

**Board of Directors Meeting
Wednesday, June 5, 2024, 2:30 PM
Agenda**

- I. CHAIRMAN OPENS MEETING**
- II. CEO's REMARKS**
- III. PRESENTATIONS**
 - a. Sector Strategy Presentation – Energy
- IV. PROJECT APPROVALS**
 - a. Globeleq Africa
 - b. Central de Namaacha
 - c. Bank of Palestine
 - d. Lobito
- V. ADMINISTRATIVE APPROVALS**
 - a. Minutes – March 6, 2024 Board of Directors
- VI. REPORTS TO THE BOARD**
 - a. Audit Committee Report
- VII. EXECUTIVE SESSION**
- IX. CHAIRMAN ADJOURNS MEETING**

Host Country	Mozambique
Name of Insured Party	Globeleq Africa Limited
Foreign Enterprise	Central Eléctrica Da Namaacha, S.A.
Private Insurer Participation	Private Reinsurers
Project Description	The design, construction, and operation of a 120 MW wind power project in Mozambique (the “Project”).
Investment Amount	Up to \$54.8 million
Investment Type	Equity
Proposed Insurance Amount	Up to \$80 million
All-Source Funding Total	Approximately \$267,702,000
Policy Review	
Developmental Objectives	<p>Although Mozambique is a net exporter of energy and more than three-quarters of its installed capacity comes from renewable sources, the country’s energy infrastructure is woefully underdeveloped. Mozambique’s energy resources are heavily concentrated in hydropower, and only 34% of the population has access to electricity. Additionally, quality jobs are scarce, with 80% of the population employed in the informal economy.</p> <p>The Project, a 120 MW onshore wind project in Namaacha, is expected to have a positive development impact in Mozambique by fueling the government’s plan to introduce 2,300 MW of new installed capacity and to add five million on- and off-grid connections by 2030. As the first utility-scale wind farm in the country, the Project is expected to produce 382 GWh of renewable energy per year and generate employment opportunities during both its construction and operational phases. Given the Project’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient (“IQ”).</p>
Environment and Social Assessment	The activities covered by the Project are the same as those covered by the Central Eléctrica Da Namaacha project (DFC Project No. 9000116486). The E&S assessment of this Project is the same as is presented in the paper for the Central Eléctrica Da Namaacha (DFC Project No. 9000116486) project.

Host Country	Mozambique
Name of Borrower	Central Eléctrica Da Namaacha, S.A. (incorporated in Mozambique)
Project Description	The design, construction, and operation of a 120 MW wind power project in Mozambique.
Proposed DFC Loan/Guaranty	Direct loan of up to \$99,000,000 with a tenor of 20 years.
All-Source Funding Total	Approximately \$267,702,000
Policy Review	
Developmental Objectives	<p>Although Mozambique is a net exporter of energy and more than three-quarters of its installed capacity comes from renewable sources, the country’s energy infrastructure is woefully underdeveloped. Mozambique’s energy resources are heavily concentrated in hydropower, and only 34% of the population has access to electricity. Additionally, quality jobs are scarce, with 80% of the population employed in the informal economy.</p> <p>The Project, a 120 MW onshore wind project in Namaacha, is expected to have a positive development impact in Mozambique by fueling the government’s plan to introduce 2,300 MW of new installed capacity and to add five million on- and off-grid connections by 2030. As the first utility-scale wind farm in the country, the Project is expected to produce 382 GWh of renewable energy per year and generate employment opportunities during both its construction and operational phases. Given the Project’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient (“IQ”).</p>
Environment and Social Assessment	<p>SCREENING: The Project has been reviewed against DFC’s July 2020 Environmental and Social Policies and Procedures (ESPP) and determined to be categorical eligible. The Project is screened as Category A because large-scale wind projects are considered to have significant adverse impacts that could be diverse, irreversible, or unprecedented in the absence of adequate mitigation measures.</p> <p>APPLICABLE STANDARDS: The Project is subject to DFC’s 2020 Environmental and Social Policy and Procedures (“ESPP”). Under DFC’s ESPP, the Project Sponsor is required to comply with applicable national laws and regulations related to environmental and social performance. In addition, DFC’s preliminary environmental and social due diligence indicates that the Project will have impacts that must be</p>

managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS2: Labor and Working Conditions;
- PS3: Resource Efficiency and Pollution Prevention;
- PS4: Community Health, Safety, and Security;
- PS5: Land Acquisition and Involuntary Resettlement;
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and
- PS8: Cultural Heritage.

The Project is not anticipated to impact any Indigenous Peoples as confirmed by the Project's ESIA and DFC's independent environmental and social consultant (IESC). Therefore, PS 7 is not triggered at this time. Applicable provisions of the IFC General Environmental, Health and Safety (EHS) Guidelines, the EHS Guidelines for Wind Energy, and the EHS Guidelines for Electric Power Transmission and Distribution also apply to the Project.

The ESIA on the proposed Project was posted for public comment on March 22, 2024 for a 60-day period and will end on May 21, 2024. No comments have been received to date.

Environmental and Social Risks and Mitigation

Measures: Primary environmental and social issues of concern include the potential for impacts on resident birds, critical habitat ("CH"), cumulative biodiversity impacts, impacts to community health and safety, labor and contractor management, resettlement, supply chain management and potential population influx.

The Project developed an Environmental Impact Assessment (EIA) for the initial project design of a 63 MW WEF (wind energy farm) and obtained environmental approval in March 2022. A subsequent E&S Impact Assessment (ESIA) Addendum and E&S Management Plan (EMP) was developed and approved in 2023 to account for the current design for a 120 MW windfarm. An EIA for the 33 km-long transmission line associated with the Project was also developed and approved in 2023.

Environmental and Social Management System/ Plans

The Project Sponsor has developed a Health, Safety, Environment, Social and Security (HSESS) Integrated Management System (IMS) which will be implemented to manage HSESS risks associated with the

windfarm and the transmission line. A Project-specific Construction E&S Management Plan (CESMP) is currently being developed. The CESMP will include plans for Emergency Preparedness and Response; Community Health, Safety and Security; Traffic; Abnormal Loads; Water; Waste; Pollution; Cultural Heritage; Biodiversity; Influx; and Gender-based Violence and Harassment (GBVH).

The Project has in place a draft Stakeholder Engagement Plan and has appointed a Community Liaison Officer (CLO), based in Namaacha, for implementation. Substantial stakeholder engagement has been underway with regards to the various EIA and resettlement processes, permitting and to meet Lender requirements. The draft SEP includes an external grievance mechanism. The Project will be required to finalize and disclose the SEP and grievance mechanism and to provide capacity building to the CLO to support implementation.

Community Health and Safety

Community H&S risks for the windfarm were not adequately assessed in the EIA, specifically related to traffic risks and community exposure to disease, population influx, and security risks. This gap was identified in the ESIA Addendum in 2023 and addressed in the associated WEF EMP, which commits the Project to developing additional management plans specifically regarding traffic and transportation management, workers' code of conduct, health and safety and GBVH. Appropriate environmental and social management plans will need to be updated for the operations phase to properly cover all aspects of PS4.

The community health and safety risks for the T-line were assessed in the updated T-line ESIA. The T-line will have a 70 m safety buffer zone and the T-line EMP includes measures to address community health and safety impacts and commitments to develop appropriate management plans and training.

The Project will require use of groundwater. Hydrological assessments will need to be undertaken to assess groundwater supply to ensure no impacts to communities using groundwater in the area.

The Project anticipates using private unarmed security guards. Both the WEF and T-line EMPs include requirements to develop a Security Management Plan.

Supply Chain

Globeleq commissioned a third-party assessment of its short-listed wind turbine suppliers, which included a combination of desk-based review and on-site audit of specific facilities of its Tier 1 and Tier 2 suppliers that will be used to supply to this Project. The assessment did not identify evidence of forced labor; however, it did identify several labor

and health and safety risks to be addressed. The final supply contract will stipulate which facilities are to be used for the Project and ensure that corrective measures identified from the audit are implemented. A final selection of suppliers is forthcoming.

In addition, the Sponsor will be required to develop an overarching supply chain management system.

Resettlement Impacts

Displacement is anticipated due to the establishment of both the WEF as well as the T-line. Resettlement Action Plans (RAPs) for both the WEF and T-line were developed to meet IFC PS 5 and national requirements and have been submitted for Lender review. The WEF RAP indicates that, in total, 78 households with a total of 290 PAPs will be physically and/ or economically displaced which includes both the DUAT (acronym in Portuguese for the right of land use and benefit in Mozambique) and the buffer zone. The T-line will impact 115 households, comprising of 649 PAPs. Of that total, 4 households will be impacted by physical displacement. In addition, 9 graves and 1 sacred house were also identified within the T-line route. Eight graves and the sacred house will be relocated with the associated household that is being relocated. The remaining grave was agreed to remain *in situ*. The T-line also crosses five mining concessions and a military base. The T-Line design and route was amended to be underground for the final section approaching the Boane substation in order to significantly reduce the number of physically displaced households.

The Project has undertaken several rounds of public consultation and the process is ongoing. Identification of resettlement host areas has been made and is currently being finalized.

Biodiversity Impacts

The Project has the potential for significant impacts to biodiversity due to presence of critical habitat, Critically Endangered and Endangered avifauna, and bats that are vulnerable to collisions with wind turbines and T-lines.

The Project conducted two surveys (October 2022 and February 2023) to establish the terrestrial baseline for the windfarm area, and one for the T-line in November 2022. There was one bat survey undertaken in February 2023 and four avifauna surveys undertaken in each season from November 2022 through June 2023. Even though flora surveys were conducted during appropriate seasons, the most sensitive vegetation type found in the Project area, grassland/ open savannah, was not adequately described. This vegetation type is representative of a highly threatened ecosystem, Lebombo Summit Sourveld, and classified as Endangered. The same applies to Western Maputaland Clay Bushveld, which is in the corridor of the proposed T-line. A Critical

Habitat Assessment (CHA) was undertaken by an independent biodiversity consultant, which assessed these vegetation types as potential CH triggers in terms of IFC PS 6 Criterion 4. Information from the CHA will need to be incorporated into the Biodiversity Action Plan (BAP).

The Project will install noise deterrents on the turbines that are located in the more sensitive areas for bats and all wind turbines are subject to standard blade feathering during spring and summer. The Project will calculate fatality thresholds for each type of bat and if exceeded will apply adaptive management measures to bring fatality numbers down, which may include curtailment. The updated EMP (November 2023) has recommended a phased approach with respect to mitigating impacts to bats: conduct supplementary bat studies, additional pre-construction monitoring, and two years of operational monitoring. This will be a requirement an item as a condition of DFC financing. in the lender approved ESAP.

The Project has conducted pre-construction avifauna surveys and collision risk modeling using international best practice methodologies. Priority species have been identified and a Biodiversity Action Plan (BAP) drafted. As part of the BAP, and in order to comply with the requirements of PS 6, the Project has agreed to use an automated Shutdown on Demand system that will be set to safeguard a set of priority species. There will be post construction fatality monitoring for at least the first three years of operations; and offsets in case fatality thresholds set for priority species are exceeded.

Host Territory	West Bank
Name of Borrower	Bank of Palestine PLC
Project Description	Direct loan for on-lending to SMEs in the West Bank
Proposed DFC Loan	\$100 million
All-Source Funding Total	\$125 million
Policy Review	
Developmental Objectives	<p>The Palestinian Territories’ economy is currently experiencing one of the largest shocks in recent economic history, having lost over \$2.5 billion in GDP in 2023. SMEs, which represent most enterprises in the West Bank, are responsible for most employment, and are considered especially vulnerable to this conflict-based economic disruption due to their limited capacity and resources to withstand socioeconomic shocks.</p> <p>In response to this challenge, the Project will have a positive development impact in the West Bank by increasing access to finance for SMEs. The Project is expected to facilitate both new SME lending in the West Bank and the restructuring of existing loans to SMEs adversely impacted by the ongoing economic crisis, enabling these enterprises to continue operating and ultimately support the West Bank’s economic recovery. The Bank is an experienced lender in this segment with a history of successfully reaching underserved groups through DFC projects. Given the Project’s characteristics, it is categorized as Impactful per DFC’s Impact Quotient.</p>
Environment and Social Assessment	<p>The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loans to financial institutions for small and medium enterprise on-lending are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments.</p> <p>To ensure that the Bank’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.</p> <p>Under the DFC’s ESPP, the Bank is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-</p>

	<p>review based due diligence assessment indicates that because the Project will use DFC support to provide emergency liquidity for a financial institution in the West Bank, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Bank does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered.</p> <p>The Bank has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening to meet the expectations listed in the DFC's 2020 Environmental Policy and Procedures and IFC PS 1.</p>
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Host Country	Angola
Name of Borrower	Lobito Atlantic Railway S.A. (Angola)
Project Description	The upgrade, rehabilitation, operation, and maintenance of a 1,289-kilometer brownfield railway line in Angola between the Lobito Port and Luau (“ Lobito Corridor ”), as well as a brownfield mineral port in Angola (“ Mineral Port ”) to facilitate Atlantic Ocean coast exports of copper and cobalt from the Democratic Republic of Congo as well as intra-Angola cargo transport (the “ Project ”)
Proposed DFC Loan	\$553,000,000 15-year senior secured loan
All-Source Funding Total	\$866,250,000
Policy Review	
Developmental Objectives	<p>Angola is indexed at 2.1 out of 5.0 on the World Bank’s Logistics Performance Index, trailing its peers in Sub-Saharan Africa in logistics performance. Lack of investment over time in railway upgrades has reduced rail reliability, safety, and efficiency across Sub-Saharan Africa and in Angola specifically. The Lobito Corridor, one of three railways in the country and the only cross-border rail, has not been properly maintained since its reconstruction in 2015. Road conditions along the Lobito Corridor are poor as well, especially during the rainy season. The lack of quality transport hinders trade and economic growth opportunities.</p> <p>The Project is expected to help address these challenges along the Lobito Corridor by increasing rail transport capacity, thereby reducing freight transit times, stimulating economic activity, and strengthening Angola’s transportation infrastructure resilience. The rehabilitation of the Lobito Corridor will improve rail safety and speed, facilitating cost-effective transport of critical minerals to the coast for export and key inputs inland to production areas. The Project is expected to support new jobs, generate local income through procurement of goods and services and payments to the government, and result in increased railway utilization for cross-border trade. Given the Project’s characteristics, it is classified as Exceptionally Impactful per DFC’s Impact Quotient (IQ).</p>
Environment and Social Assessment	SCREENING: The Project has been reviewed against DFC’s 2020 Environmental and Social Policy Procedures (ESPP) and determined to be categorically eligible. Projects involving the rehabilitation and operation of existing railways are screened as Category B under DFC’s environmental and social policies because the impacts are anticipated to be limited, site-specific and readily mitigated.

APPLICABLE STANDARDS: DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following International Finance Corporation (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security
- PS 5: Land Acquisition and Involuntary Resettlement
- PS 6: Biodiversity

The Project will also be required to meet applicable provisions of the IFC Environmental, Health, and Safety (EHS) General Guidelines (2007) and the IFC EHS Guidelines for Railways (2007). Under DFC's ESPP, the Project is required to comply with applicable national laws and regulations related to environmental and social performance.

Environmental and Social Risks and Mitigation Measures:

The primary environmental and social risks for the Project include occupational health and safety for railway workers; waste, effluent, air and noise aspects related to maintenance workshops and railway stations; GHG emissions accounting; community health and safety related to rail operations; biodiversity protection relative to preventing the spread of invasive vegetation; contractor management and labor management (including labor related-risks in the supply chain); gender-related risks including gender-based violence and harassment (GBVH); security management; and the need for strong stakeholder engagement and grievance mechanisms to receive feedback and promptly resolve inquiries and grievances. Direct GHG emissions for the Project are estimated to be 90,926 CO_{2e} metric tons per annum.

The Project is required to have a robust environmental and social management system to identify, manage and mitigate environmental and social risks and impacts. An Environmental and Social Impact Assessment (ESIA) was developed for the Project and key E&S management plans are in place or will be developed as a requirement of DFC financing. In addition to an overarching E&S Management System aligned with ISO 14001, the Borrower is developing comprehensive safety management plans and systems that are aligned with good international industry practice (GIIP) for the rail sector and will undertake a third-party audit for process safety which will address potential risks to worker health and safety.

In addition to safety systems for railway operation, the Project will develop a Community Health and Safety Management Plan that will specifically address risks to communities and will include public education and information campaigns on safety issues. The Borrower will also develop an OHS Management Plan, Waste Management Plan, Effluent Management Plan; Air Quality Management Plan; Noise Management Plan; and a Contamination Management Plan to identify and manage areas of potential environmental contamination within the existing railway footprint.

The Borrower has developed Human Resources policies and procedures for its labor force, which will be expanded as required by DFC. The Borrower will be required to develop management plans for contractor compliance with labor standards and PS2. The Borrower will be required to supervise and monitor the E&S performance of the EPC contractor and all other contractors and their workers. Using the social baseline data developed through the ESIA, the Borrower is also developing an appropriate Stakeholder Engagement Plan to include a grievance mechanism accessible to all project-affected people along the railway line, which will be monitored for effectiveness. Stakeholder engagement will be closely linked to community health and safety efforts and plans discussed above. The Borrower will also develop plans to address gender and GBVH risks, as well as a supply chain policy to address risks of forced labor, child labor and unsafe working conditions in its supply chain in alignment with PS2.

All rehabilitation and construction works for the Project are anticipated to occur within the existing railroad right of way and/or on land that is owned by the government railway authority. Accordingly, no physical resettlement is anticipated. However, the Borrower will be required to develop a Land Acquisition and Resettlement Framework to address any economic or physical resettlement impacts that could arise as a result of the Project.

The Borrower has completed a biodiversity study of the railway corridor and framework for biodiversity management, primarily focused on eliminating the spread of invasive plant species within the right-of-way. The existing railway corridor crosses a buffer zone of one nationally designated protected area, however, the specialist study determined there is no management plan in place for the protected area and there is low potential for wildlife-train interactions.

As of April 2024, the Borrower has expanded its E&S management capacity by hiring 15+ staff members in its Environmental and Social; Safety; Security and Human Resources teams and anticipates hiring additional roles. An E&S Manager, Safety Manager, HR Manager and Security Manager are all in place. The E&S Manager and Safety Manager

	<p>report to the COO and the HR Manager and Security Manager report to the CEO.</p> <p>The Borrower will prepare and submit to DFC annual E&S performance reports. The Borrower will also be required to fund an Independent Environmental and Social (IESC) Monitoring Consultant contract to perform annual onsite E&S audits of the Project for the duration of the DFC finance agreement.</p>
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