

FINDEV CANADA TRANSACTION SUMMARY

JCM Power

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

JCM Power is a Canadian-based renewable energy company that focuses on the development, construction, acquisition and operation of utility scale renewable energy projects (primarily solar photovoltaic and wind) in Africa, Latin America and South Asia.

Transaction Details

COUNTERPARTY	JCM Power Corporation (the "Company", "JCM Power", "JCM")
DOMICILE OF INCORPORATION	Canada
DOMICILE OF OPERATIONS	Africa, Latin America, South Asia
TERM OF FINANCING	N/A
SECTOR	Green growth
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category B
FINANCIAL PRODUCT	Convertible preferred shares
TOTAL OFFERING SIZE	USD 116 million
FINDEV CANADA PARTICIPATION AMOUNT	USD 20 million
DATE OF TRANSACTION DISCLOSURE	26/10/2019
DATE OF TRANSACTION CLOSING	17/12/2019
DATE OF TRANSACTION SUMMARY PUBLICATION	10/06/2020

Summary of Anticipated Development Impacts

The development impact value proposition of JCM Power is to “advance the clean energy age” by developing, building, acquiring, and operating projects in Asia, Latin America and Africa. The renewable energy generated will contribute to reducing the CO₂ equivalent emissions.

JCM's portfolio companies will contribute directly to market development through temporary construction jobs and economic value-added.

In terms of gender equality, the growth of climate-smart industries represents a significant source of jobs and business opportunities for women in emerging markets, including to assume leadership positions and to work in non-traditional roles. JCM Power operates in a sector traditionally dominated by men, but they have made commitments towards gender inclusion that would bring them above current industry practice.



ENVIRONMENT AND CLIMATE ACTION:

- **CO₂ equivalent emissions avoided:** The Company has a mandate to build and operate new renewable energy projects in Latin America, Africa and Asia. When built/acquired, JCM's portfolio companies are expected to generate ~3.0M MWh per year of renewable energy (of which 920,000 MWh or 30% is new generation). These operations will in turn contribute ~940,000 tons of CO₂ equivalent emissions avoided each year of operation (until 2040 or later)¹.



MARKET DEVELOPMENT:

- **Supporting employment generation:** JCM's portfolio companies will contribute directly to the market development by creating quality employment through about 2,500 full-time equivalent (“FTE”) temporary construction jobs. As the Company builds its projects portfolio, JCM could enable up to 8000 FTEs jobs.
- **Economic value addition:** Once reaching 11 operational projects, JCM Power is expected to contribute around US\$2.25M per year to domestic GDPs through profits, taxes and salary payments. In addition, we consider the indirect effects of adding energy capacity to the economy: additional capacity is expected to generate improvements in electricity affordability and/or reduced electricity outages, both of which can contribute to higher productivity of private sector firms.

At that time, JCM's portfolio companies are expected to enable productivity related positive impacts in other sectors (such as transport, manufacturing, agriculture, and services) of US\$56M in annual economic value-added.



WOMEN'S ECONOMIC EMPOWERMENT:

- **Advancing gender equality and women's economic empowerment:** As is common in the energy sector, JCM's workforce, management and leadership is currently male-dominated. However, the Company has expressed its desire to become a leader in its industry regarding gender inclusion and has taken steps in this direction. JCM has become a Women's Empowerment Principles (WEPs)² signatory and has subsequently engaged with UN Women and FinDev Canada to complete the WEPs Gender Gaps Analysis Tool and to create a draft gender action plan. JCM also has developed an inclusion and diversity strategy at corporate level and has incorporated women's empowerment as one of its five impact objectives. Based on this already completed work, FinDev Canada and JCM created a "High-level Gender Action Plan" that details the company's commitments, targets and priority activities to increase its contribution to women's economic empowerment at the corporate level as well as through its project companies and involvement with local communities. FinDev Canada will monitor the implementation of this action plan throughout the life of its investment and support JCM with its gender-focused efforts.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

JCM is operating in markets that can be associated with higher human rights-related risks (e.g., Nigeria, Pakistan). The company presently has the appropriate environmental and social management systems and capacity in place for a company of their size reflective of the assets they are currently or planning to invest in.

They are in a strong position and have the capacity to influence environmental and social practices within their existing projects. As they expand, their environmental and social management capacity will need to grow accordingly. On an ongoing basis, FinDev Canada will monitor the sufficiency of the JCM's management capacity in relation to the company's growth and portfolio of assets. FinDev Canada's seat on the JCM's E&S Advisory Committee will increase its visibility on and ability to influence environmental, social and human rights-related issues in the company's project pipeline and portfolio of assets.

To strengthen JCM's capacity and align with the IFC Performance Standards, the company has an Environmental and Social Action Plan (ESAP) already in place.

FinDev Canada considers JCM's supply chain and procurement practices to be reasonable and typical for grid-scale wind and PV solar projects. It is observed that JCM employs commercially-proven equipment and technology and a conventional approach to design and configuration of their projects. JCM's approach to project development from a technical perspective is considered to be sound and appropriate for grid-scale wind and PV solar projects as well as power transmission projects.

¹ JCM's ownership participation in projects will vary from 25%-100%, as a result its portion of results will also be calculated pro-rata.

² The WEPs are seven simple principles for private sector companies that want to demonstrate their commitment to promoting women's empowerment in their business activities. The WEPs were developed by the United Nations (UN Women & UN Global Compact), in collaboration with the private sector.