

FINDEV CANADA TRANSACTION SUMMARY

PRIF II

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.

PEMBANI • REMGRO

— INFRASTRUCTURE FUND —

Transaction Description

Pembani Remgro Infrastructure Fund II (PRIF II) is a 10-year infrastructure fund providing equity and quasi-equity capital to infrastructure projects and related industry companies primarily located in Sub-Saharan Africa. Following the success of its first fund, PRIF II achieved a final close in November 2024, with total commitments reaching USD 325 million (excluding an additional USD 30 million discretionary co-investment commitment). PRIF II is managed by Pembani Remgro Infrastructure Managers Proprietary Limited (PRIM or the Fund Manager), a leading player in sustainable infrastructure investments supporting green, adaptable, and inclusive development.

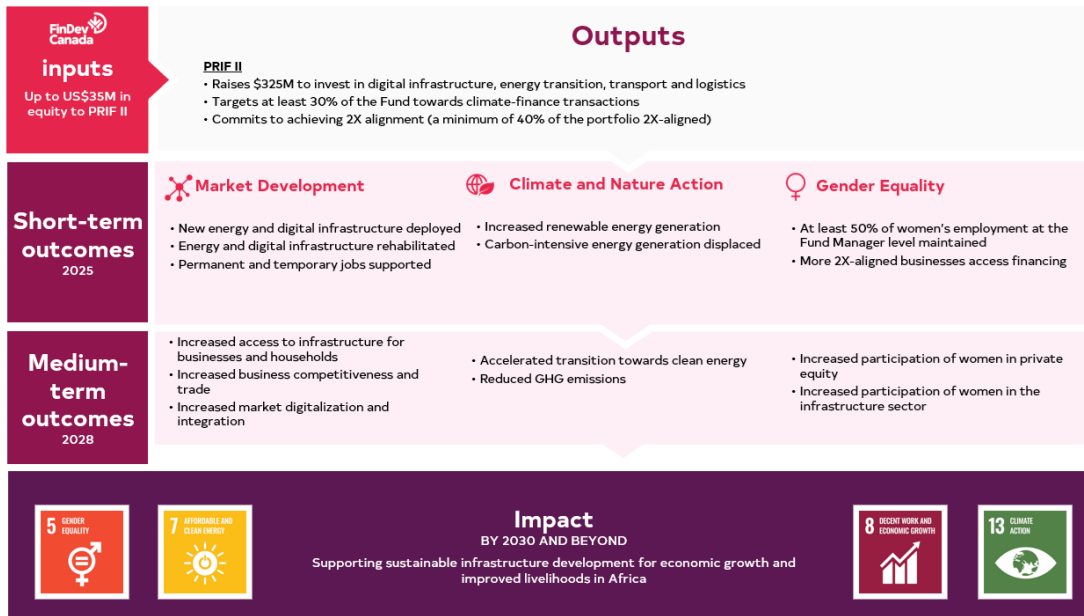
Transaction Details

COUNTERPARTY	Pembani Remgro Infrastructure Fund II Pembani Remgro Infrastructure Managers Proprietary Limited
DOMICILE	South Africa
COUNTRIES OF OPERATION	Multiple countries across Africa
TERM OF FINANCING	10 years
SECTOR	Sustainable Infrastructure
E&S CATEGORY	FI-2
FINANCING PRODUCT	Equity
FINDEV CANADA TRANSACTION AMOUNT	USD 35 million
DATE OF TRANSACTION DISCLOSURE	14 June 2024
DATE OF TRANSACTION SIGNING	15 November 2024
DATE OF TRANSACTION SUMMARY PUBLICATION	12 February 2025
<u>2X ALIGNMENT</u>	Yes, under the Employment and Portfolio criteria

Summary of Anticipated Development Impacts

The development impact value proposition of the PRIF II transaction is to deploy much-needed capital to meet the ever-growing demand for infrastructure on the African continent, which faces significant infrastructure financing gaps. The funding will help address the need for long-term capital for sustainable infrastructure investments concerning digital infrastructure, energy transition, transport and logistics, which are essential for local and regional economic development. A minimum of 30% of the proceeds will be invested in climate-finance eligible projects, which will increase support towards low-carbon and climate-resilient operations. Additionally, PRIF II will endeavour to have a minimum of 40% of the proceeds invested in 2X-aligned projects, further demonstrating PRIF II's existing commitment to gender equality.

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".



MARKET DEVELOPMENT

- **Expanding sustainable infrastructure access:** PRIF II will target both greenfield and brownfield projects focused on high-growth, productivity-enabling subsectors¹ within transport and logistics, energy, and digital infrastructure (i.e., data centres, fibre-optic connectivity, and digital services) sectors. These sustainable infrastructure investments are expected to improve access to digital, transport, logistics, and power generation services, particularly benefiting the Least Developed Countries.
- **Supporting employment:** PRIF II is expected to support formal employment opportunities in infrastructure across Africa through its portfolio companies.

¹Productivity-enabling subsectors provide essential services, infrastructure, or technologies that enable businesses and industries to operate more effectively and productively



CLIMATE AND NATURE ACTION

- **Building local resiliency to climate change:** the African continent is particularly vulnerable to climate change; yet it continues to contend with a staggering gap in climate financing. According to the Climate Policy Initiative, Africa needs approximately USD 2.8 trillion to implement its Nationally Determined Contributions (NDCs) by 2030². However, current climate finance flows are insufficient, with an annual³ gap of USD 200–400 billion. PRIF II seeks to address this challenge by facilitating at least 30% of climate finance transactions at the portfolio level.



GENDER EQUALITY

- **Promoting women's participation in infrastructure finance:** PRIM is dedicated to maintaining gender parity in employment at the Fund Manager level. In addition, PRIM is working to implement a gender policy with specific targets and initiatives to support women's inclusion. As for its portfolio, the Fund Manager is expected to channel a minimum of 40% of the proceeds towards 2X-aligned projects.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's Environmental and Social Risk Policy. The transaction is considered to be Category FI-2, given the nature and size of the PRIF II proposed investment portfolio. The following International Finance Corporation (IFC) Performance Standards were applied in FinDev Canada's assessment, in addition to host country requirements:

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC Performance Standard 2: Labour and Working Conditions

The primary risks associated with this transaction are: (1) E&S risks associated with PRIF II's investees, and (2) Fund Manager's labour and working policies for workers, including those hired by third parties.

The Fund Manager has established an E&S risk management framework, which is broadly aligned with the requirements under IFC Performance Standard 1. The framework is defined in the environmental and social management system (ESMS), and includes commitments to identify, avoid and manage risks or impacts associated with their business activities. The Fund Manager has implemented a reasonable organization structure with competencies commensurate with PRIF II's risk profile. To support the E&S risk management process, the Fund Manager will leverage external expertise based on a structured approach defined in the ESMS. From a labour management perspective, the Fund Manager has implemented reasonable controls for their employees that broadly align with IFC Performance Standard 2 requirements.

Identified mitigants will support the management of environmental, social or human rights risks associated with PRIF II investees, in a manner that aligns with FinDev Canada's E&S Risk Policy requirements. FinDev Canada has identified opportunities to enhance the Fund Manager's internal management programs which will be addressed as part of an E&S Action Plan.

² [Climate-Finance-Needs-of-African-Countries1.pdf](#), 2022.

³ COP28: Bridging the climate finance gap in Africa and beyond | World Economic Forum, 2023.