

# FINDEV CANADA TRANSACTION SUMMARY

## GULF

*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

Gulf Energy Development Public Company ("GULF") is one of Thailand's largest private power generation companies. After its initial public offering ("IPO") in 2017, the GULF expanded into several infrastructure sub-sectors, including utilities and digital infrastructure.

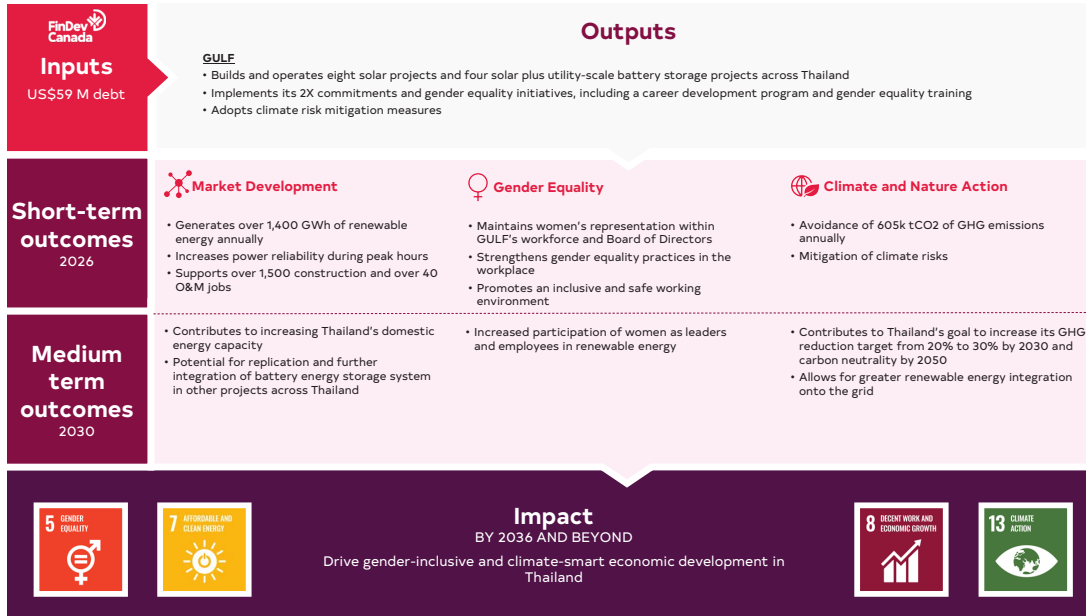
FinDev Canada's US\$ 59M senior corporate loan to Gulf Renewable Energy Company Limited ("GRE"), a subsidiary of GULF, is part of a broader loan facility of US\$~ 820M to fund the construction and operation of 12 Projects: eight greenfield solar photovoltaic ("PV") power plants and four solar PV plus battery energy storage system ("BESS") power plants across Thailand, with a cumulative installed capacity of 649 MW.

### Transaction Details

<b>COUNTERPARTY</b>	Gulf Renewable Energy Company Limited ("GRE")
<b>DOMICILE</b>	Thailand
<b>COUNTRY(IES) OF OPERATION</b>	Thailand and 6 countries in Africa, Indo-Pacific Middle East and Europe
<b>TERM OF FINANCING</b>	5 years
<b>SECTOR</b>	Sustainable Infrastructure
<b>E&amp;S CATEGORY</b>	Category B
<b>FINANCING PRODUCT</b>	Debt
<b>FINDEV CANADA TRANSACTION AMOUNT</b>	USD 59 million
<b>DATE OF TRANSACTION DISCLOSURE</b>	03 May 2024
<b>DATE OF TRANSACTION SIGNING</b>	11 October 2024
<b>DATE OF TRANSACTION SUMMARY PUBLICATION</b>	8 January 2025
<b>2X ALIGNMENT</b>	Yes, Leadership and Employment

## Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to increase Thailand's domestic renewable energy capacity. The Projects supported by this transaction are expected to generate over 1,400 GWh of renewable energy per annum, contributing to Thailand's target of having more than 50% of electricity generated from renewable energy sources by 2037. This transaction is considered gender responsive as GULF aims to strengthen its gender inclusion practices. The impact theory of change below summarizes how this transaction will contribute to FinDev Canada's development impact goals and the Sustainable Development Goals ("SDGs").



## CLIMATE AND NATURE ACTION

- Contributing to Thailand's transition to a low-carbon economy:** With a combined installed capacity of 649MW, the Projects supported by this transaction are expected to generate over 1,400 GWh of renewable energy per annum and could help avoid 605k tCO<sub>2</sub> emissions per year, equivalent to removing over 108,880 passenger vehicles off the road. The Projects are also expected to contribute to increased domestic energy generation capacity and Thailand's target of having more than 50% of electricity generated from renewable energy sources by 2037.



## GENDER EQUALITY

- **Promoting a gender responsive renewable energy sector in Thailand:** GULF's Diversity Policy outlines several objectives for inclusion including supporting equal pay; ensuring an appropriate and balanced organizational structure where women are fairly represented at the managerial, executive and board levels; and ensuring non-discrimination and diversity are promoted across the company. As part of this transaction, GULF intends to continue to promote a gender inclusive workplace by incorporating a gender lens to hiring and implementing a career development program and gender equality training, with a particular goal of increasing the number of women in Science, Technology, Engineering and Mathematics fields.
- **2X Alignment:** Women represent a third of GULF's Board of Directors and they constitute a sufficiently high share of workforce for the renewable energy sector for FinDev Canada to count this transaction as 2X-aligned vis-à-vis 2X Leadership and Employment criteria. In addition, GULF has demonstrated intentionality in supporting the inclusion of women, including through regular collection and analysis of gender pay gap data to identify and address pay gaps.



## MARKET DEVELOPMENT

- **Strengthening Thailand's renewable energy capacity:** The Projects will increase Thailand's domestic renewable energy generation capacity. Combining solar projects with utility-scale battery storage on-site can also control fluctuations in power output as energy can be stored and released to the grid when demand is highest. This maximizes output revenues, increases power reliability during peak hours, and allows for greater renewable energy integration into the grid. The Projects are expected to support over 1,500 jobs during the construction phase, and over 40 operations and maintenance jobs.

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

This transaction is a Category B at both the portfolio and individual project level, given the inherent risks reasonably anticipated to be associated with solar PV and BESS projects of this scale and scope, which are generally site-specific, largely reversible, and readily addressed through mitigation measures.

FinDev Canada E&S Risk Management Team's due diligence approach was focused on a corporate-level review of GULF's environmental and social risk management framework (i.e., alignment with IFC Performance Standard 1) and Human Resource Policies (i.e., alignment with IFC PS 2 Labour and Working Conditions) which will be applied to each of the twelve portfolio projects, as well as benchmarking against the IFC Performance Standards 3-8, where applicable.

The primary risks identified during the review include the environmental and social management capacity of GULF, as well as those typical for solar projects: (i) labour rights and working conditions for contracted workers during the construction phase, and those associated with the solar PV supply chain of the project; (ii) pollution prevention, including air and noise pollution during construction, as well as end-of-life hazardous waste management during operation and decommissioning; (iii) community health & safety and security; and (iv) land acquisition and involuntary resettlement (economic displacement) related to the purchase of land by GULF for the projects.

The E&S due diligence ('ESDD') was undertaken between October 2023 and January 2024 and consisted of participation in a lenders E&S forum, virtual meetings with the client's representatives, a corporate audit of GULF's Environmental & Social Management System

(" ESMS") and Human Resources Policies, and site visits conducted by an independent E&S consultant.

GULF's Environmental and Social Management System ("ESMS") and project-level E&S management plans are anticipated to address the identified E&S risks and impacts.

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

- Gulf Solar Plus Battery Energy Storage Systems Project Corporate Environmental and Social Audit (2023).
- Social Compliance Audit Report – Sky Power Solar Power Plant (January 2024).
- Social Compliance Audit Report – Breeze and Shine Solar Power Project (January 2024).
- Social Compliance Audit Report – Phalangngan Rungrueang Solar Power Plant (January 2024).
- Social Compliance Audit Report – Solar Development Solar Power Plant (January 2024).
- Social Compliance Audit Report – Saeng Thai Phalangngan Solar Power Plant (January 2024)
- Initial Environmental Examination – Breeze and Shine Power 1st Draft (2023).
- Initial Environmental Examination – Phalangngan Rungrueang Solar 1st Draft (2023).
- Initial Environmental Examination – Saeng Thai Phalangngan Solar 1st Draft (2023).
- Initial Environmental Examination – Sky Power Solar Power Plant 1st Draft (2023).
- Initial Environmental Examination – Solar Development Solar Power Plant 1st Draft (2023)
- Gulf E&S Policy
- Gulf Code of Conduct
- Gulf Human Rights Policy
- Gulf Supplier Code of Conduct.

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