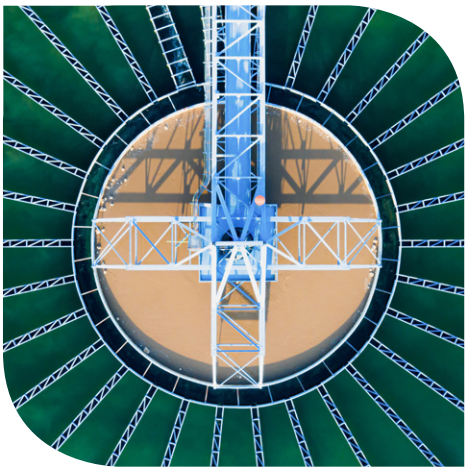

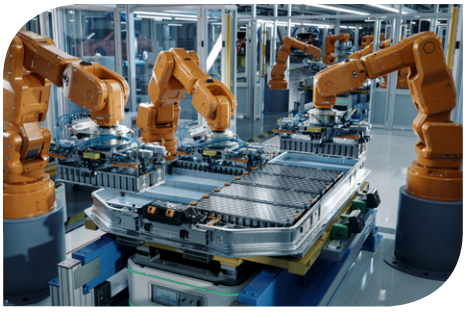

IDC SUSTAINABLE BOND FRAMEWORK

20 MARCH 2025

Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa

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ABBREVIATIONS AND ACRONYMS

Abbreviation/ Acronym	Meaning
CH^4	Methane
CO^2	Carbon Dioxide
DFI	Development Finance Institution
DSBD	Department of Small Business Development
DSC	Development Scorecard
DTIC	Department of Trade, Industry and Competition
EaaS	Equipment as a Service
ERMF	Enterprise Risk Management Framework
ESOP	Employee Share Ownership Plans
ESMS	Environmental and Social Management System
ESRG	Environmental, Social, Resilience and Governance
ESRR	Environmental and Social Risk Rating
FSC	Forest Stewardship Council
GBP	Green Bond Principles
GHGs	Greenhouse Gases
GSST	Green, Social and Sustainability and Transition
ICMA	International Capital Market Association
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
MaaS	Mobility as a Service
N2O	Nitrous Oxide

Abbreviation/ Acronym	Meaning
NDC	Nationally Determined Contributions
NDP	National Development Plan
NEVs	New Energy Vehicles
O3	Ozone
OPIM	Operating Principles for Impact Management
PEFC	Programme for the Endorsement of Forest Certification
RIP	Responsible Investment Policy
SAFAS	Sustainable African Forest Assurance Scheme
SBF	Sustainable Bond Framework
SBG	Sustainability Bond Guidelines
SBP	Social Bond Principles
SDGs	Sustainable Development Goals
SFM	Sustainable Forest Management
SLBP	Sustainability-Linked Bond Principles
SME	Small and Medium Enterprises
SPO	Second Party Opinion
TCFD	Task Force on Climate-Related Financial Disclosures
UN	United Nations

GLOSSARY

- **Allocation:** With reporting being a core component of the ICMA Principles, issuers are required to report on the use of proceeds by providing a list of the projects to which Sustainable Bond proceeds have been allocated and a brief description of the projects and their expected impact.
- **Decarbonisation:** This is a transformational process that delivers long-term emissions reductions and sustainable development in collaboration with local communities, businesses and other key actors. It starts with a company's long-term greenhouse gas emissions reduction goal and then works backwards to identify the technologies, infrastructure and investments that will be required to achieve it. A pathway or plan gives a company a choice so that they can make informed decisions on the best way to reduce emissions while addressing interconnected social, economic and environmental issues related to or exacerbated by the climate crisis.
- **Development Scorecard (DSC):** is the primary tool used by the IDC to measure and manage the developmental outcomes it aspires to achieve, outcomes and the impact each transaction may have in the long term. It comprises four main categories, each with a range of indicators; these categories include the productive economy category, the environmental impact category, the social impact category and the governance category. The DSC is aligned to the Corporation's mandate, strategy and outcomes.
- **Environmental, Social, Resilience and Governance (ESRG):** refers to a framework that helps stakeholders understand how an organisation is managing risks and opportunities related to environmental, social, resilience and governance criteria (sometimes called ESRG factors). The goal of ESRG is to capture all the non-financial risks and opportunities inherent in a company's day to day activities. Investors and funders are increasingly incorporating ESRG elements into their investment decision making process, making ESRG increasingly important from the perspective of securing capital, both debt and equity. This includes integration into due diligence processes, integrated risk assessments, portfolio management and integrated reporting.
- **Environmental Factors in the context of ESRG:** Factors in this instance include, but are not limited to, the quality and functioning of the natural environment and natural systems including biodiversity loss, greenhouse gas emissions, renewable energy, energy efficiency, natural capital preservation, natural resource depletion or pollution, waste management, ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.
- **ESRG and Sustainability Impact Framework for the IDC (Framework):** refers to the overarching framework in which the IDC governs, manages and implements ESRG and sustainability impact initiatives as guided by the IDC Responsible Investment Policy.
- **ESRG and Sustainability Impact Governance Framework for the IDC (Governance Framework)**: refers to governance structures and processes set up within the IDC to strategically manage the IDC's ESRG and Sustainability Action Plan and related initiatives.
- **ESRG and Sustainability Impact Indicators for the IDC (Impact Indicators):** refer to indicators the IDC utilises to identify, define and measure its ESRG and sustainability outcomes and impact. The IDC has its primary impact indicators outlined in its Development Scorecard.
- **ESRG and Sustainability Impact Risks and Opportunities (Impact Risks and Opportunities):** refers to the related impact risks and opportunities which the IDC will identify, manage, control and report as part of its overall ERMF processes. This includes emerging climate-related transition and physical risks and opportunities.
- **ESRG and Sustainability Impact Reporting and Disclosures for the IDC (Impact Report):** refers to a quarterly and annual reporting process focused on the progress made against the Action Plan, any updates on Framework, Governance Framework, indicators, impact risk and opportunities including continuous baseline reporting improvements on Scope 3 for disclosure purposes. This impact report is submitted to the IDC Executive Committee and relevant Board Committees on an annual basis and forms part of the annual IDC Integrated Report.

- **ESRG and Sustainability Impact Action Plan for the IDC (Action Plan):** refers to the IDC's ESRG and Sustainability Impact Strategy which outlines IDC's strategic objective, initiatives, activities, expected deliverables and associated timelines aimed at shaping IDC's ESRG and sustainability impact journey
- **FSC Certification:** is a global certification system that defines ten principles of responsible forest management for a manager or owner to follow. This enables specifiers to purchase wood from identifiable, well-managed forests. As a benchmark, any FSC standard must be interpreted at national level for it to be implemented within local forests.
- **Governance Factors in the context of ESRG:** Factors in this instance include, but are not limited to, board structure, size, diversity, skills and independence; transparency in executive pay; shareholder rights; stakeholder interaction; transparency in impact data and indicators; disclosure of information; business ethics; bribery and corruption; internal controls and risk management; emerging ESRG and sustainability impact opportunities; and, in general, issues dealing with the relationship between a company's management, its Board, its shareholders and its other stakeholders.
- **Green Bond:** is a bond issued whereby the proceeds are ring-fenced and exclusively applied to finance or re-finance in part or in full new and/or existing projects that will promote progress on environmentally sustainable activities defined through dedicated green criteria, (see Annexure 2 on IDC eligible criteria) and as further defined by the IDC's Development Scorecard Indicators.
- **Greenhouse gases (GHGs):** A greenhouse gas (GHG) is a gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect. The primary greenhouse gases in Earth's atmosphere are water vapour (H2O), carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), ozone (O3) and Fluorinated gases. These gases are released by many different types of activities – not just the burning of fossil fuels, but also farming, deforestation and industrial processes. Key sectors which release GHG emissions include energy generation, electricity and heat, industry, transportation, other fuel combustion, fugitive emissions, agriculture, land use change, industrial processes and waste.

  GHG emissions are divided into three categories for businesses and organisations – Scope 1, Scope 2 and Scope 3.

  - **Scope 1 emissions** are "direct" emissions – caused by operating the assets of the IDC (owned or controlled). These can be a result of running machinery to make products, driving vehicles, or heating buildings and powering computers.
  - **Scope 2 emissions** are "indirect" emissions created by the production of the energy that an organisation buys including installing solar panels. Sourcing renewable energy rather than using electricity generated using fossil fuels would cut a company's Scope 2 emissions. Companies can normally easily measure their Scope 1 and 2 emissions and can control them by taking steps like switching to renewable energy or electric vehicles.
  - **Scope 3** are also indirect emissions – meaning not produced by the company itself – but they differ from Scope 2 as they cover emissions produced by IDC's investments and funding i.e., IDC's financed emissions. Scope 3 emissions are under the control of investee companies and are affected by decisions made outside the company. Measuring Scope 3 emissions involves tracking activities across the entire business model or value chain from suppliers to end users.
- **ICMA Principles:** The International Capital Market Association serves as Secretariat to the Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and the Sustainability-Linked Bond Principles (SLBP) - collectively known as "the principles", providing support while advising on governance and other issues.
- **Just Transition:** refers to a shift towards a low-carbon, climate-resilient economy, ecologically sustainable economies and societies which contribute toward the creation of decent work, social inclusion and the eradication of poverty in a manner that is fair and equitable for workers, communities, and the environment.
- **Nationally Determined Contributions (NDCs)**: The Paris Agreement requests each country to outline and communicate their post-2020 climate actions, known as their NDC commitments. Together, these climate actions determine whether the world achieves the long-term goals of the Paris Agreement, namely to reach global peaking of greenhouse gas (GHG) emissions as soon as possible and to undertake rapid reductions thereafter in accordance with best available science.

- **Net Zero:** applies to a situation where global GHG emissions from human activity are in balance with emissions reductions from various climate actions e.g. NDCs and associated plans and initiatives. At net zero, GHG emissions are still generated, but an equal amount of GHG emissions is removed from the atmosphere as other emissions are being released into it, a state of equilibrium that results in a zero increase in net emissions.
- **Programme for the Endorsement of Forest Certification (PEFC):** describes itself as an international organisation dedicated to promoting sustainable forest management (SFM) through independent third-party certification. However, PEFC is not a standards agency but a mutual recognition scheme. It not only focuses on the ethical aspects of SFM but also the processing of timber, resulting in a larger emphasis on the supply chain than FSC.
- **Resilience Factors in the context of ESRG:** Resilience refers to a company's ability to absorb shock and emerge stronger and more resilient from a catastrophe than before. Through its overall ESRG and Sustainability Impact Framework, the IDC has incorporated resilience factors into its risk management functions, resulting in the ESRG Framework. Resilience factors in this instance also include, but are not limited to, risks and opportunities posed by increasing the climate resilience of communities, businesses, physical and natural assets against the adverse effects of climate change, which are an urgent priority to deliver the systemic change needed to close the adaptation finance and action gap at the scale and pace required.
- **Responsible Mining for the IDC:** IDC requires all mining companies to implement environmental and social management practices to minimise their impacts on air, water, land and biodiversity, including related stakeholder engagement requirements. This includes using cleaner production technologies, reducing waste and emissions, and rehabilitating mined land.
- **Small Enterprise:** means a separate and distinct business entity together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more, predominantly carried on in any sector or subsector of the economy mentioned in column 1 of the Schedule, and classified as a micro, a small or a medium enterprise by satisfying the criteria mentioned in columns 3 and 4 of the Schedule.
- **Social Bond:** is any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Social Projects (see Annexure 2 on IDC eligible criteria) and as further defined by the IDC's Development Scorecard Indicators.
- **Social Factors in the context of ESRG:** Factors in this instance include, but are not limited to, the human rights, human well-being and interests of people and communities. These factors also include initiatives aimed at promoting social inclusivity, spatial equity and equality, access to employment, human rights, fair and equitable labour standards, rights of women, rights of youth, children and the disabled, Black Industrialists, health and safety, relations with local communities, community trusts, community empowerment models, activities in conflict and disaster affected zones, health and access to medicine, and consumer protection rights.
- **Social Impact for the IDC:** is defined by the direct beneficiaries of the investment and covers regional equity, inclusivity, transformation and occupational health and safety, whilst in the rest of Africa it is defined by African ownership, jobs created and women and youth beneficiaries.
- **Sustainable Development Goals:** The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future". These goals were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.
- **Sustainable Development for the IDC:** refers to industrial capacity expansion and maintenance through the development of value chains in a transformative, socially inclusive, developmentally impactful and environmentally responsible way. These value chains include enablers such as energy, infrastructure, water and logistics from source to end user.
- **Sustainable Finance:** is defined as decisions that consider the environmental, social, resilience and governance (ESRG) factors of an investment activity or project.
- **Sustainability:** consists of fulfilling the needs of current generations without compromising the needs of future generations, while ensuring a balance between economic growth, environmental care, and social well-being. In business and policy contexts,

sustainability seeks to prevent the depletion of natural or physical resources, so that they will remain available for the long term. Sustainability is often broken into three core concepts: economic, environmental and social, whilst many businesses and governments have committed to the Sustainable Development Goals (SDGs).

- **Sustainability Bonds** are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both green and social projects.
- **Sustainability Impact for the IDC:** has several dimensions which include, but are not limited to, investments and funding aimed to ensure value to society, social benefits, equality, positive change, impact magnitude, replicability and scalability. For the IDC, these dimensions describe the way the IDC will strive to execute its mandate of industrial development and capacity expansion whilst investing and funding the transition towards global net zero ambition. This includes continuous alignment by the IDC to emerging ESRG frameworks and standards, the management of associated ESRG trade-offs and conscious integration of ESRG into the IDC investment and funding decision making processes.
- **Transition Bond:** refers to a class of bond, the proceeds of which are used to fund the just transition as defined through set criteria in mainly carbon intensive sectors of the economy.
- **Transition Finance:** refers to finance raised or deployed to implement the net-zero transition, in line with the Paris Agreement (i.e. Nationally Determined Contributions (NDCs). This includes the decarbonisation of entities or economic activities that: 1. are emissions intensive; 2. may not have a low- or zero-emission substitute that is economically available or credible; and 3. are important for future socio-economic development. For the IDC, Transition Finance is defined through set criteria in line with IDC's sustainable industrial pathways framework thus ensuring that the IDC investment contributes toward the creation of decent work, social inclusion, transformation and leapfrogging of economies including the eradication of poverty, in a manner that is fair and equitable for workers, communities and the environment.
- **Underprivileged communities:** refer to any group or part of a community with a higher risk of being discriminated against or being subject to other violations of rights, adverse impacts of economic crises, etc., as compared to other groups or the rest of the community.
- **IDC's Sustainable Bond Framework:** allows the IDC to issue a sustainable bond (i.e. green, social and/or transition bonds or any related loans and equity investments) that would support IDC's lending to high impact transactions that may contribute to South Africa's productive economy, promote high levels of environmental compliance and impact, and with social impact defined through set eligibility criteria. The impact of these investments shall be accounted through IDC's outcome and impact indicators as reflected in the IDC's Development Scorecard).

1. BACKGROUND

1.1 Introduction

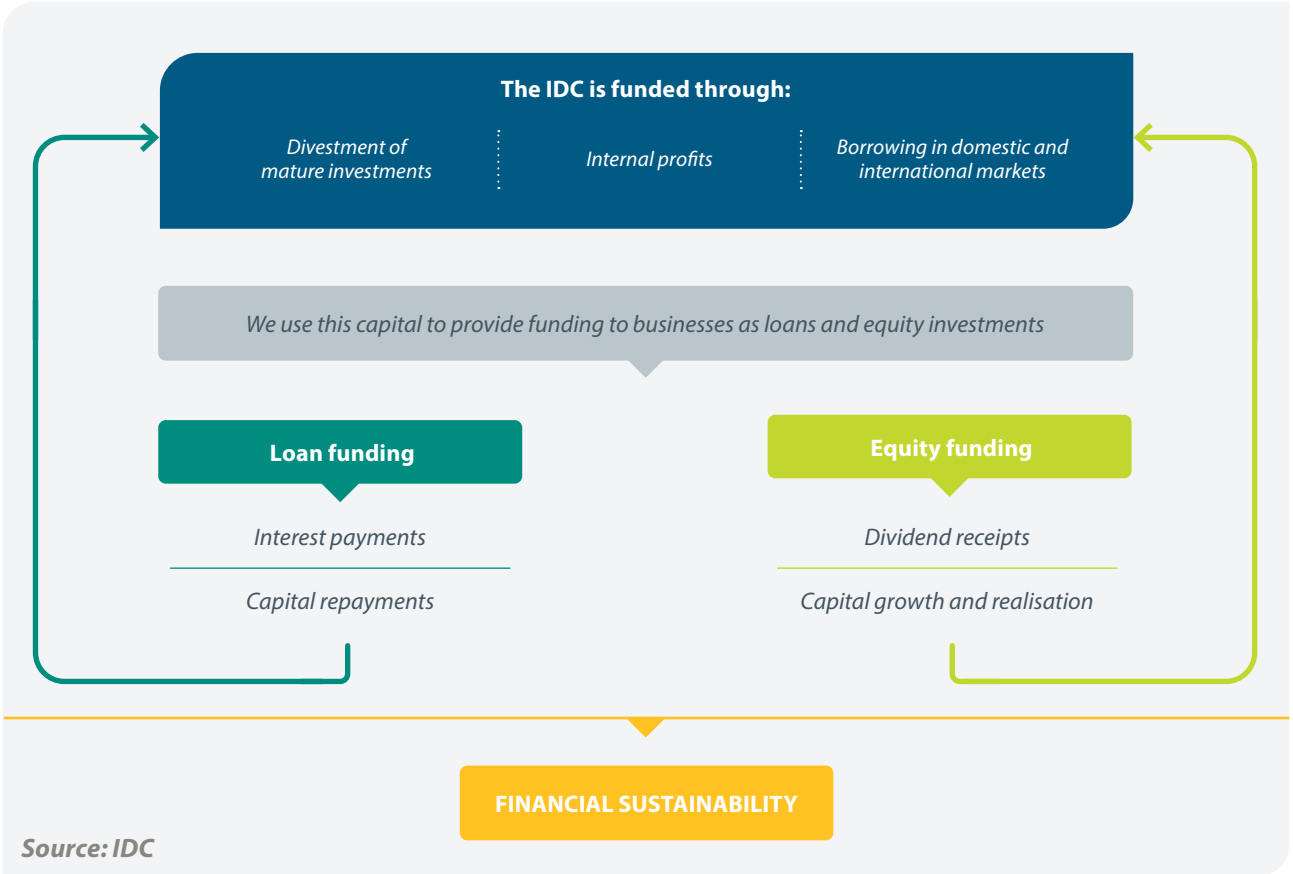
The Industrial Development Corporation (IDC) was established in 1940 through an Act of Parliament, the Industrial Development Corporation Act, No. 22 of 194) and is 100% owned by the South African Government under the supervision of its shareholder representative, the Department of Trade Industry and Competition (DTIC). The IDC is a self-funded Development Finance Institution (DFI) that provides development finance, encouraging private sector development and, at times, supplying financial products not readily available on the market, thereby taking higher risk than other financiers. DFIs play this catalytic role while achieving developmental outcomes and financial returns through funding.

IDC pursues an ethical approach to investments. It operates within an intricate framework of relationships with suppliers, clients, government authorities, business partners, communities and other stakeholders. This requires the Corporation to demonstrate accountability and ambition whilst maintaining its social license to operate. In support of its sustainable industrial capacity development objectives, the Corporation believes that its focus on Environment, Social, Resilience and Governance (ESRG) and sustainability impact as further reflected in its latest Corporate Plan through reported sustainability key performance indicators (KPIs), is material to enterprise value creation and increasingly provides valuable opportunities for innovation, industrialisation and the creation of sustainable economies across its investments.

1.2 Mandate, Funding, Business and Operating Models

It is the mandate of the IDC to maximise industrial capacity development through job-rich industrialisation. IDC's investment decisions are guided by sound business practices. Industrial development is achieved by supporting commercially viable enterprises. Every application or proposal for funding must be considered strictly on economic merit, as mandated by the IDC Act. The twin-pillar approach is an overarching investment philosophy underpinning the Corporation's sustainability imperative. The IDC has a deliberate emphasis on the reciprocal dependency between financial sustainability and development effectiveness. The IDC's funding model and business model are defined in the two figures that follow.

Figure 1: IDC's Funding Model [1]



Source: IDC

[1] IDC's current portfolio split at cost is Equity 48% and Loans 52%, at market value it is Equity 70% and Loans 30%.

Figure 2: IDC'S Business Model

INPUTS

FINANCIAL CAPITAL

Our strong asset base allows access to capital base and returns dividends, and allows for equity growth. These funding sources support clients, whose businesses help us to achieve our development outcomes.

- Equity: **R100.2 billion** (2022/23: R101.6 billion)
- Borrowings: **R45.7 billion** (2022/23: R47.0 billion)
- **R156.7 billion** in assets (2022/23: R161.9 billion)

HUMAN CAPITAL

Our diverse group of employees enable us to serve our clients and manage an effective organisation to fulfil our mandate.

- **866** permanent employees (2022/23: 853)
- **R22 million** spent on training and development (2022/23: R20.7 million)

NATURAL CAPITAL

Our direct impact on natural resources through energy and water use in our business activities.

- Renewable energy portfolio
- Investment in energy-efficiency technologies

MANUFACTURED CAPITAL

Our business structure, regional footprint, processes and information technology (IT) systems enable our deal development and implementation activities.

- Presence in all nine provinces
- Information technology infrastructure

INTELLECTUAL CAPITAL

Our brand, reputation, research, knowledge and experience.

- More than **84** years of industrial finance and project development experience
- **30** years of funding inclusive participation in the economy

SOCIAL CAPITAL

Our relationships with key stakeholders, including clients, partners, funders, development partners and government.

- **35** strategic implementing partners for the Social Employment Fund (SEF)
- **51** initiatives were approved, reaching individuals nationally across all nine provinces

BUSINESS ACTIVITIES

INDUSTRY PLANNING

- Strategy development to guide the IDC's role in the expansion of priority industries, including industry masterplans

PARTNERSHIP PROGRAMMES

- Managing funds and building partnerships to achieve development outcomes

INDUSTRIAL FINANCE

- Deal development
- Assessing the viability of business plans
- Providing funding to potentially viable businesses
- Providing non-financial support to entrepreneurs to improve the viability of their businesses
- Environment, social, resilience, governance and sustainability impact principles integrated into the industry planning, project preparation, partnership programmes and industrial finance

PROJECT PREPARATION

- Co-development of projects through feasibility stages

KEY BUSINESS SUPPORT FUNCTIONS

- Treasury support
- Legal support
- Technical deal support services: Entrepreneurial development, environmental impact
- Post-investment management and client support
- Human capital support and development
- Macroeconomic and industry research
- Financial management
- Corporate support services

OUTPUTS

LENDING, INVESTMENT AND FUND MANAGEMENT

- **R17.3 billion** funding approved (2022/23: R20.7 billion)
- **R18.7 billion** of the IDC's funds disbursed (2022/23: R20.5 billion)

PRODUCTS AND PARTNERSHIPS

- SME Connect
- SEF
- Township Economy Energy Resilience Fund
- Junior Mining Exploration Fund

OUTCOMES

FINANCIAL CAPITAL

- Assets: **R156.7 billion** (2022/23: R161.9 billion)
- Net profit company: **R7.4 billion** (2022/23: R5.9 billion)
- Net profit group: **R7.8 billion** (2022/23: R10.7 billion)
- Impairments (total portfolio at cost): **36.4%** (2022/23: 37.5%)

HUMAN CAPITAL

- **6.6%** staff turnover (2022/23: 9.02%)
- **680** employees trained (2022/23: 493)
- Provided **61** new employment opportunitiesn through learnerships and internships (2022/23: 27)

NATURAL CAPITAL

- The IDC's electricity consumption (MWh): 3 305 (2022/23: 3 972)
- Responsible investment policy approved
- Sustainable industrialisation framework developed to drive industrial development in the context of climate change

MANUFACTURED CAPITAL

- IDC's strategy is to accelerate continental industrialisation and deepen regional value chains
- Ongoing improvement of processes to ensure greater agility

INTELLECTUAL CAPITAL

- Implementation of poultry, sugar and automotive masterplans

SOCIAL CAPITAL

- **17 826** jobs are expected to be created and saved from committed transactions (2022/23: 34 035)
- **R22.3 billion** investment facilitated for priority groups of entrepreneurs (2022/23: R11.4 billion)
  - Black-empowered and black-owned **R13.0 billion** (2022/23: R6.5 billion)
  - Black industrialists: **R10 billion** (2022/23: R4.2 billion)
  - Women entrepreneurs: **R11.4 billion** (2022/23: R1.1 billion)
  - Youth entrepreneurs: **R456 million** (2022/23: R501 million)
- Client satisfaction index: **7.7** (2022/23: 7.7)
- **R38.9 million** corporate social investment (CSI) contributions (2022/23: R76 million)
- **Level 4** broad-based black economic empowerment (B-BBEEE) contributor (2022/23: Level 4)

TOP RISKS

- Development impact risk
- Credit and investment portfolio risk
- Liquidity and funding risk
- Concentration risk
- Significant investments risk
- People and organisational culture risk
- Governance, ethical conduct and behaviour
- Business continuity and IT security risk
- Reputational risk
- Legal and regulatory compliance risk
- Sustainability and responsible investment risk
- Macroeconomic conditions and developments

See pages xx to xx for more information

MATERIAL MATTERS

- Sustainable industrial development
- Financial sustainability
- Socio-economic development
- Transformation
- Governance, risk and compliance
- Human capital
- Partners

See pages xx to xx for more information

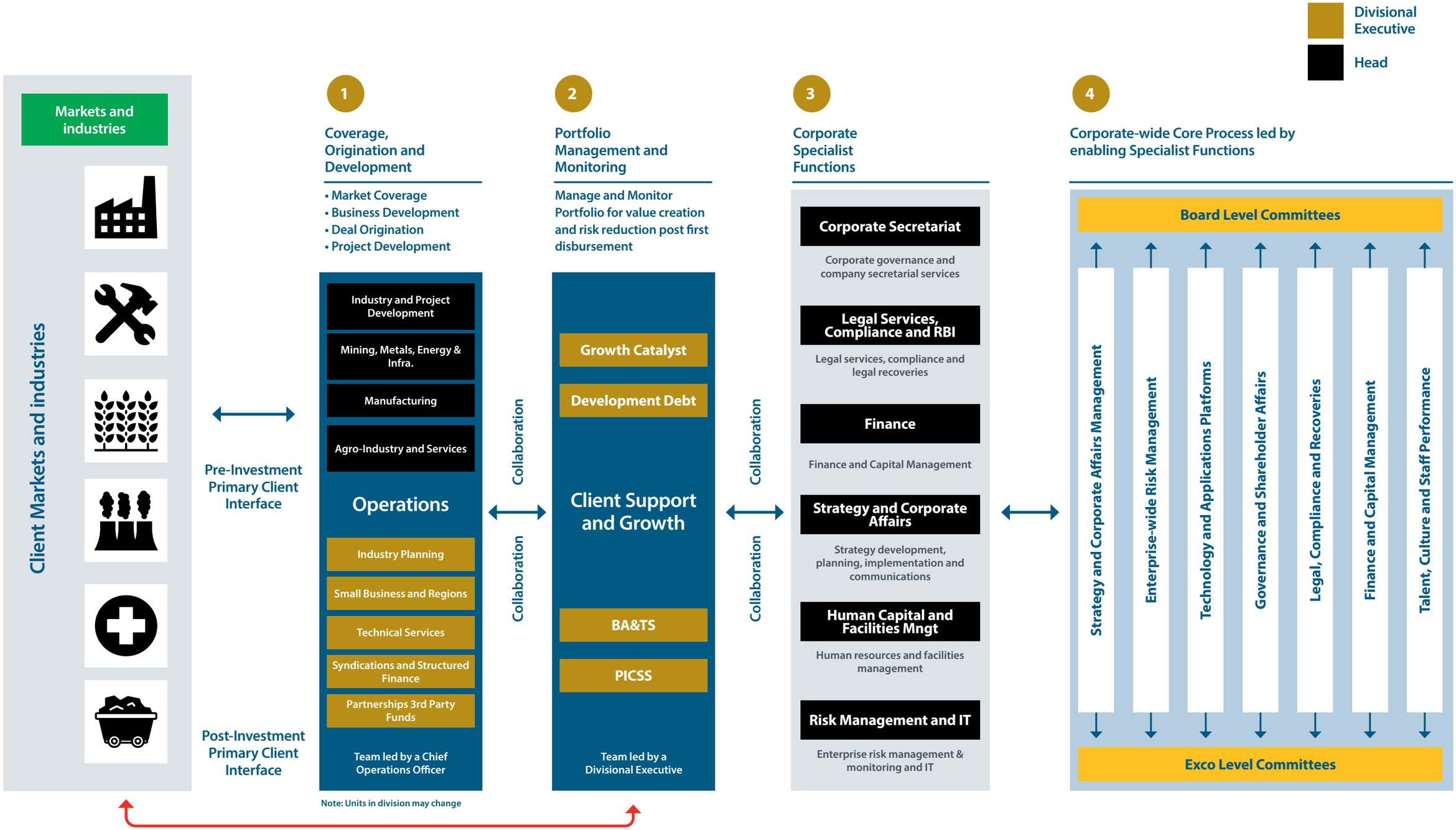
GOVERNANCE

Good corporate governance is integral to a sustainable business. We have always strived for sound governance practices aligned with best-practice principles. This is also a requirement for our funded companies.

See pages xx to xx for more information

Source: IDC

Figure 3: IDC's Operating Model



Descisions on various aspects of BPs are made at appropriate committees and through delegated authorities

Source: IDC

1.4 The Strategy: IDC's Pathways for Sustainable Industrial Development

The IDC's Pathways for Sustainable Industrial Development Framework was developed and adopted in December 2023 outlining the Corporation's approach to supporting the expansion of industrial capacity in a socially inclusive and environmentally responsible manner. The principles guiding the "IDC Pathways for Sustainable Industrial Development" indicate that the IDC's climate change responses must:

a. Go beyond mitigating harm, focusing on creating long-run inclusive growth and employment through low-carbon transitions.

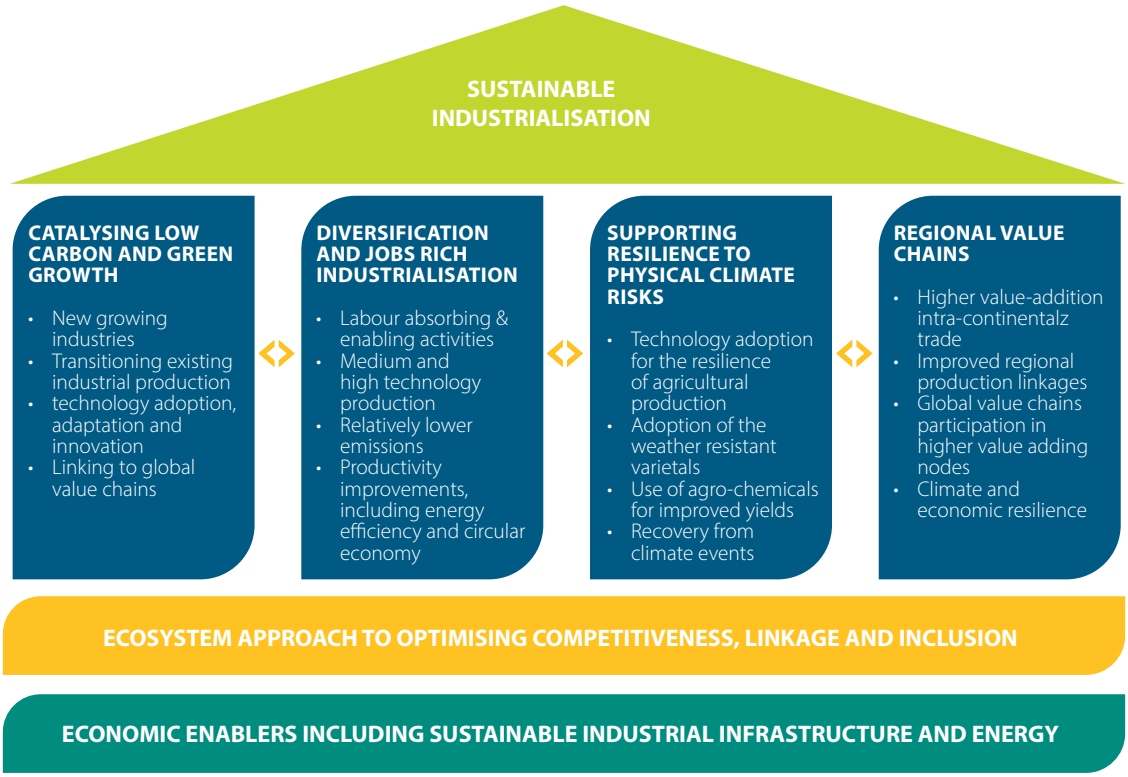
b. Leverage South Africa's abundant renewable energy sources and Southern Africa's critical minerals to foster international competitiveness of industry, in the same way that energy from cheap coal drove the country's initial industrialisation phase.

c. Support collective transformation and ecosystem development to maximise shared benefits.

d. Support the climate resilience of sectors that are vulnerable to the physical risks of climate change, including through the development of regional value chains.

The framework then identifies four main pathways for achieving sustainable industrialisation that are supported by two transversal interventions (Figure 4).

Figure 4: IDC's Pathways for Sustainable Industrial Development

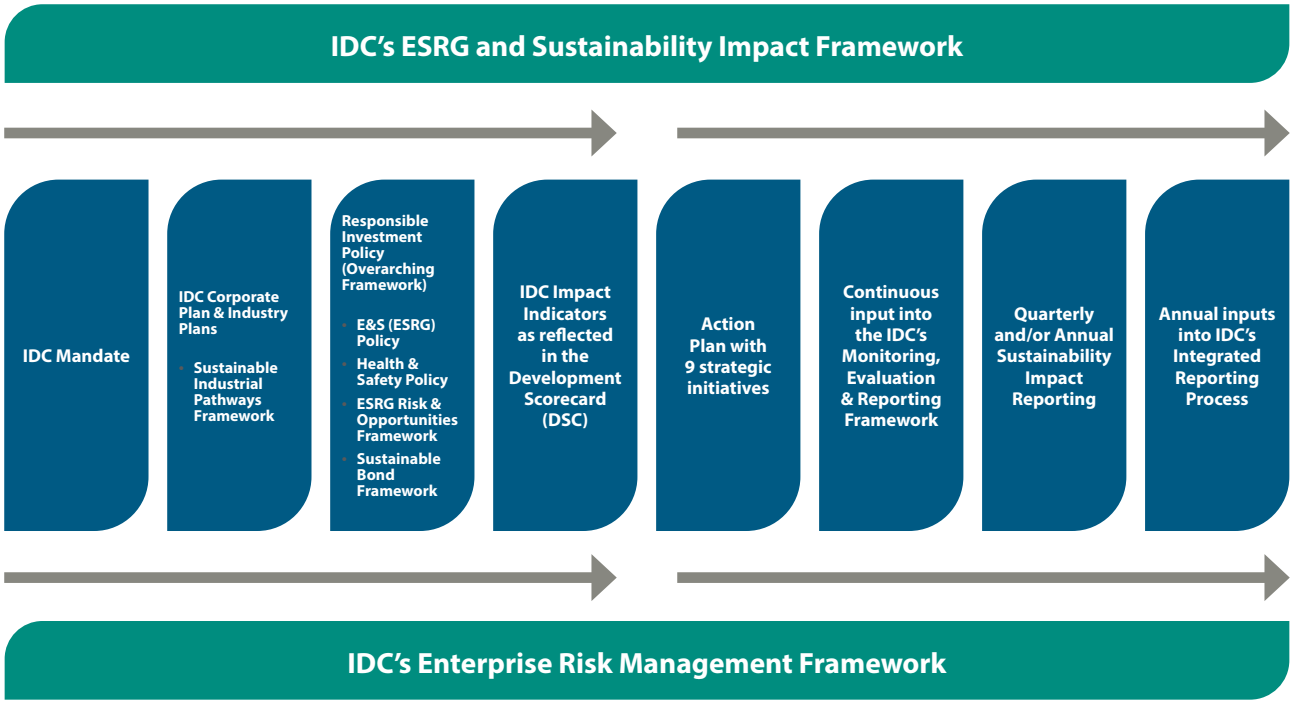


Source: IDC

1.5 IDC's ESRG and Sustainability Impact Framework

The IDC has developed a framework to further promote the integration of its ESRG and sustainability impact principles as reflected in its Responsible Investment Policy (RIP[2]) across its investment and funding cycle. A high-level overview of the framework is depicted in the Figure 5 below.

Figure 5: IDC's ESRG and Sustainability Impact Framework



Source: IDC

Furthermore, the IDC's ESRG and Sustainability Impact Framework defines positioning of the IDC's RIP, a range of supporting policies and frameworks including the IDC's Sustainable Bond Framework which are aimed at managing risks, opportunities and anticipated impact, including funding instruments in relation to environmental, social, resilience and governance and sustainability impact. The IDC's Development Scorecard (DSC) defines dedicated indicators, and metrics are utilised to identify and measure anticipated outcomes and impact (Figure 9). The IDC Sustainability Action plan has strategic initiatives which are continuously implemented to improve the overall IDC's ESRG and sustainability programme.

The IDC's Monitoring and Evaluation Reporting Framework results inform the IDC's annual integrated sustainability impact reporting cycle.

Other key elements of the framework include dedicated governance and integrated risk management frameworks, which provide the context for the implementation and integration of the IDC's RIP and its principles aimed at managing all ESRG and sustainability impact factors. The policy is informed and aligned to the IDC's mandate, the corporate plan and various industry and sector plans.

[2] https://www.idc.co.za/gkey-policies/

2. IDC'S SUSTAINABLE BOND FRAMEWORK

IDC's Sustainable Bond Framework (SBF) is aligned to International Capital Market Association ("ICMA") Principles with the stated mission and vision of promoting the role that global debt capital markets can play in financing progress towards environmental and social sustainability. The IDC intends to use the SBF for capital-raising and investment in new and existing (i.e. refinancing) of project activities/transactions which contribute to the following development outcomes and impact as stipulated in the IDC's DSC, which is updated from time to time.

i. The productive economy

ii. Environmental compliance and impact

iii. Social impact

The ICMA Principles considered by the IDC's SBF include:

i. Green Bond Principles – June 2021, including June 2022 Appendix (GBP)[3]

ii. Social Bond Principles – 2023 (SBP)[4]

iii. Sustainability Bond Guidelines 2021[5]

iv. Climate Transition Finance Handbook

IDC's SBF further details the four pillars pursuant to the principles namely:

i. Process for Selection and Evaluation of Projects

ii. Use of Proceeds

iii. Management and Allocation of Proceeds

iv. Impact and Allocation Reporting on Eligible Projects (eligible projects reflected in Annexure 2)

2.1 IDC's Types of Bonds to be Issued

The IDC's Use of Proceeds eligibility criteria categories (Annexure 2) are divided into the following broad categories (Figure 7 below):

i. Transition Bond criteria (focused on industrial development drivers/outcomes, catalysing markets, just transition, alignment with IDC's continental strategy and South African market benefits)

ii. Social Bond criteria

iii. Green Bond criteria

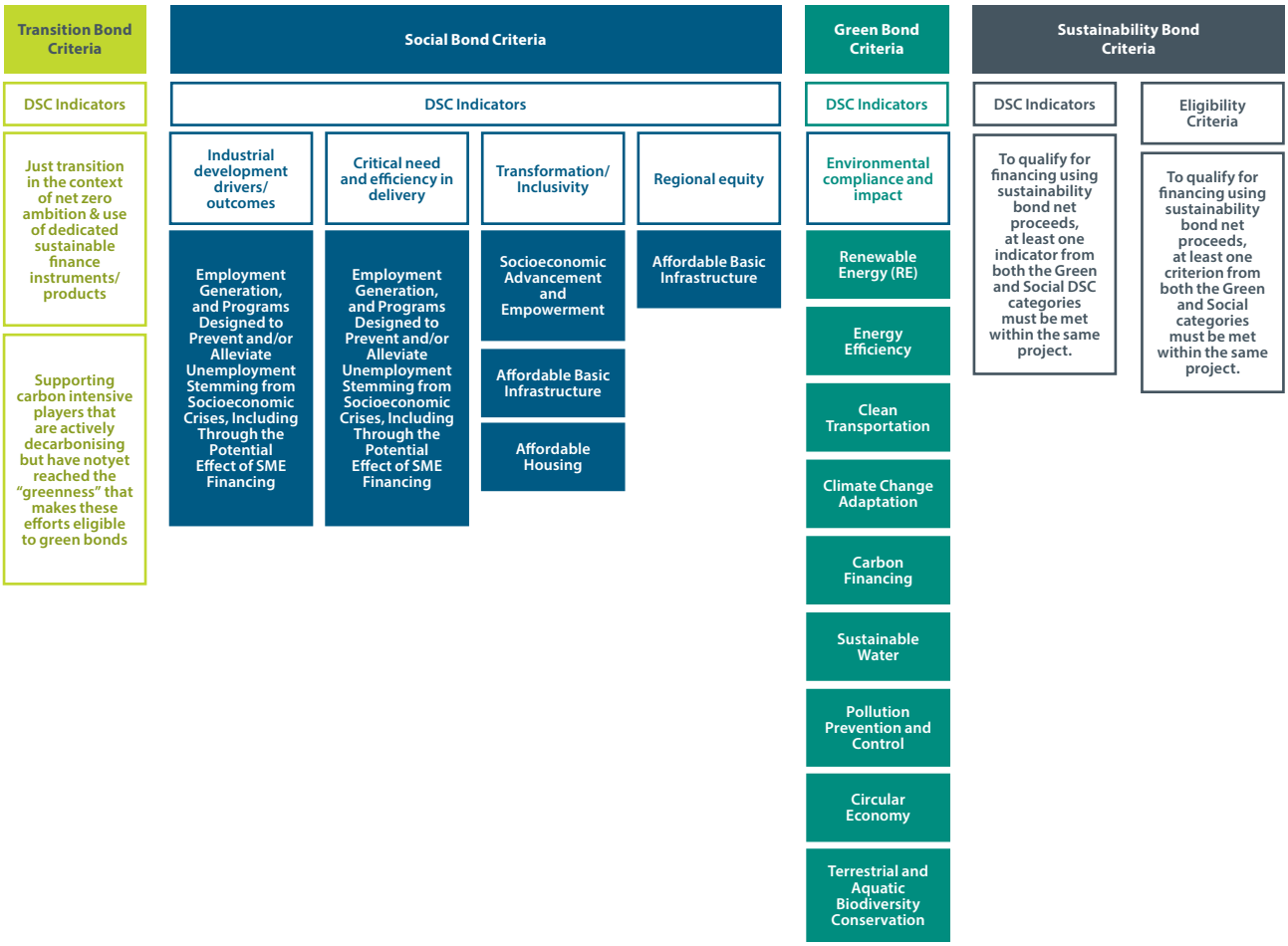
iv. Sustainability Bond criteria (Green Bond criteria and Social Bond criteria combined)

[3] https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf
[4] https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf
[5] https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf

2.2 Project Categorisation

The categorisation process for the above-mentioned types of bonds is as follows: 1st level screening is undertaken for all transactions utilising the eligibility criteria in Annexure 2 to determine the appropriate Bond i.e. Green and/or Social and/or Sustainability or Transition eligibility criteria, see Figure 6 below.

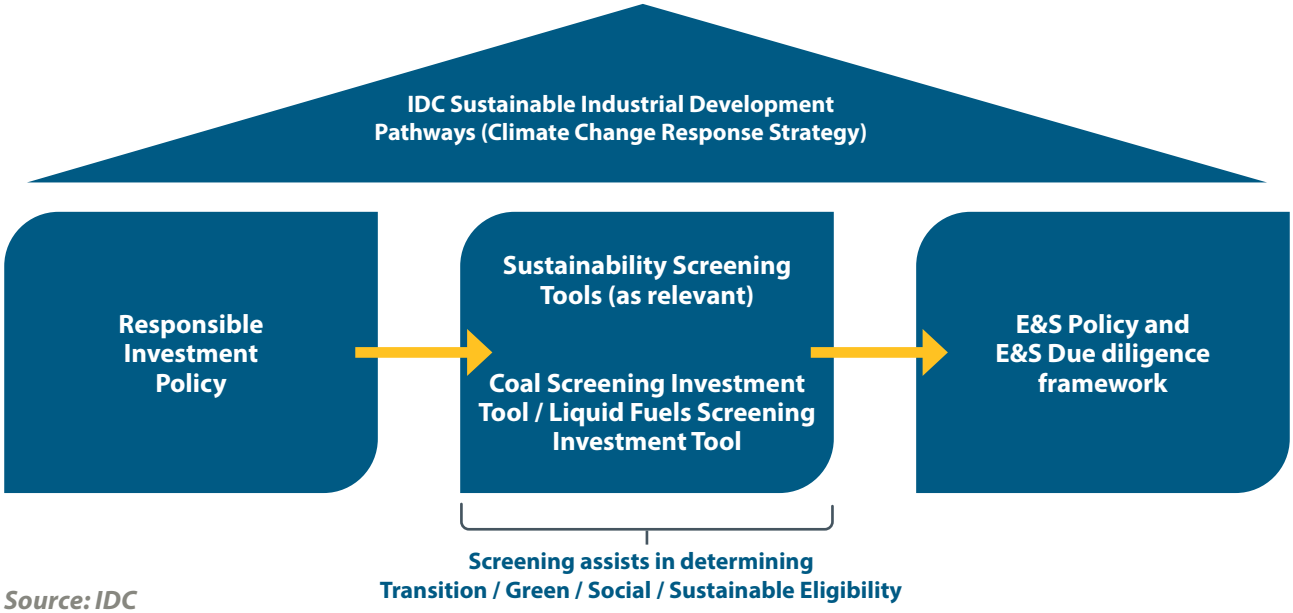
Figure 6: IDC Bond Project Categories



2.3 Process for Selection and Evaluation of Projects (Project Screening)

All new and existing IDC projects undergo the following screening process to ensure compliance with the IDC Responsible Investment Policy with defined Exclusions and Restrictions (Annexure 1), Sustainability Screening Tools and the IDC E&S Policy, see Figure 5 below. IDC's Sustainability Screening Tools (see Annexures 3 and 4) are applied on all Fossil Fuel sector-based transactions and funding activities (Coal, Natural Gas and Liquid Fuel) as revised from time to time. The Sustainability Screening Tools include questions at the national level (country-level Paris alignment, government policies, sector commitments) and project specific questions (such as project emissions intensity, energy technologies, alternative lower energy sources, carbon tax liability, carbon footprint). The IDC screens and assesses each proposed transaction from pre-investment and due diligence stages to determine ESRG risks and impacts; categorises transactions based on their environmental and social risks; develops environmental and social action plans to address identified gaps; and monitors/ reports clients' environmental and social performance. Figure 7 below provides an overview of IDC's process for project selection and evaluation:

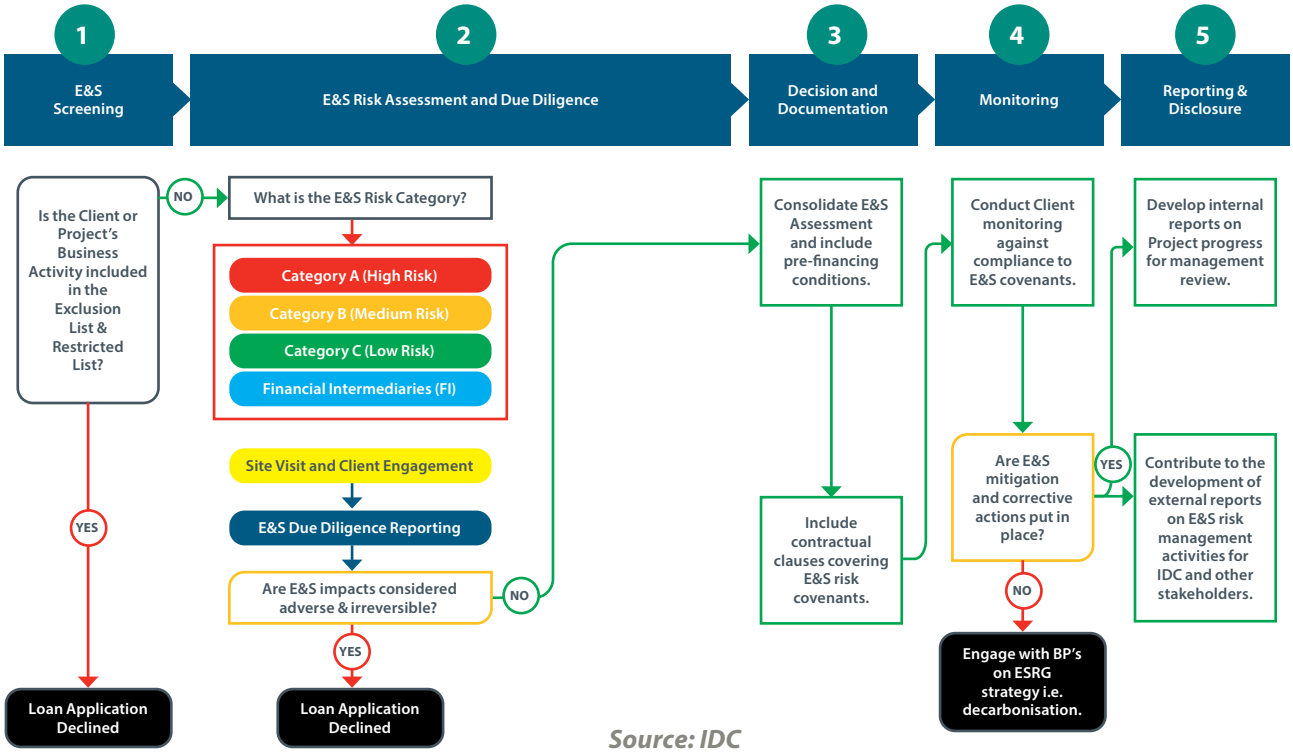
Figure 7: Project Screening Process



Source: IDC

Figure 8 below further provides an overview of the IDC's Environmental and Management System (ESMS) which is aligned with the International Finance Corporation (IFC) Performance Standards. The screening assessment tools used include the RIP (excluded and restricted activities), IDC Environmental & Safety (E&S) checklist (developed in alignment with the IFC Performance Standards), World Bank EHS guidelines, IFC Factsheets, and the IDC's DSC. In addition, the IDC's due diligence process has been enhanced to include climate change risk assessment. The IDC's ESRG Risk Policy guides the overall adherence to the IDC's Environmental and Social (E&S) Management System (See Figure 8 below), eligibility criteria detailed in this framework and where applicable to the Equator Principles[6].

Figure 8: IDC's Environmental and Social Management System (Due Diligence)



Source: IDC

[6] https://www.idc.co.za/key-policies/

2.4 Use of Proceeds

All use of proceeds under the IDC SBF will only apply to "Contribution" assessed eligible transactions (as detailed in Part II of the ISS-Corporate SPO) in the following IDC's Sectors and Industries of interest, the associated eligibility criteria (Details on Eligibility Criteria See Annexure 2) of which are detailed in the following sectors and industries (including Small Business Finance Transactions)

i. Mining and Metals

ii. Machinery, Equipment and Electronics

iii. Agro-processing and Agriculture

iv. Infrastructure

v. Energy

vi. Automotive and Transport Equipment

vii. Chemicals, Medical and Industrial Mineral Products

viii. Textile and Wood Products

ix. Tourism and Services Sector

2.5 Illustration on the Use of Proceeds

The use of proceeds as illustrated below in Figure 9 demonstrates how we source new projects/transactions and the overall management of the existing projects/transactions within the IDC. It provides an illustration of the following:

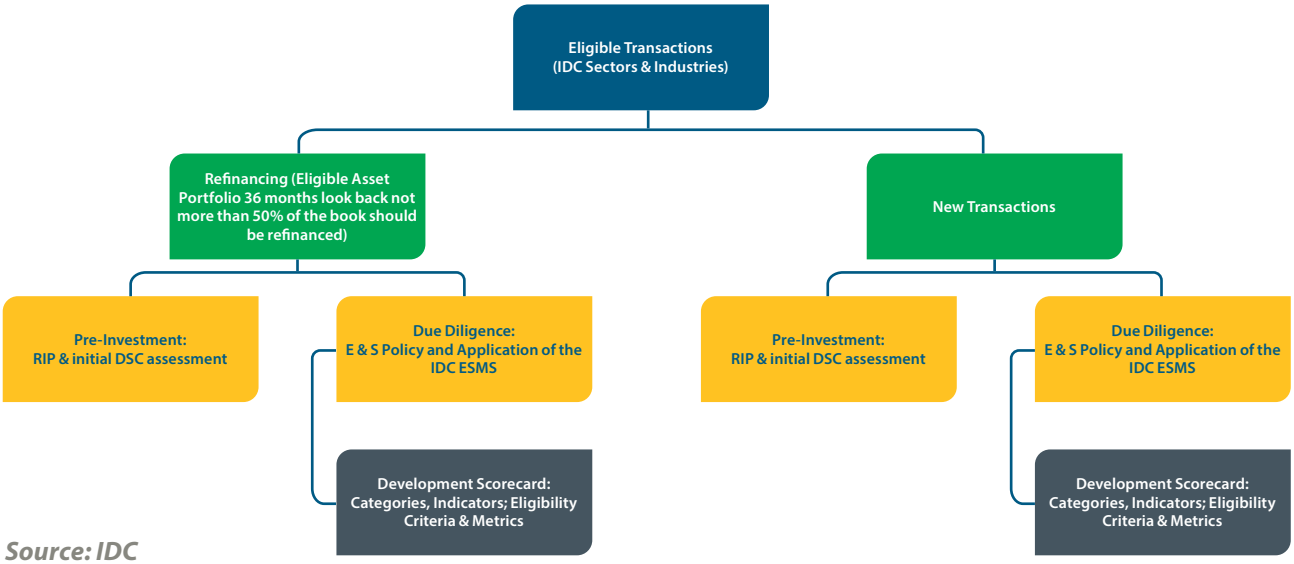
a. The alignment with ICMA Principles through the DSC;

b. Identification of the existing and pipeline projects;

c. Determination of project eligibility criteria; and

d. Estimation of the share of new financing versus refinancing, along with IDC's exclusionary criteria.

Figure 9: Use of Proceeds



Source: IDC

The IDC's Development Scorecard (DSC) below is aligned with achieving the objectives of South Africa's National Development Plan (NDP), the outcomes of the DTIC and support of the United Nations' (UN) Sustainable Development Goals (SDGs). The Development Scorecard comprises four main categories (as shown in Figure 10 below) which highlight impact areas for the IDC. These include: the promotion of a productive economy; environmental compliance and impact; social impact; and governance. The DSC is aligned to the Corporation's mandate, strategy and outcomes, and is used to assess both the potential of transactions as well as their ongoing performance.

Figure 10: IDC's Development Scorecard Indicators for the Sustainable Bond Framework

Category: Productive Economy

Indicators
Stimulation of the economy, Just Transition and Sustainable Finance

Criteria
Economic Enablers: Localisation; Import Replacement; Beneficiation; Value addition; Support to SMEs; Contribution to priority sectors and value chains.
Just Transition: A just transition and net zero composite measurement.
Catalysing Markets: Funding leveraged; Export development; Innovation and/or new markets.

Category: Social Impact

Indicators
Direct beneficiaries of the investment, regional equity, inclusivity and transformation

Criteria
Critical Need and Efficiency: Jobs created; Jobs saved; Cost of jobs.
Regional Equity: Provincial spread; SEZs and industrial parks; Investments in rural areas; Investments in township economies.
Transformation/Inclusivity: Women, youth and people with disabilities ownership and operational involvement; Black Industrialists; B-BBEEE; Worker empowerment; Community infrastructure development.
Environmental Health & Safety: Compliance with regulations

Category: Environment

Indicators
Environmental compliance and improvements

Criteria
Sustainable water and wastewater management, Local air quality compliance, Waste Management, Greenhouse gases and carbon tax, Biodiversity

Category: Governance

Indicators
The decision making and risk management practices of the funding recipient

Criteria
Corporate governance progression, Statutory requirements, Business ethics, Conflict of interest, Board roles

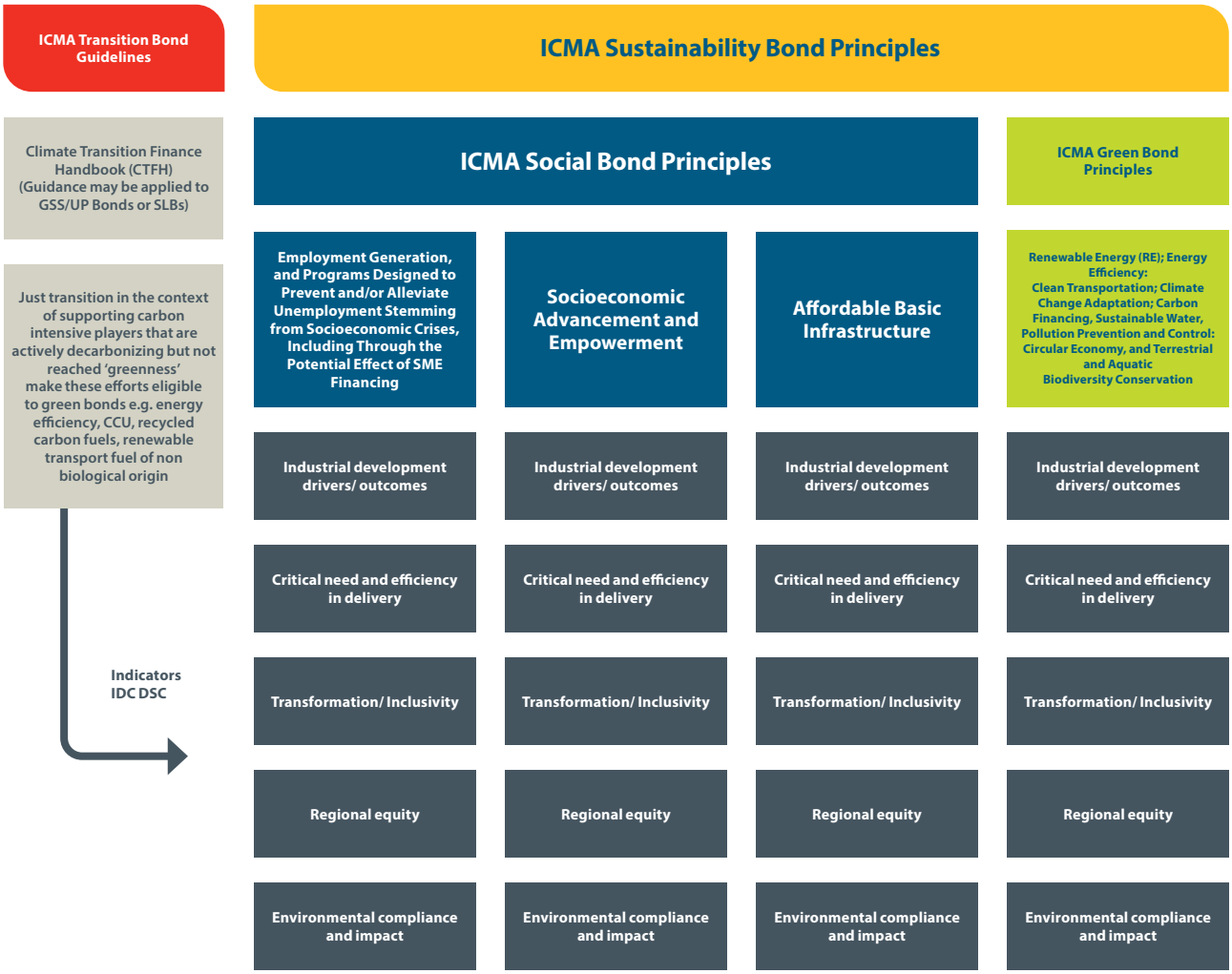
Source: IDC

The DSC is reviewed regularly and its application has been extended to include the measurement of development impact in line with international best practice. The journey includes the alignment of IDC's practices with the Operating Principles for Impact Management (OPIM)[8], a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle.

The DSC's indicators have been aligned to ICMA principles. This mapping process has involved identifying key indicators within the DSC that correspond to the core components of the ICMA principles, including use of proceeds, project evaluation and selection, management of proceeds, and reporting. It is acknowledged that ICMA principles will evolve over time and this alignment will be updated accordingly to reflect those changes.

Figure 11 below demonstrates the three Bond Principles i.e. Transition, Social and Green Bonds which the IDC shall utilise to raise finance to transform and transition (i.e. decarbonisation) new and existing IDC transactions and the overall portfolio.

Figure 11: Alignment of IDC Development Indicators with ICMA Principles

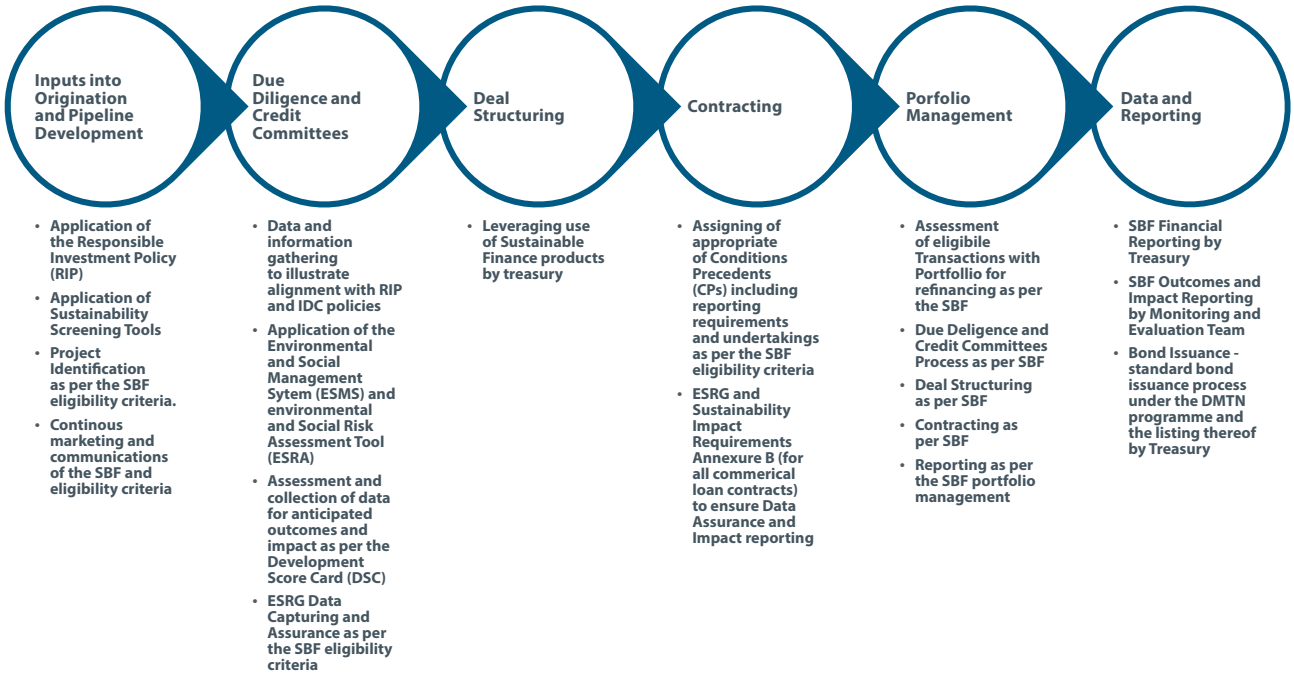


[8] https://www.impactprinciples.org/

2.6 IDC's Operating Model and Governance of the Sustainable Bond Framework

Any potential eligible businesses or transactions (as depicted in the IDC eligibility criteria) that have been through IDC's initial screening process for eligibility, will also be taken through an already established operating model for all transactions. **(See Figure 12 below).**

Figure 12: IDC's SBF 's Operating Model



Source: IDC

In terms of governing compliance with the Sustainable Bond Framework, the existing credit committees shall manage all processes relating to the sustainable bond issuance, management and reporting. Additionally, the IDC's Executive Committee (ExCo) shall oversee the overall implementation of the Sustainable Bond Framework to ensure consistency with IDC's funding policy.

IDC's ExCo, in turn, has assigned the responsibility for the implementation of the SBF to the Chief Financial Officer (CFO) through Corporate Treasury to ensure alignment with ICMA principles. The relevant departments across the IDC, including Strategic Business Units, Technical Services, Risk, Sustainability, Client Support and Growth, Monitoring and Evaluation, and Corporate Treasury, will support this implementation including all reporting requirements.

The Due Diligence and Credit Committees are responsible for overseeing sustainability and impact related topics internally. Ultimately, ExCo is responsible for the implementation of the framework and is accountable to the Board for all sustainability and impact related decisions. The existing credit committees will be responsible for the evaluation and selection of eligible projects as per the Framework's criteria.

2.7 Management and Allocation of Proceeds

IDC's Treasury Department will ensure that the management approach for green / social / sustainable bond proceeds prioritises full allocation to eligible assets as the primary objective. In the event of insufficient eligible assets for immediate allocation, the following steps will be undertaken and managed by the IDC Treasury:

1. The investment instruments for any unallocated proceeds will include, but are not limited to, South African government bonds and appropriate money market instruments.
2. Our preference is to achieve full allocation within the first 24 months, with a maximum period aligned to the term to maturity of the bond.
3. Furthermore, IDC believes that a portfolio approach will be more effective for the management of proceeds.
4. Full Allocation Priority: IDC will prioritise allocating proceeds to eligible assets that align with the criteria of this Framework, ensuring that the funds are directed towards impactful eligible projects from the outset. We will consider IDC's entire pipeline, meaning a portfolio approach.
5. Timely Asset Identification: Efforts will be made to identify eligible assets promptly, employing thorough research and due diligence to select projects that meet the criteria of this Framework.
6. Collaborative Ventures: If immediate full allocation proves challenging, IDC may explore collaborative ventures with external partners, leveraging shared resources to collectively invest in eligible sustainable initiatives.
7. Green / Transition Fund Establishment: In the absence of immediate eligible assets, IDC may establish a dedicated green / transition fund. This fund will accumulate unallocated proceeds until suitable projects are identified, maintaining a commitment to SBF.
8. Community-Focused Investments: Unallocated proceeds may be directed towards community-based projects or initiatives that contribute to sustainability goals while adhering to ICMA principles. The investment instruments for any unallocated proceeds will include, but are not limited to, South African government bonds and appropriate money market instruments.
9. Innovation and Research Support: IDC may invest in research and development initiatives focused on sustainable technologies or practices, fostering innovation within the sustainability space and identifying future eligible assets.

By incorporating these steps into the management approach, IDC aims to balance the commitment to full allocation with the realities of asset availability, ensuring a responsible and transparent use of sustainable bond proceeds in accordance with ICMA principles.

2.8 Reporting and Impact Measurement

We will consider IDC's entire pipeline, meaning a portfolio approach. The reports will provide an annual summary of the project portfolio and the scope of impacts considered particularly relevant to bondholders. The total reporting time for the allocation report will align with our annual year-end in March. To meet ICMA principles, IDC commits to reporting on the use of proceeds annually until all proceeds are fully allocated and for the duration that the bond(s) remain outstanding. This reporting will ensure transparency and accountability in line with the Framework's objectives. All impact reporting metrics are available on our Development Scorecard and the IDC commits to annual reporting on the use of the bond proceeds on the IDC website. This will include both allocation reporting and impact reporting as per the below:

I. **Allocation Reporting includes:**
   a. Description of project categories funded
   b. Amounts allocated
   c. Geographic distribution of projects

II. **Impact Reporting includes:**
   Guided by the IDC's Development Score Card indicators and metrics on financed projects (See Annexure 7)

Stakeholders will also be provided with information on the status of bonds issued under the SBF and details of transactions financed through the bond issuances. The IDC annual integrated report, which is independently assured, will include relevant aspects of the bonds issued, transactions and development outcomes. Links to relevant public documents about the funded transactions will be made available on the IDC website.

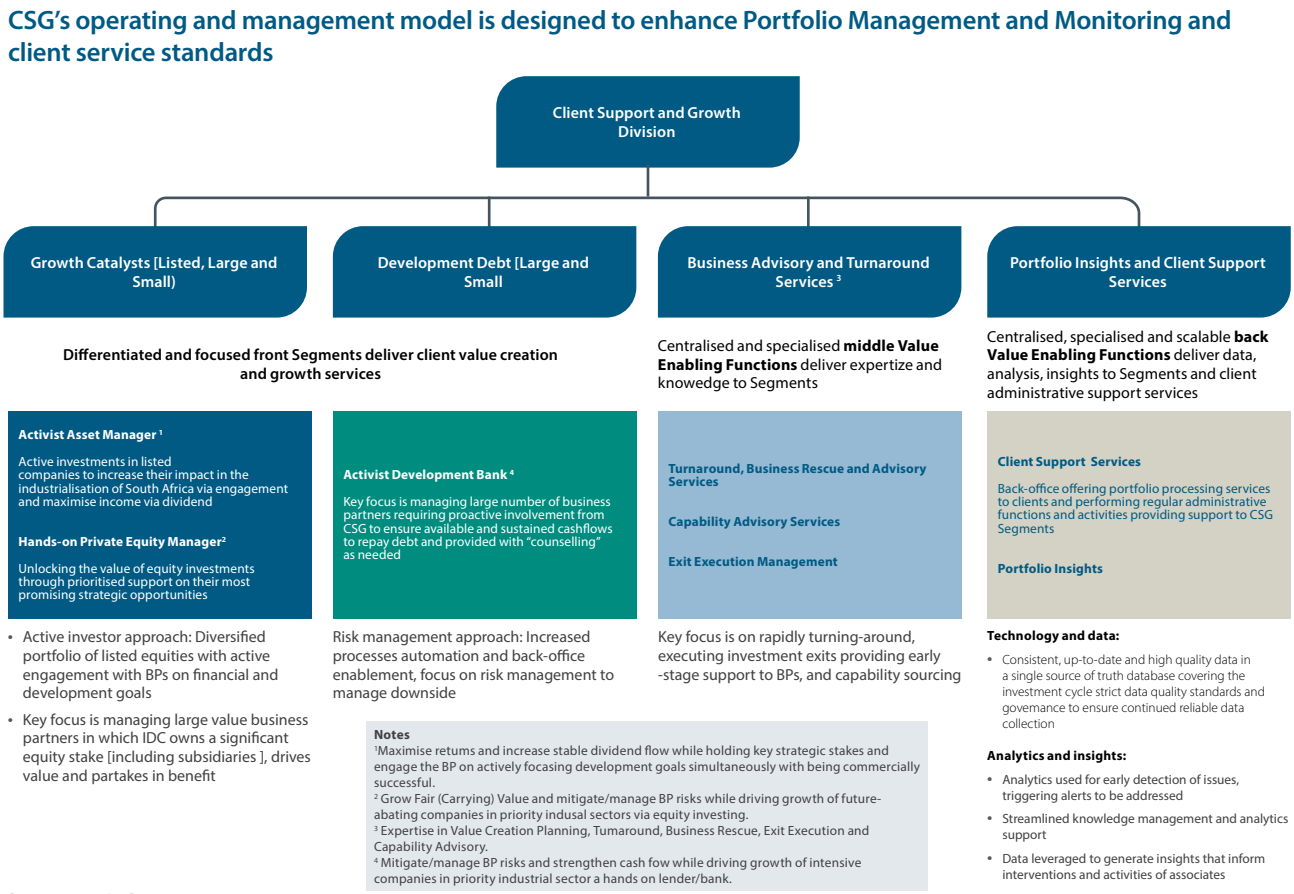
The IDC's Development Scorecard (DSC) with its relevant development outcome metrics, will underpin reporting against objectives, indicators, metrics and monitoring requirements as identified at the appraisal stage (DSC indicators contained in Annexure 2). A summary of the impacts of the Eligible Assets financed may be included in instances where the data is available from the clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition or other relevant regulation. In addition, funded projects may also be required to track project-specific metrics, which will highlight sustainability impact outcomes that are specific to the intervention. Wherever possible, IDC will report both on the anticipated and actual development, environmental and social impact outcomes of the funding on an annual basis.

At transaction level, all project documentation will describe the alignment of projects with the IDC's Development Scorecard in project selection. Funded partners must have processes in place to monitor implementation and track outcomes, and to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s). This will be managed through contractual agreements with defined ESRG and Sustainability conditions precedent (CPs), (See Annexure 6)[9].

A dedicated division within the IDC, Client Support and Growth, actively monitors clients, reports quarterly to the Board Risk and Sustainability Committee and performs annual reviews on outcomes. This will inform the annual bond reporting.

The Client Support and Growth division's operating model is described in the figure below.

Figure 13: Client Support and Growth Division tasked with portfolio management



Source: IDC

3. EXTERNAL REVIEW

IDC's Sustainable Bond Framework is designed to fully recognise and comply with the requirements for both second party opinions and ongoing independent external reviews:

a. Second Party Opinion: IDC acknowledges the importance of a second party opinion as a one-time external review to validate the framework's alignment with recognised sustainability principles. IDC has appointed ISS-Corporate, an independent institution with environmental, social and sustainability expertise to provide a Second Party Opinion (SPO) on the SBF. The SPO will be made available on the IDC website.

b. Ongoing Independent External Reviews: In addition to the initial validation, IDC's framework includes provisions for annual independent external reviews. These reviews will continue until the full allocation of proceeds and the redemption of the bonds. This ongoing process demonstrates IDC's commitment to transparency, accountability and continuous improvement in our sustainability practices. IDC intends to report on the allocation and impact of the SBF proceeds within the Eligible Assets Portfolio, which report(s) will be verified by an independent external assurance provider. From time to time an appropriate external independent assurance provider may update the SPO to ensure that the process and that the financing of eligible assets and the allocation of proceeds are in accordance with the ICMA principles.

[9] All IDC Commercial Loans as from the 23rd of July 2023 contain Annexure: ESG and Sustainability Impact Information Requirements.

4. ANNEXURE 1: RESPONSIBLE INVESTMENT POLICY (EXCLUSIONS AND RESTRICTIONS)[10]

IDC Exclusions

1. Illegal activities (See Responsible Investment Policy approved in November 2023).
2. Projects or transactions involved in the production or trade in tobacco.
3. Projects or transactions involved in the production, screening or distribution of pornography.
4. Production or trade in asbestos fibres as guided by the South African Asbestos Abatement Regulations 2020 published under Government Notice R1196 in GG 43893 of 10 November 2020.
5. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
6. Commercial logging operations for use in primary tropical moist forest.
7. Production or trade in wood or other forestry products other than from sustainably managed forests as defined by the UN Food and Agriculture Organisation (FAO).
8. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
9. New projects or transactions that are given an Environmental and Social Risk Rating (ESRR) 4 rating during pre-investment or due diligence stage.
10. All activities in contravention of US Foreign Account Tax Co Compliance Act (FATCA) and Office of Foreign Assets Control (OFAC) List as governed by the IDC RMCP Policy are excluded.
11. All new coal to power project activities in South Africa and across the continent.

IDC Restrictions

1. Weapons and military equipment.
2. Gambling (normally linked with Services Transactions).
3. No EIA or geological reports (normally at Pre-Investment Stage prior to Due Diligence).
4. Exposures with ESRR of 4 (this is for the existing Portfolio).
5. Radioactive Materials (mostly in the Medical and Manufacturing space).
6. The Restricted List is further managed through the following conditions: **Reviewed on a case-by-case basis ONLY if the following is met:**
   a. No more than 10% net assets.
   b. Not more than 20% of turnover.
   c. Transaction/project is not a part of the business that is excluded.
   d. The project is ring-fenced.
   e. No portion of the IDC's funding shall be utilised to support the restricted areas of operation.

[10] https://www.idc.co.za/key-policies

5. ANNEXURE 2: ELIGIBILITY REGISTER SNAPSHOT OF THE IDC TRANSACTIONS

5.1 Eligibility Criteria - Transition

Guiding Principles for Transition Bond Use of Proceeds:

i. Aimed at supporting carbon-intensive sectors' net zero ambition whilst actively decarbonising carbon intensive sectors, industries and value chains.

ii. No use of renewable energy sources to fuel fossil fuel production.

iii. No promotion of fossil fuel consumption.

iv. No energy production from fossil fuels as per IDC's Responsible Investment Policy.

Agro-processing and Agriculture

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following transactions / activities within the Agro-processing and Agriculture sector will be deemed eligible and they include but are not limited to:

a. Promotion of sustainable farming practices and precision agriculture techniques.

i. "Greener" orchard replacement practices: incorporating old trees into soil improvement plan. Financing of land clearing for orchard development (greenfield and replanting old fields). This is in line with the Agriculture Masterplan in support of Enhancing the export of high value crops. The recipients of financing under this activity will be our clients. The incorporation of old trees into soil improvement plans forms part of soil remediation activities. Organic waste from old tree residues (i.e., leaf material, roots, and other plant parts) is composted and reused to improve soil organic matter, enhance soil structure, and reduce soil loss. Typically, fruit growers in the agribusiness development space are certified with Global GAP. Newly funded orchards are not obliged to certification, but clients with Global GAP certification are required to implement crop rotation, reduced or no-tillage farming, erosion control, and/or other soil management practices to avoid soil erosion and improve soil integrity. The environmental impact of land clearing for both greenfield and existing orchard farm sites will be assessed on a case-by-case basis, through environmental impact assessments. This process helps mitigate risks relating to habitat degradation.

ii. Adoption of water saving technology which reduces the amount of electricity used. Specifically, we are focusing on:

- Smart water probes: to monitor soil moisture levels and optimise water usage in real-time.
- Weather stations: to track local climate conditions and improve irrigation scheduling.
- NDVI (Normalised Difference Vegetation Index) drone technologies, which assess crop health and help manage water usage more efficiently.
- Low-flow drip irrigation systems, which reduce water wastage by delivering precise amounts of water directly to the plants' roots.

iii. Financing the purchase and adoption of efficient and water saving irrigation technology supported by appropriate probe systems (soil erosion management and precision farming enhancement). This is in line with the Agriculture Masterplan in support of promoting sustainable management of natural resources.

b. Investments in project development of sustainable (both long-term and green basis) crop/product diversification and resilient farming methods e.g.,

i. Partnering and funding project scoping and prefeasibility studies for sustainable crop diversification and green product diversification in distressed industries. This is in line with both the Sugar and Agriculture Masterplans in support of sustainable and diversified industries. This activity is intended to promote the use of crop and green product diversification. The primary aim is to support industries in implementing resilient farming methods and transitioning to sustainable crop diversification, particularly within distressed industries.

ii. To clarify, financing is directed towards clients who are actively engaged in crop diversification practices. These

efforts offer numerous agronomic benefits, including improved pest management, reduction of weeds, prevention of soil erosion, and the conservation of soil moisture. By investing in these practices, we contribute to the long-term sustainability of agricultural industries, as aligned with the objectives of both the Sugar and Agriculture Masterplans.

iii. Financing soil loss/erosion reduction structures (gabion walls, canal banks, etc). This is in line with the Agriculture Masterplan in support of enhancing resilient farming in vulnerable areas.

- Crop Production Projects: Implementing erosion control measures in farms located in hilly or sloped areas where soil erosion is more prevalent. Gabion walls and other structures help stabilise the land and prevent the loss of fertile topsoil.
- Agricultural Irrigation Projects: Protecting canal banks used for irrigation, ensuring water flow is maintained without causing soil erosion, which can degrade agricultural land and impact productivity.

iv. Financing development and adoption of complimentary and green production stimulants. This is in line with the Agriculture Masterplan in support of enhancing resilient farming in selected industries. The financing of development and adoption of complimentary and green production stimulants under this activity does not involve the free provision of stimulants to farmers. Instead, the focus is on supporting clients and investee companies in researching, developing and adopting environmentally friendly and sustainable stimulants that enhance crop productivity and resilience.

v. These stimulants are integrated into sustainable farming methods to promote long-term environmental benefits, reduce chemical inputs, and improve soil health, all contributing to resilient agricultural practices.

c. Promote the use of renewable energy and promotion of energy efficiency through local technologies within tradition carbon intensive agro-processing and agricultural activities. Financing of solar panel installations and conversion of crop residues or by-productions to energy/fuel on farms and processing facilities to be covered in the Energy SBU.

d. Projects or activities that increase the resilience of agribusinesses against climate risks. This will be applicable to mainly existing business who can identify both risks and opportunities posed by climate change. The funding will finance the opportunities identified including the integrated risk and resilience management of identified risks. The projects and activities financed under this initiative will focus on increasing the resilience of agribusinesses against climate risks through various climate adaptation and risk mitigation strategies. Examples of projects include:

i. Implementation of renewable energy systems such as solar panels to reduce dependence on fossil fuels and ensure energy security in agribusiness operations.

ii. Conversion of crop residues or by-products into bioenergy to create circular energy solutions that reduce waste and reliance on traditional energy sources.

iii. Water management systems such as rainwater harvesting, irrigation efficiency upgrades and drought-resistant crop systems, to mitigate the effects of changing precipitation patterns.

iv. Climate-smart agriculture techniques that improve soil health, manage water resources effectively and introduce climate-resilient crop varieties.

v. This does include climate adaptation-related activities. Clients seeking financing under this category would typically have vulnerability assessments and adaptation plans in place. These assessments will identify climate risks and opportunities, enabling businesses to develop integrated risk and resilience management strategies that the IDC can then fund to enhance overall climate adaptation.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (Responsible Investment Policy).

b. Orchard development which involves the burning of cleared tree material.

c. Overhead and furrow irrigation systems.

d. No use of renewable energy sources to fuel fossil fuel production.

e. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to IDC Productive Economy Indicators which include Just Transition in the context of net zero ambition elements/criteria. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (See Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition i.e. the transition of each investee company or project partner for the IDC.

d. All qualifying transactions to be supported by the IDC Annexure G ESRG Requirements information in all IDC Contracts (See Annexure 6) for Disclosure purposes.

Automotive and Transport Sector and Equipment

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following type of transactions / activities within the Automative and Transport Equipment sector will be deemed eligible and they include but are not limited to:

a. The adoption and scaling of new energy vehicles (NEVs) for specific use cases in logistics, last-mile delivery, public transport and e-hailing, long-haul logistics, and niche applications such as (tourism/agricultural/industrial/mining/maritime and aviation). The term "New Energy Vehicles (NEVs)" in our framework includes the following types of vehicles:

- **i.** Electric Vehicles (EVs): Fully electric vehicles powered exclusively by batteries.
- **ii.** Hybrid Vehicles: Plug-in hybrid electric vehicles (PHEVs) and traditional hybrids that meet strict thresholds on emissions.
- **iii.** Hydrogen Fuel Cell Vehicles: Vehicles powered by hydrogen fuel cells, suitable for longer-range and heavy-duty applications.

These vehicles are intended for use in various sectors such as logistics, last-mile delivery, public transport, e-hailing, long-haul logistics, as well as niche applications in tourism, agriculture, industry, mining, maritime, and aviation.

These vehicles will align with the criteria listed in the clean transportation section of the framework, particularly in terms of reducing greenhouse gas emissions and promoting sustainable mobility solutions.

b. Infrastructure development linked to specific use cases, which includes auxiliary and ancillary infrastructure; software/digital and artificial intelligence enabled infrastructure. The infrastructure development linked to specific use cases within the Automotive and Transport Equipment sector includes the following:

- **i.** Charging Stations and Networks: Infrastructure for electric vehicles (EVs), including fast-charging stations for public transport, logistics, e-hailing and private use.
- **ii.** Battery Swapping Stations: Facilities to quickly replace depleted EV batteries, particularly for logistics and last-mile delivery use cases.
- **iii.** Digital Infrastructure: Platforms and software for fleet management, route optimisation and energy efficiency improvements, utilising digital tools to optimise transport systems.
- **iv.** Renewable Energy-Powered Infrastructure: Solar or wind-powered systems supporting vehicle charging and energy storage.

These projects will facilitate the scaling and adoption of NEVs and promote clean transportation.

c. NEV technology incl. hybrid electric vehicles (HEVs), fuel cell electric vehicles (FCEVs) and battery electric vehicles (BEVs). The IDC intends to finance both the vehicles and the technology associated with new energy vehicles (NEVs). This includes:

- **i.** Financing for Vehicles: The purchase of hybrid electric vehicles (HEVs), fuel cell electric vehicles (FCEVs) and battery electric vehicles (BEVs) for use in various sectors such as logistics, public transport and last-mile delivery.
- **ii.** Financing for Technology: Investments in the research, development and deployment of technologies that enable the production and enhancement of NEVs, including advancements in battery technology, charging infrastructure and fuel cell systems.

This dual approach supports the growth of NEV adoption and contributes to sustainable transport solutions.

d. Transition the automotive sector to assemble and manufacture NEVs and components sustainably. Examples of the kinds of projects that will be financed under the activity of transitioning the automotive sector to assemble and manufacture new energy vehicles (NEVs) and components sustainably include the following types of projects:

- **i.** Manufacturing Facilities: Development or upgrading of facilities specifically designed for the assembly of NEVs, incorporating sustainable practices and energy-efficient technologies
- **ii.** Component Production: Projects focused on producing essential components for NEVs, such as electric motors, batteries and fuel cells, utilising sustainable materials and processes.
- **iii.** Research and Development: Initiatives aimed at advancing technologies for more efficient NEV production, including innovations in battery technology, lightweight materials and sustainable supply chain practices.
- **iv.** Training and Workforce Development: Programmes that enhance the skills of the workforce in sustainable manufacturing techniques and NEV assembly processes.

e. Investments in the battery component manufacturing and assembly, including the associated value chain (Battery mineral beneficiation to recycling).

f. Equipment as a service (EAAS) business models.
The following projects will be eligible for financing:

i. EAAS Projects: Financing for businesses that offer equipment rental or leasing services, enabling access to various types of equipment without the need for outright ownership. This may include technologies for tracking usage, maintenance and optimisation of the equipment lifecycle exclusively linked to NEVs.

g. Sustainability Enhancements: Investments in sustainable practices within these business models, such as incorporating electric or hybrid vehicles into the fleet, improving energy efficiency, and promoting environmentally friendly operations. This will only be applicable to services above.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (Responsible Investment Policy).

b. Exclusion of Fossil Fuels: The financing will explicitly exclude the shipping of fossil fuels, ensuring that our support is aligned with sustainable and environmentally friendly practices. We aim to promote shipping solutions that reduce emissions and enhance the overall sustainability of the maritime sector.

c. No use of renewable energy sources to fuel fossil fuel production.

d. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to Productive Economy Indicators which include IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition i.e. the transition of each investee company or project partner for the IDC.

d. All qualifying Transactions to be Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

Chemicals, Medical and Industrial Minerals Products

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following type of transactions / activities within the Chemicals, Medical and Industrial Mineral Products sector will be deemed eligible, and they include but are not limited to activities which:

a. Transition towards eco-friendly manufacturing processes and products in hard-to-abate sectors e.g. steel, cement, aluminium, chemicals production, premium fuels, lubricants, jet fuel, fuel alcohol, illuminating kerosene etc. The types of activities that yield sustainable improvements in the manufacturing processes of hard-to-abate sectors, we would like to clarify that financing will focus on:

- **i.** Eco-Friendly Technologies: Additional eligible activities may include the adoption of advanced technologies that enhance energy efficiency, reduce waste and minimise the environmental impact of production processes.

These activities contribute to the overall transition towards more sustainable manufacturing practices within the chemicals, medical and industrial minerals sectors.

b. Investments in project development for green chemistry and sustainable materials including associated value chains. Green Chemistry refers to the design of chemical processes and products that prioritise environmental sustainability and human health. Specifically, it encompasses:

- **i.** Reduction of GHG Emissions: Processes that are engineered to minimise greenhouse gas emissions compared to traditional methods, thereby contributing to climate change mitigation.
- **ii.** Use of Renewable Resources: The incorporation of renewable materials and energy sources in chemical production, which reduces dependency on fossil fuels and lowers the overall carbon footprint.
- **iii.** Efficiency Improvements: Development and implementation of processes that enhance resource efficiency, including reduced energy and water consumption throughout the production cycle
- **iv.** Minimised Toxicity: Designing chemical products and processes that are less harmful to human health and the environment, thereby promoting safer alternatives. Only related to recycled and bio-based materials post consumer and industrial waste materials.

These principles guide our investment decisions in project development for green chemistry and sustainable materials, ensuring alignment with our sustainability goals.

c. Development of chemical precursors for battery manufacturing. The financing will support a range of activities related to the production and development of key chemical precursors used in battery technologies, specifically:

- **i.** Research and Development (R&D): Funding for R&D initiatives aimed at discovering and optimising new chemical formulations and processes that enhance the efficiency, capacity and safety of battery systems.
- **ii.** Production Facilities: Investment in infrastructure for the manufacturing of critical precursors, such as lithium hydroxide, nickel sulfate and cobalt sulfate, which are essential components in lithium-ion and other advanced battery technologies.
- **iii.** Sustainable Sourcing: Activities focused on the sustainable extraction and processing of raw materials needed for precursors, ensuring that environmental and social governance (ESG) standards are upheld throughout the supply chain.
- **iv.** Innovative Processes: Implementation of advanced manufacturing techniques that reduce waste and energy consumption during the production of chemical precursors, promoting a circular economy within the battery supply chain.

These activities align with our commitment to sustainable practices and will contribute to the development of eco-friendly battery solutions that support the transition to renewable energy systems.

d. Upgrades and improvements to industrial and manufacturing processes that are proven to increase energy efficiency of industrial processes within IDC's scope. The financing will support a range of projects focused on enhancing energy efficiency within industrial processes. Specific examples of eligible activities include:

- **i.** Energy-Efficient Equipment Installation: Funding for the replacement or retrofitting of existing machinery and equipment with energy-efficient alternatives, such as high-efficiency motors, boilers, and heating, ventilation, and air conditioning (HVAC) systems.
- **ii.** Process Optimisation: Investments in technology and systems that analyse and optimise production processes to reduce energy consumption, such as advanced process control systems and energy management software.
- **iii.** Waste Heat Recovery Systems: Implementation of systems that capture and reuse waste heat generated during manufacturing processes to improve overall energy efficiency.
- **iv.** Renewable Energy Integration: Financing projects that integrate renewable energy sources, such as solar panels or wind turbines, into existing manufacturing facilities to offset traditional energy consumption.

v. Industrial Automation: Upgrades that involve the adoption of automated systems and technologies that improve operational efficiency and reduce energy usage across manufacturing operations.

The financing of upgrades and improvements to energy efficiency in industrial processes is indeed aligned with our broader objectives of financing manufacturing processes in hard-to-abate sectors.

Both activities are part of our commitment to support the transition towards more sustainable practices within challenging industries.

e. Industrial/utility energy efficiency improvements involving changes in processes, reduction of heat loss excluding processes that are inherently carbon intensive. The financing will support a variety of energy efficiency improvement practices, particularly those that focus on optimising processes and reducing energy consumption within industrial and utility operations. Specific examples of eligible practices include:

i. Process Modification: Investments in technologies that enhance process efficiency, such as upgrading control systems, streamlining operations, and implementing best practices for energy use.

ii. Heat Recovery Systems: Funding for the installation of systems that capture and reuse waste heat generated during production processes, thereby minimising energy waste and reducing overall consumption.

iii. Insulation and Heat Loss Reduction: Projects aimed at improving insulation in industrial facilities to reduce heat loss, including upgrades to building envelopes and insulation for piping and equipment.

iv. Energy Management Systems: Implementation of energy management systems that monitor, control and optimise energy use across industrial processes, facilitating data-driven decisions to enhance efficiency.

v. Upgrading Utility Equipment: Financing the replacement or upgrading of energy-intensive equipment (e.g., compressors, pumps and fans) with high-efficiency alternatives that significantly reduce energy consumption.

These energy efficiency improvements will primarily target hard-to-abate sectors. Our focus is on enhancing sustainability in industries that face significant challenges in reducing their carbon footprints, ensuring that our financing aligns with our broader environmental objectives.

f. Replacement of heating / cooling systems in existing industrial, commercial or residential infrastructure with hybrid fossil fuel-based power systems (renewables included):

i. Retrofitting Existing Systems:

- Example: Upgrading traditional fossil fuel boilers with high-efficiency condensing boilers or heat pumps that utilise renewable electricity.
- Expected GHG Emission Reductions: These upgrades can lead to GHG reductions of up to 30-50%, depending on the efficiency of the existing system and the renewable energy mix used for powering the new systems.

ii. Hybrid Systems:

- Example: Implementing hybrid systems that combine renewable energy sources (such as solar thermal) with fossil fuel backup to optimise performance and reduce reliance on fossil fuels during peak demand.
- Expected GHG Emission Reductions: Hybrid systems can achieve emission reductions of 20-40%, depending on the integration of renewables and the operational efficiency of the fossil fuel component.

iii. Integrated Heat Recovery Systems:

- Example: Installing systems that recover waste heat from industrial processes and utilise it for space heating or water heating in industrial or commercial buildings.
- Expected GHG Emission Reductions: By reusing waste heat, these systems can reduce overall energy demand and GHG emissions by approximately 25-50%, depending on the scale of the installation and the type of processes being retrofitted.

iv. Switching to Low Global Warming Potential Refrigerants:

- Example: Replacing older cooling systems that use high-GWP refrigerants with systems that utilise natural refrigerants (e.g., CO2, ammonia) or low-GWP alternatives.
- Expected GHG Emission Reductions: This change can significantly lower the GHG emissions associated with cooling processes, with potential reductions ranging from 30% to over 80%, depending on the existing refrigerants.

Our focus is on financing projects that not only improve energy efficiency but also support the transition to lower carbon technologies. The incorporation of these practices into our framework demonstrates our commitment to reducing GHG emissions in line with our sustainability objectives.

g. Securing of sustainable carbon feedstock supply to switch from fossil hydrocarbons.

i. Bio-based Feedstock:

- Example: Developing supply chains for bio-based feedstock such as biomass, bio-waste and agricultural residues to replace fossil-derived hydrocarbons in the production of chemicals, fuels, and industrial materials.
- Impact: These projects would significantly reduce reliance on fossil fuels, support carbon neutrality, and contribute to lower lifecycle GHG emissions.

ii. Renewable Feedstock for Industrial Processes:

- Example: Supporting the use of renewable hydrogen (produced through electrolysis using renewable electricity) as a feedstock for ammonia production or other chemical processes traditionally reliant on natural gas.
- Impact: Projects like these would facilitate the transition to sustainable production methods and result in significant reductions in GHG emissions associated with feedstock use.

These projects are essential for decarbonising hard-to-abate sectors, and they align with our commitment to sustainability and the transition towards a low-carbon economy.

To maintain this, we will:

i. Prioritise non-food-based feedstocks such as waste biomass, agricultural residues, lignocellulosic materials and other sustainable sources.

ii. Align with globally recognised sustainability screening tools and frameworks to assess and select feedstocks, ensuring compliance with sustainability criteria, including those listed in the Annexes of our framework.

iii. Conduct regular sustainability assessments and audits to ensure that only feedstocks meeting the required environmental and social standards are utilised in biofuel production, thereby minimising negative impacts on food security and biodiversity.

This approach supports our overarching goal of reducing GHG emissions through sustainable energy transitions while safe-guarding food resources.

h. Water treatment and water recycling in chemicals production.

i. Beneficiation of green hydrogen into sustainable chemicals and sustainable fuels. IDC intends to finance activities that utilise green hydrogen in the production of sustainable chemicals and fuels. The focus will be on projects that promote the decarbonisation of industrial processes and the creation of renewable energy-based solutions in the chemicals and fuels sectors. Specifically, the types of activities that will be financed include:

i. Green Hydrogen Production and Storage: Investments in infrastructure for the production, storage and distribution of green hydrogen using renewable energy sources (e.g., wind, solar) to ensure that the hydrogen supply is sustainable and carbon-free.

ii. Chemical Production: Projects that incorporate green hydrogen in the synthesis of sustainable chemicals, such as ammonia and methanol, which can be used in fertilisers, plastics and other industrial products with reduced carbon footprints.

iii. Industrial Decarbonisation: Projects aimed at replacing fossil fuel-based hydrogen with green hydrogen in high-energy industrial processes, contributing to the decarbonisation of hard-to-abate sectors such as steel and cement production.

These initiatives will be aligned with our overarching goal of promoting sustainability, reducing greenhouse gas emissions, and supporting the transition to a low-carbon economy.

j. Transition, within existing markets, particularly in common consumer chemical products towards new sustainable products. The IDC will finance projects that support the development, manufacturing and commercialisation of sustainable alternatives to conventional chemical products, focusing on reducing environmental and human health impacts. These projects will primarily aim to substitute harmful chemicals with eco-friendly, biodegradable or less toxic alternatives, and to develop materials that promote circular economy principles.

Examples of sustainable products that may be financed include:

i. Biodegradable Packaging Materials: Supporting the shift from single-use plastic packaging to biodegradable or compostable alternatives derived from renewable resources like plant-based materials (e.g., bioplastics).

ii. Eco-friendly Cleaning Products: Financing the development of cleaning agents that are free of harmful chemicals such as phosphates, and instead made from natural, biodegradable ingredients.

iii. Sustainable Personal Care Products: Encouraging the production of personal care items (such as shampoos, soaps and cosmetics) that avoid harmful ingredients like microplastics or parabens, and that use sustainably sourced, natural ingredients.

iv. Green Construction Chemicals: Supporting the production of eco-friendly construction materials, including low-emission adhesives, sealants and paints that are less harmful to the environment and human health.

v. Renewable-Based Plastics: Investing in the development of bio-based plastics and polymers that are produced from renewable resources like biomass, reducing reliance on fossil fuel-based feedstocks.

By financing these transitions, IDC seeks to encourage innovation in sustainable chemistry and drive the adoption of environmentally responsible products across consumer markets.

k. Employment of new processes in order to transition to sustainable chemicals and fuel – in respect of energy efficiency, waste minimisation, emission reduction etc.

Green or synthetic fuel manufacturing. The types of green or synthetic fuels that will be manufactured under this category include, but are not limited to:

i. Green Hydrogen-Based Fuels: This includes fuels derived from hydrogen produced through renewable energy sources (e.g., solar, wind), such as green ammonia and green methanol. These fuels are expected to play a key role in sectors like shipping, aviation and industrial applications.

ii. Biofuels: This includes advanced biofuels produced from non-food biomass sources, such as biodiesel, bioethanol, and biogas, which can be used across the transportation, industrial and energy sectors, further reducing greenhouse gas emissions.

These fuels represent part of IDC's broader effort to promote the decarbonisation of traditionally high-emission sectors by supporting the production of cleaner, sustainable alternatives to conventional fossil fuels.

l. Reduced Air Emission activities: Pollution Prevention and Control which include acquisition or development of projects that reduce air emissions. Examples of the types of pollution prevention and control projects that will be financed under this activity include:

i. Switching to Low-Emission Energy Sources: Projects that transition industries from high-emission fuels (e.g., coal, oil) to lower-carbon alternatives, such as natural gas, green hydrogen or renewable energy sources, in order to reduce the overall air pollution generated by production activities.

ii. Upgrade of Industrial Processes: Projects that involve the modernisation of existing manufacturing processes to reduce emissions through energy efficiency improvements, optimisation of fuel usage and reduction of heat loss.

m. The procurement of recycled/waste/resource-efficient materials as an input technology. The types of materials procured will include:

i. Recycled Plastics – Used in packaging, construction and consumer goods to reduce virgin plastic use.

ii. Recycled Metals – Such as steel and aluminium, used in automotive, construction and electronics.

iii. Industrial Waste By-products – Including fly ash and slag, used in construction and road building.

iv. Recycled Paper – For packaging and printing, reducing deforestation.

v. Bio-based Materials – Sustainable alternatives to petroleum-based products.

vi. Eligibility Criteria:

- Materials must come from verified recycled or waste streams.
- Suppliers should adhere to circular economy principles.
- These materials will be used in industrial manufacturing, construction and consumer goods, contributing to resource efficiency and sustainability goals.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (Responsible Investment Policy).

b. No use of renewable energy sources to fuel fossil fuel production.

c. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to Productive Economy indicators which include IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition i.e. the transition of each investee company or project partner for the IDC.

d. All qualifying Transactions to be supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

e. Use of Natural Gas to be in compliance with the EU Taxonomy's criteria 4.29 for electricity generation from fossil gaseous fuels, ensuring that such activities commit to an emissions threshold lower than 100gCO2e/kWh.

Energy

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

In this context, existing or new power fossil fuel activities will be considered. The following type of transactions / activities within the Energy sector will be deemed eligible and they include but are not limited to:

a. Renewable energy projects used to power fossil fuel activities especially in hard-to-abate sectors (e.g., in Mining and Metals, Machinery, Equipment and Electronics, Agro-processing and Agriculture, Infrastructure, Automotive and Transport Equipment, Chemicals, Medical and Industrial Mineral Products, Textile and Wood Products, Tourism and Services Sector).

b. Expansion within carbon intensive/hard-to-abate sectors to include renewable energy and energy efficiency activities such as solar, wind and hydroelectric power.

c. Introduction of renewable energy to power the supply of water services.

d. Implement energy efficiency measures in carbon intensive industries or hard-to-abate sectors.

e. Foster innovation in energy storage technologies and grid management systems including grid expansion activities (from renewable energy generation fuel sources).

f. Green hydrogen projects aligned to the SA green hydrogen commercialisation strategy within carbon intensive sectors.

g. Projects to unlock grid development for renewable and/or fossil fuel sources integration.

h. Biogas or biomass power from waste materials or certified sustainable crops with fossil fuel back up. The projects will also be subject to ongoing 'risk assessments' to mitigate long-term reliance on fossil fuels, with a focus on transitioning to low-carbon or renewable energy sources over time.

i. Biofuels – bacteria-based fuels production.

j. The procurement of recycled/waste/resource-efficient materials as an input technology.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (IDC's Responsible Investment Policy).

b. No use of renewable energy sources to fuel fossil fuel production.

c. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to Productive Economy including IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition of each investee company or project partner for the IDC.

d. Use of Natural Gas to be in compliance with the EU Taxonomy's criteria 4.29 for electricity generation from fossil gaseous fuels, ensuring that such activities commit to an emissions threshold lower than 100gCO2e/kWh

e. All Transactions to be supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

f. To ensure alignment with ICMA/LMA principles, financing under this Framework will exclude coal-related projects, including any grid expansion activities related to coal energy generation. This aligns with IDC's commitment to support clean energy and innovation in renewable energy storage and grid management systems.

Infrastructure

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following type of transactions / activities within the Infrastructure sector will be deemed eligible and they include but are not limited to:

a. Prioritise investments in sustainable infrastructure projects, including public and logistics transportation, renewable energy grids, and water infrastructure and services including promotion of digital economy infrastructure and telecoms infrastructure to improve fibre connectivity access including telecommunication access and competitiveness. The infrastructure projects relating to transportation include those listed under the clean transportation category, such as public transit systems, electric vehicle infrastructure, and logistics transportation aimed at reducing emissions. The focus will be on projects that support sustainable, low-carbon mobility, aligning with the clean transportation goals.

b. Incorporate climate resilience into infrastructure planning and design e.g. climate proofing of new infrastructure through new innovative designs to withstand changing weather and seasonal shifts including climate change. Investments within this category include financing 'climate adaptation projects' to increase the resiliency of infrastructure.

- **i.** Risk Assessments: Loan beneficiaries are expected to conduct assessments to identify climate-related risks and vulnerabilities prior to project approval.
- **ii.** Addressing Risks: The IDC ensures that projects funded specifically address the identified risks and vulnerabilities through a due diligence process.
- **iii.** Adaptation Focus: In cases where specific studies may not have been conducted, IDC relies on established environmental and risk assessments to verify that the projects meaningfully tackle adaptation risks in the relevant area.
- **iv.** Consistency with Adaptation Plans: IDC ensures that projects align with local, regional and national adaptation plans. These references may include national climate adaptation strategies, sector-specific guidelines and climate-resilient development frameworks.

c. Utilise smart technologies for efficient resource management and monitoring of new infrastructure e.g. metering to promote energy efficiency practices.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (IDC's Responsible Investment Policy).

b. No use of renewable energy sources to fuel fossil fuel production.

c. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to Productive Economy including IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition of each investee company or project partner for the IDC.

d. Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

Machinery, Equipment and Electronics

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following type of transactions / activities within the Machinery, Equipment and Electronics sector will be deemed eligible and they include but are not limited to:

a. Development and manufacturing of new energy efficient machinery and equipment for the renewable energy sector and sustainable agriculture sector e.g. new local metering components, planting and harvesting machinery or components.

b. Promotion of circular economy principles for electronic waste management and recycling. The activities financed under this category will focus on initiatives that promote electronic waste recycling and responsible disposal, as well as programs supporting the reuse and refurbishment of electronics to reduce landfill waste. These activities will also encourage the development of infrastructure for safe e-waste collection and recycling facilities. While these efforts align with circular economy principles, they differ from those under Environmentally Sustainable Management of Living Natural Resources and Land Use, as they specifically target electronic waste.

c. Support for innovation in energy-efficient and resource-saving technologies. The projects financed under this category will focus on developing and deploying technologies that enhance energy efficiency and reduce resource consumption across various sectors, including industrial equipment, electronics, and manufacturing processes. Examples include advanced manufacturing technologies that lower energy usage, smart grids, and automation systems that optimise resource management.

d. The primary beneficiaries will be manufacturers, technology developers, and infrastructure providers that contribute to the advancement and application of these energy-efficient solutions in their respective sectors.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (Responsible Investment Policy).

b. No use of renewable energy sources to fuel fossil fuel production.

c. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to Productive Economy including IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition of each investee company or project partner for the IDC.

d. Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

Mining and Metals

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following type of transactions / activities within the Mining and Metals sector will be deemed eligible and they include but are not limited to:

a. Promotion and implementation of responsible mining practices for new and existing mines with an aim to promote energy efficiency practices e.g. steel, aluminium, cobalt, etc. The activities financed under this category will focus on implementing energy-efficient technologies and practices in mining operations. This includes:

- **i.** Upgrading equipment to more energy-efficient models for extraction and processing.
- **ii.** Optimising operational processes to minimise energy consumption, such as advanced ore processing techniques.
- **iii.** Implementing renewable energy sources to power mining operations, reducing reliance on fossil fuels.
- **iv.** Adopting energy management systems to monitor and improve energy use throughout mining activities.

These initiatives aim to enhance the sustainability of mining operations while reducing greenhouse gas emissions.

b. Investment in recycling technologies to reduce reliance on virgin materials as part of mining processes thus promoting energy and water efficiency practices. The IDC will finance a range of recycling technologies aimed at promoting a circular economy within the mining sector. Examples include:

- **i.** Advanced sorting technologies that enhance the recovery of recyclable materials from waste streams.
- **ii.** Hydrometallurgical processes for extracting valuable metals from electronic waste and other recycled materials.
- **iii.** Shredding and granulation equipment to facilitate the recycling of metal scrap and reduce the need for virgin materials.
- **iv.** Collaboration platforms that bring recyclers closer to producers in the mining value chain, ensuring efficient material recovery and minimising sourcing of virgin materials.

These investments will enhance energy and water efficiency in mining processes by maximising the use of recycled materials.

c. Support of diversification into sustainable mineral alternatives for clean energy technologies. The IDC will finance various projects that support the diversification into sustainable mineral alternatives for clean energy technologies. Examples include:

- **i.** Research and development initiatives focused on alternative materials, such as sodium-ion batteries, to reduce reliance on traditional minerals.
- **ii.** Establishment of processing facilities for rare earth elements that are crucial in renewable energy technologies and energy-efficient applications.

These projects aim to enhance the sustainability and resilience of the clean energy supply chain.

d. Support of decarbonisation initiatives linked to the production of green direct reduced iron (DRI) and steel. The IDC will finance various projects that support decarbonisation initiatives linked to the production of green direct reduced iron (DRI) and steel. Examples include:

- **i.** Investment in hydrogen-based DRI production technologies, which utilise green hydrogen to significantly reduce carbon emissions compared to traditional methods.
- **ii.** Upgrading existing steel mills to enhance energy efficiency and integrate renewable energy sources into their operations.
- **iii.** Development of innovative processes that utilise bio-based feedstocks for steel production, contributing to a lower carbon footprint.

These projects aim to advance the steel industry's transition to a more sustainable and low-carbon future.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (Responsible Investment Policy).

b. No use of renewable energy sources to fuel fossil fuel production.

c. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition of each investee company or project partner for the IDC.

d. Use of Natural Gas to be in compliance with the EU Taxonomy's criteria 4.29 for electricity generation from fossil gaseous fuels, ensuring that such activities commit to an emissions threshold lower than 100gCO2e/kWh.

e. Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

Textiles and Wood Products

Development Scorecard (DSC) Indicator and Criteria

Productive Economy Indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

Type Transactions

The following type of transactions / activities within the Textiles and Wood Products sector will be deemed eligible and they include but are not limited to:

a. Promotion of sustainable forestry practices and certification schemes compliance with SAFAS Forest Management Standard e.g. reduction of water consumption during the dyeing process in textiles manufacturing, transparency in the sourcing of all materials etc. The IDC's sustainable bond framework encompasses both commercial forestry practices and smallholder farms under the promotion of sustainable forestry practices. Activities supported will include compliance with the SAFAS Forest Management Standard, which is applicable to various scales of operation. Furthermore, these activities will be backed by sustainable forest management plans that ensure responsible sourcing and environmental stewardship, including initiatives to reduce water consumption during dyeing processes in textiles manufacturing.

b. Encouraging the use of recycled and organic materials in textile manufacturing. The recycled and organic materials used in textile manufacturing under the IDC sustainable bond framework will be required to meet credible third-party certification standards. This ensures that the materials are responsibly sourced and align with sustainability goals.

c. Investments in project development for eco-friendly textile dyeing and finishing processes. The IDC sustainable bond framework will finance a range of project development activities focused on eco-friendly textile dyeing and finishing processes. This includes:

   i. Implementation of Waterless Dyeing Technologies: Projects that utilise innovative techniques to significantly reduce or eliminate water usage in dyeing processes.

   ii. Adoption of Natural Dyes: Development of processes that employ plant-based or other sustainable dye sources to minimise environmental impact.

   iii. Recycling of Wastewater: Investments in systems that treat and recycle wastewater generated during dyeing and finishing, promoting resource efficiency.

   iv. Energy-Efficient Equipment: Upgrading to energy-efficient machinery that reduces energy consumption during dyeing and finishing operations.

These activities aim to enhance sustainability in the textile industry while minimising environmental footprints.

d. Reduction of water consumption during the dyeing process in textiles manufacturing. The IDC sustainable bond framework will finance various projects aimed at reducing water consumption during the dyeing process in textile manufacturing. Examples of eligible projects include:

   i. Implementation of Closed-Loop Systems: Projects that install systems to recycle and reuse water within the dyeing process, minimising freshwater intake.

   ii. Adoption of Low-Water Dyeing Technologies: Investments in technologies that require significantly less water for dyeing fabrics, such as digital printing techniques or waterless dyeing methods.

   iii. Process Optimisation: Projects focused on optimising existing dyeing processes to enhance efficiency and reduce overall water usage.

   iv. Training and Capacity Building: Initiatives aimed at training staff in best practices for water management and conservation in dyeing operations.

These projects are designed to promote sustainable practices while addressing water scarcity concerns.

e. Promotion of water recycling initiatives in the textile value chain.

f. Promotion of the use of "clean" steam generation within both the textiles and wood sectors. Examples of eligible projects include:

- **i.** Installation of Biomass Boilers: Projects that utilise biomass as a fuel source for steam generation, reducing reliance on fossil fuels and lowering emissions.
- **ii.** Heat Recovery Systems: Investments in technologies that capture and reuse waste heat from production processes to generate steam, improving overall energy efficiency.
- **iii.** Solar Thermal Systems**: Projects that harness solar energy for steam generation, contributing to renewable energy use and reducing greenhouse gas emissions.
- **iv.** Upgrade of Existing Steam Systems: Initiatives that enhance the efficiency of current steam generation systems, including improved insulation and automation.

  Definition of Clean Steam Generation: For IDC, "clean" steam generation refers to processes that minimise environmental impact, specifically through the use of renewable energy sources, low-emission technologies, and systems that promote energy efficiency. This includes practices that significantly reduce greenhouse gas emissions and improve overall sustainability in steam generation.

g. The IDC acknowledges thresholds to measure efficiency improvements for financing eco-friendly processes, particularly concerning water consumption and recycling activities in the textiles and wood products sectors. These thresholds include:

- **i.** Quantitative targets for water reduction, such as a minimum percentage decrease in water usage per unit of production compared to baseline figures.
- **ii.** Criteria for water recycling efficiency, requiring projects to demonstrate a specific percentage of water reused within their processes.
- **iii.** Monitoring and reporting mechanisms to ensure compliance with these thresholds, allowing for ongoing assessment of the project's environmental impact.

These measures are designed to ensure that financed activities contribute effectively to sustainability goals.

Exclusions and Limitations

a. As per the IDC List of Exclusions and Restrictions (Responsible Investment Policy).

b. No use of renewable energy sources to fuel fossil fuel production.

c. No promotion of fossil fuel consumption.

Additional Requirements

a. Illustrate alignment to Productive Economy including IDC Just Transition elements/criteria in the context of net zero ambition. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway in line with net zero ambition of each investee company or project partner for the IDC.

d. Use of Natural Gas to be in compliance with the EU Taxonomy's criteria 4.29 for electricity generation from fossil gaseous fuels, ensuring that such activities commit to an emissions threshold lower than 100gCO2e/kWh.

e. All Transactions to be supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

5.2 Eligibility Criteria – Social

Social Bond Principle, Category and Sector / Theme

Employment Generation and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises, Including Through the Potential Effect of SME Financing and the Social Economy.

All IDC Sectors and Industries with high critical need and efficiency delivery especially SME (Small and Medium Enterprises)

DSC Indicators and Eligibility Criteria

Indicator: Critical need and efficiency in delivery (A critical need is a pressing necessity, which should be realised using the available resources efficiently and effectively).

Elements/Criteria

a. Jobs created.

b. Jobs saved.

c. Employment created per R'm of total funding.

Type of Transaction

a. Financing the provision of telecommunications infrastructure to underserved populations in Africa i.e. placement of existing infrastructure with new one or developing new infrastructure, 5G infrastructure etc. The target population for IDC's financing of telecommunications infrastructure primarily includes underserved and remote communities across Africa. These populations will benefit through IDC's support of eligible clients, such as SMEs, entrepreneurs and other businesses, focused on improving access to mobile and internet services.

This effort aims to bridge the digital divide and promote socio-economic inclusion.

While the focus is on mobile and internet services, the scope also includes:

i. 5G Infrastructure Development: Enhancing connectivity and fostering innovation in underserved areas.

ii. Expansion and Modernisation of Telecommunications Networks: Replacing outdated infrastructure to ensure broader, more reliable access.

By financing clients such as SMEs, businesses and entrepreneurs engaged in this sector, IDC's efforts will also contribute to job creation, supporting local businesses and employment generation in these communities.

b. Financing water (including desalination plants), sanitation and energy projects that aim to enhance access to underserved populations. The following list outlines the types of projects envisaged for financing under IDC's support for water, sanitation and energy initiatives aimed at enhancing access for underserved populations through the financing of IDC's eligible clients, including SMEs, entrepreneurs and other entities:

i. Water Infrastructure Projects:

- Construction and development of desalination plants to provide clean water in water-scarce regions.
- Water purification and treatment plants to ensure safe drinking water in underserved communities.
- Water distribution networks to improve access to clean water, particularly in rural or underserved areas.

ii. Sanitation Projects:

- Construction of sanitation facilities to improve hygiene and health standards in underserved regions.
- Development of wastewater treatment plants for proper waste management and to reduce environmental pollution.

iii. Energy Projects:

- Development and expansion of renewable energy projects, including solar, wind and mini-grid systems, aimed at providing reliable and clean energy to remote or underserved populations.
- Off-grid energy solutions to bring electricity to areas without access to national grids.

These projects will benefit target populations by improving access to essential services, creating jobs and promoting sustainable development. IDC's financing of its clients in these sectors ensures efficient delivery and critical need fulfilment in underserved regions, with a strong focus on socio-economic impact.

c. Financing nature-based projects that improve reliability of water supply during extended periods of droughts, in particular, protection from heat stress, reservoirs, etc. The target population for the financing of nature-based projects aimed at improving the reliability of water supply during extended periods of drought includes underserved communities, rural populations and areas vulnerable to water scarcity. These regions and groups are often disproportionately affected by climate change, droughts and water shortages.

IDC's financing of its eligible clients, including SMEs, entrepreneurs and entities involved in water management, will facilitate the development of projects such as:

i. Protection from heat stress, which safeguards communities and ecosystems against the adverse effects of prolonged droughts. The projects aimed at protecting from heat stress focus on nature-based solutions rather than the installation of air conditioning devices or fans. These include projects such as increasing vegetation cover (e.g., tree planting), creating green spaces in urban areas, and developing water reservoirs to help cool and safeguard ecosystems and communities. The goal is to provide natural cooling and reduce the impacts of prolonged droughts and heat stress, thereby increasing resilience to climate change.

ii. Reservoir construction to enhance water storage capacity and ensure a steady water supply during dry periods.

These initiatives will ensure that these vulnerable populations gain access to reliable water supplies, protecting livelihoods, improving local economies, and creating employment opportunities in areas most affected by water stress. The projects will also generate jobs and promote sustainable management practices, in line with IDC's focus on efficient resource allocation and critical need fulfilment.

d. Facilitation of access to markets for small-scale farmers through value-added processing and market linkages. In the context of IDC's sustainable bond framework this activityis designed to support agricultural development, particularly for small-scale farmers, by addressing market inefficiencies and enhancing economic opportunities. The IDC, through its financing of eligible clients, seeks to enable small-scale farmers to achieve better market access, improve their product value and strengthen their income stability.

Types of Projects Intended for Financing:
The projects to be financed under this activity will focus on:

- **i.** Value-added processing facilities: Investment in local agro-processing units that allow farmers to add value to their produce before market delivery. Examples include milling, drying, packaging, or canning facilities.
- **ii.** Cold chain and logistics: Development of infrastructure that supports the preservation and transport of perishable goods, ensuring that farmers can reach broader markets with fresh, high-quality produce.
- **iii.** Market linkages and distribution platforms: Support for digital platforms or cooperatives that facilitate direct sales between small-scale farmers and retailers, wholesalers or end consumers. This includes e-commerce solutions that help farmers bypass traditional intermediaries.
- **iv.** Training and capacity building: Projects aimed at upskilling small-scale farmers in sustainable farming practices, market readiness and business management, thereby increasing their competitiveness in local and international markets.

IDC's Definition of Small-Scale Farmers:

IDC defines small-scale farmers as individuals or groups engaged in agricultural production on relatively small landholdings. These farmers typically lack access to large-scale mechanised farming techniques and have limited resources, capital and market access. They are often highly vulnerable to socio-economic crises and environmental impacts. IDC supports small-scale farmers whose operations contribute to local food security, rural development and employment generation.

Through IDC's financing of its clients, these projects aim to strengthen the agricultural value chain, creating opportunities for small-scale farmers to access larger markets, improve their income potential, and contribute to sustainable employment generation.

e. Financing small-scale and large-scale commercial farmers through aggregation platforms ensuring bulk purchase of inputs and centralised marketing of produce. This is in line with the Agriculture and Poultry Masterplans. In the context of IDC's sustainable bond framework, this activity aims to enhance the efficiency and profitability of farmers by facilitating economies of scale. This approach is aligned with the Agriculture and Poultry Masterplans, which seek to bolster agricultural productivity and improve market access.

What Will Be Financed:

- **i.** Construction of Storage Facilities: Financing may include the development of storage facilities that allow for the safe and efficient storage of agricultural produce. This is crucial for minimising post-harvest losses and ensuring that farmers can hold their products until market conditions are favourable.
- **ii.** Training and Capacity Building: Projects aimed at training farmers in best practices for aggregation, marketing and cooperative management will be financed to ensure that these initiatives are sustainable and effective.

Through IDC's financing of its clients, we aim to create a robust agricultural ecosystem that not only enhances productivity but also fosters job creation and economic stability in rural communities.

Exclusions and Limitations

As per the IDC List of Exclusions and Restrictions.

Additional Requirements

a. Illustrate alignment to IDC Social Impact Indicators and elements/ criteria. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3,4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway of each investee company or project partner for the IDC.

d. Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

Social Bond Principle, Category and Sector / Theme

Socio-economic Advancement and Empowerment
All IDC Sectors and Industries with high critical need and efficiency delivery especially SME (Small and Medium Enterprises)

DSC Indicators and Eligibility Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Financing the development and material upgrades of roads and public transportation infrastructure projects based in underdeveloped areas of Africa. These initiatives align with the ICMA principles and the Sustainable Development Goals (SDGs), particularly concerning inclusivity and accessibility as follows:

i. Target Population and Inclusivity Focus: The roads and transportation infrastructure financed by IDC aims to directly benefit marginalised and underserved communities, with specific attention to the following target populations:

- Women Ownership and Operational Involvement: Projects will actively support women-led businesses and encourage their participation in both the construction and operational phases of infrastructure development.
- Youth Ownership and Operational Involvement: By facilitating opportunities for young entrepreneurs and skilled workers, these projects aim to create pathways for youth engagement in the infrastructure sector.
- Persons with Disabilities: Infrastructure development will prioritise accessibility features, ensuring that roads and transportation systems are inclusive and cater to the needs of persons with disabilities.
- Black Industrialists and Black Ownership: The financing will support Black-owned enterprises, promoting economic empowerment and job creation within historically marginalised communities.
- B-BBEE and Worker Empowerment: These projects will comply with Broad-Based Black Economic Empowerment (B-BBEE) principles, fostering equitable access to economic opportunities for local communities.
- Contribution to Community Infrastructure Development: By enhancing transportation infrastructure, the projects aim to improve access to essential services such as healthcare, education and employment, thereby uplifting communities as a whole.
- Social Ownership: The development initiatives will consider models of social ownership, where communities have a stake in the infrastructure projects that serve them.

b. Financing of social infrastructure i.e. health facilities, education facilities, community halls. Target Populations and Inclusivity Focus:

i. The financing of social infrastructure projects—such as health facilities, educational institutions, and community halls—directly supports the following target populations, promoting transformation and inclusivity:

- Women Ownership and Operational Involvement: We are committed to financing projects that are led by or incorporate significant participation from women. This may include supporting women-owned businesses in the construction and management of these facilities.
- Youth Ownership and Operational Involvement: Our initiatives aim to empower youth through ownership opportunities in project implementation, as well as creating pathways for youth employment in operational roles within these facilities.
- Persons with Disabilities: Accessibility will be a core principle in the design and implementation of social infrastructure, ensuring that facilities cater to the needs of persons with disabilities, both in construction and ongoing operations.
- Black Industrialists and Black Ownership: We prioritise financing for projects that are owned and operated by Black entrepreneurs and businesses, promoting economic empowerment and capacity building in these communities.
- Broad-Based Black Economic Empowerment (B-BBEE)**: All projects financed will adhere to B-BBEE principles, ensuring equitable access to economic opportunities and fostering inclusive growth.
- Worker Empowerment: The financing of social infrastructure will include provisions for worker training and development, enhancing skills and job security for local labour.
- Contribution to Community Infrastructure Development: These facilities will play a crucial role in enhancing community services, improving access to health care, education and social services, which are vital for uplifting underprivileged communities.
- Social Ownership: We advocate for models of social ownership where communities have a stake in the facilities that serve them, fostering a sense of ownership and responsibility.

Examples of Projects:

To provide clarity, examples of the types of social infrastructure projects we finance include:

i. Health Facilities: Construction and renovation of clinics and hospitals that prioritise inclusivity and access for marginalised populations.

ii. Educational Facilities: Development of schools and vocational training centres aimed at providing quality education to youth and fostering skills development.

iii. Community Halls: Establishment of multi-purpose community centres that serve as hubs for social activities, training and support services, particularly targeting women and youth.

c. Financing of new distribution networks and transmission networks including associated Information Technologies

The financing of telecommunications infrastructure, particularly in underserved populations across Africa, is fundamentally linked to enhancing social equity and access to essential services. This category specifically focuses on:

- **i.** Empowering Marginalised Communities: By providing access to reliable telecommunications, we aim to bridge the digital divide for underserved populations. This infrastructure is critical for enhancing communication, education and economic opportunities, directly benefiting targeted demographics, including women, youth and persons with disabilities.
- **ii.** Promotion of Inclusivity: Our projects prioritise inclusivity by ensuring that women and youth have ownership and operational roles in the development and management of telecommunications infrastructure. This includes supporting women-led tech initiatives and youth entrepreneurship in the digital space.
- **iii.** Facilitation of Community Engagement: Telecommunications infrastructure fosters community connectivity, enabling access to information, resources and services that empower local populations. This aligns with our goals of contributing to community infrastructure development and social ownership.

d. Financing water (including desalination plants), sanitation and energy projects that aim to enhance access to underprivileged communities. The framework emphasises transformation and inclusivity, focusing on empowering marginalised groups, including:

- **i.** Women and Youth Empowerment: By ensuring ownership and operational involvement of women and youth in initiatives, we strive to create equitable opportunities and resources, which directly aligns with our goals of societal transformation.
- **ii.** Inclusive Business Practices: The elements such as Black ownership, B-BBEE and worker empowerment underline our commitment to fostering an inclusive economy that prioritises underrepresented groups in ownership and decision-making processes.
- **iii.** Community Development: Our initiatives aim to contribute to community infrastructure development and social ownership, providing a holistic approach to economic growth that benefits all members of society, especially those previously marginalised.

e. Financing nature-based projects that improve reliability of water supply during extended periods of droughts, in particular, protection from heat stress, reservoirs. The framework emphasises transformation and inclusivity, focusing on empowering marginalised groups, including:

- **i.** Women and Youth Empowerment: By ensuring ownership and operational involvement of women and youth in initiatives, we strive to create equitable opportunities and resources, which directly aligns with our goals of societal transformation.
- **ii.** Inclusive Business Practices: The elements such as Black ownership, B-BBEE, and worker empowerment underline our commitment to fostering an inclusive economy that prioritises underrepresented groups in ownership and decision-making processes.
- **iii.** Community Development: Our initiatives aim to contribute to community infrastructure development and social ownership, providing a holistic approach to economic growth that benefits all members of society, especially those previously marginalised.

f. Capital raising for and lending to regional Funds and supranational organisations, NGOs and intermediaries where the purpose of the funding is for investments that are aligned with the eligible activities under this Framework and are clearly communicated in the legal documentation.

g. Develop sustainable tourism destinations and experiences that minimise environmental impact. Our projects related to sustainable tourism encompass a variety of initiatives that not only enhance tourism infrastructure but also promote inclusivity and environmental sustainability. Here are some examples:

- **i.** Community-Owned Eco-Lodges: We finance eco-lodges owned and operated by local communities, especially women and youth. These initiatives often include training programmes that empower local populations to manage and operate these facilities, thereby generating jobs and ensuring that the economic benefits remain within the community.
- **ii.** Cultural Tourism Initiatives: Projects aimed at promoting local cultures and traditions can include the development of community-based tourism experiences. These projects focus on youth and women by involving them in guiding, crafting and showcasing local heritage, thus providing employment and operational roles.
- **iii.** Signage and facilities that cater to persons with disabilities.

Minimising Environmental Impact

To assess and ensure that our tourism projects minimise environmental impact, we employ a range of strategies, including:

- Third-Party Certifications: We encourage and support projects to obtain environmental certifications, such as the Green Key or EarthCheck. These certifications require adherence to specific sustainability practices that help mitigate environmental impact, including waste reduction, water conservation and energy efficiency.
- Sustainability Assessments: Before financing projects, we conduct comprehensive sustainability assessments that evaluate potential environmental impacts. This includes examining the use of renewable resources, waste management strategies and biodiversity conservation efforts.
- Community Engagement: We actively engage local communities in the planning and implementation of tourism projects. This ensures that the projects are sensitive to local ecosystems and cultural practices while providing education and resources to promote environmental stewardship.
- Monitoring and Reporting: Post-implementation, we establish monitoring systems to assess the ongoing environmental impact of the projects. This may include tracking carbon footprints, water usage and local wildlife effects, ensuring that projects remain aligned with sustainability goals.

h. Support local communities through responsible tourism initiatives and cultural preservation efforts. Under the category of supporting local communities through responsible tourism and cultural preservation, we aim to finance a range of initiatives designed to empower marginalised groups and promote sustainable practices. Here are specific examples of what will be concretely financed:

i. Capacity Building Programmes:

- We will invest in training programmes that equip local community members, particularly women and youth, with the skills needed to provide guided tours. These programmes not only enhance their ability to engage with tourists but also foster a deeper appreciation of local culture and heritage.
- Training may include storytelling techniques, historical education, customer service, and first-aid training to ensure a comprehensive and safe experience for tourists.

ii. Cultural Preservation Projects:

- Funding will support initiatives that aim to preserve and promote local cultures, traditions and languages. This can involve workshops for artisans to produce traditional crafts, dance and music classes for youth, and initiatives to document and share local histories.
- We also envision financing community festivals and cultural events that showcase local talent and traditions, providing platforms for artists and performers from underrepresented communities.

iii. Infrastructure Development:

- Financing may include improvements to community infrastructure that supports tourism, such as developing visitor centres that provide information on local history and culture, enhancing public spaces to accommodate community events, and improving accessibility for persons with disabilities.
- We will also support initiatives that create sustainable tourism facilities owned and operated by local communities, ensuring that profits directly benefit the local economy.

iv. Environmental Stewardship Programmes:

- We will fund initiatives that promote environmental sustainability in tourism, such as community-led conservation efforts that involve locals in protecting natural resources while simultaneously attracting eco-conscious tourists.
- This could include training on sustainable practices, such as waste management, conservation techniques, and responsible wildlife tourism, further empowering local communities.

v. Eligible Certifications
We recognise several eco-certifications that promote sustainable practices in tourism and are committed to facilitating access to these certifications for our target populations. Eligible certifications include:

- Green Key: An international eco-label awarded to hotels and other tourism establishments that demonstrate commitment to sustainable practices.
- EarthCheck: A certification programme focusing on environmental management and sustainability in the tourism industry, providing a framework for businesses to measure their environmental performance.
- Travelife: A certification that encourages tourism companies to adopt sustainable practices related to environmental and social responsibilities.
- Biosphere Responsible Tourism: This certification emphasises responsible practices that contribute to local culture and environmental conservation.

vi. Relevant Green Tourism Standards

In promoting green tourism, we will consider the following standards relevant to sustainable practices:

- ISO 14001: The international standard for environmental management systems that helps organisations improve their environmental performance.
- Global Sustainable Tourism Council (GSTC) Criteria: A set of sustainable tourism standards applicable to various types of tourism businesses and destinations.
- Sustainable Tourism Certification Network (STCN): A network that provides guidelines and benchmarks for sustainable tourism practices.
- LEED Certification: While primarily focused on building design, this certification can be applicable for new tourism facilities aiming to minimise their environmental impact.

vii. Types of Projects Financed

To support the promotion of eco-certifications and green tourism standards, we plan to finance a variety of projects aimed at capacity building and increasing awareness among our target populations. Examples include:

- Workshops on Eco-Certifications: We will finance workshops designed to educate tourism operators, particularly women and youth, about the benefits and requirements of eco-certifications. These workshops will provide practical guidance on how to achieve certification and maintain sustainable practices.
- Training Programmes: Initiatives that provide hands-on training to local communities, focusing on sustainable tourism practices that align with green tourism standards. This may include training on waste management, energy efficiency, water conservation and responsible sourcing.
- Support for Certification Applications: We will provide financial assistance to small and medium enterprises (SMEs) in the tourism sector to help cover costs associated with applying for eco-certifications, such as documentation preparation and consultancy fees.
- Development of Green Practices: Projects aimed at helping local tourism businesses develop and implement green practices, such as sustainable waste management systems, energy-efficient infrastructure, and conservation efforts, will also be financed.

viii. Target Population Engagement

All of these initiatives will prioritise engagement with the following target populations:

- Women Ownership and Operational Involvement: Special attention will be given to empowering women-led businesses to obtain eco-certifications and implement sustainable practices.

- Youth Ownership and Operational Involvement: Youth training programmes will focus on developing the next generation of tourism leaders who are knowledgeable about sustainability.
- Persons with Disabilities: Ensuring inclusivity in training and capacity-building programmes will be a priority, allowing persons with disabilities to participate fully in the tourism economy.
- Black Industrialists and B-BBEE: We will focus on supporting black-owned businesses to ensure they can meet certification standards and thrive in the tourism sector.
- Worker Empowerment: Our initiatives will empower workers through education and training in sustainable practices, fostering a culture of environmental responsibility.

Exclusions and Limitations

As per the IDC List of Exclusions and Restrictions.

Limitations:

- Public transportation infrastructure including public (passenger) railway infrastructure must be intended for enhancing access to underserved communities in the region.
- Energy projects are limited to the development, improvement, resilience and expansion of energy storage, transmission and distribution infrastructure.
- Desalination projects require reasonable assurance of an appropriate waste management plan for brine disposal. An emissions threshold at or below 100gCO2/kwh is required.
- For nature-based projects: All drought mitigation projects must undergo vulnerability assessment or diagnosis of realised climate impacts and potential climate risks and should have a management response plan that addresses the identified climate risks.

Additional Requirements

a. Illustrate alignment to IDC Social Impact Indicators and elements/ criteria. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3, 4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway of each investee company or project partner for the IDC.

d. Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

Social Bond Principle, Category and Sector / Theme

Socio-economic Advancement and Empowerment

DSC Indicators and Eligibility Criteria

Indicator: Regional equity (Where all citizens/communities have: Access to resources for meeting basic needs and advancing health and well-being; An inclusive economy; Power to shape their own futures; and Experience the benefits of growth and change).

Elements/Criteria

a. Spatial development (geographical area): Investments in SEZs and industrial parks

b. Spatial development (geographical area): Investments in rural areas

c. Spatial development (geographical area): Investments in township economies

d. Diversification strategies for local economies

Type of Transaction

a. Financing the development and material upgrades of roads and public transportation infrastructure projects based in underdeveloped areas of Africa (where IDC can invest). The regional equity framework emphasises spatial development and diversification of local economies across various geographic areas, with a focus on ensuring that all communities can benefit from growth and have access to essential resources. The categories can be differentiated in terms of the target population, scope of impact, and broader social and economic goals they aim to achieve.

i. Spatial Development and Regional Equity:
This category specifically addresses regional equity by focusing on investments in underdeveloped regions such as Special Economic Zones (SEZs), industrial parks, rural areas and township economies. These projects are aimed at:

- Promoting inclusive economic growth by decentralising industrial development.
- Diversifying local economies through targeted investments that uplift economically marginalised regions.
- Empowering underserved communities to access economic opportunities, improve local infrastructure and develop sustainable economies.
- Examples: Upgrading roads and transportation infrastructure within SEZs or township areas to improve accessibility and facilitate industrial growth.

ii. Basic Infrastructure Development:
While the second category also focuses on roads and public transport, it is more broadly related to the development of essential infrastructure that underpins basic economic functionality. It is not necessarily tied to specific geographic or economic zones like SEZs or township economies, but instead focuses on:

- Material upgrades to public infrastructure to support mobility, connectivity and access to services.

This category aims to improve the general quality of life by enhancing basic infrastructure in underdeveloped areas across Africa, which may not be tied to specific regional equity goals but is instead focused on fundamental infrastructure needs.

b. Financing the provision of telecommunications infrastructure to underserved populations in Africa. In this context, telecommunications infrastructure serves as a key enabler, providing communities with the tools for digital access, connectivity and economic participation, which are crucial for modern economic growth and empowerment. The category related to "Financing the provision of telecommunications infrastructure" is specifically focused on the digital inclusion of underserved populations. While the regional equity category highlights spatial development (i.e., focusing on SEZs, rural areas, and township economies for broader economic growth and infrastructure development), this category targets the specific provision of telecom infrastructure, which plays a transformative role in:

- Bridging the digital divide in underdeveloped regions.
- Providing access to information, education and digital services that promote social and economic empowerment.
- Enhancing business opportunities and connectivity for small enterprises in rural and township areas.

This telecommunications infrastructure category focuses on ensuring that all citizens, regardless of geography, have access to modern communication technologies, thereby enabling more equitable participation in the digital economy. It includes projects aimed at:

- Expanding internet access to rural and underserved regions.
- Establishing telecommunications networks to connect marginalised areas with urban centres and economic hubs.
- Supporting the digital economy and enhancing connectivity for SMEs, local businesses and education sectors.

Type of Infrastructure:

- Regional equity investments may include a variety of physical infrastructure such as roads, public transport and industrial facilities in underdeveloped regions.
- Telecommunications infrastructure focuses exclusively on expanding digital connectivity (e.g., mobile networks, broadband internet and digital services) to rural and underserved areas.

c. Financing water efficiency project activities (including desalination plants), sanitation and energy projects that aim to enhance access to underserved populations. The category of "Financing water efficiency project activities, including desalination plants, sanitation, and energy projects" focuses specifically on ensuring basic utility services reach underserved populations. This is a fundamental aspect of socioeconomic empowerment as access to clean water, sanitation and energy are prerequisites for the health and economic activity of these communities. This category targets:

i. Water efficiency projects such as desalination plants to provide clean and reliable water sources to communities that may face water scarcity.

ii. Sanitation projects to ensure that basic hygiene standards are met, contributing to public health and well-being.

iii. Energy projects, particularly those that enhance access to affordable and sustainable energy, thereby powering economic activities and improving living standards.

The water, sanitation, and energy projects category is more focused on basic utility services that are essential for life and economic activity. These projects are aimed at enhancing quality of life and providing foundational services to ensure the sustainability of growth in these regions. These utility projects are often foundational and must be addressed before broader economic activities (like those enabled by SEZs and industrial parks) can thrive.

Scope of Investment:

- The spatial development category is focused on broader economic infrastructure, including the development of SEZs and township economies, which are meant to serve as economic hubs and drive regional diversification.
- The water, sanitation and energy category addresses essential services, such as providing access to clean water, sanitation and energy. This category ensures the basic needs of underserved populations are met, forming the groundwork for regional development and economic participation.

Type of Infrastructure:

- The spatial development category invests in economic infrastructure (e.g., industrial parks, SEZs) which are critical for business activity and local economy diversification.
- The water, sanitation, and energy category focuses on utility services infrastructure (e.g., desalination plants, sanitation systems, and energy provision), which directly affect quality of life and are necessary for health and the foundation of community development.

d. Financing nature-based projects that improve reliability of water supply during extended periods of droughts, in particular, protection from heat stress, reservoirs, etc.

Exclusions and Limitations

As per the IDC List of Exclusions and Restrictions

Limitations:

- Public transportation infrastructure including public (passenger) railway infrastructure must be intended for enhancing access to underserved communities in the region.
- Energy projects are limited to the development, improvement, resilience and expansion of energy storage, transmission and distribution infrastructure.
- Desalination projects require reasonable assurance of an appropriate waste management plan for brine disposal.
- For nature-based projects: All drought mitigation projects must undergo vulnerability assessment or diagnosis of realised climate impacts and potential climate risks and should have a management response plan that addresses the identified climate risks.

Additional Requirements

a. Illustrate alignment to IDC Social Impact Indicators and elements/ criteria. The IDC Development Scorecard shall be utilised as a guide to ensure alignment and application.

b. Apply IDC Sustainability Screening Tools (see Annexures 3,4 and 5): SBUs required to provide all required information where applicable and must form part of the submission.

c. The Sustainability Screening Tools further require each transaction to illustrate intended decarbonisation and/or transition pathway of each investee company or project partner for the IDC.

d. Supported by IDC Annexure G ESRG Requirements information in all IDC Contracts (see Annexure 6) for Disclosure purposes.

5.3 Eligibility Criteria – Green

Sector / Theme

Generation of energy from renewable sources

Manufacture of components for Renewable Energy (RE) technology

Green Bond Principle Category

Renewable Energy (RE)

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Acquisition of, construction, generation or maintenance of renewable power and associated infrastructure for

- **i.** Wind, Solar (PV or CSP/ thermal), Ocean power.
- **ii.** Small scale hydropower (<25 MWh; run-of-river hydropower with low storage capacity).
- **iii.** Hydropower with:
  - Life cycle carbon intensity of below 100gCO2e/kWh; or
  - Power density above 10W/m2 for facilities that became operational after 2019 and above 5W/m2 for those before the end of 2019.
- **iv.** Biogas or biomass power from waste materials or certified sustainable crops.
- **v.** Geothermal power projects: emit ≤100 gCO2e/kWh.
- **vi.** Production of green hydrogen and associated green ammonia production and its transportation through mainly aviation, road trucks, buses, rail and shipping.

b. Manufacturing, development or import of components of renewable energy technologies that support the above sub-themes. Examples include wind turbines, solar panels, battery storage for renewable energy.

c. Transactions where businesses use wheeling agreements to offset CO2 emissions to achieve net zero.

d. What the wheeling agreements entail:

- **i.** Wheeling agreements allow businesses to purchase electricity generated from renewable energy sources, which is then transmitted through a third-party utility's grid to offset the buyer's CO2 emissions and contribute to their net-zero targets. These agreements facilitate the delivery of renewable energy from generation sites to consumption points, even if these points are geographically distant.
- **ii.** While similar to Power Purchase Agreements (PPAs) in that both involve the procurement of energy, wheeling agreements specifically relate to the transmission of that energy through a third-party grid, rather than direct energy production and sale agreements between a buyer and a renewable energy provider. Wheeling agreements enable businesses to access renewable energy that might not be directly connected to their consumption site.

Exclusions and Limitations

Exclusions:

- Renewable energy projects used to power fossil fuel activities (e.g., coal mining).
- Waste biomass feedstock sourced from intensive industrial livestock operations or livestock management practices.
- Waste biomass feedstock from non-RSPO-certified certified palm oil operations.
- Biomass feedstock from peat and palm oil.
- Biomass feedstock sourced from areas with high biodiversity and carbon stock, such as forests, wetlands and peatlands.
- Large hydropower (i.e. that do not meet the run of the water design).
- Hydropower projects above 1 000 MW will be excluded, aligning with our exclusion list for large hydropower projects. Therefore, eligible hydropower projects will be those with installed capacity below 1 000 MW.

Limitations:

- The waste materials can include both food waste and non-food waste, provided that they are sustainably sourced and meet the necessary environmental standards.
- The wheeling agreements we reference are focused on the purchase of renewable energy only. These transactions are specifically intended to help businesses offset their carbon emissions by ensuring that the energy they consume comes from renewable sources.
- The length and duration of wheeling agreements can vary, but they are typically long-term contracts to ensure consistency in renewable energy supply. The duration of these agreements often aligns with long-term corporate sustainability strategies and the lifespan of the renewable energy projects, ranges from 10 to 25 years, depending on the specific project and business needs.
- Household: At least 85% of electricity generated from CSP facilities must be derived from solar energy resources.

- For ocean thermal projects, fossil fuel backup must be limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures or restart capabilities.
- Hydropower plants must undergo environmental and social impact assessment.

For biogas or biomass power:

- Lifecycle GHG emission intensity must be below 100 gCO2e/kWh for plants that utilise certified sustainable crops.
- Waste from existing livestock farm operations may be used provided that animal fat is limited to up to 10% of the total feedstock.
- To note: First generation biomass includes: corn, soy, sunflower, maize, sugarcane, wheat, palm oil, biomass from food waste, etc. as having no impact (either positive or negative). If, for example, certified wood-based biomass is used,FSC and PEFC – certified timber would be applied,
- Eligible certifications and schemes for sustainable crops are limited to: (i) Roundtable for Sustainable Biomaterials (RSB); (ii) International Sustainability and Carbon Certification (ISCC); (iii) the achievement of voluntary credit on GHG emission reduction; (iv) BONSUCRO; and (v) the Roundtable on Responsible Soy (RTRS).
- A Food Security Impact Assessment (FSIA) is required to demonstrate certified sustainable crops do not compete with food / feed production.

For green hydrogen and associated green ammonia production and transportation:

- Production must be limited to electrolysis powered by renewables.
- All hydrogen production through steam reforming processes using natural gas/oil or coal (grey, black/blue hydrogen) is excluded.
- Green ammonia must be limited to that which will be re-converted to hydrogen for use as a fuel source.
- Transportation by ship must meet the clean transport criteria for shipping under this Framework.

Sector / Theme

Energy Efficiency

Green Bond Principle Category

Energy Efficiency

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

Development, manufacture and / or installation of components or technologies to enable energy efficiencies e.g., smart metres, energy efficient appliances and peak demand management technology.

Exclusions and Limitations

Exclusions:

- Carbon intensive industries[11]

Limitations:

- Appliances must align with the highest two populated classes of the relevant EU Energy label.
- Manufacture of household appliances will adhere to the 'Do No Significant Harm Criteria' of the EU Taxonomy applicable criteria.
- Part of the intention behind this financing is to support the development, manufacture and installation of energy-efficient equipment and technologies specifically for use within buildings. This includes the deployment of smart meters, energy-efficient appliances, and technologies that enable peak demand management to reduce overall energy consumption within households and commercial buildings.

[11] Carbon Intensive industries include Fossil fuels, Steel, Aluminium, Cement, Natural Gas, Conventional shipping (including LNG ships) and its infrastructure, Airport and Aviation, Mining and extractive sectors, and blue hydrogen production.

Sector / Theme

Clean Transportation

Green Bond Principle Category

Clean Transportation

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Transportation projects or initiatives that meet the following thresholds individually or at a portfolio level:

- **i.** Rail.
- **ii.** Busses and passenger rail (maximum 50gCO2/km).
- **iii.** Fully electric, biofuel or hydrogen-powered passenger/cargo ships.

b. Import, manufacture, development, acquisition or construction of:

- **i.** New Energy vehicles (NEVs): Battey electric vehicles (BEV) only.
- **ii.** Passenger cars or light commercial hybrid vehicles with individual emissions below 109 gCO2/km (is based on global best practices and emissions standards that aim to limit carbon emissions from vehicles).
- **iii.** Charging stations or supporting infrastructure for NEVs and hybrid vehicles for specific use cases.
- **iv.** Shipping infrastructure including bunkering facilities for biofuels, hydrogen, ammonia and methanol (bio-ethanol)l; infrastructure for alternative maritime power including outlets; electrical distribution and control systems[12]

  Bunkering Facilities Definition: Bunkering facilities refer to infrastructure designed for the storage, handling and refuelling of ships with alternative fuels such as biofuels, hydrogen, ammonia and methanol (including bio-ethanol). These facilities are essential for supporting the transition to cleaner maritime transport by providing ships access to low-emission fuel options.

  Functionality: While these facilities primarily serve as storage hubs, they are also equipped for fuel transfer operations to vessels, ensuring safe and efficient refuelling processes. This infrastructure plays a critical role in decarbonising shipping by enabling ships to refuel with sustainable fuels at key ports.

c. Transport infrastructure projects, in particular, the manufacturing, development or purchase of specialised parts such as EV batteries, or ICT systems such as microcontrollers and wireless communication infrastructure that aim to improve the general transport logistics to increase energy efficiency by at least 15% per unit of service (e.g., BTU/ passenger-km).

Exclusions and Limitations

Exclusions:

- Ships that run on conventional heavy fuel oil (HFO) or bunker fuel, low-sulphur heavy fuel oil (LSHFO), or marine diesel oil (MDO).
- Financing of stand-alone vehicle parking facilities.
- Financing of vehicle ancillary parts such as vehicle frames and seats.
- Fossil fuel-based transport infrastructure.
- Fossil fuels may not account for more than 50% of rail freight (by t-km).

Limitations:

The reference to passenger cars and hybrid vehicles in this context pertains to individual personal vehicles rather than public transportation vehicles. The focus is on promoting low-emission options for personal transportation to contribute to reducing overall carbon footprints.

- Under the category of New Energy Vehicles (NEVs)*, we include the following types of vehicles:
  - Battery Electric Vehicles (BEVs) – Vehicles that are powered exclusively by electric batteries without any internal combustion engine.
  - Plug-in Hybrid Electric Vehicles (PHEVs)– Vehicles that combine a rechargeable battery with a conventional internal combustion engine, allowing for operation on both electricity and fuel.
  - Hydrogen Fuel Cell Vehicles (FCEVs) – Vehicles powered by hydrogen fuel cells that generate electricity to drive the vehicle, producing water as the only emission.
  - Hybrid Electric Vehicles (HEVs) – Vehicles that combine an electric motor with a traditional internal combustion engine, improving fuel efficiency but not fully reliant on electricity for propulsion.
  - These categories align with our focus on promoting sustainable and low-carbon transportation solutions. Each of these vehicle types helps reduce CO2 emissions, with a focus on energy efficiency and transitioning away from fossil fuels.
- Cargo ships with oil tankers or vessels may not transport more than 50% (by mass) coal, oil, and petroleum.
- Note: ICT systems that remove barriers to modal shift to public transit, and/or incentivises the use of low-carbon vehicles and car-sharing schemes will be prioritised.

[12] All financed infrastructure will be for ships that meet the eligibility criteria in this Framework.

Sector / Theme

Climate Change Adaptation

Green Bond Principle Category

Climate Change Adaptation

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Infrastructure and activities that address physical climate risk and increase the resilience of eco-systems, e.g. expansion or maintenance of flood defence systems, wildfire mitigation and management and biodiversity protection (within the Agricultural Sector) for new cycles of production.

b. Wildfire Mitigation:

- **i.** Firebreaks and buffer zones: We aim to finance the development of firebreaks, which are strategically cleared areas that slow or stop the spread of wildfires. Buffer zones around high-risk areas, such as agricultural lands or forests, are also critical in reducing fire damage.
- **ii.** Early detection and warning systems: Investments in technology for early detection, such as satellite-based monitoring, sensors and warning systems, will be supported. These systems help detect wildfires early, allowing for faster response times.
- **iii.** Firefighting infrastructure: Financing for firefighting equipment and infrastructure, such as water tanks, helicopters for aerial firefighting, and fire stations will be provided. These resources are crucial for efficient wildfire response, particularly in rural and high-risk areas.

c. Biodiversity Protection:

- **i.** Reforestation and afforestation: Projects that involve restoring native forests or planting trees to create buffer zones that protect biodiversity and reduce the spread of wildfires will be financed. These projects enhance ecosystem resilience and provide long-term carbon sequestration benefits.
- **ii.** Conservation of critical habitats: We plan to finance the preservation of biodiversity hotspots, such as wetlands, grasslands and forested areas. These areas are critical for maintaining the ecological balance and protecting species that are vulnerable to climate change.
- **iii.** Sustainable land management practices: Investments will also be made in agricultural practices that promote biodiversity, such as crop rotation, agroforestry and sustainable grazing. These practices help protect ecosystems while enhancing the resilience of agricultural lands to climate risks.

These examples illustrate the type of activities we are targeting to address both wildfire risks and protect biodiversity, ensuring long-term ecosystem resilience in line with the ICMA adaptation principles.

d. Monitoring technologies including climate observation and information support system.

Exclusions and Limitations

Exclusions:

- Projects relating to intensive industrial livestock operations or livestock management practices.

Limitations:

- As part of our financing criteria, we expect loan beneficiaries to conduct assessments to identify climate risks and vulnerabilities specific to their projects. This forms a critical part of our due diligence process, ensuring that adaptation projects are targeted to address tangible and location-specific challenges.
- The IDC ensures that the projects contribute to addressing identified risks and vulnerabilities through a comprehensive review process. We assess whether the proposed project mitigates or adapts to the climate risks outlined in the initial assessment. This review is conducted both at the financing application stage and monitored throughout the project's life cycle.
- In cases where formal studies may not be immediately available, the IDC applies its own due diligence procedures, leveraging regional and sectoral expertise to ensure that adaptation projects effectively tackle relevant risks. This includes consulting with local experts, reviewing publicly available risk assessments, and ensuring alignment with internationally accepted climate adaptation frameworks.
- We ensure that projects are consistent with applicable local, regional and national adaptation plans by referencing national climate policies and adaptation strategies. For example, projects are cross-referenced with South Africa's National Climate Change Adaptation Strategy and other relevant regional plans in Africa to ensure alignment. Each project must demonstrate its role in advancing the broader adaptation goals set out in these plans.
- If specific information on studies or local plans is not initially available, we commit to incorporating all the aspects mentioned (e.g., risk assessments, local adaptation plans) as part of our due diligence process. This ensures that financed projects are not only responsive to climate risks but also contribute meaningfully to long-term adaptation efforts.
- Agricultural operations will be sustainability certified by Rainforest Alliance, Better Cotton Initiative, or USDA Organic.

Sector / Theme

Climate Change Adaptation

Green Bond Principle Category

Carbon Financing

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Financing the scaling of the voluntary carbon credits market through projects that are otherwise eligible within this Framework, and are certified under at least one of the following standards:

- American Carbon Registry
- Clean Development Mechanism (CDM)
- Climate Action Reserve
- The Gold Standard
- Verified Carbon Standard (VCS)
- Plan Vivo
- Standards eligible under the Regulations under Section 19 of the South African Carbon Tax Act.
- Standards for mitigation outcomes that are agreed by parties to cooperative approaches under Article 6 paragraph 2 of the Paris Agreement.
- Sustainable Development Mechanism under Article 6 paragraph 4 of the Paris Agreement.

b. Financing the acquisition of carbon credits- certified utilising all standards mentioned above.

Exclusions and Limitations

Exclusion:

- Acquisition of carbon credits for fossil fuel companies.

Limitations:

- Acquisition of carbon credits for offsetting should represent less than 10% of the total carbon reduction costs of the Purchaser.
- Carbon credits should not be purchased to offset scope 1 emissions of the purchaser.

The acquisition of carbon credits does not directly involve financing companies for the purchase of carbon credits. Instead, our approach is to provide financing for projects that generate voluntary carbon credits through eligible activities under the framework, such as reforestation, afforestation and ecosystem restoration projects. These projects contribute to climate change mitigation and adaptation by absorbing CO2 and enhancing ecosystem resilience, while also creating carbon credits that can be traded in the voluntary carbon market.

In essence, our focus is on financing the development and scaling of projects that qualify for generating carbon credits, rather than directly funding companies for the acquisition of these credits.

Sector / Theme

Sustainable Water and Wastewater Management

Green Bond Principle Category

Sustainable Water

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

Sustainable infrastructure for clean and/or potable water, water efficiency improvement, water recycling, rainwater harvesting, wastewater treatment, desalination and sustainable urban drainage systems.

Exclusions and Limitations

Exclusion:

- Wastewater from fossil-fuel operations.

Limitation:

- The intended financing under this principle encompasses a variety of infrastructure projects aimed at enhancing water efficiency and promoting water savings. Examples include:
  - Leak-detection systems to identify and mitigate water loss in existing infrastructure.
  - Water recycling facilities that treat and reuse wastewater for non-potable applications, thereby reducing the demand on freshwater sources.
  - Rainwater harvesting systems that capture and store rainwater for irrigation or other uses.
  - Upgrades to irrigation systems that implement efficient technologies, such as drip irrigation, to minimise water consumption in agriculture.
  - Smart water management technologies that use data analytics to optimise water distribution and usage.

The overall aim of these investments is to promote water savings, enhance resilience against water scarcity, and improve the sustainability of water use.

- Desalination projects must:
  - Have an environmental risk mitigation strategy that addresses the management of brine; and
  - Be primarily powered by renewables or low-carbon sources (with an average carbon intensity at or below 100 C02e/kWh).

Sector / Theme

Improved Waste Management

Green Bond Principle Category

Pollution Prevention and Control

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Acquisition or development of projects that:

i. Convert landfill/ wastewater treatment/ anaerobic digesters waste to-energy project activities.

ii. Capture methane gas in mining activities, wastewater treatment plants, livestock anaerobic digesters or landfills

b. Storage and bulking facilities dedicated to transfer waste to downstream waste reduction assets.

Exclusions and Limitations

Limitations:

- Feedstocks must be separated into recyclable, non-combustible and hazardous materials before incineration.
- The intention behind the acquisition or development of projects that convert landfill, wastewater treatment or anaerobic digestion waste to energy is to produce biomethane. This process helps to reduce waste while generating a renewable energy source.

- The captured biomethane can be utilised in various ways. Primarily, it will be used for renewable energy generation, which may include electricity production or heating applications. Additionally, there is potential for the captured methane to be utilised in hydrogen production through processes such as steam methane reforming, depending on the specific project and technology employed.
- Methane gas investments are limited to projects that are based on decommissioned or non-operational landfill facilities and have a gas capture efficiency of more than 75%.
- A robust waste management plan is required for electronic waste management

Sector / Theme

Environment Sustainable Management of Living Natural Resources and Land Use

Green Bond Principle Category

Circular Economy

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Collection, sorting, cleaning, refurbishment, reconditioning and/or repair of products for re-use. The activities of collection, sorting, cleaning, refurbishment, reconditioning and repair for re-use can encompass a wide range of products, including but not limited to:

  i. Electronics: Such as mobile phones, laptops, tablets and other consumer electronics that can be refurbished or repaired for continued use.

  ii. Appliances: Household appliances, including refrigerators, washing machines and microwaves, which can be serviced or refurbished to extend their lifespan.

  iii. Furniture: Items like chairs, tables and cabinets that can be restored or reconditioned for resale or donation.

  iv. Textiles: Clothing and fabric items that can be cleaned, repaired or refurbished to promote sustainable fashion practices.

The aim of these initiatives is to reduce waste and promote the re-use of materials, aligning with the principles of a circular economy.

b. Activities that promote closed loop supply chains and circular procurement strategies. Examples of such activities include:

  i. Product Take-Back Programmes: Initiatives where companies offer incentives for customers to return used products, allowing for refurbishment, recycling or safe disposal.

  ii. Material Recovery Facilities: Investments in facilities that specialise in sorting and processing recyclables to ensure materials are reintegrated into the production cycle.

These activities are aimed at creating sustainable systems that minimise waste and maximise resource efficiency, ultimately contributing to a circular economy.

Exclusions and Limitations

Exclusion:

- Refurbishment, reconditioning and/or repair of products specialised for use in the extraction of fossil fuels or that inherently rely on fossil fuels.

Limitations:

- Activities that result in products being put back to their original use must minimise energy intensive pre-processing.
- For production of aluminium-based consumer/end product (such as beverage cans): projects are eligible if (i) >90% of inputs are scrap/recycled aluminium or (ii) 75-90% of input is scrap/recycled aluminium and the remaining (primary) aluminium has a carbon intensity <2.5 tCO2e/t aluminium.
- Biobased materials must be certified with RSB.

Sector / Theme

Biodiversity Conservation

Green Bond Principle Category

Terrestrial and Aquatic Biodiversity Conservation

DSC Indicators and Eligible Criteria

Applicable metrics as per the following DSC indicators:

a. Industrial development drivers/outcomes.

b. Just transition in the context of net zero ambition and use of dedicated sustainable finance instruments/products.

c. Catalysing markets.

d. Environmental compliance and impact.

Type of Transaction

a. Projects involved in conservation through the preservation and/or restoration of biodiversity and valuable natural habitats, provided that IDC is not providing such funding to the entity who is implementing or implemented the project responsible for the degradation of that ecosystem in the first place.

b. Projects related to the ongoing monitoring and surveillance of land or marine protected areas. Examples of specific projects we intend to finance under this category include:

i. Biodiversity Monitoring Programmes: Initiatives that involve regular assessments of species populations, habitat conditions and ecological health in protected areas. This may include the use of remote sensing technologies and field surveys to track changes over time.

ii. Marine Surveillance Initiatives: Projects aimed at monitoring marine ecosystems, such as tracking fish populations, monitoring coral reef health, and assessing the impact of climate change on marine biodiversity. This may also involve the use of underwater drones and acoustic monitoring systems.

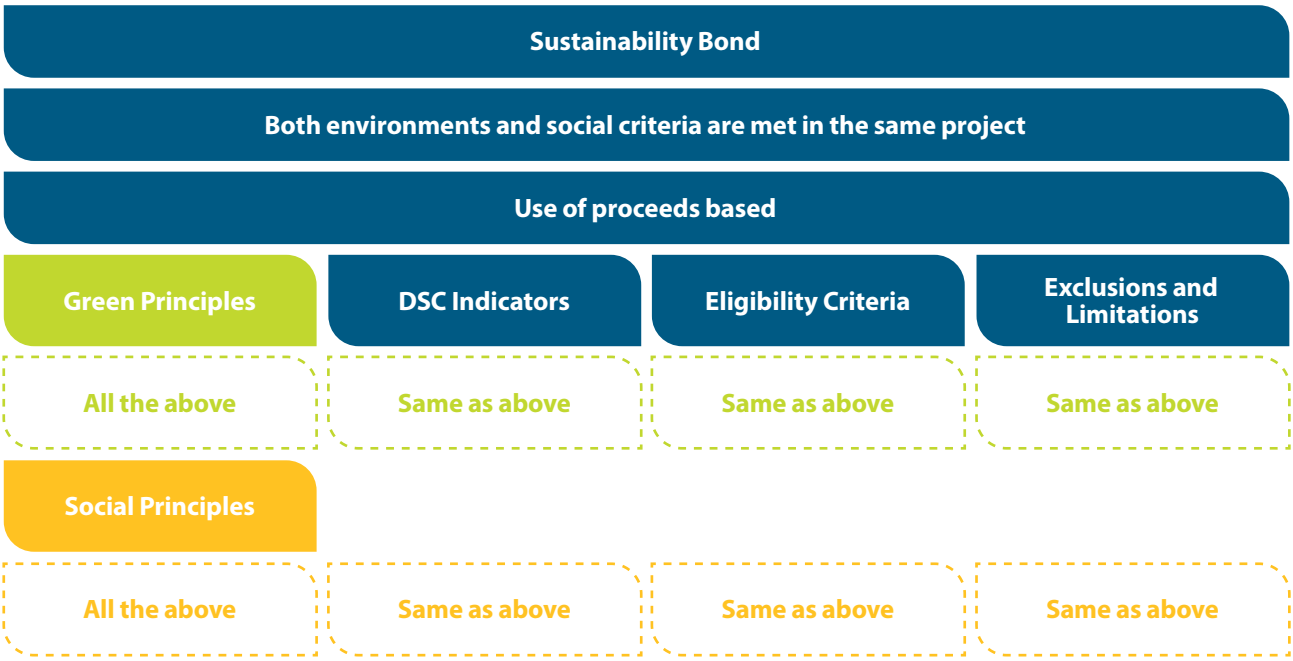
iii. Enforcement and Compliance Monitoring: Activities focused on ensuring adherence to regulations within protected areas. This could involve patrols and surveillance to prevent illegal fishing, poaching or habitat destruction, often supported by community engagement and training.

iv. Data Management and Reporting Systems: Development of platforms for collecting, analysing and sharing data related to biodiversity and ecosystem health. This may involve partnerships with research institutions to enhance data quality and accessibility. These projects aim to enhance the effectiveness of protected areas in conserving biodiversity and ensuring sustainable ecosystem management.

Exclusions and Limitations

- In our approach, we recognise the importance of accountability and responsibility in conservation efforts. While it is ideal for the entity that caused the degradation to also contribute to restoration, our financing criteria allow for flexibility. Restoration projects can be carried out by third-party organisations or entities specialised in biodiversity conservation, even if they are not the original cause of degradation.
- Our focus is on ensuring that the projects financed effectively contribute to the preservation and restoration of biodiversity and valuable natural habitats, regardless of the originating entity. We believe that collaboration among various stakeholders, including those responsible for past impacts, conservation organisations and local communities, is essential for achieving meaningful and sustainable outcomes.

5.4 Eligibility Criteria – Sustainability Bond, where both Green (Environmental) and Social Criteria are met in the same project.



6. ANNEXURE 3: COAL SUSTAINABILITY SCREENING TOOL

A screening tool is proposed that forms part IDC's overall investment screening process to be presented at the Special Deal Development Forum (SDDF).

This tool is a guide on the information that will be required on the proposed investment for submission to the SDDF. If the SDDF decision is positive, then IDC will consider the investment subject to its normal internal investment assessment process. If this decision is negative, the IDC will not invest in the opportunity in its current form. The tool will also form part of the various approval committees.

Potential transactions:

Coal-related investments refers to:

i. Thermal Coal Mining (or related mining services)

ii. Metallurgical/Coking Coal Mining (and related mining services)

iii. Anthracite Mining (or related mining services)

	Category	Sub-category		Detail
1	**National Level (Systems Level)**	**1.1**	National Paris Agreement Development Pathway	• Does the country have any commitments to the Paris Agreement through National Determined Contributions, country-wide strategies/ emissions and development pathways including sustainable development goals?
		1.2	National Development Pathway adoption and implementation including sector adoption and implementation	• To what extent has the government of the country shown commitment to such commitments (through various policies and regulations) including the level of sector adoption and implementation of the National Development Pathway?
		1.3	Project alignment with NDC	• Is the proposed project aligned to the country's commitments and strategies/ emissions and development pathways including sustainable development goals pathways?
2	**Project Specific**[13]	**2.1**	Lowest emission technology	• What is the emissions intensity of the proposed project (direct and/or indirect) and is the energy technology selection the least-emitting technology option for the size and role of the project?
		2.2	Lowest cost energy option	• Are there any alternative environmental, social and economic basis least cost alternative forms of energy that could feasibly be implemented instead of the proposed project?
		2.4	Carbon lock-in risk over longer term and Industry Norms / Best Practices	• To what extent is there adequate flexibility to switch to lower carbon scenarios over time (technologically / contractually / economically) and what assumptions are made about the use over time including industry norms / best practices?
		2.5	Rehabilitation and Compliance	• Is there a fully funded rehabilitation plan in place? • Has the project obtained all required compliance licences on the environment, water, waste, air quality, ash management and any other related country and project specific licences?

[13] For thermal coal mining the off taker needs to be considered.

	Category	Sub-category		Detail
3	**Development Impact**	**3.1**	Project's contribution to energy security	• Is the power needed? Quality matters here as well as the quantity (such as providing reliable/dispatchable power, diversifying the generation mix and providing energy security).
		3.2	Job-creation potential and beneficiation opportunities.	• How many direct and indirect jobs are likely to be created/saved through this project including beneficiation opportunities?
		3.3	Other developmental aspects	• Will the project facilitate development outcomes such as social inclusion, spatial equity and/or localisation? • Does the company have a strategic diversification or sector exit plan in place?
4	**Transition Investment Risk**	**4.1**	Risks associated with the transition to a net zero world/ambition	• The exposure of the project to the following risks, the mitigation thereof and the tenability of the residual risk: **i.** Policy/regulatory risks (potentially increasing costs or constraining revenues and financing). **ii.** Carbon Tax (where applicable) or Carbon Border Adjustment Mechanism to address the risk of carbon leakage. **iii.** Technology and market risks (potentially changing the need/role/ commercial importance of the plant over time). **iv.** Commercial risks (contractual, funding and otherwise). **v.** Company's carbon footprint and physical risks (acute and chronic) due to the changing weather conditions (if any). **vi.** Plan to identify and implement public disclosure on climate-related risks and opportunities. **vii.** Investment opportunities for the transition to lower carbon strategies.
		4.2	Reputational risks	• Has the project considered the overall reputational and sentiment risks (including future investor appetite and valuation at a portfolio level) to the IDC?

7. ANNEXURE 4: LIQUID FUELS SUSTAINABILITY SCREENING TOOL

Scope:

- The liquid fuels investment assessment tool covers the full liquid fuels value chain.
- In respect to South Africa, the focus is on storage facilities and port infrastructure to support increase level of import, while refinery investment will be considered with a view to a transition to cleaner fuels.
- In respect to resource abundant African countries, the scope of investments extends to crude oil production, refined fuel production, pipeline (for both crude oil export and refined liquid fuel) and power generation.

	Category	Sub-category		Detail
1	**Development Impact**	**1.1**	Project's contribution to energy security	• To what extent does the project mitigate energy security risk in the country? (In respect of use of liquid fuel for power generation.)
		1.2	Job-creation potential	• How many direct and indirect jobs are likely to be created/saved through this project?
		1.3	Other developmental aspects	• Will the project facilitate development outcomes such as social inclusion and spatial equity.
		1.4	Project contribution to industrialisation through beneficiation	• Does the project promote industrialisation through beneficiation and import replacement? (For instance, beneficiation of crude oil and replacement of refined liquids importation.)
2	**National Level (Systems Level)**	**2.1**	National Paris Agreement Development Pathway	• Does the country have any commitments to the Paris Agreement through Nationally Determined Contributions, country-wide strategies/emissions pathways/ development pathways including sustainable development goals?
		2.2	National Development Pathway adoption and implementation including sector adoption and implementation	• To what extent has the government of the country shown commitment to such commitments (through various policies and regulations) including the level of sector adoption and implementation of the National Development Pathway?
		2.3	Project alignment with Nationally Determined Contributions	• Is the proposed project aligned to the country's commitments and strategies as they relate to emissions and development pathways including sustainable development goals? (To what extent does the project contribute towards attainment of the targets/goals.)

	Category	Sub-category		Detail
3	**Project Specific**	**3.1**	Lowest emission technology and Sustainability	• What is the emissions intensity of the proposed project (direct and/or indirect) and is the energy technology selection the least-emitting technology option for the size and role of the project - utilising the acceptable technologies? (In respect of fossil fuel used for power generation.) • Can the project illustrate how it will ensure issues on stewardship of the ocean and the sustainable use of ocean resources i.e., Marine Protection and governance of the Ocean Sector? lin case of pipelines, port infrastructure and fuel production where this is offshore.) • As part of an Environmental Impact Assessment, are there any negative effects on the coastal and marine economy which have been identified as part of the Due Diligence process? • What social and beneficiation programmes have been put in place as part of project development and operations to ensure alignment with a Just (or socially inclusive) Transition? • Impact on communities of the production facility, pipelines and related infrastructure – e.g. safety, theft, danger? (Consideration of potential impact on other activities, conservation, agriculture, etc.)
		3.2	Lowest cost energy option	• Are there any alternative lower cost alternatives that could feasibly be implemented instead of the proposed project? (In respect of power generation.)
		3.3	Replacement of higher carbon assets	• Is the project replacing a current higher carbon source, including the substitution or blending with non-fossil based liquid fuels such as biofuels? • If so, please provide avoided emissions over time and carbon credits created over time.
		3.4	Carbon lock-in risk over longer term andIndustry norms/best practices?	• To what extent is there adequate flexibility to switch to lower carbon scenarios over time (technologically/contractually/economically) and what assumptions have been made? • What are the current industry norms/best practices for the proposed projects aimed at managing carbon lock in and the overall transition risk? Is the proposed project aligned to this?
		3.5	Strategy and timelines	• Is there an opportunity for the IDC to influence the project's medium to long term strategy with an aim to manage its own carbon exposure, drive sustainable industrialisation, beneficiation and new industries? • Can the IDC influence diversification over time for enterprises in this field?
4	**Transition Investment Risk**	**4.1**	Risks associated with the transition to a net zero world/ambition	The exposure of the project to the following risks, the mitigation thereof and the tenability of the residual risk: • Policy/regulatory risks (potentially increasing costs or constraining revenues and financing). • Carbon Tax (where applicable) or Carbon Border Adjustment Mechanism to address the risk of carbon leakage. • Technology and market risks (potentially changing the need/role/commercial importance of the project over time). • Commercial risks (contractual, funding and otherwise). • Company's carbon footprint and physical risks (acute and chronic) due to the changing weather conditions (if any). • Plan to identify and implement public disclosure on climate-related risks and opportunities. • Investment opportunities for the transition to lower carbon strategies.
		4.2	Reputational risks	Has the project considered the overall reputational and sentiment risks (including future investor appetite and valuation at a portfolio level) to the IDC?

8. ANNEXURE 5: NATURAL GAS INVESTMENT SCREENING TOOL

	Category	Sub-category		Detail
1	**Development Impact**	**1.1**	Project's contribution to energy security	• Is the power needed? Quality matters here as well as the quantity (such as providing reliable/dispatchable power, diversifying the generation mix and providing energy security).
		1.2	Job-creation potential	• How many direct and indirect jobs are likely to be created/saved through this project?
		1.3	Other developmental aspects	• Will the project facilitate development outcomes such as social inclusion, spatial equity and localisation?
		1.4	Project contribution to industrialisation through beneficiation	• Does the project promote industrialisation through beneficiation, import replacement and include a pathway towards decarbonising?
2	**National Level (Systems Level)**	**2.1**	National Paris Agreement Development Pathway	• Does the country have any commitments to the Paris Agreement through National Determined Contributions, country-wide strategies/emissions pathways/ development pathways including sustainable development goals?
		2.2	National Development Pathway adoption and implementation including sector adoption and implementation	• To what extent has the government of the country shown commitment to such commitments (through various policies and regulations) including the level of sector adoption and implementation of the National Development Pathway?
		2.3	Project alignment with NDC alignment	• Is the proposed project aligned to the country's commitments and strategies as they relate to emissions and development pathways including sustainable development goals?

	Category	Sub-category		Detail
3	**Project Specific**	**3.1**	Lowest emission technology and Sustainability	• What is the emissions intensity of the proposed project (direct and/or indirect) and is the energy technology selection the least-emitting technology option for the size and role of the project - utilising the acceptable technologies? • How is the Methane leakage – which could add to rather than reduce SA's carbon emissions profile across the value chain going to be accounted for and managed? • Can the project illustrate how it will ensure issues on stewardship of the ocean and the sustainable use of ocean resources i.e., Marine Protection and governance of the Ocean Sector? • As part of an Environmental Impact Assessment, are there any negative effects on the coastal and marine economy which have been identified as part of the Due Diligence process? • What social and beneficiation programmes have been put in place as part of project development and operations to ensure alignment with a Just Transition? • Impact on communities of gas infrastructure, pipelines, etc. – safety, theft, danger? (Consideration of potential impact on other activities, conservation, agriculture, etc.)
		3.2	Lowest cost energy option	• Are there any alternative lower cost alternatives that could feasibly be implemented instead of the proposed project? • In terms of project operation, has the project explored green hydrogen opportunities over the project timeline and associated costs including anticipated benefits?
		3.3	Replacement of higher carbon assets	• Is the project replacing a current higher carbon source? • If so, please provide avoided emissions over time and carbon credits created over time.
		3.4	Carbon lock-in risk over longer term and Industry norms/best practices?	• To what extent is there adequate flexibility to switch to lower carbon scenarios over time (technologically/contractually/economically) and what assumptions have been made? • What are the current industry norms/best practices for the proposed projects aimed at managing carbon lock in and the overall transition risk? Is the proposed project aligned to this?
		3.5	Strategy and timelines	• Is there an opportunity for the IDC to influence the project's medium to long term strategy with an aim to manage its own carbon exposure, drive sustainable industrialisation, beneficiation and new industries? • Can the IDC influence diversification over time for entrepreneurs in this field?
4	**Transition Investment Risk**	**4.1**	Risks associated with the transition to a net zero world/ambition	• The exposure of the project to the following risks, the mitigation thereof and the tenability of the residual risk: **i.** Policy/regulatory risks (potentially increasing costs or constraining revenues and financing). **ii.** Carbon Tax (where applicable) or Carbon Border Adjustment Mechanism to address the risk of carbon leakage. **iii.** Technology and market risks (potentially changing the need/role/commercial importance of the plant over time) **iv.** Commercial risks (contractual, funding and otherwise). **v.** Company's carbon footprint and physical risks (acute and chronic) due to the changing weather conditions (if any). **vi.** Plan to identify and implement public disclosure on climate-related risks and opportunities. **vii.** Investment opportunities for the transition to lower carbon strategies.
		4.2	Reputational risks	Has the project considered the overall reputational and sentiment risks (including future investor appetite and valuation at a portfolio level) to the IDC?

9. ANNEXURE 6: ESRG AND SUSTAINABILITY IMPACT DATA INFORMATION REQUIREMENTS

	Category		Sub-Category	No.	Indicator	Reporting Unit	Timeline	Supporting documentation
1	Companies will be required to provide information covering either the indicators covered under 1.1 (energy consumption) or those covered under 1.2 (greenhouse gas emissions)	1.1	Energy consumption	1.1.1	Electricity consumption from the Eskom/municipal grid	kWh	Full financial year	Eskom/municipal bills
				1.1.2	Diesel consumption	l	Full financial year	Supplier invoices
				1.1.3	Liquid petroleum gas (LPG) consumption	kg	Full financial year	Supplier invoices
				1.1.4	Liquid natural gas (LNG) consumption	Kg	Full financial year	Supplier invoices
				1.1.5	Heavy fuel oil (HFO) consumption	L	Full financial year	Supplier invoices
				1.1.6	Coal consumption	T	Full financial year	Supplier invoices
				1.1.7	Wood pellets consumption	T	Full financial year	Supplier invoices
				1.1.8	Any other energy resource consumed	various	Full financial year	Provide details
		1.2	Greenhouse gas (GHG) emissions	1.2.1	Has the company conducted a GHG emissions inventory?	Yes/No	Consider company's position over the financial year	Audited/Verifiable supporting documentation
				1.2.2	If yes to 1.2.1, provide the company's GHG emissions inventory at Scope Levels.	CO2e	Full financial year	Audited GHG emissions Inventory Report
		1.3	Carbon Tax	1.3.1	Is the company liable to pay carbon tax as per the Carbon Tax Act 2019? (Only applicable to companies with operations in South Africa.)	Yes/No	Consider company's position over the financial year	Audited/Verifiable supporting documentation
				1.3.2	If yes to 1.3.1, provide the Carbon Tax liability.	Rand	Full financial year	Audited/Verifiable supporting documentation (SARS submission)

	Category		Sub-Category	No.	Indicator	Reporting Unit	Timeline	Supporting documentation
1	Companies will be required to provide information covering either the indicators covered under 1.1 (energy consumption) or those covered under 1.2 (greenhouse gas emissions)	1.4	Renewable Energy and Energy Efficiency	1.4.1	Is your company utilising renewable energy? (Self-generated and/or sourced from an independent producer.)	Yes/No	Consider company's position over the financial year	Audited/Verifiable supporting documentation
				1.4.2	If yes to 1.4.1, state the company's consumption from these renewable energy sources.	kWh/MWh/kW/ MW	Full financial year	Audited/Verifiable supporting documentation
				1.4.3	Has the company introduced any initiatives to improve energy efficiency in its processes?	Yes/No	Consider company's position over the financial year	Audited/Verifiable supporting documentation
				1.4.4	If yes to 1.4.3, please describe these initiatives.		Consider company's position over the financial year	Verifiable supporting documentation
				1.4.5	If yes to 1.4.3, provide an estimate of the savings that were realised including funding that may be required for future related initiatives	kWh/MWh and Rand Value		Audited/Verifiable supporting documentation
		1.5	Climate Change Adaptation	1.5.1	Is your company planning or has conducted a climate change impact study with associated risks for existing and/or future operations as part of the newly proposed transaction?	Yes/No	Consider company's position over the financial year	Verifiable supporting documentation
		1.6	Air Quality Management	1.6.1	Does your company keep air quality monitoring reports (only if applicable to company)?	Yes/No	Consider company's position over the financial year	Verifiable supporting documentation
		1.7	Sustainable water and wastewater management	1.7.1	Water consumption	L	Full financial year	Audited/Verifiable supporting documentation (Bills, Statements and other bulk water supply statements.)
				1.7.2	Wastewater generated	L	Full financial year	Audited/Verifiable -supporting documentation Bills, Statements & other bulk Wastewater supply statements)
		1.8	Waste management	1.8.1	Waste generated (specify hazardous and non-hazardous waste)	Kg/Tonnes	Full financial year	Audited/Verifiable -supporting documentation (Waste Licence, Waste Management Plan, Records)
				1.8. 2	Waste sent to landfill or recycled if any	Kg/Tonnes	Full financial year	Audited/Verifiable -supporting documentation (Waste Licence, Waste Management Plan, Records)

	Category		Sub-Category	No.	Indicator	Reporting Unit	Timeline	Supporting documentation
1	Companies will be required to provide information covering either the indicators covered under 1.1 (energy consumption) or those covered under 1.2 (greenhouse gas emissions)	1.9	Biodiversity management	1.9.1	Are there any Nature Reserves, Protected Environments, Protected Areas which were identified as per the NEMA: Protected Areas Act 57 of 2003 within vicinity of the proposed transaction?	Yes/No	N/A	Audited/Verifiable supporting documentation (Biodiversity Management Plan)
		1.10	Environmental incidents	1.10.1	Number of environmental incidents including directives and notices as defined in the National Environmental Management Act 1998, recorded.	number	Full financial year	Audited/Verifiable supporting documentation (Environmental Management Plan, Records)
2	Economic development	2.1	Job creation	2.1.1.	Number of permanent employees – total	number	End of the financial year	Payroll (ID numbers of employees) Employment Equity Reports submitted to Department of Labour
				2.1.2	Number of permanent employees – women	number	End of the financial year	Payroll (ID numbers of employees) Employment Equity Reports submitted to Department of Labour
				2.1.3	Number of permanent employees – youth [14]	number	End of the financial year	Payroll (ID numbers of employees) Employment Equity Reports submitted to Department of Labour
				2.1.4	Number of permanent employees – disabled	number	End of the financial year	Payroll (ID numbers of employees) Employment Equity Reports submitted to Department of Labour
				2.1.5	Number of contract employees – total	number	End of the financial year	Audited/Verifiable supporting documentation
				2.1.6	Number of contract employees – women	number	End of the financial year	Audited/Verifiable supporting documentation
				2.1.7	Number of contract employees – youth	number	End of the financial year	Payroll (ID numbers of employees)
				2.1.8	Number of seasonal employees – total	number	Peak during financial year	Payroll (ID numbers of employees)
				2.1.9	Number of seasonal employees – women	number	Peak during financial year	Payroll (ID numbers of employees)
				2.1.10	Number of seasonal employees – youth	number	Peak during financial year	Payroll (ID numbers of employees)

[14] Younger than 35 years at the end of the financial year.

	Category		Sub-Category	No.	Indicator	Reporting Unit	Timeline	Supporting documentation
2	Economic Development	2.2	Innovation	2.2.1	Has the company introduced any initiatives to increase digitalisation and automation to improve products, processes or systems?	Yes/No	Consider company's position over the financial year	Audited/Verifiable-supporting documentation
				2.2.2	If yes to 2.2.1, please provide details.	-	Consider company's position over the financial year	Audited/Verifiable supporting documentation
		2.3	Spatial equity	2.3.1	Has the company changed the physical location of any of its operations during the year? These could be moving or adding offices, factories, or any other operating locations.	Yes/No	End of the financial year	Audited/Verifiable supporting documentation
				2.3.2	If yes to 2.3.1, please provide details of each operating location i.e. address and purpose for which it is applied.	Yes/No	End of the financial year	Audited/Verifiable supporting documentation
		2.4	Foreign trade	2.4.1	Value of annual exports/foreign currency earnings	Rand	Full financial year	Audited/Verifiable supporting documentation
				2.4.2	Value of annual exports to other African countries	Rand	Full financial year	Audited/Verifiable supporting documentation
				2.4.3	Value of annual imports	Rand	Full financial year	Audited/Verifiable supporting documentation

	Category		Sub-Category	No.	Indicator	Reporting Unit	Timeline	Supporting documentation
3	Transformation	3.1	Broad-Based Black Economic Empowerment	3.1.1	B-BBEE level as per B-BBEE Codes of Good Practice	B-BBEE level	End of the financial year	B-BBEE certificate or relevant document for exempted micro-enterprises and other special categories of enterprises
				3.1.2	Black shareholding	percentage	End of the financial year	B-BBEE certificate or another relevant document
				3.1.3	Details of black shareholders (if any) (individual/company names and shareholding)	-	End of the financial year	Audited/Verifiable supporting documentation
				3.1.4	Women shareholding	percentage	End of the financial year	B-BBEE certificate or another relevant document
				3.1.5	Details of women shareholders' operational involvement in the business (if any).	-	End of the financial year	Audited/Verifiable supporting documentation
				3.1.6	Youth shareholding	percentage	End of the financial year	Audited/Verifiable supporting documentation
				3.1.7	Details of youth shareholders' operational involvement in the business (if any).	-	End of the financial year	Audited/Verifiable supporting documentation
				3.1.8	People with disability shareholding	percentage	End of the financial year	B-BBEE certificate or another relevant document
4	Social	4.1	Community development	4.1.1	Amount spent on community infrastructure development	Rand	Full financial year data and information	Audited/Verifiable supporting documentation
				4.1.2	If any reporting under 4.1.1, please provide details e.g. description of projects.	-	Full financial year data and information	Audited/Verifiable supporting documentation
				4.1.3	Amount spent on any other community social initiatives e.g. literacy training, etc.	Rand	Full financial year information	Audited/Verifiable supporting documentation
				4.1.4	If any reporting under 4.1.3, please provide details e.g. description of projects.	-	Full financial year data and information	Audited/Verifiable supporting documentation

	Category		Sub-Category	No.	Indicator	Reporting Unit	Timeline	Supporting documentation
5	Health and Safety	**5.1**	Reportable workplace incidents	**5.1.1**	Does your company have incentives and annual targets for Health and Safety?	Yes/No	Full financial year information	Audited/Verifiable supporting documentation
6	Disclosure/ reporting/ compliance	**6.1**	Integrated Reporting/ Disclosure	**6.1.1**	Does your company disclose any information publicly utilising any of the following documents: • Annual report • Integrated report • Sustainability report • Any other disclosure framework reports (e.g. GRI/TCFD/CDP	Yes/No	Full financial year information	Audited/Verifiable supporting documentation

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IDC

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