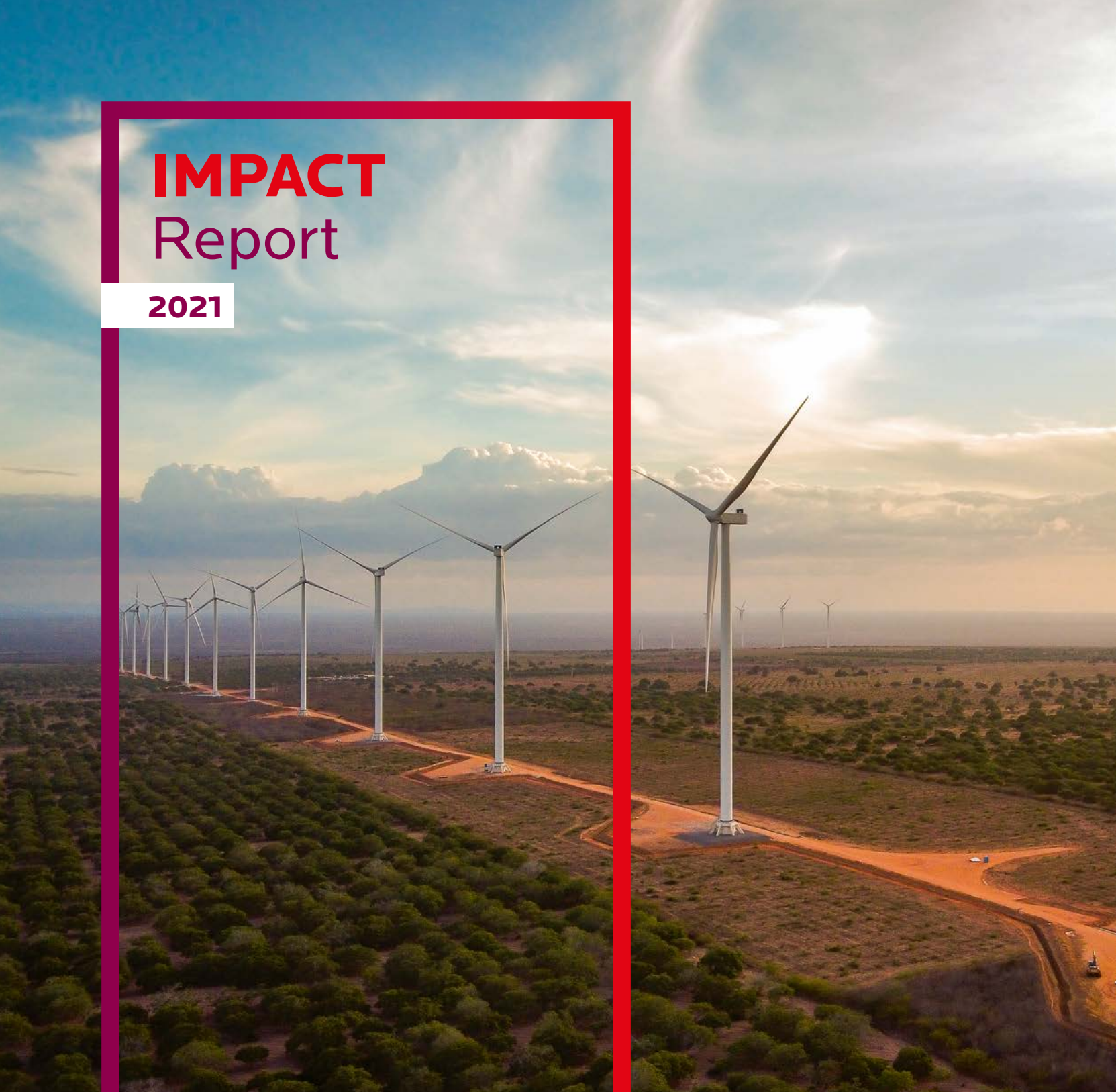


IMPACT Report

2021





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“Given the size of the challenges we’re facing, we have a duty to step up our efforts”

By **Laurent Zylberg**, Chairman of the Board of Directors of STOA, and **Charles-Henri Malécot**, Chief Executive Officer of STOA



Laurent Zylberg



Charles-Henri Malécot

In 2020, a virus emerged and quickly spread across the entire planet. It created deep changes in the ways we live and drove the global economy into the deepest recession since World War II.

This crisis obviously had significant consequences for our work at STOA. Some of our construction projects suffered delays, and projects currently in operation were impacted by the global economic slowdown. As essential infrastructure, they all carried on thanks to the tireless work of management and the unconditional support of shareholders and partners in this period of uncertainty.

Under these challenging circumstances, STOA maintained its investment activity at a robust level. As in 2018 and 2019, we committed slightly more than 100 million euros in investments in four projects: in Brazil, in São Paulo’s Line 6 metro and in a 152 megawatt wind project in the north of the country, in South Africa by participating in MetroFibre Network’s fourth capital increase, which provides fibre optic connectivity and in which we are already a shareholder, and in Nigeria by acquiring a stake in Daystar, one of Africa’s leaders in rooftop solar energy panels for commercial and industrial clients (C&I).

We maintained our priority goals: 50% of our investments are in Africa and nearly 74% include an inherent climate benefit. We strengthened our project impact measurement relative to the UN’s Sustainable Development Goals and implemented a tool to evaluate our projects’

additionality. It seemed essential to us to supplement these actions by initiating a reflection on our purpose, which will be finalized in the second half of 2021. In 2020, STOA thus confirmed its role as an impact infrastructure fund for projects in emerging countries, given the volume of its financial commitments as well as the sectors in which we work.

The infrastructure needs in these countries are considerable and, by reducing their debt capacity, the global crisis is making recourse to innovative financing models a must. STOA invests in the long run to ensure high quality in our projects’ management and maintenance, while following the highest international standards.

Our belief is that, no matter how long the crisis lasts, we must keep moving forward in 2021. We will thus continue to identify investment opportunities in emerging countries to ensure they benefit from services that are necessary to economic development, particularly energy, transportation, and telecommunications, while we fight climate change.

In three years, STOA has formed strong partnerships with industrials, project operators, financial institutions and governments, who share our goals and ambitions. Given the size of the challenges we are facing, we must step up our efforts to contribute to a more balanced world, in keeping with our mission and our means. ■

“ The infrastructure needs in emerging countries are considerable and the global crisis is making recourse to innovative financing models a must. ”



The VSM 3 project in Brazil exemplifies the ambitious partnerships STOA has forged.

Who are we?

Created by Caisse des dépôts et consignations (CDC) and Agence française de développement (AFD), STOA is an additional impact fund. It finances essential infrastructure projects in emerging and developing countries.

An investment vehicle created through the collaboration of CDC and AFD, STOA is an impact fund founded in 2017. Our goal is to form long-term partnerships in strategic sectors to finance essential infrastructure projects—mostly greenfield—in emerging and developing markets. Energy, transportation, telecom, waste and water, social infrastructure: we invest in sectors that are essential to populations' needs.

An additional impact fund

As an impact fund, STOA makes investments to contribute to positive, measurable social and environmental impacts and to create solid returns on investment. Taking into account environmental and social issues is essential in contributing to balanced, sustainable development in the countries where we invest.

Formulated in 2019, our impact framework is based on three criteria (accessibility, functionality and cleanness) and covers the entire investment cycle. We meet the requirements of the Operating Principles for Impact Management developed by the IFC: intentionality, additionality and measurability.

In 2020, we specified through an additionality framework how our investments are additional, which is

to say how they could offer substantial added value: in addition to its own capital invested over the long term, STOA provides recognized expertise in extrafinancial risk management. Our participation further enables us to mobilize other sources of capital. More broadly, we are able to leverage our influence to redirect financial flows towards essential infrastructure projects, as well as towards a low-carbon economy. As a result, our contribution is unique and distinctive.

An ambitious initial track record

In three years we have proven our ability to develop our expertise in financing infrastructure projects in emerging countries. 279 million net euros have been committed to eight projects since 2017. All were designed in keeping with the Paris Agreement and 74% offer inherent climate benefits. We signed four new agreements in 2020, including two in Brazil that reinforce our commitment to Latin America.

This year, we also shared our experience on the international stage through events like the "International inclusive and impact investment" conference. Our work was recognized with a first prize award in the "Infrastructure" category of the ESG Best Practices Honours by SWEN Capital Partners (see pages 16-17). 

€600 million
of committed capital

Our shareholders



8 projects in our portfolio

€279 million net
commitments since 2017

€100 million net
commitments in 4 signed
investments in 2020

OUR VALUES



Responsibility and sustainability



Flexibility and openness



Trust and transparency



Boldness and pragmatism

STOA, an additional impact fund

OUR MISSION

investing in **emerging and developing countries**



Energy



Transportation



Telecom



Social



Environment

OUR GOALS



50%
of projects
in Africa



50%
of investments
include inherent
climate benefits

OUR RESULTS

By geographical region in net sums committed

LATIN AMERICA

€73 million
2 projects
implemented in **Brazil**

AFRICA

€122 million
5 projects
implemented in
6 countries

ASIA

€80 million
2 projects
implemented in
2 countries

● Eligible countries ● Sites of current projects

€4 million are not represented in the countries where we are active (operating costs, headquarters, etc.)

Investments by sector



ENERGY
56%



TRANSPORTATION
28%



TELECOM
16%

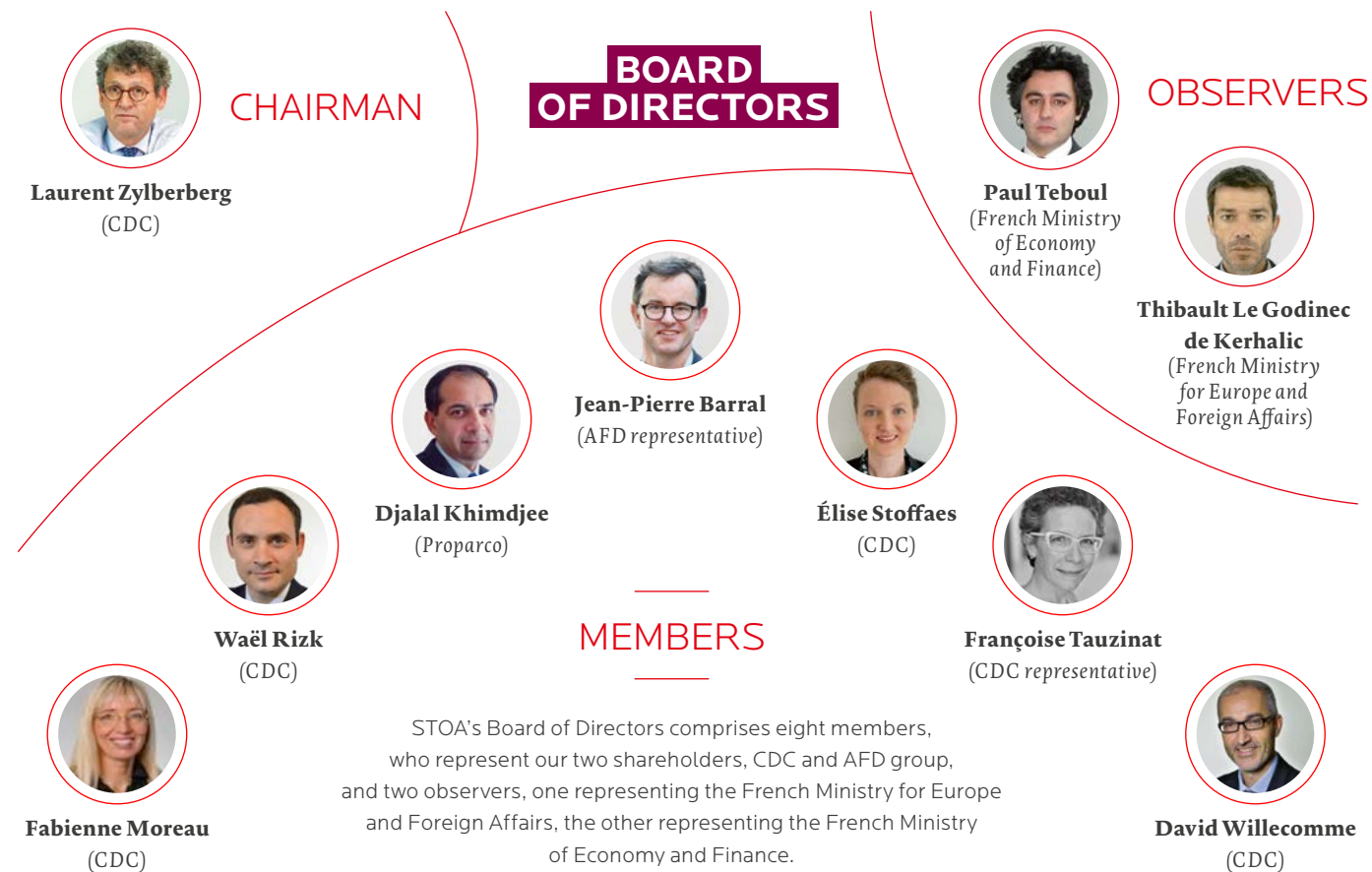


PARIS 2015
UN CLIMATE CHANGE CONFERENCE

74%
of investments
include an inherent
climate benefit

Our governance

STOA is equipped with an effective governance structure that has been formalized in internal rules and procedures through which the fund's organization and investment activity can be monitored. The fund is administered in full independence by its two shareholders, CDC and AFD.



2020, a year of resilience

The health crisis did not affect the Board of Directors' work: meetings were held remotely and attendance was not impacted. Portfolio management was even improved through the creation of monthly activity reports.



15

Board of Directors meetings



93% attendance
(yearly average)



A monthly activity report
between March and December

(except for August and October)

One Board of Directors and four special committees

The Board of Directors approves STOA's investments, acquisitions and sales, along with its annual budget, its medium-term strategic objectives and its organisational structure. To fulfil its standing supervisory functions, it relies on four committees:

- **the Investment Advisory Committee:** issues prior opinions on investment or disinvestment operations before their submission to the Board of Directors;
- **the Audit and Risk Committee:** is responsible for monitoring the financial reporting process, as well as for reviewing the implementation of internal audit procedures through specific missions;
- **the Appointments and Remuneration Committee:** makes recommendations on STOA's management evolution and on the details and conditions of its remuneration;
- **the Risks and Compliance Steering Committee:** is responsible for monitoring and developing STOA's internal audit procedures and compliance.

An ambitious ethics policy

STOA is equipped with a robust compliance structure that has been formalized in a code of ethics, compliance policies, and an internal audit charter. That is on top of specific procedures for responding to identified risks (fraud, confidentiality, business interruptions, etc.). STOA is also in compliance with the need to train and inform its staff through regularly scheduled programs. In 2020, for example, the team attended a workshop on fiscal compliance led by the firm Gide Loyrette Nouel.

STOA's Investment Advisory Committee (IAC) as seen by its shareholders

Since STOA applies a captive, totally discretionary management model on behalf of its two stakeholders, the IAC acts as an advisory body: its role is to support the investment decisions made by the Board of Directors. Particularly, it ensures that STOA's investment policies are properly enacted. The IAC also verifies that projects are aligned with management policies and procedures relative to environmental, social and governance risks, as well as with climate commitments, the Know Your Customer (KYC) procedures and STOA's High-Risk Jurisdiction policy (HRJ).



“ I work to qualify an investment's risk/profit profile and audit the alignment with geographical and sector priorities. To do so, I can request further due diligence to reinforce the ones already carried out by the investment team. ”

Élise Stoffaes, CDC representative on STOA's IAC

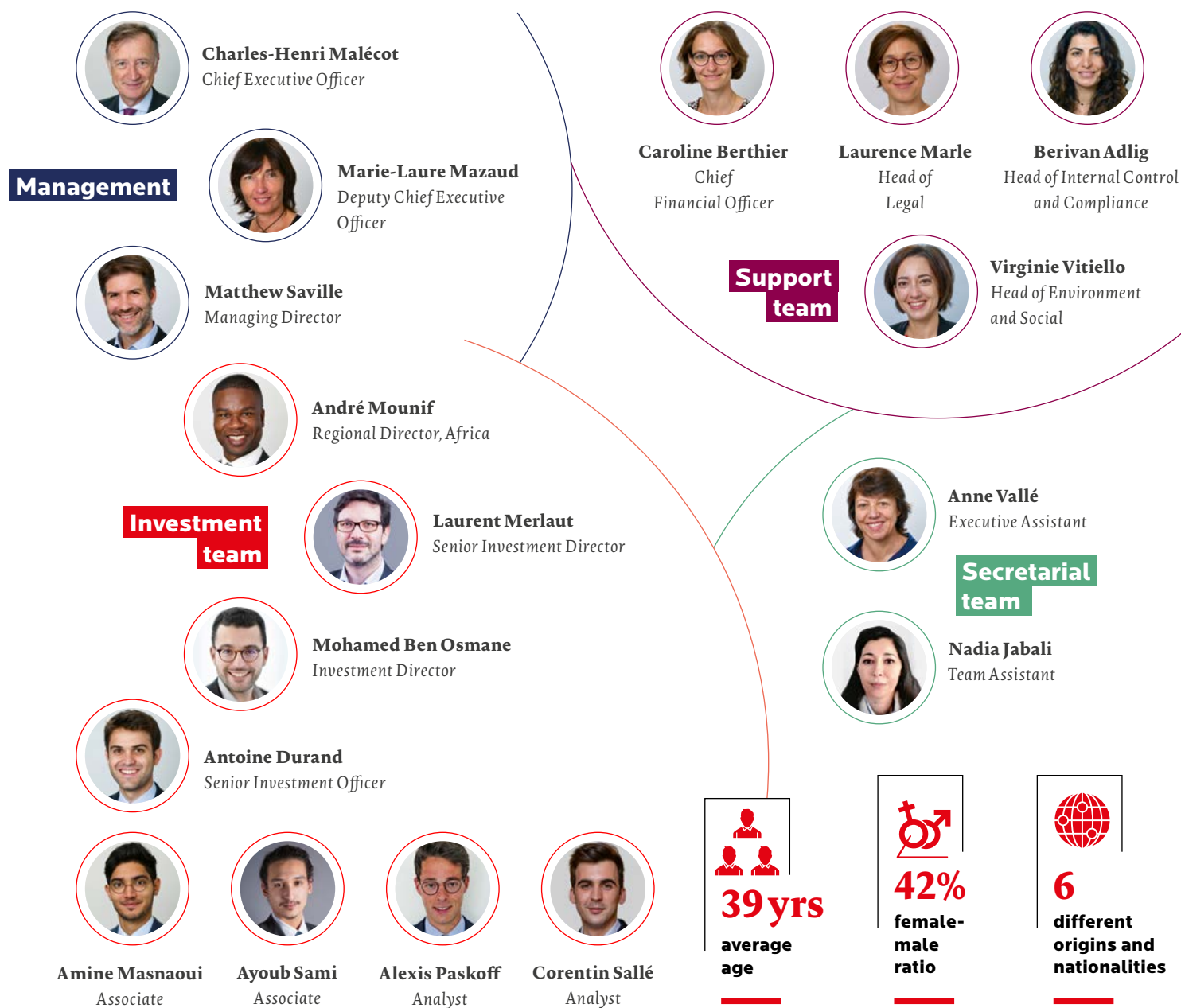


“ I draw on my personal experience in developing countries as well as that of the AFD agencies, which can evaluate the relevance of proposed projects against their knowledge of on-the-ground conditions. This expertise is useful to the IAC members as a way to better understand opportunities and their alignment with investment goals. ”

Mathilde Bord-Laurans, AFD representative on STOA's IAC

Our team

Our team shares STOA's values: responsibility and sustainability, flexibility and open-mindedness, trust and transparency, risk-taking and humility. Our staff are committed to and passionate about their work.



Our commitments to responsible investment

At STOA, environmental and social risk analysis (E&S) takes place throughout the investment process. It is grounded in the most rigorous international standards.

What measures do you take to manage projects' E&S risks?

STOA's teams are trained to identify these risks and manage them collaboratively. My role is to take responsibility for analysis and monitoring, as well as to progress STOA's expertise on the topic. The investment team actively contributes to this analysis, in particular by facilitating access to information and the inclusion of action plans in the project documentation.

How do you choose the projects STOA invests in?

Our E&S exclusion policy is the same as that of AFD. Regarding the environment, for example, we refuse to finance coal-based energy projects, or projects that are not aligned with the Paris Agreement, or which significantly damage critical habitat. We are also particularly vigilant about a list of internally defined issues: among

other things, these included land acquisition and involuntary resettlement of populations, or the presence of indigenous people.

What are your priority issues, given the COVID-19 crisis?

Protecting biodiversity has been a priority for STOA since its creation. It is a major focus area in STOA's E&S policy, which implements the "avoid, reduce, offset" approach. Since the COVID-19 crisis, this focus has been intensified. We evaluate risks that may affect local biodiversity by relying on the best international and local experts.

STOA staff benefitted from a two-day training led by the specialized firm The Biodiversity Consultancy, Ltd, as a way to anticipate biodiversity risk management from the project identification phase. We are also bolstering social risk management in monitoring our investments, particularly

with risks related to occupational health and safety: we established a monthly monitoring schedule with local partners who are very aware of these issues.

How do you incorporate E&S issues into the investment process?

We've integrated our shareholders' policies into our operations and our investment process. E&S risks are systematically evaluated when we identify a project opportunity. According to the nature of the risk, the project is categorized: A, B+, B or C, using the European Development Finance Institutions (EDFI) model. Depending on the quality of the studies and any deviations we identify, we formulate supplementary E&S clauses that we incorporate into project documentation. These are based on the IFC's Environmental and Social Performance Standards and local regulations.

Interview



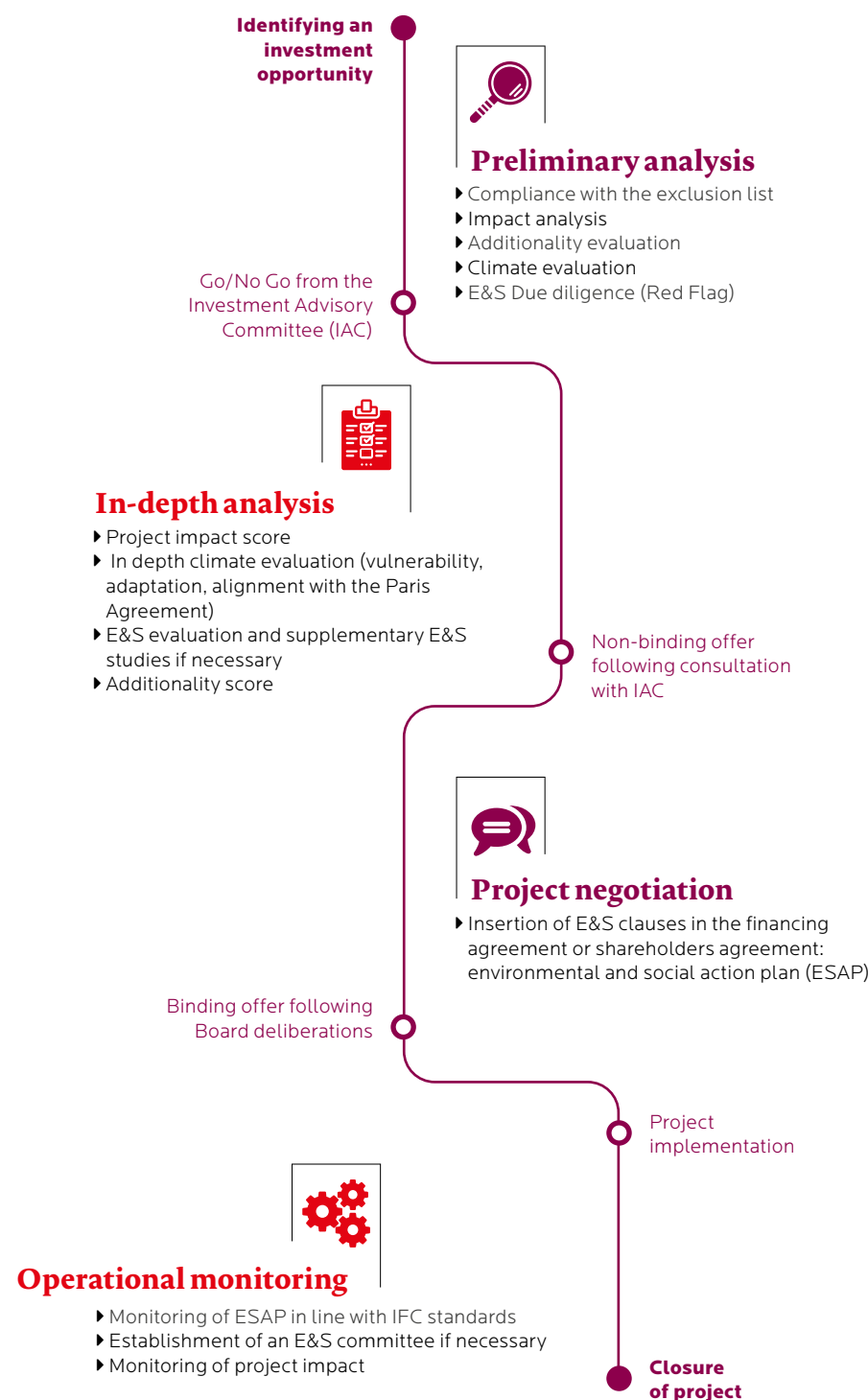
Virginie Vitiello, Head of Environment and Social

“E&S risks are systematically evaluated when we identify an opportunity. We follow IFC's Environmental and Social Performance Standards and local regulations.”

*To learn more:

<https://www.afd.fr/en/ressources/exclusion-list-afd-group-foreign-countries>

End-to-end consideration of E&S risks and impacts



► To manage risk throughout the business relationship, we implement monitoring for each project. We also encourage good practices through ongoing dialogue with our counterparties. Under its responsible investment framework, STOA is committed to ensuring that its E&S management system is transparent. To that end, we take part in the CDC's reporting campaigns and in the United Nations Principles for Responsible Investment (UNPRI) reporting.

IFC Performance Standards

STOA bases its E&S risk analysis and management on the IFC Performance Standards. These standards help identify risks, while guidelines help manage them.

- 1 - Assessment and Management of Environmental and Social Risks and Impacts
- 2 - Labor and Working Conditions
- 3 - Resource Efficiency and Pollution Prevention
- 4 - Community Health, Safety and Security
- 5 - Land Acquisition and Involuntary Resettlement
- 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources
- 7 - Indigenous Peoples
- 8 - Cultural Heritage

An ambitious climate strategy

Managing climate issues is a STOA priority, one that aligns its portfolio with the objectives of the Paris Agreement. This year, we are setting our sights higher, with a goal of ensuring that at least 50% of the projects we finance have an inherent climate benefit.

Mitigating the effects of climate change and adapting to its impacts lay at the heart of our strategy. Like the strategies of our shareholders, AFD and CDC, ours is shaped by the principal of alignment with the Paris Agreement. It is supported by three pillars: redirecting financial flows towards projects with inherent climate benefits in emerging and developing countries, promoting low-carbon trajectories and financing resilient projects.

74% of projects include inherent climate benefits

Today, 74% of our investments have an inherent climate benefit. These include projects in renewable energy production, as well as public transportation.

This year, we are setting our sights higher, with a goal of ensuring that at least 50% of the projects we finance have inherent climate benefits, instead of the 30% that was set in 2017.

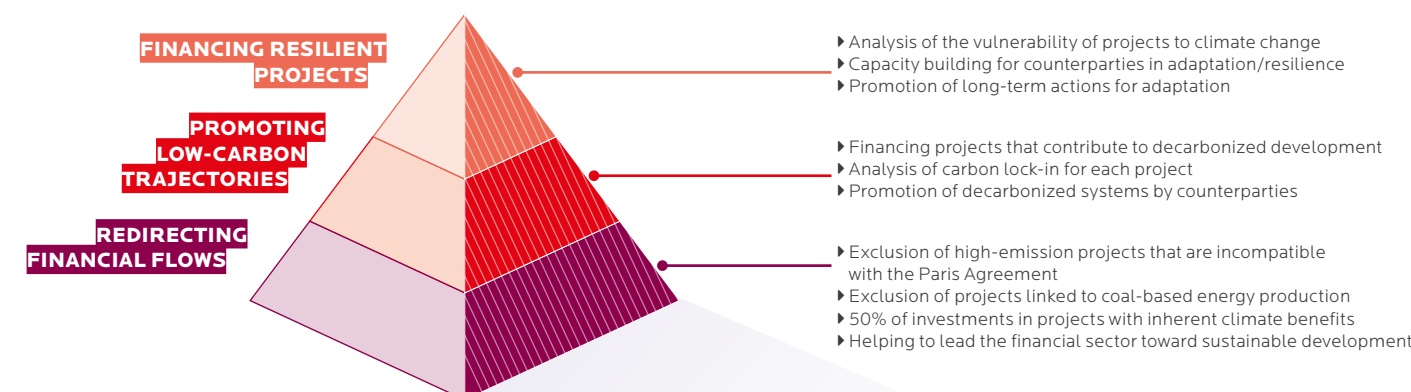
A comprehensive analysis procedure

STOA applies a robust climate procedure derived from its two shareholders. This procedure is composed of three key steps:

► **calculating the project's carbon footprint** by applying the AFD's Carbon Footprint Tool,

► **analyzing project feasibility** according to the country location and emissions levels with a decision matrix based on the carbon footprint,

► **analyzing the climate context** in detail where the carbon footprint is too high, including a study of the project alignment with the country's low-carbon trajectory, its vulnerability and resilience, as well as the carbon lock-in risk.



Our impact framework

STOA is as an impact fund. It adopts an integrated approach to impact which ensures that, once operational, its projects will be accessible, functional or clean.

Our impact strategy is based on our desire to generate measurable social and environmental benefits while maintaining financial performance. Our impact declaration spells out our intention⁽¹⁾: STOA builds long-term partnerships in strategic sectors to meet people's needs for essential infrastructure in emerging markets, thereby promoting sustainable and resilient economies.

An impact framework aligned with the Operating Principles for Impact Management

Our management system is aligned with the IFC's Operation Principles for Impact Management⁽²⁾. These principles, which we were among the first to apply, establish a new market standard for impact investments, bringing greater transparency, credibility and discipline to investment practices. Beyond that, they make it possible to define and realize the impact.

In 2020, the company Better Way, an impact specialist, concluded that "STOA's policies conform to the Principles issued by the IFC for 180 million euros of assets under its management, on December 31, 2019⁽³⁾".

⁽¹⁾ Read our statement: bit.ly/STOA-disclosure-statement

⁽²⁾ Learn more: www.impactprinciples.org

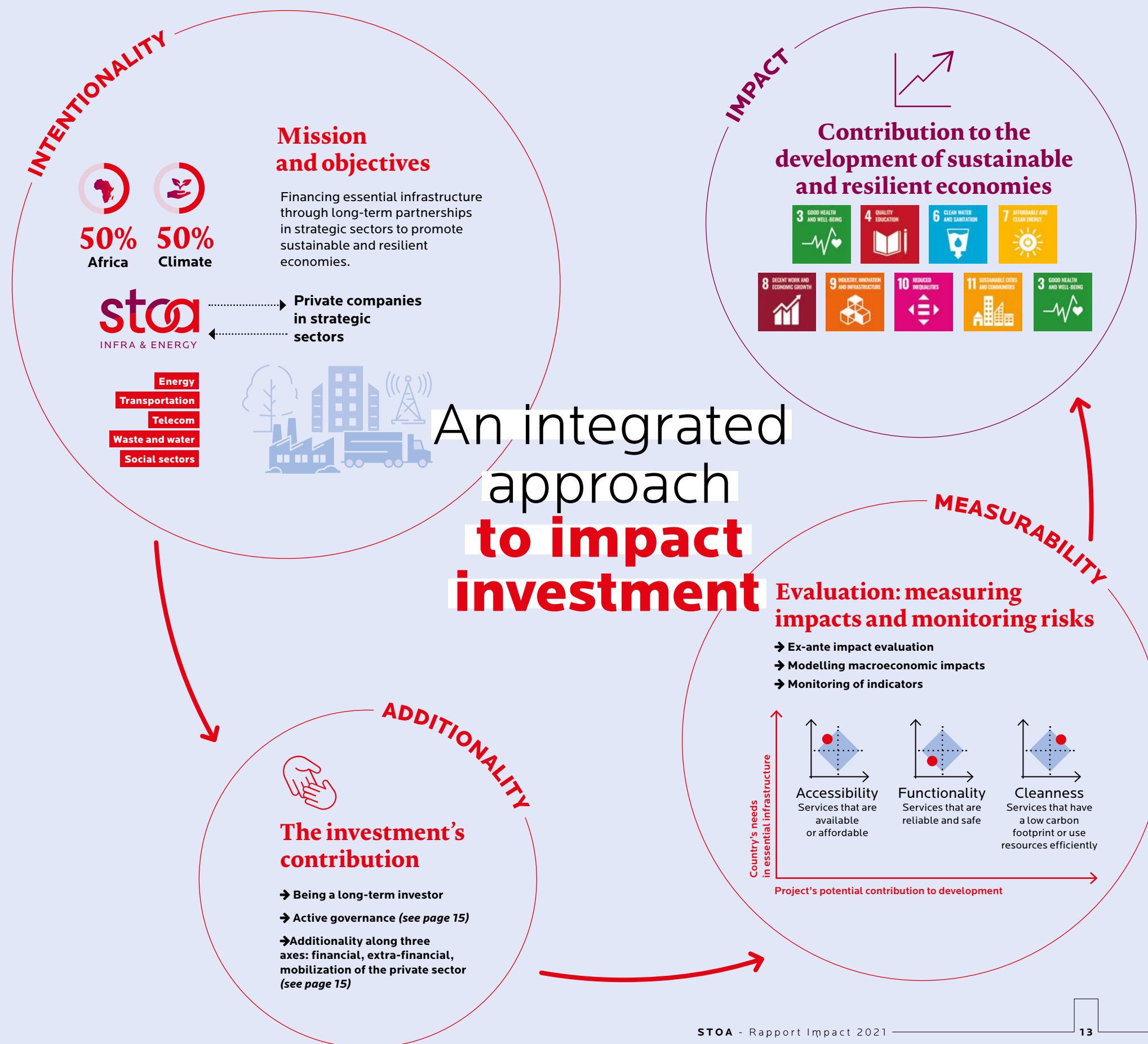
⁽³⁾ Read the third party verification report: bit.ly/STOA-report-independent

Evaluating our projects from an impact perspective

Measuring impact entails evaluating social and environmental externalities and how they help us achieve our impact objectives. This evaluation supports STOA throughout the investment cycle using three analytic tools:

- an ex-ante screening tool which uses the criteria of accessibility, functionality and cleanness to generate an impact score,
- a set of measurement indicators that evaluate the progress made, using 65 indicators selected from standard catalogues (HIPSO, IRIS),
- an impact modelling tool that works on a macroeconomic scale.

Each investment opportunity is analyzed from the perspective of our three impact criteria, the project's long-term development potential, and the country's infrastructure needs. From there, a score is created with which the project can be compared to the rest of our portfolio. Once the project is financed, we collect its key impact results and regularly track progress. 



Our **additionality** framework

STOA is an additional impact fund, meaning that it makes a unique financial and extrafinancial contribution to its infrastructure projects.

Additionality means a unique, differentiated contribution. Beyond our mandate for long-term investments and our active role in the companies in which we invest (see page 15), STOA is an additional impact investor that creates added value through its intentionality and internal expertise.


STOA, an additional impact fund

In 2020, we built an additionality tool to identify our added value in a formal, systematic manner. The tool is composed of three elements:




➤ **financial additionality:** STOA can contribute capital where other actors would not;

➤ **additionality in the mobilization of private capital:** STOA acts as a catalyst and contributes to projects’ appeal by unlocking private capital from other actors;

➤ **extrafinancial additionality:** STOA supports projects by improving their socioeconomic impact, ensuring a robust ESG risk management, implementing more rigorous ethics and compliance policies and/or creating a better project structure in the development phase.

This information produces an additionality score that is subsequently integrated into our decision-making process. Currently, all of our investments are additional and none has a low additionality score. Two of our investments have high additionality. 

Analytical framework for additionality

 FINANCIAL ADDITIONALITY Is STOA providing capital where other actors would not?	 ADDITIONALITY THROUGH THE MOBILIZATION OF THE PRIVATE SECTOR Is STOA mobilizing capital through private investors?	 EXTRAFINANCIAL ADDITIONALITY Is STOA involved in improving the project's extrafinancial quality?	
NO	NO	NO	LOW ADDITIONALITY
YES	NO	NO	MEDIUM ADDITIONALITY
YES	YES	NO	
NO	YES	YES	
NO	NO	YES	HIGH ADDITIONALITY
YES	YES	YES	

High governance standards

As a shareholder, STOA has created a set of tools that acts as a model of good governance. We are guided by respect for environmental, social and compliance issues, as well as by stakeholder interest.

However large its stake, STOA is an active partner that gets involved and weighs in on the strategic decisions made by the companies in which it invests. STOA sees itself as exemplary, pragmatic, agile: we are attentive and responsive to management teams, our co-shareholders and other stakeholders in supporting value creation, meeting tomorrow’s challenges and anticipating environmental, social and regulatory issues, guided by our investments’ best interests.


Agile, pragmatic governance

STOA representatives in our investees’ governance bodies work to align decisions made with its investment policies, climate commitments and risk management framework. STOA is thus equipped with legal governance tools to ensure the effectiveness and efficiency of its good governance standards. These standards are further realized through the systematic establishment of a compliance framework and/or a code of ethics and good conduct in each one of our investment projects, with the purpose of preventing the risk of conflicts of interest, corruption or money laundering.

This governance model has enabled us to adapt to the health crisis quickly. Interactions among management, non executive directors and shareholders were strengthened to support the structural decisions that occasionally had to be made in short time frames.

Evolving for impact

To support its ongoing growth, STOA will be equipped in 2021 with an asset management team dedicated to its investments. The team will be responsible for monitoring the performance of its assets on technical, operational, financial and extrafinancial terms, as well as for supporting companies’ management in researching and implementing means of optimizing performance and ensuring ongoing improvements to their processes. Further, it will use the diversity of the assets to draw helpful lessons across its portfolio.

The reflections we are currently undertaking about our purpose should ultimately reaffirm our priorities regarding impact, inherent climate benefit, resilience and additionality, as well as their cohesion with our articles of association. These priorities will include health and safety factors, diversity and social risk prevention, all issues which seem essential to us in creating balanced, sustainable development in the countries where we invest. Practically speaking, STOA is committed to achieving these objectives by allocating the necessary means during due-diligence and the investment decision process as well as during the monitoring phase of its investments. 



Marie-Laure Mazaud,
Deputy Chief Executive Officer



Laurence Marle,
Legal Head

“Our non executive directors are committed to their role and put their expertise and experience at the service of our investment projects. They work actively and diligently.”

Our highlights in 2020

KEY

- Institutional news
- Investment news
- Conferences, discussions and workshops

In 2020, STOA took steps to ensure that operations continued uninterrupted during the health crisis. Investment activity did not stop and four new deals were signed, marking STOA's début in Latin America.

JANUARY



First AFD operational seminar

The AFD group meets to build an integrated approach to its Latin America strategy. Marie-Laure Mazaud, Deputy Chief Executive Officer, presents STOA's vision concerning the major opportunities in the region.

FEBRUARY



Etix Everywhere exited

Etix Everywhere, a global data centre developer and operator, is sold, and bought by Vantage Capital. STOA had acquired its equity interest in the French company in 2019.

MARCH



Internal workshop on biodiversity (IFC PS6) with The Biodiversity Consultancy Ltd.

The Biodiversity Consultancy Ltd trained STOA's teams in biodiversity-related risk management, following the IFC PS6 standard as applied to infrastructure and energy projects. The goal: learn to identify and manage biodiversity risk right from the screening stage of projects.

JUNE



STOA invited to the "International inclusive and impact investment" conference

Invited by the conference organizers, Deputy Stéphanie Kerbarh and ESG consultant Affectio Mutandi, Matthew Saville, Managing Director of STOA, presents the conditions and criteria for financing impact investments alongside Philippe Zaouati, Managing Director of Mirova and Nicolas Hazard, Founder and Managing Director of INCO.

To learn more:
bit.ly/conference-inclusive-impact-investment

OCTOBER



VSM 3: first investment in Latin America

STOA acquires a 33% stake in Ventos Serra do Mel III (VSM3), with a 152-megawatt capacity. This wind farm located in Brazil is its first investment in South America (see pages 24-25).

NOVEMBER



New fundraising round for MetroFibre Networkx

STOA participates in the new fundraising effort by MetroFibre Networkx, a South African operator specializing in fibre networks. STOA acquired an initial strategic stake in the company in March 2019 (see page 30).

NOVEMBER



STOA, winner in the SWEN ESG Best Practices Honours

STOA receives first prize award in the "Infrastructure" category of the ESG Best Practices Honours by SWEN Capital Partners.

To learn more:
bit.ly/ESG-Best-Practices-Honours

DECEMBER



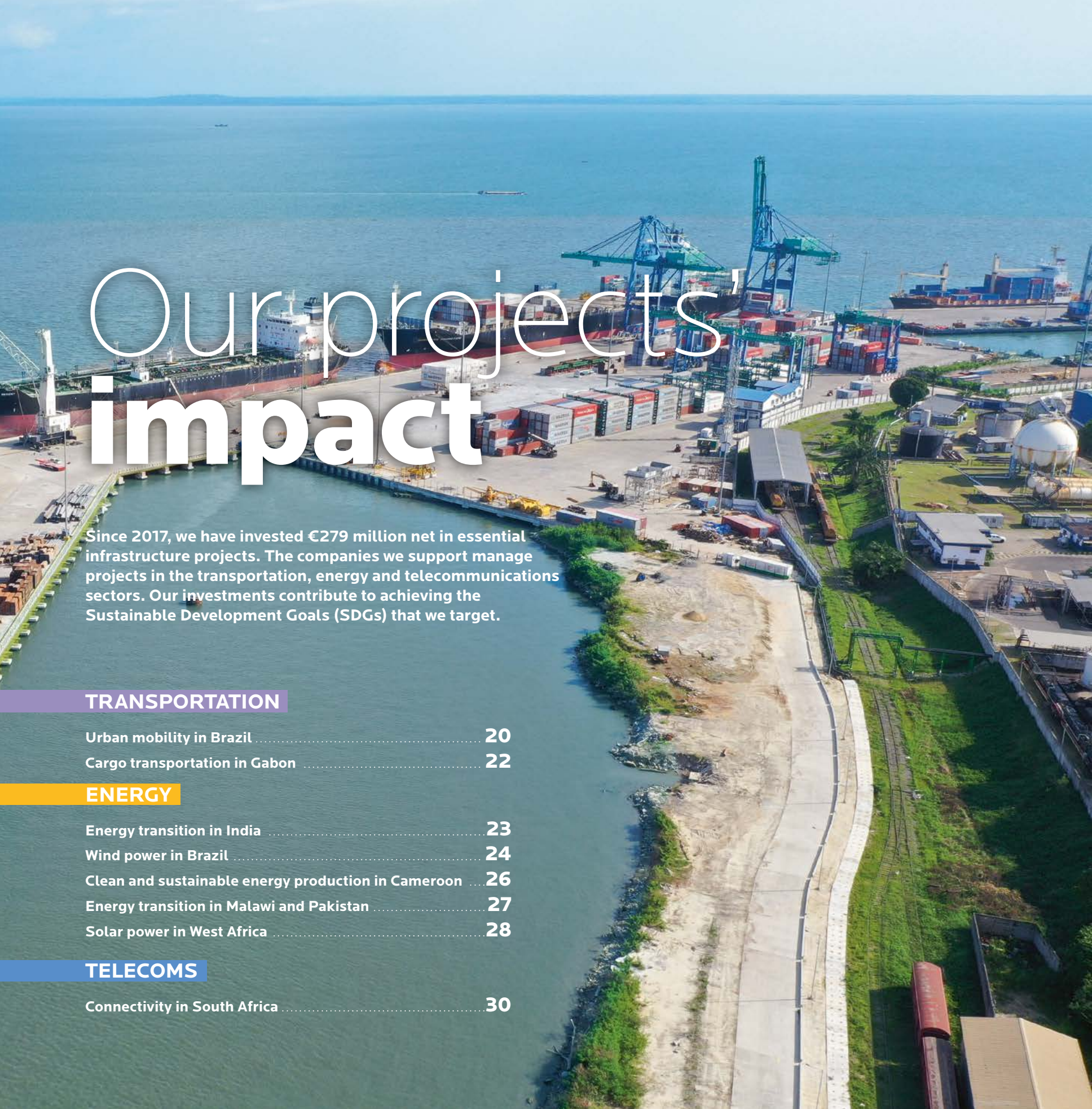
A pioneering investment in the São Paulo metro

STOA becomes the first independent financial investor in the São Paulo metro Line 6, consolidating its new presence in Latin America (see pages 20-21).



First investment in solar energy in Africa

STOA takes part in the 38 million-dollar fundraising effort by Daystar Power, one of West Africa's providers of hybrid solar energy solutions (see pages 28-29).



Our projects' impact

Since 2017, we have invested €279 million net in essential infrastructure projects. The companies we support manage projects in the transportation, energy and telecommunications sectors. Our investments contribute to achieving the Sustainable Development Goals (SDGs) that we target.

TRANSPORTATION

Urban mobility in Brazil	20
Cargo transportation in Gabon	22

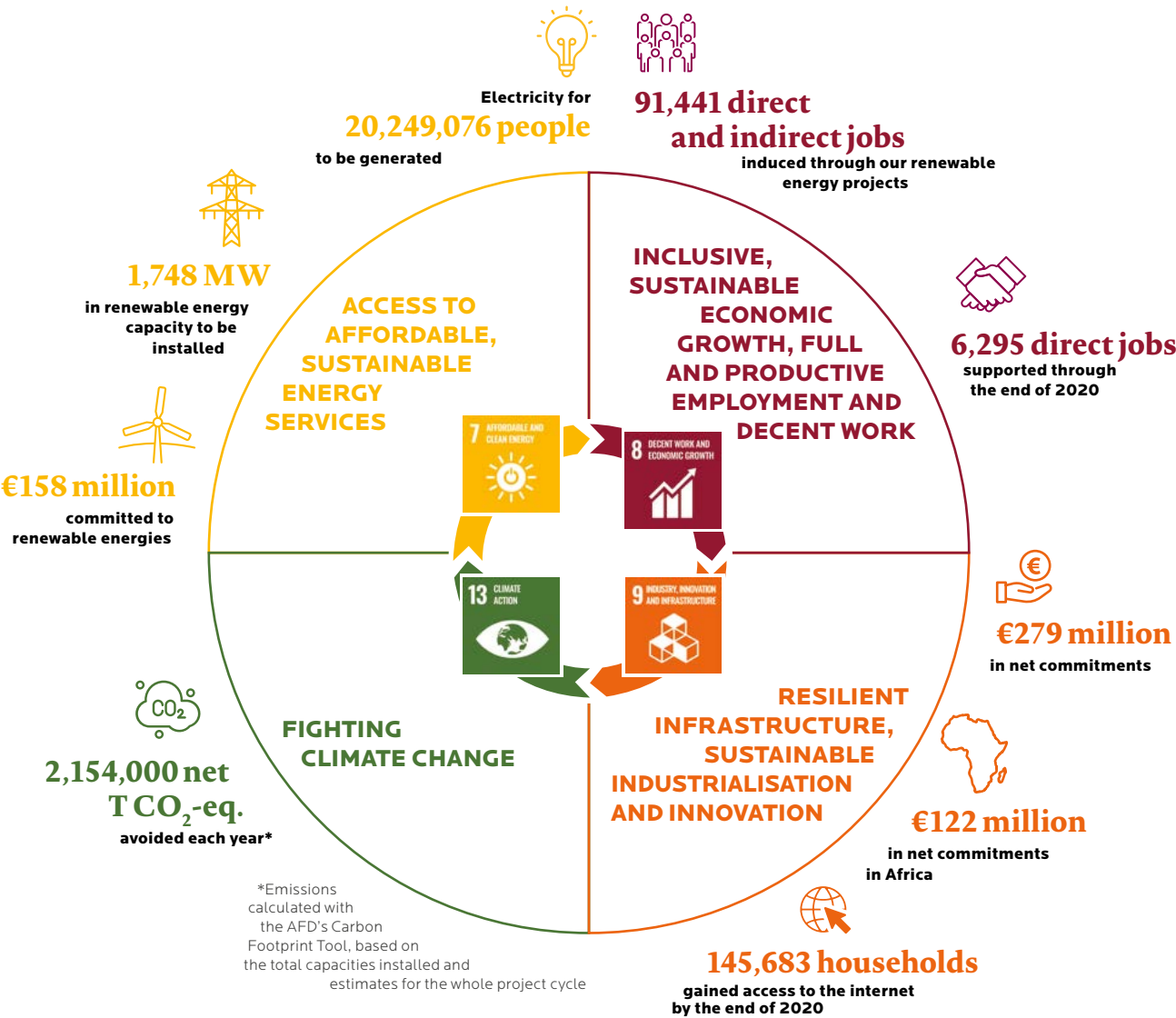
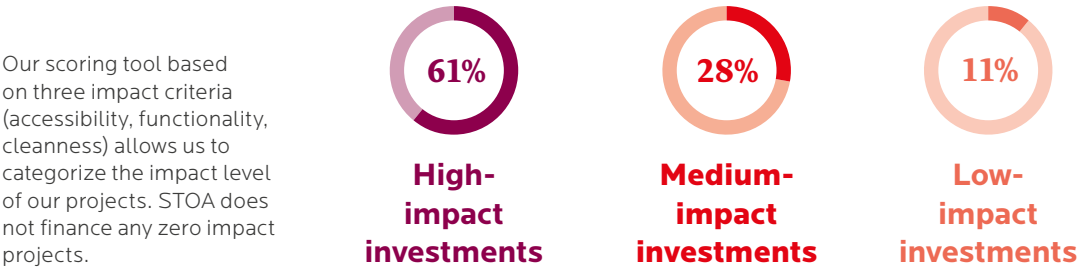
ENERGY

Energy transition in India	23
Wind power in Brazil	24
Clean and sustainable energy production in Cameroon	26
Energy transition in Malawi and Pakistan	27
Solar power in West Africa	28

TELECOMS

Connectivity in South Africa	30
------------------------------------	----

Categorization of our investments by type of impact (% of net commitments)



Developing sustainable urban mobility in Brazil

TRANSPORTATION In 2020, STOA became a shareholder in the concession company for the **São Paulo Metro Line 6**. In doing so, STOA enhances its presence in Latin America and develops its activity in the public transportation sector.

In 2020, STOA bought a 12.3% stake in the São Paulo Metro Line 6 project, acquired in October 2020 by Acciona, a Spanish infrastructure developer and operator. This investment makes STOA the first financial investor to take a stake in the concession company (Concessionaria Linha Universidade SA).

Encouraging sustainable mobility in Brazil

Scheduled to be launched in 2025, the São Paulo Metro Line 6 is currently the biggest public-private partnership (PPP) infrastructure project in Latin America. A 24-year concession was signed with the State of São Paulo for the design, financing, construction and operation/maintenance of the metro line: its budget is estimated at 2.3 billion euros (15 billion reais). Construction is being led by the Acciona group, while the rolling stock will be provided by Alstom. STOA is contributing with its know-how in structuring PPPs to help the concession company obtain long-term financing.

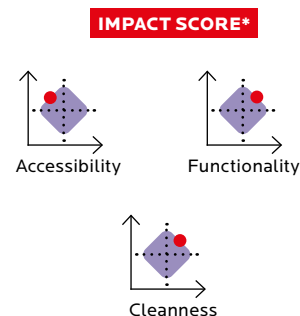
“The PPP between the State of São Paulo and the concession company guarantees the economic viability of the project, public financial resources through grants from the State of São Paulo and recourse to the BNDES through the creation of long-term financing.”

Michel Boccaccio,
Brazil president and Latin America vice-president, Alstom

Once in service, Line 6 will transport 600,000 passengers per day. It will include 15 underground stations, spread over 15.3 kilometers between São Paulo's centre and the northwest part of the city, and it will serve five of São Paulo's main universities. The project aims to reduce residents' transit time, road traffic on particularly congested routes, and, more generally, the carbon footprint of São Paulo's transportation sector.

A pioneering investor

STOA's additionality is being realized through the incorporation of a targeted E&S action plan (to align the project with IFC standards), active participation in discussions with potential lenders (to secure long-term financing for the project), as well as in collaboration with Acciona in mobilizing private sector investors to complete the funding round. 



*An explanation of how to read our impact score can be found on page 13.



9,000 jobs
created in the construction phase and **1000** in the operational phase



600,000 passengers
per day with a rush hour capacity of **30,000**



Line 6 is part of a sustainable urban development project that will avoid 140,000 T CO₂-eq per year.

INTERVIEW

“STOA and Acciona are prioritizing ESG criteria and sustainability”



Diego Marin Garcia,
Chief Executive Officer of Acciona Concesiones

What makes this project such an achievement for Acciona in the transportation sector in Latin America?

Currently, Line 6 is the biggest green transportation infrastructure project in Latin America, and the biggest project we've done on the continent! From a financial point of view, this project could be a game-changer for the infrastructure market in Brazil: we're aiming to achieve long-term, non-recourse financing, with the support of the National Development Bank (BNDES).

What E&S actions will be key for the investment's success?


IFC standards are an exceptional framework for putting our environmental and social sustainability principles into practice. We're focusing on empowering women, social and entrepreneurial innovation, professional capacity-building and developing intermodality with Line 6 through electrical mobility services.

Why did Acciona join forces with STOA for this project?

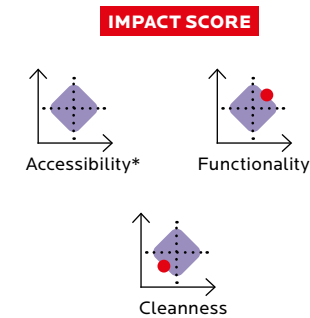
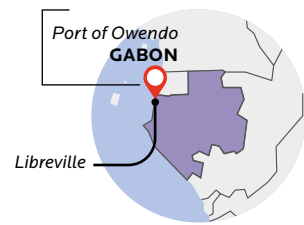
There are two reasons why STOA is the right partner for this flagship project. Firstly, STOA and Acciona both prioritize ESG criteria and sustainability. Secondly, STOA is one of the rare infrastructure funds to specialize in green deals.

What does STOA bring to the project?

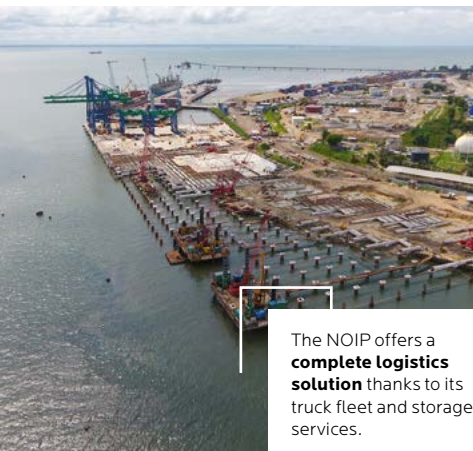
As a financial investor, STOA is useful in advising the concession company and its Board of Directors on its strategic decisions. It's also helping to secure long-term non-recourse financing

with key players, including during the construction phase, which is vital to the project's success. Thanks to its understanding of Brazil and other emerging and developing countries, STOA brings best practices to the table and adds value to the project. 

“This project is a game-changer for Brazilian infrastructure.”



*The accessibility criteria does not apply to this project because the port transports raw materials and goods rather than people. Functionality is the key criteria in this case.



The NOIP offers a **complete logistics solution** thanks to its truck fleet and storage services.

Facilitating **cargo transportation** in Gabon

TRANSPORTATION Since 2019, STOA has been a shareholder in the **New Owendo International Port (NOIP)**, which operates the bulk terminal. This major piece of infrastructure is helping to diversify Gabon's economy.

STOA acquired a stake in the company that operates NOIP in November 2019, alongside such leading shareholders as Arise Ports & Logistics and Gabon's Caisse des dépôts et consignations.

Sustained activity, despite the crisis

Focused primarily on exporting manufactured products, NOIP supports Gabon's national effort to diversify its economy beyond the oil industry. Despite the pandemic, the port was able to maintain exemplary service for its clients and ensure optimal functioning for transporting goods into and out of Gabon.

“In 2020, NOIP remained an essential piece of infrastructure for the Gabonese economy. STOA is capitalizing on its role as an impact fund alongside new shareholders who are known for their experience in the port sector.”

Charles-Henri Malécot,
Chief Executive Officer, STOA.

Heightened attention to risks

Risk management related to workplace health and safety was particularly intensive this year.

Through its presence on the accounting and risks committee, STOA requested the implementation of a road traffic safety management system based on ISO standard 39001.

Managing risks related to road traffic will be prioritized in 2021, with a focus on the company's organisational structure and its travels, the choice and outfitting of vehicles, drivers' skills and adaptation to the environment.

Responding to COVID-19

NOIP updated its health protocols to limit infections on site. A COVID task force organized testing campaigns and NOIP participated in the national campaign to distribute masks and hand sanitizers.



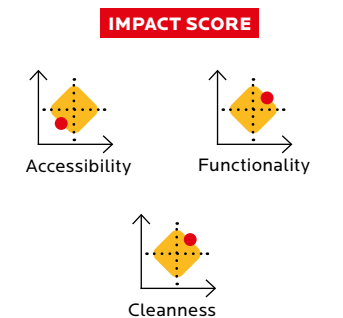
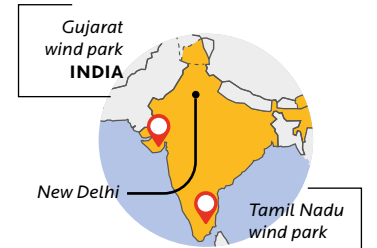
464 direct jobs

created in 2020 and 2,234 direct and indirect jobs supported over the project cycle (according to models)



643,000 MT of cargo transported in 2020 and 3 million cargo units processed at the port (TEU) over the project cycle

Accelerating the **energy transition** in India



ENERGY Since July 2018, STOA and the French company **Engie** have been building a wind platform in India. While India mostly burns coal to meet its energy needs, the Calabria platform is helping the country meet its climate commitments.

Developed as part of a 50/50 joint venture by the two entities, the platform hosts onshore projects carried out through regional and national bids.

Increasing India's energy independence

Three projects have won tenders for a combined installed capacity of 280 megawatts. By the end of 2020, nearly 175 megawatts had been installed, including 30 megawatts in Gujarat and 145 megawatts in the State of Tamil Nadu. With an eventual 500 megawatts to be established, STOA's participation will help reduce the average price of electricity in India and bolster India's energy independence, an essential intervention at a time of high energy demand.

Monitoring ESG risk management in 2020

ESG risk management was bolstered in 2020 to deal with the pandemic, systematize risk management and limit infections. Measures taken included workshops, distribution of masks and disinfectants, and monitoring the temperatures of employees and sub-contractors. Workplace safety was improved. Engie named Engie India's Health, Safety and Environment team no less than best Business Unit in Middle East, Central and South Asia, Turkey and Africa for its 2019 results. Finally, in compliance with the E&S action plan, bird deflectors were installed to prevent collisions with the conductor and the low-voltage line.



The Calabria platform will eventually produce clean energy for 1.6 million people.



100 MW brought on line in 2020



375 direct jobs created in 2020 and 26,500 direct and indirect jobs supported over the project cycle (according to models)

Responding to COVID-19

The COVID-19 pandemic struck India during the dry season, when erecting and connecting turbines is easiest. Despite these challenging circumstances, the operational teams successfully stuck to a brisk construction schedule.

Supporting **wind power** in Brazil

ENERGY In 2020, STOA acquired a stake in the **Ventos Serra do Mell III wind farm (VSM 3)**. This facility is helping to propel the country's low-carbon transition, and will provide clean energy to 300,000 Brazilians.

In October 2020, STOA acquired a 33% stake in the Ventos Serra do Mel III (VSM 3), a 152 megawatt wind farm built by Voltaia that is located in the State of Rio Grande do Norte within the Serra Branca, one of the biggest hybrid wind and solar complexes in the world. The sunlight and wind conditions there are particularly favourable and make synergy between solar and wind projects possible.

With this project, STOA has officialized its first investment in Latin America while reaffirming its core mission: establishing long-term partnerships in strategic sectors and supporting projects with positive impacts on communities, the climate and economic development. It is making its additionality felt by making long-term funds available to the project, as well as by improving the project's ESG performance through the application of the IFC standards.

Significant co-benefits

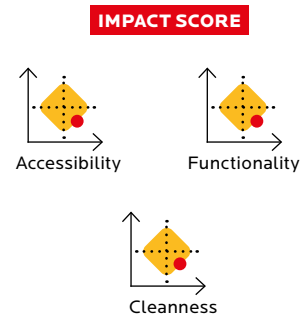
The State of Rio Grande do Norte's environmental conditions are highly attractive and the proliferation of renewable energy projects in the region gives companies the opportunity to benefit from synergy among them. Once in operation, VSM 3 should

produce somewhere around 800 gigawatt hours annually, the equivalent of the annual consumption of 300,000 residents. The advantages for the climate are significant as well: the equivalent of 90,000 tons of CO₂ are avoided each year.

Brazil's energy transition

Currently under construction, VSM 3 will open for operation during the second trimester of 2021. This project is initiating a long-term partnership that aims to support the country's energy transition and Voltaia's goal of developing a number of competitive energy projects in Brazil.

VSM 3 enjoys a 20-year electricity sales contract with CEMIG, a Brazilian public electricity company. Rich in inherent climate benefits, this project will contribute to diversifying Brazil's low-carbon electricity sources over a period of more than 25 years. □



978 direct jobs
created in 2020



90,000 T CO₂-eq.
avoided yearly*

*modelled ex ante using AFD's Carbon Footprint Tool



The VSM 3 wind farm benefits from strong synergies among the energy actors working in the region.

INTERVIEW

“Making long-term investments for the environment and local populations”

Robert Klein,
Chief Executive Officer of Voltaia in Brazil

What makes wind energy in Brazil so attractive, and how has Voltaia created space for itself in this dynamic market over the last ten years?

It's not for nothing that the main makers of wind turbines and energy companies are present in the country. Brazil possesses very good wind resources spread out over its huge territory. The projects benefit from exceptional winds, steady throughout the year, stable and blowing in the same direction. What's more, the regulatory framework is favourable as well: the project cycle from development to operation is about 5 to 7 years, as opposed to 10 years elsewhere. That makes the electrical energy derived from Brazilian wind farms among the most competitive in the world.

How do you ensure that local populations are willing to collaborate on the projects?

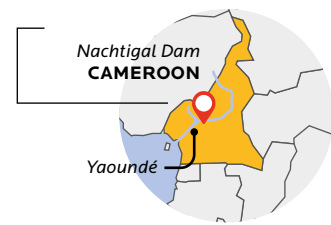
The conflicts we encounter are minimal and easily resolved. That's because we're active among local

populations from the development phase onward. We undertake a diagnostic study as early in the process as possible to ensure that our projects meet the population's needs. To date, across 50 projects, we've spent over 2.5 million euros in different ways to support local populations (education, culture, health, environment, drinking water, irrigation...).

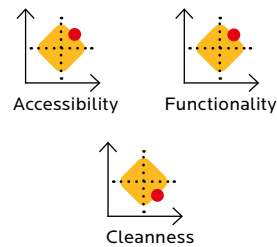
Why request STOA's support for the construction of the VSM 3 project?

We're growing very quickly in Brazil, and to accomplish even more, we're forging relationships with partners whose vision and mission are close to ours. Our commitment to making long-term investments that benefit the environment and local populations are values that we share with STOA. It was clear from the moment STOA was founded that we would make good partners: and with the VSM 3 project that's become a reality. □

“ We undertake a diagnostic study as early in the process as possible to ensure that our projects meet the population's needs.”



IMPACT SCORE



The Nachtigal Hydroelectric Dam will supply electricity to more than 10 million people in Cameroon.

Increasing **clean and sustainable energy production** in Cameroon

ENERGY Supported by STOA since 2018, the dam project led by the **Nachtigal Hydro Power Company** aims to develop Cameroon's tremendous hydroelectric potential.

Since 2018, STOA has held a 10% stake in the Cameroonian project company Nachtigal Hydro Power Company (NHPC). Eventually, the hydroelectric dam under construction will have a capacity of 420 megawatts, enough to meet the electricity needs of 10.4 million inhabitants with clean energy.

Uninterrupted construction despite the pandemic

Scheduled to begin operation in 2023, Nachtigal will be the largest dam developed in Africa through project financing. Despite the COVID-19 pandemic, construction continued on the dam, and key construction milestones were reached.

“NHPC's robust HSE management system safeguarded the health of employees and subcontractors.”

Virginie Vitiello,
Head of Environment
and Social

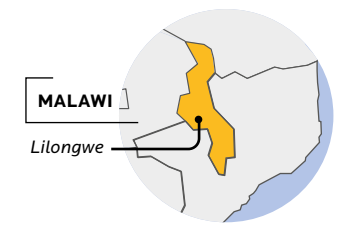
Exemplary performance and E&S risk management

Monitoring of the E&S action plan is being overseen by an expert on lenders' behalf, and risks are being managed through specific action plans.

In December 2020, the Cameroonian government renewed its declaration of the project's compliance with environmental obligations. The Nachtigal project is exemplary in health and safety terms, with

the lowest rates of frequency and seriousness of accidents. ▣

Initiating **energy transitions** in Malawi and Pakistan



ENERGY Supported by STOA since 2019, the company **JCM Power** develops and operates projects that produce electricity through renewable energy in emerging and developing countries.

In December 2019, STOA acquired a 20-million-dollar share in JCM Power during its third fundraising round. Our additionality is “high” because it is financial, facilitates the mobilization of private capital, and is extrafinancial as well (see page 14).

Projects on three continents

The independent Canadian electricity producer specializes in developing and operating renewable energy projects in Africa, South Asia and Latin America. Construction on a solar project with a total capacity of 60 megawatts is wrapping up in East Africa, and two wind projects are now operational in Pakistan, for a total capacity

of 100 megawatts. Thus, from now until late 2021, 180 megawatts will be operational and several projects totalling nearly 150 megawatts will move toward an advanced phase of development during the year.

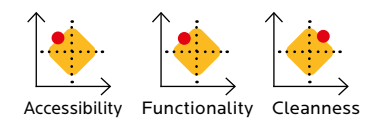
Strong commitment to ESG issues

Beyond auditing its own management system, STOA supported JCM Power in establishing an ambitious E&S action plan, with an emphasis on risks linked to gender-based violence. STOA's presence and regular participation on the relevant committees ensure rigorous monitoring of its implementation and E&S risk management. ▣

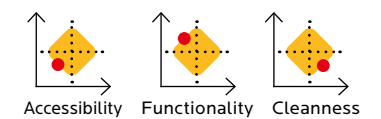
“JCM Power has what it takes to support renewable capacity-building in emerging countries while respecting E&S standards.”

André Mounif,
STOA
Director for Africa

MALAWI IMPACT SCORE



PAKISTAN IMPACT SCORE



In 2020, 380 direct jobs were created through JCM Power projects supported by STOA.



2,412 direct jobs created in 2020



845,000 T CO₂-eq avoided each year*

*modelled ex ante using AFD's Carbon Footprint Tool

Responding to COVID-19

The pandemic's impact on the project was limited, especially in financial terms. Support for the various subcontractor companies was organized from the very beginning of the crisis.

Responding to COVID-19

Since the beginning of the pandemic, JCM Power established measures designed to protect employees and comply with local regulations in its areas of operation.

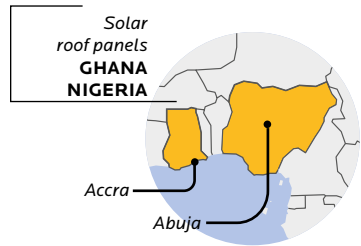


500 MW capacity to be reached

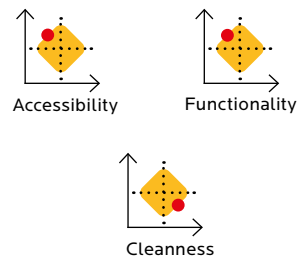


436,000 T CO₂-eq. to be avoided

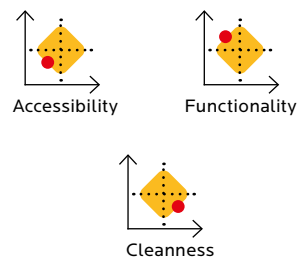
Developing solar power in West Africa



NIGERIA IMPACT SCORE



GHANA IMPACT SCORE



ENERGY In 2020, STOA invested in **Daystar Power**, a company that provides hybrid solar energy solutions in West Africa and is growing by leaps and bounds. This investment enables the company to develop and expand its decarbonized energy offerings for the commercial sector.

In 2020, STOA took part in a 38 million dollar fundraising round for Daystar Power Energy Solutions alongside the Danish Investment Fund for Developing Countries (IFU), Proparco and Morgan Stanley. Daystar Power is one of the main providers of clean solar-powered electricity to the commercial sector in West Africa.

Supporting the growth of an innovative company

By combining solar power plants, batteries and thermal generators, the West African company is giving its clients access to greener, more reliable and less expensive electricity than they can obtain through the national grid. Currently, the projects operating in Nigeria and Ghana consist of 200 systems. Daystar Power anticipates expanding its

activity to Côte d'Ivoire, Togo and Senegal and meeting demand by increasing its capacity to more than 100 megawatts. As part of this investment round, the operator has also committed to developing its digital capacity and strengthening its teams to ensure it provides quality service.

More than just a financial partnership

Represented on the company's Board of Directors and Investment Committee, STOA is contributing its expertise in financial structuring and operational asset management. In addition, STOA is supporting Daystar Power in implementing an environmental and social management system and is monitoring compliance with good practices in risks associated with workplace health and safety.

The additionality of STOA's investment in this project, which meets the "medium" criteria for additionality, has taken shape through improvements in ESG performance through the application of IFC standards and the mobilization of additional private capital.

176 MW
generated by 2030,
the equivalent of clean
energy for 1.8 million
people

60,000 T
CO₂-eq
avoided each
year*
*modelled ex ante using AFD's
Carbon Footprint Too



200 solar roof systems have already been installed by Daystar Power in West Africa.

INTERVIEW

"E&S risk management is one of our top priorities"

Christian Wessels,
Chief Executive Officer of Daystar Power Energy Solutions

How is the development of C&I solar energy contributing to growth for African countries?

Current costs for high-power energy are slowing economic development in Africa: in West Africa, they amount to somewhere between 0.17 to 0.29 dollar per kilowatt-hour, as opposed to 0.05

to 0.09 dollar per kilowatt-hour in Europe and North America. C&I solar solutions help reduce energy costs, automatically

increasing companies' profitability. Daystar Power wants to become the leader in C&I solar solutions in the West African market. In addition, 100 jobs have been created and we have launched Project-She, the first postgraduate program in solar engineering exclusively for women. The goal is to support women in finding jobs in the industry. We want to help reduce unemployment and inequalities.

How do you assess your projects' E&S risks and positive impacts?

E&S risk management is one of our top priorities and one of the pillars of our business. Each time we design a system, we start by working to reduce noise and CO₂ emissions: solar energy that's been generated

and stored comes first, then comes energy from the national grid (if available) and, finally, as a last resort, we use a soundproofed diesel generator.

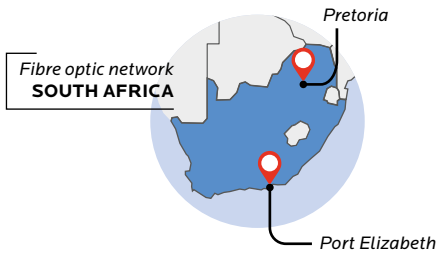
There's still room for innovation in this market. We're currently exploring how to incorporate

more powerful, less expensive storage solutions. We're also working on unlocking the potential of green hydrogen.

"STOA provides deep experience with emerging markets."

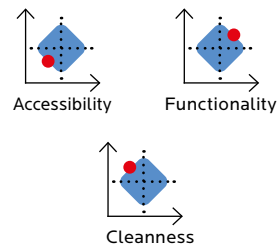
How do you hope to benefit from STOA?

Beyond its initial investment, STOA has supported our growth proactively, helping us forge relationships with strategic actors in sub-Saharan Africa. In addition, it provides deep experience in infrastructure and energy investments in emerging markets. Finally, it helped with the redefinition of our investments strategy and its contributions are invaluable for our expansion in Africa.



Improving connectivity in South Africa

IMPACT SCORE



TELECOM Supported by STOA since 2019, the company **MetroFibre Networkx** builds and operates fibre optic networks that facilitate high-speed internet access. With this investment, STOA joins the fight against the digital divide.

In March 2019, STOA acquired a strategic stake of 23% in the South African internet provider MetroFibre Networkx (MFN). In November 2020, it took part in the provider's capital increase to support its three-year investment plan.

An expansion that advances national development

By contributing to the fight against the digital divide, the company is meeting STOA's expectations in terms of impact. In a country where strong inequalities persist, supporting a digital actor that is committed to Black Economic Empowerment and gender equality, among others, is also a way to reduce

the social divide. Throughout the year, STOA encouraged the launch of local initiatives on behalf of vulnerable populations.

More than financial added value

In 2020, the diligence of STOA's representatives in governance bodies ensured rigorous ESG monitoring. In this way, our fund is contributing to structuring the E&S management system: our additionality is "high" because it is financial, helps mobilize private capital and is also extrafinancial (see page 14). [\[1\]](#)

“The pandemic vividly illustrated the importance of the digital transition.”

Marie-Laure Mazaud,
Deputy Chief Executive
Officer, STOA



982 direct jobs created, including 38% for women



145,683 households

linked to the network as of the end of December 2020

Responding to COVID-19

At the beginning of the pandemic, an action plan was implemented by a special task force. Several strict measures were adopted: acquiring health safety equipment, ensuring uninterrupted progress, supporting remote work and flexible communication, among others.

Our commitments to society

In 2020, despite reduced activity due to the COVID-19 crisis, STOA's commitment to sustainable development held firm. This is reflected in concrete actions at all levels.

Promoting inclusion through responsible purchasing

We maintain a policy of responsible purchasing: wherever possible, we support social inclusion enterprises. For our working lunches, we contract the solidarity caterer “Un monde gourmand”, which has provided permanent employment for the unemployed since 2005. In 2020, we called on their services 16 times.

Protecting the environment through waste management

We similarly take action for environmental preservation. Since 2019, waste sorting has been carried out in our offices by Les Joyeux Recycleurs, an organization that additionally supports inclusive employment through its partnership with Ares Atelier. We sort plastic, cardboard, ink cartridges and coffee grounds: 272 kilograms of waste were sorted by our team in 2020.

Carbon offset projects

Committed to low-carbon development in emerging and developing countries, we also subject our own activities to the same

considerations. For the third consecutive year, we offset CO₂ emissions incurred by work travel: we finance carbon offset projects with the Gold Standard certification. In 2020, our internal carbon load, including plane and train travel, amounted to the equivalent of 160 tons of CO₂. Thanks to the certified credits and the support of EcoAct, we were able to continue our support for “Clean Water Ethiopia”, a project to refurbish sanitation systems in Ethiopia.

Formalizing our CSR policy

In 2021, we began a comprehensive reflection on our social responsibility that is anchored in our purpose. The project aims to lend more resonance to our mission and to increase our potential for creating value. We will tell you more about this project in our next Impact Report. [\[2\]](#)



To offset its carbon emissions, STOA continued to support the refurbishment of sanitation systems in Ethiopia in 2020.

INTERVIEW

“We are pleased with STOA’s agility, dedication and dynamism”



Olivier Sichel,
Deputy Chief
Executive Officer
of CDC

STOA's creation in 2017 was part of the acceleration in collaboration of Caisse des dépôts et consignations (CDC) and Agence française de développement (AFD). It comprised a major element of the cooperation between the two institutions, in terms of the resources devoted to it—a target funding level of 600 million euros for STOA. At the halfway point, the two shareholders reflect on the work that's been done so far.

What was behind the decision to create a joint subsidiary shared between your two institutions to finance infrastructure in emerging and developing countries?

Olivier Sichel At the time, market studies and feedback from French operators in these countries concluded that specific needs existed for infrastructure financing. There was room, then, for an actor that could provide longer than average capital investments or investments made earlier on in project cycles.

Rémy Rioux France wasn't equipped with a tool through which significant capital investments in infrastructure could be made in these countries and that could support French industry, particularly in the energy and transportation sectors. Diagnostics also resonated with our shared desire to forge a strategic alliance. STOA embodied this alliance naturally by combining our two areas of expertise—CDC's experience as an equity investor on the one hand and AFD's technical and international know-how on the other.

What mandate did you give STOA?

R. R. It's an ambitious, distinctive mandate which includes several key markers—prioritizing Africa, climate impact, holding assets over the long term, ability to play a structuring role early on in projects.

O. S. Exactly. We wanted STOA to focus its efforts on greenfield projects, as an active, long-term minority investor. The priorities we set concern projects which for the most part have inherent climate benefits and involve supporting French actors.

Three years on, have these objectives been achieved?

O. S. After three years of intense activity, STOA has demonstrated the usefulness of an equity investment vehicle oriented toward the long term, in the area of essential infrastructure. The fund has succeeded in creating an investment portfolio in the order of 300 million euros, three-quarters of which include inherent climate benefits and two-thirds of which are supporting French interests. In these two areas, we wish to go even farther. The pipeline, amounting to

about 400 million euros, remains substantial despite the pandemic, which illustrates the STOA teams' unerring involvement in these challenging circumstances.

In addition, STOA does excellent work on ESG issues and has even been awarded for the quality of its work in this area (*see page 17*). It's a nice token of recognition for this young organization, which honours the energy it's devoted to this major theme.

R. R. From STOA's very beginning, we wanted an audit done to evaluate its performance at the half-way mark. This mission was entrusted to a pair of auditors from our respective institutions, and the summary, completed in Fall 2020, is positive. In quantitative terms, the sums invested match our predictions, which were ambitious. And qualitatively, the thematic and geographic priorities were generally respected. I would even say that STOA over-performed on climate impact.

In three years, STOA has committed over 300 million euros out of a capital of 600 million euros. The time to consider STOA's future will soon arrive. How do you see its future?

O. S. Based on the considerations above, an extension of the investment period, currently anticipated to last through 2023, seems entirely appropriate to us—we are pleased with the organization's agility, dedication and dynamism. The discretionary management model that's been implemented enables us, as shareholders, to maintain strict control over the direction of investments.

R. R. The assessment mission completed at the half-way mark also enabled us to formulate plans for STOA's future. It urges shareholders to stay the course after the initial investment period and formulated recommendations to strengthen the vehicle's relevance and efficiency. It seems opportune to continue pursuing STOA's sector-based investment

strategies, to improve the synergies between the AFD network and operators with the goal of improving project identification, and to expand the role of asset management.

The management and the Board of Directors have both taken ownership of this road map and it's already being implemented. It's the best guarantee for securing STOA's financial performance over time and ensuring sustainable development impacts in the long term. ▣



Rémy Rioux,
Chief Executive
Officer, AFD
Group

“An extension of STOA’s investment period, currently anticipated to last through 2023, seems entirely appropriate to us.”

“STOA embodied this alliance naturally by combining our two areas of expertise—CDC’s experience as an equity investor on the one hand and the AFD’s technical and international know-how on the other.”



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