

IMPACT REPORT

2023



STOA

INFRA & ENERGY

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Printed in France by L'Imprimerie Solidaire.

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“STOA has fully met its shareholders’ and stakeholders’ expectations”

By **Marie-Laure Mazaud**, Chief Executive Officer of STOA
and **Laurent Zylberg**, President of STOA’s Board of Directors



Marie-Laure Mazaud



Laurent Zylberg

2022 marked the fifth anniversary of STOA’s creation. It was an opportunity to draw up our first review: we have followed the trajectory and development objectives that were set for us in 2017 by the Caisse des Dépôts and Agence Française de Développement.


In terms of commitments in Africa (54% of our operations), as well as our impact projects (63%) and CO₂ avoided (more than three million tonnes of CO₂ equivalent per year by 2024), STOA has fully met the expectations of its shareholders and the stakeholders with whom it has developed its purpose. It encompasses three key commitments: to invest in (i) sustainable and resilient infrastructures in Africa, Latin America and Asia, (ii) for the benefit of future generations and (iii) through the provision of responsible support.

In 2022, two investments in renewable energies platforms have been committed in Africa. These successes reflect a trend which has been observed since 2021: we are concentrating our investments in smaller projects closer to the centres of consumption. For example, we joined with Proparco and Swedfund to inject an additional €80 million in capital into Serengeti Energy by (see page 14). We also led fundraising for candi solar

(see page 19). These two climate co-benefit projects will produce 240 megawatts of electricity by 2024, bringing access to energy to 523,000 people. At the same time, we sold our shares in Daystar (see page 16).

In 2022, we finally supplemented our Environmental and Social Risks (E&S) scheme with a biodiversity policy (see page 35). We also defined an ambitious strategy for resilience and adaptation to climate change, which we are implementing with determination and success (see page 24).

Buoyed by these promising developments, we can move forward with confidence, enthusiasm and energy. Our approach has shown to be relevant in the areas in which we operate, and has found its niche within the market. We have a solid, high-quality portfolio and have already signed two operations in 2023: one in the distributed energy sector to meet commercial and industrial needs in East Africa, and the other a first investment in the healthcare sector in Morocco. The increased presence of our teams on the ground contributes to this dynamic trend.

Let’s join forces to work for a sustainable and resilient future for generations to come in Africa, Latin America and Asia. 

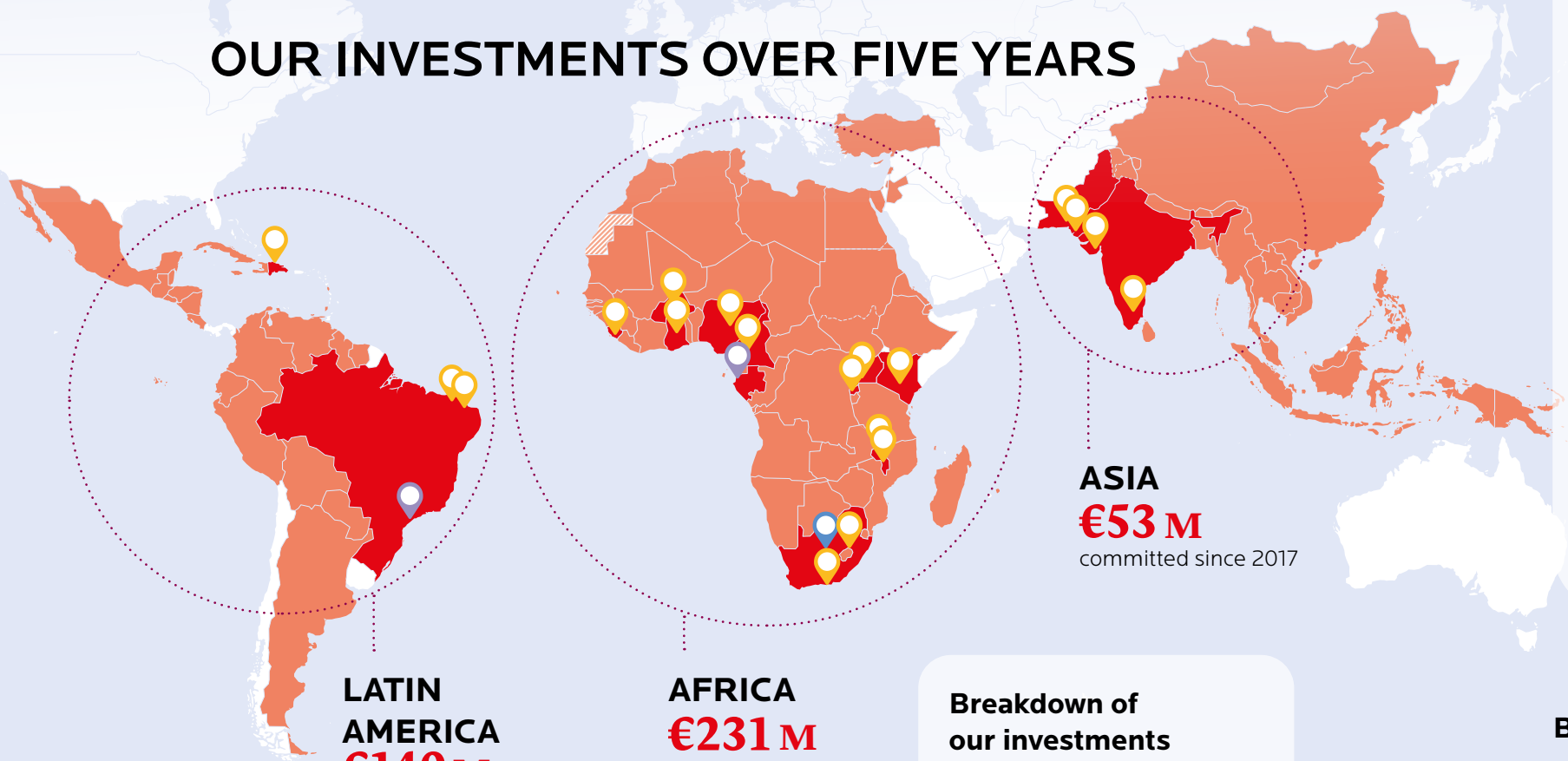
“The STOA approach has shown to be relevant in the areas in which we operate and has found its niche within the market.”

In 2022, the STOA team went to São Paulo, where work on **Line 6** of the metro is ongoing, following an investment at the end of 2020 (see pages 20 and 21).

€424 million committed since 2017

At the end of 2022, the STOA portfolio featured eleven investments – including four platforms – in Africa, Latin America and Asia. They help build and develop infrastructure in the energy, transport and telecommunication sectors, and they contribute to achieving the UN Sustainable Development Goals.

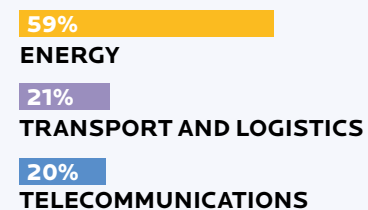
OUR INVESTMENTS OVER FIVE YEARS



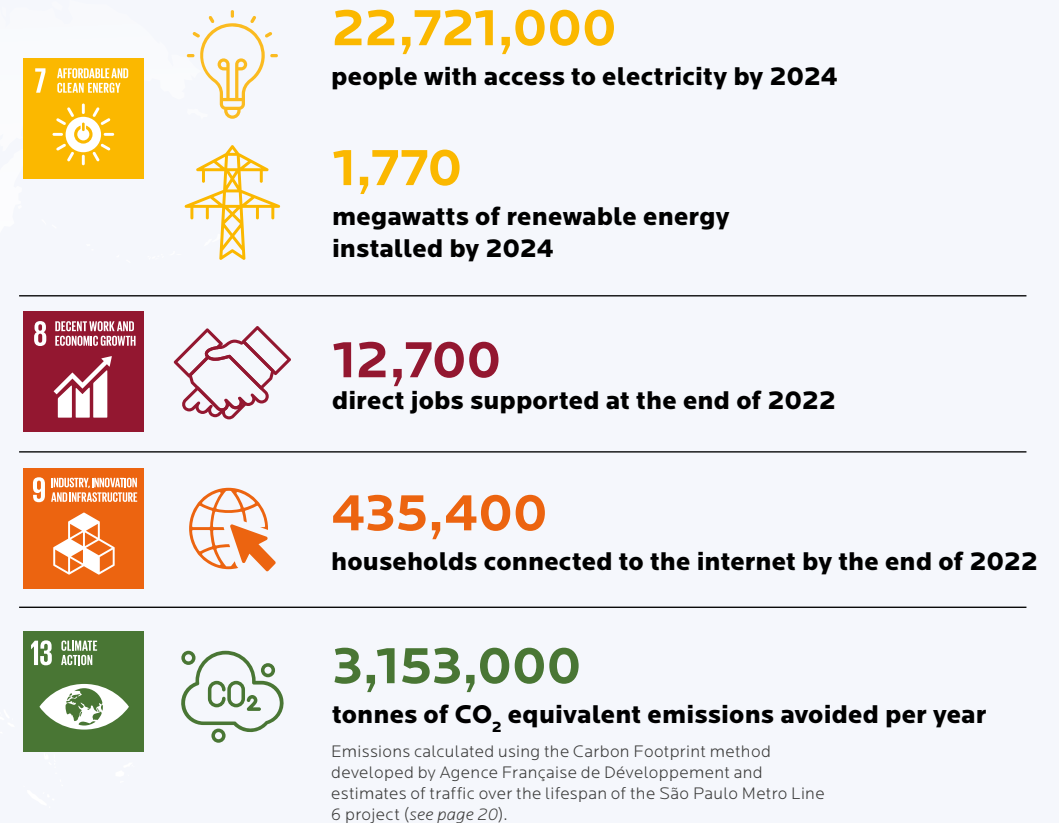
LEGEND

- Countries where STOA operates
- Projects in the portfolio
- Scope of STOA operations
- Energy
- Telecommunications
- Transport

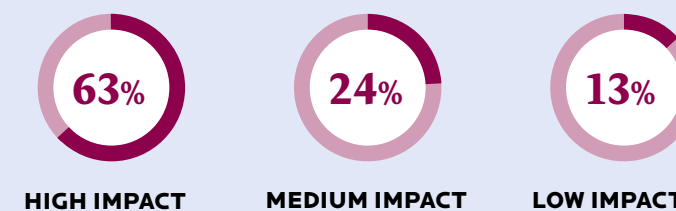
Breakdown of our investments by sector



OUR IMPACT INDICATORS



Breakdown of our investments by impact



Data based on our impact criteria (see page 24).



78%
of investments offer climate co-benefits

Our 2017–2022 highlights

For five years, STOA has funded sustainable, resilient infrastructures in emerging and developing markets. Over this time, we have strengthened our presence in Africa, Asia and Latin America, and have broadened our field of intervention to strategic sectors, including transport, telecommunications and distributed energy.

NOVEMBER 2017

stoa
INFRA & ENERGY

Creation of STOA

The Caisse des Dépôts and Agence Française de Développement (AFD) agreed to create STOA, an impact fund tasked with funding sustainable and resilient infrastructure in emerging and developing countries.

DECEMBER 2018



Investment in the Nachtigal dam

STOA invested in the construction of a hydroelectric dam in Cameroon. This large-scale project will help develop the country's electricity supply. It received the Project of the Year award 2019 from Project Finance International in the multilateral deal category (see pages 11 and 12).

MARCH 2019



First investment in telecommunications

STOA acquired a strategic share in MetroFibre Networkx, an operator specialising in the supply of open access fibre networks in South Africa (see pages 22 and 23).

APRIL 2019



STOA signs the IFC Principles

STOA was one of the first sixty investors to adopt the Operating Principles for Impact Management (OPIM) issued by the International Finance Corporation (IFC) during the spring 2019 meetings of the World Bank (see page 24).

NOVEMBER 2019



First investment in transport

STOA acquired a minority share in GSEZ Ports. The company is a leader in the logistics sector in Gabon and runs the new international port in Owendo.

DECEMBER 2019



New investment in renewable energy

STOA took a \$20 million equity share in the Canadian company JCM Power. This investment will support the development of renewable energies in Africa and Asia.

OCTOBER 2020



First investment in Latin America

STOA acquired 33% of Ventos Serra do Mel III (VSM 3). This Brazilian wind farm marked STOA's entry into the South American market (see page 13).

DECEMBER 2020



Investment in the São Paulo metro

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

NOVEMBER 2020



First investment in distributed solar energy in Africa

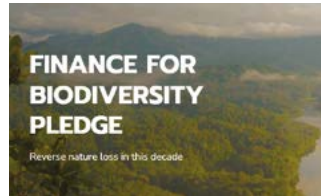
STOA participated in the \$38 million fundraising for Daystar Power, a provider of hybrid solar energy solutions in West Africa (see page 17).



STOA wins award at ESG Best Practices Honours

STOA was awarded first prize at the 7th edition of the ESG Best Practices Honours organised by SWEN Capital Partners, in the infrastructure category.

SEPTEMBER
2021



STOA signs the Finance for Biodiversity Pledge

This call from the financial sector aims to halt the loss of biodiversity through finance and investment activities. Seventy-five companies have signed the Pledge.

OCTOBER
2021



The first office opens in Nairobi

André Mounif, Regional Director for Africa, opened the STOA Africa office in Nairobi, Kenya, to increase our presence in East Africa and build new partnerships in the region.



Creation of a platform for renewables in Africa

STOA created the Make It Happen in Africa platform, with Qair Group. The Zano solar power plant in Burkina Faso was the first project to be selected.

APRIL
2022



STOA defines its purpose

After three years of growth, STOA defined its purpose as an additional impact fund: "Financing and supporting the development of sustainable and resilient infrastructure for future generations in Africa, Latin America and Asia." This group reflection will guide our investments and our future work.



Wind power in the Dominican Republic

STOA invested in the Los Guzmancito wind farm. With a capacity of 100 megawatts, this infrastructure will contribute to our objective of mitigating climate change (see page 12).



A new solar energy project with Voltalia

STOA acquired 33% of the Solar Serra do Mel solar power plant in Brazil. The plant has a capacity of 240 megawatts and is located in the state of Rio Grande do Norte, in the north-east of the country (see page 13).

JUNE
2022



Investment in the Serengeti Energy platform in Africa

STOA signed a \$35 million investment in Serengeti Energy, an independent electricity producer operating in sub-Saharan Africa and specialising in small-scale hydroelectric projects (see pages 14 and 15).

SEPTEMBER
2022



Investment in candi solar

STOA was the lead investor in a funding round by candi solar, a company that provides electricity to commercial and industrial customers in India and South Africa (see pages 18 and 19).



Partnership with the AEFÉ

STOA and the Agency for French Education Abroad (AEFE) signed a partnership agreement to promote French education abroad.

DECEMBER
2022



STOA signs the Moving Together on Nature declaration

STOA took this step with a view to the COP15 Biodiversity conference in Montreal. The signatories are actors in the finance sector who agree to contribute to protecting and restoring biodiversity.



First meeting of the Purpose Monitoring Committee

Constituted of experts from multiple sectors, this committee evaluates STOA's activity in relation to the principles and commitments defined in its purpose (see pages 26 and 27).



IN THE LAST FIVE YEARS...



11

countries covered:
Brazil, Burkina Faso,
Cameroon, Dominican
Republic, Kenya, Malawi,
Pakistan, Rwanda, Sierra
Leone, South Africa and
Uganda



2,650,000
tonnes
CO₂-equivalent
emissions avoided
per year*

* Modelled *ex ante*
according to AFD's Carbon
Footprint method.



8
projects
financed*

* Excluding projects in the
distributed energy sector sourced
from renewable energy.



3,400
direct jobs
supported by the end
of 2022

Supporting the production of and access to **renewable energies**

In developing countries, energy transitions must combine the objectives of universal access and low carbon transition. Consequently, STOA is investing in projects which aim to improve access to efficient, resilient and decarbonised energy services. It is thus encouraging countries to move towards low carbon trajectories.



Investment from STOA in **Poseidón Energía Renovable** will contribute to doubling the capacity of the Los Guzmancito wind farm (see page 12).

Through its investments in the renewable energies sector, STOA aims to give 20 million people access to electricity by 2024. Supporting the development of renewable energies is a major way of promoting countries' development and of encouraging their transition to low carbon, while contributing towards achieving SDGs 7, 9 and 13. In line with STOA's mandate and purpose, when examining projects in this sector we strive to achieve the objectives of 50% of climate co-benefit projects, and 50% of projects in Africa, where energy needs are colossal. These projects also contribute to achieving STOA's objective of funding 1,500 megawatts of renewable

energy by 2024.

The skills we have at STOA enable us to analyse all types of renewable energy production projects, including solar photovoltaic, wind, geothermal, biomass and hydroelectric. To electrify Africa, large-scale projects such as the Nachtigal dam (see below) need to be funded. However, the continent has a limited number of projects of this scale. The development of major hydroelectric projects is a long and complex process and few sites offer a limited environmental and social impact. Moreover, major wind and solar projects are often incompatible with networks, which do not cope well with intermittent supplies, and land control, required due to the large surface areas such projects demand, can be complex. This is why STOA also provides funding through complementary investment platforms to small- and medium-sized projects (between 5 and 50 megawatts), such as JCM (solar and wind power in East Africa and southern Africa, and in southern

Asia), Qair (solar and wind power in West Africa and central Africa through the Make It Happen In Africa platform), and Serengeti Energy (hydroelectricity and solar power in Africa).

In total, over five years, eight* renewable energy projects have been signed, including collaboration with a local promoter to support a 100 megawatts wind farm in the Dominican Republic and two projects with Voltalia, to fund a wind farm (152 megawatts) and a solar farm (320 megawatts) in Brazil.

Improving the production of clean and sustainable energy in Cameroon

The Nachtigal hydroelectric dam has been under construction since 2019 and is now the biggest structure funded by STOA in Africa. We are supporting its construction along with thirty international partners, investors, funding agencies, multilateral banks and constructors.

The Nachtigal hydroelectric dam will have a capacity of 420 megawatts when it comes on stream in 2024. ▽

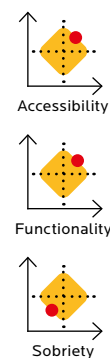
(*) This figure does not include the two projects presented in the review on decentralised energy production, also sourced using renewable energies.

It will provide clean electricity to 10.4 million people, more than a third of the population of Cameroon. The enormous construction site, led by the Cameroon Nachtigal Hydro Power Company (NHPC), employs close to 3,000 people. Its total cost is estimated at €1.3 billion.

Following its investment in a wind farm in 2020, STOA invested in **a solar farm in Brazil**. The exceptionally sunny conditions in the Serra Branca area maximise its production.



IMPACT SCORE NACHTIGAL DAM



STOA holds a 10% stake in NHPC, alongside Électricité de France (EDF), the International Finance Corporation (IFC), Africa50, and the government of Cameroon. Fifteen commercial and development banks – including the World Bank and AFD Group through its subsidiary Proparco –, six international construction companies, and the Cameroon Ministries of Energy and Finance are also supporting this project.

To ensure E&S risk management practices are exemplary, the consultants Mott MacDonald are assisting NHPC with monitoring these risks. With low accident frequency and severity rates, the dam construction site is particularly exemplary in terms of health and safety. To reduce its impact on land and water environments, NHPC has also drawn up a biodiversity action plan. Among other things, this plan supports biodiversity conservation work at the Mpem and Djim National Park.

Developing renewable energy in the Dominican Republic

In 2021, STOA invested in Poseidón Energía Renovable, the Dominican company which manages the Los Guzmancito wind farm. This investment will help double the capacity of the infrastructure and develop renewable energy in the country. The Los Guzmancito wind farm has been operational since the end of 2019 and is situated in the municipality of Luperón, close to Puerto Plata in the north of the Dominican Republic. It currently has a capacity of 50 megawatts. In December 2021, STOA and the local electricity supplier Grupo Energético 23 (GE23) came together to increase the total capacity to 100 megawatts, by adding 13 additional turbines in Phase 2 of the project. STOA and GE23 together

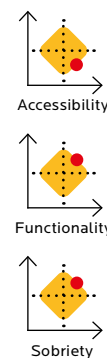
invested €128 million in the construction of Phase 2, through Poseidón Energía Renovable, the company responsible for developing, funding and operating the wind farm. This outstanding partnership meets the government's desire to develop renewable energies in the country.

The Los Guzmancito wind farm is unprecedented in the renewable energy industry in the Dominican Republic. It is behind an ambitious study of endemic bats and their ecosystem lasting several years. This study is being conducted in collaboration with international and Dominican biodiversity experts. The results will serve to reduce the negative impact of the existing and future wind turbines on local fauna. The project also plans to continue the reforestation programme in the area, which was launched when the farm was first created.

Supporting the renewable sector in Brazil

In October 2020, STOA acquired a 33.36% share in Ventos Serra do Mel III (VSM 3), a 152 megawatts wind farm in the state of Rio Grande do Norte, developed and constructed by the French company Volitalia. This

IMPACT SCORE POSEIDÓN PROJECT



partnership was strengthened in March 2022 with an investment in the Solar Serra do Mel (SSM 1 and 2) solar farm, with a total capacity of 320 megawatts. These projects are accelerating the country's low carbon transition and providing clean energy to 550,000 residents. VSM III and SSM 1 and 2 are in the Serra Branca cluster, one of the biggest mixed wind and solar farms in the world, with a potential capacity of 2.4 gigawatts.

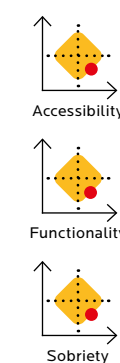
STOA has reconfirmed its commitment here, establishing long-term partnerships with industry experts and supporting projects with a positive impact on the climate, local residents and the economy. STOA's additionality is principally making long-term capital available. It can also be seen in the support provided by STOA teams throughout the lifetime of the investment, in particular to improve ESG performance.

The very favourable climate conditions in the north-east of Brazil result in some of the most competitive kilowatt-hour production costs in the world, encouraging the development of renewable energy projects in the area. Ultimately, VSM 3 and SSM 1 and 2 should produce 1,500 gigawatt-hours per year. The expected climate benefits are particularly significant: around 394,000 tonnes of CO₂-equivalent emissions

avoided per year.* These projects will therefore, diversify the Brazilian energy mix.

Broadening the STOA strategy in the sector to seize new opportunities

IMPACT SCORE VSM 3 AND SSM1 AND 2



Although investments in renewable energies continue to grow around the world, opportunities for large-scale projects remain limited in Africa, with the exception of South Africa and Egypt. The COVID-19 crisis accentuated this trend, and the recent hike in the price of raw materials may make these projects less competitive than they were before the pandemic. In face of these developments, STOA will continue to support its existing partners and ensure the success of the platforms in its portfolio.

It will also be alert to investment opportunities, particularly in Latin America and Africa, both in large projects and in new platforms. STOA may also invest in hydroelectricity, where project development is time-consuming and costly, and in biomass, which offers significant potential in many tropical countries. This upstream involvement is riskier but allows for a better understanding of projects and increases their chances of succeeding. ■

(*) Modelled *ex ante* according to AFD's Carbon Footprint method.

INTERVIEW

Tore Horvei,
Chairman of the Board,
Serengeti Energy



“Contributing to local development is part of our model”

How does Serengeti Energy fit into the energy transition agenda in sub-Saharan Africa?

Sub-Saharan Africa depends heavily on imported fossil fuels and 52% of its population does not have access to electricity. In the countries in which we operate, we help improve access to energy and increase the proportion of renewable energies in the overall energy mix. We are also aligned with national policies to decentralise the energy supply to bring it closer to demand.

What impact does your activity have on society?

Most of our projects take place in less developed rural regions, where they have a significant social and economic impact. As well as providing access to clean, reliable and affordable energy, we offer job opportunities to men and women in local communities as part of the construction and implementation of our projects. Because contributing to local development is an integral part of our model, we are committed to adopting best practice on the issue and to complying with local and international CSR standards.

How does STOA help you achieve your ambitions?

STOA is an active shareholder and its high-level expertise feeds into our decision making. In addition, its experience and network in French-speaking Africa are particularly valuable to us, as we will be targeting West Africa for future projects. 



The Stortemelk hydroelectric power plant in South Africa, part of the Serengeti Energy portfolio, enables 203,000 tonnes of CO₂ equivalent emissions to be avoided.

Increasing the supply of renewable energy in sub-Saharan Africa

IMPACT SCORE
SERENGETI ENERGY PROJECT



In June 2022, STOA signed a \$35 million investment in Serengeti Energy. Based in Kenya, Serengeti Energy has made a name for itself in the development of small-and medium-scale solar and run-of-river hydroelectric projects. The market is promising: smaller projects can adapt better to network constraints and can bring production closer to consumption. Through this commitment, STOA is

supporting renewable energy and contributing to improved access to electricity in sub-Saharan Africa. The Serengeti Energy portfolio currently includes seven operating power plants in Rwanda, Sierra Leone, South Africa and Uganda. One solar project, currently in the final stages of construction in Malawi, will bring total installed capacity to over 70 megawatt hours. With a contribution of \$80 million, STOA is the main investor in this

round of financing, alongside Proparco, the subsidiary of Agence Française de Développement dedicated to the private sector, and Swedfund, the Swedish Development Finance Institution. These three shareholders have come in alongside three European development institutes: the KfW Development Bank (German), Norfund (Norwegian) and the Nordic Development Fund (Nordic countries). This fundraising is an important step in achieving

the objective set by Serengeti Energy to own and operate a portfolio of assets representing more than 300 megawatt hours by 2030. Although these projects are too modest to interest major international promoters, their development is nevertheless costly and specialist teams are needed on the ground.

STOA has supported Daystar Power to respond to the increasing demand for reliable, competitive and renewable energy in West Africa.

Meeting electricity needs through decentralised production



IN THE LAST FIVE YEARS...



4 countries covered: Ghana, India, Nigeria and South Africa



324,000 tonnes of CO₂-equivalent emissions avoided per year*



180 megawatt capacity installed by 2024, benefiting 1,875,000 people.

(*) Modelled ex ante according to AFD's Carbon Footprint method.

STOA counters the unreliability and high cost of grid electricity by focusing on projects to produce decentralised electricity (also known as distributed energy). Located close to the points of consumption, these projects can make up for shortcomings in national grids. The majority of the electricity they produce is renewable and it is highly competitive in comparison to diesel generators.

Decentralised production, also known as distributed generation, consists of installing electricity production systems close to the point of use, by connecting these power plants as near as possible to the end consumer. It involves, for example, placing a solar power plant on the roof of a factory which will consume the energy directly, or supply an independent mini-grid.

These solutions can reduce the cost and carbon content of electricity consumed by commercial and industrial sites – commonly known as C&I – or offer access to electricity in areas which are far from the grid. The system thus includes solar energy production capacities, battery storage systems, and a distribution grid which serves a range of customers including households and small businesses. Mini-grids are grids which supply rural areas. A metro-grid supplies a town which is not served by the national

grid. Investment in these infrastructures increases electricity production capacity in target countries, while promoting the use of renewable energies. Distributed energy thus contributes towards achieving SDG7, as well as SDG9 and SDG13. Because they offer lower tariffs than the grid, these solutions make Africa's commercial and industrial businesses more competitive, thus encouraging economic development as well as the creation of local jobs.

STOA has invested in three C&I sector companies: Daystar, which operates in Nigeria, candi solar, which operates in India and South Africa, and lastly, from March 2023, Equator Energy, which operates in East Africa.

Developing the solar sector in West Africa

STOA has invested in Daystar alongside the IFU, Proparco and Morgan Stanley, following a fund-raising campaign by the company at the end of 2019. The objective was to contribute to strengthening Daystar's business in Nigeria and Ghana, and to encourage it to expand to other countries in the sub-region. As Chair of the Investment Committee, the STOA representative has been instrumental in reorienting Daystar's operations towards larger projects mostly aimed at industrial customers. At the end of 2022, Daystar accepted an offer from Shell New Energies, which will support the company in a new stage of its growth.

By combining solar power plants with batteries and heat generators, Daystar enables its customers to access greener and more reliable energy at a lower price than the one offered by the national grid. The company aims to bring its installed capacity to more than 120 megawatts by 2024, by increasing its customer base in the financial services, agri-food and agricultural sectors.

As a member of the Board and the Investment Committee, STOA has supported Daystar in

structuring its finances and optimising the use of its assets for nearly two years. STOA has also helped the company improve its environmental and social performance, and has ensured good risk management practices are followed. Daystar is involved in the 2X Challenge and the IFC's Energy2Equal program to reduce inequalities between men and women, particularly in terms of pay.

Continuing our commitment to the distributed energy market

The distributed energy market for commercial and industrial (C&I) sites is expected to grow significantly in Africa, in line with the development that it has seen in Asia and Latin America. This growth is likely to be seen particularly in countries with a significant industrial base, such as South Africa, Egypt, Morocco, Kenya and Côte d'Ivoire. As the sector is sometimes viewed as being in competition with the national electricity company, domestic regulations can, on occasion, hinder growth. In contrast, the reduction in the cost price of electricity and the falling cost of solar panels and batteries are the main factors driving its development.

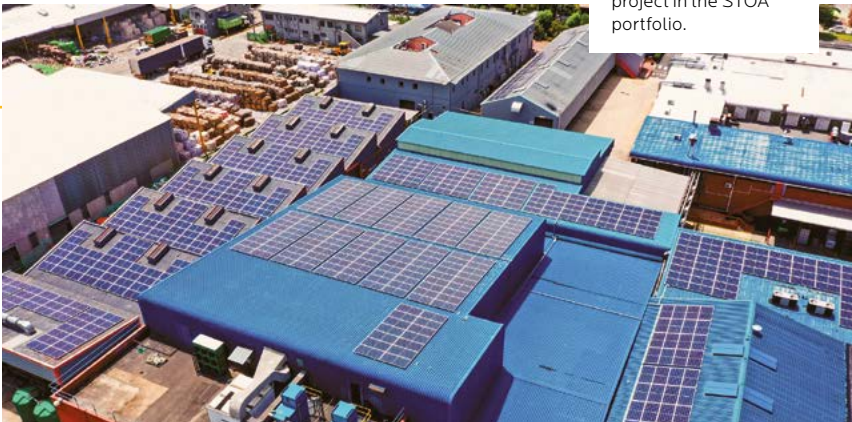
IMPACT SCORE

DAYSTAR



In Africa, 600 million people (52% of the population) do not have access to electricity. According to World Bank estimates, mini-grids and metro-grids could provide access to electricity for a significant segment of this population, between 100 and 150 million people. Individual solar kits and the expansion of the national grid are the two other solutions envisaged to achieve universal access to electricity. To put this goal within reach, funding agencies are encouraging private sector involvement in funding and operating these mini-grids, while offering grants to finance the cost of investment and make electricity more accessible. STOA operates with caution in this context, carefully selecting the most competitive actors who have reached a significant size and established their presence in countries which are most favourable to the distributed energy sector. ☐

Decarbonising
the electricity
consumption
of commercial
and industrial
businesses



Roof-mounted photovoltaic systems are one solution offered to commercial and industrial customers by **candi**, a climate co-benefit project in the STOA portfolio.

IMPACT SCORE
CANDI PROJECT



In September 2022, STOA was the lead investor in a funding round by candi solar, a company which provides solar electricity to commercial and industrial customers in India and South Africa. This investment will enable the company to develop its operations in these areas and plan its entry into other markets. In these countries, where the energy mix is particularly carbon-based, candi solar offers opportunities to limit greenhouse gas emissions linked to the production of electricity and to improve the reliability

of production, particularly in South Africa where the sector is facing an unprecedented crisis. Based on the carbon assessment carried out by STOA, the systems installed by candi could help avoid 320,000 tonnes of CO₂ equivalent emissions per year for the next 12 years.* The company is aiming for a combined installation of 142 megawatts of solar energy by 2024.

Thanks to its internal capacities and skills, candi solar offers a solution which is adapted to SMEs,

a customer segment often overlooked by the market. It also includes balanced credit risk management. Candi solar is also committed to promoting jobs for women in the energy sector. It aims to reach a proportion of 40% of women in the workforce by the end of 2023, in line with the 2X approach which it wishes to commit to this year.

(*) Modelled *ex ante* according to AFD's Carbon Footprint method.



IN MY VIEW
Philippe Flamand,
Commercial
Director,
candi solar

“For SMEs, access to funding
is the main obstacle
to solar energy”

With high electricity prices, promising solar yields and supportive regulations, solar energy presents an undeniable economic advantage for small-and medium-sized enterprises in India and South Africa. But to release this potential, it is vital to facilitate access to finance.

Over the years, solar energy has become cheaper than traditional sources of energy. However, using this energy requires significant start-up investments, making access to funding the main obstacle for small- and medium-sized enterprises (SMEs). Many energy suppliers, hampered by an excessively technical approach to the market, struggle to fully understand the credit risks inherent in this type of investment. At candi solar, we have decided to place credit management at the heart of our model. By financing these investments, we turn a capital investment decision into an operating cost below standard energy expenditure. In this way, we remove financial obstacles.

When our start-up was going through a critical phase in its development, growing to become a more mature company, the

support provided by STOA was essential. We chose it as an investor because it does not stop at a supervisory role, but really works with us, as a genuine partner. STOA has become an integral part of our team and supports our development in different ways. For example, when we interact with SMEs, our main challenge is to guarantee that our financial approach remains cost-effective, even for small-scale transactions. STOA helps us design appropriate processes and structure our organisation

We benefit greatly from the expertise which STOA has accumulated in the energy sector in the different countries in which it operates.

to achieve this goal. It connects us with other companies which it funds and which are facing similar challenges. This allows us to build on our shared experience and identify relevant partners.

More generally, we benefit greatly from the expertise which STOA has accumulated in the energy sector in the different countries where it operates. The work it carries out in partnership with other investors in the infrastructure sector in India and South Africa gives us a more accurate and detailed understanding of our own markets. This multi-faceted support is all the more valuable given the huge challenge to be addressed: there is immense solar capacity which remains unexploited and is just waiting to be developed. ▣

Investing in transport and logistics infrastructures

To meet significant needs in terms of transport and logistics infrastructures, STOA wants to invest massively in this sector and is defining strategic new opportunities.



IN THE LAST FIVE YEARS...



2 projects financed



143,000 tonnes of CO₂-equivalent emissions avoided per year*



8,500 direct jobs supported by the end of 2022

(*) Modelled ex ante according to AFD's Carbon Footprint method.

Spanning urban transport, roads, ports, airports and more, the transport and logistics sector represents more than a third of the opportunities examined by STOA. Although the sector covers infrastructures which are essential for populations and for sustainable economic development, recalling SDG8 “Economic growth and decent work” and SDG9 “Industry, innovation and infrastructure”, private investments remain largely insufficient to meet needs. To respond to this challenge, STOA has built partnerships with actors in the sector: construction companies, rolling stock suppliers, public transport operators, authorities and funding agencies. In the last five years, our

involvement has resulted in the signature of two large-scale projects: the New Owendo International Port (NOIP) in Gabon and the São Paulo Metro Line 6. We strive to align our approach with the Paris Agreement, with a view to encouraging sustainable and clean mobility.

Developing public transport in Brazil

The São Paulo Metro Line 6 project will help reduce transport times for residents of the megalopolis, relieve road congestion and decarbonise the transport sector. When it opens in 2025, Line 6 will carry nearly 600,000 passengers a day. It will have 15 underground

Construction of **Line 6 of the São Paulo metro** is led by the Acciona Group, which has a robust E&S management system.

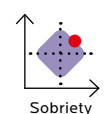
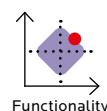
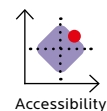
stations, on a 15 kilometer line from the city centre to the north-west of São Paulo, and will serve five of the city’s major universities, the stadium and a hospital. By the end of 2022, the construction site had created nearly 8,000 direct jobs.

STOA holds a minority share in the project, and was the first financial investor to acquire a stake in the operating company. The construction of the line is led by Acciona, the Spanish construction and infrastructure management company. Rolling stock is supplied by Alstom, the French multinational specialised in rail transport. The line will be operated with the support of the French group Transdev, a specialist in the sector. It is currently the largest public-private partnership infrastructure project in Latin America. A 24-year concession was signed with the State of São Paulo to design, finance, build, operate and maintain the line, at a total cost of around €3 billion.

Towards new segments

After five years in operation, STOA has in-depth expertise in ports, airports, roads, underground railways and trams. As well as consolidating the partnerships it has established in these sub-sectors, STOA has set five new areas for development: rail freight, high-capacity bus services (or bus rapid transit BRT), dry ports, logistics and new electric mobility options. Rail freight offers multiple opportunities which are viable and coherent with STOA’s mandate, particularly in Africa where historic rail networks have suffered from a lack of investment. BRT makes it possible to respond to the challenges posed by the urban growth of African megalopolises, and dry ports and logistics can meet the pressing needs connected with local development. In addition, new electric mobility options which currently remain limited in Africa, are likely to develop significantly in the coming years.

IMPACT SCORE LINE 6 PROJECT



INTERVIEW

Jaime Juraszek
CEO of CLU (Concessionaria
Linha Universidade)



“Our ambition is to positively transform everyday life”

What are the social and climate benefits of the project?

In addition to contributing towards reducing greenhouse gas emissions, the construction of Line 6 will encourage local development. The main objective of “Estação Sustenar” – the Linha Uni sustainability programme – is to positively transform the daily lives of communities living along Line 6. This means not only creating jobs, but also promoting quality training and encouraging innovation and green mobility.

What are the project’s objectives in terms of equality and green mobility?

In terms of gender equality, we have set ourselves the objective of achieving 15% women in our workforce by 2025. Currently, 12.4% of the workers on the construction sites are women. In terms of green mobility, we aim to create 100 jobs in the electric mobility sector by 2025. We also support environmentally-responsible and innovative companies which generate jobs in the districts surrounding Line 6.

How do you assess STOA’s impact and contribution to the project?

STOA’s investment, which takes the form of non-recourse debt, is a first in Brazil and contributes towards the sustainability of our financial structure. STOA also makes a significant contribution to Board of Directors meetings, drawing on its vision and experience in assessing and managing key industry issues.

Through its activity as a network operator, **MetroFibre Networx** had created some 550 direct jobs by the end of 2022.

Developing telecommunications infrastructures

The digital sector is key to economic growth and has a direct social and economic impact on companies and populations through access to the internet and a reliable, affordable mobile network. STOA strives to densify and expand telecommunications infrastructures to reduce the digital divide.



IN THE LAST FIVE YEARS...



435,400
households
connected
to the internet by
the end of 2022



550
direct jobs
supported by
the end of 2022

As a key sector in regional socio-economic development, telecommunications also plays a catalytic role, improving the impacts of other sectors in which STOA operates (healthcare, energy, transport, etc.). It thus falls within the rationale of SDG8 “Economic growth and decent work” and SDG9 “Industry, innovation and infrastructure”. Although access to the mobile network has considerably improved in Africa over the past twenty years, it remains disparate and significant efforts are still required to improve connectivity, particularly through the internet. The challenge is to provide reliable access at a reasonable cost to the population and to companies. Since its creation, STOA

has examined more than fifty opportunities in the sector (data centres, fibre optic, underwater cables and satellites).

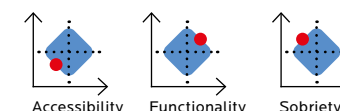
Improving connectivity in South Africa

STOA has been supporting MetroFibre Networx (MFN) since 2019. It is a Fibre To The Home (FTTH) and Fibre to the Business (FTTB) network operator that constructs and operates fibre optic networks enabling high-speed internet access in South Africa. In summer 2022, it became the third biggest fibre optic operator in the country. STOA has owned almost 25% of the company since 2019. It participated in the operator’s fourth capital increase in 2020 to support its three-year investment plan. This support was renewed in June 2021 with the acquisition, alongside

other shareholders, of the ownership interests of two historic shareholders, Sanlam Private Equity and African Rainbow Capital.

Through MFN, STOA contributes to reducing the digital divide in Africa and also meets its impact requirements. In a country where significant inequalities remain, MFN is highly committed to racial equality as part of the Broad-Based Black Economic Empowerment (BBBEE) programme – the national programme to redress the inequalities created by apartheid – and to gender equality. It was one of the companies awarded the BBBEE grid’s top compliance score (level 1) in late 2022 and women make up 47.5% of its teams. MFN is committed to reducing its carbon emissions and aims to become 2X Global certified, with a plan to reduce the risks relating to climate change. It requires its suppliers to comply with ISO standards on health, safety, the environment and quality (HSEQ). STOA has also assisted MFN in setting up its environmental and social management system, through which it monitors its E&S activities, its ESG performance indicators and its current CSR activities.

IMPACT SCORE METROFIBRE NETWORX PROJECT



A rapidly changing sector

Largely held and operated by the private sector, the telecommunications industry has seen impressive growth over the last twenty years. It held up well during the COVID-19 crisis and also proved to be useful to the economy and populations by maintaining critical connections. Recent changes in the market confirm that it offers numerous opportunities which are consistent with STOA’s mandate, particularly projects involving fibre optic, underwater cables, telecommunication towers and data centres. Although E&S issues are generally only moderately significant in telecommunications infrastructures, it will be necessary to adapt to rapid changes in the sector, and to the lack of regulation which persists in certain countries.

INTERVIEW Jan-Jan Bezuidenhout, CEO, MetroFibre Networx



“Unlimited access to fibre is an economic multiplier”

How is access to fibre a key lever to economic development?

The mobile penetration rate is high in South Africa, but connectivity remains expensive: 1 gigabyte of mobile data costs approximately 100 rands (€5.40). For only three times this price, we offer a symmetrical data rate of 20 megabytes, with no data cap. This service is a real economic multiplier: it is sufficiently reliable and affordable to enable customers to get started and develop their businesses.

What is the social impact of MFN?

By connecting poorly-served communities to fibre, MFN contributes towards reducing the digital divide in a country with one of the highest unemployment rates in the world and where social inequalities between working people and non-working people are immense. Access to fibre gives individuals from these communities the means of generating an income to support their families. We are also creating direct job opportunities in setting up and maintaining our infrastructures.

What role has STOA played in your development since 2019?

We were at a key stage in our development. STOA contributed the capital and advice we needed to accelerate our growth to then be able to deal with the impact of lockdown. Currently, STOA is supporting our ambition to move from being the third to the second biggest supplier of access to fibre in South Africa.

Responding to our purpose

Through its purpose, adopted in 2021, as well as through its impact framework, STOA has formalised its commitment as an additional impact fund. Through our Purpose Monitoring Committee, we evaluate our work against these principles so that we continue to improve.

STOA is a responsible investor in infrastructures and energy, and is an additional impact fund. Since our creation in 2017, we have funded and supported essential infrastructure projects in our partner countries. Through this work, we aim to build sustainable and resilient economies and to achieve the Sustainable Development Goals (SDGs).

Promoting resilient infrastructures



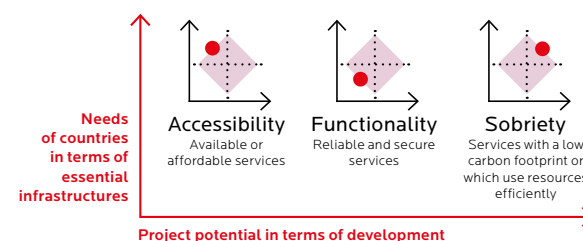
Since its creation in 2017, STOA has placed the sustainability and resilience of infrastructures at the heart of its investment decisions. In the near future, the effects of climate change will hit infrastructures hard. To prevent these physical risks, the United Nations stresses the need to improve resilience to climate variations. This is why STOA drafted a resilience and adaptation to climate change strategy aligned with SDG13 “Take urgent action to combat climate change and its impacts”. This strategy was very quickly put into practice by defining specific indicators. The objective is to improve our understanding of the issues and needs and to develop an operational toolkit to strengthen the resilience of our projects.



Our impact framework

We have been using an impact framework, defined by our teams, to measure our own impact since 2020. This tool enables us to select our projects based on three criteria:

- **accessibility:** will the financed infrastructure provide an available or affordable service?
- **functionality:** will the service be reliable and secure?
- **sobriety:** will it have a low carbon footprint?



For each of these criteria, we evaluate the project in terms of both its potential impact and the country's needs. Our objective is to ensure that at least 60% of the projects we finance are high-impact. By regularly monitoring the evolution of each of our projects, our tool allows us to identify their key outcomes. We can then report to our shareholders in a transparent way on our performance in relation to the SDGs. Our management system is aligned with the Operating

Principles for Impact Management (OPIM) of the International Finance Corporation (IFC). In 2019, we were one of the first funds to comply with these principles, which set a new market standard for impact investing, by bringing more transparency, credibility and discipline to practices. I Care, the audit company which audited our framework and our impact indicators, concluded at the start of 2022 that “STOA's policies comply, in all material respects, with the Impact Principles for the €354 million of assets under management.”

Our purpose

Having consolidated our positions, in 2021 we carried out a review of our progress and reinforced our commitment. In response to the “Pacte” law passed by the French Parliament in 2019, we made a commitment to work collectively to define our purpose. The shared goal which we assigned ourselves is “financing and supporting the development of sustainable and resilient infrastructures for future generations in Africa, Latin America and Asia”. This can be broken down into three key commitments which form the basis of our purpose.

- **Financing sustainable and resilient infrastructure to meet essential needs.** Given the upheavals caused by climate change, resilience is a core aspect

of our investment strategy, so that we can make sure that the infrastructure we finance anticipates, considers and adapts to future risks and changes.

- **Ensuring that the infrastructures we support yield a positive impact for future generations.** The projects we invest in expand access to essential services such as transport (see pages 20-21), energy (see pages 10-19) and telecommunications (see pages 22-23). These initiatives also contribute to achieving the SDGs. In 2022, 63% of our projects had a high cumulative impact according to our impact scoring method.

- **Offer exemplary long-term support to our partners.** Our objective is to manage risks associated with project implementation, whether in terms of environmental, social and governance (ESG) risks or compliance (see page 34).

These three commitments guide our actions. A series of indicators (see following page) and a Purpose Monitoring Committee (see page 27) will check to see that they are being met. ■



See also

The STOA purpose booklet:
bit.ly/purpose-stoa

Nature-based solutions: an opportunity to investigate

To respond to the Global Biodiversity Goals and put its new biodiversity strategy into practice (see page 35), STOA is examining the possibility of funding nature-based solutions. These are actions which aim to protect, restore or sustainably manage natural ecosystems while providing tangible and sustainable benefits to

populations according to the International Union for Conservation of Nature. This funding is aligned with SDG14 “Life below water” and SDG15 “Life on land”. By ensuring that ecosystems function correctly, these solutions can maintain related ecosystem services. They include projects to protect or restore/rehabilitate soils,

forests, coastlines, waterways and marine areas. Given the increasing number of these initiatives, private investment appears essential to their success.



OUR COMMITMENTS

Sustainable and resilient infrastructures

By 2024



Finance 50% of climate co-benefit projects



Finance the production of 1,500 megawatts of renewable energy capacity, to cover the energy access needs of 20 million people



Avoid 2 million tonnes of CO₂ equivalent emissions per year*



Engage in dialogue with our investments to minimise gross CO₂ emissions

Responsible support



Implement a workforce and skills management policy



Align all projects financed with the International Finance Corporation's performance standards



Have our Impact Report approved by a qualified evaluator every two years



Create at least a 12-fold leverage effect**

(*) Calculated on the basis of AFD's Carbon Footprint method, based on total installed capacity and projected estimates over the lifespan of the projects.

(**) Total amount of financing raised compared to STOA's investment.

A positive impact for future generations



Commit €600 million in financing to essential infrastructures by 2024



By 2024, a minimum of 50% of projects financed will be in Africa



At least 60% of projects we financed will be high impact



Fill at least 70% of vacancies with local employees (average over all STOA investments).



Assess direct, indirect and induced jobs in all our business sectors by 2024.

Objective: contribute to achieving the UN SDGs



INTERVIEW

Carine de Boissezon,
Director of the
EDF Group Impact
Department and Joint
Chair of the STOA
Purpose Monitoring
Committee

PURPOSE

“An action plan to meet STOA’s ambitions”

Initiated in response to the “Pacte” law, our purpose is a beacon that sheds light on the decisions taken every day by STOA staff and management. STOA created a Purpose Monitoring Committee to ensure we are challenged in a positive and constructive way.

What is the Purpose Monitoring Committee?

This consultative committee is composed of members of the Management Team, the Head of Environmental and Social Governance, an employee, representatives of shareholders and independent experts specialising in CSR, forward planning and issues affecting Africa. This committee meets twice a year to provide guidance for decisions by STOA and its Board of Directors in relation to commitments made in line with its purpose and to enrich its reflections on the development of its medium- and long-term trajectory.


What is the point of monitoring commitments made as part of the Purpose?

Recent opinion polls on climate show that companies, including investment funds, are seen as being among the least committed

to combating climate change, just after politicians.

At the same time, for several years there have been growing accusations of “greenwashing” from NGOs and collectives and the subject is becoming a legal issue through the law on the duty of vigilance in France. It is, therefore, essential to define a precise action plan to be able to achieve these ambitions and transparently account for them. The governance put in place by STOA is exemplary in this regard, with the annual publication of an impact report which sets out what has already been achieved and the resources allocated to achieve the medium-term objectives.

How does the Purpose Monitoring Committee help STOA continuously improving its trajectory?

Thanks to the multidisciplinary profiles of its members, the Purpose Monitoring Committee is a place where good practice and methodologies can be shared, in particular in the field of sustainability reporting, where data is not yet as standardised or reliable as financial data. It also enables long-term discussions to take place on the planetary boundaries and the competing risks which projects often have to address. Its objective is to initiate positive change for the climate while promoting the protection of biodiversity and respect for communities. 

Thanks to the multidisciplinary profiles of its members, the Purpose Monitoring Committee is a place where good practice and methodologies can be shared.

Opening up STOA to new sectors such as water and sanitation (see opposite), highlights the interdependence of the 17 SDGs, which are targets to achieve in order to reach balanced and sustainable development.

Broadening our operations to new sectors

While consolidating and continuing its work in the four sectors which make up the core of its operations, STOA is examining new opportunities in sectors which are particularly aligned with its mandate, such as healthcare, water, education and the environment. We are examining projects which respond to the needs of populations in terms of essential infrastructures to contribute to sustainable growth in the countries in which we operate.

Improving **access to water**, a fundamental right

Water has a considerable impact upon populations, the economy and environmental protection. As such, it is a key issue in STOA's approach to investment.

Since 2010, access to water has been recognised as a fundamental right by the United Nations. It is at the heart of SDG 6: "Ensure availability and sustainable management of water and sanitation for all" and represents a major public health issue. Considerable needs can be seen in this sector: 29% of the world's population have no access to drinking water and 55% have no access to sanitation. As a natural resource which is indispensable for life, hygiene and economic growth, water raises a number of challenges, including overexploitation of the resource, low willingness to pay, under-funding, failures in governance, pricing of infrastructures and costs of maintenance, and network leakage rates. STOA is, therefore, examining projects in this sector, which is highly relevant to its mandate as an additional impact fund.

A buoyant sector that creates opportunities

In emerging countries, water and sanitation infrastructure needs are very high, because of a current shortage of equipment and rapid demographic growth. The lack of capacity in the public sector to fund these facilities and the need for more modern technologies combined with the explosion in needs should create significant opportunities for the private sector. Public-private partnerships have, therefore, emerged in water and sanitation, driven by the

growing desire of governments to involve private operators and investors.

Intervening at early and later stages of the "small water cycle"

STOA will be able to become involved in the early stages of the "small water cycle". This corresponds to water abstraction, supply, treatment and desalination infrastructures, which are increasingly provided by the private sector. We are also examining opportunities at later stages of the cycle, such as waste-water collection networks and sewage treatment plants. These types of infrastructures, which represent the biggest investment needs, are significantly lacking in the geographical areas in which we operate. These projects have economic, social, environmental and community relevance. In all its work, STOA strengthens its links with actors in the sector and prioritises projects with high added value. ▣



IN THE LAST FIVE YEARS...



€186 billion needed in investment by 2030, according to Global Water Intelligence, highlighting the relevance of the sector for STOA.

Develop **broad, high-quality** education services

Education is a key sector for development and for the future of our target countries through SDG4 “Quality education”. This sector represents a major challenge, particularly due to the low literacy rate in several African countries, and requires significant infrastructure investments.


Financing infrastructures in the field of education corresponds to an essential service needed to be able to train the elites of the future in emerging countries. In addition, thanks to demographic growth, rapid urbanisation and the emergence of a middle class in Africa, the number of investment opportunities in this sector is growing rapidly. These factors place public and private bodies under pressure to improve access to quality education systems and to meet the human-resources needs of the economy.

A strategy which is adapted to needs and to the market

To supplement public investment, STOA is turning to the private sector to structure and consolidate education provision. We prioritise primary and secondary schooling, as it responds to the most pressing education and literacy needs and offers more viable market opportunities. Although we continue to take an opportunistic approach to higher education, this sector offers fewer openings in sufficiently large projects. Our approach consists of first identifying a structured local partner whose development we can support. The injection of private funds will thus encourage the emergence of significant actors, and will enable the

sector to develop in such a way as to improve and consolidate current education provision.

Help promote the French-speaking world

To help promote the French-speaking world, STOA has signed a partnership agreement with the Agence pour l’Enseignement Français à l’Etranger (AEFE). This strengthens the dialogue which already exists between the two bodies and establishes a shared framework for identifying practical cooperation actions. The partnership is built around several priorities through which the two bodies can efficiently mobilise their respective resources and competences with a view to contributing to the “CAP 2030” goal of doubling the number of pupils enrolled in the French education network abroad by 2030. 



INTERVIEW
Mohamed Ben Osmane,
Investment Director
at STOA

OUTLOOK

“Financing **optimised and affordable** healthcare infrastructures”

To respond to healthcare needs in the countries in which we invest, it is essential to promote effective and accessible infrastructures. For example, STOA is examining a number of opportunities in this sector, which is highly consistent with our mandate, with the aim of contributing towards achieving SDG3 “Good health and well-being”.

Why take an interest in the healthcare sector?

COVID-19 revealed the weaknesses in healthcare infrastructures, particularly in Africa. The situation has deteriorated significantly, and it is estimated that the African healthcare system needs an additional \$66 billion annually. Governments want to address these difficulties, but public funds remain insufficient, particularly due to the debt arising from COVID-19 and recent inflation. In addition, the number of public-private partnerships (PPPs) remains very low and projects take a long time to get off the ground. To remedy this shortfall and respond to vital health-related needs, intervention from the private healthcare sector must be encouraged.


What types of projects do you examine?

STOA primarily concentrates on projects involving hospitals, clinics and laboratories. The challenge is to act in countries where the gap between supply and demand is particularly wide, to meet significant needs and choose viable investments.

What impact could STOA have in this sector?

The main challenge is to improve healthcare services, to make them accessible, high-quality and affordable. Financing efficient infrastructures also helps resolve human resources issues. A well-equipped and competent hospital will attract

the doctors and paramedical staff it requires to function.

In addition, it brings infrastructures closer to the people, who often have to travel significant distances to access healthcare services, particularly for regular treatment. It is estimated that transport and accommodation expenses could represent as much as 30% of healthcare costs. Finally, by involving the private healthcare sector in these projects, STOA can help bridge the healthcare gap. 



IN THE LAST FIVE YEARS...



1st
investment
in the healthcare sector
currently being signed
in Morocco



IN THE LAST FIVE YEARS...



1
partnership
agreement
with AEFE
signed by STOA
at the end of 2022

Our **financial** and **non-financial** additionality

As an additional-impact fund, STOA seeks to multiply the benefits of its investments, whether they are economic, social or environmental. This involves promoting high standards on environmental, social and governance issues (ESG) and in terms of business integrity.

An investment fund can enhance its impact by focusing on additional-ity. This implies a unique contribution which sets us apart. Beyond our long-term investment mandate and our active role in the companies in which we invest, STOA adds value through its specific purpose and the expertise it has developed internally.

Providing capital where others would not

One of STOA's strengths is that it provides capital in sectors or regions where others would hesitate to invest. For example, in 2022, we provided substantial funding to candi solar, which is rapidly expanding in the commercial and industry sector in India and South Africa, to support its roll-out in the coming years (see page 19). STOA is also unique in that it focuses on the long-term, with no pre-defined exit date, in contrast to other funds in the sector.

Mobilising private capital

Through its investments, STOA makes projects more attractive. For example, as the first independent financial player to invest in the construction of the São Paulo Metro Line 6 (see page 20), STOA called for robust guarantees and a better contractual balance to be put in place. We also participated in the discussions related to the financing of this infrastructure alongside Acciona, the majority shareholder. These exchanges led to the signing of a financing contract worth over €1 billion with the Brazilian Development Bank in 2022.

Managing environmental and social risks

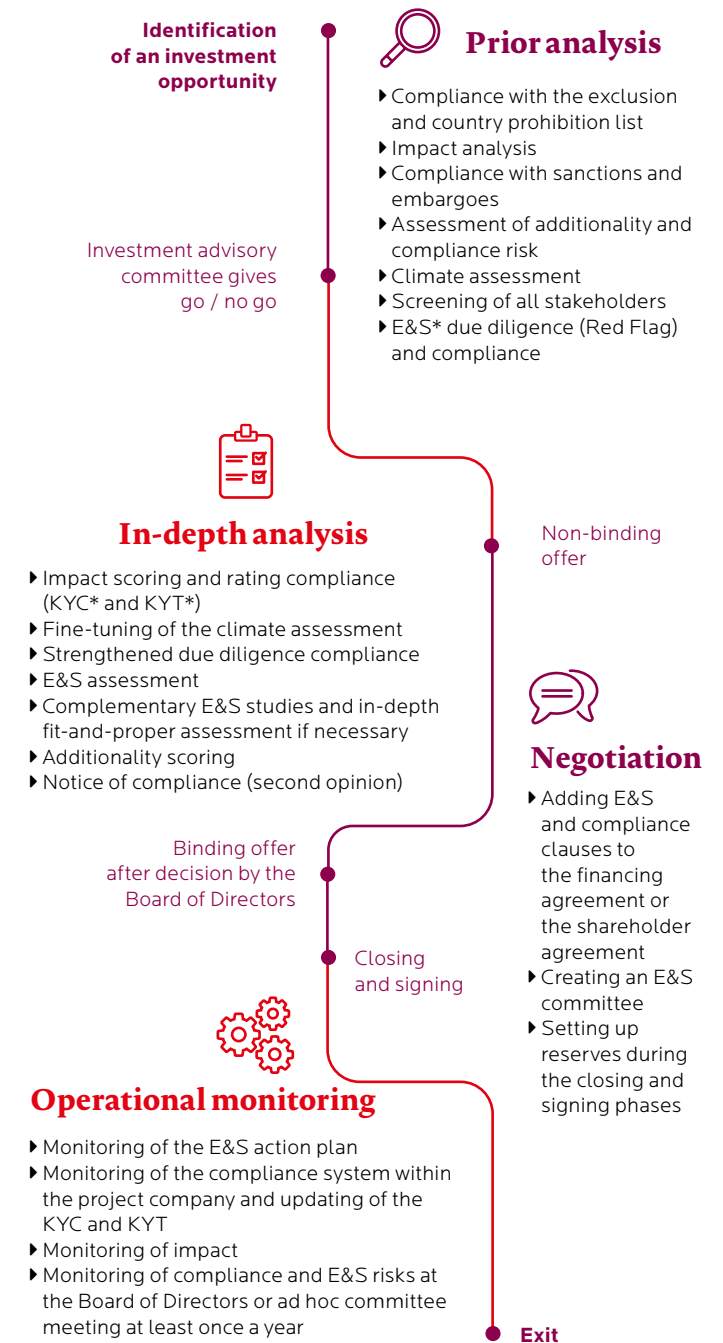
STOA has a duty to be exemplary on environmental, social and governance issues. Like our two shareholders, Agence Française de

Développement (AFD) and Caisse des Dépôts, we make these issues an absolute priority. Our role is to ensure that our procedures and policies are followed from identification of the project up through its selection, negotiation and operational monitoring.

STOA applies the standards of the International Finance Corporation (IFC) and also follows the good practices of the European institutions for development. For example, we refuse to finance projects that are not aligned with the Paris Agreement or that harm biodiversity. In addition, we are extremely vigilant with regards to the issue of land grabbing. We also pay close attention to the presence of indigenous populations on the ground and to the displacement and resettlement of vulnerable people. We carry out in-depth due diligence studies before any decision is made, with the help of specialised and experienced consultants. Thus, we can ensure that the projects we finance are aligned with the IFC standards. We also comply with an exclusion list.

To control ESG risks over the long-term, we systematically set up an ESG committee which reports to the Board of Directors, and contribute to capacity-building for the companies in our portfolios, particularly through regular monitoring missions. Our goal is to improve actions which promote respect for human rights, preservation of the environment and protection of workers. For example, in October 2022 NOIP embarked on a support plan with the consultants Aegide to become "ISO39001 Road traffic safety" certified and thereby embed a culture of road safety among lorry drivers. The company has 296 lorry drivers, 114 of whom are employed through sub-contractors. This support is supplemented with training sessions. ➤

Risks and impacts taken into account from A to Z



(*) E&S: environmental and social; KYC: Know Your Customer; KYT: Know Your Transaction.



See also

- The STOA exclusion list (in French): bit.ly/stoa-exclusion-list
- The IFC performance standards: bit.ly/performance-standards-ifc
- The STOA code of ethics (in French): bit.ly/our-code-ethics

A comprehensive arsenal to support compliance

The fight against corruption, money laundering and financing of terrorism is inextricably linked to STOA's commitments. Such practices are major obstacles to achieving impact goals in that they reduce the stability of institutions, affect the quality of services, lead to damaging environmental and social consequences, and reduce the profitability of an investment. STOA has, therefore, set up a compliance risk prevention and management mechanism by transposing the most demanding Caisse des Dépôts and AFD standards, adapted to the specific risks in the countries and sectors in which it operates.

In terms of risk prevention, due diligence is carried out regarding partners' integrity when considering an operation, to ensure the quality of their compliance mechanism and the structure of the operation. This may be accompanied by measures to manage any risks which have been identified, prior to confirming the

operation. Furthermore, the legal documentation for a project systematically includes contractual provisions covering compliance.

Regular support to our partners

These good practices are also applied by our partners, with whom we engage in permanent dialogue on ESG and compliance issues. Several performance indicators enable us to monitor impacts on the ground. When it is necessary to improve the quality of governance for companies in a portfolio, we create an ad hoc committee to strengthen the evaluation of ESG policies.

STOA requires that our partners appoint a specific person to engage in discussions on monitoring compliance risks. In addition, they must include an item on the agenda of their Board of Directors or ad hoc committee meeting once a year on the conformity mechanism. ▣

Our biodiversity strategy

In 2022, STOA reinforced its E&S procedure by integrating biodiversity issues and using the biodiversity impact mitigation hierarchy. The aim is to limit the negative impact of projects and achieve no net loss, or a net gain, in biodiversity.

To manage the risks linked to biodiversity in its projects, STOA has established a robust procedure. The objective is to ensure that our interventions do not lead to any loss of biodiversity or that they produce a net gain or co-benefits. Although these criteria were already integrated into our ESG & Impact Policy through the application of the specific IFC performance standard, by developing this strategy, we were able to strengthen our approach to promoting biodiversity. From the evaluation and then at each stage of the project, if negative impacts

are identified, STOA applies the mitigation hierarchy, through avoidance, minimisation, restoration and offset measures*. In addition to this first area, nature-based solutions are being considered (NBS, see page25) to generate sustainable biodiversity benefits. This operationalisation is aligned with SDG14 and SDG15. ▣

(*) **Avoid:** modify a project to cancel out the potential biodiversity impacts. **Minimise:** reduce the length, scale or intensity of the impacts of a project. **Restore:** rehabilitate ecosystems damaged by the project. **Offset:** compensate for biodiversity losses which could not be avoided or sufficiently reduced.



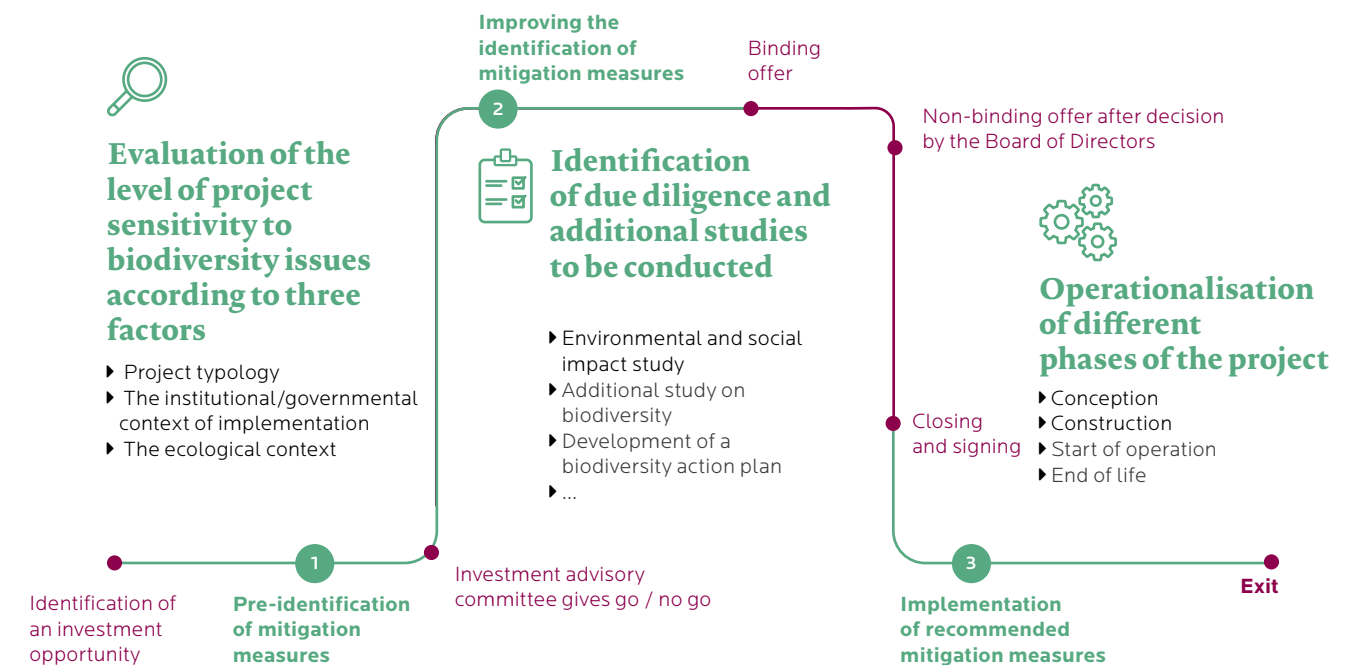
2X Global: integrate a gender approach



Because the sectors currently represented in the STOA portfolio were historically male-dominated, STOA signed up to 2X Global in 2023, in line with the ESG mechanism which it has progressively created. This initiative, which aligns with SDG5 "Gender equality", aims to promote gender, employment and inclusive investment practices. It encourages smart gender lens investing in specific fields.

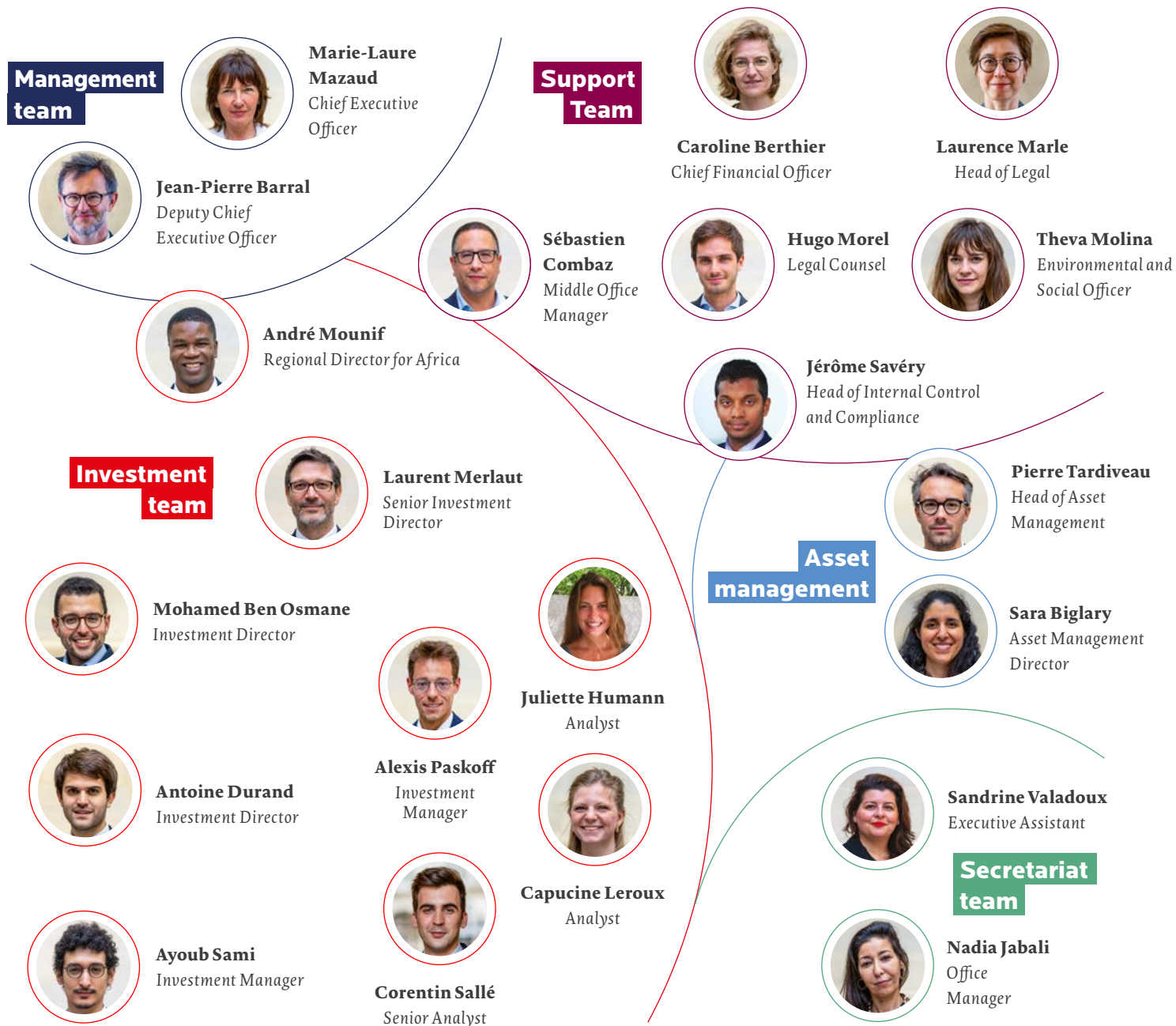
2X Global is using the success of the 2X Challenge and a commitment of \$15 billion to further mobilise capital to promote women's empowerment. Since 2018, \$7 billion have been invested in the private sector in projects aiming at women's economic empowerment.

A procedure integrating the biodiversity impact mitigation hierarchy



Our team

2022 saw the STOA team expand significantly, reflecting the growth in our activities and our ambitions, with more staff in the E&S, legal, administrative and finance teams. In 2023, we plan to grow our Asset Management team and our presence abroad.



Growth in line with the needs of an expanding organisation

In 2022, Marie-Laure Mazaud, our CEO and Jean-Pierre Barral, our Deputy CEO, appointed in October 2021 continued to work together. They initiated a road map with the following objectives:

- **Pursue our investment strategy** by consolidating existing partnerships with industry and specialist operators in their sectors, by pursuing new opportunities in the sectors in which STOA has already invested, by defining new sectors of intervention such as health and education, and finally by investing in the upstream development of projects to actively help turn them into reality.

- **Consolidate our asset management** and the monitoring of our holdings by appointing representatives on governing bodies, Boards of Directors and specialist committees (Audit Committee, Appointments and Remuneration Committee and the ESG Committee).

- **Reinforce our framework for action** by defining strategies on biodiversity, resilience and impact policy.

- **Continue the dialogue with our shareholders** with a goal of increasing our investment budget beyond the €600 million initially planned.

The implementation of this road map has resulted in significant changes within the STOA teams, and the arrival of new members:

- **an E&S officer** to support the Head of Environmental and Social, in March 2022;

- **a lawyer** to support the Head of Legal, in July 2022;

- **a middle office manager** to support the Chief Financial Officer, in October 2022.

In addition, an Asset Management officer will be appointed in 2023. These recruitments will boost the STOA skills portfolio and increase its attractiveness, responsiveness and effectiveness.

An international presence and international teams

At the end of 2022, STOA expressed its desire to establish closer links with projects on the ground by expanding its international presence. To achieve this objective, we send staff out on long-term missions, to Casablanca, Nairobi and Santo Domingo for example. The Asset Management team will be expanded in July 2023, in line with our growth ambitions for STOA and its portfolio. A West Africa E&S expert has also been recruited to further strengthen our expertise and our presence in Africa. ■



IN MY VIEW

Marie-Laure Mazaud,
Chief Executive Officer

"Our international presence allows us to diversify our connections and maintain close contact with our operations. This close contact facilitates the analysis of local situations and consolidates our ability to structure projects in the development phase, while helping us to identify new opportunities. Our local presence also increases our visibility on the ground and our presence alongside regional and local partners who are active in our sectors of intervention."



38 years old
on average



31%
of our teams
are women



4
different
nationalities



Our values:
sustainability,
agility, trust

Our **governance**

STOA is independently administered by its two shareholders, Caisse des Dépôts and Agence Française de Développement (AFD). Our governance is based on solid internal agreements and procedures.

The Board of Directors

Our Board of Directors approves our investments, acquisitions and disposals. It also approves our annual budget and our mid-term trajectory. It is supported by four committees.

► **The Investment Advisory Committee** gives an informed opinion on our investment opportunities before they are presented to the Board of Directors.

► **The Accounts and Risk Committee** monitors our financial reporting processes. It supports and reviews the implementation of our internal control procedures through specific assignments.

► **The Appointments and Remuneration Committee** makes recommendations on changes in our senior management, its members and the conditions of their remuneration.

► **The Internal Risk and Compliance Management Committee** monitors and analyses changes to our internal control and compliance mechanism.

PRESIDENT



Laurent Zylberberg
Caisse des Dépôts

OBSERVERS



Stéphane Tabarie
Directorate-General
for the Treasury



**Thibault Le Godinec
de Kerhalic**
French Ministry for Europe
and Foreign Affairs



Waël Rizk
Caisse des Dépôts



Pascal Grangereau
Caisse des Dépôts



Anne-Laure Schnabele
Caisse des Dépôts

BOARD MEMBERS



Marc-Antoine Leclercq
Agence Française
de Développement (AFD)



Julia Collin Delavaud
Caisse des Dépôts



Dimitri Spoliansky
Caisse des Dépôts



Djalal Khimdjee
Proparco/AFD Group

Deliver on our long-term commitments

As an additional impact fund, we ensure that our investments generate long-term economic, social and environmental benefits. With this in mind, we report on our management of environmental and social risks, our impact and our business ethics through quarterly reports to shareholders and an Impact Report, published annually.

In September 2022, we confirmed this commitment by updating our purpose and the three commitments associated with it (see page 25). The product of group reflection, this declaration plays a key role in our operations. It lays the foundations of concerted governance guaranteeing the consistency of our strategic objectives with the needs of our partners and the ambitions of our staff. Monitored by a specific committee, our purpose and its system of governance are focused on the involvement of our stakeholders in specific events.

Perfecting governance in our asset management

We are committed to increasing the maturity of governance within our assets to meet the highest international standards, in order to maximise the quality of discussions and reduce financial and non-financial risks. This focus also contributes towards the profitability and impacts of our portfolio.

In addition to internal and external working sessions on the subject, including training, we establish clear contractual principles to guarantee the quality of our governance. In 2022, we participated in 190 governance bodies in our portfolio companies, with a 100% participation rate in meetings to which we were called. ▣



IN MY VIEW

Pierre Tardiveau,
Head of Asset Management at STOA

“STOA has a strong investment belief in active portfolio management. Consequently, we do everything possible to guarantee healthy, proactive governance which responds to local problems encountered within each of our assets.”

Our **social and environmental commitments**

Our commitment to current and future generations can be seen in practical action on a daily basis, through areas such as sustainable consumption, well-being at work and carbon offsetting.

Prioritising sustainable supply sources

At STOA, we are aware of the importance of adopting sustainable supply practices. Our paper is sourced from a PEFC-certified supplier who is a leader in sustainable forest management. We thus contribute to protecting forests and promoting sustainable management of forest resources. In addition, we have chosen to work with service providers specialising in making administration digital. This is helping us to reduce our paper consumption, optimise our internal processes and become more efficient.

Promoting staff well-being

We are convinced that optimum working conditions are essential for motivation, creativity and productivity. To promote physical exercise, we offer weekly sport sessions, so our staff can take a break while building team spirit. To promote healthy eating, baskets of responsibly or organically grown fruits are available. This improves the well-being of our employees and supports sustainable farming. Lastly, to facilitate collaboration and teamwork, our premises were extended and upgraded in 2023. By choosing new furniture mainly produced in Strasbourg, we are promoting jobs in France and reducing our impact. ■



IN OUR VIEW

Sandrine Valadoux
Executive Assistant, responsible
for renovation work at the STOA offices

"Office layout has a direct impact on quality of life at work. We felt it was essential to rethink our premises to make them pleasant to work in and conducive to teamwork, with more open space, a larger reception area, two meeting rooms, a tea bar, a staff lounge, showers and so much more."



Nadia Jabali
Office Manager, responsible for
renovation work at the STOA offices

"In renovating its premises, STOA placed the needs and well-being of its teams at the heart of the choices it made. The latest generation IT equipment increases our staff's efficiency. More spacious and open offices encourage movement and communication. This creates an environment which is conducive to building relationships and making progress on projects."

A carbon offset project in Brazil

In 2022, the carbon footprint of our business travel by air and rail amounted to 212 tonnes of CO₂ equivalent emissions. Since 2018, we have offset these emissions by funding Gold Standard certified carbon compensation projects. This year, we decided to support the Marajó project in Brazil, a REDD+ project which aims to protect 86,000 hectares of biodiverse Amazonian forest. Launched in 2003 on the island of Marajó (Pará, Brazil), this project combats deforestation and the deterioration of forests by encouraging the sustainable management of forest ecosystems. It is VCS certified and falls within the framework of our biodiversity and climate change adaptation strategies. The project has many positive impacts:

- **environmental:** it avoids 72,300 tonnes of CO₂ equivalent emissions per year and contributes to conservation by slowing deforestation. The project thus contributes to SDG13 and SDG15;
- **social:** it improves the organisational, technical and financial capacity of local communities, helps structure cooperatives which provide an alternative income for local communities, offers training in sustainable farming practices and provides financial support to rural schools and local students. The project is aligned with SDG4 and SDG8.



Progress Builder

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