

# CLIMATE FUND MANAGERS

Fund Manager to the Climate Investor One and  
Climate Investor Two Funds



## Project Disclosure Bio2Watt, South Africa



### Disclaimer

The information as disclosed is indicative and provided on an "as available" basis for general information purposes only and should not be construed as financial, legal or investment advice, nor as a commitment or an offer to arrange or provide any financing. The final decision to provide financing is subject to the terms and conditions of CIO and CI2 and the Investment Committees of the CIO and CI2 Construction Equity Funds in their sole and absolute discretion.

## Who is our prospective client?

Climate Investor One (“CI1”) and Climate Investor Two (“CI2”) are considering an investment opportunity in Bio2Watt Energy Holdings (“BEH”) for the acquisition and expansion of the Bronkhorstspruit Biogas Plant (“BBP”) near Bronkhorstspruit in Gauteng Province, South Africa. The BBP converts organic waste into electricity using biogas produced through an anaerobic digestion process. BEH is a South African developer of waste-to-value projects and, beyond the BBP project, BEH will focus on a pipeline of opportunities to generate renewable energy for the corporate and industrial markets in South Africa and elsewhere.

## What is the funding objective?

The CI1 and CI2 investments will be used for the rehabilitation and expansion of the BBP. The expanded BBP will divert approximately 240,000 tons of organic waste per annum from landfills and use it to generate renewable baseload power for offtake by BMW South Africa’s manufacturing plant in the City of Tshwane, Gauteng Province. The project will result in net greenhouse gas (“GHG”) emissions avoided of approximately 28,000 tons CO<sub>2</sub>eq per year and support South Africa’s Low Emission Development Strategy and National Development Plan goals, which include meaningful reductions in GHG emissions and absolute reductions in the total volume of waste disposed to landfill each year.

## Why do we want to fund this?

South Africa directs over 54 million tons of waste to landfill sites every year, of which up to 70% comprising organic waste. Decomposing organic waste produces methane, a powerful GHG, and causes soil and groundwater contamination if not managed adequately. In its National Waste Management Strategy 2020, the South African government set a long-term target of achieving zero waste to landfill, with a 70% reduction to be completed by 2035 through two main strategies: waste prevention through reuse and utilisation of waste as a resource. The BBP investment, and the BEH pipeline of waste-to-value projects, present an attractive opportunity for CI1 and CI2 to contribute to developing a circular economy in South Africa, and to support the country in achieving its climate change mitigation and energy capacity goals.

## Environmental and social rationale

This opportunity to invest in the expanded BBP has been classified as Category B in accordance with CI1 and CI2’s E&S risk categorisation; this is equivalent to the International Finance Corporation (IFC) E&S risk category B. The remaining assets in the BEH pipeline are in development and may be assigned a different rating on a case-by-case basis.

Adverse E&S impacts associated with the BBP project are limited and site-specific, and effective mitigation measures in line with international standards are available. IFC Performance Standards (PS) 1-4 are applicable, and the key E&S impacts and risks relate to occupational health and safety, third-party labour and working conditions (including in the supply chain), and sustainable water use and waste management.

An environmental and social management system (ESMS) is being implemented for the BBP project, and the development of an ESMS at BEH holding company level is underway. The BEH ESMS includes requirements for E&S risk and impact assessment and the development of a project-specific ESMS for each of the pipeline assets under development.

In case of questions or comments please contact [info@climatefundmanagers.com](mailto:info@climatefundmanagers.com).