

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Sustainable Finance Framework

Le Fonds Gabonais d'Investissements Stratégiques

10 November 2022

### VERIFICATION PARAMETERS

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Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>▪ Sustainable Finance Instruments</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>▪ Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, as administered by the International Capital Market Association (June 2021 with June 2022 Appendix I)</li><li>▪ Green Loan Principles and Social Loan Principles, as administered by the Loan Market Association (February and April 2021)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>▪ FGIS Sustainable Finance Framework (as of November 8, 2022)</li><li>▪ FGIS Eligibility Criteria (as of November 8, 2022)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>▪ Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>▪ As long as there is no material change to the Framework</li></ul>

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## SCOPE OF WORK

Le Fonds Gabonais d'Investissements Stratégiques (“the Issuer” or “FGIS”) commissioned ISS Corporate Solutions (ICS) to assist with its Sustainable Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. FGIS’s Sustainable Finance Framework (as of November 8, 2022) – benchmarked against the International Capital Market Association's (ICMA) GBP, SBP and SBG and against the Loan Market Association’s (LMA) GLP and SLP.
2. The Eligibility Criteria – whether the categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Sustainable Finance Instruments link to FGIS’s sustainability strategy – drawing on FGIS’s overall sustainability profile and issuance-specific Use of Proceeds categories.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<b>Part 1:</b> <b>Alignment with GBP/SBP/SBG /GLP/SLP</b>	The Issuer has defined a formal concept for its Sustainable Finance Instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. For the investment to be financed under this Framework, it is noted that FGIS has either 100% ownership and control in the eligible companies or will create a dedicated SPV that will have 100% ownership to develop the projects.	<b>Aligned</b>
<b>Part 2:</b> <b>Sustainability Quality of the Eligibility Criteria</b>	<p>The Sustainable Finance Instruments will (re-)finance eligible asset categories which include: Renewable energy, Green buildings, Clean transportation, Sustainable water and wastewater management, Environmentally sustainable management of natural living resources and land use, Circular economy, adapted products, production, technologies and processes, Pollution prevention and control, Employment generation and alleviation of unemployment from MSME financing, Affordable basic infrastructure, Socioeconomic advancement and empowerment, Access to essential services and Food security.</p> <p>Renewable energy, Green buildings, Clean transportation, Sustainable water, Environmentally sustainable management of natural living resources and land use Circular economy, Pollution prevention and control use of proceeds categories have a significant contribution to SDGs 6 ‘Clean water and sanitation’, 7 ‘Affordable and clean energy’, 11 ‘Sustainable cities and communities, and 13 ‘Climate action’, 14 ‘Life below water’ and 15 ‘Life on land’ and a limited contribution to SDG 3 ‘Good health and wellbeing’.</p> <p>Employment generation and alleviation of unemployment from MSME financing, Affordable basic infrastructure, Socioeconomic advancement and empowerment, Access to essential services and Food security have a significant contribution to SDGs 3 ‘Good health and wellbeing’ and 4 ‘Quality Education’ and a limited contribution to SDGs 1 ‘No poverty’, 5 ‘Gender equality’, 6 ‘Clean Water and sanitation’ and 12 ‘Responsible consumption and production’.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	<b>Positive</b>

<sup>1</sup> The evaluation is based on the FGIS’s Sustainable Finance Framework (as of November 8, 2022), and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on August 30, 2022).

<p><b>Part 3:</b></p> <p><b>Sustainable Finance Instruments link to Issuer's sustainability strategy</b></p>	<p>The Use of Proceeds financed through Sustainable Finance Instruments is consistent with the Issuer's sustainability strategy and material ESG topics for the Issuer's industry. The rationale for issuing Sustainable Finance instruments is clearly described by the Issuer.</p>	<p><b>Consistent with Issuer's sustainability strategy</b></p>
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## SPO ASSESSMENT

### PART I: ALIGNMENT WITH ICMA'S GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES, SUSTAINABILITY BOND GUIDELINES AND LMA'S GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES

This section evaluates the alignment of the FGIS's Sustainable Finance Framework (as of November 8, 2022) with the ICMA's GBP/SBP/SBG and LMA's GLP and SLP.

GBP/SBP/SBG/GLP/SLP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by FGIS' Sustainable Finance Framework is <b>aligned</b> with the GBP/SBP/SBG/GLP and SLP. It is noted that FGIS has either 100% ownership and control in the specialized companies<sup>2</sup> or will create a dedicated SPV at FGIS level that will have 100% ownership to develop the projects, ensuring all proceeds to be allocated to the eligible projects only.</p> <p>The Issuer's green and social categories align with the project categories as proposed by the GBP/SBP/SBG/GLP and SLP, criteria are defined in a clear and transparent manner. Disclosure of the distribution of proceeds by project category will be provided post-issuance in the allocation report and environmental and social benefits are clearly described. The Issuer defines exclusion criteria for harmful project categories.</p> <p>The Issuer defines a look-back period of 24 months, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by FGIS's Sustainable Finance Framework is <b>aligned</b> with the GBP/SBP/SBG/GLP and SLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process, as of today through ESG officers within all projects following Gabonese law and IFC standards and thereafter through the ESG team to be set by the end of 2022. Moreover, the projects selected show alignment with the sustainability strategy of FGIS which is</p>

<sup>2</sup> FGIS is making investment through a portfolio of 9 companies specialized in different sectors (i.e. infrastructures development, land development, SME Financing and Social Sectors).

		<p>committed to support the Gabonese government’s strategy.</p> <p>The Issuer clearly defines responsibilities in the process of project evaluation and selection and is transparent about it, which is in line with best market practice.</p>
<b>3. Management of Proceeds</b>	✓	<p>The Management of Proceeds proposed by FGIS’s Sustainable Finance Framework is <b>aligned</b> with the GBP/SBP/SBG/GLP and SLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are moved to an eligible sub-portfolio. The net proceeds are managed on an aggregated basis for multiple Sustainable Finance Instruments (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 24 months and a reallocation period of one year, in line with best market practice.</p>
<b>4. Reporting</b>	✓	<p>The allocation and impact reporting proposed by FGIS’s Sustainable Finance Framework is <b>aligned</b> with the GBP/SBP/SBG/GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. FGIS explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported in the impact report, in line with best market practice.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

### A. CONTRIBUTION OF THE SUSTAINABLE FINANCE INSTRUMENTS TO THE UN SDGs

Funds can contribute to the achievement of the SDGs by investing in specific services/products which help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the entire value chain.



#### Products and services

The assessment of UoP categories for investing in products and services is based on a variety of internal and external sources, such as ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for investing in specific products and services is displayed on a 5-point scale (see Annex 1 for methodology):

<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
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Each of the Sustainable Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES) <sup>3</sup>	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Renewable Energy</b></p> <p><i>Financing or re-financing of projects to support the construction, development, installation, maintenance, and connection of renewable energy as well as the manufacturing of related infrastructure or components, including:</i></p> <ul style="list-style-type: none"> <li>▪ Solar (concentrated solar power, solar photovoltaic, solar thermal heating)</li> <li>▪ Onshore and offshore wind</li> <li>▪ Projects to support the integration of renewable energy into the power grid such as transmission and distribution networks, smart energy grids, smart meters, and renewable energy storage solutions</li> </ul>	<b>Significant contribution</b>	 

<sup>3</sup> ISS ESG review is limited to the examples of projects spelled out in the Framework – this is valid for all the UoP categories in the table below.



## Renewable Energy

Financing or re-financing of projects to support the construction, development, installation, maintenance, and connection of renewable energy as well as the manufacturing of related infrastructure or components, including:

- Hydropower (Medium to large scale: +10 to 1000MW) which meets any of the criteria below:
  - Lifecycle GHG emissions below 100gCO2e/kWh
  - Power density greater than 5W/m2
  - Electricity generation facility is a run of river plant and does not have an artificial reservoir
- Bioenergy derived from biomass or biofuel with sustainable feedstock or waste sources that do not compete with food sources or deplete carbon sinks

Limited contribution



## Green Buildings

Financing or re-financing of low-carbon residential and commercial buildings, including:

- Construction or acquisition of new and existing buildings that meet at least 1 of the following criteria:
  - IFC EDGE (certified)
  - LEED min Gold
  - BREEAM min Excellent
  - Certivea HQE Sustainable Urban Planning (certified Eco City)
  - Africa Green Star min 4 stars
- Renovation of existing buildings which leads to an improvement in energy efficiency to achieve at least 1 of the Green Building certification criteria listed above

Significant contribution



**Green Buildings**

Financing or re-financing of low-carbon residential and commercial buildings, including:

- Installation or maintenance of specific energy-efficiency equipment such as more energy-efficient windows, LED lights etc.

Limited Contribution



**Clean Transportation**

Financing or re-financing of projects to support investments in low-carbon passenger or freight vehicles, public transportation, water transportation and related infrastructure that meet any of the following criteria:

- Hybrid passenger vehicles with direct emissions below 50gCO<sub>2</sub>e/p-km
- Low-carbon non-electrified public transportation with direct emissions below 50gCO<sub>2</sub>e/p-km
- Electrified rail transportation for passenger and freight
- Electric transportation infrastructure (e.g. electrified railway and charging stations)
- Low-carbon freight vehicles with direct emissions below 25gCO<sub>2</sub>e/t-km

Limited contribution



**Sustainable Water and Wastewater Management**

Financing or re-financing of projects to improve water usage efficiency, promote water recycling and reuse, including:

- Wastewater treatment plants and sewerage systems for residential customers

Significant contribution



**Sustainable Water and Wastewater Management**

Financing or re-financing of projects to improve water usage efficiency, promote water recycling and reuse, including:

- Wastewater treatment plants and sewerage systems for corporate customers

Limited Contribution



Significant contribution



Limited Contribution



**Environmentally Sustainable Management of Natural Living Resources and Land Use / Terrestrial and Aquatic Biodiversity Conservation**

*Financing or re-financing of projects to enhance sustainable land and ecosystem management, prevent deforestation and support biodiversity conservation on land as well as marine or coastal areas, including:*

*Afforestation, restoration and rehabilitation of degraded forests, certified under third-party schemes such as the Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC) or equivalent standards<sup>4</sup>*

**Significant contribution**



**Environmentally Sustainable Management of Natural Living Resources and Land Use / Terrestrial and Aquatic Biodiversity Conservation**

*Financing or re-financing of projects to enhance sustainable land and ecosystem management, prevent deforestation and support biodiversity conservation on land as well as marine or coastal areas, including:*

*Conservation and preservation of terrestrial and aquatic ecosystems and biodiversity such as wildlife, megafauna and endangered species*

**Significant contribution**



**Circular Economy, Adapted Products, Production, Technologies**

*Financing or re-financing of projects which can promote a circular economy, including:*

*Production or recyclable cross-laminate timber material certified under third-party schemes such as the FSC, PEFC or equivalent standards<sup>5</sup>*

**Limited contribution**



<sup>4</sup> Our review is limited to certifications spelled out in the Framework, excluding de facto “or equivalent”.

<sup>5</sup> Our review is limited to certifications spelled out in the Framework, excluding de facto “or equivalent”.

**Pollution, Prevention and Control**

*Financing or re-financing of projects which can promote waste reduction, reuse and recycling, including:*

*Waste management projects to collect, recycle and manage city waste<sup>6</sup>*

**Limited contribution**



<sup>6</sup> Please note that waste to energy projects are not included.

**Social Categories**

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Employment Generation and Alleviation of Unemployment from MSME Financing</b></p> <p><i>Financing or re-financing of MSMEs to generate employment and/or alleviate unemployment, including:</i></p> <ul style="list-style-type: none"> <li>MSMEs in economically underperforming areas in Gabon</li> <li>MSMEs owned by youths (15 to 35 years old per Gabon national youth policy)</li> <li>MSMEs facing natural disasters or health pandemics</li> </ul>	<p><b>Significant Contribution</b></p>	  
<p><b>Employment Generation and Alleviation of Unemployment from MSME Financing</b></p> <p><i>Financing or re-financing of MSMEs to generate employment and/or alleviate unemployment, including:</i></p> <p><i>MSMEs owned by women (either (a) at least 51% of shares belong to women or (b) ownership is below 51% but at least 20% women and women to assume at least one of the managerial roles at the company)</i></p>	<p><b>Significant Contribution</b></p>	 
<p><b>Affordable Basic Infrastructure</b></p> <p><i>Financing projects to improve access to basic infrastructure for rural areas, including:</i></p> <p><i>Research projects on clean cooking energy solutions with a focus on liquefied petroleum gas (LPG) and investments in LPG cylinders, importation facilities, refilling plants and distribution</i></p>	<p><b>Limited Contribution<sup>7</sup></b></p>	
<p><b>Affordable Basic Infrastructure</b></p> <p><i>Financing projects to improve access to basic infrastructure for rural areas, including:</i></p> <p><i>Clean drinking water and sanitation</i></p>	<p><b>Significant contribution</b></p>	   

<sup>7</sup>For these Use of Proceed categories, a limited contribution is given to reflect the fact that cooking stoves are fairly essential and provided that these are made accessible at no or low cost to populations which would not otherwise have access.

**Green Socioeconomic Advancement and Empowerment**

*Financing projects to support the social integration and economic development of populations via expansion of employment capacity or capacity building, including:*

- *Development and construction of green ecolodges and camps to boost the tourism industry that will receive LEED certification or other equivalent internationally or nationally recognized Green Building certification*
- *Development and construction of hotels, offices and shopping malls under the Façade Maritime du Champ Triomphal that will receive LEED certification or other equivalent internationally or nationally recognized Green Building certification*

**Significant Contribution<sup>8</sup>**



**Access to Essential Services (Healthcare )**

*Financing Projects to expand access to public, free, subsidized or non-profit healthcare services and infrastructure, including:*

*Construction, maintenance or refurbishment of hospitals, clinics, healthcare centers, purchasing centers for medicines and other health products, rehabilitation centers and elderly care facilities*

**Limited Contribution**



**Access to Essential Services (Healthcare )**

*Financing Projects to expand access to public, free, subsidized or non-profit healthcare services and infrastructure, including:*

*Production of medical supplies, medical equipment, medicines and vaccines to treat and prevent the spread of infectious diseases or health disasters*

**Significant Contribution**



**Access to Essential Services (Healthcare & Education)**

*Financing Projects to expand access to public, free, subsidized or non-profit education services and infrastructure including:*

*Construction, maintenance or refurbishment of schools*

**Significant Contribution**



**Limited Contribution**



**Access to Essential Services (Healthcare & Education)**

*Financing Projects to expand access to public, free, subsidized or non-profit education services and infrastructure including:*

**Significant Contribution**



<sup>8</sup> The review is limited to certifications spelled out in the framework or alike, excluding de facto “or equivalent”.

<p><i>Construction, maintenance or refurbishment of universities, or vocational training facilities</i></p>		
<p><b>Food Security and Sustainable Food Systems</b></p> <p><i>Financing Projects to promote food security and sustainable production, including:</i></p> <p><i>Development of facilities to process MSC-certified tuna fish and products for the domestic and international market</i></p>	<p><b>No Net Impact</b></p>	
<p><b>Food Security and Sustainable Food Systems</b></p> <p><i>Financing Projects to promote food security and sustainable production, including:</i></p> <p><i>Capacity building and improving access to relevant knowledge<sup>9</sup></i></p>	<p><b>Limited contribution</b></p>	
<p><b>Food Security and Sustainable Food Systems</b></p> <p><i>Financing Projects to promote food security and sustainable production, including:</i></p> <p><i>Capacity building and improving access to relevant inputs i.e. biological fertilizers and pesticides</i></p>	<p><b>Significant contribution<sup>10</sup></b></p>	
<p><b>Food Security and Sustainable Food Systems</b></p> <p><i>Financing Projects to promote food security and sustainable production, including:</i></p> <p><i>Improving access to relevant financing for farmers and fishermen/fisherwomen</i></p>	<p><b>Limited contribution</b></p>	

<sup>9</sup> Input and knowledge refer to providing education on sustainable practices to improve crop yields, agriculture input such as seeds for climate resilient crop staples and basic equipment. FGIS will exclude any non-biological fertilizer and pesticide.

<sup>10</sup> The assessment is limited to the examples of projects listed in the framework

## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

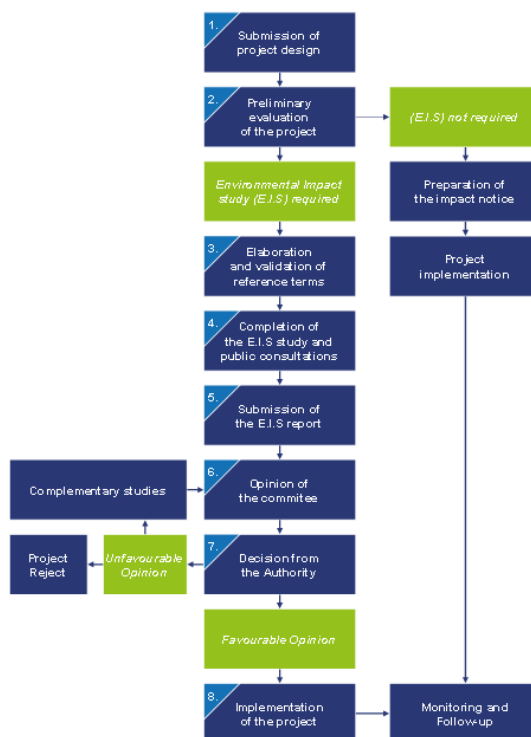
The table below evaluates the Eligibility Criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Gabon.

### ASSESSMENT AGAINST KPIs

#### ESG guidelines into investing process

FGIS screens all its investments through the IFC Environmental and Social Performance standards and follows the guidelines prescribed by the Gabon Manual on Environmental Impact Studies for all projects. The Gabon Manual on Environmental Impact Studies mandates the completion of an EIA prior to project commencement, and the study is accompanied by a number of environmental and social management plans to have in place. Besides, as a sovereign wealth fund, FGIS screens its investments against Gabonese national laws such as the Environmental Protection Law and Labor laws. The project can only start after approval by the Ministry of Environment that projects will not have major impacts on the environment, biodiversity and communities.

The Wealth Fund set up the following procedure to identify and mitigate ESG risks associated with a project category in line with the Gabon Manual on Environmental Impact Studies. All projects financed under this Framework should go through this process unless having received a discharge by the 'Direction Générale de L'Environnement et de la Protection de la Nature'. The project is rejected if the committee issues an unfavorable opinion after the review of the Environmental Impact Study.





### ESG Guidelines into financing process for most sensitive sectors<sup>11</sup> financed under the Framework

FGIS does not have specific ESG guidelines tailored for the Agriculture and Aquaculture sector. All sectors are covered under the Gabonese Environmental Impact Studies.

#### Labor, Health and Safety

- ✓ All projects to be invested in under this Framework are screened via (1) Gabon Labor Code established in 1994<sup>12</sup>, (2) Gabon Decree of 2011 determining the general rules of health and Safety in the workplace<sup>13</sup> and (3) IFC performance standards, which ensure that high Health and Safety standards are respected. In the first step of the project selection process, the Investment and Wealth Creation Directorate which includes two members from the executive committee screens if the IFC standards are fulfilled. If not, the project will be rejected. It is noted that no third-party reviews nor confirms if the projects are compliant with the IFC performance standards. Yet, for each project the Quality, Environmental and Social Officer will ensure that the project follows all the steps within the IFC manual, ADB Environmental Safeguard system and Gabonese Environmental Law. Finally, FGIS adheres to the IFC Performance Standards.

#### Biodiversity

- ✓ All projects to be invested in under this Framework are located in Gabon where the national legislative framework ensures that projects feature the respect of biodiversity as an integral part of the planning process, namely the Gabonese Manual of Procedures on Environmental and Social Impact Assessment. The EIA conducted by a third-party includes information on the threatened species and their habitat as well as information on areas likely to be affected by the project. Finally, FGIS checks if the investees adhere to the IFC Performance Standards. In the first step of the project selection process, the Investment and Wealth Creation Directorate screens if the IFC standards are fulfilled. If not, the project will be rejected. It is noted that no third-party reviews nor confirms if the projects are compliant with the IFC performance standards. Yet, for each project the Quality, Environmental and Social Officer will ensure that the project follows all the steps within the IFC manual, ADB Environmental Safeguard system and Gabonese Environmental Law. Finally, FGIS adheres to the IFC Performance Standards.

#### Community Dialogue

- ✓ All assets financed will be in Gabon. Thus, the Issuer ensures that its environmental impacts and impacts on the communities have been mitigated as FGIS follows the guidelines prescribed by the Gabonese Manual of Procedures on Environmental and Social Impact Assessments for all projects. The Environmental and Social Impact Study

<sup>11</sup> The categorization of a sector as 'most sensitive' follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

<sup>12</sup> Code du Travail, République Gabonaise, 1994, <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/39615/135859/F-874434182/GAB-39615.pdf>

<sup>13</sup> ILO, Gabon Occupational safety and health, 2011, [https://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=92825&p\\_country=GAB&p\\_count=242&p\\_classification=14&p\\_classcount=6](https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=92825&p_country=GAB&p_count=242&p_classification=14&p_classcount=6)

process includes a number of activities including public consultation, a stakeholder engagement plan, a complaints management mechanism with the establishment of local monitoring committees, etc.

#### **Inclusion**



The Issuer states that under access to essential services, its key role includes financing public health and education institutions to improve the living conditions of Gabonese populations. To ensure access for vulnerable groups, FGIS only invests in public for-profit institutions with a strong impact on the medicine's accessibility to the population. FGIS invests in the healthcare sector via the National Pharmaceutical Office.

#### **Exclusion criteria**

For the purpose of the Sustainable Finance Framework, further sectors are excluded: fossil-fuel extraction and processing, fossil fuel-related power generation, gambling, tobacco, alcohol, and weaponry and defense-related equipment. Besides, for the clean transportation category, any projects related to conventional combustion engine vehicles or the transportation of fossil fuels are excluded.

## PART III: SUSTAINABLE FINANCE INSTRUMENTS LINK TO FGIS'S SUSTAINABILITY STRATEGY

### A. FGIS' EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

#### *Issuer overview*

Fonds Gabonais d'Investissements Stratégiques (FGIS) is an exclusive manager of the Sovereign Wealth Fund of the Gabonese Republic (FSRG), i.e., the government of Gabon. The company invests in assets with the perceived high economic, social and environmental impact that aims at bringing prosperity and development to Gabon.

FGIS has 83 portfolio companies that include Gabon Power Company, Okoumé Capital, SCG-Ré, and Office Pharmaceutique National among others, that are active in the areas of infrastructure development, land & urban development, SME support & financing, and social sector support. The company had \$1.89 billion worth of assets under management (as of Sept 29, 2022).

According to articles 12 and 14 of the text ordinance 02/PR/2012 of February 13, 2012, which establishes the FGIS, the FGIS is a public institution with a distinct legal personality with administrative, financial, and organizational autonomy. In this context, investment decisions are adopted independently by the Board of Directors on the proposal of the General Management in accordance with the investment strategy of the FGIS.

#### *ESG risks associated with the Issuer's industry*

Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company-specific assessment but areas that are of particular relevance for companies within that industry. The Issuer is classified in the Asset Management & Brokerage, as per ISS ESG's sector classification.

#### ESG KEY ISSUES IN THE INDUSTRY

Business ethics

Customer and product responsibility

Employee relations and work environment

Social and environmental impacts of products and services

Sustainable investment criteria

*ESG strengths and points of attention related to the Issuer’s disclosures*

Leveraging ISS ESG’s Research, the following strengths and points of attention<sup>14</sup> have been identified:

STRENGTHS	POINTS OF ATTENTION
<p>The company integrates environmental and social aspects in its investment due diligence and decision-making. Further, it has defined exclusions such as not investing in companies involved in alcohol, gambling, weapons, etc.</p>	<p>The company integrates sustainability standards in its investment business through environmental and social due diligence practices (stated as a strength). However, a list of inclusions and application procedures of environmental and social guidelines for asset management and own investments is not available. Further, its stand on how it integrates environmental and social aspects in its minority or non-controlled holdings remains unclear.</p>
<p>The company has a strong compliance procedure in place that includes publishing a code of ethics in the local language, raising business ethics awareness, and conducting due diligence on third parties. Further, it also facilitates anonymous and confidential non-compliance reporting channels and ensures to protect the employment status of the whistleblower.</p>	<p>The company’s code of business ethics encompasses policies on vital ethical issues such as conflict of interest, money laundering, and corruption. However, the document is only meant for internal access. The best practice would be to make it publicly available.</p>
<p>The company contributes to the Sustainable Development Goals of the United Nations in social and environmental areas by financing healthcare and educational facilities, investing in renewable energy, etc.</p>	<p>The company’s measures taken to manage employee relations and work environment remain unclear, especially management of issues such as employees’ health &amp; safety, mental health, and availability of workplace flexibility are not reported.</p>
	<p>The company has reported having physical measures to protect information. However, there are no indication of disclosure of policy on responsible marketing and sales practices and information security management systems. Also, the company’s stand on offshore banking and tax compliance is missing.</p>

Please note that the consistency between the issuance subject to this report and the Issuer’s sustainability strategy is further detailed in Part III.B of the report.

<sup>14</sup> Please note that FGIS is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Asset Management & Brokerage, based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research’s methodology.

### *Sustainability impact of products and services portfolio*

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

#### **Social Impact of Product Portfolio:**

FGIS invests and provides credit to companies involved in education, and healthcare among others. Therefore, it positively contributes to the social sustainable development goal (SDGs) of ensuring health, delivering education, and providing basic services. However, there is limited information available to estimate the size of each product portfolio that contributes to different social SDGs.

#### **Environmental Impact of Product Portfolio:**

FGIS owns several investment vehicles and companies specialized in the key sectors of the transformation of the Gabonese economy. The company has invested in infrastructure development companies such as Gabon Power Company, which is involved in the production of renewable energy. Therefore, it is estimated to positively contribute to the environmental sustainable development goal (SDGs) of sustainable energy use and mitigating climate change. However, there is limited information available to estimate the size of each product portfolio that contributes to different environmental SDGs.

### *Breaches of international norms and ESG controversies*

#### At Issuer level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the Issuer would be involved has been identified.

#### At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Asset Management & Brokerage industry are as follows: Failure to mitigate climate change impacts, Failure to prevent deforestation / illegal logging and Failure to conduct human rights due diligence.

Please note, that this is not a company-specific assessment but areas that can be of particular relevance for companies within that industry.

## **B. CONSISTENCY OF SUSTAINABLE FINANCE INSTRUMENTS WITH FGIS'S SUSTAINABILITY STRATEGY**

### *Key sustainability objectives and priorities defined by the Issuer*

The FGIS' Sustainability strategy is centered around its key role in supporting Gabon to achieve its Sustainability Vision and updated Nationally Determined Contribution. FGIS is the first African sovereign wealth fund to join the Net-Zero Asset Owner Alliance in June 2022 and is committed to achieving net zero GHG emissions in its portfolio by 2050, setting intermediate GHG emissions reduction targets every five years and reporting on the progress annually. The FGIS plans to publish its avoided GHG emissions through investments in renewable energy to displace coal and fossil fuels.

The Fund's portfolio of power plants is expected to avoid up to 1.3 million tons of CO<sub>2</sub> equivalent emissions by 2040.

As a first step to its net zero commitment, the FGIS has developed its decarbonization strategy with the support of an external consultant. The Issuer identified and measured its carbon footprint across owned emissions and emissions from its investment portfolio using reported data, where available and estimated data. Based on the findings, fuel switching and renewables, energy efficiency, Nature-Based Solutions (i.e. afforestation, soil carbon sequestration) and carbon offsets are determined to be FGIS' key decarbonization tools. A key action plan has been developed comprising near-term, medium-term and long-term actions. In the near-term, FGIS plans to expand the scope of GHG emissions calculation across the entire investment portfolio and strategic decisions on the highest emitting portfolio companies.

The FGIS plans to establish an ESG team to oversee the GHG emissions calculation process at FGIS and across all its portfolio companies to ensure consistent annual reporting on GHG emissions and alignment with international standards such as the TCFD. The team is responsible for monitoring and setting ESG targets as well as the decarbonization strategy across its investment portfolio and will eventually expand the focus beyond climate change to social and governance aspects.

The FGIS intends to promote and increase the share of green investments in the portfolio. The FGIS plays an active role in supporting the Gabonese government to develop the carbon credits infrastructure within Gabon to enable Gabon to remain a carbon sink. Capital injection from the sale of Gabonese carbon credits will boost FGIS's investment capacity into other opportunities to achieve both environmental and social objectives.

### *Rationale for issuance*

Within FGIS' decarbonization strategy, in the medium and long-term, the Issuer's planned actions include issuances of a Green/Sustainable bond, investments in large-scale renewable energy projects and other large-scale green projects.

**Opinion:** *The Use of Proceeds financed through these sustainable finance instruments is consistent with the Issuer's sustainability strategy and material ESG topics for the Issuer's industry. The rationale for issuing sustainable finance instruments is clearly described by the Issuer.*

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## ANNEX 1: Methodology

### Green/Social KPIs

The Green and Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of FGIS's Sustainable Finance Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

### Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green/Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green/Social Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by FGIS (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer.

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which FGIS's Sustainable Finance Instruments contributes to related SDGs.



## ANNEX 2: Quality management processes

### SCOPE

FGIS commissioned ISS ICS to compile a Sustainable Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainable Finance Framework aligns with the GBP/SPB/SBG/GLP and SLP and to assess the sustainability credentials of its Sustainable Finance Instruments, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines
- LMA's Green Loan Principles and Social Loan Principles
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

### ISSUER'S RESPONSIBILITY

FGIS's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the asset level

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainable Finance Instruments to be issued by FGIS based on ISS ESG methodology and in line with the ICMA GBP/SPB/SBG/GLP and SLP

The engagement with FGIS took place from September to November 2022.

### ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

For more information on this specific Sustainable Finance Instruments SPO, please contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

### Project team

Project lead	Project support	Project support	Project supervision
Camille Roux Associate ESG Consultant	Andrea Torres Associate ESG Consultant	Poorvi Ramesh Associate VP ESG Consultant	Marie-Bénédicte Beaudoin Associate Director Head of ISS ESG SPO Operations