



# 2022

## SUSTAINABILITY & IMPACT REPORT



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# Introduction

## About this Report

We are delighted to present the 2022 Sustainability Report of Infrastructure Credit Guarantee Company (InfraCredit). Our steadfast dedication to sustainable business practices and the impact we have on the environment and society during the year are outlined in this report. As an organization, we recognize the value of openness, and we see this report as a means to communicating our successes and challenges.

The report has been developed in reference to the Global Reporting Initiative (GRI) Standards and aligns with our commitment to global frameworks such as the Principles for Responsible Investment (PRI) and United Nations Global Compact Principles.

This report which covers InfraCredit's operations and portfolio companies reflects our sustainability performance from January 1, 2022, to December 31, 2022. Its purpose is to provide stakeholders with a detailed insight into the progress we are making in our sustainability journey. In addition to informing stakeholders, this report underscores our unwavering dedication to ethical corporate practices and sustainability across social, economic, environmental and governance pillars. It is a testament to our commitment to transparency, responsible business conduct, and the long-term well-being of our communities and the planet.

InfraCredit is an 'AAA' rated specialized infrastructure credit guarantee institution established by the Nigeria Sovereign Investment Authority (NSIA) and GuarantCo, to provide local currency guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure assets in Nigeria.

InfraCredit was awarded "Best Sustainability Bond 2022", for its Darway Coast P1's guaranteed green infrastructure issuance, "Best Project Bond 2022", for its Pan African Towers guaranteed infrastructure issuance and "Best Naira Bond 2022", for its Lagos Free Zone Series 2 guaranteed infrastructure issuance by EMEA Finance.

Over the past four rating periods, we have received consistent ratings of 'AAA' and 'Aaa' with a stable outlook from two leading Nigerian independent credit rating agencies, Global Credit Rating Co. (GCR) and Augusto & Co. This achievement is unprecedented for a local currency guarantor in sub-Saharan Africa. Our high rating is based on our strong capitalization and leverage position, strong liquidity profile, and excellent asset quality.

# Chairman's Statement



**Sanjeev Gupta**  
Chairman, InfraCredit

In 2022, the global community faced significant challenges on multiple fronts. The resurgence of the COVID-19 pandemic in key economic centers, geopolitical tensions and extreme climate events triggered supply chain volatility and economic uncertainties and exacerbated inequalities. These circumstances highlighted the imperative for the company to transition from a mere resilience-based approach during disruptions to one characterized by continuous and radical innovations. This shift is necessary for anticipating and navigating persistent changes as we seek to reduce business-related risks, while generating greater economic and social value. At InfraCredit, sustainability is engrained into our core values and guides our strategic decision-making.

It is with great satisfaction that I look back at the significant progress we made on our sustainability journey in the past year, despite the challenges in the business environment.

As an organization that seeks to enhance the credit quality of debt instruments for infrastructure projects through local currency guarantees, it is imperative that we continuously improve our sustainability practices. To fulfill this commitment, we have developed a robust environmental and social assessment due diligence process to thoroughly evaluate the eligibility of projects before approving guarantees. Our dedication to sustainability extends beyond mere rhetoric; it is evidenced by the tangible actions we take and the choices we make.

In 2022, we received several awards and recognitions because of our sustainability performance during the year, including Best Sustainability Bond 2022 for our Darway Coast P1's guaranteed green infrastructure issuance; Best Project Bond 2022 for our Pan African Towers guaranteed infrastructure issuance; and Best Naira Bond 2022 for our Lagos Free Zone Series 2 guaranteed infrastructure issuance by EMEA Finance.

During the reporting year, we achieved significant growth as evidenced by our impressive gross earnings of N7.3 billion, a notable increase from N5.8 billion in 2021, representing a 25.9% growth rate. Similarly, our profit before minimum tax witnessed substantial growth, reaching N6.2 billion compared to N3.4 billion in 2021, marking an 82.4% increase. These results illustrate our dedication to value creation and our commitment to success and sustainable growth.

We have made remarkable strides in achieving our sustainability goals and accomplishments, driven by our unwavering dedication to ethical business practices and environmental stewardship. It is our intention to maintain this momentum and continuously enhance our environmental, social and governance performance.

# CEO's Statement



**Chinua Azubike**  
CEO, InfraCredit

**In 2022, global and local business leaders navigated enormous challenges ranging from disruptions in the supply chain, geopolitical tensions, inflationary pressures, and economic downturn. These challenges accentuated the environmental, social and governance (ESG) issues that businesses had to manage.**

At InfraCredit, we are cognizant of the critical importance of sustainability and its role in shaping the future of our company. We remain committed to adopting responsible business practices in our operations while driving progress towards the achievement of the sustainable development goals (SDGs) of the United Nations.

This is the second edition of our sustainability report and InfraCredit takes great pride in its accomplishments and the significant positive impacts it has recorded. We have generated a total of 2,940 job opportunities through our portfolio companies, which have not only increased employment prospects but have also contributed to the economic prosperity of local communities. Furthermore, we played a crucial role in assisting 34 newly founded businesses in gaining access to essential infrastructure within the free zone area, fostering entrepreneurship and stimulating economic development. Our initiatives have also led to better infrastructure access for more than 50 small and medium-sized enterprises (SMEs), ultimately strengthening their operational capacities and long-term viability. As we support business growth and expansion, we are making enormous progress in integrating ESG considerations into our financing and investing decisions by screening projects in line with our robust E&S framework.

We understand that dedicating resources to the development of our employees is a strategic investment in our success. Our unwavering commitment lies in building a culture of ongoing learning and development, placing significant focus on training and skills enhancement. During the reporting year, we conducted a total of 18 training programmes tailored for both our full-time employees and interns.

We have also encountered challenges which helped to build our resilience. They have motivated us to become more innovative and increase our dedication to sustainability. We are committed to transforming obstacles into steppingstones and strengthening our ability to manage risks and opportunities. In this quest, we have the commitment of our staff, the leadership team, and priceless input from our stakeholders. This is why we give attention to effective engagements with our internal and external stakeholders.

Our sustainability focus areas have been determined by our materiality assessment process, which has helped us to prioritize the issues that are most important to our stakeholders. We have disclosed our performance on the selected sustainability issues as they align with our values and vision in addition to being essential to our business.

Our commitment to inclusive economic growth is strong. We will continue to expand our portfolio to provide guarantees for projects that bridge the infrastructural gap in the Nigerian economy, while promoting sound ESG performance in our own operations and portfolio companies.

# InfraCredit at a Glance

## About InfraCredit

InfraCredit is an investment institution providing local currency guarantees to enhance the credit quality of debt instruments to finance creditworthy infrastructure assets in Nigeria, assets that conform with defined eligibility criteria. The company attracts investments from pension funds, insurance firms and other long-term investors, thereby deepening the Nigerian debt capital markets.

Infrastructure investment is a critical driver of economic growth. However, commercial banks are limited in their ability to provide long-term financing for infrastructure. Moreover, foreign exchange loans are subject to exchange rate fluctuations. We saw this as an opportunity and designed our business model to provide long-term local currency guarantees for corporate and project bonds issued across a range of selected sectors.

## Our Business Strategy

InfraCredit recognizes the significant trends shaping Nigeria's infrastructure sector, including urbanization, population growth, green energy adoption, infrastructure aging, and climate change. We are dedicated to offering innovative solutions that mobilize investment capital to bridge the infrastructure gaps in the country, and contribute to the attainment of the United Nations Sustainable Development Goals (UNSDGs).

Our primary objective is to catalyze comprehensive infrastructure financing solutions by attracting institutional and private funding throughout the entire lifespan of an infrastructure project. By doing so, we aim to expand the market for high-quality, long-lasting infrastructure projects that generate employment, protect the environment, alleviate poverty, and foster local economic growth.

We are driven by four strategic pillars that guide our strategic approach to execution using our unique capacity, innovation, capital, and strategic partnerships:



### Development Impact:

Our Development Impact Framework and Capacity Building and Technical Assistance Programme will enable us to integrate sustainability and the SDGs into our core business operations and corporate strategies, thereby creating new business opportunities for growth and new pathways for achieving large-scale development impact.



### Innovation:

A strategic priority is to translate innovative strategies into executable guarantee products that will increase the predictability of deal flow to deepen market generation, thereby unlocking value and delivering sustained and accelerated growth.



### Capacity:

A critical success factor to drive our growth is strengthening our people's strong and unparalleled origination credit know-how, structuring and portfolio management capacity.



### Capital:

Increasing our investor base, expanding our capitalization, strengthening guarantee capacity through risk-sharing partnerships and diversifying our bondholder base to deepen market penetration are key drivers of our competitiveness and success.

Through our well-defined strategy, we endeavor to actively promote and achieve the following objectives:

**Financial Inclusion:** By bringing first-time issuers to the domestic bond market.

**Financial deepening:** By extending bond tenors for corporates, and by broadening pension fund investor bases.

**Financial Innovation:** By introducing new fixed income instruments such as green bonds.

## Our Vision, Mission and Values



### Vision

To be a catalyst and the most trusted partner in the attraction of long-term capital into infrastructure finance in Nigeria.



### Mission

To successfully unlock the potential for long term local currency infrastructure finance in Nigeria creating value for our stakeholders and being the best at what we do.





## Values

Our values define who we are and serve as a framework for how we conduct our business and engage with our stakeholders to achieve our mission. Through integrity, passion, innovation and collaboration, we remain focused on building a vibrant company where ideas can flourish, people can succeed, and success can be nurtured.

## Our Products

InfraCredit provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with our eligibility criteria. Our establishment was necessary because long-term capital (e.g., 10–20-year tenor) required by infrastructure entities/projects to be commercially successful is not available from the domestic banking market.

Indicative Subjects/ Modules	Status
Annuity PPP Guarantee Product	InfraCredit's Annuity PPP Guarantee Product will enable the sustainable financing of new infrastructure across several states in Nigeria, using technical assistance and catalytic capital to accelerate state-supported and private sector led development of bankable, revenue-generating infrastructure projects under a design, build, finance, operate and maintain ("DBFOM") arrangement with the private partner
Contingent Refinance Guarantee Product	InfraCredit's CRG product was developed to enable eligible developers of greenfield infrastructure projects in Nigeria access construction funding by providing a clear exit path for the initial project lenders through a conditional undertaking to guarantee a bond issuance with the proceeds utilized to refinance the existing debt facility provided by the initial project lenders, subject to the project developer fulfilling agreed pre-conditions post-COD.
Multi-Issuer Private Debt Issuance Programme for SMEs	Eligible SME infrastructure enterprises will be aggregated to issue private debt securities from time to time under the FMDQ-registered NGN200billion multi-issuer debt issuance programme, which is expected to deepen financial inclusion and micro-pension penetration in Nigeria through the end users of the services provided by the participating SME infrastructure companies.
Blended Finance - Collaboration with the Bank of Industry	BOI provides Concessionary Finance to projects guaranteed by InfraCredit.
Clean Energy Funding Programme	Under the programme, DFIs and donor organizations are currently being engaged to provide cheaper funding which when blended with commercial funding will result in a lower financing cost for the project developers. Recently signed a funding agreement with FCDO which committed to investing up to £10million of concessional financing to support the eligible off-grid energy projects under a risk-sharing arrangement with InfraCredit.
Affordable Housing Funding Programme	InfraCredit is collaborating with the Housing Solution Fund to help address the offtake risks. The Fund is a REIT that will enable potential home buyers access home loans that can be used to purchase homes constructed by the developers, thereby reducing offtake risk and enabling more individuals and households to get on the housing ladder.

## Our Focus Areas

Our infrastructure intervention areas of focus are diverse and have been chosen based on several factors, including the most pressing needs in the country, quick-win sectors, and the potential of a multiplier effect value. They include:



### Agriculture:

Infrastructure component of agro-industrial projects e.g., investments in agro-food processing or storage for agribusiness.



### Gas Distribution:

Gas pipelines and bulk storage/logistical facilities and downstream gas processing and development.



### ICT/Telecoms:

Local telephone services and IT network, internet solutions, voice, data center and cloud services to providers.



### Inputs To Infrastructure:

Manufacture, construction of goods, equipment, or other basic materials or services used in the provision of infrastructure.



### Power:

The generation, transmission and/or grid embedded power electrification.



### Renewable Energy:

Alternative energy and renewable energy technologies ranging from solar power, wind power, and hydroelectricity.



### Social Infrastructure:

The provision of economic and social infrastructure (e.g., housing, healthcare, education) including industrial parks, within towns and cities.



### Transportation:

Fixed transportation infrastructure e.g., toll roads, bridges, rail, airports, ports and bulk storage/handling facilities.



### Water Distribution:

Urban/rural freshwater production and treatment, bulk water supply and distribution (water reservoirs, transfer schemes).



### Waste Management:

Solid waste disposal/collection, transportation and waste treatment, including waste recycling facilities.

## Our Portfolio Companies



Over the past 5 years of its initial operations, InfraCredit has facilitated first-time access to long-term local currency finance of up to 20-year tenor from the domestic bond market for eleven (11) infrastructure focused companies, totaling N145 billion in guaranteed corporate infrastructure bonds and an average portfolio credit rating of BBB+. We also seek to drive environmental sustainability through our guarantees to help build climate resilient infrastructures. As such, we have facilitated the issuance of one (1) green bond which has been earmarked as the first corporate

green bond in Nigeria and the first sustainable bond in our portfolio.

Our portfolio companies have been strategically selected to address the Country's infrastructure gaps. With a large portion of the population unserved or underserved, these businesses seek to improve access to basic infrastructure needed to improve livelihoods and quality of life.

The table below presents a summary of our guaranteed portfolio, highlighting their operational region in Nigeria and portfolio size.

	<p>Viathan Group ('Viathan') develops and operates captive and embedded (off-grid) power solutions for governmental, commercial, and residential off-takers across Nigeria. Viathan has a CNG Plant capacity 104,800 SCM per day and 31,754,400 SCM per year and Power Generating Capacity 52MW. Our portfolio size provided to Viathan is N11.52billion.</p>
	<p>North South Power Company Limited ('NSP') was established in 2012 to own and operate a diverse and growing portfolio of electricity generation businesses across Africa. NSP is the operator of a 30-year concession right for 600MW Shiroro Hydro power plant in Niger State and 25-year concession 30MW Gurara Hydro power plant in Kaduna State. NSP has a portfolio size of N9.86billion.</p>
	<p>GEL Utility Limited ("GEL") develops and operates grid-connected or off-grid electric power in Nigeria and is the operator of an 84MW power plant which provides captive off grid electric power to the Port Harcourt refinery under a 20-year power purchase agreement with the NNPC. GEL has a portfolio size of N13billion.</p>
	<p>Transport Services Limited ("TSL") is a leading fully integrated transport and logistics company that delivers value added logistics and distribution services to a wide range of corporate &amp; retail clientele in industries such as agro-processing, FMCG, oil &amp; gas, cement, amongst others under fixed term contracts. TSL operates a fleet of over 840 vehicles covering 40 approved inter-state routes across multiple locations in Nigeria. TSL has a portfolio size of N17.0billion.</p>
	<p>The Lagos Free Zone Company ("LFZC") is a free trade zone developer and management company responsible for the Lagos Free Zone, 830 hectares Industrial and Logistics Zone with state-of-the-art facilities, located at Ibeju Lekki, Lagos, expected to significantly contribute to Nigeria's economic development. LFZC currently has N53.0 billion portfolio size.</p>
	<p>GPC Energy and Logistics Limited ("GPC") is one of the leading transportation/ logistics companies in Nigeria with operations in 12 major locations across the South-West, South-South, South-East, and North Central regions. GPC operates a fleet of 560 vehicles for its logistics operations, supporting blue-chip companies operating in the breweries, fast-moving consumer goods (FMCG), food &amp; beverage and cement industries. GPC has a portfolio size of N20.0billion.</p>
	<p>Pan African Towers Limited ("PAT") is an independent owner and operator of digital infrastructure and wireless communications sites in Nigeria. PAT currently has c.1,000 towers across Nigeria, with over 600 active towers. PAT has a portfolio size of N20.0billion.</p>
	<p>Asiko Power Limited (Asiko) provides Gas-to-Power ("GTP") solutions for captive power generation. Currently, Asiko has power production capacity of 5.5MVA which is generated and distributed via five (5) units of 1000 KVA gas-fired generators and several 100KVAs, 67 KVA and 37.5 KVA generators. ASIKO has a share of N1.50billion in our portfolio.</p>
	<p>Darway Coast Nigeria Limited is a renewable energy firm that specializes in the creation and management of mini-grids for serving off-the-grid and underserved homes and businesses in Nigeria. Darway Coast currently maintains four active mini grids, with a total solar PV capacity of 107.3 kWp, under power purchase agreements in the states of Lagos, Imo, and Rivers. Specifically, these mini grids are in four villages in Imo State (3.3kW), Lagos State (50kW), and Rivers State (38kW) and 275 existing total connections. Darway has a share of N0.80billion in our portfolio.</p>
	<p>Green Liquefied Natural Gas (GLNG) was established by Green Fuel Limited (GFL) and it uses virtual pipeline systems to process and deliver liquefied natural gas solutions to industrial users in off-pipeline areas while providing captive gas solutions to them. GFL (the sponsor) currently owns and operates two (2) compression plants located in Ota and Abeokuta in Ogun state with a combined processing and distribution capacity of 180,000scm. The two plants are equipped with six compressors (four (4) in Ota plant and two (2) in Abeokuta plant). GLNG has a share of N4.65billion in our portfolio size.</p>
	<p>Gas Terminalling Storage Company Limited (GTSL) is a wholly indigenous midstream and downstream gas company that engages in the provision of gas terminalling, storage and throughput services to sister companies within the group as well as third party customers. The Group operates across the country and serves thousands of customers with a total LPG storage capacity of 1,300MT spread out across several commercial hubs such as Lagos, Abuja, Kano, Ilorin, Suleja etc. GTSL has a share of N3.50billion in our portfolio size.</p>

## Our Capital Providers and Development Partners

InfraCredit acts as a catalyst drawing the attention and investment interest of pension funds, insurance firms, and other long-term investors which in turn, contributes to the development and expansion of the Nigerian infrastructure credit guarantee market.

We are proud to collaborate with a diverse range of capital providers and development partners, including:

- Leadway Assurance
- InfraCo Africa
- KfW Development Bank
- Nigeria Sovereign Investment Authority
- United States Agency for International Development
- UK Aid Direct
- African Development Bank Group (AFDB)



## Industry Memberships and Partnerships

InfraCredit's commitment to champion sustainability is exemplified through its membership in esteemed organizations. We strongly believe that by collaborating with others, we can enhance our impact, tackle a wider array of development challenges, and reach more diverse segments of the society. Some initiatives, standards and bodies to which we are certified, signatories or subscribed include:

- Principles for Responsible Investment
- Operating Principles for Impact Management
- IFC's Performance Standards on Environmental and Social Sustainability
- Global Reporting Initiatives
- Equator Principles
- ISO 37001:2016

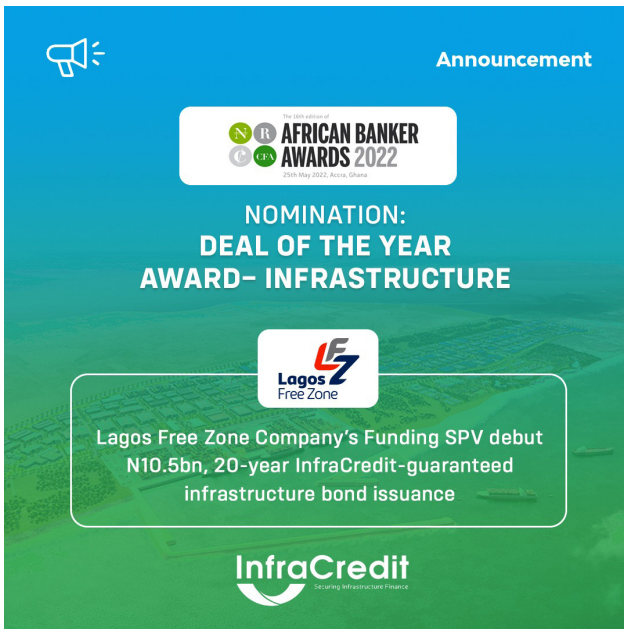


## Awards and Recognitions

Our business operations and credit guarantee that we have provided also won us some awards in the reporting year:

1. Awarded **“Best Sustainability Bond 2022”** by EMEA Finance for the Darway Coast P1’s guaranteed green infrastructure issuance.
2. Awarded **“Best Project Bond 2022”** by EMEA Finance for the Pan African Towers guaranteed infrastructure issuance.
3. Awarded **“Best Naira Bond 2022”** by EMEA Finance for the Lagos Free Zone Series 2 guaranteed infrastructure issuance.

We also got recognized for our nomination for the prestigious African Banker Awards 2022 in the Infrastructure Deal of the Year category.



# Sustainability at InfraCredit

## Our Sustainability Strategy

At the heart of our strategy for expanding sustainable infrastructure lies three essential pillars: Market, Project, and End User. These pillars serve as the foundation for shaping InfraCredit's Theory of Change—a blueprint that delineates the strategic trajectory guiding our endeavors. This theory articulates the systematic way our initiatives tackle challenges at the levels of Market, Project, and End User, all converging to fulfill our overarching mission.

Market as a strategic pillar highlight how InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. We will also support the emergence of an enabling environment with favorable policies and incentives, and connected networks of actors, to support infrastructure development.

The project strategic pillar underlines how InfraCredit will enable infrastructure project developers to access longer tenor capital at competitive rates and will ensure high impact and viable projects are increasingly, successfully and sustainably executed, while also creating jobs.

End user as a strategy emphasizes how InfraCredit's activities will lead to increased infrastructure access, reliability and resilience, leading to improved livelihoods. As a result of these outcomes, InfraCredit will support improved business productivity, fostering economic growth and social development.

Each pillar is tied to desired outcomes, which are determined by outputs, while the outputs are a result of key activities that have been carefully scoped and implemented. The outcomes across the three key pillars are mutually reinforcing and drive our overarching goal, which is to successfully unlock long term local currency finance in Nigeria.

## Our Sustainability Commitments

InfraCredit views sustainability as a fundamental aspect of our identity. Our core principles foster a deep commitment to sustainable practices. Our Environmental and Social (E&S) Policies are guided by a strong dedication to global environmental and social issues relevant to our business. The following core commitments shape our E&S Policy:

**1. Regulatory Compliance:**

We prioritize responsible corporate governance and adhere to all environmental and social laws, regulations, and best practices relevant to our guaranteed transactions.

**2. Environmental and Social Risk Management:**

We assess our exposure to environmental and social risks associated with the transactions that we guarantee. By conducting comprehensive evaluations, we ascertain the nature, scope, and extent of our engagement in every transaction. We utilize appropriate tools to evaluate Environmental and Social (E&S) risks tailored to the unique aspects of each transaction.

**3. Climate Change:**

We recognize the significant challenge posed by climate change and its potential to hinder economic and social development, particularly in infrastructure projects. InfraCredit aims to guarantee transactions that do not contribute to increase in greenhouse gas emissions. We support projects that utilize sustainable alternatives to reduce emissions. We have developed a Clean Energy Transition Strategy & Roadmap (CETSR) to integrate climate considerations into our investment decisions, aiming to align our portfolio with the Paris Agreement by 2040.

**4. Full Disclosure and Transparency:**

We prioritize transparency in all our activities. We commit to providing accurate and timely information about our guarantees, investments, advisories, and general institutional information in accordance with our Corporate Governance policies.

Aligned with the principles of the Sustainable Development Goals (SDGs), we remain steadfast in our commitment to sustainability. Our endeavors are fully harmonized with the SDGs, which serve as a worldwide call-to-action for eradicating poverty, preserving the planet, and promoting universal peace and prosperity by 2030. As an organization, we prioritize meeting the objectives of these goals and have structured our sustainability commitments to align with the goals. By so doing, we strive to maximize our positive impact and contribute meaningfully to the achievement of these global targets.



## Our SDG Priorities

### 1. Job Creation



InfraCredit's emphasis on creating employment opportunities, both temporary and permanent, shows our dedication to poverty reduction and creating economic opportunities. We firmly believe that by creating jobs, we can contribute to enhancing the health, well-being, and overall prosperity of individuals and communities. The portfolio companies under our management have played a pivotal role in generating a significant proportion of employment opportunities, as indicated below:

Indicators	Progress Impact
Total permanent jobs enabled/supported (Male vs Female)	2,688 M: 2,436 F:252
Total temporary unskilled jobs enabled	927
Total temporary skilled jobs enabled	2,001
Total permanent unskilled jobs enabled	708
Total permanent skilled jobs enabled	1,980
Total Number of temporary youth jobs	2,716
Total Number of permanent youth jobs	273
Number of businesses with improved access to infrastructure	Over 351 SMEs
Number of newly registered businesses with access to infrastructure in the Free Zone Area	33

### 2. Equal Opportunities:



InfraCredit's support for females both in managerial and non-managerial positions, shows our focus on promoting gender equality and diversity in the workforce. Through our portfolio projects we also contribute to the increase in the number of females employed at managerial and non-managerial levels as well as female jobs supported. In the reporting year our portfolio companies supported 252 female jobs, had a total of 27 females at managerial level and 225 females at non-managerial level.

### 3. Increased Access to Energy:



Our credit guarantee portfolio companies have been able to generate and distribute clean energy, install renewable energy infrastructure, and promote access to electricity for households and businesses. Currently, our portfolio companies have installed 111 solar powered telecommunication towers, installed 930MW of renewable energy installed (utility) and generated over 757,204.95MW of clean energy.

### 4. Infrastructure Development:



Our credit guarantee is focused on providing access to infrastructure portfolio companies on infrastructure development, such as telecommunication towers, power plants, logistics trucks, and improved access to infrastructure for companies and individuals. Through our portfolio company over 351 Small and Medium Enterprises (SMEs) now have improved access to infrastructure and 35 newly registered businesses have been granted access to the infrastructure in the Free Zone Area.

### 5. Climate Change:



InfraCredit recognizes the impact of climate change and supports projects that reduce greenhouse gas emissions. We have developed a Clean Energy Transition Strategy & Roadmap and aim to align our portfolio with the Paris Agreement.

We have within our portfolio, a company that specializes in the production of clean energy and the promotion of sustainable alternatives. An exemplary initiative undertaken by this company involves the production and distribution of 16,893 volumes of Liquefied Petroleum Gas (LPG). Moreover, it has successfully provided access to LPG for cooking to a total of 1,907 households, thereby reducing their reliance on fuel wood and promoting a cleaner and more sustainable cooking solutions

Through the renewable energy projects by our portfolio companies over 451,000tCO<sub>2</sub>eq of GHG emissions have been avoided and an estimated forest savings of 19.07ha\* from the use of liquefied petroleum gas instead of fuel wood for cooking.

## Progress on Ethical and Responsible Investing

At InfraCredit, we have a strong commitment to sustainable business practices and ethical investing. As signatories to the United Nations Principles for Responsible Investment (UNPRI) and the Operating Principles for Impact Management (OPIM), we ensure to align our processes with the requirements of these principles in our portfolio transactions.

### United Nations Principles for Responsible Investment (UNPRI)

Indicators	Progress Impact
<p><b>Principle 1:</b>  <b>We will incorporate ESG issues into investment analysis and decision-making processes.</b></p>	<p>InfraCredit, in alignment with UN PRI Principle 1, is committed to integrating environmental, social, and governance (ESG) factors into our investment analysis and decision-making processes. InfraCredit recognizes that sustainable business practices are vital for long-term financial success and the well-being of the communities where it operates. In line with our E&amp;S Policy, InfraCredit conducts thorough due diligence, assessing not only the financial or technical aspects of potential investments but also considering the impact on the environment, society, and governance structures.</p> <p>For instance, when evaluating infrastructure projects, we conduct the environmental and social implications of the project on local communities and proffer mitigants that need to be in place to reduce or avoid such risks from crystalizing. We seek investments that not only offer financial returns but also contribute positively to the sustainable development goals (SDGs). By incorporating ESG factors into our investment analysis, we ensure that our portfolio aligns with responsible and ethical business practices.</p>
<p><b>Principle 2:</b>  <b>We will be active owners and incorporate ESG issues into our ownership policies and practices.</b></p>	<p>InfraCredit, as an active owner, adheres to UN PRI Principle 2 by incorporating ESG issues into our policies and practices. We recognize that our influence extends beyond the initial investment decision to ongoing ownership, which entails monitoring and reporting on the progress of our investments. We engage with potential portfolio companies prior to financial close, encouraging them to adopt sustainable business practices, improve corporate governance, and address social and environmental challenges.</p> <p>Through active participation in the decision-making processes of these companies, InfraCredit promotes the integration of ESG considerations. This involvement ensures that the companies we invest in are not only financially sound but also align with principles of responsible and sustainable business practices which in the long term will significantly contribute to the SDGs.</p>

Indicators	Progress Impact
<p><b>Principle 3:</b>  <b>We will seek appropriate disclosure on ESG issues by the entities in which we invest.</b></p>	<p>InfraCredit, in adherence to UN PRI Principle 3, actively seeks appropriate disclosure on ESG issues from the entities in which it invests. We understand that transparency is key to responsible investing. InfraCredit engages with its investee companies to encourage comprehensive reporting on their ESG performance, ensuring that stakeholders have access to relevant information to make informed decisions.</p> <p>By promoting transparency and disclosure, we foster a culture of accountability that encourages portfolio companies to continually improve their ESG practices. This commitment to seeking appropriate disclosure contributes to the overall development of sustainable business practices within our investment portfolio.</p>
<p><b>Principle 4:</b>  <b>We will promote acceptance and implementation of the principles within the investment industry.</b></p>	<p>InfraCredit collaborates with industry stakeholders, participating in forums, conferences, and initiatives both locally and internationally that advocate for responsible investing. InfraCredit shares its experiences and best practices with its ecosystem such as the Local Pensions Funds, Insurance companies, Project Developers, Development Partners (FCDO, KfW, AfDB, GuarantCo), encouraging other financial institutions to adopt similar approaches.</p> <p>Through these efforts, InfraCredit plays a role in shaping industry norms and standards, contributing to the widespread acceptance of responsible investment practices. By fostering a broader commitment to the UN PRI Principles, we seek to create a positive impact on the industry and drive collective efforts towards sustainable and responsible business practices.</p>
<p><b>Principle 5:</b>  <b>We will work together to enhance our effectiveness in implementing the principles.</b></p>	<p>We actively engage with other financial institutions, industry associations, and non-governmental organizations to share insights, challenges, and climate solutions related to ESG integration.</p> <p>Through collaborative initiatives, such as industry working groups and partnerships, InfraCredit contributes to the development of best practices, frameworks, and tools that enhance the effectiveness of implementing the UN PRI Principles. By working together with stakeholders, we aim to create a more robust and sustainable investment ecosystem.</p>
<p><b>Principle 6:</b>  <b>We will report on our activities and progress towards implementing the principles.</b></p>	<p>InfraCredit fulfills its commitment to UN PRI Principle 6 by regularly reporting on its activities and progress towards implementing the principles. We provide our stakeholders with transparent and detailed reports showcasing our efforts in integrating ESG factors into investment decisions, engaging with investee companies, and promoting responsible business practices within the industry.</p> <p>Our Sustainability reports demonstrate accountability and transparency, allowing stakeholders to assess our commitment to sustainable and responsible investing. The reports also serve as a tool for continuous improvement, as they provide insights that inform future strategies and initiatives in alignment with the UN PRI Principles.</p>

## Operating Principles for Impact Management



Principles	Summary of Activities
<p><b>Principle 1:</b>  <b>Define strategic impact objective(s), consistent with the investment strategy.</b></p>	<p>Acting as a catalyst, InfraCredit aims to attract investment interest from pension funds, insurance firms, and other long-term investors, thereby contributing to the deepening of the Nigerian debt capital markets.</p> <p>We acknowledge the importance of placing explicit emphasis on the measurement of development impact (DI) to gain a comprehensive understanding of the broader market impact.</p> <p>InfraCredit applies the Impact Principles through a strategic Theory of Change, focusing on three pillars:</p> <ul style="list-style-type: none"> <li>• <b>Market Level:</b> Growing debt capital market, investor base, and funding sources for infrastructure. creating an enabling environment with regulations and incentives to encourage development.</li> <li>• <b>Project Level:</b> Providing longer-term, competitive funding to infrastructure projects for increased success and sustainability, contributing to job creation.</li> <li>• <b>End User:</b> Enhancing infrastructure access, reliability, and resilience to improve livelihoods, fostering economic growth and social development.</li> </ul> <p>InfraCredit’s Theory of Change aims to transform the debt capital market, unlock long-term local currency capital, support viable investments, alleviate financing bottlenecks, improve investor understanding, enhance intermediation capacity, and drive economic growth sustainably.</p> <p>To measure impact, InfraCredit uses indicators aligning with UN Sustainable Development Goals, ensuring transparency and progress tracking toward its impact goals.</p>

Principles	Summary of Activities
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**Principle 2:  
Manage strategic impact on a portfolio basis.**

InfraCredit’s Monitoring, Evaluation, and Learning (MEL) Framework, fosters accountability and impact-driven decision-making, enhancing operations through:

- **Routine Monitoring:** Collecting data for impact assessment and reporting.
- **Data Aggregation:** Analyzing data from partners to identify bottlenecks and best practices.
- **Periodic Evaluation Studies:** Understanding wider ecosystem shifts from operations.
- **Impact Lens Application:** Integrating impact assessment throughout the investment cycle.
- **DI Monitoring Centralization:** Making DI monitoring integral to the end-to-end investment process.
- **Recommendations:** Leveraging measurement and evaluation for actionable recommendations.

The Impact Assessment Checklist assigns impact scores, covering job creation, inclusion, climate change, and economic contributions. The DI Lead ensures portfolio alignment with the DI mandate, conducting regular impact data collection and training.

Company-specific MEL Plans define SDG-aligned indicators for quarterly DI monitoring, embedded as Environmental and Social (E&S) and DI Covenants in legal paperwork. The DI Database Tool tracks impact across market, project, and end-user pillars.

Annual Development Impact reports highlight financial and development impact results, aligning staff incentives with impact accomplishments across all levels within the People Strategy and compensation policy.

**Principle 3:  
Establish the Manager’s contribution to the achievement of impact.**

InfraCredit, as a responsible and impact-driven financial institution in applying Impact Principle 3, ensures financial “additionality” to private sector infrastructure by mobilizing private funding from domestic investors. Key activities include:

- **Client Engagement:** Gathers information on why its guarantee is crucial for clients to access local currency funding from the debt capital market.
- **Committee Assessments:** NBC and CC Papers assess preliminary impacts, ESG, and DI aspects to inform decision-making.
- **DI Assessment:** Involves baseline impact data from third-party experts and a post-financial close MEL Plan.
- **DI Framework:** Utilizes an Impact Additionality Framework evaluating positive impacts across finance, design innovation, ESG, regulatory improvements, and social/economic development.
- **Technical Assistance Fund:** Supports development impact of select transactions.
- **Climate-aligned Solutions:** Actively explores climate-aligned financial solutions and blended finance mechanisms.

InfraCredit consistently releases development impact reports to its development partners, including KfW, GuarantCo, InfraCo Africa, and AfDB. Additionally, the organization is intensifying engagements with domestic institutional investors, with specific emphasis on providing impact reports that highlight the economic, social, and environmental outcomes from their investments.

**Principle 4:  
Assess the expected impact  
of each investment, based  
on a systematic approach.**

- InfraCredit has incorporated an impact perspective into its transaction evaluation and assessment procedures. The DI Framework delineates crucial stages for integrating this impact perspective throughout the deal cycle, spanning from the initial assessment phase, through due diligence and structuring, to the portfolio management phase.
- During the Preliminary Phase, a DI screening is carried out to comprehend the scope and depth of impact associated with the transaction. The identified impact scope encompasses two categories of indicators: Core and Ancillary Indicators. Core Indicators refer to overarching and priority areas outlined in the Theory of Change, which are indicators that InfraCredit tracks for all our transactions. Ancillary Indicators, on the other hand, address additional areas that impact the Sustainable Development Goals (SDGs) but are specific to the sector or project. The preliminary impact screening process guides decision-making for advancing to the due diligence phase, pending approval from the New Business Committee (NBC).
- InfraCredit engages third party external consultants to conduct Impact Due Diligence on transactions, estimate the ex-ante impact, establish baseline and projected figures for anticipated impact. The Joint Impact Model is used to investigate the impact of infrastructure projects using indicators such as the installed megawatts of renewable energy, GHG emissions avoided from low-carbon or renewable energy initiatives, GHG emissions avoided through the implementation of energy-efficient designs, equipment, or processes, and the megawatts of installed capacity. A set of indicators for impact assessment align with the Harmonized Indicators for Private Sector Operations (HIPSO) and the Global Impact Investing Network's (GIIN) "IRIS+" catalog of metrics.
- The DI Assessment Template incorporates SDG-aligned indicators, reflecting various impact themes (infrastructure stock, climate change, gender, job creation, and quality); impact beneficiaries (households, businesses, women, and youth); and impact depth (number of businesses with improved access to infrastructure and the number of women-owned or women-led businesses with enhanced access to infrastructure, number of skilled and unskilled workers etc.)
- InfraCredit's ESG and Impact Team collaborate with Transaction Teams to ascertain the Impact Evaluation Score for transactions. They document the baseline and expected impact resulting from the due diligence process in the Credit Paper, seeking approval from the Credit Committee. Following due diligence findings, a Monitoring, Evaluation, and Learning (MEL) Plan is formulated and shared with the client before being incorporated into the Recourse Deed.
- InfraCredit's DI Framework offers flexibility in exploring strategies to enhance the development impact of projects guaranteed by InfraCredit throughout their life cycle. The implementation of this framework is continuously evolving as we leverage lessons learned to refine our processes and practices, aligning them with international best practices.

**Principle 5:  
Assess, address, monitor,  
and manage potential  
negative impacts of each  
investment.**

- InfraCredit's recently revised Environmental and Social Policy underscores our dedication to supporting sustainable and climate-resilient infrastructure development. We achieve this by employing the mitigation hierarchy to identify, assess, and manage environmental and social (E&S) risks and impacts associated with infrastructure projects. Our approach to evaluating and managing E&S risks aligns with leading principles and standards, including but not limited to the International Finance Corporation Performance (IFC) Standards on Environmental and Social Sustainability (2012), AfDB Operational Safeguards, World Bank Environment, Health and Social (EHS) Guidelines, Equator Principles, International Labour Organization's Conventions, Voluntary Principles on Security and Human Rights, and the United Nations Principles for Responsible Investment (UN PRI).
- In every transaction, we utilize the InfraCredit Exclusion List to exclude projects that do not meet the criteria outlined in our Environmental and Social (E&S) Policy. We also conduct an Initial E&S Screening to identify significant issues and categorize the transaction as either A (High Risk), B (Medium Risk), or C (Low Risk). This categorization guides the level of scrutiny applied during the subsequent due diligence phase.
- InfraCredit engages independent Environmental and Social (E&S) consultants to conduct a thorough due diligence assessment of clients' operations. This process involves benchmarking their activities and performance against the criteria outlined in the IFC Performance Standards and AfDB Operational Safeguards. The results of the E&S Due Diligence are integrated into the Credit Paper for approval by the Committee. The Environmental and Social Action Plan (ESAP) is collaboratively discussed with the client to ensure their commitment to implementing the recommendations within specified timelines by applicable guidelines.
- InfraCredit's ESG Team may propose adjustments to the systems, processes, and standards of the portfolio company, aligning them with Good International Industry Practices (GIIP). These stipulated changes are formalized as Environmental and Social (E&S) Covenants within the legal agreement between InfraCredit and the client. Additionally, the ESG Team may utilize technical assistance funds to address any identified gaps.
- InfraCredit aims to develop a Gender Policy in the next year, which will adopt the 2x Challenge Screening criteria for its project assessment towards improving gender outcomes in projects financed.

**Principle 6:  
Monitor the progress  
of each investment in  
achieving impact against  
expectations and respond  
appropriately.**

- The DI Framework provides extensive guidance on the impact measurement process at three levels: market, project (sector-specific), and end-user. The table of indicators within the framework offers guidance on relevant indicators (main and sub-indicators) including the unit of measurement, data source, methodology for projection, monitoring responsibility, monitoring frequency, and the monitoring stage within the transaction process.
- The InfraCredit ESG and Impact Team gathers development impact data according to the Monitoring, Evaluation, and Learning (MEL) Plan established during the transaction phase. Portfolio companies are required to submit impact data quarterly beginning from project initiation.
- In addition to the quarterly reporting, InfraCredit has recently initiated an annual impact monitoring process for portfolio projects conducted by an independent ESG consultant to evaluate the impact generated through guaranteed portfolios. This approach complements the regular data collection system, providing valuable insights and lessons learned for process improvement as the implementation of the DI Framework develops.



Principles	Summary of Activities
<p><b>Principle 7:</b>  <b>Conduct exits considering the effect on sustained impact.</b></p>	<ul style="list-style-type: none"> <li>• InfraCredit provides support to projects either through direct guarantees or via a blended finance approach. Throughout the bond's tenor, any alterations in project ownership or significant involvement of initial participants typically necessitate the consent of InfraCredit.</li> <li>• InfraCredit's Theory of Change sets the foundation on which the infrastructure projects it supports will be developed, ensuring an environmentally sustainable and socially acceptable practices, fostering economic prosperity and improving the quality of life. Through ongoing capacity building, InfraCredit aims to instill an impact-oriented perspective in portfolio operations and is actively exploring mechanisms to incentivize the adoption of an impact mindset among portfolio companies. The long-term strategy remains engraining a culture of environmental and social sustainability in companies' operations, ensuring the continuation of positive development outcomes even after the bond's tenor concludes. However, there is no legally binding commitment for portfolio companies to maintain this level of commitment after exit.</li> <li>• Following the InfraCredit DI Framework, periodic Impact Evaluations will be carried out to assess whether and how InfraCredit's intervention has led to a measurable impact.</li> </ul>
<p><b>Principle 8:</b>  <b>Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.</b></p>	<ul style="list-style-type: none"> <li>• InfraCredit DI Framework implementation is in a state of constant advancement, drawing insights from lessons learned over the past year. Concurrently, efforts are underway to fortify the ESG and Impact Team, augmenting internal capacity to consistently measure project impacts, guided by leading practices.</li> <li>• InfraCredit is placing a specific emphasis on enhancing its ability to evaluate the core impacts of each project and demonstrate its progress toward achieving development objectives. We are deliberately incorporating lessons learned from previous experiences to refine existing processes and bolster institutional capacity for the effective implementation of a robust DI Framework.</li> <li>• InfraCredit scheduled Impact Performance Evaluations for specific projects, is aimed at deriving valuable insights that will guide the design of future projects and enhance the implementation of the DI Framework. We are in the process of developing a DI Management Information System, intended to improve the effectiveness and efficiency of impact tracking, monitoring, and reporting.</li> </ul>
<p><b>Principle 9:</b>  <b>Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.</b></p>	<ul style="list-style-type: none"> <li>• InfraCredit officially initiated the pilot implementation of its DI Framework in 2021. Numerous critical impact components, including processes, systems, strategies, metrics, and policies, are undergoing thorough review and updates. This is part of the ongoing efforts to enhance internal processes and ensure alignment with industry best practices.</li> <li>• This Disclosure Statement reaffirms the continuous alignment of InfraCredit's DI Framework with the Impact Principles.</li> <li>• As part of the ongoing efforts to enhance the Framework, InfraCredit would conduct a 3rd party verification of its alignment with the Impact Principles in Q1 2024. The results of this verification will be publicly available on its website.</li> <li>• This disclosure statement would be published on InfraCredit's website annually.</li> </ul>

## Our Sustainability Milestones

At InfraCredit, our attention is directed towards promoting sustainable practices within our business and creating positive influences in our society. This dedication enables us to generate positive impacts continuously in the regions where we operate.

Highlight of InfraCredit's Sustainability Driven Business Milestones:

1. In January 2022, InfraCredit issued N10billion 10-year guarantee support to Pan African Towers (Africa Trade and Investment (ATI) co-guarantee)
2. In March 2022, InfraCredit signs memorandum of understanding with African Trade Insurance Agency as risk sharing partners.
3. In April 2022, InfraCredit issued N25billion guarantee to Lagos State Free Zone Series II bond.
4. In September 2022, InfraCredit guaranteed the first ever blended local currency green certified debt issue for a solar mini-grid project in Nigeria.

## Materiality Assessment

Our materiality assessment identifies and focuses on the most relevant sustainability issues that have the highest impact on our organization and stakeholders. It helps us in identifying potential risks and opportunities associated with sustainability issues relevant to our business operations.

Biennially, we conduct a comprehensive materiality assessment through a materiality validation workshop, questionnaires, and the analysis of relevant sustainability standards. This assessment serves as a method for regularly engaging with internal and external stakeholders to identify and prioritize the ESG issues of great importance to InfraCredit which subsequently guides our sustainability initiatives and reporting. This process considers the potential environmental, social, economic and governance impacts associated with our business activities.

During the assessment, we identified 32 topics that are potentially relevant to our business. In the course of our yearly internal review process, 20 topics were shortlisted. The topics were ranked based on their importance to InfraCredit, ranking 12 topics as high and 8 as medium.

The materiality matrix illustrates the insights from the materiality analysis.

## Sustainable Supply Chain

The management of our supply chain plays a central role in our commitment to sustainability at InfraCredit. We recognize that the practices and decisions that govern our supply chain have a profound impact on the environment, society, and the long-term success of our business. At InfraCredit, we are dedicated to promoting environmentally conscious procurement through the incorporation of sustainability into all significant aspects of our procurement procedures.

We conduct a thorough due diligence assessment on potential suppliers before partnering with them. This assessment includes evaluating their sustainability practices to ensure that their operations align with our organizational values. By doing so, we ensure that we only engage with suppliers who uphold the same level of commitment to sustainability as we do. Whenever possible, we recommend that our portfolio companies prioritize local sourcing to support our local economy and reduce the environmental impact from foreign importation, while prioritizing suppliers who uphold ethical labor practices, ensure fair wages, safe working conditions, and respect for human rights.

In the reporting year we allocated funds for local purchases and engaged local suppliers. Through ethical labour practices and responsible sourcing, our portfolio companies have positively impacted the lives of several workers in their supply chain, promoting fair employment practices and enhancing their socioeconomic well-being.

## Financial Inclusion

Financial inclusion is a key component of our commitment to sustainability. At InfraCredit, we understand that promoting financial inclusion is not only a business imperative but also a social responsibility.

We are committed to advancing financial inclusion to achieve a more equitable and sustainable future. Through our Multi-Issuer Debt Issuance Programme, InfraCredit aims to advance financial inclusion in Nigeria by bringing first-time issuers to the domestic bond market.

Through our financial inclusion efforts, we support economic development and make a difference in the lives of individuals and communities and invest in a more sustainable and equitable future.

## Stakeholder Engagement

Stakeholder engagement is a pivotal element in the success of our organization, project, and initiative. Our stakeholders range from employees and customers to investors, community members, and regulatory bodies. We actively involve and collaborate with these individuals, groups, or entities who have a vested interest in the outcomes or impacts of our business through quarterly physical and online meetings, newsletters, emails, surveys, and annual general meetings.

Stakeholder engagement is an integral aspect of our governance system, with our policies serving as the guiding structure that provides diverse avenues for us to engage and cooperate with our

stakeholders. We have created multiple channels for engaging with stakeholders, with a particular focus on our employees. This includes an open-door policy that promotes daily, transparent, and efficient communication with the management team.

To receive direct feedback from our staff, we regularly distribute surveys and conduct pulse checks to gather their opinions on various subjects. The concerns and issues raised are typically dealt with during our frequent town hall meetings, where employees have the chance to engage with Senior Management and discuss the raised matters.

Through our Whistle Blowing policy which was communicated in the prior year meeting in conjunction with the grievance system and the E&S policy, we can identify potential risks and ensure that the environmental and social concerns affecting our stakeholders are appropriately addressed by our senior executives, management staff, and all staff within the organization. Over the years, we have fostered meaningful and targeted engagement with our stakeholders by open dialogue and tailored activities, which have brought about greater accountability, transparency, and the capacity to drive change while remaining adaptable to future needs.

We remain committed to further strengthening our stakeholder engagement practices and will continue to improve our feedback mechanisms, expand the diversity of voices included in our engagement efforts, and deepen our commitment to transparency and accountability. Below is a table that outlines our different stakeholder groups, the methods used to engage them, and the frequency of our interactions.

Stakeholders	How We Engaged	Frequency of Engagement	Issues Discussed
Government/ Regulators	Letters & emails	As required.	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Anti-corruption and money laundering</li> <li>Transaction risk assessment</li> </ul>
	Courtesy visits		
	Formal meetings		
	Compliance & Performance Reports		
Shareholders	Annual General Meeting	Annually	<ul style="list-style-type: none"> <li>Shareholder record update</li> <li>Business profitability</li> <li>Dividend payment and claims</li> </ul>
	Annual reports	As required	
	Shareholder Forums		
	Website	Frequently	
Suppliers	Satisfaction Survey	Annually	<ul style="list-style-type: none"> <li>Product pricing</li> <li>E&amp;S risks considerations</li> <li>Price review</li> </ul>
	Annual meeting		
	Emails	Frequently as required	
Clients	Publications/Reports	Quarterly	<ul style="list-style-type: none"> <li>Risk assessment</li> <li>Project progress and impact</li> </ul>
	Website		
	Trainings		
Employees	Team meetings	Quarterly	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Employee work-life balance</li> <li>Training and development</li> <li>Employee compensation and benefits</li> </ul>
	Town hall meetings		
	Newsletters	Frequently as required	
	Focus group discussions		
Communities	Publications/Reports	Frequently as required	<ul style="list-style-type: none"> <li>Project impacts</li> <li>Community needs.</li> <li>Corporate social responsibility</li> </ul>
	Website	Quarterly	
Financial institutions/ project sponsors	Reports	Quarterly	<ul style="list-style-type: none"> <li>Investor relations</li> <li>Transaction risk</li> <li>Investment performance</li> </ul>
Development Partners	Reports	Quarterly	<ul style="list-style-type: none"> <li>Financed project update.</li> <li>Transaction risk</li> <li>Financial performance</li> </ul>
	Email	Frequently as required	

# Sustainable Governance

At InfraCredit, we strive to conduct ourselves in accordance with our core values and the highest standard of ethics in our engagements with our stakeholders and in our business operations. As such, our governance processes and procedures reflect this commitment as we incorporate sustainability controls that address a variety of material issues.

## Corporate Governance

Our corporate governance structure plays a crucial role in ensuring ethical and regulatory compliance, managing risks, conducting due diligence, and effectively engaging with stakeholders. Our Board of Directors and management team ensure that sustainability and best practices are upheld throughout our organization, including our transactions as well as the relationships we build with employees and clients.

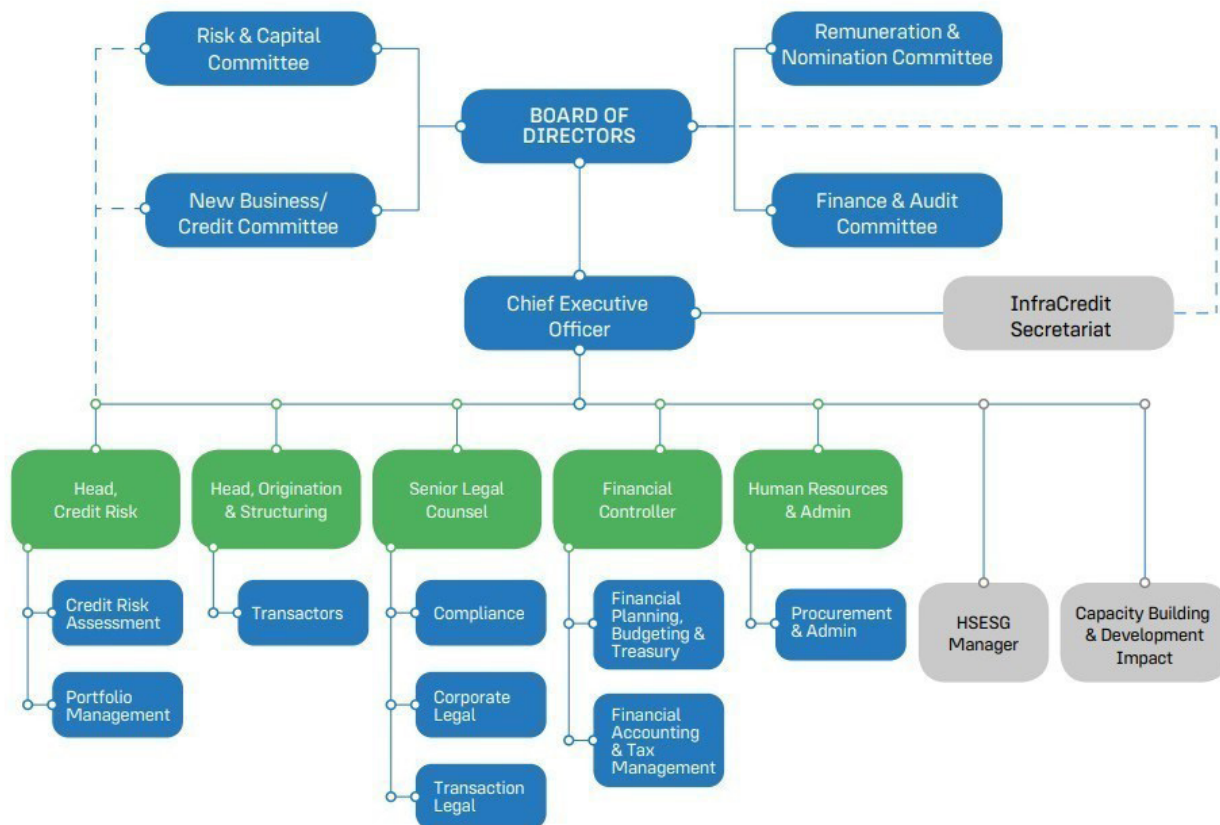
Diversity and experience are core strengths of our Board composition, and we consistently provide trainings for our Board members to incorporate new ideas and experiences, enabling rapid adaptability in our decision-making processes. Currently, our Board comprises of 10 Directors, with 8 Non-Executive Directors and 2 Executive Directors, including our Managing Director. Our higher ratio of Non-Executive Directors to Executive Directors follows global best practices that fosters effective governance. Furthermore, our directors, both male and female, bring immense professional ability, integrity, and independent opinions to the table.

We are proud to report that at the end of the reporting year, our Board achieved a 30% representation of women, reflecting our commitment to diversity.

Our corporate governance system adheres to the robust standards laid out in the Nigerian Code of Corporate Governance (2018) and relevant international best practices. We continuously strive to uphold these principles and ensure transparency in our operations for the benefit of our stakeholders and the sustainable growth of our organization.

## Organizational Structure

InfraCredit's structure is designed to prioritize strong governance across our business operations, which in turn fosters trust among our stakeholders. This serves as a solid foundation for our success. Our sustainability practices, including environmental and social assessments, due diligence, diversity and inclusion initiatives, climate impact mitigation, and other leading practices, begin with leadership from top-level executives. These practices are overseen by the Risk & Capital committee and are ingrained in all committees throughout the organization.



## Ethics, Transparency and Accountability

At InfraCredit, our commitment to ethical conduct is at the core of our business philosophy. We recognize that responsible business practices contribute not only to our success but also to the well-being of our stakeholders and the communities in which we operate.

Over the years, we have encouraged an efficient and purposeful interaction with our stakeholders through open communications. As a result, there is now more accountability and transparency.

InfraCredit is committed to furnishing precise and timely details about our guarantees, investment and advisory endeavors, along with broader institutional information, in adherence to our Corporate Governance policies. At InfraCredit, we place a strong emphasis on ethical business practices, transparency, and accountability. We maintain a zero-tolerance policy for corruption, ensure fair labor practices, and engage with stakeholders to address their concerns and expectations. Our transparency initiatives include comprehensive reporting on ESG performance, financial transparency, and disclosure throughout our supply chain. Our accountability mechanisms involve measurable performance metrics, a stakeholder feedback loop, and governance oversight by the Board of Directors.

We are committed to ongoing improvement in these areas, consistently building upon existing trust, contributing to sustainability, and upholding responsible business practices.

## Regulatory Compliance

At InfraCredit, we are cognizant of our obligations to comply with local and international regulations that govern our operations as a guarantee company. Our compliance team engages with various business units to ensure that the company identifies and complies fully with relevant regulations.

We continue to track the regulatory landscape for existing and emerging sustainability-related regulations, including the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act (2007) and the Climate Change Act (2021), to ensure compliance by the company and our portfolio companies.

In 2022, we did not record any incidence of fines due to regulatory non-compliance. Additionally, none of the companies in our portfolio received any fines during the reporting year.

In addition, our commitment extends beyond local regulatory compliance. We strive to surpass environmental and social performance standards within our industry. Therefore, we ensure that our transactions are aligned with internationally recognized best practices. Our environmental and social (E&S) policy and processes adhere to the laws of the Federal Republic of Nigeria, as well as international environmental and social safeguard requirements.

## Anti-Corruption and Anti-Money Laundering

We are committed to doing business with high integrity and complying with applicable laws and regulations, internal policies and procedures. Our Anti-bribery and Corruption policy is a “zero-tolerance” policy that employs extensive measures to combat fraud, bribery, corruption and malpractices.

Presently, InfraCredit’s Anti-Bribery Management System has been certified as ISO 37001 compliant by Lloyd’s Register. Securing this recognition reflects the robustness of our compliance and our anti-bribery program, and further demonstrates our commitment to upholding the highest international anti-bribery standards across our business and in the challenging frontier market in which we operate.

We also developed our Anti-money Laundering and Terrorist Financing Control Policy which holds our employees responsible for reporting such cases to the appropriate authorities as a form of corruption, as stated in the Anti-Bribery and Anti-Corruption Policy. Individuals associated with InfraCredit who violate this policy are subjected to appropriate disciplinary actions.

## Grievance Mechanism

At InfraCredit, we are committed to fostering a culture of transparency, open communication, and employee satisfaction. To ensure this, we have implemented an open-door policy that encourages employees to engage with management daily, which promotes a collaborative work environment where everyone’s voices are heard.



To further support our commitment to employee well-being, we have established a grievance system that is integrated into our HR policy and clearly outlined in our Employee Handbook. This system provides a structured process for employees to submit grievances, ensuring anonymity and confidentiality. Our stakeholder engagement plan also recognizes the need for the implementation of a public grievance mechanism for handling complaints from external stakeholders. This portal is available on our website and provides an effective channel for receiving and addressing concerns that are raised by our external stakeholders, thereby nipping potential risks in the bud.

In 2022, we recorded zero grievance filed by our employees through this procedure. This indicates a positive work environment and reflects the effectiveness of our communication channels, management practices, and overall employee and stakeholders' satisfaction.

## Whistleblowing

Our Whistle Blowing policy is an integral part of a comprehensive framework to address environmental and social concerns. This policy works alongside the grievance system and the E&S policy to help identify risks and, furthermore, ensure that the E&S issues faced by our stakeholders are managed effectively by our highest governance bodies. We are committed to providing a swift resolution to the whistleblowing cases that we receive. In the reporting year, InfraCredit recorded zero (0) cases of whistle blowing based on an annual report submitted by Deloitte who manages our whistle blowing portal.

## Data Privacy and Security

Technology has enhanced the collection and retention of personal data of our employees, clients and partners. It is critical that we manage their data securely and responsibly, especially as they have entrusted us with their information.

Cyberthreats continue to emerge as technology infrastructure increases hence, we consistently identify and prevent possible threats before they occur, which requires constant integration of best practices into our processes.

InfraCredit is a Nigeria Data Protection (NDPR) compliant organization. Our privacy policy which is available on our website, discloses the extent to which we will use the information we get from our service users, and how we endeavor to protect the data we get from all our stakeholders.

Our approach to ensuring data security includes providing comprehensive training for all our employees on data protection, integrating privacy protection into our processes and using secure safeguards to defend our systems against possible cyberthreats. In the reporting year, we conducted five (5) trainings relating to data protection, cybersecurity, and IT awareness, to improve our employee data protection and cybersecurity skillsets, and to ensure that they have a comprehensive understanding of cyber risks as it relates to our business operations. There was no cyber-attack recorded in 2022. We are committed to the continuous improvement and strengthening of our systems to ensure that we safeguard information on our stakeholders and maintain our business reputation.

## Managing Risks and Opportunities at InfraCredit

Risk management at InfraCredit is a critical topic in our business operations. Identifying, measuring, monitoring and reporting risk is critical to maintaining the resilience of our business.

The leadership of InfraCredit regularly discusses sustainability risks and opportunities, including climate change, sustainable finance, cybersecurity, and human rights and are involved in the approval process of all our portfolio transactions.

We have developed a robust risk management system that enable us to identify, assess, and mitigate risks across our operations, including those related to sustainability, compliance, strategy, assets, and reputation.

Our Credit Risk team in conjunction with the other departments work together to ensure InfraCredit's risks including those pertaining to legal, technical and ESG issues are reviewed and managed across all business operations.

We have a robust Environmental and Social Risk assessment framework that is leveraged to assess the E&S risks in our transactions before guarantees are approved. Our transactions go through three major pillars of review before approval, which include: Origination (Preliminary assessment); Due diligence & structuring; and financial approval. This process is followed by a quarterly monitoring and surveillance for which we have developed a system called "Seneca" to ensure that all our portfolio transactions are adequately monitored for identified emerging and potential risks.



**seneca** ESG  
www.senecaesg.com

**Seneca ESG** is a business intelligence company providing **software solutions** for ESG data + analytics, assessment, reporting, investor relations, as well as integration with operational, investment, and risk management processes.

Our product suite caters to **Corporates** and **Investment Managers** seeking to apply best practices to integrating ESG into their businesses.

- Framework as a Service
- Real-time Monitoring
- Flexible Methodologies



Our Environmental and Social Risk Assessment Standard Operating Procedure provides a more detailed guidance on the implementation of these processes across our business operations.

InfraCredit's financial strength ratings has consistently remained strong in the industry for the last four consecutive rating period because of our good risk management practices which is centered around building a sustainable business at an acceptable risk profile capacity and tolerance levels per time. We have been accorded a 'AAA' and 'Aaa' rating with stable outlook from both Global Credit Rating Co. (GCR) and Agosto & Co, two top Nigerian independent credit rating agencies, which is a first for a local currency guarantor in sub-Saharan Africa.

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RATING COMPANY			
Rating	AAA	AAA	AAA

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We ensure that our employees remain risk ready through our risk management trainings conducted for all employees, and advanced sections for critical business units within our operations. In the reporting year we had a total of five (5) risk related trainings for our employees.

# Sustainable Value Creation

## Impact through Capacity Building

We are dedicated to fostering a meaningful and enduring relationship with our investors and other stakeholders. We believe that transparency, trust, and continuous engagements are essential for our mutual success. As part of our commitment, we go beyond the traditional business considerations and actively engage in capacity building for our investors and other stakeholders. We provide educational resources, workshops, and information sessions that empower our investors to make informed decisions about their investments. Our stakeholders, including partners and local communities, benefit from our capacity-building initiatives by gaining insights into our operations and the broader industry. We are committed to fostering financial literacy and industry knowledge. By providing access to information, fostering dialogue, and creating platforms for shared learning, we aim to equip our investors and stakeholders with the tools that they need to engage confidently with our organization and the markets where we operate. Our commitment to capacity building aligns with our vision of shared growth and prosperity.

InfraCredit has facilitated the financing of eight (8) infrastructure projects via local currency denominated debt from the domestic debt capital market with an aggregate of N115 billion (USD 201 million), and average tenors of up to 20 years. These financing programs were oversubscribed by up to 90% from local pension fund investors, of which 19 were participants in the capacity building programs, signifying strong potential and investor appetite in infrastructure investments. Importantly, first-time issuers who were previously completely guaranteed by InfraCredit can now access the capital markets without the need for a guarantee for the second time, showing the self-sufficiency and catalytic effect of our capacity building and credit enhancement programs.

The Infrastructure Capacity Building Programme, in collaboration with Development Partners PIDG, GuarantCo, and the German Government through KfW, is coordinated by InfraCredit.

At the end of December 2022, under the programme, we had a total of 37 trainings which were implemented from inception, including eight investor roundtable workshops, 21 investors' trainings and eight co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors.

These programs attracted 1,389 participants from 89 institutions, including 26 pension fund administrators, 21 life insurance companies, five regulatory bodies, and 37 other institutions.

In 2022 specifically, we conducted nine training Programs including two investor roundtable workshops and seven investors' training exercises. The events had 413 participants from 39 institutions, including 19 pension fund administrators, six closed pension fund administrators, five life insurance companies, and eight other institutions.



## Transforming Business Operations

At InfraCredit, we utilize a Development Impact Framework that incorporates our Theory of Change to guide our business activities. This framework allows us to systematically address market constraints, project obstacles, and end-user needs, with the aim of fulfilling our mission. In essence, we assess the social impact of our guaranteed projects by evaluating specific outcome indicators that demonstrate their positive impact on the communities they are designed to serve.

Given that our guarantees have long-term effects, we not only measure their projected impact over time but also track their year-on-year progress. Some of the impacts recorded through our portfolio companies have been highlighted in this report.



### VIATHAN – A 10-year Series 1 Senior Guaranteed Fixed Rate Bond marked

Sector	Off-Grid Energy
Summary	Established in 2017, this corporate infrastructure bond represents the financial offering of a Nigerian integrated energy solutions company that focuses on captive and embedded power generation through natural gas. The company's primary objective is to supply electricity to government-owned entities and facilities, corporates, and residential clusters located in Lagos and Ogun States, Nigeria.
Project Infrastructural Impact:	<ul style="list-style-type: none"> <li>• Construction of Lisabi 104,800scm/day CNG plant in Abeokuta, Ogun State, diversifying generation</li> <li>• Expansion of Disco distribution networks in Lekki, Victoria Island, Ikoyi, and Marina in Lagos State, expanding commercial customer base.</li> <li>• 3.5MW installed plant capacity by Sapio currently generates 1.4MW power being distributed to a total of ten (10) off-takers; eight (8) of which are Sapio's direct customers (Stillwater Estate, Richmond Estate, Meadow Hall, Ameythst Apartment etc.) and two (2) indirect customers (Lennox Mall and Prime water View) operating under Viathan's Power Purchase Agreements (PPAs).</li> </ul>
Employment Provided	128 employees

### Project Impact Testimonial: Bunmi Anne Ajayi

Bunmi Anne Ajayi, a garment producer within the Sura Shopping Complex, who shared her story with us.



**3** GOOD HEALTH AND WELL-BEING

**7** AFFORDABLE AND CLEAN ENERGY

**“** When I initially relocated to Sura Complex, the electricity supply was very unreliable. In fact, in 2016, the complex’s power source was disconnected, leaving us without electricity for nearly three months. The exorbitant costs associated with purchasing diesel and maintaining my generator made me contemplate closing my business.

However, since gaining access to 24-hour electricity supply, my production costs have dramatically reduced by an impressive 67%. Thanks to these cost savings, I was able to invest in nine additional sewing machines, enhance the welfare program for my 50 staff members (predominantly females), and ensure prompt delivery of professional, corporate, and school uniforms to my valued customers.

I am incredibly thankful for the exceptional power services provided by Solad through VIATHAN, as they have granted me and fellow shop owners within the Sura Complex the invaluable opportunity to access affordable and uninterrupted electricity.

### Project Impact Testimonial: Lagos Island Maternity Hospital

InfraCredit's Guarantee has significantly enhanced the power supply reliability for connected customers, including the renowned Lagos Island Maternity Hospital in Lagos State. This state-of-the-art facility has experienced remarkable improvements since 2018, expanding its capacity to deliver essential healthcare services to the community.

The impact has been notable, with a 30% increase in patient numbers for antenatal care, providing vital support to 26,993 women in 2022. Additionally, the hospital's vaccine storage has experienced a substantial boost, witnessing a remarkable 75% increase.

Mrs. Elizabeth Champion, Head of Nursing at Island Maternity Hospital in Lagos, Nigeria, highlights the transformative effect of the project:







**Since 2018, we have been able to serve our patients, particularly pregnant women, with confidence, as we no longer fear electricity blackouts that previously compromised our operations and contributed to maternal mortality in Lagos State.**

Moreover, our ability to maintain the desired temperature for vaccine storage has improved significantly, as vaccines require uninterrupted power supply to retain their efficacy. Previously, when faced with prolonged blackouts, we would incur exorbitant expenses of up to 26 million Naira per month on 31,000 liters of diesel. Being connected to the power plant has not only enhanced the quality of healthcare we provide but has also alleviated our daily operational expenses



**DARWAY COAST – A 7-year fixed rate local currency debt financing**

Sector	Renewable Energy
<b>Summary</b>	<p>Darway Coast is a reputable renewable energy firm specializing in the provision of hybrid solar mini-grid and micro-grid solutions to cater to the energy needs of residential, commercial, and industrial customers in off-grid and underserved locations across Nigeria. Established in 2015, the Company has successfully implemented four mini grids in Imo State (3.3kW), Lagos State (50kW), and Rivers State (38kW) under ten-year Power Purchase Agreements (PPAs).</p> <p>Darway Coast’s unique business model incorporates a “Pay-As-You-Go” approach and utilizes smart meters, allowing us to efficiently manage our customers through a remote monitoring system. This system enables us to regulate energy demand, swiftly identify and resolve any issues, and perform remote disconnections and reconnections as needed.</p>
<b>Project Infrastructural Impact:</b>	<p>The implementation of the <b>6 hybrid-solar mini-grids</b> will yield several environmental benefits, including climate change mitigation, energy savings, and reduction of greenhouse gas emissions. Furthermore, these projects will make a direct positive impact towards achieving the United Nations Sustainable Development Goals (SDGs) 7, 8, 9, 11, 13, and 17 as identified in the Green Bond Framework.</p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div>
<b>End User Level Impact:</b>	<p>The project will construct <b>526.1 KW</b> total capacity of isolated solar mini grids in six communities within Rivers State and Abia State in Southern Nigeria. The primary aim is to provide electricity access to <b>7,711</b> households and small businesses, operating in areas devoid of grid connectivity.</p>
<b>Employment Provided</b>	<b>497</b> temporary and permanent jobs.

**ASIKO POWER LIMITED – A 7-Year Series I Senior Guaranteed Fixed Rate Bond**

Sector	Off grid power
<b>Summary</b>	<p>Asiko Power Limited specializes in delivering Gas-to-Power (GTP) solutions for captive power generation. Presently, the company possesses a power production capacity of 5.5MVA, generated and distributed through a fleet of five (5) 1000 KVA gas-fired generators, as well as several 100KVA, 67KVA, and 37.5KVA generators. Additionally, the sponsor engages in trading and distributing Propane for household, commercial, and industrial applications.</p>
<b>End User Level Impact:</b>	<ul style="list-style-type: none"> <li>• 1882 households’ customers benefiting from the off-grid captive power.</li> <li>• Over 15975 volumes of LPG have been sold.</li> </ul>
<b>Employment Provided</b>	<b>145</b> employees



**PAN AFRICAN TOWERS (PAT) – A 10-Year Series I Senior Guaranteed Fixed Rate Bond**

<b>Sector</b>	<b>ICT/Telecommunications</b>
<b>Summary</b>	PAT specializes in providing telecommunications infrastructure and digital services to enhance wireless connectivity for mobile network operators and internet service providers. The company’s comprehensive offerings include wireless facilitation, colocation services, and infrastructure leasing.
<b>Project Level Impact:</b>	<ul style="list-style-type: none"> <li>• 76 tower sites were constructed and commissioned prior to the issuance of the bond.</li> <li>• Additional 71 new tower sites have been commissioned to date; 47 of these are for MTN service orders while the balance of 24 are for Airtel service orders.</li> <li>• There are a total of 32 sites that are work-in-progress; 21 are being constructed (MTN, 12 &amp; Airtel, 9), while the balance of 11 are at the stage of land assess, acquisition (MTN, 4 &amp; Airtel, 7).</li> </ul>
<b>Employment Provided</b>	<b>2702</b> employees

# Our Economic Contribution

## Catalyzing Economic Growth

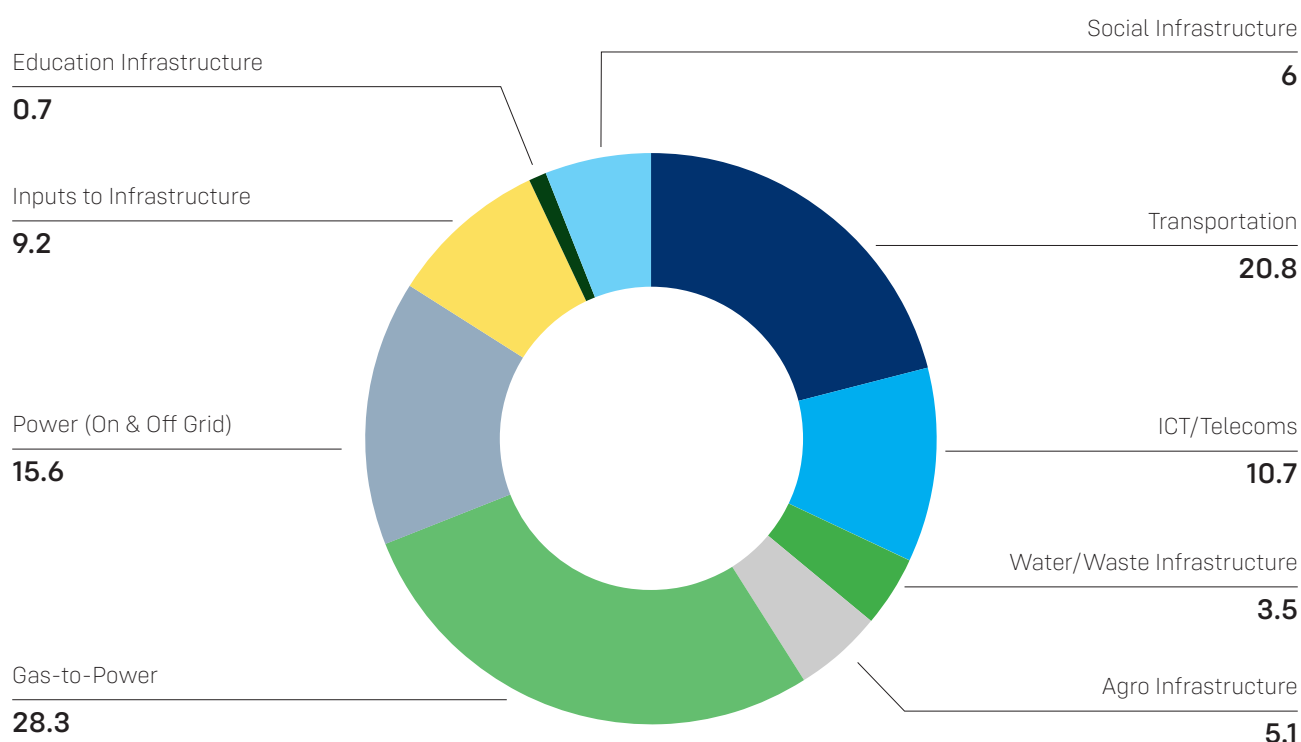
Our core business objective is to actively contribute to the economic growth of Nigeria by focusing on unlocking long-term local currency infrastructure finance. Over the past six years, we have made significant strides in our contribution to the economy through the issuance of guarantees. In 2022, we successfully provided guarantees valued at approximately N40 billion for various infrastructure projects within our focus sectors.

Since inception, we have provided a total value of N1.051 trillion Corporate Infrastructure bonds and N128.1 billion InfraCredit Guaranteed bonds. Our average tenor of bond issuance for Corporate Infrastructure bonds currently stands at 6.63 years and 11.5 years for InfraCredit Guaranteed bonds.

Indicators	Impact Data
<b>Total value of bonds issued till date.</b>	<ul style="list-style-type: none"> <li>• NGN 1.051 trillion</li> <li>• NGN 128.1 billion</li> </ul>
<b>Average tenor of bond issuance</b> <ul style="list-style-type: none"> <li>• Corporate Infrastructure Bonds</li> <li>• InfraCredit Guaranteed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• 6.63 years</li> <li>• 11.5 years</li> </ul>
<b>Longest tenor of bond issuance</b> <ul style="list-style-type: none"> <li>• Corporate Infrastructure Bonds</li> <li>• InfraCredit Guaranteed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• 15 years</li> <li>• 20 years</li> </ul>
<b>Value of green bond issuance</b>	NGN28.88 billion
<b>Number of first-time bond issuers</b>	10
<b>Number of infrastructure projects enabled</b>	14
<b>Value of additional capital mobilized by investees</b>	NGN6.23 billion (North South Power unwrapped series II bond)
<b>Number of participating institutional investors (Pension Funds)</b>	19
<b>Number of participating institutional investors (Insurance)</b>	4
<b>Number of participating institutional investors (Others)</b>	10 (Banks, Trustees, Nominees, etc.)
<b>Total value of Technical Assistance (TA) Funding mobilized</b>	EUR 2.31 million, GBP 250,000, US 2.70 million

With each passing year, we aim to expand our impact by progressively increasing the guarantees we offer. With an extensive pipeline of projects valued at over 100 billion across the nine focus sectors, our main goal is to foster rapid infrastructure development in Nigeria. We are confident that by achieving this objective, we continue to fuel economic growth and greatly enhance the overall quality of life of Nigerians. As we strive to achieve this, we remain committed to prioritizing sustainability alongside our growth efforts.

## InfraCredit's pipeline transaction sectors and their respective percentage share



## Deepening the Capital Market

In our commitment to advancing sustainability, InfraCredit has made significant strides in deepening our engagement with the capital market, providing long-term local currency infrastructure finance in Nigeria. We are enabling and strengthening access to the domestic debt capital market as well as actively aiding the development of new infrastructure projects that will have multifaceted benefits such as job creation, environmental conservation, poverty alleviation, and the promotion of local economic growth.

As a responsible financial institution, we recognize the significance of responsible investment practices and actively promote them within our organization. We prioritize investments that align with environmental, social, and governance (ESG) criteria, thus attracting investors who value sustainable and ethical investment opportunities. InfraCredit aims to expand the debt capital market, widen the investor base, and introduce new sources of capital for infrastructure financing.

By leveraging regulations, incentives, and strategic networks, InfraCredit plays a vital role in fostering an enabling environment for the development of infrastructure projects. Our sustainability report provides comprehensive and transparent information on our environmental and social performance. By disclosing relevant metrics and insights, we empower investors to make informed decisions and direct their capital towards sustainable enterprises, thereby deepening the capital market for sustainability-oriented ventures.

In 2022, Pan African Towers Limited (PAT), with our guarantee, was able to access the domestic debt capital market for the first time and successfully issued its N10.0 billion 10-year Series 1 Guaranteed Infrastructure Bonds under a N50 billion Bond Issuance Programme.

The solutions that we provide enables businesses to contribute to sustainable economic growth and increased levels of productivity, technological innovation, entrepreneurship, and job creation.

## De-risking Finance, Sustainably

At InfraCredit, our mission revolves around providing critical financial assistance to infrastructure projects across Nigeria. We recognize that to fulfill this mission effectively, we must develop a comprehensive understanding of our clients' work. Our overarching objectives are clear: to enhance deal flow predictability, expand market penetration, and reduce refinance risk in infrastructure development transactions. We achieve these objectives by offering local currency guarantees and long-term debt financing for feasible infrastructure projects within the nation.

Our steadfast commitment to financial stability and our ability to maintain an "AAA" credit rating are central to the consistency we have shown to our investors. This rating is a testament to our growing capacity to issue guarantees, strategic alliances, and innovative credit enhancement solutions. To ensure the continued strength of our credit rating, we harness our strong internal resources and investor relationships to attract private institutional investors and Development Finance Institutions (DFIs) into our capital structure. This strategic approach allows us to attain our envisioned capital structure while preserving our "AAA" rating, as we recognize the strong correlation between credit rating and the refinancing of infrastructure development projects.

Our commitment to sustainability is aligned with global best practices and international agreements. As a signatory to the United Nations' Principles for Responsible Investment (PRI) and in accordance with the Paris Agreement, we proudly uphold environmental, social, and governance (ESG) due diligence processes in our operations. These processes follow global best practices and are an integral part of our commitment to responsible investing and sustainable finance.

## Environmental and Social Due Diligence (ESDD): A Vital Component of Our Operations

Our dedication to sustainable infrastructure development is further exemplified through our robust Environmental and Social Due Diligence (ESDD) process. We initiate ESDD when a project aligns with our eligibility criteria. This involves a comprehensive assessment, including desk reviews, audits, interviews, and on-site inspections. In some cases, qualified financing parties may opt to conduct these procedures internally. The culmination of this Due Diligence process results in a final report that includes an environmental and social action plan (ESAP). The ESAP is instrumental in addressing the recognized environmental and social risks associated with the project, providing a roadmap for responsible action. Our commitment to environmental, social, and governance (ESG) due diligence is paramount. It is integrated into our transaction review process alongside legal, technical, and financial due diligence. These components are flexibly tailored to the unique demands of each project. Suggestions and action plans stemming from these due diligence processes are directly linked to our Theory of Change (ToC).

Furthermore, the monitoring of action plans within predefined timeframes demonstrates how InfraCredit positively impacts projects, resulting in improved ESG performance.

InfraCredit is diligent in evaluating potential environmental and social (E&S) risks associated with the transactions it supports. Our comprehensive assessments of these transactions enable us to understand our exposure to these risks fully. The outcomes of these assessments guide the level and nature of our involvement in each transaction. Our approach to evaluating environmental and social risks is tailored to the specific characteristics of each transaction, ensuring a strategic and responsible approach.

Through these collective efforts, we are committed to achieving our mission of supporting sustainable infrastructure projects while maintaining financial stability and adhering to global best practices for responsible finance.

## Building Local Capacity

At InfraCredit, we are committed to enhancing local capacity by fostering financial inclusion, promoting financial deepening, and driving financial innovation. Our initiatives have not only positively impacted the financial sector but also resulted in notable social and economic outcomes within the communities we serve.

Over time, the guarantees we provided have translated into tangible social and economic impacts. Our portfolio companies have:

- created a total of **2,940 jobs**, contributing to increased employment opportunities and economic well-being within local communities.
- facilitated the registration of **34 newly established businesses** that now have access to essential infrastructure within the free zone area, supporting entrepreneurship and economic growth.
- improved infrastructure access for over **50 small and medium-sized enterprises (SMEs)**, enhancing their operational capabilities and sustainability.

At InfraCredit, our commitment to enhancing local capacity through our portfolio companies reflects our unwavering dedication to nurturing a more inclusive and resilient economy.

## Contributing through Taxes

At InfraCredit, our commitment to sustainable corporate governance extends to ensuring complete adherence to all legal requirements within the tax jurisdictions in which we conduct our operations. We ensure that our taxes are paid on time and we transparently and comprehensively disclose all our tax positions, providing clear visibility for the benefit of our business and the tax authorities.

In 2022, our total tax payment to the government was N49.3 million and a total income tax of N 100.6 million. Our company income tax payable is calculated based on the Companies Income Tax Act (CAP C24 LFN 2004) and is recognized as an expense or (income) for the period, except to the extent that current tax relates to items that are charged or credited directly to equity, as required by the Companies Income Tax Act.

Our current tax consists of a corporate income tax of N 1,883,585,000, paid at 30% of taxable profits in 2021, a National Information Technology Development Agency levy of N62.8 million, equal to 1% of our assessable profit, and a policy trust fund levy of N314,000.



# Our People

## Spotlight: An Attractive Workplace

As a company, we credit all our achievements and successes to the devoted and skilled members of the InfraCredit team. Since we know that our people are our biggest asset, we make sure to prioritize their welfare, growth, and safety in all that we do.

We believe that investing in capacity-building programmes across all our operations supports our workers in performing the work that they do best. This belief is supported by Our People Strategy, which highlights the importance of people. This strategy is built around five identified pillars: Culture, Competency, Development, Compensation, and Performance. We believe that this strategy is critical to the growth of our company as we strive to create value for all our stakeholders.

We organized an awards ceremony in the reporting year to recognize outstanding staff members for their noteworthy contributions to InfraCredit. We organize events every quarter and at year end to provide staff members a chance to relax and partake in various recreational activities.

## Employee Count: Hires and Turnover

At InfraCredit, we take immense pride in our exceptional team of employees who bring their expertise, passion, and unwavering dedication to our collective mission. In 2021, we recruited four new management staff members, augmenting our workforce, which consisted of fewer than 40 permanent employees at the time. Among these hires, three were middle-aged females, and one was a male under the age of 30. As of December 31, 2022, our total workforce comprised approximately 42 individuals, consisting of 28 full-time staff members and 14 consultants employed on a contractual basis. Out of this workforce, 14 employees were under the age of 30, while the remaining 28 fell within the age range of 30-50. Notably, there were no instances of retirements during the reporting year.

Workforce Demography 2022	30-50	Under 30 years old
Full Term Employees	28	5
Consultants (Termed Contract)	14	9
Total	42	14

Our workforce has grown strong, a testament to our continuous growth and commitment to excellence. Our employees come from diverse backgrounds and bring a wide range of skills and talents, creating a dynamic and innovative work environment. We believe that our team is at the heart of our success, and we are committed to fostering a supportive and inclusive workplace where each employee can thrive and contribute to our ongoing success.



## Promoting Equity, Diversity and Inclusion

We are dedicated to promoting equity, diversity, and inclusion (EDI) as core values that shape our company culture. We believe that a diverse workforce with a wide range of perspectives, backgrounds, and experiences enhances our innovation, creativity, and overall performance.

InfraCredit's Gender Policy seeks to provide guidelines for adopting organization-wide gender equitable policies and practices, to ensure a culture where women and men are duly represented, valued, rewarded, and given equal responsibilities and opportunities to fulfill their potential.



**In our workforce, we have a male to female representation of 54:46, respectively. At the Board level, we have 30% female representation while 14% of management level officers are women. InfraCredit aims to achieve a 50:50 gender representation across its workforce by 2030.**

InfraCredit has been able to provide 191 permanent and temporary jobs for women, including senior/middle management roles. All portfolio companies have a diversified board with women representing at least 20%. Community investment schemes by portfolio companies target women-owned and/or women-led enterprises e.g., micro-loans for women-led SMEs and women cooperatives.

As an equal opportunity employer, InfraCredit has a policy that prohibits discrimination, harassment, or intimidation based on race, color, religion, gender, age, nationality, sexual orientation, gender identity or expression, disability, or any other characteristic. The remedial plan or grievance procedure are available under our Code of Conduct, which is communicated with our employees yearly.

We also apply the same standards to our portfolio companies as we evaluate their internal policies and processes, comparing them with best practices. We had no reported incidence of discrimination in 2022. This exemplifies our dedication to treating all our employees equally and fairly. We recognize that fostering equity, diversity, and inclusion is a journey that requires ongoing effort and dedication, and we remain steadfast in our mission to create an organization where everyone feels valued, respected, and empowered to reach their full potential.

Executive Management (EXCO)	Total	Under 30 years old	30 to 50 years old
Male	6	0	6
Female	1	0	1
Total	7	0	7

## Parental Leave

At InfraCredit, we understand that the well-being of our employees and their families is a top priority. That is why we offer comprehensive parental leave benefits as part of efforts to build thriving families.

Our parental leave policy provides 2 weeks of paid leave for male employees and 4 months for females, allowing them to bond with their newborn. We believe that this time is essential for parents to embrace their new role and nurture their infants.

We also encourage an inclusive and supportive return-to-work process for employees who have taken parental leave.

## Trainings and Capacity Building

We recognize that investing in our employees is an investment in our future success. We are committed to fostering a culture of continuous learning and growth, which is why we place a strong emphasis on training and capacity building. Our comprehensive training programmes are designed to equip our team with the knowledge, skills, and the expertise they need to excel in their roles and adapt to the ever-evolving business landscape.

In 2022, we held eighteen (18) training programmes, targeted at our permanent staff and interns. We used the 70:20:10 learning and development model for our employees, as described in the last pillar of our people strategy. According to this rule, our employees leverage 10% of professional learning, 20% of interactions with other staff members, and 70% of on-the-job, hands-on experience. From onboarding and professional development to leadership training and mentorship programs, we provide our employees with opportunities to enhance their capabilities.

We firmly believe that a well-trained and empowered workforce is the cornerstone of innovation and excellence. As a result, our commitment to training and capacity building not only benefits our employees but also strengthens our organization's ability to thrive in a competitive and dynamic business environment.

## Summary of Trainings Conducted in 2022 Training

<b>Number of Employees trained</b>	All employees
<b>Number of Training Conducted</b>	18
<b>Percentage of employees receiving regular performance and career development reviews</b>	All staff
<b>Training courses</b>	<ul style="list-style-type: none"> <li>• Data Protection</li> <li>• Whistle Blowing</li> <li>• IT training</li> <li>• Health, Safety and Environment</li> <li>• Advanced Financial Modeling for Infrastructure Projects</li> <li>• Operational Risk Management and Resilience</li> <li>• Corporate Credit and Infrastructure Financing</li> <li>• Financial Management for Development Professional</li> <li>• Investment Performance Measurement</li> <li>• Development Impact Workshop; Monitoring and Evaluation of Infrastructure Projects</li> <li>• Infrastructure Project Finance and Public-Private Partnerships</li> <li>• ESG Risk Assessment for Infrastructure Projects</li> <li>• Innovative Financing Models for Sustainable Affordable Housing.</li> </ul>

## Employee Health and Wellbeing

At InfraCredit, the health and well-being of our employees is paramount. We believe that a healthy and happy workforce is the cornerstone of success. We are dedicated to fostering a culture that prioritizes the physical, mental, and emotional well-being of our team members.

The health and safety of our employees, partners and visitors is of utmost importance. As a result, we created an Occupational Health & Safety (OHS) Management Plan that serves as a roadmap for our daily operations.

In line with local, national, and international E&S legislation, our Occupational Health and Safety Management System embedded within our Environmental and Social Management Policy is adapted from IFC Performance Standards (2012), African Development Bank Operational Safeguards, the World Bank Group Environmental, Health and Safety (EHS) Guidelines (2007) – this includes the relevant sector-specific guidelines - and ILO Conventions. These plans give us the essential controls, processes, risk management tools, and monitoring frameworks needed for our organization to operate effectively in terms of health and safety.

While our work is mainly low risk due to the office-based nature, we consider the potential risks that may emerge during travel to portfolio project sites or in the event of fire emergencies. As such, our Life and Fire Management System and Journey Management Procedure put in place adequate controls based on fire management and pre-journey risk assessment. In the reporting year we conducted a health and safety training that addressed sexual exploitation and abuse of human rights in the workplace which was aimed at creating awareness for all our employees.

# Environmental Stewardship

## Supporting Climate Action

In today's rapidly changing world, embracing sustainability and environmental responsibility is not only an ethical choice but a strategic one. At Infrastructure Credit Guarantee Company Limited, we are dedicated to environmental compliance and fostering sustainable practices. In subsequent sections of the report, we have highlighted our commitment to promoting energy efficiency and reducing our greenhouse gas (GHG) emissions.

Regular assessments help us identify areas where we can further reduce negative environmental impact and enhance our resource efficiency, as per the guidelines of the International Organization for Standardization (ISO) 14001. By aligning our strategies and efforts with SDG 13, we have supported our portfolio companies to contribute to a more sustainable future.

Our portfolio companies are required to comply with key ESG criteria as part of our investment guarantee process. This in turn ensures that portfolio companies report on their environmental performance and progress towards achieving climate-related goals.

We continually monitor and report on the environmental impact of our portfolio companies, engage them frequently to discuss climate strategies, assess their challenges and offer guidance regarding climate concerns.

InfraCredit currently monitors portfolio companies for waste generation, environmental contamination, resource use, noise, and air quality.

## Reducing GHG Emissions

Reducing our carbon footprint and GHG emissions is a central focus of our environmental commitment. We recognize the importance of addressing climate change and strive to lead by example. According to the Intergovernmental Panel on Climate Change (IPCC), "Mitigating GHG emissions is crucial to limiting global warming."

Currently, InfraCredit and its portfolio companies do not currently collect data on carbon footprint, including emissions from operations, energy usage, and transportation needed to calculate their GHG emissions. We plan to communicate these disclosures in subsequent reports.

However, InfraCredit believes that our fight against climate change can be achieved through collaborative partnerships. By supporting our portfolio companies, we have invested in projects and have projects in the pipeline that reduce or offset our carbon emissions. These projects include renewable energy generation, LPG/Clean Cooking and EDGE Certified Housing.

## Our Portfolio Impact:

- GHG emissions avoided from renewable energy (RE) infrastructure was over 415,000tCO<sub>2</sub>eq.
- Estimated forest savings from LPG displacement of fuel wood utilization for cooking 19.07ha\*.

## Leading the Transition to Clean Energy

At InfraCredit, environmental compliance and sustainability are fundamental principles that guide our operations. Our commitment to promoting the energy transition is unwavering. We believe that by making these efforts, we contribute to a more sustainable world while creating value for our stakeholders. To meet our commitment, we unlock local financing opportunities and support the acceleration of climate-smart infrastructure development.

InfraCredit Clean Energy Transition Strategy and Roadmap is our 20-year plan to align our investments with the goals of the Paris agreement. Our strategy and roadmap revolve around three main areas of opportunity:

- Energy supply
- Transportation
- Urban, semi-urban, and rural infrastructure

In each area of opportunity, we provide guarantees thereby facilitating access to local currency financing over the short-medium and long term. Further details about our strategy are outlined in the Clean Energy Transition Strategy and Roadmap.

Investment decisions are also made based on alignment considerations:

- Aligned projects – close to zero GHG emissions or potential to be close to zero emissions.
- Misaligned projects – projects that are GHG emission intensive and are not aligned to the Paris Agreement.
- Conditional projects – projects that, depending on project-specific factors, may be aligned or misaligned. A subset of conditional projects is also labelled as transitional projects. This refers to projects that emit some GHG during operation but are deemed necessary for the electrification and economic development of the country and are part of a transition to a zero-carbon electricity system.

## Our Portfolio Impact:

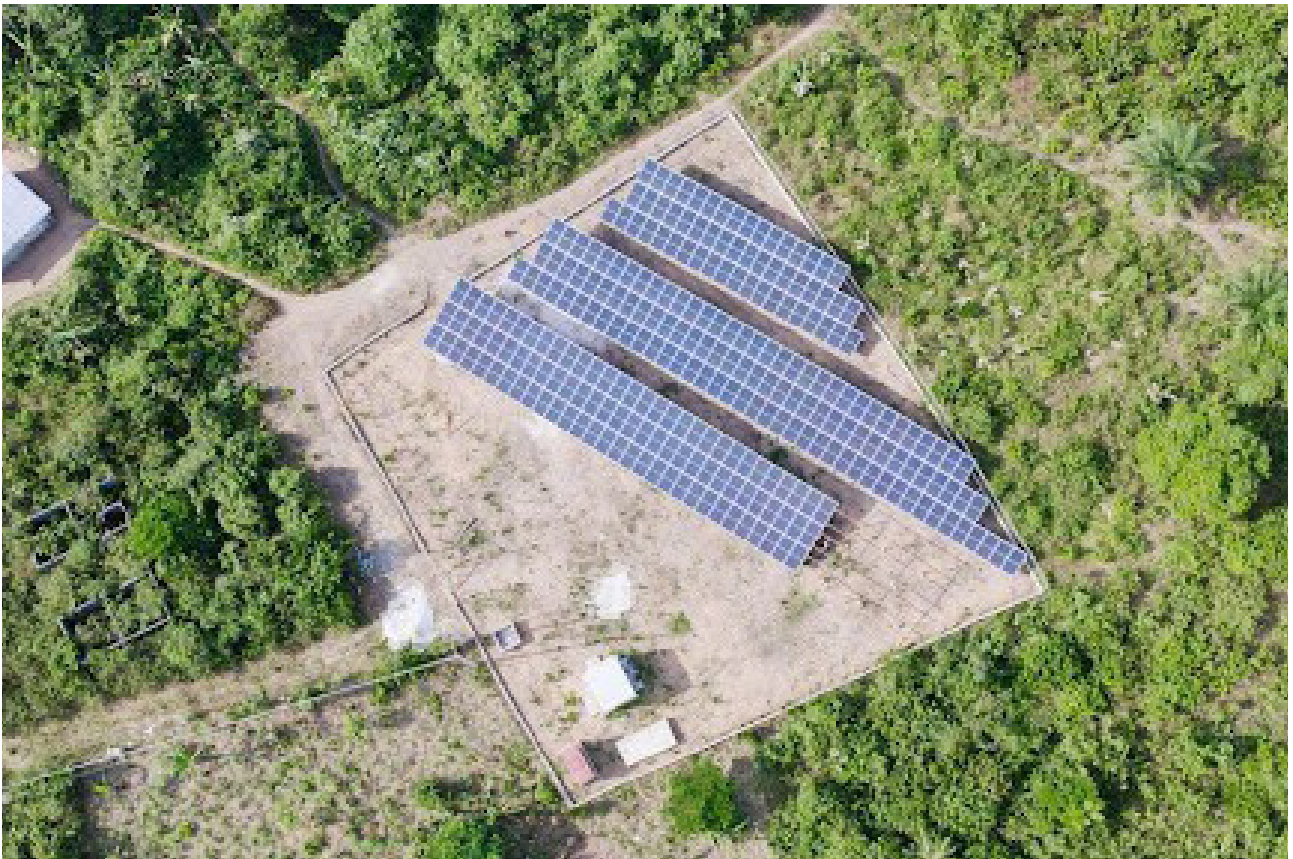
- 930MW of renewable energy installed (Utility)
- 134MW of installed gas-fired plants
- 111 Solar powered telecommunication towers
- Over 757204.95 MWh of clean energy power generated.
- 335.87KW MW of Renewable Energy Installed (telco towers)
- 973001MWhr Additional power added to the national grid.

## Promoting Energy Efficiency

Our unwavering commitment to addressing climate change and driving sustainable business practices sets us apart in our industry. We recognize the pressing need to take bold action to reduce our environmental impact as we transition to a low-carbon future. We are adopting measures to reduce energy consumption in our office by using energy efficient equipment and ensuring appropriate shut down of equipment at the end of work hours.

InfraCredit is also committed to increasing its portfolio companies that are focused on providing electrification through renewable energy such as solar mini grids to businesses and unserved households, to increase their access to energy in a sustainable manner.

## Driving Electrification through Renewable Energy: Darway Coast, Energy



# Appendix

## GRI Content Index

<b>Statement of Use</b>	InfraCredit has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards
<b>Full Term Employees</b>	GRI 1: Foundation 2021

GRI Standards	Disclosure Description	Disclosure Location	Page Number
<b>General Disclosure</b>			
2-1	Organizational details	About InfraCredit	11
2-2	Entities included in the organization's sustainability report	Not Applicable	
2-3	Reporting period, frequency and contact point	About this Report	51
2-4	Restatements of information	Not Applicable	
2-5	External Assurance		
2-6	Activities, value chain and other business relationships	Our Products	9
2-7	Employees	Our People	42
<b>Governance</b>			
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