



NIGERIA INFRASTRUCTURE DEBT FUND

A Chapel Hill Denham Fund

Environment & Social Management Policy

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1. Introduction

Nigeria Infrastructure Debt Fund (“**NIDF**” or the “**Fund**”) has been set up as a Nigeria-domiciled infrastructure fund for providing long-term debt financing to commercial attractive and financially viable infrastructure projects located in Nigeria. NIDF is registered as a unit trust with the Securities & Exchange Commission of Nigeria (the “**SEC**”) and its units are listed on the FMDQ OTC Exchange. NIDF is managed by Chapel Hill Denham Management Limited (“**CHDM**” or the “**Fund Manager**”), which is licensed and regulated by the SEC.

The investment objective of the Fund is to deliver to its unitholders steady, predictable returns by deriving regular income from infrastructure loans, while preserving the principal value of its capital. The financing provided by the Fund is in the form of senior or subordinated loans to special purpose vehicles, intermediate holding companies or corporates (each, a “**Borrower**”) that are engaged in delivery of essential services to customers and/or development, construction, operations and maintenance of infrastructure assets across Nigeria (each, a “**Project**”).

In order to achieve the investment objective of the Fund, the Fund Manager undertakes comprehensive due diligence on the financing proposals that are originated by it. The due diligence involves detailed review and analysis of commercial, financial, legal, accounting, taxation and insurance aspect of the Project. The Fund Manager also recognises that the Projects being considered by it for financing could possibly face significant environmental and social (“**E&S**”) risks, over the course of the financing being provided by the Fund.

Accordingly, the Fund Manager seeks to identify, analyse, mitigate any adverse social and environmental impacts of these Projects. The Fund Manager also recognises that

- the stewardship of the environment and well-being of all stakeholders, including the local communities, are integral to the long-term success of the Projects being financed by the Fund;
- the Projects often benefit significant long-term benefits from following sound social and environmental practices, even though there could be some short-term costs involved in doing so.

The Fund will seek that its Borrowers achieve compliance with the relevant local and national legislation as well as international standards and agreements, as applicable to their activities. It will encourage the Borrowers to mitigate or minimise the negative environmental and social impacts of the Project and also support Projects that contribute to achievement of positive environmental and social outcomes.

In order to achieve the desired social and economic outcomes, the Fund Manager has instituted this comprehensive Environmental & Social Management Policy (“**ESMP**”), which is applicable to the various aspects of NIDF’s operations. This ESMP has been instituted in compliance with the requirements specified under the trust deed establishing the Fund, as amended and restated on 16 September 2020.

2. Vision

The Fund Manager envisions that the Projects being financed by NIDF should comply with Nigeria's national and state governments' environmental, health & safety, labour and social laws, policies, regulations and guidelines that are in force from time-to-time. Additionally, in projects where E&S risks are assessed as medium to high, NIDF commits to voluntarily adopt good international industry practices such as, but not limited to, African Development Bank's Operational Safeguard requirements and the World Bank Group's Environment, Health & Safety (EHS) Guidelines.

3. Mission

NIDF commits to achieve its vision by formulating and implementing an Environment and Social Management System ("**ESMS**") with the following objectives:

- a) Ensure compliance with federal and state governments' legal and regulatory requirements and standards on E&S aspects, as a minimum pre-requisite of each Project being financed by the Fund;
- b) Encourage leadership and excellence in managing the Projects sustainably with respect to the applicable E&S aspects, through a risk management-led approach, along with the regulatory compliance approach;
- c) Promote good environment and social practices in design and development of Projects by voluntarily adopting to African Development Bank's Operational Safeguard requirements, December 2013 ("**AfDB OS**") and the World Bank Group's EHS Guidelines;
- d) Periodically review and update the Fund's ESMS in line with Nigerian E&S requirements and good international industry practice ("**GIIPs**") in environmental and social risk management;
- e) Monitor and evaluate E&S risk management performance of the Projects financed by the Fund and encourage adoption of continual improvement strategies to improve E&S performance of the Projects;
- f) Periodically report to the relevant stakeholders on the E&S performance of the Borrowers in a transparent, credible and timely manner .

The AfDB OS forming part of this ESMP are included as Annexure-I herein.

4. Application of the ESMP

This Environmental & Social Management Policy shall come into effect on 16 October 2020 (the "**Effective Date**") and shall apply to the Projects for which preliminary approval is granted by the Fund's Investment Committee after the Effective Date.

5. Overview

The ESMS to be established for NIDF is based on the system architecture appropriate for its line of business and incorporates comprehensive policies and processes to identify, evaluate, mitigate and manage various environmental & social risks potentially associated with Projects that are being or will be evaluated by the Fund Manager for financing by NIDF. The Fund Manager is responsible for establishment and implementation of ESMS for NIDF.

The Fund Manager's obligation to evaluate every financing proposal for potential environmental & social risks has been incorporated in its investment policy, forming part of the Fund's constitutional documents. Under the ESMS to be established for the Fund, the Fund Manager will be required to commission environmental & social due diligence of the proposed financing, alongside the technical, legal and financial due diligence. The environmental & social due diligence will identify potential areas of environmental & social risks associated with the proposed financings and also the measures to mitigate such risks.

The proposed conditions of NIDF's financings will include the terms and conditions resulting from the environmental & social due diligence.

The cost of carrying out the environmental & social due diligence will be borne by NIDF, to the extent not reimbursed by the potential Borrower (as part of the overall external due diligence budget agreed with the Borrower).

The ESMS to be implemented for NIDF shall also require collection of periodic information about specific environmental & social indicators of the Projects financed by the Fund. These indicators will be incorporated in the annual reporting of the Fund.

6. E&S Policy Requirements for NIDF

The key requirements of the ESMP for NIDF in line with its vision and mission objectives include the following:

1. NIDF E&S Management Standards
2. E&S Screening & Risk Categorisation
3. E&S Due Diligence ("ESDD")
4. E&S Organisation Structure
5. Monitoring and Evaluation
6. Reporting
7. Maintenance of Records

6.1 NIDF E&S Management Standards

NIDF will adopt and strive compliance to following E&S Management Standards in the Projects being financed by it, over the life of its financing of such Projects:

- a. The applicable national and local regulatory framework relating to environmental, health & safety, labour and social sector policies, regulations and guidelines that are in force, including

- established requirements on public disclosure and engagement;
- b. African Development Bank’s Integrated Safeguards System including Policy Statement and Operational Safeguards, December 2013 (included herein as Appendix-I);
- c. Other relevant good international industry practices such as the World Bank Group EHS Guidelines (general and industrial sector specific guidelines);
- d. The list outlining the categories of activities and businesses that will not be funded by NIDF (the “**Exclusion List**”); and
- e. International standards, conventions, and agreements on environmental, health, safety, and labour best practices to which Nigeria is a signatory;

The Exclusion List applicable to the Fund is included in the Fund’s trust deed (as amended and restated). It is incorporated in this ESMP by reference and placed as Annexure – II. For avoidance of doubt, the Exclusion List as specified in the trust deed of the Fund (as amended and restated, from time-to-time) is the binding document and shall prevail in case of any conflict between the provisions of the trust deed and this ESMP.

For each Project, the relevance, applicability and requirements of these management standards will be identified during the ESDD process, as part of the overall due diligence undertaken at various stages of the project review and approval process. These will be incorporated in the financing agreements for the Projects in the form of a mutually agreed E&S Action Plan (“**ESAP**”) to be implemented by the Borrowers. The financing agreements will also include binding covenants with respect to the E&S obligations of the Borrowers for the Project(s) being financed by the Fund.

The ESAP for the Projects to be financed by the Fund shall be appropriate for the nature and the scale of the Project and commensurate with the level of its environmental and social risks and impact. In general, the ESAP is expected to incorporate the following elements:

- (i) the environmental & social policy applicable to the Project/Borrower
- (ii) identification of the specific E&S risks and impacts
- (iii) the management programme(s) to address the identified E&S risks
- (iv) organisational capacity and competency to implement/manage the ESAP
- (v) emergency preparedness and response
- (vi) stakeholder engagement; and
- (vii) E&S monitoring and review.

6.2 E&S Screening and Risk Categorisation

A Project that is potentially considered for financing by NIDF will be initially screened for material E&S risks and impacts, based on the preliminary information available at the early stage of the project review process. The early stage E&S risk assessment will rely primarily on the information furnished by the Borrower and/or the sponsor of the Project, along with the relevant contextual information available from the secondary sources considered reliable and accurate. Based on the screening assessment, each Project that is formally reviewed by the

Fund Manager for financing from NIDF will be categorised as per the Integrated Safeguards Systems (“ISS”) of the African Development Bank (“AfDB”) as below:

- **Category 1** – The Project is likely to cause significant environmental and social risks (“**High**” risk category). Category 1 projects are likely to induce significant and/or irreversible adverse environmental and/or social impacts, or to significantly affect environmental or social components that are considered sensitive.
- **Category 2** - The Project is likely to cause less adverse environmental and social risks than Category 1 Projects (“**Medium**” risk category). Category 2 projects are likely to have detrimental site-specific environmental and / or social impacts that are less adverse than those of Category 1 projects and can be minimized by applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards.
- **Category 3** - The Project will likely have negligible adverse environmental and social risks (“**Low**” risk category)

The primary purpose of early stage screening and E&S risk categorisation of each Project is to ensure appropriate E&S risk assessment, which is commensurate with its size, scale and E&S complexity. The categorisation will also support appropriate level of management, technical and financial input from the Borrower / the Project sponsor during the due diligence phases as well as over the life of NIDF’s financing for the Project.

The risk categorisation of Project will also determine the appropriate level of management oversight by the Fund Manager for the respective Projects. As part of the Fund’s ESMS, an appropriate “E&S Screening and Risk Assessment Checklist” tool will be developed and adopted as part of this procedure.

It is also anticipated that the risk categorisation of a Project could change over the period of time, particularly as a Project in construction phases reaches stable operations. Accordingly, the risk categorisation of a Project financed by the Fund will be reviewed from time-to-time, taking into consideration the E&S risks as are relevant to the Project at a particular point in time. For avoidance of doubt, the risk categorisation of a Project could change in both directions i.e. the perceived E&S risks could either decrease or increase with time.

6.3 Environmental & Social Due Diligence

As part of the Project or business activity appraisal process that includes financial, legal, technical and insurance due diligence, undertaking the Environmental and Social Due Diligence (the “ESDD”) is a key and mandatory requirement under this policy and applies to all Project being considered for financing by NIDF. The ESDD is the documented record of the NIDF’s review of a Project at the time of due diligence, which ensures that the Project meets or is expected to meet the relevant NIDF E&S Management Standards described above.

The scope of ESDD for each Project will be determined based on its stage of development. A Project could be in one of the following stages (at the time of seeking the funding from the Fund): conceptual, planning & design, procurement of contractual services, construction, operation & maintenance or decommissioning. The E&S Advisor of the Fund (as provided for hereinafter) will determine the scope of ESDD considering the stage of investment and extent of

E&S related assessment and management work undertaken by the Borrower or the Project sponsor at that stage.

The approach to ESDD will be to ensure regulatory compliance as well as to identify and address the material E&S risks through the Project life cycle. The scope of ESDD for a Project will typically include the following:

- Collect all relevant E&S information, records, and documentation based on a checklist that covers all aspects and requirements of NIDF E&S Management Standards;
- Undertake desk-based review of collected information;
- Plan and undertake site visit(s), if required, and undertake consultations with the E&S management team for the Project and other relevant stakeholders;
- Analyze and compare the environmental and social performance of the Project or business activity with respect to the requirements of NIDF E&S Management Standards;
- Identify the gaps therewith and formulate the Environmental and Social Action Plan that needs to be implemented during remaining phases or stages of Project execution;
- Consult and mutually agree with the Borrower or the Project sponsor on individual action items proposed in the ESAP and the corresponding deliverables with respective timelines; and
- Get the Borrower or the Project sponsor to sign off the ESAP document which will then be incorporated in the broader loan documentation between the Fund Manager and the Borrower .

For some complex projects categorised as either Category 1 or 2, more detailed assessment of risks and impacts through E&S Impact Assessment (the “**ESIA**”) studies may be required. The need for a comprehensive ESIA will be established by the E&S Advisor during the ESDD process and included in the ESAP, if required. The timeline for completion of the ESIA (or any other technical studies) will be determined by the Fund Manager and the E&S Advisor, in consultation with the Borrower / the Project sponsor.

The detailed E&S related technical studies, ESIA reports and independent audits will be undertaken by experienced third party technical agencies or individual experts having sufficient experience and expertise in conducting such studies. Such studies or reports will be commissioned, prepared and documented in compliance to NIDFs E&S Management Standards.

For Category 2 and 3 Projects involving total capital expenditure (including NIDF funding) of less than 10 million US Dollars, the ESAP shall only seek compliance with the applicable federal and state laws and regulations and reporting of any material violations to the Fund.

The ESAP and other covenants relating to E&S aspects will be integrated into facility agreement(s) that are to be executed between the Fund and the Borrower. The Borrower will be required to comply with such covenants (including, the timely delivery of information required under the ESAP) in the same way they comply with the financial and other covenants included in the respective facility agreements.

Any delays in the implementing or poor/ ineffective implementation of the ESAP and other E&S related covenants will be treated in line with the agreed provisions of the overall facility agreement, as further outlined in Section 6.5 of this policy.

6.4 E&S Organisation Structure

Given the nature of NIDF's activities, the E&S organisation structure for the Fund needs to be flexible yet robust enough to effectively implement the ESMS. Accordingly, the following structure will be established for NIDF's ESMS.

The Investment Committee of NIDF will have the ultimate responsibility for implementation and review of ESMS for NIDF. While considering specific financing proposals, the Investment Committee will take into consideration the outcome of ESDD, along with the other due diligences undertaken for that financing proposal. The Investment Committee will also review and approve the terms and conditions to be incorporated in the loan documentation in respect of environmental & social compliance for the Project.

The NIDF Investment Team will have the day-to-day supervision responsibility for the Fund's ESMS. The Fund Manager will designate a senior member of the NIDF Investment Team as the in-house E&S Coordinator. The **E&S Coordinator** will have the full oversight of the ESMS and report periodically to the Investment Committee on the progress of specific activities within ESMS. The responsibilities of the E&S Coordinator will include the following:

- Ensure the coordination and integration of environmental & social risk management procedures with NIDF's internal credit process
- Manage the resources (including the budget) for ESMS
- Report any major environmental & social issues relating to any Project in the Fund's portfolio to Fund CEO / CIO and secure their approval of any action to be taken with respect to E&S matters
- Coordinate with the E&S Advisor on response to Borrower's E&S performance and ESAP compliance issues
- Coordinate the preparation of NIDF's annual environmental & social performance report.

To access the relevant level of skill, capability and experience on the various E&S aspects of NIDF's activities, it is necessary that the Fund is advised/supported by outside E&S expert(s) under the overall supervision of the Fund Manager. Accordingly, the Fund Manager shall appoint an outside entity to act as the **E&S Advisor** for NIDF. The E&S Advisor shall be responsible for, *inter-alia*, the following:

- Oversee the NIDF's environmental & social risk management and implementation of ESMS
- Undertake the desktop E&S due diligence for Projects considered by the Fund for financing and determine their risk categorisation
- Appoint and supervise external technical firms for carrying out detailed E&S DD, preparation of ESIA and other technical studies for the Projects

- Prepare and agree with the Borrowers on the ESAP for the Projects, in coordination with the Fund Manager
- Undertake monitoring and evaluation of the Borrowers' E&S performance, in line with the requirement of this policy
- Report periodically to the Fund Manager on the E&S performance of Projects in the Fund's portfolio and recommend appropriate actions
- Report any major environmental & social issues to the E&S Coordinator and secure Fund Manager's approval of any action to be taken with respect to E&S issues relating to any Project in the Fund's portfolio
- Prepare of NIDF's environmental & social performance report and submit to the Fund Manager for review and finalisation.
- Participate in and provide inputs for the periodic review of the ESMP

The E&S Advisor can be either a firm or an individual that is experienced and well-versed with the environmental & social processes, due diligence and monitoring for infrastructure projects. The E&S Advisor (or, if a firm, the relevant staff) shall have the following qualifications and attributes:

- Degree in relevant technical field
- Familiarity and track record of implementing national law and good international industry practice in environmental & social issues
- Track record of working in line with the requirements of international financial institutions and specifically the AfDB's Operational Safeguards

The E&S Advisor will be responsible for early desktop review of the financing proposals and to determine the extent of detailed environmental & social due diligence required. If it is determined that a detailed technical assessment of the Project under consideration is required, the E&S Advisor will procure the services of an external technical agency with appropriate expertise in the required discipline.

The costs for appointment and retention of the E&S Advisor shall be borne by the Fund, as one of the fees payable under the section 9 of the Fund's trust deed.

6.5 Monitoring and Evaluation

The Projects financed by NIDF will be periodically monitored for effective implementation of their respective ESAP items and/or the other E&S related covenants as mutually agreed and recorded in the relevant facility agreement(s).

As part of the Fund's ESMS, the Fund Manager will establish and operate appropriate oversight mechanism for the Projects that will run through the life of the financing provided by the Fund to the Project. The oversight mechanism may include one or more of the following methods:

- a. Field supervision visits to the Project site or business activity location by the E&S Advisor; including consultation with stakeholders of the Project during the site visit; compiling supervision observations in a standardised report format and sharing the feedback with

the Project's E&S team. The report will include specific action items to be completed by the Borrower within mutually agreed timelines.

The frequency of such field supervision visit will be determined by the E&S Advisor on a case-to-case basis. Typically, it is expected that the supervision visit will occur with the following frequency:

- Category 1 Projects: Once every six months during construction and once every year during operation
- Category 2 Projects: At least once every year
- Category 3 Projects: At least once every five years

Any significant and adverse E&S events (such as legal action/proceedings, community opposition, fatal accident/incident) reported by the Borrower could warrant an immediate field visit by the E&S Advisor.

- b. Supervision of the Project and E&S compliance audit of the Borrower by independent third-party E&S firms or individual experts or competent internal resources (to the satisfaction of the E&S Advisor).
- c. Review by E&S Advisor of the regulatory compliance reports that are generated and submitted by the Borrower to the concerned regulatory agencies, the copies of which will be shared with the E&S Advisor on an annual basis. The observations from review of the reports will be compiled in a standardised format and the feedback will be shared with the Borrower in the form of specific action items to be completed by it within mutually agreed timelines.
- d. Periodical desk-based follow-up with Project E&S team on the various action items that may result from the above.

In addition to the periodic review/oversight, the Borrower will also be required to notify the Fund Manager and the E&S Advisor of any significant and adverse E&S event including, but not limited to, legal actions/notices issued by regulators, levy of penalty/fine, pollution complaints beyond project boundary, fatality, occurrence of multiple bodily harm and restricted access to resources.

Based on the outcome of the oversight mechanism discussed above, the Projects financed by the Fund will be rated objectively on their E&S performance as one of the following: Good / Satisfactory / Unsatisfactory / Poor.

The "rating" to be assigned to a Project will be based on standardised E&S parameters that will be derived from the requirements of NIDF E&S Management Standards.

For Projects that are rated unsatisfactory or poor in two consecutive oversight assessments or over a period of two years, the E&S Advisor will work with the Borrower(s) to improve upon their E&S performance. The improvement plan to be mutually agreed with the Borrower(s) will include specific action items with timelines to improve the E&S performance and, hence, the ratings of the Project(s).

In case the Borrower fails to improve the performance or fails to implement agreed action items under the improvement plan, the Fund Manager shall seek remedies as provided in the relevant facility agreement(s).

The Fund Manager will also factor in the E&S performance record of existing Projects of the same sponsor or the Borrower in determining the creditworthiness of any future financing proposals that may be considered by it.

6.6 Reporting

As part of the applicable reporting requirements, the Fund shall report on the E&S performance of the Projects included in its portfolio on an annual basis. The template of the report to be produced by the Fund is included herein as Annexure – III.

The E&S report shall be prepared by the E&S Advisor, under the supervision of the Fund Manager. It will be made available to all unitholders of the Fund, as per the applicable legal and regulatory requirements from time-to-time.

6.7 Maintenance of Records

As part of the Fund's ESMS, the Fund Manager and the E&S Advisor shall maintain the following records:

- ESDD reports in respect of Projects considered for funding by the Fund
- E&S Action Plan for the Projects that are approved for financing by the Fund, including the timelines of completion of specific tasks
- ESIA and other such technical study reports undertaken on E&S aspects of the Projects, if any
- E&S supervision records for the Projects in NIDF portfolio, including the monitoring & compliance reports provided by the Borrowers from time-to-time
- Reports prepared by the Fund Manager and/or E&S Advisor on the Fund's E&S performance and the compliance of the Borrowers with E&S requirements

7. Review and Updating of the ESMP

An effective E&S management system is dynamic and needs to be responsive to changing circumstances. In particular, given the structure of NIDF as being a listed vehicle with permanent capital, it is imperative that the E&S management policy of the Fund keep pace with the developments in the broader economic, social and environmental fields, as relevant to its operations.

Accordingly, the Fund Manager shall undertake the review of the ESMP at the fifth anniversary of the Effective Date, and subsequently after every five years. The E&S Advisor shall also participate in and contribute to the review. The Fund Manager shall engage the various stakeholders of the Fund, including the unitholders, the Borrowers, the relevant regulatory agencies and authorities in Nigeria as well as other experts and practitioners, to determine whether the existing ESMP continues to be effective in meeting the E&S risks facing the Fund

and what changes, if any, could be necessary in the policy to ensure that the Fund meets its investment objective over the long term.

The findings of the review shall be presented by the Fund Manager to the Fund's Advisory Board, in the form of a report. Any changes to the ESMP recommended by the Fund Manager shall be considered and approved by the Advisory Board.

Annexure – I: African Development Bank Operational Safeguards

Safeguard 1: Environmental and social assessment (ESA)

The first safeguard represents the Fund's overarching requirements for it to identify, assess, and manage E&S risks, and for the Borrowers to prevent, prepare for, and mitigate against negative social and environmental impacts at the same time that they foster positive impacts. All Projects that reflect the potential for medium to severe social or environmental risks are required to undergo an ESA. In addition to evaluation along the other safeguards, the ESA explicitly evaluates the potential impacts of the Borrower's activities on indigenous peoples, vulnerable groups, cultural heritage preservation and community consultation and engagement. It should also include considerations for grievance mechanisms and redress procedures.

Safeguard 2: Land acquisition and resettlement

The second safeguard ensures that all possible actions are taken to avoid forced land acquisition, displacement, and resettlement. Most importantly, it requires sustained stakeholder engagement throughout the life of the financing. If it is not possible to avoid displacement, stakeholders must be able to set their own requirements for fair compensation or other mitigation measures.

Safeguard 3: Biodiversity and ecosystem services

The third safeguard ensures that Borrower activities do not negatively impact, and to the full extent possible, positively impact, local and national biodiversity, conservation, and the provision of ecosystem services and environmental resources. It includes specific considerations on access to clean water, access to clean air, deforestation, and habitat loss and degradation. It also considers the potential for direct harm to ecosystem service providers like pollinators (namely, bees, birds, and bats); seed dispersers (insects and larger animals); water purifiers (mangroves and other plants near water bodies); and decomposers (fungi, vultures, and others).

Safeguard 4: Pollution prevention and control

The fourth safeguard ensures that all possible actions are taken to structure the activities such that it prevents pollution and strives for efficiency. Pollution includes the release of toxic or hazardous substances during any stage of activities operation, including after completion and unintentional release. Efficiency refers to energy efficiency (including efficient electricity transmission) as well as resource use efficiency (such as in the case of diesel or gas use for combined power generation).

Safeguard 5: Labour conditions, health, and safety

The fifth safeguard aims to ensure that the Borrowers operate safely and with mutually beneficial labour conditions, and ultimately improve rather than harm human health. In particular, it addresses considerations about child labour and forced labour; fair wages; the ability for workers to organise; food security, HIV-AIDS, air pollution-related illnesses, and other health issues; and safety for both Borrower staff and contractors (in transportation, construction, operation, and maintenance) as well as for consumer users.

Annexure – II: Exclusion List

NIDF: Exclusion list

- (a) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- (b) Production or trade in weapons or munitions.
- (c) Production or trade in alcoholic beverages.
- (d) Production or trade in tobacco (except where the industry makes a significant contribution to a country's GDP).
- (e) Production or trade in narcotic and banned substances.
- (f) Gambling, casinos and equivalent enterprises.
- (g) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the source is trivial and / or equally shielded.
- (h) Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- (i) Drift net fishing in the marine environment using nets in excess of 2.5km in length.
- (j) Production or activities involving harmful or exploitative forces.
- (k) Production or activities involving child labor or forced labor.
- (l) Activities occurring in biologically sensitive areas, such as sensitive wetlands and water bodies with coral reefs.

Annexure – III: E&S Performance Report Template

Nigeria Infrastructure Debt Fund

Report on portfolio companies' environmental & social performance

Reporting period: January [●] to December [●]

Reporting Date: 31 December 20[●]

1. Overall portfolio information

Total number of infrastructure loans disbursed by the Fund: Number of
infrastructure loans approved but not yet disbursed: Total principal loan
amount outstanding:

Sector-wise breakdown of the outstanding infrastructure loans:

[Include the pie-chart]

Breakdown of outstanding infrastructure loans by E&S classification:

[Include the pie-chart]

Summary of changes in E&S classification of infrastructure loans during the year: By number of
loans

E&S risk category	At the start of the year	Addition – New loans disbursed	Deletion – Loan repayment completed	Transition between risk categories	Total at the end of the year
Category 1					
Category 2					
Category 3					
Total					

By value of outstanding principal amount

E&S risk category	At the start of the year	Addition – New loans disbursed	Deletion – Loan repayment completed	Transition between risk categories	Total at the end of the year
Category 1					
Category 2					
Category 3					
Total					

2. Summary of overall portfolio E&S performance

This section will provide a summary of the overall portfolio performance during the year. Specifically, it will summarise the following

- Overall level of compliance with the Fund's ESMP by its borrowers
- Compliance of borrowers with their E&S reporting requirements
- Summary of instance of any material¹ non-compliance by the borrowers

3. Summary of ESMS operations

This section will provide the information on overall operations of the Fund's ESMS. In particular, it will provide an update on

- The overview of ESMS's operations during the year (no. of proposals evaluated, due diligences undertaken, annual inspections carried out)
- Changes implemented to the ESMP during the period (if any)
- Capacity building initiatives on ESMS at the Fund Manager level
- Identification of difficulties and challenges in effective implementation of ESMS

Note: The Fund Manager is permitted to modify the template taking into consideration the laws, rules and regulations as applicable to the Fund and the Borrowers from time-to-time.

¹ For the purpose, material is defined as events that have or are likely to materially adversely affect the borrowers. Examples include incidents of significant pollution or other adverse effects on local communities and biodiversity; inadequate occupational health and safety systems resulting in death or serious injuries; action by any regulatory authority on breach of applicable E&S regulations that remain inadequately mitigated.