

# FINDEV CANADA TRANSACTION SUMMARY

## Genneia

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk 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 20% of the country's installed renewable energy electricity as of September 2024. It is also the first company to have surpassed 1 GW of installed renewable energy capacity in the country. Genneia develops, builds, and operates a diverse portfolio of power plants in Argentina.

This second transaction between FinDev Canada and Genneia consists of a USD 40M senior corporate loan, part of an FMO-led syndicated senior facility of up to USD 100M, to fund two greenfield solar photovoltaic projects in Argentina: Los Molles (90 MW, locally known as "Malargüe I") and Anchoris (180 MW) (together the "Projects").

### Transaction Details

<b>COUNTERPARTY</b>	Genneia S.A. ("Genneia" or "Company")
<b>DOMICILE</b>	Argentina
<b>COUNTRY(IES) OF OPERATION</b>	Argentina
<b>TERM OF FINANCING</b>	10 years
<b>SECTOR</b>	Sustainable Infrastructure
<b>E&amp;S CATEGORY</b>	B
<b>FINANCING PRODUCT</b>	Debt
<b>FINDEV CANADA TRANSACTION AMOUNT</b>	USD 40M
<b>DATE OF TRANSACTION DISCLOSURE</b>	20 June 2024
<b>DATE OF TRANSACTION SIGNING</b>	31 October 2024
<b>DATE OF TRANSACTION SUMMARY PUBLICATION</b>	31 January 2025
<b>2X ALIGNMENT</b>	Yes, under the Employment and Supply Chain criteria

## Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to increase Argentina’s energy supply from low-carbon sources and to displace GHG emissions. Moreover, through its position as a major player in Argentina’s renewable energy sector and a commitment to strengthen its gender-inclusive practices, Genneia has the potential to promote a more gender-responsive sector in the country.

The impact theory of change below illustrates how this transaction will contribute to FinDev Canada’s long-term development impact goals and the UN Sustainable Development Goals (SDGs), particularly SDG 5 “Gender Equality”, SDG 7 “Affordable and Clean Energy”, SDG 8 “Decent Work and Economic Growth”, and SDG 13 “Climate Action”.





## CLIMATE AND NATURE ACTION

- **Contributing to Argentina's transition to a low-carbon economy:** The Projects supported by this transaction, with a combined solar power installed capacity of 270 MW, are expected to generate over 750k MWh of renewable energy per annum. Together, the Projects have the potential to avoid approximately 345k tCO<sub>2</sub> emissions annually, equivalent to removing 51,000 cars off the road every year. The Projects will contribute to Argentina's energy matrix to increase the share of non-hydro renewable energy.



## GENDER EQUALITY

- **Promoting a gender-responsive renewable energy sector in Argentina:** As part of its first transaction with FinDev Canada, Genneia committed to increase women's representation across its workforce from 24% in 2022 to 30% or more by 2027. Genneia already reached this target and commits to maintaining it, confirming its commitment to gender equality. Additionally, Genneia pledged to implement strategic support to women in its supply chain by the end of 2025. As a 2X Challenge qualifying investment and as the largest supplier of wind and solar energy in the country, Genneia is promoting the development of a more gender-responsive renewable energy sector in Argentina. The full amount of the facility will count towards the 2X Challenge's goal to mobilize at least \$20 billion over the next three years (2024–2027) to support gender lens investments that empower women in developing countries.



## MARKET DEVELOPMENT

- **Strengthening Argentina's renewable energy supply:** By increasing the production of domestic low-carbon energy, the Projects will contribute to reducing the country's reliance on costly energy imports.
- **Supporting local ownership and employment opportunities:** This investment supports a locally owned company and finances Projects that are expected to generate temporary local construction jobs and permanent employment opportunities.

## Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This Transaction is a Category B given the nature and size of the Los Molles and Anchoris I, II and IV solar plants to be constructed and operated by Genneia using the proceeds of this corporate loan. Combined, the development of the solar Projects has the potential for adverse E&S risks and impacts that are generally within the site boundaries, largely reversible and can be addressed through mitigation measures. A limited number of potential adverse impacts or potential impacts beyond the site boundaries have been identified on endangered species, indigenous peoples/cultural heritage, and vulnerable groups subject to physical and economic displacement.

The E&S due diligence ("ESDD") was undertaken between April and July 2024 and involved a review of the Company's Environmental & Social Management System ("ESMS"), each of the underlying Projects Environmental & Social Impact Assessments ("ESIA"), site plans and other supporting documentation. FinDev Canada undertook a site visit to the project locations between May 4–11, 2024 which included site visits to Los Molles and Anchoris project locations, their surrounding towns (Lujan de Cuyo – Anchoris and Malargüe – Los Molles) and Genneia's Operations Centre in Buenos Aires.

The main E&S impacts associated with these solar farms during the construction phase include: (i) land acquisition, and physical/economic displacement of vulnerable groups; (ii) clearing of soil and vegetation during construction and the resulting biodiversity/ecosystem impacts; (iii) traffic safety, worker influx, nuisance noise and dust impacts on communities; and (iv) health & safety risks for construction workers. Operation and closure phase risks and impacts may include (v) health & safety risks to workers; (vi) visual impact; (vii) end-of-life disposal of solar panels and other project waste. The project can also have human rights risks related to allegations of forced labour in the solar supply chain as well as risks related to gender-based violence and harassment for workers and local community members. All 8 IFC Performance Standards (IFC PS) were triggered on this transaction, including risks related to endangered species, indigenous peoples and cultural heritage.

Genneia is committed to complying with FinDev Canada's E&S requirements and has developed an extensive corporate ESMS which encompasses the Company's quality, safety, health, environmental and risk and compliance management policies and procedures. Recommendations have also been provided to the client to expedite the development of the project level E&S management plans.

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

- Genneia S.A.'s Integrated Management System Policy for Sustainability, Innovation, Quality, Environment, Occupational and Health and Safety (November 2021)
- Genneia S.A.'s Environmental and Social Management System ("ESMS") or Sistema Integrado de Gestión ("SIG"). (June 2023)
- Genneia S.A.'s Environmental and Social Management System ("ESMS International") or Sistema Integrado de Gestión ("SIG International") for Projects and Works with World Bank Guarantees or International Financing (January 2024).
- Project notes (aviso de proyecto) for Anchoris I & II (August 2016), IV (May 2019) and Los Molles (June 2022)
- Social Impact Assessments (Linea de base social, Estudio de impacto social) for Anchoris I & II and Los Molles (March 2024); draft Anchoris IV (April 2024)
- Paleontology and Archeological impact assessments for Los Molles (February 2024)
- Genneia's Supplier Code of Conduct (Rev.3) and EHS requirements for contractors (Rev.2), Code of Conduct (undated), Diversity and Inclusion Policy (undated)
- Genneia's Procedure Management of queries, complaints, suggestions, denunciations and declarations (January 2023)
- AMDA Preliminary Findings & Red Flags Report (May 2024).

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