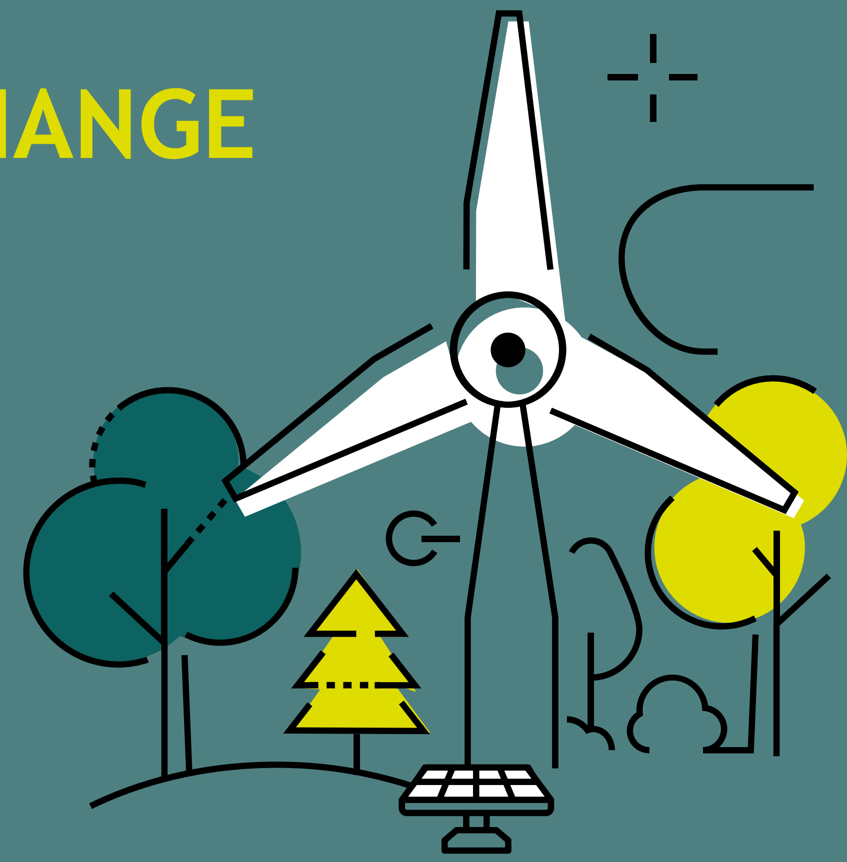
GLOBAL CLIMATE PARTNERSHIP FUND
managed by responsAbility

GCPF IMPACT REPORT

MITIGATING CLIMATE CHANGE TOGETHER



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GCPF IMPACT REPORT 2022-2023

GREETINGS FROM THE CHAIR

I am pleased to introduce the inaugural Impact Report of the Global Climate Partnership Fund. Of course, impact is not new: for over a decade GCPF has been making a measurable and sustainable impact toward climate change mitigation in emerging markets. Since the start of operations in 2010, 22 million tons of greenhouse gas emissions have been avoided by mobilizing funding for green investments of over USD 1 billion via 57 partners in 32 countries. This report highlights the impressive stories behind these figures, which would not be possible without the buy-in and dedication of our partners. They provide an inspiring example to their own markets how to align investing to create a global economy independent of fossil fuels. With the GCPF Impact Report, our idea is to provide a transparent platform to regularly inform about the achievements of our partners.

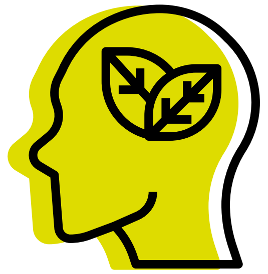
When reading this report, we should not forget the critical role of the Fund's investors and initiator. Without their backing and continued support for both the Fund and its Technical Assistance Facility, none of these impacts would have been possible. The German Federal Ministry for the Environment (BMUV) and the UK's Department for Business, Energy & Industrial Strategy (BEIS) along with the Government of Denmark have together generously provided close to a third of GCPF's capital base. As these investors are willing to take risks and invest in countries not targeted by private investors, GCPF has been able to leverage-in the additional financing leading to 7.5 times more funding available for climate mitigation in emerging markets.

On behalf of the Board of Directors I would like to acknowledge the dedication and close teamwork of the Fund's governing bodies, service providers and Investment Manager who have worked hard to drive forward the Fund's contribution to our environment and ultimately our collective well-being. I hope the stories outlined below provide inspiration and help continue this important goal that we all share.

> **"Our partners provide an inspiring example to their own markets how to align investing to create a global net-zero economy."**

Ulrike Lassmann,
Chairperson of the Board

WHAT OUR PARTNERS SAY ABOUT GCPF

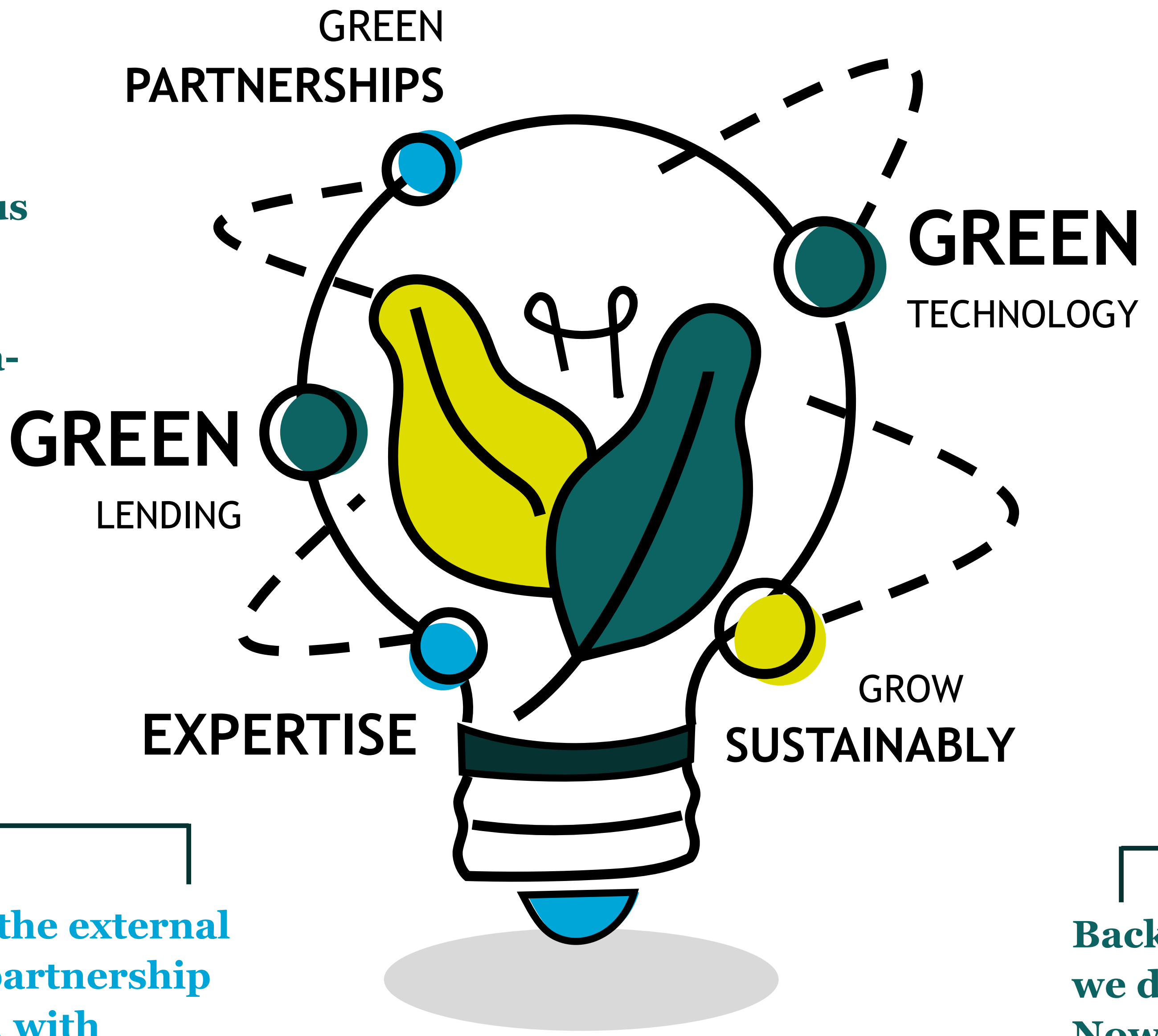


"Our focus is on finding solutions for our customers and GCPF proves truly beneficial because it has features that offer great solutions for them. Our relationship goes beyond just borrower & lender. GCPF also provides understanding and assistance for green lending, which is great."

Mashrur Arefin - CEO The Citybank Limited, Bangladesh

"Carbon reporting to GCPF seemed like a burden at first. Today we see that the reporting on CO2 emissions helps us to better understand our own green portfolio and make adequate strategies. On the other side, it helped us to be prepared to access other credit lines and position us vis-à-vis emerging competition."

Miguel Ebenberger - CEO, ProCredit, Ecuador



"When the green lending concept was starting to evolve, there was only a small amount of green borrowers in the market. These customers are now large companies, contributing to the strength of our current portfolio."

John Keith - CEO, Promerica, Costa Rica

"We appreciate GCPF not only for the external consultants but also for the close partnership with the GCPF team along the way, with frequent meetings to institutionalize the knowhow one step at a time."

Gigi Gabunia- CCO, BasisBank, Georgia

Back when we first started in 2014, we didn't have a clue what green lending was. Now we can confidently say that we won't give a cent to a customer if it's harmful to the environment."

Richie Dias - Head of Treasury, Pan Asia Bank, Sri Lanka

GCPF'S IMPACT APPROACH:

TAILORED SUPPORT AND GLOBAL PRESENCE

Working with Financial Institutions by engaging various in-house expert teams to develop green partnerships

Within responsAbility, GCPF is managed by a core team of more than 25 experts that combine expertise in investment, energy, technical assistance as well as environmental and social risk management. In close collaboration with responsAbility's broader teams around the world, these experts work hand in hand with a wide variety of Partner Institutions. Most such partners are Financial Institutions (FI). GCPF helps to develop and expand green bespoke lending initiatives for every FI.

These initiatives - **or green partnerships** - are always tailored to align with the FI's strategy and local market conditions, helping ensure that they reflect an institution's priorities and offer opportunities to scale. Thanks to the grants provided by the Technical Assistance (TA) Facility, GCPF can also hire external experts to provide capacity-building for rolling out new renewable energy or energy efficiency products. In addition, GCPF also introduces the FIs to global best practices in the measurement of CO_2 emissions and management of environmental and social (E&S) risks. Some of the cases presented later in this report provide compelling examples of such initiatives.

More broadly, GCPF's deep in-house expertise on climate and E&S topics means that it can develop green lending programs with any institution, irrespective of its country, client or market segment or prior expertise with the topic. Whether an FI is taking first steps in its green lending journey or is well advanced but looking to go further, GCPF offers an opportunity for a green partnership.

Joining efforts with like-minded institutions across the globe to mitigate climate change

GCPF has always focused on creating a global network of partner institutions. Why? Because climate-friendly investment in emerging countries faces several barriers that are best overcome by institutions working together. Beyond the woefully under-priced cost of emitting carbon and other greenhouse gases (GHGs), high levels of risk aversion and low awareness of the viability of the benefits of green investments pose significant hurdles.

The efficient provision of capital into green assets requires reliable information as well as clear legal and regulatory frameworks, which is often a challenge in emerging markets. As each market has its own blend of challenges and opportunities, tailored solutions are needed that fit with local market realities. GCPF therefore aims at anchoring green partnerships locally by institutionalising know-how within its partner institutions and engaging with local actors to promote green growth. As truly sustainable climate finance is only possible through the creation of locally driven initiatives, GCPF has focused on building bridges between international best practices and local needs.

One example is the local market baseline. A question often asked by any institution contemplating climate finance is: "what is actually 'green' in my market?" As a first step, to ensure the accurate calculation of CO_2 emissions savings, GCPF develops representative technology- and country-specific baselines that allow measurement of the relative use of energy and/or CO_2 savings of a new technology. After defining such baselines, GCPF helps an FI to identify the technologies that generate at least 20% energy savings or CO_2 savings, while helping the FI to highlight these benefits in their marketing and promotional activities.

Without in-depth local expertise, developing local baselines in each of GCPF's target countries would be costly and time-consuming. To overcome this challenge, GCPF, through its Technical Assistance Facility, has partnered with the UN Environment Programme (UNEP) since 2017 to jointly establish country baselines for transportation and household appliances. This strategic partnership allows GCPF to obtain first-hand information on the development of sustainable energy policies in the markets it operates and contributes to UNEP's effort to expand data collection in emerging countries.

For the specific case of transportation, GCPF relies on data collected by the Global Fuel Economy Initiative (GFEI) to establish baselines for energy-efficient vehicles. GCPF will continue to use GFEI baseline information to further support their local partners and verify vehicle fuel economy fleet improvement. And to promote energy-efficient lighting, appliances, and other equipment, GCPF works with United for Efficiency, another entity that is highly active at the local level (for instance, through labelling initiatives).

The benefit for partner institutions is that GCPF carbon emission savings can be any loan size and provides financing for any investment resulting in at least 20% energy savings. Carbon emission savings are performed in line with international standards and regularly independently verified.

GCPF's partner FIs have become increasingly interested in the topic of "green buildings". Their interest is twofold: either to promote the financing of new green buildings via their clients, or to invest in green refurbishments for their own bank headquarters. To support these initiatives, GCPF has partnered with Sintali, a leading environmental certification body, that supports partner institutions in assessing and certifying green buildings projects according to the EDGE (Excellence in Design for Greater Efficiencies) standard. **The collaboration with EDGE gives GCPF partners access to end-to-end support, in the design, audit and certification of their or their clients' green building projects.**

Finally, as member of the United Nations Environment Programme Finance Initiative (UNEP FI), GCPF is partner to a large network promoting best practices in sustainability and efficiency across Financial Institutions all over the world. Taking a step back: why is this important? **Scaling investments in energy efficiency is critical to achieving a net zero future.** After increases in the share of renewable energy, gains in energy efficiency deliver the second largest contribution to reducing CO_2 emissions to the IEA's Net Zero Emissions Scenario over the next decade[1].

Without the donors to the GCPF Technical Assistance Facility, none of these partnerships would be possible. The Technical Assistance Facility received funding from GCPF's own revenues, BEIS (The UK Government Department for Business, Energy and Industrial Strategy), BMU (the German Federal Ministry for the Environment), and the Austrian Development Bank OeEB. Their funding and strategic guidance ensures that GCPF's partner Financial Institutions have access to a global network of organizations committed to mitigating climate change.

29

COUNTRIES

A global community of green financing professionals exchanging on best practice[2]

1 bn

USD

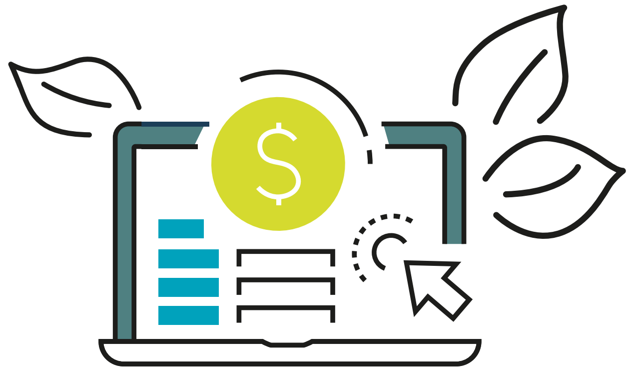
on-lent by partner institutions[2]

82,788

PROJECTS

recorded since inception for state of the art carbon accounting tool[2]

SNAPSHOT OF EXEMPLARY PARTNERSHIPS



SNAPSHOT ON LATIN AMERICA: Decarbonizing lending at scale

CIFI (*the Corporación Interamericana para el Financiamiento de Infraestructura*) has partnered with GCPF since 2017. Founded in 2001, the company was the first entity dedicated to providing debt financing, structuring and advisory services to small- and medium-sized infrastructure and energy projects across Latin America & the Caribbean. Approximately half of its portfolio was invested in renewable energy across a variety of technologies, including solar PV, hydropower, wind, and biomass.

With the realization that climate change will have considerable impact on all its investments (and not only the ones in energy infrastructure), CIFI was eager to align its investment strategy and portfolio composition to a 1.5°C world (the limit of global warming above preindustrial levels set in the Paris Agreement). CIFI reached out to the GCPF team to analyse the carbon footprint of its entire loan book and the respective climate risk exposure.

With the support of GCPF's Technical Assistance team, external experts were contracted to map CIFI's exposure to carbon intensive activities as well as their climate-related risks and develop a strategy to help align their portfolio with a 1.5°C pathway. The TA mandated consultant's analysis helped CIFI identify the more carbon intensive sectors in its portfolio so as to reduce exposure to such sectors in the future.

Key outcomes:

- From a credit risk perspective, the analysis confirmed that renewable energy projects in CIFI's portfolio were less risky than their carbon-intensive counterparts. Yet, certain renewable energy projects are highly exposed to a warming planet and the study also included a risk assessment to assess potential revenue losses due to the increasing frequency and intensity of extreme weather events underscoring the importance of avoiding runaway climate change.
- CIFI has now developed a Roadmap to align their strategy to a 1.5°C scenario and has started the deployment at all levels of the organization with a new Climate Change Policy and procedures to assess Climate Risk in their investment cycle.
- Mindful that sharing best practice is a key objective, the results of CIFI's efforts were shared with a large public audience during a joint webinar organized by GCPF in May 2021: Hitting the road to 1 5°C alignment a Financial Institution's journey - YouTube

[1] IEA, 10 June 2021 (link to article here). [2] As of 31.12.2021

SNAPSHOT ON CAUCASUS REGION: institutionalizing credit reporting

In Q4 2020, Ameriabank started with digitization of its operations, which included the automation of the process to tag green loans within the bank's portfolio. Ameriabank approached GCPF for support to train its bank staff to identify and calculate the energy savings of EE/RE projects, which could then be classified as green loans and be reported to GCPF. Thanks to TA funding, local experts were hired who engaged with the bank on various business segments during a sequence of training sessions, held every three weeks from December 2020 to February 2021.

Key outcomes:

- The bank's E&S team has a deeper understanding that allows them to assess and monitor E&S risks and impacts found in the bank's operations as well as their clients'.
- In order to raise awareness on the potential of green technologies, participants mapped energy savings and related CO_2 emission reductions in several sectors, from energy efficient buildings to renewable energy projects such as PV Solar.

"The TA project enabled our team to learn more on Energy Assessment approaches and goals, GHG Inventory, emission reduction policy, emission factors, energy units, Armenia Energy Sector Development Strategic Program to 2040, Mitigating actions, scenarios, etc."
Flora Soghoyan, Relationship Manager at Ameriabank

SNAPSHOT ON SUB-SAHARAN AFRICA: Supporting the launch of green lending across a holding structure in multiple countries.

In March 2021, GCPF partnered with Letshego Holdings Limited, a regulated and publicly listed NBFI headquartered in Gaborone, Botswana. Through its presence in 11 countries across Southern, East and West Africa, Letshego provides retail financial services to broader market individuals, teachers, civil servants, hospital workers and micro and small entrepreneurs. GCPF's funds are currently being utilized across three subsidiaries - Ghana, Tanzania and Nigeria - with an aim to expand to other countries over time. As Letshego had no prior experience with green lending, the GCPF team started working early to ensure successful onboarding and eventual fund utilization. The strong commitment and support provided by Letshego's top management has been a critical component to ensure early-stage buy-in and success, which sees green lending as a strategic focus area for long-term growth and product differentiation.

Key outcomes in Ghana:

- GCPF's energy specialists led several workshops and trainings to raise awareness about of the idea and potential for green Affordable Housing in Ghana. Subsequently, leveraging the support of a Green Architect, the first Green Housing Prototypes were developed, all of which achieve energy, water and materials savings well in excess of 20%, using only locally available materials and at zero or no incremental cost. With the close support of GCPF's energy specialists, the Letshego Ghana team has developed a financial product and commenced the pilot with the construction of a prototype home.
- In addition to green Affordable Housing, Letshego Ghana became the first Financial Institution in the country to join the innovative energy-efficient appliances program called ECOFRIDGES GO, which is led by UNEP U4E, the Basel Agency for Sustainable Energy (BASE), and the Ghana Energy Commission (for a description of the program, see this TV ad). ECOFRIDGES GO was designed to leverage Letshego's deduction-at-source lending solution, thereby making energy-efficient air conditioners and refrigerators, that tend to have higher upfront costs, accessible to more Ghanaians.
- Last but not least, Letshego Ghana replaced all of their retail branches AC's with ECOFRIDGES GO models, using them to demonstrate the appliances for interested customers. Letshego has started promoting the program at local clinics, schools and universities as well.

Key outcomes in Tanzania and Nigeria:

- Two separate Portfolio & Market Screenings (P&MSs) were commissioned by the GCPF TAF to identify potential growth sectors directly relevant to Letshego's customer segments.
- Through interviews with Letshego Tanzania and Nigeria's management, customers (existing and potential), local technology suppliers, private companies and government agencies, the TA mandated consultant identified **strong potential for small scale solar PV (<20kW), EE/electric vehicles, EE appliances and green construction** as potential products that would fit **Letshego's** customer demographic. These products are readily used in local schools, hospitals and clinics.
- Building on the market mapping, GCPF's energy specialists support Letshego with **GL Strategy & Implementation Workshops** to define Green Lending Roadmaps and Plans.

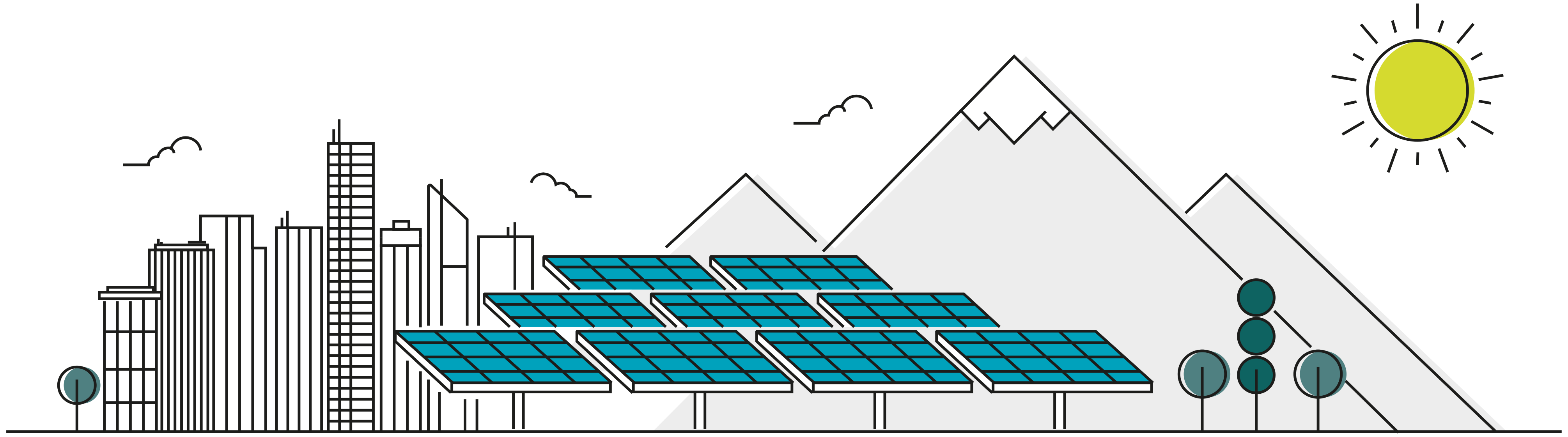
SNAPSHOT ON ASIA: Enabling the financing of private solar projects

After a spin-off from Vietnam's public utility company in 2019, EVN Finance has undertaken an important transition, shifting its business model from lending to state-owned corporates and instead targeting private corporates, SMEs and retail clients. Through EVN Finance's partnership with GCPF, that strategy has evolved with a growing focus on supporting small and medium scale solar PV projects.

GCPF supported EVN Finance in their efforts to develop private small scale solar market potential in Vietnam. Thanks to the GCPF TA Facility, a team of finance specialists guided EVN through the development of a professional credit underwriting process designed specifically for PV asset finance. In parallel, GCPF TA Facility commissioned local environmental and social (E&S) experts to visit 11 small scale solar projects to validate their cumulative E&S impacts and check if current measures are adequate to meet GCPF's E&S risk management requirements. In addition, GCPF TAF also mandated a specialised consulting firm to support EVN Finance in developing an E&S risk management system in line with GCPF requirements.

Key outcomes:

- The Financial Institution gained the relevant underwriting skills to confidently assess the credit risk of private off-takers. Thanks to these efforts, EVN Finance is now well-equipped to develop a sound portfolio of small-scale renewable energy loans.
- This achievement creates a demonstration effect in the competitive financial market of Vietnam. Since EVN Finance partnered with GCPF, it has received offers of over USD 140m in additional funding. The uptake of financial services by local banks for private solar projects is critical to develop the local financial sector to support a net zero transition.
- Building on the findings of the E&S experts, 11 E&S action plans were defined and discussed by EVN Finance with the individual project promoters. Based on these findings, EVN Finance was able to understand the relevance and required level of E&S due diligence for handling small scale solar projects and beyond.
- EVN Finance adapted an E&S policy and shows full commitment to the required implementation efforts. As a result, EVN Finance is in a better position to manage such risks, which will allow for further expansion of green lending in the future.



SNAPSHOT ON A DIRECT INVESTMENT IN ROOFTOP SOLAR IN THAILAND

GreenYellow is a global provider of solar power solutions with 720MWp+ of PV plants developed. In 2017, Green Yellow started its solar activities in Thailand to expand its global footprint in a new region, Southeast Asia, where it works with reputable, creditworthy established Thai-based companies across different industries.

The Thai market is of special interest as commercial and industrial (C&I) consumers account for more than 70% of Thailand's growing power demands. Coal imports have been increasing to meet those demands, more than doubling Thailand's carbon emissions since 1990[2]. Rooftop solar is an emerging form of energy supply in Thailand and has the potential to meet a large share of the country's future power demand. However, its prospects have been limited by a lack of access to finance due to the micro-scale of the assets, relatively high due diligence costs, and perceived risks related to financing a new business model.

GCPF was approached in 2020 by the Asian Development Bank (ADB) to replace a local commercial lender who had instead decided to focus its efforts on managing the crisis caused by COVID-19. ADB highlighted its interest to work with an investor like GCPF who brings a wealth of C&I experience to support this USD 33.9 million transaction.

In addition, KASIKORNBANK, a local Thai bank and top green lender, joined the consortium, creating important demonstration effects in the local market. Having the strong international support of the transaction together with participation from leading local players, the joint loan has encouraged local banks to gain comfort in rooftop solar financing and also allowed them to learn how to structure solar C&I transactions. This underlines the strong beneficial impact that GCPF can have in local markets, as the Thai bank can now replicate the financing structure.

Key outcomes:

- The funds will be used to finance rooftop, ground-mounted and floating solar PV systems for C&I consumers throughout Thailand. The increased capacity of projects developed by GreenYellow will contribute to the avoidance of more than 25'000 tonnes of CO_2 per year.
- GreenYellow will retain ownership of the solar systems for the duration of the power purchase agreements.. Through these contracts, the consumers will pay a discounted price for the electricity, lowering their operating costs and improving profitability. At the end of the agreement, ownership of the solar systems will be transferred to these consumers or will be purchased directly before the contract period ends.

[2] Source: IEA: https://www.iea.org/countries/thailand

HOW WE MAKE THIS HAPPEN

1 Community of Investees: lessons from three rounds of Global Climate Partnership Award competitions

Creating a green lending product inside a Financial Institution is often difficult. That is usually not because of so few opportunities but because there are so many. SMEs, rural, agricultural and female borrowers are all easily captured in the daily operations of any bank or leasing company. Green lending opportunities – while everywhere – remain sometimes challenging to capture. But it can still happen. GCPF regularly finds sustainability clubs and environmentally conscious staff inside the organizations we visit. That is very inspiring, and we call these people our Green Champions. However, they often struggle to gain wider recognition inside their company, mainly that green lending represents more than just a CSR initiative – it is a business opportunity.

It became clear in 2017 that FIs new to green lending needed concrete examples of green lending success stories to visualize the opportunity and understand the potential of partnering with GCPF. At the same time, Green Champions inside existing partners needed to show that their years of effort were being recognized on an international level – thereby providing a tailwind to the internal green transition already underway.

To meet these needs, the GCPF Award was established in 2018. In the first two years, GCPF received 16 applications from its Partner Institutions and selected two winners: City Bank from Bangladesh and Pan Asia Bank from Sri Lanka. A jury of climate finance specialists was panelled to independently assess the applications according to a transparent scoring system.

The award encouraged partner institutions to submit their case studies and resulted in valuable insights for GCPF and all its stakeholders. The applications showed a deeply-rooted commitment to positive climate action found worldwide – particularly among the younger generation of finance professionals.

45
PARTNERS
for community of investees

[3]

The GCPF Award for 2021 focused on innovation, broadly defined. While some FIs focused on fintech and product innovation, others tackled the challenge of internal training and know-how dissemination. In total, 9 FIs submitted applications – an extraordinary level of participation in the context of the pandemic. LOLC Cambodia was selected by the Award Jury as the winner for its innovative use of videos and animation to educate its staff on the organization's approach to sustainable finance, E&S reporting and green lending. Furthermore, LOLC's efforts to promote green transportation have shown positive safety and social benefits beyond their environmental impact.

When asking any institution to embark on a new growth strategy, the request must be made on a foundation of trust in a long-term partnership. The Award is a key component in guiding the path of transition and recognizing the unknown heroes that quietly work every day to green their banks, leasing companies and microfinance organizations.

[3] 2020/21 Global Partnership Award goes to LOLC Cambodia.

2 Partnership in action: Energy Specialists making GCPF a true partnership experience

The GCPF's Energy Specialists provide on-demand support to partner institutions along the investment cycle and guide FIs in the implementation of green lending strategies. Energy Specialists are based in the region (Mumbai, Vietnam, Tbilisi, Nairobi & Lima) to provide on the ground support to all GCPF partners. They bring in market knowledge and understanding of various green technologies and green lending approaches that enable FIs to successfully manage their green lending program. In case additional specialized expertise is required, Energy Specialists also facilitate the work of external experts hired by the TA Facility in terms of managing expectations of the FIs and coordinating activities in a way that fits with the bank's capacities and priorities. Last but not least, Energy Specialists also document green lending efforts as case studies among the global network of GCPF partners to enable even greater impact.

10,000
HOURS
of dedicated support from GCPF Energy Specialists

Energy Specialists support new partners to kick start green lending

An example of how Energy Specialists helped a new partner FI in 2021 to build green lending step-by-step is SK Finance. SK Finance is a leading NBFI primarily focusing on the semi urban and rural areas of North-Western India. With a strong management commitment towards sustainable finance, they have successfully launched a green lending program in the state of Gujarat to finance conversion of petrol cars to compressed natural gas (CNG), which is much more environmentally friendly.

At the outset of the collaboration, Energy Specialists engaged with SK to understand the key challenges in expanding and developing the targeted green lending portfolio. The Energy Specialists found that the main barriers are "market misconceptions" of CNGs and electric two-wheelers (E2Ws). These included safety, range anxiety, availability of fuel, validity of insurance coverage for converted vehicles and quality of the conversion kits. Building on these findings, Energy specialists will be working closely with SK to drive the increased utilization of low emission vehicles by engaging with local vendors and defining marketing campaigns addressing the identified misconceptions.

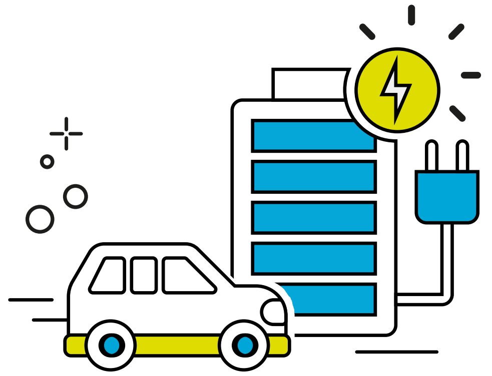
Energy specialists are in a unique position to help FIs with green lending experience to further expand their green book

As one of the first institutions in the region to promote investments in solar panels, Promerica Bank Costa Rica led green lending efforts in both Central America and the Promerica banking group, which is active across the Latin American (LATAM) region. The growing electric vehicle market has great potential for the bank to diversify its green lending book.

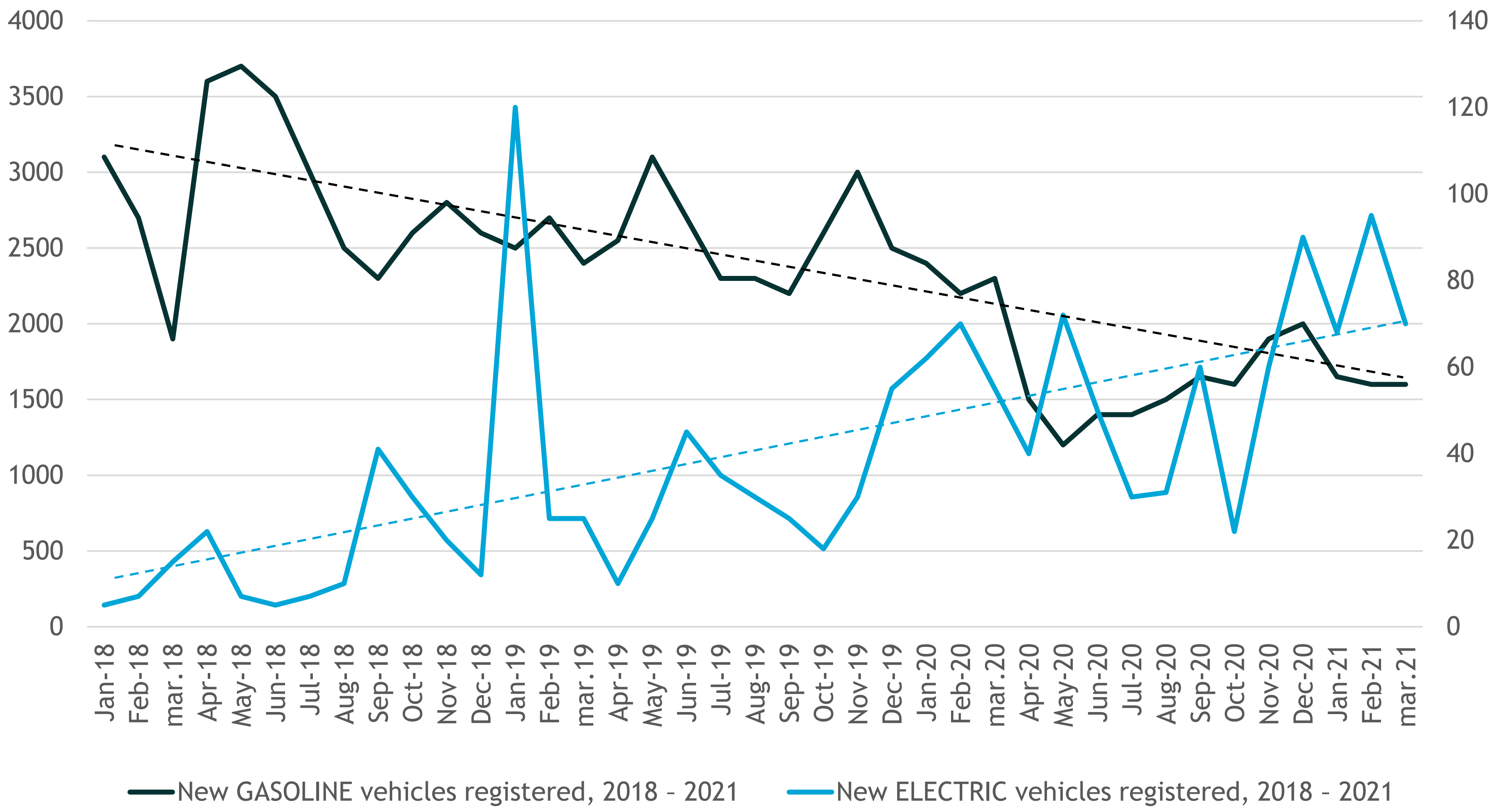
Thanks to the ongoing support of Energy Specialists, GCPF has become a trusted partner for the bank. Together with the TA team, the Energy Specialists engaged with the bank to define an action plan for capturing this market, which required additional specialized expertise.

Such specialized experts were hired by the TA Facility and successfully onboarded by the Energy Specialists to build a dedicated loan product and vendor collaboration mechanisms.

As Costa Rica has the highest penetration rate of EV charging stations in LATAM, clients can charge their EVs in many places - including the parking lot of the bank, which installs these chargers as part of their aim to be recognized as “**the**” green bank in Costa Rica. The environmental impact of EVs is particularly strong in Costa Rica, given the country’s very low grid emission factor.



Clear trend: In Costa Rica, new EV purchases are rising, and new Gasoline purchases are falling … GCPF is playing a part in this story!



Source: Baseline of electric vehicles in Costa Rica - June 2021, by Frankfurt School of Finance in collaboration with GCPF

Energy Specialists embedded in local communities become a trusted partner to solve green lending challenges

BasisBank, the 4th largest commercial bank in Georgia, was challenged in deploying GCPF’s credit line and sought additional capacity building and detail about the benefits of locally available green technologies. Since July 2020, GCPF has been represented in Tbilisi by a local in-house Energy Specialist. The impact was immediately felt in 2021: The Energy Specialist organised awareness raising sessions and helped identify potential high-impact sectors on an ongoing basis. This engagement helped improve the communication and understanding of green lending. Thanks to the clarity gained on which were the highest potential client segments, including hotels, restaurants and catering companies, TA was able to hire consultants and the bank could more easily exchange client data. This enabled BasisBank to be fully on track to meet its on-lending targets and create environmental impact while driving a profitable business.

3 Doing green lending responsibly

GCPF engages with its partner institutions to understand their capacities and challenges related to applying GCPF E&S requirements in practice. As multiple Financial Institutions face similar challenges, GCPF TAF also enabled peer learning events prior to the pandemic by organizing workshops. During these workshops, participants discussed best practices and practical issues related to environmental and social risk management.

Awareness raising

During these workshops, participants voiced concern over the lack of available guidance tools to assist in day-to-day E&S assessment. In response, TA projects were launched to identify the concrete gaps and support needs. In 2021, GCPF finalized respective support tools, which include:

Three videos to raise awareness about the relevance of E&S risk management that will be utilised during training events and made available publicly:

Why Environmental & Social Risks require careful consideration

Given that solar PV projects tend to exhibit the most complex E&S issues, two dedicated videos were developed to visualize the relevance of adequate E&S measures:

Planning and Building a Solar PV Farm

Operating and Maintaining a Solar PV Farm

Developing sector relevant tools

In addition, GCPF TA Facility hired a specialized expert firm to further assess the need for guidance tools. This assessment concluded that it is relevant to develop E&S risk management tools given the lack of adequate alternative resources. The respective tools were developed, piloted and finalized in 2021:

1. An online training and quiz for testing knowledge on how to apply an exclusion list: Take the quiz

2. An online tool for relationship managers to identify E&S issues for SME loans and to identify key issues needing inspection during due diligence: Use the due diligence tool

3. An online tool for E&S experts to guide E&S categorization of larger investments: Use the E&S tool

Bespoke support for partner institutions

In addition to these tools that are made available publicly, in 2021 GCPF also engaged in 8 ongoing or newly approved TA funded projects to enhance E&S risk management capacities for individual partner institutions. The implementation of these projects was made possible by relying on local E&S experts or providing remote training support. One such example is the training for Banco Davivienda in El Salvador:

Davivienda's staff was enabled to build awareness of E&S risks with their clients and create buy-in for active mitigation measures. E&S risks represent a challenge that goes beyond GCPF's investors and investees. An entire value chain can be impacted, which demands targeting the clients of GCPF's Financial Institutions, such as local project developers. Aiming to continuously empower our Partner Institutions when it comes to E&S risk management and opportunities, GCPF TA has designed and rolled out a series of three fully virtual "training-of-trainer" sessions with Banco Davivienda in El Salvador. The main objective was to provide key staff (one E&S officer and two credit risk analysts) with the content and methodology to disseminate the know-how across the institution.

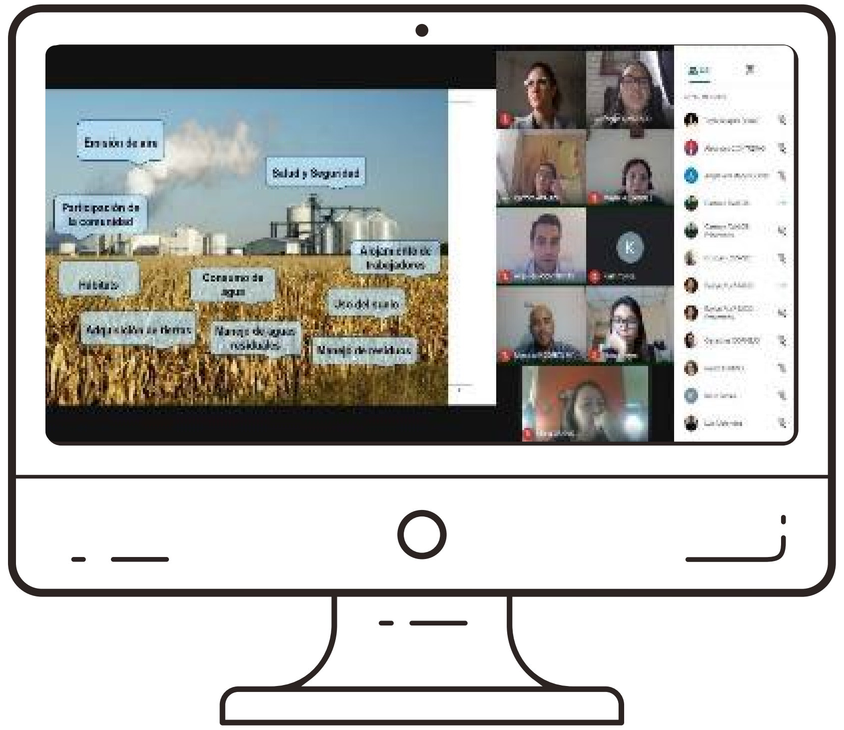
Feedback from the training provided by Davivienda's trainers: Participants found the methodology relevant and engaging. 100% would recommend the training to other colleagues.

Key outcomes: building internal and external knowledge

- **15+ loan officers and credit analysts trained in E&S client engagement:** Following the 3 sessions with GCPF, the three trainees became trainers and applied the knowledge recently acquired (content and methodology) to their peers.

- **Buy-in from Davivienda's teams:** The training was well received by the different teams and the trainers are now recognized for their knowledge not only on E&S risks, but also for their training capabilities.

- Besides Davivienda's staff, this training has also benefited GCPF's teams to better understand success factors for virtual collaboration and suitability for future workshops and events.



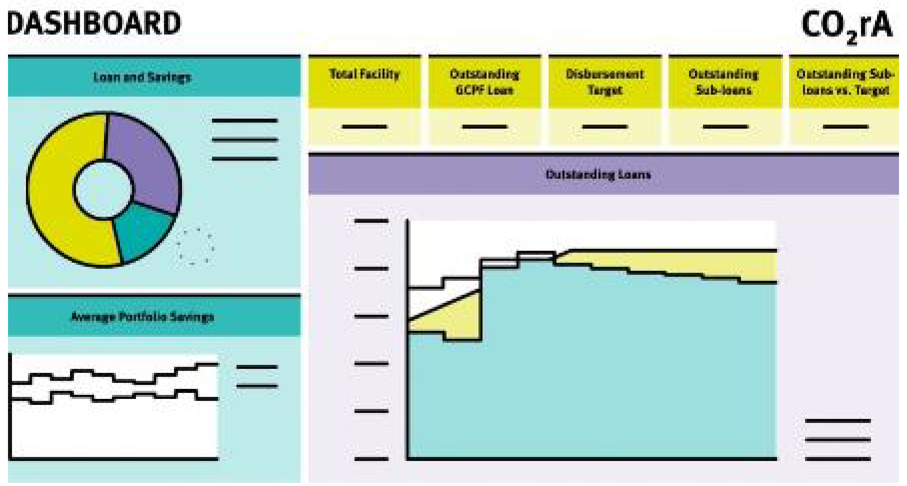
4 A state of the art carbon accounting tool

responsAbility has developed a proprietary software to account for carbon emissions reported by GCPF Partner Institutions. The tool has been customized for the type of FIs and projects financed by the fund.

This carbon reporting tool, named CO_2rA, is set up to meet the reporting requirements of our investors and to ensure the eligibility of the loans given to end clients while minimising effort from the partners' side.

It has also been designed with a user-friendly interface that offers our partners simplified reporting and immediate feedback on project eligibility. The software also tracks the performance targets considering the revolving nature of the GCPF funding and gives the partners an overview of their portfolio with GCPF, visualising CO_2 emissions reductions and energy saved in various infographics.

CO_2rA is regularly improved and has proven to be capable of capturing and computing the carbon savings of more than 80'000 sub-loans. CO_2rA's approach to CO_2 savings calculations are in line with global reporting standards such as the GHG protocol and the IFI Framework for a Harmonised Approach to Greenhouse Gas Accounting.



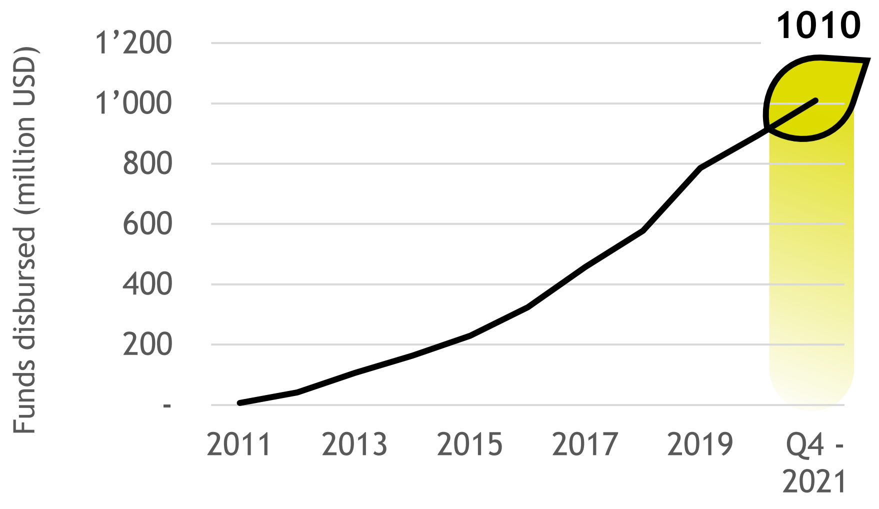
Third-party validation of the accuracy of carbon savings reported

Trust is key when financing climate related projects. In 2020, the second external review of GCPF's GHG accounting methodology and projects portfolio was carried out by South Pole, a global leader in sustainability solutions. The in-depth review confirmed that the emission reductions reported are correctly calculated and that the support provided to our Partner Institutions has facilitated the reporting of projects. GCPF's support to its partners includes tailored technical assistance, market studies and continued support by responsAbility's in-house Energy Specialists.

> **"I am immensely grateful for all the support from the team. All the sessions received fell on fertile ground and will continue to be replicated internally, to reinforce the importance of talking about environmental and social risks. Plus, the whole team is really motivated to continue working on sustainability."**
>
> Carmen Avalos, E&S Officer at Banco Davivienda

IMPACT
IN FIGURES

At the end of 2021 a total of 82,788 sub-loans have been disbursed since inception of the Fund, with a cumulative total value of USD 1010 million. In 2021, more than 3,300 new sub-loans with a value of over USD 117 million were disbursed by GCPF's partner institutions.



Cumulative value of disbursed sub-loans, since inception (USD)

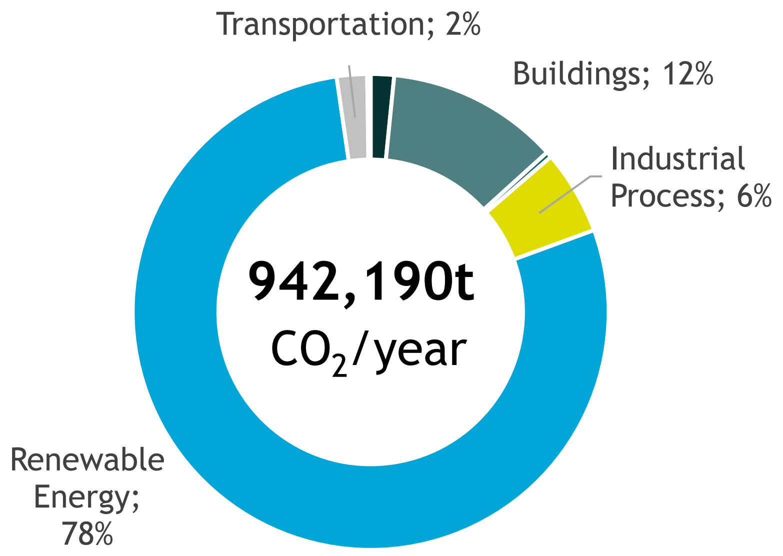
Solar PV makes most of the new added capacity in renewable energy projects financed by the Fund, which in total has reached 782 MW of installed capacity.

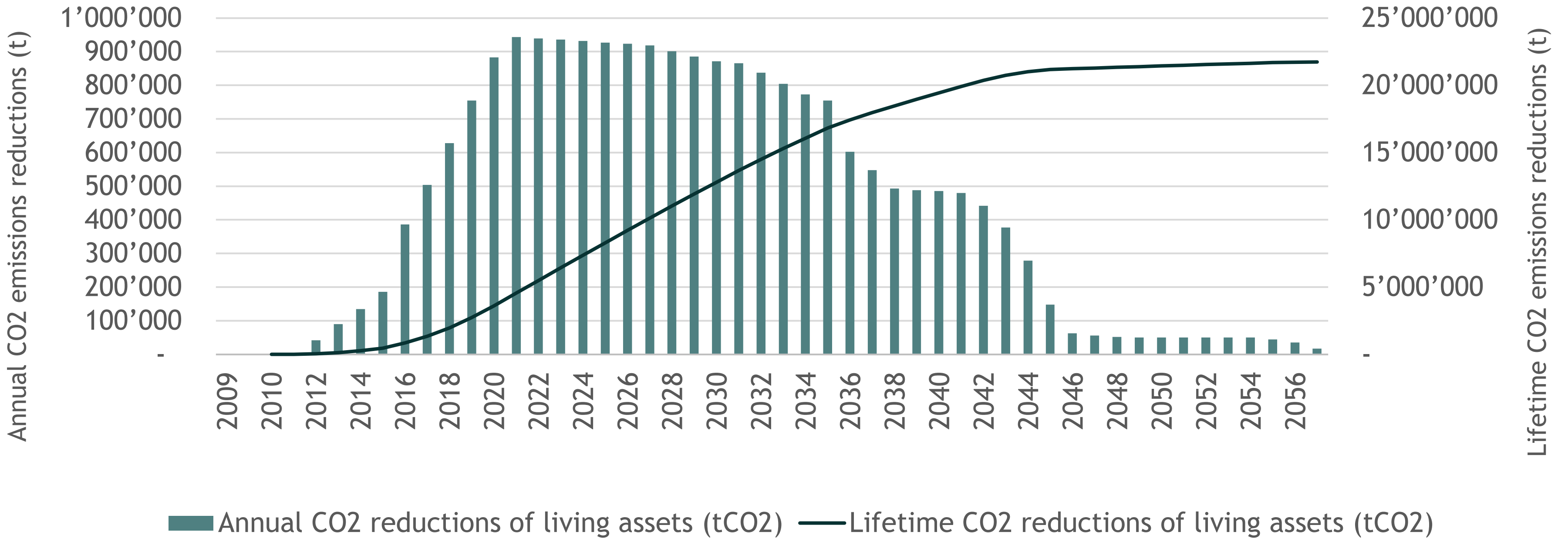
At the end of 2021, the total annual renewable energy production to more than 2,000 GWh/year the annual consumption of 125,000 European houses.

Annual CO_2 emissions reductions by technology, since inception[4]

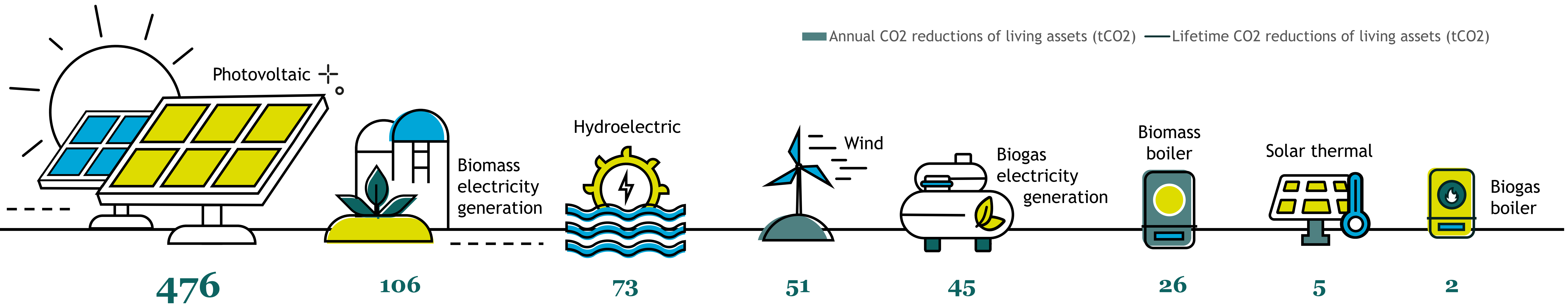
New energy efficiency projects financed by the Fund are expected to save more than 9 GWh annually, compared to 28 GWh in 2020, as larger projects during 2021 were financed on the renewable energy side.

As per the end of 2021, the total expected lifetime CO_2 emission reduction for all projects financed by the Fund since inception amounted to over 21.7 million tonnes of CO_2. Thanks to an increase in renewable energy production, projects financed in 2021 alone contributed with more than 1.7 million tonnes.





Renewable energy- total installed capacity (MW)



Source: responsAbility Investments AG as of 31.12.2021

[4] Only includes financed assets still generating savings

ABOUT GCPF

The Global Climate Partnership Fund is an investment company under Luxembourg law. It was established by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), KfW Entwicklungsbank and the International Finance Corporation (IFC) in 2009 as a public-private partnership. Junior catalytic capital is provided by BMU, the department for Business, Energy and Industrial Strategy (BEIS) of the UK, Denmark's development cooperation (Danida). Other private and public investors include ASN Bank, Ärzteversorgung Westfalen-Lippe, FMO, OeEB, Sparkasse Bremen, the European Investment Bank (EIB) and Heilsarmee.

GCPF tackles the shortage of appropriate financing for low-carbon projects in developing economies. The Fund focuses on financing energy efficiency and renewable energy projects for SMEs and private households in developing countries, primarily in cooperation with local financial institutions, but also directly. The Fund provides funding in areas that do not require subsidies to unleash their potential but remain insufficiently served by private capital providers. Only projects that generate significant energy savings and pledge to reduce projected greenhouse gas emissions by 20% are eligible for funding. On the renewable energy side, the Fund targets projects that are beyond the reach of the traditional renewable energy financing providers due to their small size and perceived lower bankability. Through its Technical Assistance Facility, GCPF provides know-how and project support for partner institutions to develop their green lending portfolio and bring projects to fruition.

By introducing or enhancing innovative climate lending products of local banks, GCPF supports the financial sector to expand into the green energy financing space. GCPF only provides resources to areas that currently lack appropriate funding. Thereby the Fund creates "additional" emission reductions that otherwise would not be realized.

22 million tonnes CO_2

expected lifetime savings for impact measures[5]

[5] As of 31.12.2021

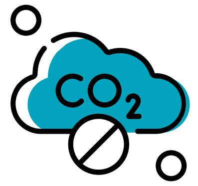
SUSTAINABILITY-RELATED DISCLOSURES

Disclosure under the Sustainable Finance Disclosure Regulation (EU) 2019/2088

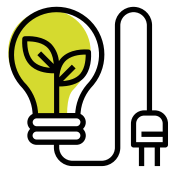
The EU Sustainable Finance Disclosure Regulation (SFDR) is a set of EU rules which aim to make the sustainability profile of funds more comparable and better understood by end-investors. The SFDR and other regulations are aligned with the European Green Deal, which aims for EU carbon neutrality by 2050.

GCPF is classified as an Art.9 SFDR product as all[6] investments of the fund meet the definition of a sustainable investment as described in art. 2 (17) SFDR.

As per Article 11(b) SFDR, GCPF will annually disclose the performance of the following sustainability-indicators to measure the attainment of the sustainable investment objective:



CO2 emission reductions



Clean energy capacity installed (MW)

[6]except for those investments used for hedging or other money market instruments or investments for which there is insufficient data).

Disclosure under Art 3 and 5 of the Taxonomy Regulation (EU) 2020/852

A key objective of the European Commission's (EC) action plan on financing sustainable growth is to reorient capital flows towards sustainable investment and ensure market transparency. To achieve this objective, an EU classification system for sustainable activities, the EU Taxonomy, has been developed. Under the EU Taxonomy Regulation, the climate delegated acts further define the technical screening criteria for economic activities contributing substantially to climate change mitigation and adaptation. These criteria outline what financial market participants and non-financial undertakings offering products within the EU must report on an annual basis. However, feedback from market participants has requested a phase-in period of the climate delegated acts until January 2024, where full EU Taxonomy disclosure against the climate delegated acts will come into force. The phase-in-period requires until 2024 annual disclosure of qualitative information, as per the information below.

a) Information on the environmental objectives to which the product contributes (Art. 9 EU Taxonomy Regulation defines six environmental objectives)

GCPF contributes to the environmental objective: climate change mitigation

b) Description of how and to what extent the investments of the product qualify as environmentally sustainable under Article 3 Taxonomy Regulation and Art. 10 Commission Delegated Regulation of 6.7.2021 supplementing Regulation (EU) 2020/852

All sub-loans of GCPF will be assessed under the requirements under Article 3 in the EU taxonomy.

Proportion in their total assets of exposures to EU Taxonomy non-eligible and Taxonomy-eligible economic activities	Taxonomy eligible activities: 79% Taxonomy non-eligible activities: 21%
Exposures to central governments, central banks, supranational and derivatives	0%
Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU	100%
Qualitative information referred to in Annex XI	See below

Additional qualitative disclosures for asset managers, credit institutions, investment firms and insurance and reinsurance undertakings as per Annex XI of Commission Delegated Regulation of 6.7.2021 supplementing Regulation (EU) 2020/852

a) Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation.

- KPIs are collected directly from the Fund's Partner Institutions. The indicators are obtained directly by self-reporting and engagement with investee companies, via a proprietary tool to calculate EU taxonomy eligibility and alignment, key impact figures (CO_2 reductions (tonnes) and clean energy capacity installed (MW) and ESG (sustainability risk) performance for all funded projects.
- The Fund's impact-related indicators are subject to an external verification generally every three years.
- The Investment Manager is updating their internal processes to assess and report the Taxonomy alignment of the economic activities financed to be reported in accordance with the timelines defined in the current regulations (EU taxonomy and SFDR).

b) Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements.

To be disclosed from second year of implementation

c) Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counter parties.

The Fund fosters primarily energy efficiency and renewable energy investments for SMEs and private households in emerging countries via qualified Financial Institutions, thereby contributing to the reduction of primary energy consumption and GHG emissions.

GCPF provides funding, mostly by financing local Financial Institutions, which in turn provide loans for renewable energy and energy efficiency projects that achieve at least a 20% reduction in GHG emissions compared to the baseline scenario defined at the time of investment.

To achieve maximum impact, GCPF prioritises countries with the most significant GHG emissions and the greatest potential to increase efficiency. In addition, GCPF, through its Technical Assistance Facility, supplies resources for projects and areas that lack appropriate funding.

Moreover, the fund carefully manages social and environmental risks. In addition to meeting general financing criteria, all projects funded by GCPF must comply with a set of social and environmental management criteria defined in GCPF's Environmental and Social Management System (ESMS), aligned with the IFC Performance Standards. GCPF monitors compliance with these criteria before and during the investment phase and takes corrective actions where necessary, via direct engagement with investee companies.

d) For credit institutions that are not required to disclose quantitative information for trading exposures, qualitative information on the alignment of trading portfolios with Regulation (EU) 2020/852, including overall composition, trends observed, objectives and policy.

Not applicable

e) Additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity.

No

Legal Disclaimer

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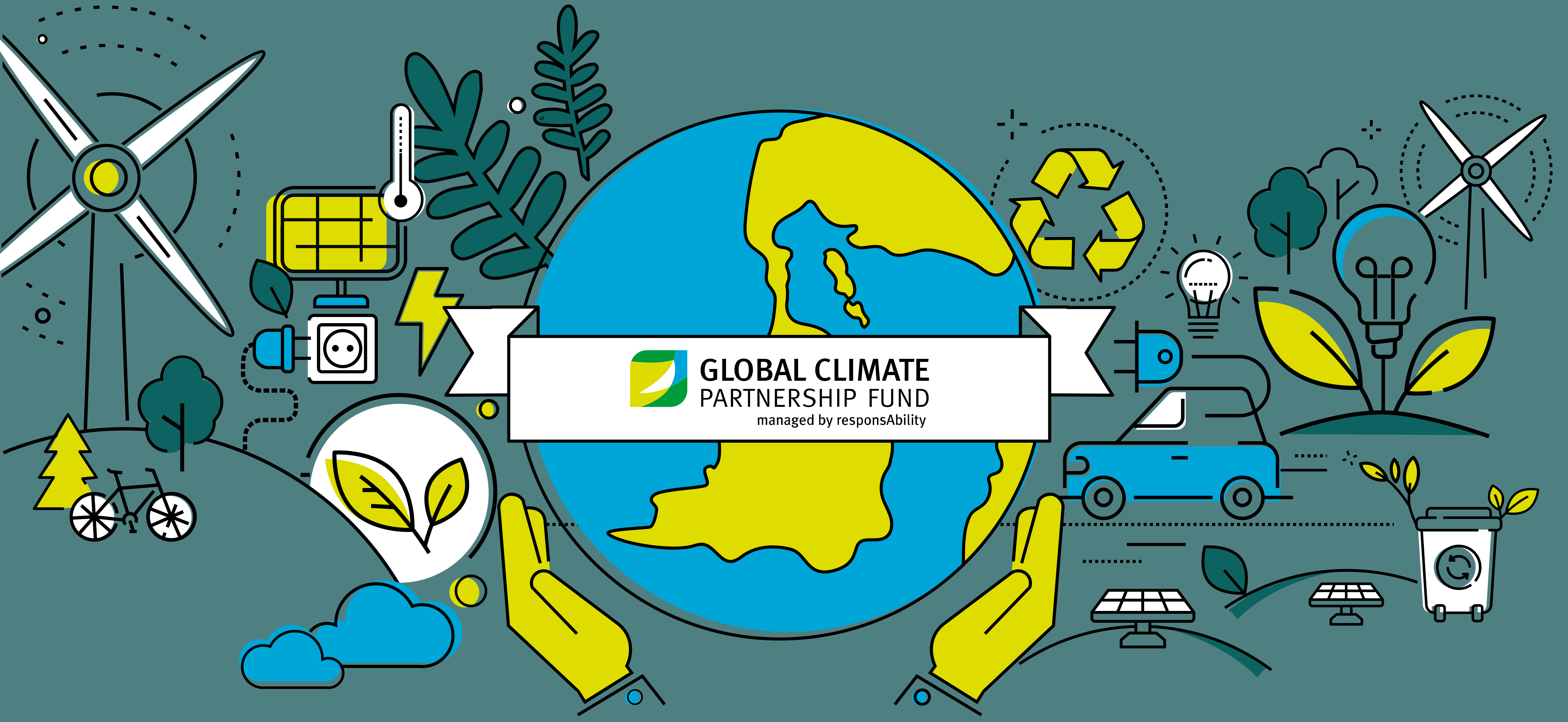
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