

FINDEV CANADA TRANSACTION SUMMARY

Genneia S.A.

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

Genneia is the leading Argentinian renewable energy generation company in terms of installed capacity, with 24% of the country's installed wind energy capacity and 8% of its installed solar energy (2021). Genneia prospects, develops, builds, and operates a diverse portfolio of power plants across the country. FinDev Canada's USD 40M senior corporate loan is part of a syndicated senior facility of up to USD 85M to fund two greenfield renewable energy projects in Argentina: Tocota III (60MW solar farm) and La Elbita I&II (100MW and 40MW wind farms).

Transaction Details

COUNTERPARTY	Genneia S.A. ("Genneia")
DOMICILE	Argentina
COUNTRY(IES) OF OPERATION	Argentina
TERM OF FINANCING	10 years
SECTOR	Sustainable Infrastructure
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category B
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	USD 40 million
DATE OF TRANSACTION DISCLOSURE	15 December 2022
DATE OF TRANSACTION SIGNING	16 February 2023 per "Disclosure of Transactions"
DATE OF TRANSACTION SUMMARY PUBLICATION	10 May 2023
2X CHALLENGE QUALIFYING	Yes, under the "Employment" criteria

Summary of Anticipated Development Impacts

The development impact value proposition of Genneia is to promote low-carbon development in Argentina. This will be achieved through Genneia's development and operation of renewable energy power plants in the country. This transaction will support the implementation of a 60MW solar farm (Tocota III) and 100MW and 40MW wind farms (La Elbita I&II). Genneia's renewable energy powers up large local businesses and industries, in turn enabling their economic activities, thus helping to reduce Argentina's dependence on energy imports. This transaction is considered to be gender-responsive, as the company has committed to strengthening its gender inclusion practices. The impact theory of change below summarizes how Genneia will contribute to FinDev Canada's development impact goals and the Sustainable Development Goals (SDGs).





CLIMATE ACTION

- **Contribute to Argentina's transition to a low-carbon economy:** Genneia's added 200 MW in installed solar and wind energy capacity is expected to (i) help displace the use of fossil fuels in the country, (ii) avoid estimated 322,000 tCO₂e per year, equivalent to removing some 49,000 cars off the road annually, and (iii) contribute towards the national target to increase the share of Argentina's renewable energy in the energy mix from 13% as of 2021 to 20% by 2025¹.



WOMEN'S ECONOMIC EMPOWERMENT

- **Promoting a gender-responsive renewable energy sector in Argentina:** Women represent 29% of employees in the Argentinian wind energy sector and 22% in the solar energy sector, although their participation in decision-making and technical roles is limited.² Genneia recognizes the opportunity and value of fostering a gender-inclusive workplace to increase women's representation across job roles. With a commitment to increase women's representation in the workplace to at least 30% by 2027 and to implement a gender action plan to foster a gender-inclusive workplace, this transaction qualifies to the 2X Challenge under the Employment criteria. Moreover, as the largest supplier of wind and solar energy in the country, Genneia as an employer could achieve a positive demonstration effect on women's economic empowerment and gender-inclusive work practices, thereby promoting the development of a more gender-responsive renewable energy sector.



MARKET DEVELOPMENT

- **Strengthening Argentina's renewable energy supply:** As a net energy importer with growing electricity demand, Argentina needs to strengthen its domestic energy generation to be able to reduce its dependence on costly energy imports. Genneia, through its renewable energy projects, supports just that. Moreover, the solar and wind energy from the projects will provide clean electricity to large local businesses at a predictable price, in turn supporting their local economic activities.

¹The national target excludes hydroelectric plants above 50 MW

²Inter-American Development Bank. [Gender and energy in Argentina: women's participation in the electricity generation sector](#). 2022.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The Environmental and Social (“E&S”) Risk Rating of the transaction is Category B (medium-high). This is based on the E&S risks typically associated with wind and solar farm development within the Argentinian context and reflects business activities with potential limited adverse environmental and social risks and impacts that are few in number, generally site specific, largely reversible, and which can be readily addressed through relevant mitigation measures. General E&S risks associated with this transaction include: (i) land acquisition; (ii) vegetation clearing; (iii) traffic safety and nuisance of noise and dust; (iv) occupational, health & safety risks for construction workers; (v) avifauna mortality; (vi) turbine noise and shadow flicker; (vii) inadequate stakeholder engagement; (viii) solar supply chain risks; and (ix) gender-based violence and harassment.

An E&S due diligence (“ESDD”) was undertaken between October–December 2022 and involved a review of the company’s Environmental and Social Management System (“ESMS”), each of the underlying projects’ Environmental and Social Impact Assessments (“ESIAs”), site plans and other supporting E&S documentation. FinDev Canada undertook a site visit to the project locations and the company’s headquarters in October 2022, and independent third-party E&S and technical consultants visited in November 2022. Interviews with site managers, supervisors and employees were carried out at the time of the visits. This transaction was assessed against the IFC Performance Standards and the FinDev Canada E&S Policy, and gaps identified at the time of the ESDD were outlined in an Environmental and Social Action Plan (“ESAP”).

Genneia has developed an extensive corporate ESMS which encompasses the company’s quality, safety, health, environmental and risk and compliance management policies and procedures. To manage and mitigate against key E&S risks in this transaction, Genneia will: (i) adapt their corporate ESMS to the project-level, (ii) conduct supplemental E&S studies to bring its national level ESIAs to international lenders’ standards, and (iii) execute and complete the ESAP.

An illustrative but non-exhaustive list of key documents reviewed at the time of the ESDD is outlined below:

- Genneia’s ESMS.
- Genneia’s Integrated Management System Policy for Sustainability, Innovation, Quality, Environment, Occupational and Health and Safety.
- Genneia’s Corporate Human Resource documents; (i) Code of Conduct, (ii) Organizational Chart, (iii) Genneia Anti-Bribery and Corruption Policy, (iv) Genneia Compliance Reporting Policy, (v) Genneia Suppliers Policy, (vi) Suppliers Code of Conduct, (vii) Guidelines on Interaction with Public Officials, (viii) Onboarding Guidelines, (ix) Third-Party Due Diligence Process and (x) additional process maps, forms and related policies and programs.
- 2019 ESIA for La Elbita and corresponding 2021 addendum, 2021 Environmental Permit and 2022 complimentary studies.
- 2015 ESIA for Tocota III and corresponding 2017–2022 Environmental Permit and 2022 addenda (ongoing complimentary studies).
- Independent Environmental & Social Assessment for the Tocota III solar project in the province of San Juan; and La Elbita wind project in the province of Buenos Aires, Argentina – Final ESDD Report, December 2022.
- Independent Engineering Report – Technical Due Diligence, Tocota II and Elbita I & II, December 2022.

This review has been completed in accordance with the application of FinDev Canada’s E&S Policy.