

CLIMATE FUND MANAGERS

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



Project Disclosure Bio2Watt Cape Dairy Plant, 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 C12 and the Investment Committees of the CIO and C12 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 in the construction and operation of the Cape Dairy Biogas Plant by Bio2Watt Energy Holdings ("BEH") near Malmesbury in the Western Cape Province, South Africa. The CDP is a waste-to-energy project converting organic waste into electricity using biogas produced through an anaerobic digestion process. CDP is the second waste-to-energy project to be constructed and operated by BEH, the first being the Bronkhorstspruit Biogas Plant, the expansion and operation of which CI1 and CI2 have already invested in. BEH is developing a pipeline of waste-to-energy projects 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 construction and operation of the Cape Dairy Plant. The plant will divert approximately 262,800 tons of organic waste per annum from landfills. Instead, the waste will be utilised to produce renewable baseload power to be wheeled via the national grid for offtake by The South African Breweries, the South African business of Anheuser-Busch InBev ("AB InBev"), under a power purchase agreement between BEH and AB InBev. The plant is expected to result in annual net greenhouse gas ("GHG") emissions avoided of approximately 22,000 tons of CO₂eq and will 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, comprising of up to 70% 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: utilisation of waste as a resource and waste prevention through reuse. The proposed investment in the Cape Dairy Plant, along with the BEH pipeline of waste-to-energy 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 construction and operation of the Cape Dairy Plant 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. Adverse E&S risks and/or impacts are limited, generally site-specific and largely reversible which can be effectively managed in line with available international standards. 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.

BEH implements an environmental and social management system (ESMS) that sets requirements for E&S risk and impact assessment and the development of a project-specific ESMS for each of the pipeline assets under development. An ESMS is being developed and will be implemented for the construction and operation of the Cape Dairy Plant.

In case of questions or comments please contact info@climatefundmanagers.com.