

GHANA INFRASTRUCTURE INVESTMENT FUND



GIIF ENVIRONMENTAL & SOCIAL IMPACT POLICY

October 2019

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1.0 SUMMARY

The Ghana Infrastructure Investment Fund a body corporate wholly owned by the Republic of Ghana and established pursuant to the Ghana Infrastructure Investment Fund Act, 2014, Act 877, (“the Act”) the Fund’s mandate is to mobilize, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development.

The Government of Ghana, like many governments worldwide, is increasingly looking for mechanisms to close this infrastructure financing gap. Innovative approaches to infrastructure investment and finance and sustainable public procurement will be critical to this success. The establishment of the GIIF is one such innovative approach in catalyzing other sources of finance by leveraging its capital with private sector capital for financing infrastructure projects. The establishment of the Fund further provides the nation with the opportunity to systematically tackle the complex demands of infrastructure financing and investment. It will partner with the private sector to finance critical infrastructure projects.

- The objective of the GIIF is to mobilise, manage, coordinate and provide financial resources;
- To catalyse the development of critical infrastructure in Ghana; and
 - To generate a financial return for its shareholders

The vision of GIIF is to be a World Class Institution focused on accelerating Ghana’s Infrastructural development while at the same time ensuring that all investment activities comply with sound international social and environmental management practices. GIIF’s mission is to be a trusted and strategic partner for Ghana’s infrastructure development by availing financing and advisory services to impactful economic and social infrastructural projects in key priority sectors and, through its activities, to reduce poverty and promote socially sensitive and sustainable investments that consider the protection of the environment. To this end, GIIF will finance socially and environmentally friendly projects, and work with clients to avoid or minimize the social and environmental impacts of projects with higher risks.

GIIF is committed to financing projects to support Ghana’s infrastructure development activities while also considering the social and environmental risks as part of the process of evaluating the financial risks and viability of projects. As part of its commitment, GIIF will also raise the awareness of existing and new clients on social and environmental best practices, by advising clients on alternative methods and techniques that are socially sound and environmentally friendly.



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GIIF's environmental objectives are to preserve, protect and improve the quality of the environment; protect human health, in relation to the environment; ensure the prudent and rational utilization of natural resources and to conserve nature; and, promote measures to deal with regional or worldwide environmental problems, notably climate change and access to potable water and sanitation.

GIIF will carry out its investment activities with appropriate consideration for the environmental, social, health, safety and labor aspects related to the activities it finances. GIIF will comply with the requirements of international financial institutions to protect the environment and people; implement sound social and environmental rules and regulations; and identify, determine, and mitigate risks in all bank financing activities.

In order to implement the terms of this social and environmental policy, GIIF has developed a Social and Environmental Management System (SEMS). The purpose of the SEMS is to proactively identify and evaluate the social and environmental risks of projects before a decision is made to finance them and to monitor ongoing social and environmental performance after disbursement. GIIF recognizes that the SEMS will periodically have to be reviewed and revised to reflect changes in the regulatory framework as well as best practice guidelines, and to better suit the needs of its mission and clients.

The procedures of the SEMS are integrated with GIIF's existing investment risk management procedure, and as a result, GIIF will ensure that all activities considered for financing will be subject to:

- Screening against a list of excluded activities, which GIIF will not finance;
- Identification of social and environmental risks during project appraisal;
- Social and environmental due diligence, including compliance with applicable national laws, and the applicable requirements of external stakeholders commensurate with the level of risk and type of project, and proposed corrective actions to mitigate potential social and environmental impacts;
- Monitoring and reporting on the social, environmental and financial performance of projects after disbursement; and,
- Continuous improvement in the social and environmental performance of projects financed by GIIF.

For effective implementation of the SEMS and to ensure that the risk review process is conducted in an efficient and timely manner, GIIF will develop guidelines to help relevant staff (staff and senior management) improve their ability to identify social and environmental issues and assess risks. GIIF will also ensure that staff has the necessary resources to perform their duties under the SEMS and receive training, as necessary. To ensure compliance with the SEMS, GIIF may hire consultants, as deemed necessary, to make site visits and conduct social and environmental due diligence.



2.0 Terms and definitions

Continuous improvement – Recurring process of enhancing the environmental management system in order to achieve improvements in overall environmental performance consistent with the institution’s environmental and social risk policy.

Environment – The surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interaction

Environmental aspect – An element of an organization’s activities or products or services that can interact with the environment

Environmental impact – Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization’s environmental aspects

Environmental Management System – The part of an organization’s management system used to develop and implement its environmental policy and manage its environmental aspects.

International best practice guidelines - As used in the SEMS, this refers to the Performance Standards on Social and Environmental Sustainability used by the World Bank Group (http://www.miga.org/policies/index_sv.cfm?stid=1652)

Social and environmental issues - Social issues include labour rights, employee health and safety, community health and safety, nuisance and noise, resettlement, human rights, indigenous rights, cultural heritage and historical sites; environmental issues include release into the air, land use, soil or groundwater contamination, release into water, natural resources, nature conservation (fauna and flora); the built environment; and the side effects of any process or activity including deposit, disposal, storage, treatment, transportation, handling, manufacture, etc. of any hazardous substance or waste or substance that constitutes a scrap material.

3.0 Social and Environmental Management Plan

The Plan which should be prepared by the project proponent with the following:

- Describes the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken;
- Prioritizes these actions;



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- Include the time-line for their implementation;
- Is disclosed to affected communities; and
- Describes the schedule for reporting on progress made and outcomes associated with implementing the mitigation measures and corrective actions.

3.1.1 Scope

These guidelines apply to GIIF's activities in general and investment activities in particular. It will be applicable to:

- Environmental risks
- Social risks (including labor, and regulatory issue as associated with the employment)
- Corporate Social Responsibilities

3.1.2 Roles and responsibilities

Although the implementation of the environmental guidelines is a collective responsibility of all employees in the institution, the primary responsibility for implementing these social and environmental guidelines lies with the following people: Board of Directors, Management Risk and Investment Committee, Investment Team as well as the Risk Function.

3.1.3 Board of Directors

The Board of Directors Committee will:

- Review and provide final sign-off on the SEMS to ensure that it is integrated as part of GIIF's standard operating procedures;
- Submit to external stakeholders' annual reports on the social and environmental performance of GIIF's investment portfolio; and,
- Report to external stakeholders, as necessary, on social and environmental issues as they relate to GIIF's financial performance.

3.1.4 Management Risk and Investment Committee

The Management Risk and Investment Committee will:

- Review the Due Diligence Reports and provide a recommendation for approval or rejection to the Board Committee on Investment, Risk and Finance
- Review the SEMS annually or as issues arise that require immediate revision of the procedures;
- Notify Board of adverse incidents and accidents (depending on the severity); and,
- Review annual social and environmental performance reports prior to submitting it to Management for final approval.



3.1.5 Risk Manager/SEMS Coordinator

The Risk Manager who currently manages Environmental and Social Risk (ESRM) as well will:

- Be responsible for overall oversight of the SEMS;
 - Report to the Management Risk and Investment Committee on matters relating to the social and environmental risks associated with projects;
 - Periodically review and update the SEMS to ensure that social and environmental impacts and risks are properly managed;
 - Ensure that sufficient internal resources are allocated to allow for the effective implementation of the SEMS; and,
 - Notify external stakeholders of changes in the staff designated as the SEMS Coordinator.
- Track any changes in the Ghanaian regulatory framework that pertain to the environment, land use, labour health and safety issues, indigenous people and cultural artifact;
- - Assist with the day-to-day implementation of the SEMS to ensure that these procedures are integrated with the GIIF's investment procedures;
 - Serve as a focal point for information on social and environmental best practices relevant to GIIF's investment activities;
 - Ensure that internal briefings on emerging social and environmental issues are provided to staff as necessary;
 - Ensure that updated electronic and hard copies of the SEMS are available to all GIIF staff;
 - Track changes in the social and environmental regulatory framework; and,
 - Oversee the preparation of annual social and environmental performance reports.
 - Main liaison between GIIF and all external Consultants



3.1.6 Investment Team

The Investment Team will:

- Ensure completion of initial ESRM questionnaire by all prospective sponsors.
- Oversee the social and environmental due diligence process, especially with regards to compliance with applicable Ghanaian laws;
- Supervise additional social and environmental due diligence conducted for certain complex Medium Risk (Category B) and High Risk (Category A) projects, to ensure that it meets, as applicable, the requirements set in international best practice guidelines; and,
- Review Due Diligence Reports to ensure completeness prior to submitting to the screening committee.
- Conduct appraisals of all projects, comprising screening against GIIF's exclusion list, technical review and site visit (including social and environmental aspects), risk categorization, social and environmental due diligence (including identification of corrective action and recommendation of monitoring frequency);
- Conduct monitoring of all projects, comprising a regular site visit (including review of social and environmental performance and identification of corrective actions); and,
- Promptly notify Management Risk and Investment Committee of any fact or situation that is likely to result in noncompliance with applicable social and environmental requirements.
- Risk Manager will support the Investment Team till capacity has been built. The Fund will however continue to engage the services of Consultants to assist as has been the practice since inception of the fund. This is mainly due to current internal capacity.

3.1.7 Risk Management

- Review the findings and social and environmental risk assessment provided in the Due Diligence Report;
- Request additional information to determine if the environmental risk category, social and environmental risk assessment or proposed corrective actions are satisfactory or need to be revised;
- Revise the risk category of a project if it has the potential to negatively affect environmentally sensitive areas or socially sensitive issues;
- Review periodic reports on the social, environmental, and financial performance of all projects; and,
- Evaluate project performance (especially if High Risk (Category A)) and recommend additional measures for corrective action, as necessary.



3.1.8 Legal Department

The Legal Department will:

- Ensure that all legal agreements contain appropriate covenants to comply with GIIF's social and environmental policy and applicable social and environmental requirements as set out in the SEMS.

4.0 Procedures for evaluating social and environmental risks

All prospective sponsors of projects are requested to provide information about the nature of the project for which financial assistance is being requested. A designed form for this purpose will be given to the sponsor. In addition to the industry sector, a brief description of activities, and financial viability of the project, prospective clients need to inform GIIF on the following, as applicable, for each phase of the project (e.g., location, construction, and operation): environmental issues (air, land, water, natural resources, nature (flora and fauna) and built environment); worker health and safety issues; labour issues (employment conditions and labour rights; social issues (community interactions, relocation, cultural heritage and indigenous people).

The institution at this stage will hire an external consultant to conduct due diligence on all projects that are identified to be category A and B.

For each social and environmental component, the project Sponsor is asked to provide a description of mitigation and enhancement measures to avoid or reduce the impact.

All applications received by GIIF are screened against GIIF's exclusion list (Appendix 1) to determine if the activity for which financing is being requested is eligible under GIIF's social and environmental policy.

5.0 Social and Environmental Due-Diligence

5.1.1 Social and Environmental Due-Diligence

Compliance with applicable national laws on environment, health, and safety is verified. The project Sponsor will be asked to provide copies of all necessary permits and required documents or to obtain these before the application is further evaluated.

If other areas of noncompliance are identified, the project sponsor will be asked to develop a plan for corrective action within a reasonable time frame to be included as a condition in the facility agreement.

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Additional social and environmental due diligence is conducted for certain complex Medium Risk (Category B) and High Risk (Category A) projects. This should include a review to ensure that the following information has been provided by the project sponsor as part of the application process and also that it meets, as applicable, the requirements set forth in international best practice guidelines:

- Integrated assessment to identify the social and environmental impacts, risks and opportunities of projects. The project sponsor is expected to assess the potential social and environmental risks and impacts of the project, which will include:
 - Environmental Impact Assessment: The preparation of an acceptable Environmental Impact Assessment (prepared with the help of consultants with appropriate expertise and experience) is required for all High Risk (Category A).
 - Additional Social and Health Impact Assessment: A Social and Health Impact Assessment (prepared with the help of consultants with appropriate expertise and experience) is also required for all High Risk (Category A).
- Management of social and environmental performance throughout the lifecycle of the project. Where social and environmental impacts have been identified in the integrated assessment, the project sponsor is asked to develop a management system to avoid, reduce, mitigate or compensate for impacts on people and the environment, and to improve conditions as appropriate. This should include the preparation of a Social and Environmental Management Plan (with assistance from a qualified external consultant, selected through a competitive process and acceptable to GIIF) as necessary, in which specific mitigation measures and actions (commensurate with the level of risk of the project) are described to address potential impacts.
- Community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them. When local communities are affected by a project, the project sponsor will be asked to develop a process for community engagement to build and maintain over time a constructive relationship with these communities. This should include the following:
 - **Disclosure:** The project sponsor will be asked to publicly disclose to affected communities information on the purpose, nature and scale of the project; the duration of proposed project activities; and any risks to and potential impacts on those communities.
 - **Consultation:** The project sponsor will be asked to undertake a consultation process so that affected communities have the opportunity to express their views on project risks, impacts and mitigation measures, and to allow the project sponsor to consider and respond to expressed concerns. As appropriate and necessary, the project sponsor may establish a grievance mechanism to facilitate on-going resolution of concerns. GIIF (through the assistance of a Consultant) shall check to ensure both disclosures and

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consultations are done as stipulated by the Environmental Protection Agency (EPA) of Ghana.

5.1.2 Due Diligence Report

The due-diligence findings are compiled into a Due Diligence Report, which summarizes the social and environmental risks and also includes identification of necessary corrective actions to mitigate potential impacts. The Risk Manager (with support from External Consultant) in agreement with the Investment Analysts/Officers will recommend the frequency and extent to which monitoring needs to be conducted by GIIF to ensure that identified corrective actions are implemented effectively to mitigate social and environmental impacts as necessary.

Due Diligence Reports are reviewed by Investment Team for approval and forwarded to the Risk Manager.

Responsible staff: Investment Team with support from Risk Manager

5.1.3 Evaluation of Social and Environmental Risks

Each Due Diligence Report prepared by the Consultants is reviewed by the Risk Manager to evaluate the social and environmental risks associated with a project.

Additional information or clarification may be requested from the Investment Team, to determine if the environmental risk category, social and environmental risk assessment or proposed corrective actions are satisfactory or need to be revised.

Guided by the Environmental and Social Risk Policy of the institution, Social and Environmental Risks are categorized as follows:

High Risk (Category A) Projects:

Agriculture, Animal Husbandry and Rural Development

- Agricultural and breeding activities which use chemical fertilizers and pesticides in wetlands
- Large scale monoculture agricultural practices such as tea, coffee, flowers and pyrethrum, etc.
- Works and activities that use bio-technology to modify seeds and animals



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- Large-scale reclamation and new land development
- River basin development
- Large-scale irrigation, drainage and flood control (e.g., 2000 hectares or more)
- Commercial logging
- Large-scale aquaculture/mariculture
- Intensive animal farming (e.g., more than 85,000 places for broilers, 60,000 places for hens, 3000 places for production pigs or 900 places for sows)

Industry

- Mining/extraction, quarrying and processing of metal ores or coal
- Construction of industries, factories and activities carried out in those industries
- Construction of oil pipelines and its products, gases and storage tanks
- Construction of slaughter houses
- Agro-industry with organic effluents or wastes
- Industrial plants including major expansion (with toxic or dusty discharges)
- Large ferrous and non-ferrous metal operations
- Large-scale pulp and paper industries
- Large-scale textile industries involving wet processes
- Integrated chemical installations for manufacture on an industrial scale of substances using chemical conversion processes
- Manufacture, transportation, and use of pesticides, hazardous or toxic materials
- Projects with important risk of accident
- Major storage facilities for petroleum, petrochemical and chemical products
- Food industry
- Rubber industry

Infrastructures

- Construction and repair of international roads, national roads, district roads and repair of large bridges
- Construction of hydro-dams and electrical lines
- Construction of public dams for water conservation, rain water harvesting for agricultural activities and artificial lakes
- Construction of terminal ports and airports, railways and car parks
- Construction of hotels and large public buildings which house more than a hundred people per day
- Water distribution activities and sanitation



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- Construction of public land fills
- Construction of hospitals
- Construction of stadiums and large markets
- Initial installation of communication infrastructures.
- Large-scale tourism development

Other Types of Projects

- Coastal or waterside development
- Projects involving significant migration, displacement and/or resettlement
- Projects that may significantly increase health and safety risks, including HIV/AIDS
- Importation of exotic species for commercial use
- Projects in or near high highly sensitive and high value ecosystems (parks and buffer zones)
- Projects with transboundary effects
- Hazardous waste management and disposal

Medium Risk (Category B) Projects:

Agriculture, Animal Husbandry and Rural Development

- Agribusiness (small scale)
- Processing and preservation of fruit and vegetable, fish, meat
- Vegetable/animal oil production and processing
- Dairy products manufacture
- Small-scale reclamation and new land development
- Small-scale reforestation/afforestation
- Land and soil management and agricultural practices improvement
- Small-scale irrigation and drainage
- Small-scale aquaculture/mariculture
- Watershed development (management or rehabilitation)
- Small-scale animal production

Industry

- General manufacturing
- Manufacture of construction materials
- Textile plants (thread making and weaving)
- Industry development (with no toxic discharge)
- Chemical industries, without any bulk storage of inflammable, explosive or hazardous substances



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- Manufacture of plastic products
- Manufacture of leather products (except tanning and dyeing)
- Repair and maintenance shops
- Printing
- Manufacturing of wood products
- Saw milling
- Manufacture of veneer, plywood and other wood-based materials

Infrastructures

- Dams and small reservoirs
- Feeder roads construction
- Roads rehabilitation and maintenance
- Telecommunication facilities
- Rural water supply and sanitation
- Water supply and sanitation projects
- Small scale hydro-power development
- Small-scale power transmission
- Rural electrification
- Renewable energy development
- Urban expansion plan
- Public facilities (hospitals, schools, housing development, etc.)
- Small-scale tourism development
- Small-scale rehabilitation, maintenance and modernization projects

Other Types of Projects

- Small scale protected areas establishment
- Environmental programs
- Structural and sectoral adjustment loans
- Privatization projects
- Micro-financing projects
- Poverty reduction projects
- HIV/AIDS programs and projects
- Women targeted projects

Low Risk (Category C) Projects

- Institutional development and capacity building
- Health programs/family planning programs



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- Establishment of business services industries (business advisors, accountancy auditors, etc.)
- Life insurance companies
- Broadcasting (TV, radio, satellite)
- Purchase of computer equipment
- Establishment and equipment of art, design, telecommunications studios
- Establishment of restaurants and other food premises
- Spinning, weaving and finishing of natural and synthetic fabric
- Tailoring and dress-making shops
- Manufacture of leather products and clothing (except where tanning or dyeing is involved)
- Lines of credit, corporate loans to banks¹
- Private equity funds, etc. managed by financial intermediaries¹

The risk categorization of projects may be reclassified when they have the potential to negatively affect environmentally sensitive areas or socially sensitive issues.

Re-categorize Project Risk Category from C (Low) to B (Medium) if:

- Involve negative physical intervention in the environment
- Disfavour certain groups by virtue of their age or other social characteristics
- Affect rural areas with a relatively high population density (compared to national average)
- Increase women's workload
- Modify adversely gender relationships, roles and/or responsibilities
- Be detrimental to poor, women, vulnerable groups or less-organized segments of society such as nomad people
- Involve involuntary displacement or resettlement for a small number of people
- Increase health risks, including HIV/AIDS
- Disparity in boys versus girls access to education

Re-categorize Project Risk Category from B (Medium) to A (High) if:

Affect the following environmentally sensitive areas:

- Tropical rainforests
- Areas with erosion-prone soils (e.g. mountain slopes)
- Natural conservation areas
- Wetlands of national or international importance
- Areas with protected and/or endangered species
- Areas of particular scientific interest

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Impact on socially sensitive issues:

¹ A review of the investment portfolio of these clients should be conducted on a regular basis to assess potential social and environmental risks associated with these investments and recommend appropriate mitigation measures.

- Affect rural areas with a relatively high population density (compared to national average)
- Affect particular historic, archaeological or spiritual sites
- Lead to a loss of customs or traditions (reducing social diversity)
- Affect areas presenting complex social settings or subject to significant social risks (post conflict situations)
- Affect negatively specific groups (ethnic minorities, refugees, displaced people, etc.)
- Reduce food supply for certain socio-economic groups in particular women, children, minorities, etc.)
- Lead to a loss of productive assets (land, credit, etc.) for certain socio-economic groups in particular for women, poor or vulnerable groups
- Intensify discriminatory practices particularly against women
- Reduce women's participation in decision-making processes

If the findings and risk assessment provided in the Due Diligence Report are satisfactory to the Risk Manager, the application is forwarded to the Management Risk and Investment Committee for final review.

6.0 Reporting

6.1 Accidents and Incidents

From the outset, GIIF will strive to develop good working relationships with clients based on mutual trust, to promote a two-way information flow. The Risk Manager and Investment Team will immediately follow up with sponsors when GIIF becomes aware of any accidents or incidents, or when clients report directly to GIIF on any such events. The Risk Manager will also inform the Management Risk and Investment Committee of such events, and depending on the severity, Board Committees on Risk and Investments will be notified.

Executive Management will immediately report to external stakeholders if any project experiences a major accident or incident that has received media attention.



6.1.1 Reporting on High Risk Projects

Based on information provided by the Investment Analysts/Officers, the Risk Manager as well as the Management Risk and Investment Committee will inform the Board of any High Risk (Category A) projects that are being appraised and considered for financing, prior to making a decision.

6.1.2 Annual Reporting on Social and Environmental Performance

GIIF will prepare annual reports on the social and environmental performance of its financial activities at the end of each fiscal year (December 31), as required in the legal agreements with external stakeholders

The report should include information on GIIF 's portfolio by industry, sector and by risk category, as well as information on social and environmental issues associated with projects, corrective actions taken, cases of non-compliance and how these were resolved.

The report should also provide information on challenges encountered with the SEMS implementation and any revisions that were made to the SEMS to address short-comings in the process.

The Risk Manager who currently acts as the SEMS Coordinator will assist with compiling the necessary information provided in reports submitted by the Consultants as well as Investment Team. The Report will be reviewed by the Management Risk and Investment Committee prior to submitting it to Board for final approval before it is sent to external stakeholders.

6.1.3 Review and continuous improvement

GIIF will periodically revise the SEMS to ensure that it remains relevant and effective over time, incorporates the evolving needs of the institution and reflects changes in the regulatory framework.

6.1.4 Periodic Reviews

The Management Risk and Investment Committee will review the SEMS annually or as issues arise that require immediate revision of the procedures. This includes changes in the regulatory framework, changes in international best practices, and investment activities in new industry sectors for GIIF.



6.1.5 Changes in Regulatory Framework

The Risk Manager serves as a focal point of information on laws and regulations that are of particular relevance to GIIF's portfolio across various industry sectors. Information is disseminated to GIIF's Investment Team, and members of the Board Risk and Investment Committee as requested. The Risk Manager also liaises on a regular basis with representatives of relevant ministries to keep track of any pending or upcoming changes in laws and regulations.

6.1.6 SEMS Revisions

The Management Risk & Investment Committee keeps the Board of Directors informed on challenges, successes and other important issues associated with SEMS implementation.

Based on input received from the Investment Team, and the Risk Manager, the Management Risk and Investment Committee makes the necessary revisions to the SEMS to improve the operational aspects of SEMS implementation and to reflect changes in applicable national laws on environment, health, and safety.

All changes and any reviews to the SEMS are approved by Executive and Board, before informing all GIIF staff about such changes in the SEMS procedures.

6.1.7 Corporate Social Responsibilities (CSR)

With our goal of long term value creation, we at Ghana Infrastructure Investment Fund believe in operating in a way that actively recognizes the importance of local communities and the environment, and places great importance on making a positive impact on the quality of life in the broader communities in which it works.

Although the nature of our day to day operational activities is not necessarily harmful or threatening to the environment or society, we acknowledge that our financing activities can indirectly impact on society and the environment in a more significant way.

It is within this framework that the institution will:

- Interact regularly and effectively with local communities to ensure that its activities do not compromise the values of local communities; employees and other stakeholders

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- Comply with applicable legislation and local regulatory requirements related to Health and Safety issues;
- Implement initiatives geared towards its employees, clients, partners and communities where it operates;
- Promote the development and training of its human talent: the human resources management team will constantly work on training and development of the workforce so that the Bank's clients will have access to the best professionals for their projects;
- Support and participate in different programs that promote the communities' social well-being and economic growth.

7.0 Appendices

7.1 GIIF Statement of Commitment to Responsible Financing

All societies worldwide are increasingly requiring corporations to acknowledge and accept the responsibilities of managing environmental and social assets for the benefit of future generations. We at GIIF also acknowledge and accept this responsibility in the way we conduct business.

Although the nature of our day to day operational activities is not necessarily harmful or threatening to the environment or society, we acknowledge that our financing activities can indirectly impact on society and the environment in a more significant way.

As such and consistent with our goal of long term value creation, we at Ghana Infrastructure Investment Fund believe that a sound Environmental and Social Governance System (ESG) enhances our investment decision making.

As such we endeavour to ensure that the business activities we finance directly or indirectly do not breach our Exclusion List and conform to acceptable environmental and social standards.

At a minimum we expect our Clients to comply with national regulations. However, where appropriate, we will also encourage our Clients to adopt good internationally recognised industry practices.

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Our approach is to work with our Project companies to better understand their environmental and social impact and to assist them to build more sustainable businesses that contribute positively to our economy, society and conserve our environment.

As a fast growing entity, we also recognize that our own environmental footprint of operations is growing. As such we will endeavour to minimize this by using resources more efficiently.

Lastly, in the spirit of continuous improvement, we will undertake to regularly review and improve our policies and practices to achieve our goal of facilitating a more sustainable economic activity in Ghana.

7.1.2 Ghana Infrastructure Fund's Exclusion List for Investments

GIIF will not invest in any activity, production, use, distribution or business involving:

1. Forced labor¹ or child labor²
2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - a. Ozone depleting substances, PCB's (Polychlorinated Biphenyl's) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
 - b. Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
 - c. Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
3. Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations
4. Destruction³ of High Conservation Value areas⁴



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5. Radioactive materials⁵ and unbounded asbestos fibres
6. Pornography and/or prostitution.
7. Racist and/or anti-democratic media
8. In the event that any of these following products form a substantial part of a project's primary financed business activities:⁶
 - a. Alcohol beverages (except beer and wine)
 - b. Tobacco
 - c. Weapons and munitions; or
 - d. Gambling, casinos and equivalent enterprises

Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

Persons may only be employed, as defined in the ILO Fundamental Principles and Workers Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see <http://www.hcvnetwork.org>).

This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.



7.1.3 Appendix 3: Organizational Chart of GIIF

