of compliance, additional corrective actions or waiver justification.

Sample E&S wordings to be included in pre-guarantee agreements are provided in Appendix C while further details are given in Appendix E.

MONITORING OF ENVIRONMENTAL AND SOCIAL PERFORMANCE

InfraCredit will continuously monitor the environmental and social performance of transactions it guarantees. As may be necessary, we will deploy a combination of resources to conduct the E&S Monitoring of guaranteed transactions. Resources include our in-house HSESG Manager, E&S Specialists, technical specialists, and other transaction personnel. The monitoring will cover key stages of the transactions, such as construction, operation and decommissioning etc. The monitoring scope will be determined by the level of risk associated with the transaction, findings of the ESDD, covenants agreed in the legal guarantee documentation and E&S performance of the client. Monitoring will include a review of the client's HSESS Legal Register. Monitoring may include site visits and review of key E&S documentation of the client. Monitoring may require sampling and laboratory analysis of potentially contaminated soil, surface and groundwater, and air quality to confirm completion of ESAP.

At least annually, beneficiaries of InfraCredit guarantees will be required to report on their E&S performance through completion of the annual E&S performance summary form (see Annexes to Appendix E) and/or a more detailed E&S reporting format. Updated HSESS legal registers shall accompany all such monitoring reports. Such reports will include a progress statement on implementation of the ESAP. In addition, guarantee beneficiaries are required to ensure timely notification to InfraCredit of any significant E&S incident(s).

Transaction sponsors may also be required to report their progress in complying with the E&S covenants and conditions attached to the guarantee issuance to InfraCredit's Transaction Officers or responsible personnel. Such report may be separate or included in an encompassing report.

As necessary, InfraCredit will discuss the E&S reports and related documentation with particular reference to any outstanding or potential E&S issues and appropriate additional actions with key stakeholders, the guarantee beneficiary and/or the sponsors. Where InfraCredit deems it appropriate, we will impose further project monitoring and reporting requirements and thereafter review project progress and performance.

Further to any recommendations made by the monitoring and review process, InfraCredit or our consultants will make supervisory visits during construction and at project completion to ensure that all E&S requirements are being or have been implemented. Further supervisory visits may be made during operation involving, as appropriate, external auditors. Supervision reports will be prepared after each such visit.

Additional guidance and templates for monitoring of guaranteed companies are provided in the Guidance Notes (Appendix E).

NON- COMPLIANCE WITH E&S REQUIREMENTS

In cases of non-compliance with agreed covenants on E&S issues, InfraCredit will promptly agree with the relevant sponsor, or require the relevant client/sponsor to undertake, as appropriate or necessary in InfraCredit's reasonable judgment, corrective measures to remedy such inconsistency or breach and diligently pursue the remedies available to InfraCredit under legal agreements with the guarantee recipient.

In the event that such efforts are unsuccessful, within a reasonable time-frame subject to and without prejudice to our obligations under the terms and conditions of guarantee to our clients being irrevocable and unconditional, InfraCredit will: (i) use all commercially reasonable efforts to dispose of the relevant guarantee on commercially reasonable terms; and (ii) exercise such rights and remedies as it may lawfully and prudently be entitled to exercise to terminate our guarantee of the project, in each case of (i) and (ii) above, taking into account commercial practicability and practice, fiduciary responsibilities, and any potential material adverse effect.

ORGANISATION AND RESPONSIBILITIES

The Chief Executive Officer

InfraCredit's Chief Executive Officer (CEO) shall have overall strategic responsibility for implementing this E&S Policy. He or she will be required to lead by example and provide executive oversight for the implementation of the E&S Policy within the firm. The CEO will be required to:

- Gain a fundamental knowledge of E&S issues as relates to InfraCredit's activities;
- As may be required, set up committees, appoint personnel and engage required resources to drive and coordinate implementation of InfraCredit's E&S Policy and requirements;
- Oversee the performance of the HSESG Manager and any E&S committees to ensure they meet their terms of reference;
- Ensure that E&S issues and opportunities are given due attention at the NBC, Credit Committee and Board Level within the organisation;
- Call for and review progress reports on E&S performance at InfraCredit;
- Ensure InfraCredit complies with all statutory E&S requirements; and
- Provide regular updates to InfraCredit's Board on E&S performance.

11.2 Environmental and Social (E&S) Manager

InfraCredit's HSESG Manager shall be responsible for the day to day implementation of this Policy and requirements. He or she will have the following key roles and responsibilities:

- Through regular training, gain and maintain a deep knowledge and understanding of E&S issues as it relates to InfraCredit's business operations on the one hand and its activities (i.e., interaction with clients), and those of guaranteed companies anywhere they operate;
- Ensure that all InfraCredit employees are aware of and understand the firm's E&S policy, procedures and requirements;
- Develop and coordinate annual E&S training programmes for the organisation;
- Provide guidance on E&S issues and opportunities to the firm and our guaranteed companies;
- If applicable, ensure that E&S reports are regularly made available to InfraCredit's partners;
- Ensure that all potential guarantees are screened against the Exclusion List and assessed for the likely risk category of the guarantee or loan;
- Ensure that due diligence is conducted on all accepted guarantees either by InfraCredit, our consultants or qualified investors such that the E&S risks and impacts associated with any guarantees or specific projects are identified and mitigated in accordance with the InfraCredit E&S Policy;
- Ensure that the technical due diligence process identifies HSESS risks relating to condition of infrastructure, equipment and technical systems and processes
- and required actions are to be included in the ESAP of the technical due diligence.
- Prepare scope of work for E&S due diligence and monitoring of potential transactions and/or existing guarantees;
- Review ESDD and monitoring reports provided by specialists and coordinate their preparation to ensure compliance with international best practices;
- Review and make recommendations on E&S covenants in Guarantee Agreements;
- Ensure that environmental and social requirements are duly defined and communicated to clients and relevant InfraCredit committees in accordance with this E&S Policy;
- Determine the need for, and work closely with external resources engaged by InfraCredit on E&S issues;
- Review guarantee recipients' annual reports on the implementation of their Action Plans and ensure that any additional conditions required by InfraCredit are duly put into practice in a timely and effective manner;
- Report to InfraCredit's Board on any deficiencies in respect to any guarantee and provide suitable recommendations to mitigate risks;
- Develop annual plans and budgets for E&S Policy implementation;
- Ensure periodic and regular reporting on InfraCredit's E&S performance to the firm's management and Board of Directors;
- Engage with a variety of stakeholders and specialists as may be required to better understand and manage E&S;
- Work towards ensuring that E&S issues are discussed at the Board and highest level of decision making of guaranteed companies;
- Ensure that InfraCredit's Directors, senior management and staff are kept up to date in respect of publications and information, including partners' E&S policies and procedures;
- Make recommendations to InfraCredit's Chief Executive Officer (CEO) on initiatives and opportunities in support of the firm's E&S goals and targets; and
- Periodically review and update InfraCredit's E&S Policy, procedures and requirements as may be needed to ensure compliance with investor and statutory requirements.

In carrying out his/her responsibilities, the HSESG Manager will also be supported by other departments and transaction officers within InfraCredit.

Specialist Support

As may be required to satisfy our E&S goals, InfraCredit will procure certain specialist environmental and social support from appropriately qualified consultants.

The specialists will:

- provide technical, environmental and social risk assessment services;
- provide capacity building and training in relation to E&S issues, especially the IFC Performance Standards, the World Bank's Environmental, Health and Safety Guidelines (general and applicable Industry Sector specific), the ILO Conventions, and the Voluntary Principles on Security and Human Rights;
- work with in-house E&S personnel on ESDD and other tasks; and
- help prepare and/or review InfraCredit's Annual E&S Report and provide ongoing support in relation to E&S issues.

As part of monitoring of guarantee recipients, specialists may also be engaged to conduct supervisory visits and prepare or contribute to the preparation of Supervision Reports.

KEY DOCUMENTS AND REPORTS

A number of reports will be prepared on E&S issues in the course of InfraCredit's business operations and activities, and at various stages of its guaranteeing process. Some of the reports will require E&S Specialist input and/or Transaction Officers' input.

Business Operation Reports

InfraCredit will prepare and review various reports pertaining to E&S management of its business operations. The following reports will be prepared periodically:

- **Monthly E&S Management Report** – This report will be prepared by the HSESG Manager and issued to the InfraCredit's senior management for review. It will provide a summary of the company's E&S activities during the period under consideration and report on our performance in relation to energy, water usage, HSE incidents and emergencies.
- **Serious HSE Incident Report** – Within 7 days of learning of its occurrence, InfraCredit will commence investigation into any reported incident associated with its guaranteed companies. Such investigation may be triggered by media reports and/or reports provided by guaranteed companies. An initial report of the incident will be issued no later than 7 days of learning of the incident, while a detailed investigation report may be issued at a later date depending on how long it takes to complete the process.

- **Annual Sustainability Report** - Our overall sustainability goals incorporate E&S and Development Impact targets. Both are currently being developed in tandem and their monitoring will commence in 2020. In 2021, InfraCredit will publish its first annual Sustainability Report, which details our progress in mainstreaming sustainability into our operations.

Transaction Related Reports

Standard internal documents related to project assessment and monitoring include:

- **Initial Environmental and Social Screening Form:** This brief note provides the initial E&S risk categorization and applicable IFC performance Standards for prospective guarantees. The note will also contain the scope of the ESDD for categories 'A' and 'B' projects.
- **Environmental and Social Evaluation Form:** This contains the details of in-house review of project/ transactions and/or excerpts from the ESDD reports prepared by E&S specialists.
- **Environmental and Social Conditions for Guarantee Agreements:** This will contain specific E&S action items that have to be completed either prior to the issuance of the guarantee note or for continued financial guarantee of the transaction.
- **Periodic client Supervision Reports:** This will contain information on the E&S performance of InfraCredit's guaranteed transactions to the Board of Directors, Executive Committee and where applicable external partners.

The HSESG Manager will assess each guarantee recipient's compliance with the E&S Conditions and report to the Executive Committee in periodic performance reports.

An annual report will also be prepared for each project, containing sufficient information to give an outline picture of progress against Action Plans, achievements and problems, while an E&S Close Out Report will be prepared on the expiration of the financial guarantee. The E&S Close Out Report may be in the form of an E&S Audit or Final Supervision Report of the transaction.

Where applicable, the HSESG Manager will be responsible for making periodic reports and Serious Incident Reports to the Credit Committee, the Board, investors and external stakeholders on the environmental and social performance of InfraCredit's portfolio projects. He/she will compile the annual reports from the projects, any independent reviews and any other reports to produce a single report covering InfraCredit's portfolio of current projects.

The HSESG Manager, with the assistance of InfraCredit's E&S consultants as appropriate, will seek to draw generic lessons from the experience of implementing E&S standards and will recommend to the Board of InfraCredit any proposed amendments and augmentation to InfraCredit's E&S Policy.

CONTINUOUS ENGAGEMENT AND COLLABORATION

We recognise the importance of regular engagement and where applicable, collaboration with key stakeholders as we pursue our E&S goals. As considered appropriate to each one, InfraCredit will therefore seek to engage its key stakeholders, including our clients, partner financial institutions and the general public. We will also collaborate with the various private and public sector stakeholders to promote dialogue on sustainable private sector development.

ENVIRONMENTAL AND SOCIAL POLICY REVIEW

InfraCredit's E&S Policy will be reviewed and updated, as considered necessary by the Board, at least biennially or following a material change to national laws or international best practice. The review will be jointly conducted by InfraCredit's in-house HSESG Manager and E&S Specialists. Guarantees issued prior to any changes in our E&S Policy and requirements may not be directly affected by revisions to our E&S Policy, but amendments to guarantee agreements may be agreed in order to comply with statutory requirements or international best practice.

REFERENCES

Constitution of the Federal Republic of Nigeria (1999)

Environmental Impact Assessment Decree No 86 of 1992 Laws of the Federation of Nigeria

International Finance Corporation (IFC) Environmental and Social Performance Standards (2012) online resource:

http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbffd1a5d13d27/PS_English_2012_Full-Documents.pdf?MOD=AJPERES

International Labour Organisation (ILO) Conventions online resource:

<https://www.ilo.org/global/standards/lang--en/index.htm>

Labour Act Chapter 198 Laws of the Federation of Nigeria (1990)

National Environmental Standards and Regulations Enforcement Agency (ESTABLISHMENT) ACT, 2007

Voluntary Principles on Security and Human Rights online resource:

<http://www.voluntaryprinciples.org/wpcontent/uploads/2019/12/TheVoluntaryPrinciples.pdf>

World Bank Group Environmental, Health and Safety Guidelines (2007) online resources

<https://www.ifc.org/wps/wcm/connect/554e8d80488658e4b76af76a6515bb18/Final+-+General+EHS+Guidelines.pdf?MOD=AJPERES>

World Bank Group Good Practice Note Environmental Health and Safety Approaches for Hydropower Projects online resource: https://www.ifc.org/wps/wcm/connect/79ad4356-6f18-4955-bf35-adcd6d072897/GPN_EHSHydropower.pdf?MOD=AJPERES&CVID=mR5BwAV

APPENDICES

APPENDIX A – INFRACREDIT’S SERIOUS INCIDENT DEFINITIONS

Category	Impact	Incident Type
People	Catastrophic	Multiple Fatalities
	Serious	Single Fatality/Multiple disabling injuries/Multiple irreversible illnesses
	High	Disabling injury/ irreversible illness
Environment	Catastrophic	Catastrophic effect on the regional environment resulting in > 10years remediation and monitoring over an extensive area
	Serious	Major effects on the regional environment resulting in > 5years remediation and monitoring over a wide area
	High	Severe effect on the local environment resulting in a requirement for some remediation and monitoring
Asset	Catastrophic	Total loss of a key asset with a value in excess of \$ 10 million
	Serious	Extended cessation of operation of a key asset/Total loss of some critical system on major equipment with a value in excess of \$ 1 million
Reputation	Catastrophic	Loss of license to operate through regulatory enforcement and/ or sustained adverse international media or NGO interest
	Serious	Regulatory enforcement potentially threatening continued license to operate in region and /or adverse regional media coverage or NGO interest.
Social	Catastrophic	Any form of sexual exploitation or human rights violation
	Serious	Major demonstration resulting in use of force or injury
	High	Community or Civil Riot leading to Disabling injury
Community	Catastrophic	Long term decrease in the availability or quality of a resource affecting a large population with high dependence on the impacted resource
	Serious	Medium to long term decrease in the availability or quality of a resource affecting a moderate population with high dependence on the impacted resource
	High	Medium term decrease in the availability or quality of a resource affecting a small population with some dependence on the impacted resource
Security	Catastrophic	Community or Civil Riot leading to single or multiple fatality including third injury
	Serious	Unplanned Firearm Discharge causing fatality or disabling injury
	High	Unplanned Firearm Discharge without injury

(Adapted from PIDG Serious Incident Reporting Procedure)

APPENDIX B – INFRACREDIT’S EXCLUSION LIST

The Exclusion List is the first step in InfraCredit’s E&S Transaction review process. It lists business activities that InfraCredit will NOT guarantee. The excluded business activities are:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB’s, wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, 1975).
- Production or trade in weapons and munitions¹.
- Production or trade in alcoholic beverages (excluding beer and wine)¹
- Production or trade in tobacco⁴.
- Gambling, casinos and equivalent enterprises⁴.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where InfraCredit considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labour²/harmful child labour³.
- 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.
- Businesses/activities involved in pornography.
- Businesses/activities involved in child/women trafficking and prostitution.
- Unauthorised logging or mining activities.

The application of the Exclusion List will take effect upon adoption of this policy. For affected customers on the Exclusion List, the tenor of any existing Guarantee facilities will be honoured but new applications will be subjected to the requirements of this E&S Policy.

1 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.

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

3 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 C – POTENTIAL TEXT FOR PRE-GUARANTEE AGREEMENTS

Provisions in the form below should be included within ALL Mandate Letters and letters of interest:

When a project/transaction is proposed for finance guarantee, InfraCredit will apply its Environmental and Social Policy and requirements including environmental and social review as an integral part of its overall due diligence. This review will be appropriate to the nature and scale of the guarantee, and commensurate with the level of environmental and social risks and impacts associated with the transaction. The purpose of the review is to ensure that the transactions conform to InfraCredit's Environmental and Social Policy and requirements.

To conduct its review, InfraCredit may request that project-specific information be provided. This information will be treated in accordance with the terms of this agreement.

InfraCredit does not provide credit enhancement to new business activity that cannot be expected to meet our Environmental and Social Policy over a reasonable period of time. In addition, there are several types of activities that InfraCredit does not provide credit enhancement to. A list of these activities can be found in the InfraCredit "Exclusion List"

At a minimum, all projects/transactions considered for finance guarantee will be required to:

1. Comply with all applicable National Health, Safety and Environmental (HSE) laws, regulations and guidelines
2. Implement a Health Safety and Environment Management System (HSEMS)
3. Train its personnel on HSE Management including applicable requirements of
 - InfraCredit's Environmental and Social Policy
 - IFC Performance Standards
 - Other standards considered relevant to its business activities
4. Demonstrate commitment to HSE Management through the appointment of qualified personnel to oversee HSE issues
5. Designate a senior member of the Company (e.g. manager level) as the accountable person for compliance with HSE covenants contained in the guarantee agreement
6. Provide to InfraCredit immediately upon becoming aware of them:
 - the details of any litigation, arbitration or administrative proceedings or HSE related Claim which are current, threatened or pending against the Company, and which might, if adversely determined, have a Material Adverse Effect; and
 - the details of any Serious HSE Incident in any way connected with the Business in accordance with the procedure set out in the Serious Incident Reporting Procedure;
7. If a Serious HSE Incident has occurred, permit InfraCredit and/or its representatives, employees, consultants, contractors and accountants or other professional advisers of InfraCredit free access at all reasonable times and on reasonable notice to its premises, assets, books, accounts and records and meet and discuss matters with its officers and Auditors;
8. Permit InfraCredit and its representatives, employees, consultants, professional advisers and contractors free access at all reasonable times and on reasonable notice to carry out health,

safety, environmental and/or social monitoring visits, investigations and/or audits and meetings with senior management or the Company to discuss HSE matters;

9. Require that its suppliers and sub-contractors commit to the same HSE Standards
10. Meet such terms and conditions as are necessary to ensure that the Company is able to meet its HSE obligations under this Agreement, including:
 - the reporting of Serious HSE Incidents;
 - the reporting of HSE Claims;
 - the provision of the monthly reports in an accepted format on HSE issues.

InfraCredit shall have right to conduct an audit of that project during the lifetime of each guaranteed bond issued under which work is identified as high risk to verify compliance and assess the effectiveness of the HSEMS

InfraCredit shall incorporate in all guarantee agreements, remedy options as are appropriate for failure by a Project to comply with these HSE Guarantee Terms and Conditions, including failure to ensure that any sub-contractor is in compliance with the HSESS Requirements and the HSESS Management System.

APPENDIX D – IMPORTANT ENVIRONMENTAL AND SOCIAL LAWS, REGULATIONS AND STANDARDS

Nigerian Laws and Regulations

There are a number of Nigerian laws, regulations and standards on environmental and social issues. Applicable ones will depend on the transaction and industry sector. InfraCredit will comply with laws that apply to its business and will require that prospective guaranteed transactions are compliant with applicable laws, regulations and standards.

Table A1: Important Nigerian Laws, Standards and Regulations

Law, Regulation or Standard	Applicable Sectors
Constitution of the Federal Republic of Nigeria (1999)	General requirement on environmental protection is applicable to all businesses
Nigerian Labour Act (1990)	All hirers of labour
Environmental Impact Assessment Act (EIA) Act Cap E 12 LFN 2004.	All sectors. Guidelines exist on thresholds for mandatory EIA and for specific sectors.
National Environmental Standards and Regulations Enforcement Agency (NESREA) Act (2007) and Regulations	All development sectors except Oil and Gas/ Petroleum. Particularly relevant to manufacturing, telecoms and agriculture infrastructure. Also has permit requirements.
Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN, 1991 and 2002, 2018) issued by the Department of Petroleum Resources	Issued pursuant to the Petroleum Act 1969 and applicable to all businesses in the petroleum industry (upstream, midstream and downstream). DPR also has several permit requirements.
Nigeria Electrical Power Sector Reform Act (2005)	Power Sector. A number of regulations and permit requirements have been issued pursuant to this law.
State Laws and Regulations	Several states have Ministries of Environment and/ or Environmental Protection Agencies, some of which have developed regulations and standards, and have permit requirements.

In-house E&S personnel with the support of Transaction Officers will be required to identify and request for statutory permits and other legal statements that apply to potential projects/transactions at the initial stages of E&S Transaction Review Procedure.

International Environmental and Social Safeguard Requirements

Nigeria is signatory to a number of international laws, treaties and conventions, which impose obligations on the country. Examples include conventions on transborder wastes, climate change, coastal area protection and labour. While these international legal instruments do not impose any direct requirements on companies operating in adopting countries, the adopting nations are required to domesticate the laws, which may include key regulations, standards and/or practices that affect businesses. It is important therefore that business owners/managers are aware of any such international regulations that apply to their activities.

The IFC Performance Standards

The International Finance Corporation (IFC) is a member of the World Bank Group. It is the largest global development institution focused on the private sector. As part of its sustainability framework the IFC issued Performance Standards (PS, 2012) on Environmental and Social Sustainability. These PS outline client roles and responsibilities for managing their environmental and social risks in projects that require IFC support. The PS include an environmental and social categorisation process, which has also been adopted by the Equator Principles. There are eight PS:

- **Performance Standard 1:** Assessment and Management of Environmental and Social Risks and Impacts
- **Performance Standard 2:** Labour and Working Conditions
- **Performance Standard 3:** Resource Efficiency and Pollution Prevention
- **Performance Standard 4:** Community Health, Safety, and Security
- **Performance Standard 5:** Land Acquisition and Involuntary Resettlement
- **Performance Standard 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources
- **Performance Standard 7:** Indigenous Peoples
- **Performance Standard 8:** Cultural Heritage

Performance Standard 1 applies to all projects and business activities that have environmental and social risks and impacts. Virtually all types of business have social risk and impacts. Depending on the nature of the project or business activity, and circumstances, other Performance Standards may apply as well. The Performance Standards should be read together and cross-referenced as needed.

International Labour Organisation Conventions

The ILO has identified eight “fundamental” Conventions, covering subjects that are considered to be fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. Nigeria ratified all fundamental Conventions by 2002.

In addition to the InfraCredit has selected two priority conventions, InfraCredit follows two of the ILO Conventions:

- C026 - Minimum Wage-Fixing Machinery Convention, 1928 (No. 26) – Ratified by Nigeria
- C155 - Occupational Safety and Health Convention, 1981 (No. 155) – Ratified by Nigeria

Also, to InfraCredit will ensure that:

- Wages shall be at least the national minimum wage and shall be comparable to the same sector.
- Working hours should include a 24-hour rest period in every week and shall be in line with the similar comparables in the same sector. InfraCredit will use best efforts to improve working hours (via negotiating vendor agreements) towards meeting ILO standards.

World Bank’s Environmental, Health and Safety Guidelines

World Bank’s Environmental, Health and Safety (EHS) Guidelines (2007), which provide performance levels, standards, limits and measures that are normally acceptable to IFC for different industry sectors, and that are generally considered to be achievable in new facilities at reasonable costs by existing technology. Applicable World Bank Environmental, Health and Safety Industry Sector Guidelines to InfraCredit’s portfolio companies and pipeline of future portfolio companies include but are not limited to: Electric Power Transmission and Distribution (2007), Gas Distribution Systems (2007), Liquefied Natural Gas (LNG) Facilities (2017), Natural Gas Processing (2007), Telecommunications (2007), Thermal Power (2008), Toll Roads (2007), Waste Management Facilities (2007), Water and Sanitation (2007), and the World Bank Good Practice Note Environmental, Health, and Safety Approaches for Hydropower Projects. Where there is a conflict between the requirements of the EHS and host country standards or limits, the IFC expects the more stringent to apply. These EHS guidelines are available via the following website link: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

Voluntary Principles on Security and Human Rights

The Voluntary Principles apply to all projects due to risks presented by abduction, armed robbery and violent public gatherings. The Voluntary Principles guide companies in their engagement with public and private security providers to ensure human rights are respected in the protection of company facilities and premises. InfraCredit and portfolio company engagement of private security providers, and public security providers for armed security must be aligned with the provisions of the Voluntary Principles.

Reference should be made to <https://www.voluntaryprinciples.org/> for further guidance on the Voluntary Principles.

The HSESG Manager will be required to identify and indicate the IFC PS and World Bank EHS Industry Sector Standards that apply to individual projects/transactions in InfraCredit’s portfolio. Identification and evaluation of compliance with the requirements of the applicable PSES, ILO Conventions, World

Bank EHS Standards and the Voluntary Principles on Security and Human Rights will be a crucial part of the E&S review process for credit enhancement applications. ESDD carried out by E&S Specialists will also include an evaluation of the prospective projects/transactions against the IFC PS.

Additional information on the IFC Performance Standards their application and requirements is available at: <http://www.ifc.org>

Additional information on the World Bank EHS Guidelines (general and sector specific) is available at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

Additional information on the International Labour Organisation Conventions is available at: <https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12000:0::NO::>

Additional information on the Voluntary Principles on Security and Human Rights are available at: <https://www.voluntaryprinciples.org/>

APPENDIX E: INFRACREDIT ENVIRONMENTAL AND SOCIAL POLICY GUIDANCE NOTES

ENVIRONMENTAL AND SOCIAL POLICY

GUIDANCE NOTES

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Table 1: Project/Transaction Risk Categorization Criteria

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
DI	Development Impact
DFI	Development Finance Institutions
E&S	Environmental and Social
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
ESN	Environmental and Social Screening Note
ESDD	Environmental and Social Due Diligence
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management Systems
GHG	Greenhouse Gas
HSESG	Health Safety, Environment and Social Governance
HSESS	Health Safety, Environment, Social and Security
InfraCredit	Infrastructure Credit Guarantee Company Limited
IFC	International Finance Corporation
ILO	International Labour Organisation
NESREA	National Environmental Standards and Regulations Enforcement Agency
NBC	New Business Committee
SMART	Specific, Measurable, Achievable, Realistic and Time-bound

INTRODUCTION

These Guidance Notes provide further assistance to all InfraCredit employees involved in implementing the E&S Policy. The notes are particularly designed to assist the Environmental and Social (E&S) Manager and Transaction Officers in carrying out initial E&S Categorization, scoping and oversight of E&S Due Diligence as well as other E&S Assessment requirements.

The Guidance Notes provide tools, procedures and reference materials that will help all InfraCredit personnel implement our E&S Policy, including, oversight of external E&S specialists that will be engaged in implementing requirements of the Policy.

GUIDING LAWS, REGULATIONS AND STANDARDS

InfraCredit's Environmental and Social Policy, its requirements and implementation procedures are guided and driven by our public good initiative, internal risk strategy, and relevant local and international environmental and social safeguard laws, regulations and standards. Some of which are voluntary while others are statutory.

Laws of Federal Republic of Nigeria

As a good corporate citizen, InfraCredit will comply with the requirements and provisions of applicable Nigerian laws, regulations and standards on environmental and social issues. Key Nigerian laws include:

Constitution of the Federal Republic of Nigeria (1999): This provides general legal obligations for citizens and residents of Nigeria.

Environmental Impact Assessment Act (No.86) 1992 and other National Environmental Regulations: The Environmental Impact Assessment Act (EIA Act No. 86, 1992) sets out the procedures and methods to enable the prior consideration of an EIA on certain public or private projects and gives specific powers to FMEnv to facilitate environmental assessments of proposed projects.

The provisions restrict public or private development projects without prior consideration of the environmental impact. Specifically, the public and private sectors of the economy, except where they are exempted pursuant to the Act, are not permitted to undertake or embark on, or authorize projects or activities without prior consideration at an early stage of their environmental effects.

Where the extent, nature or location of a proposed project or activity is such that it is likely to significantly affect the environment, an EIA must be undertaken in accordance with the provisions of the Act. The proponents of such projects or activities are required before embarking on the proposed project to apply in writing to FMEnv so that an EIA will be undertaken while the project is still being planned.

The Act provides for a fair examination of the EIA of a proposed activity. Specifically, for any EIA submitted by a proponent of an activity, it is required that FMEnv give an opportunity to governmental agencies, members of the public, experts in any relevant discipline, and interested groups to make comments on the EIA of the proposed activity. A period of 30 days is generally required. It also grants the public access to information relating to the EIA and prescribes the minimum level of content for environmental impact assessment. FMEnv is required to give its decision in writing including reasons and provisions, if any, to prevent, reduce, or mitigate damage to the environment.

National Environmental Standards and Regulations Enforcement Agency (NESREA) Act (2007) and Regulations

The National Environment Standards and Regulation Enforcement Agency (NESREA) Act of 2007 is the group of laws and regulations focused on the protection and sustainable development of the environment and its natural resources. Notable sections of the NESREA Act include:

- Section 7 which provides authority to ensure compliance with environmental laws, local and international, on environmental sanitation and pollution prevention and control through monitoring and regulatory measures;
- Section 8(1)(K) which empowers the Agency to make and review regulations on air and water quality, effluent limitations, control of harmful substances and other forms of environmental pollution and sanitation; and
- Section 27 which prohibits, without lawful authority, the discharge of hazardous substances into the environment.

Nigerian Labour Act (1990): Labour Act, cap L1, LFN, 2004 – defines the rights and obligations of labour, and regulating most aspects of the relationship between the employer and labour. It mediates the relationship between workers (employees), employers, trade unions and the government.

We will also require that our clients identify and comply with other laws, regulations and standards that apply to their business activities.

International Environmental and Social Safeguard Requirements

Nigeria is signatory to a number of international laws, treaties and conventions, which impose obligations on the country. Examples include conventions on transborder wastes, climate change, coastal area protection and labour. While these international legal instruments do not impose any direct requirements on companies operating in adopting countries, the adopting nations are required to domesticate the laws, which may include key regulations, standards and or practices that affect businesses. It is important therefore that business owners/managers are aware of any such international regulations that apply to their activities.

The IFC Performance Standards

The International Finance Corporation (IFC) is a member of the World Bank Group. It is the largest global development institution focused on the private sector. As part of its sustainability framework the IFC issued Performance Standards (PS, 2012) on Environmental and Social Sustainability. These PS outline client roles and responsibilities for managing their environmental and social risks in projects that require the IFC support. The PS includes an environmental and social categorization process, which has also been adopted by the Equator Principles. There are eight PS:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

At the initial screening stage of projects, the HSESG Manager will be required to identify and indicate the IFC PSES and World Bank EHS General and Industry Sector Guidelines that apply to project. The applicable IFC PS and World Bank EHS General and Industry Sector Guidelines will be further reviewed and as may be necessary, revised by specialists conducting the ESDD.

Evaluation of compliance with the requirements of the applicable PS and World Bank EHS General and Industry Sector Guidelines will be an important part of the E&S review process for all guarantee applications. ESDD carried out by E & S Specialists will also include an evaluation of the prospective projects/transactions against the IFC PS.

Performance Standard 1: Social and Environmental Assessment and Management System

Performance Standard 1 applies to all projects and business activities that have environmental and social risks and impacts. Virtually all types of businesses have some form of environmental and social risk and impacts. Depending on the nature of the project or business activity, and circumstances, other Performance Standards may apply as well. The Performance Standards should be read together and cross-referenced as needed.

PS 1 highlights the importance of managing social and environmental performance throughout the life of a project (any business activity that is subject to assessment and management). An effective social and environmental management system is a dynamic, continuous process initiated by management and involving communication between the client, its workers, and the local communities directly affected by the project (the affected communities)

The PS also make references to the World Bank's Environmental, Health and Safety (EHS) Guidelines (2007), which provide performance levels, standards, limits and measures that are normally acceptable to IFC for different industries sectors, and that are generally considered to be achievable

in new facilities at reasonable costs by existing technology. Where there is a conflict between the requirements of the EHS and host country standards or limits, the IFC expects the more stringent to apply.

The assessment of environmental and social aspects carried under PS 1 determines the applicability of PS 3 to 8.

Performance Standard 2: Labour and Working Conditions

Performance Standard 2 also applies to all projects because all businesses employ labour. The PS essentially seeks to balance the pursuit of economic growth through employment creation and income generation with protection of basic rights of workers. It recognizes that the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the sustainability of the enterprise.

The requirements set out in this Performance Standard have been in part guided by a number of international conventions negotiated through the International Labour Organization (ILO) and the United Nations (UN).

Reference should be made to http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards for further guidance on the IFC Performance Standards.

Voluntary Principles on Security and Human Rights

The Voluntary Principles apply to all projects due to risks presented by possible abduction, armed robbery and violent public gatherings in Nigeria. The Voluntary Principles guide companies in their engagement with public and private security providers to ensure human rights are respected in the protection of company facilities and premises.

Reference should be made to <https://www.voluntaryprinciples.org/> for further guidance on the Voluntary Principles.

World Bank EHS General and Industry Sector Guidelines

The World Bank EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP) and are referred to in the World Bank's Environmental and Social Framework and in IFC's Performance Standards.

The EHS Guidelines contain the performance levels and measures that are normally acceptable to the World Bank Group, and that are generally considered to be achievable in new facilities at reasonable costs by existing technology. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects will be required to achieve whichever is more stringent.

The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. The General EHS Guidelines must be used together with the relevant Industry Sector Guideline(s).

Reference should be made to for detailed guidance on the World Bank EHS Guidelines: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

The World Bank Industry Sector guidelines applicable to InfraCredit's current portfolio projects, and pipeline of future portfolio projects are described below.

Electric Power Transmission and Distribution

The EHS Guidelines for Electric Power Transmission and Distribution include information relevant to power transmission between a generation facility and a substation located within an electricity grid, in addition to power distribution from a substation to consumers located in residential, commercial, and industrial areas.

Gas Distribution Systems

The EHS Guidelines for Gas Distribution Systems include information relevant to the distribution of low pressure natural gas from the city gate to residential, commercial, and industrial users.

Liquefied Natural Gas Facilities

The EHS Guidelines for Liquefied Natural Gas (LNG) Facilities include information relevant to LNG base load liquefaction plants, transport by sea, and regasification and peak shaving terminals. For coastal LNG facilities including harbors, jetties and in general coastal facilities (e.g. coastal terminals marine supply bases, loading/offloading terminals), additional guidance is provided in the EHS Guidelines for Ports, Harbors, and Terminals. For EHS issues related to vessels, guidance is provided in the EHS Guidelines for Shipping. Issues related to LPG/Condensate production and storage in Liquefaction plant are not covered In this Guideline.

Natural Gas Processing

The EHS Guidelines for Natural Gas Processing cover production in gas to liquids (GTL) facilities including production of methanol, as well as common intermediate production of synthetic gas known as "Syn-gas", a mixture of carbon monoxide and hydrogen. Information on EHS issues related to storage tank farms is provided in the EHS Guidelines for Crude Oil and Petroleum Product Terminals.

Toll Roads

The EHS Guidelines for Toll Roads include information relevant to construction, operation and maintenance of large, sealed road projects including associated bridges and overpasses.¹ Issues associated with the construction and operation of maintenance facilities are addressed in the General EHS Guidelines. Issues associated with sourcing of construction materials are presented in the EHS Guidelines for Construction Materials Extraction, while those related to vehicle service areas are included in the EHS Guidelines for Retail Petroleum. Elements of this Guideline document apply to smaller scale and / or unsealed road projects.

Telecommunications

The EHS Guidelines for Telecommunications are applicable to telecommunications infrastructure such as fixed line and wireless voice and data transmission infrastructure, including long distance terrestrial and submarine cables (e.g. fiber optic cables), as well as radio and television broadcasting, and associated telecommunications and broadcasting installations and equipment. Associated installations and equipment include cellular, micro wave, and other radiobased systems; satellite receivers; wire line and wireless receiving, transmitting, and switching stations, and related equipment such as masts and towers, cables and connectors, equipment housing such as shelters and cabinets, backup batteries, and auxiliary power units (generators).

Thermal Power Plants

This document includes information relevant to combustion processes fueled by gaseous, liquid and solid fossil fuels and biomass and designed to deliver electrical or mechanical power, steam, heat, or any combination of these, regardless of the fuel type (except for solid waste which is covered under a separate Guideline for Waste Management Facilities), with a total rated heat input capacity above 50 Megawatt thermal input (MWth) on Higher Heating Value (HHV) basis.¹⁴ It applies to boilers, reciprocating engines, and combustion turbines in new and existing facilities. Annex A contains a detailed description of industry activities for this sector, and Annex B contains guidance for Environmental Assessment (EA) of thermal power projects. Emissions guidelines applicable to facilities with a total heat input capacity of less than 50 MWth are presented in Section 1.1 of the General EHS Guidelines. Depending on the characteristics of the project and its associated activities (i.e., fuel sourcing and evacuation of generated electricity), readers should also consult the EHS Guidelines for Mining and the EHS Guidelines for Electric Power Transmission and Distribution.

Waste Management Facilities

The EHS Guidelines for Waste Management cover facilities or projects dedicated to the management of municipal solid waste and industrial waste, including waste collection and transport; waste receipt, unloading, processing, and storage; landfill disposal; physico-chemical and biological treatment; and incineration projects.³ Industry-specific waste management activities applicable, for example, to medical waste, municipal sewage, cement kilns, and others are covered in the relevant industry-sector EHS Guidelines, as is the minimization and reuse of waste at the source. This document covers the most common commercial methods of waste management. It does not cover other activities such as the management of radioactive wastes, co-incineration at combustion plants, or deep well injection.

Water and Sanitation

The EHS Guidelines for Water and Sanitation include information relevant to the operation and maintenance of (i) potable water treatment and distribution systems, and (ii) collection of sewage in centralized systems (such as piped sewer collection networks) or decentralized systems (such as septic tanks subsequently serviced by pump trucks) and treatment of collected sewage at centralized facilities. Pit latrines and other decentralized systems that do not require servicing and subsequent treatment of contents at centralized treatment facilities are not included in the scope of this document.

TRANSACTION REVIEW

Exclusion List

Our transaction review process starts with the screening against InfraCredit's Exclusion List (Annex I). InfraCredit will not guarantee any transaction engaged in any activity on our Exclusion List. All transactions that are not on InfraCredit's Exclusion List will be further screened in accordance with additional review processes as outlined in Sections 3.2 to 3.4.

In the event of any unclear interpretations of the Exclusion List (e.g. where project sponsors may not be "substantially involved" in an excluded activity) or should we become aware of any changed circumstances regarding existing guarantees (e.g., client acquisition of an excluded business), senior management will consult with the Board to agree and document the appropriate course of action.

Initial Environmental and Social Screening

InfraCredit's HSESG Manager will carry out an Initial Environmental and Social Screening of all projects that are not on our Exclusion List. This initial screening will include Project Categorization and identification of applicable IFC Performance Standards. To support accurate initial E&S screening, the prospective client will be required to provide minimum information indicated in Annex II. Based on this information, a completed Initial Environmental and Social Screening Form (Annex III) will be submitted for each new project along with other project details to the New Business Committee (NBC) for review and approval in line with InfraCredit's project review procedures. The screening form will be accompanied by the post-screening Checklist of HSESS requirements (or check points) that shall be appended to the ESDD Scope of Work for the specific transaction under review.

Project/Transaction Categorization

InfraCredit will categorize all potential transactions in terms of environmental and social risk using international best practices. Transaction categorisation will be handled by the HSESG Manager and/or adequately trained staff under the supervision of the HSESG Manager. Where the transaction is Category 'A' or 'B', the preliminary categorisation must also indicate to the New Business Committee the scope of the ESDD to be conducted for the proposed transaction. All potential transactions shall be screened and categorized using the system and process outlined in the following sections.

Category "A" (High Impact) Transactions

These are projects/transactions considered to have potential, significant, adverse, social or environmental impacts that are diverse, irreversible or unprecedented. Effects of Category A projects are typically felt beyond the immediate area around the project site or facilities and often portend several and varied environmental and social risks, including significant supply chain risks, a number of occupational health hazards and require focused and sustained mitigation measures, some of which may not always effectively mitigate the risk.

Table 1 provides further guidance on risk criteria for project categorization. The criteria are split into two categories, Primary and Secondary. Categorization is performed only with the primary criteria, while applicable secondary risk criteria are noted.

Category A Projects will typically have some or all of the associated Primary Risks summarized under the High-Risk column. A project is Category A if it portends 3 or more of the Primary Risks under the High-Risk column in Table 1.

Category “B” (Medium Impact) Transactions

These are projects/transactions that have potential limited adverse social and/or environmental impacts that are few in number, site-specific, largely reversible and readily addressed through mitigation measures. Environmental and/or Social impacts of Category B projects are generally less adverse than Category “A” type projects or transactions. Category B projects or transactions generally affect a smaller area, have few environmental and social risks and occupational health issues and the associated supply chain risks are generally easier to manage. Risks associated with project-environment interactions are more site specific and, in most cases, mitigatory measures can be easily designed and implemented.

Category B Projects will typically have some or all of the associated risks summarized under the Moderate Risk column in Table 1. Such projects could also have one or two of the risks under the High-Risk column. A project is Category B if it portends only one or two of either the Primary Risks under the High-Risk column or, 3 or more of the Primary Risks and 3 or more of the Secondary Risks under the Moderate Risk column in Table 1.

Category “C” (Low Impact) Transactions

Transactions categorised as C typically have minimal or no adverse social or environmental impacts. Risks typically associated with Category C projects are summarized under the Low-Risk column in Table 1. A Project is Category C if it portends only one or two of the Primary Risks under the Moderate Risk column and 3 or more of those under the Low Risk criteria in Table 1.

In-house E&S reviews by an adequately trained HSESG Manager will be typically sufficient for projects of this category.

Table 1: Project/Transaction Risk Categorization Criteria

	High Risk	Moderate Risk	Low Risk
Primary Risk Criteria			
1	Effects extend beyond the immediate environment or could affect a large amount of environmental resources	Effects are generally within a few kilometers (1-3km) and generally affects few environmental resources	Effects are localized to the project area and affects very minimal resources (if at all).
2	Could lead to long term and irreversible impacts on the environment	Could lead to long term but generally reversible impacts	Would not lead to long term or irreversible impacts
3	There are several potential occupational health risks	Potential occupational health risks are generally few	Potential occupational health risks are minimal
4	Generates significant amount of hazardous and or toxic wastes	Generates minimal amounts of hazardous or toxic wastes	Will not generate hazardous or toxic wastes
5	Will partly or significantly interact with sensitive, protected areas, sanctuaries and/or resources	Will rarely or minimally interact with sensitive, protected areas, sanctuaries and/or resources	Will not interact with sensitive, protected areas, sanctuaries and/or resources.

6	Environmental and social risks are many and varied	Environmental and social risks are generally few and well known	Environmental and social risks are minimal
7	The use of armed security is expected	The use of armed security is possible	Never or rarely uses armed security
Secondary Risk Criteria			
8	Supply chain businesses portends significant risks	Supply chain businesses do not have significant E&S risks	Supply chain businesses portend very minimal E&S risks
9	There is history of social unrest in the area	There is the potential for social unrest in the area though no history	The potential for social unrest is minimal
10	Stakeholders have not been identified and engagement is non-existent or weak	Stakeholders have been identified and some engagement is ongoing but needs improvement	Stakeholders have been identified and engagement is good and regular
11	Some E&S risks may not be easily or readily mitigated	Most E&S risks can be readily mitigated through direct interventions, plans or compensatory mechanisms	All E&S risk can be easily and readily mitigated with basic actions, plans, processes.
12	Promoters have a poor history of E&S performance and compliance	Promoters have a fair history of E&S performance and compliance	Promoters have a good history of E&S performance and compliance
13	There are factors that could portend environmental and social risk outside the control of promoters	Externalities to environmental and social risks could be controlled with proper engagement	There are no factors that could portend environmental and social risks outside the control of promoters

Annex V provides further information on typical projects that fall under Categories A, B and C.

Environmental and Social Due Diligence

Formal Environmental and Social Due Diligence (ESDD) will be carried out on all Categories A” and “B” transactions after approval by the NBC and issuance of the Mandate Letter, while Category “C” transactions will be subject to a limited review by InfraCredit’s HSESG Manager. In all cases, prospective clients shall be required to provide all requested information for review in order to facilitate our screening process and ESDD.

Where InfraCredit assumes the lead role for environmental and social governance, we will undertake or commission a preliminary appraisal (initial Environmental and Social Screening) of the environmental and social risks of the project proposed for credit enhancement. This appraisal will have regard to the location and nature of the project, its E&S issues including labour issues and community interactions, compliance status / arrangements and where relevant, previous developer performance (i.e. a check for potential “red flag” issues).

In the event that another qualified Financing Party in a proposed transaction assumes the lead role in establishing and monitoring environmental and social governance, InfraCredit will actively seek information from such Financing Party and collaborate as appropriate to ensure the adequacy of risk identification and mitigation strategy.

The ESDD will be undertaken by external consultants unless either (i) InfraCredit has sufficient internal capacity and experience to conduct the necessary due diligence or (ii) the due diligence will

be undertaken by a qualified guarantor/investor/lender (“Financing Party”) recognised by InfraCredit to have the appropriate internal expertise (e.g. including IFC, World Bank, African Development Bank, Asian Development Bank, EIB, FMO, DEG and Proparco).

The purpose of the ESDD is to review and verify the submissions made by the sponsor, assess the transaction’s compliance with applicable environmental and social laws and regulations and highlight key environmental and social risks.

The scope and content of each ESDD will be determined by, and commensurate to the Environmental and Social Risks associated with the specific transaction. InfraCredit will prepare or procure the Terms of Reference for the ESDD, based upon a review of all applicable documentation and an evaluation of the project against our E&S Policy.

In general, site visits are required when conducting ESDD for Categories A and B Projects/transactions. The visits will involve interviews with key client personnel and other stakeholders, and general observations within and around the client’s areas of operation. Visits to more than one site may be required for clients, who have different operational areas.

Scope and Content of Environmental and Social Due Diligence Reports

All ESDD to be carried out by external consultants will be based on a pre-determined scope and report format. It is critical that external E&S Specialist follow the scope and report formats closely. The Checklist of HSESS requirements (or check points) developed after the initial E&S screening of the transaction shall be provided as an attachment to ESDD Scope of Work for the specific transaction under review. The HSESS Checklist is developed from those requirements of relevant regulations, standards and/or guidelines (e.g., IFC PS standards, World Bank EHS Guidelines, ILO conventions etc.,) that apply to the transaction.

InfraCredit will require that environmental consultants evaluate the Environmental and Social Performance of prospective clients against our guiding regulatory frameworks including applicable statutory laws, standards and guidelines. Broad areas of evaluation are:

Environmental Performance

- Compliance with relevant requirements of applicable IFC Performance Standards
- Environmental and social risks associated with the project/transaction
- Project owners/sponsors capabilities to identify and manage its own E&S risks and impacts
- Availability and or adequacy of appropriate procedures and management systems, e.g., Health Safety and Environment Management System (HSEMS) to handle E&S impacts
- Budget, competence and organizational capacity to implement E&S management
- Compliance with applicable E&S permit, standards and other regulatory requirements
- Serious incident reporting
- Sanctions for non-compliance with permit requirements
- Environmental conditions around client’s area of operations

Social Performance

- Applicable IFC Performance Standards
- ILO 8 fundamental conventions, and ILO Conventions C026 and C155.
- Compliance with applicable labour laws including pension
- Labour relations including labour manual and grievance mechanism
- Medical insurance for workforce
- Occupational health and safety
- Applicable World Bank EHS General and Industry Sector Specific Guidelines
- Voluntary Principles on Security and Human Rights
- Stakeholder relations

ESDD on all Categories "A" and "B" transactions requires a review of the HSESS Legal Register of the proposed project company (see Annex IX for guidance on developing and updating a HSESS Legal Register).

The ESDD scope may require input from technical specialists from the technical due diligence process, particularly on potential Occupational Health and Safety risks related to the condition of infrastructure, equipment and technical systems and processes. This requirement should be expressly included in the ESDD Scope of Work by the HSESG Manager. The HSESG Manager shall also ensure the inclusion of occupational health and safety risk assessments in the Terms of Reference of technical due diligence carried out for the prospective project.

Where the activities of a portfolio company under review portends risks of contamination to air, surface water, soil and ground, the scope of the ESDD shall include a phased assessment of environmental contamination and liability as follows:

- **Phase I - Liability Assessment** – Involves review of historical information on company activities. HSE incident registers, site visits and interview with relevant employees and other stakeholders.
- **Phase II – Confirmation Sampling** – If Phase I results indicate the likelihood of contamination, the scope of the ESDD may be extended to include confirmation sampling of soil, surface water and/or ground water as may be appropriate.
- **Phase III – Detailed Site Characterization** - Phase III is progressed only after Phase II results confirm contamination at the site. Phase III activities will involve full qualification and quantification of the nature and geographical extent of contamination based on sampling results for various media investigated. It also involves risk assessment and development of a comprehensive plan for remediation including technology to be deployed, remediation end points and associated costs for Phase III.

The outcome of the ESDD will be presented in a pre-determined format. It will include a SMART (Specific, Measurable, Achievable, Realistic and Time-bound) action plan. The action plan should identify the E & S issue, the applicable IFC PS, the corrective action and estimated time to completion of the action item.

The general content of the external consultant's E&S Due Diligence Report is as follows:

- **Project Description - This should include:**
 - An overview of the company's general activities and specific project activities
 - Recent changes in company operations including expansions, reduction in operations, changes in technology or processes, land or other major asset acquisitions
 - A summary of the sources and types of wastes and emissions
 - Where applicable, type of technology being used
 - Where applicable, project implementation stage and activities carried out up to the date of application for InfraCredit's Guarantee

- **Scope of Review**
- **Applicable National/State Environmental and Social Laws and Regulations**
- **Applicable IFC Performance Standards and Environment, Safety and Health Guidelines**
- **Environmental and Social Categorization and Rationale.**
- **Completeness and Adequacy of Documents Submitted**
- **Compliance with Applicable National/State Environmental and Social Laws and Regulations (including permit requirements)**
- **Compliance with applicable IFC Performance Standards**
 - PS1: Assessment and Management of Environmental and Social Risks and Impacts
 - PS2: Labor and Working conditions (including ILO 8 fundamental conventions, and ILO Conventions C026 and C155)
 - PS3: Pollution Prevention and Abatement
 - PS4: Community Health Safety and Security (including Voluntary Principles on Security and Human Rights)
 - PS5: Land Acquisition and Involuntary Resettlement
 - PS6: Biodiversity Conservation and Sustainable Natural Resources Management
 - PS7: Indigenous Peoples
 - PS8: Cultural Heritage

- **Compliance with applicable World Bank Industry Sector Standard (full selection of standards available on World Bank website):**
 - Electric Power Transmission and Distribution
 - Gas Distribution Systems
 - Liquefied Natural Gas (LNG) Facilities
 - Natural Gas Processing
 - Telecommunications
 - Thermal Power
 - Toll Roads
 - Waste Management Facilities
 - Water and Sanitation
 - World Bank Good Practice Note Environmental, Health, and Safety Approaches for Hydropower Projects.

- **Other important findings or relevant information (this may be information such as gap analyses of performance against IFC Standards, isolated performance against individual assessment areas and so on)**
- **Environmental and Social Action Plan(s)**
- **Recommended Environmental and Social Covenants to be included in Legal Agreements**
- **Annexes – Supporting Documents.**

If site visits are carried out, the ESDD Report will also include findings from the visit. In this regard, additional information to be included in the ESDD Report are:

- Dates of visits
- Maps of visited locations and significant outposts
- Key Environmental and Social observations
- Individuals/Persons met/Interviewed
- Photo Logs

Environmental Impact Assessment Studies

Although not part of the ESDD Scope of Work, it is expected that proponents/sponsors of Category A projects would have conducted full scale pre-activity environmental assessment (usually referred to as an Environmental Impact Assessment (EIA) or Environmental and Social Impact Assessment (ESIA) study in line with Terms of Reference approved by regulatory authorities. Such environmental assessment studies would review the potential positive and negative impact of the project comparing this with feasible alternatives (including the “without project” scenario), and recommend measures needed to prevent, minimize, mitigate or compensate for the adverse environmental and social risks and improve overall performance. InfraCredit will also require that the EIA is approved by the appropriate regulatory authority in Nigeria and meet the E&S standards of Development Finance Institutions (DFI), who may be involved in the transaction. Compliance ESIA studies that meet requirements of the IFC Performance Standards is often adequate. The ESDD will establish the suitability or otherwise of ESIA Reports for Category A projects or transactions under consideration.

Category B Projects/transactions also require ESIA. However, the scope and approval process of the EIA or ESIA will usually be less involving than for Category A Projects/transactions. The scope and coverage of ESIA studies will also vary from project to project. Approval requirements and DFI standards will largely be the same as for Category A projects/transactions.

Environmental and Social Evaluation Form

Upon completion of the ESDD, InfraCredit’s HSESG Manager will update the categorisation of the proposed transaction (if it has changed from the initial screening) and also complete an E&S Evaluation Form for the Chief Risk Officer and Credit Committee. The E&S Screening Form will highlight key E&S risks identified by the ESDD and recommended conditions for InfraCredit’s Guarantee. In the case of Category “C” transactions, which are typically not subject to ESDD, the key E&S issues will be

highlighted by the HSESG Manager. The E&S Evaluation Form will be supported by the ESDD Report. E&S conditions will be clearly stated and articulated for all transactions that are subject to the Credit Committee's recommendation. The E&S Evaluation Form is provided as Annex IV.

GUARANTEE CONDITIONS

E&S covenants shall be included in conditions accompanying all transactions approved for InfraCredit's guarantee. InfraCredit will include clauses in its legal guarantee documentation to ensure that all guaranteed clients continue to maintain acceptable Environmental and Social Management Systems (ESMS) and/or take appropriate steps towards attaining an acceptable ESMS that is commensurate their operations. Legal documents may include covenants to:

- Conduct their business in accordance with applicable laws and standards relating to Environmental and Social Management and Labour Practices;
- Conduct their business in accordance with InfraCredit's E&S Policy and requirements;
- Promote the protection of the environment in which the company operates;
- Treat all employees fairly and without any form of discrimination;
- Ensure that potentially harmful occupational health and safety environmental and social effects are properly assessed, addressed and monitored;
- Monitor and report E&S performance to InfraCredit periodically. Details of reporting frequency shall be contained in the investment agreement.

The E&S covenants to be included in the guarantee agreement will state conditions precedent to issuance of the guarantee and those subsequent. The covenants will be reviewed and approved by the HSESG Manager and Legal Team. Typical texts for Pre- guarantee agreements are provided in Appendix C of the E&S Policy. Additional specific E&S requirements may be specified together with the standard text. Such covenants will however be carefully determined and specified to ensure they are:

- In line with best practice;
- Practical and achievable;
- Generally affordable; and
- Will lead to the desired E&S performance-improvement.

MONITORING OF ENVIRONMENTAL AND SOCIAL PERFORMANCE

InfraCredit will continuously monitor the environmental and social performance of transactions it guarantees. As may be necessary, we will deploy a combination of resources to conduct the E&S Monitoring of guaranteed transactions. Resources include our in-house HSESG Manager, E&S Specialists and other transaction personnel. The monitoring will cover key stages of the transactions, such as construction, operation and decommissioning etc. The monitoring scope will be determined by the level of risk associated with the transaction, findings of the ESDD, covenants agreed in the legal guarantee documentation and E&S performance of the client. Monitoring may include site visits and review of key E&S documentation of the client. Monitoring will include review of non-conformances in the guaranteed companies' HSESS Legal Register. Monitoring may also include sampling and laboratory analysis of potentially contaminated soil, surface and groundwater, and air quality if such analysis is required to confirm completion of ESAP.

At least annually, beneficiaries of InfraCredit guarantees will be required to report on their E&S performance through completion of the annual summary form (Annex VI) and/or a more detailed E&S reporting format, which includes an updated HSESS Legal Register. Such reports will report on the progress made on the company's implementation of the ESAP. In addition, guarantee beneficiaries are required to ensure timely notification to InfraCredit of any significant E&S incident(s).

Transaction sponsors may also be required to report their progress in complying with the E&S covenants and conditions attached to the guarantee issuance to InfraCredit's Transaction Officers or responsible personnel. Such report may be separate or included in an encompassing report.

As is considered necessary, InfraCredit will discuss the E&S reports and related documentation with particular reference to any outstanding or potential E&S issues and appropriate additional actions with key stakeholders, the guarantee beneficiary and/or the sponsors. Where InfraCredit deems it appropriate, we will impose further project monitoring and reporting requirements and thereafter review project progress and performance.

Further to any recommendations made by the monitoring and review process, InfraCredit or our consultants will make supervisory visits during construction and at project completion to ensure that all E&S requirements are being or have been implemented. Further supervisory visits may be made during operation involving, as appropriate, external auditors. Supervision reports will be prepared after each such visit.

The scope of all specialist (consultant) monitoring of guaranteed companies will be pre-determined prior to commencing the monitoring assignment. Generally, E&S monitoring will cover assessment of the guaranteed companies E&S performance and may include specific areas of E&S concerns. The minimum content of E&S monitoring reports is as follows:

- Overview of activities and operations with a focus on changes in operations since the ESDD
- An updated HSESS Legal Register which includes status of permits and compliance with applicable regulations. New applicable permits as a result of changes in operations should be also be highlighted in the HSESS Legal Register, and reviewed.
- Compliance with ESAP from the E&S Due Diligence or previous monitoring.
- New E&S Aspects and Risks if applicable.
- Updated ESAP to address any issues arising from the monitoring.

Where specialist environmental and social monitoring has been procured, our HSESG Manager will complete and submit an E&S Monitoring Form (Annex V) to our Senior Management. The E&S Monitoring Form will highlight key E&S risks identified from the E&S Monitoring and recommended actions to address areas of concern. The E&S Monitoring Form will be supported by the E&S Monitoring Report.

Development Impact Monitoring

In line with our Theory of Change (ToC), InfraCredit will also monitor impacts of its activities through development impact (DI) indicators tied to three pillars of the ToC, namely, Market, Project and End user. Monitoring of Project and End User Data may be required at various stages of our transaction process.

Our ESDD and E&S monitoring seek to examine the E&S performance and assure all stakeholders of the environmental and social acceptability of projects we support, thereby assessing through a different lens, how our activities are supporting the triple bottom line, profits, people and planet. The link between E&S performance and development impacts of infrastructure projects are therefore undeniable. Moreover, during data collection, synergies to support their different but mutually reinforcing objectives are readily attainable.

When required and where practical, scopes of work for DD and E&S monitoring will also cover key pieces of data to support our DI monitoring process. Examples of such data are those relating to:

- Climate change
- Resource efficiency (energy and water)
- Employment (number, gender and youths)
- Quality of life
- Additional infrastructure users

Specific data to be collected and methods for such extended ESDD or E&S Monitoring will be determined by InfraCredit's DI Team and our transaction leads in consultation with the HSESG Manager.

ANNEXES

ANNEX I: INFRACREDIT'S EXCLUSION LIST

The Exclusion List is the first step in InfraCredit's E&S Transaction review process. It lists business activities that InfraCredit will NOT guarantee. The excluded business activities are:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, 1975).
- Production or trade in weapons and munitions⁴.
- Production or trade in alcoholic beverages (excluding beer and wine) ¹
- Production or trade in tobacco⁴.
- Gambling, casinos and equivalent enterprises⁴.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where InfraCredit considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labour⁵/harmful child labour⁶.
- 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.
- Businesses/activities involved in pornography.
- Businesses/activities involved in child/women trafficking and prostitution.
- Unauthorised logging or mining activities.

The application of the Exclusion List will take effect upon adoption of this policy. For affected customers on the Exclusion List, the tenor of any existing loan facilities will be honoured but new applications will be subjected to the requirements of this E&S Policy.

4 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.

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

6 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.

ANNEX II: INITIAL PROJECT INFORMATION DATA SHEET

INFACREDIT INITIAL PROJECT INFORMATION DATA SHEET			
1	Name of Firm		
2	Principal Place of Business/ Address		
3	Summary Description of Business Activities		
4	Overview of Project Seeking InfraCredit	(Provide as much details as possible including key activities to be carried out, location maps and project schedule. Response may include attachments).	
5	Sector (e.g., energy, telecommunications, transport, housing, agriculture etc.)		
6	Is it a greenfield or brown field Project?	(Provide narrative to support response)	
7	Is project in a rural, semi-urban or urban setting?	(Provide narrative to support response)	
8	Does project require EIA? If EIA is completed and approved, provide approvals	(If yes, has the EIA been completed and/or what is status?)	(If No, what are plans for EIA?)
9	Value of Guarantee Requested	US\$	Nigerian Naira
10	Name of Company Official Completing the Form	Name:	Designation:
			Date:

ANNEX III: INITIAL ENVIRONMENTAL AND SOCIAL SCREENING FORM

INFACREDIT INITIAL ENVIRONMENTAL AND SOCIAL SCREENING FORM		
1	Name of Firm	
2	Principal Place of Business/Address	
3	Summary Description of Business Activities	
4	Value of Guarantee Requested	US\$ Nigerian Naira
5	Summary Form Completed by:	Name: Designation:
		Date:
6	Environmental and Social Risk Category of Transaction (A, B or C) and Justification	
7 Applicable Performance Standards		
		Yes or No Comments on Applicability
	Performance Standard 1	
	Performance Standard 2	
	Performance Standard 3	
	Performance Standard 4	
	Performance Standard 5	
	Performance Standard 6	
	Performance Standard 7	
	Performance Standard 8	
8 Applicable World Bank Industry Sector Guidelines		
		Yes or No Comments on Applicability
	Electric Power Transmission and Distribution (2007)	
	Gas Distribution Systems (2007)	
	Liquefied Natural Gas (LNG) Facilities (2017)	
	Natural Gas Processing (2007)	
	Telecommunications (2007)	
	Thermal Power (2008)	
	Toll Roads (2007)	
	Waste Management Facilities (2007)	
	Water and Sanitation (2007)	
	World Bank Good Practice Note EHS Approaches for Hydropower Projects	
	Other (list applicable):	
	Applicable Life-Saving Rules (See InfraCredit OHS Plan)	

INFRA CREDIT INITIAL ENVIRONMENTAL AND SOCIAL SCREENING FORM

9 Comments on Environmental and Social Risk

Primary Risk Criteria	Summary Description and Categorization as High, Medium or Low
Spatial extent of project effects/ quantum of environmental resources affected.	
Duration/reversibility of project impacts on the environment	
Occupational health risks	
Amount of hazardous and or toxic wastes	
Interaction with sensitive, protected areas, sanctuaries and/ or resources	
Spectrum and numbers of environmental and social risks	
Use of armed security	

Secondary Risk Criteria	Summary Description and Categorization as High, Medium or Low
Supply chain	
History of social unrest	
Stakeholders engagement	
Ease of mitigating E&S risks	
History of E&S performance and compliance	
Control of E&S risks	

10 Other general remarks

11 Summary Scope of Work for Environmental and Social Due Diligence (ESDD)

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ANNEX IV: ENVIRONMENTAL AND SOCIAL EVALUATION FORM

INFACREDIT ENVIRONMENTAL AND SOCIAL EVALUATION FORM			
1	Name of Firm		
2	Principal Place of Business/Address		
3	Summary Description of Business Activities		
4	Value of Guarantee Requested	US\$	Nigerian Naira
5	Date of Approval by New Business Committee		
6	Evaluation Form Completed by:	Name:	Designation:
		Date:	
7	Environmental and Social Due Diligence	Performed by (name of specialist firm):	Date of Completion:
8	Initial Environmental and Social Risk Category of Transaction (A, B or C) and Justification		
9	Revised Environmental and Social Risk Category of Transaction (A, B or C) and Justification		
10	Applicable Performance Standards		
		Yes/No	Comments on Applicability
	Performance Standard 1		
	Performance Standard 2		
	Performance Standard 3		
	Performance Standard 4		
	Performance Standard 5		
	Performance Standard 6		
	Performance Standard 7		
	Performance Standard 8		
11	Applicable World Bank Industry Sector Guidelines		
		Yes or No	Comments on Applicability
	Electric Power Transmission and Distribution (2007)		
	Gas Distribution Systems (2007)		
	Liquefied Natural Gas (LNG) Facilities (2017)		
	Natural Gas Processing (2007)		
	Telecommunications (2007)		
	Thermal Power (2008)		
	Toll Roads (2007)		
	Waste Management Facilities (2007)		
	Water and Sanitation (2007)		
	World Bank Good Practice Note EHS Approaches for Hydropower Projects		

Other (list applicable):	

11 Key Environmental and Social Risks from Due Diligence

Performance Standard 1	
Performance Standard 2	
Performance Standard 3	
Performance Standard 4	
Performance Standard 5	
Performance Standard 6	
Performance Standard 7	
Performance Standard 8	
World Bank General EHS Guidelines	
Electric Power Transmission and Distribution (2007)	
Gas Distribution Systems (2007)	
Liquified Natural Gas (LNG) Facilities (2017)	
Natural Gas Processing (2007)	
Telecommunications (2007)	
Thermal Power (2008)	
Toll Roads (2007)	
Waste Management Facilities (2007)	
Water and Sanitation (2007)	
World Bank Good Practice Note EHS Approaches for Hydropower Projects	
Other World Bank Industry Sector Guideline (specify):	
ILO 8 Fundamental Conventions	
ILO C026	
ILO C155	
Voluntary Principles	
HSESS Legal Register	

12 Other general remarks

ANNEX V: GENERAL INFRASTRUCTURE PROJECTS RISK CATEGORISATION GUIDE

Typical High-Risk (Category A Projects)

- Large dams and reservoirs
- Mining and quarrying
- Forestry and logging (large scale)
- Agro-industries (large scale)
- Industrial plants (large scale)
- Major new industrial estates
- Major oil and gas installations, including major pipelines
- Large ferrous and non-ferrous metal operations
- Large-scale pulp / paper mills
- Large port / harbour developments
- Large thermal power projects
- Large hydropower developments
- Large scale (larger than 50hectares) real estate projects e.g., housing, mixed use, commercial.
- Large educational institutions (e.g., University complexes)
- Large hospital complexes (e.g., teaching hospital complexes)
- Domestic and hazardous waste disposal operations
- Large-scale tourism developments
- Large-scale transportation projects (airports, highways, motorways, railroads)
- Projects in or near to highly sensitive and high value ecosystems
- Projects with large resettlement components and all projects with potentially major impacts on human populations

Typical Medium-Risk (Category B Projects)

- City hotels, small scales tourism
- General manufacturing
- Small size thermal power plants (e.g., for captive power)
- Micro hydropower plants
- Smaller sized roads (e.g. intracity)
- Real estate developments less than 50hectares
- Projects not within sensitive areas.

Typical Low-Risk (Category C) Projects

- Establishment of business services industries (business advisors, accountancy auditors, etc.)
- Establishment of restaurants and other food premises
- Education and training
- Broadcasting (TV, radio, satellite)
- Basic health services and family planning
- Retail outlets
- Artisans businesses

ANNEX VI: ANNUAL ENVIRONMENTAL AND SOCIAL PERFORMANCE REPORTING TEMPLATE FOR GUARANTEED COMPANIES

INFACREDIT ANNUAL E&S PERFORMANCE REPORTING FORM						
1	Name of Firm					
2	Summary Description of Business Activities					
3	Date of Initial Guarantee					
4	Value of Guarantee	US\$	Nigerian Naira			
5	Summary Form Completed by:	Name:	Designation:			
6		Date:				
7	E&S Category of Transaction (A, B or C)					
8	Applicable Performance Standards (provide list)					
9	Applicable World Bank EHS Industry Sector Guidelines (list)					
10	Key E&S Concerns	(provide summary list of priority Environmental and Social concerns from Environmental and Social Due Diligence or most recent monitoring)				
11	Serious Incidents	(Provide details of any serious incidents that occurred in the past 3 years or since the last ESDD or E&S monitoring)				
12	Summary of changes to business activities since the last Environmental and Social due diligence or Monitoring					
13	Status of ESAP Implementation					
		No of Action Items from Due Diligence	No of Partially Closed Items	No of Fully Closed Items	No of Open Items	General Comments
	Performance Standard 1					
	Performance Standard 2					

	Performance Standard 3					
	Performance Standard 4					
	Performance Standard 5					
	Performance Standard 6					
	Performance Standard 7					
	Performance Standard 8					
	World Bank General EHS Guidelines					
	Electric Power Transmission and Distribution (2007)					
	Gas Distribution Systems (2007)					
	Liquefied Natural Gas (LNG) Facilities (2017)					
	Natural Gas Processing (2007)					
	Telecommunications (2007)					
	Thermal Power (2008)					
	Toll Roads (2007)					
	Waste Management Facilities (2007)					
	Water and Sanitation (2007)					
	World Bank Good Practice Note EHS Approaches for Hydropower Projects					
	Other World Bank Industry Sector Guideline (specify):					
	ILO 8 Fundamental Conventions					
	ILO C026					
	ILO C155					
	Voluntary Principles					
	HSESS Legal Register					
14	Status of Compliance with E&S Covenants					
	Description of Covenant				Compliance Status and Comments	
	Covenant 1:					
	Covenant 2:					
	Covenant 3:					

ANNEX VII: ENVIRONMENTAL AND SOCIAL MONITORING FORM

INFACREDIT ENVIRONMENTAL AND SOCIAL MONITORING FORM			
1	Name of Firm		
2	Principal Place of Business/ Address		
3	Summary Description of Business Activities		
4	Changes in Business Activities (if any) since approval of Guarantee of last monitoring		
5	Value of Guarantee	US\$	Nigerian Naira
6	Date of Approval by New Business Committee		
7	Monitoring Form Completed by:	Name:	Designation:
		Date:	
8	Environmental and Social Monitoring	Performed by (name of specialist firm):	Date of Completion:
9	Environmental and Social Risk Category of Transaction (A, B or C) and Justification at transaction closure		
10	Revised Environmental and Social Risk Category of Transaction (A, B or C) and Justification		
11 Applicable Performance Standards			
		Yes or No	Comments on Applicability
	Performance Standard 1		
	Performance Standard 2		
	Performance Standard 3		
	Performance Standard 4		
	Performance Standard 5		
	Performance Standard 6		
	Performance Standard 7		
	Performance Standard 8		
	World Bank General EHS Guidelines		
	Electric Power Transmission and Distribution (2007)		
	Gas Distribution Systems (2007)		
	Liquefied Natural Gas (LNG) Facilities (2017)		
	Natural Gas Processing (2007)		
	Telecommunications (2007)		
	Thermal Power (2008)		
	Toll Roads (2007)		
	Waste Management Facilities (2007)		
	Water and Sanitation (2007)		

	World Bank Good Practice Note EHS Approaches for Hydropower Projects		
	Other World Bank Industry Sector Guideline (specify):		
12	Key Environmental and Social Arising Issues from Monitoring		
		Description	Recommended Action Plan
	Performance Standard 1		
	Performance Standard 2		
	Performance Standard 3		
	Performance Standard 4		
	Performance Standard 5		
	Performance Standard 6		
	Performance Standard 7		
	Performance Standard 8		
	World Bank General EHS Guidelines		
	Electric Power Transmission and Distribution (2007)		
	Gas Distribution Systems (2007)		
	Liquified Natural Gas (LNG) Facilities (2017)		
	Natural Gas Processing (2007)		
	Telecommunications (2007)		
	Thermal Power (2008)		
	Toll Roads (2007)		
	Waste Management Facilities (2007)		
	Water and Sanitation (2007)		
	World Bank Good Practice Note EHS Approaches for Hydropower Projects		
	Other World Bank Industry Sector Guideline (specify):		
	ILO 8 Fundamental Conventions		
	ILO C026		
	ILO C155		
	Voluntary Principles		
	HSESS Legal Register		
13	Other General Remarks		

ANNEX VIII: USEFUL REFERENCE MATERIALS

The Private Infrastructure Development Group – Health, Safety, Environmental and Social Management Systems (HSES-MS); HSES Policies
<https://www.pidg.org/wp-content/uploads/2020/03/HSES-001-001-PIDG-HSES-Policies-2020.pdf>

IFC Performance Standards: <http://www.ifc.org> – provides IFC’s Environmental and Social Performance Framework the Performance Standards and Guidance Notes for using the Performance Standards

FIRST (Financial Institutions: Resources, Solutions and Tools) for Sustainability - <https://firstforsustainability.org>. A one-stop shop for financial institutions for information learning on benefits of environmental and social risk management and how to identify and take advantage of environmental business opportunities. It provides guidance and tools to understand and manage the risks that environmental and social issues present for financial institutions.

World Bank Group Environmental Health and Safety Guidelines: http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines - These EHS Guidelines contain the performance levels and measures that are normally acceptable to the International Finance Corporation (IFC), and that are generally considered to be achievable in new facilities at reasonable costs by existing technology. For IFC-financed projects, application of the EHS Guidelines to existing facilities may involve the establishment of site-specific targets with an appropriate timetable for achieving them. The environmental assessment process may recommend alternative (higher or lower) levels or measures, which, if acceptable to IFC, become project- or site-specific requirements.

When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects will be required to achieve whichever is more stringent. If less stringent levels or measures than those provided in the EHS Guidelines are appropriate in view of specific project circumstances, a full and detailed justification must be provided for any proposed alternatives through the environmental and social risks and impacts identification and assessment process. This justification must demonstrate that the choice for any alternate performance levels is consistent with the objectives of Performance Standard 3.

Occupational Health Guidelines:

<http://documents.worldbank.org/curated/en/966921468765606279/Occupational-health-and-safety-guidelines>

The World Bank through the Office of Environmental Affairs developed a series of guidelines to help evaluate the effectiveness and efficiency of control measures for industrial operations.

The guidelines provide several recommended practices and permissible health and safety measures that can be achieved at reasonable cost for several sectors of industry.

ANNEX IX– GUIDANCE ON DEVELOPING AND UPDATING A HEALTH, SAFETY, ENVIRONMENT, SOCIAL AND SECURITY LEGAL REGISTER

Introduction

InfraCredit's Environmental and Social (E&S) review process requires that a Health, Safety, Environment, Social and Security (HSESS) Legal and Permits Register is developed and maintained for all portfolio companies. Development of the HSESS register is a key outcome of the InfraCredit's Environmental and Social Due Diligence (ESDD) and the register is updated at least once annually, during Environmental and Social Monitoring.

Application

The HSESS applies to all statutory requirements including licenses, fees, permits, approvals, periodic reporting and others pertaining to HSESS management of the portfolio company's operations. It also applies to compliance requirements and conditions associated with licenses, approvals and or permits issued by regulatory authorities.

Regulatory Authorities

The activities of portfolio companies are governed by laws, regulations, directives and permit requirements issued by various regulatory authorities. Depending on the economic sector and type of infrastructure, portfolio companies may be required to comply with legal requirements on HSESS issued by both Federal and State agencies. These include:

- Federal Ministry of Health
- Federal Ministry of Environment
- Department of Petroleum Resources
- Nigerian Electrical Regulatory Commission
- Nigerian Ports Authority
- Nigerian Civil Aviation Authority
- Nigeria Communications Commission
- National Pension Commission
- National Environmental Standards and Regulations Enforcement Agency (NESREA)
- Standards Organization of Nigeria
- Federal Road Safety Commission
- National Agency for Food and Drug Administration and Control
- Nigerian Social Insurance Trust Fund (NSITF)
- State Environmental Protection Agencies
- State Ministries of Environment
- State Safety Commissions
- State Waste Management Authorities

Content of HSESS Legal Register

The HSESS legal register for a given portfolio will include relevant details of the licenses, issuing authority, date, month and year issued, expiry date and general remarks as indicated in Table 1. Types of legal requirements to be documented and tracked include but are not limited to:

- Environmental Audit Approvals
 - Approval conditions and dates
- Environmental Evaluation Study (EES) Approvals
 - EES Approval conditions
- Environmental Impact Assessment (EIA) Approvals
 - EIA approval conditions
- Environmental and Social Management Plan (ESMP) Approvals
 - ESMP Approval conditions
- Occupational Health Assessment Approvals
- Employee Insurance
- Medical Insurance
- Effluent/Emission/Waste Permits
- Business Permit and Expatriate Quota
- Factory Permits

Table 1 also provides sample data entry into the HSESS register.

Responsibility and Maintenance

InfraCredit's HSESG Managers has overall responsibility for ensuring the HSESS register is developed from ESDD stage and updated regularly thereafter. Once developed, a copy of the register is shared with the portfolio company preferably as an excel based data base. The portfolio will be required to update the registry internally.

At least once a month, the HSESS register will be checked for soon to expire approvals, permits or licenses that may require renewals, or new ones to be obtained upon completion of certain project phases or activities.

The HSESG Manager will be required to notify portfolio companies in writing at least 1 month ahead of the expiry date or for new ones, desired application date of such legal requirements.

The HSESG Manager maintains his/her own Master HSESS register, which is updated from individual portfolio company-registers.

Table 1: HSES Legal Register for XXXX Company

InfraCredit Assigned Permit, Approval or License Code	Description	Issuing Authority	Date Issued	Renewal Date	Important Notes and Conditions
	EIA approval of power project	Federal Ministry of Environment		Not applicable	This is a one of approval that comes with conditions. Key approval conditions are:
	Effluent Permit				

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