



IMPACT  
SUMMARY  
REPORT  
2021







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# ABOUT GAIA

## WHO IS GAIA?

Gaia was formed and incorporated in Cape Town, South Africa, in 2012, for the purpose of facilitating the investment of long-term capital in renewable energy infrastructure projects in Southern Africa, with an initial focus on the Renewable Energy Independent Power Producer Procurement Programme (“REIPPPP”).

Gaia has since expanded its focus to other infrastructure, agriculture, and related private equity investments with an impact focus, core to our mission.

Gaia is considered a leading specialist secondary infrastructure transaction team in Southern African and as a first mover and brand leader has concluded infrastructure transactions in excess of US\$250 million.

**OUR MISSION** to catalyse green transition through a sustainable project development cycle in Sub-Saharan Africa by making secondary investments in climate infrastructure and agriculture projects, demonstrating one can profit with a purpose.

Diverse team with relevant skills, experience, and execution ability

## LEADERSHIP

**Mich Nieuwoudt**  
**Executive Chairman [50]**  
*Pr.Eng, BEng (Electrical), MBA*

**Role:** Director, Investment Committee Member, Business Development  
**Industry Experience:** 23 Years  
Previous CIO of Gaia Infrastructure Capital (JSE)  
10 Years with Gaia  
**Previous:** PSG Investment Bank, SAGIT Renewable Energy Development, Siemens

**Renier de Wit**  
**Managing Director [39]**  
*BCom (Actuarial Science), Fellow of the Institute of Actuaries (UK)*

**Role:** Investment Committee Member, Fund Raising, Investor Relations  
**Industry Experience:** 17 Years  
**Previous:** Sanlam Emerging Markets – M & A  
5 Years with Gaia

**Hendrik Snyman**  
**Chief Investment Officer [36]**  
*PhD (Eng), MCom, (Fin. Man), MEng (Eng. Man), BEng (Industrial Mechanical)*

**Role:** Investment Committee Member, Strategy and Special projects  
**Industry Experience:** 12 Years  
**Previous:** Basileus Capital (Private Equity)  
5 Years with Gaia

## ESG AND IMPACT

**Renier de Wit**  
See above

**Kilian Schabert**  
**Impact and Deal Associate [27]**  
*BEng (Industrial), BCom Hons (FAPM), MCom (Fin. Man), CFA Charterholder*

# INVESTMENT STRATEGY

Diversification into high-quality real assets with an immediate, tangible impact

## INVESTMENT STRATEGY

Gaia seeks long-term investment opportunities in the equity of high-quality real assets. These projects must adhere to Gaia's risk-return, ESG and impact requirements whereupon Gaia can apply our unique skill set to improve and optimise all aspects of the project.

## GEOGRAPHY

Republic of South Africa

Expanding into Sub-Saharan Africa



## SECTORS FOCUS



Infrastructure and impact-focused infrastructure business



Agriculture

## INVESTMENT CASE

Pure secondary

Brownfields

Primary  
(Greenfield)

	Investment category	Type of investee and instrument	Geographies	Fund structure
INFRASTRUCTURE	South African Renewable Energy Infrastructure	Equity in renewable energy projects (C&I and PPP)	South Africa	Listed company and preference shares
	African Renewable Energy Infrastructure	Equity in renewable energy projects	Sub-Saharan Africa	Luxembourg RAIF
	Road Infrastructure	Equity in toll road concessions	South Africa	Private Company
	Digital Infrastructure	Equity in fibre networks in urban and peri-urban areas	South Africa	Listed REIT
	Other Infrastructure	Private equity investments into infrastructure	South Africa	Company – Private Equity
AGRI	Greenfield Agriculture Projects	Equity in greenfield agriculture projects	South Africa	Company – Private Equity
	Agricultural Infrastructure	Equity in agricultural related infrastructure	South Africa	Company – Private Equity



# IMPACT BACKGROUND

## Gaia's perspective on creating a positive impact

Due to the looming threat of **climate change** and rising global inequality, it is **critical** for businesses to consider the sustainability and impact their actions, beyond profits. As part of our investment strategy, Gaia seeks projects and businesses that have an overall positive impact on stakeholders and the environment as well as screening for a strong investment case with good ESG (environmental, social, and governance) criteria.

As the Company's name, Gaia, in Greek mythology is the ancestral mother of all life, demonstrating Gaia's purpose for existence in doing business with **the goal of protecting the Earth**. In terms of the well-established UN Sustainable Development Goals ("SDGs"), Gaia was founded with a **core mission** most aligned with the Climate Action SDG. The Climate Action goal description is to "take urgent action to **combat climate change** and its impacts." All of Gaia's investments are based around making some form of climate change impact.

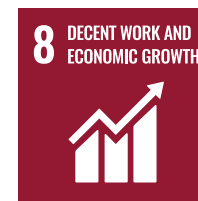
The **fundamental goals** relevant to Gaia and their investment selection criteria are illustrated alongside. These are the SDGs in which Gaia makes a material impact, where each investee company's core business relates to **at least one** of the fundamental goals. At least one of these SDGs must be addressed by potential investments for it to be considered. The remaining nine SDGs are all **elective focuses** of Gaia. Gaia addresses these through second order effects, be it through the investee's business or through actions beyond the ordinary course of business.

## OUR IMPACT OBJECTIVES

### Core



### Fundamental



Signatory of:



The Gaia Group is a UN PRI signatory and is beginning the process of ESG reporting, selecting an appropriate framework, as well as integrating this with the applicable IRIS+ Core Metric Sets and UN SDGs.

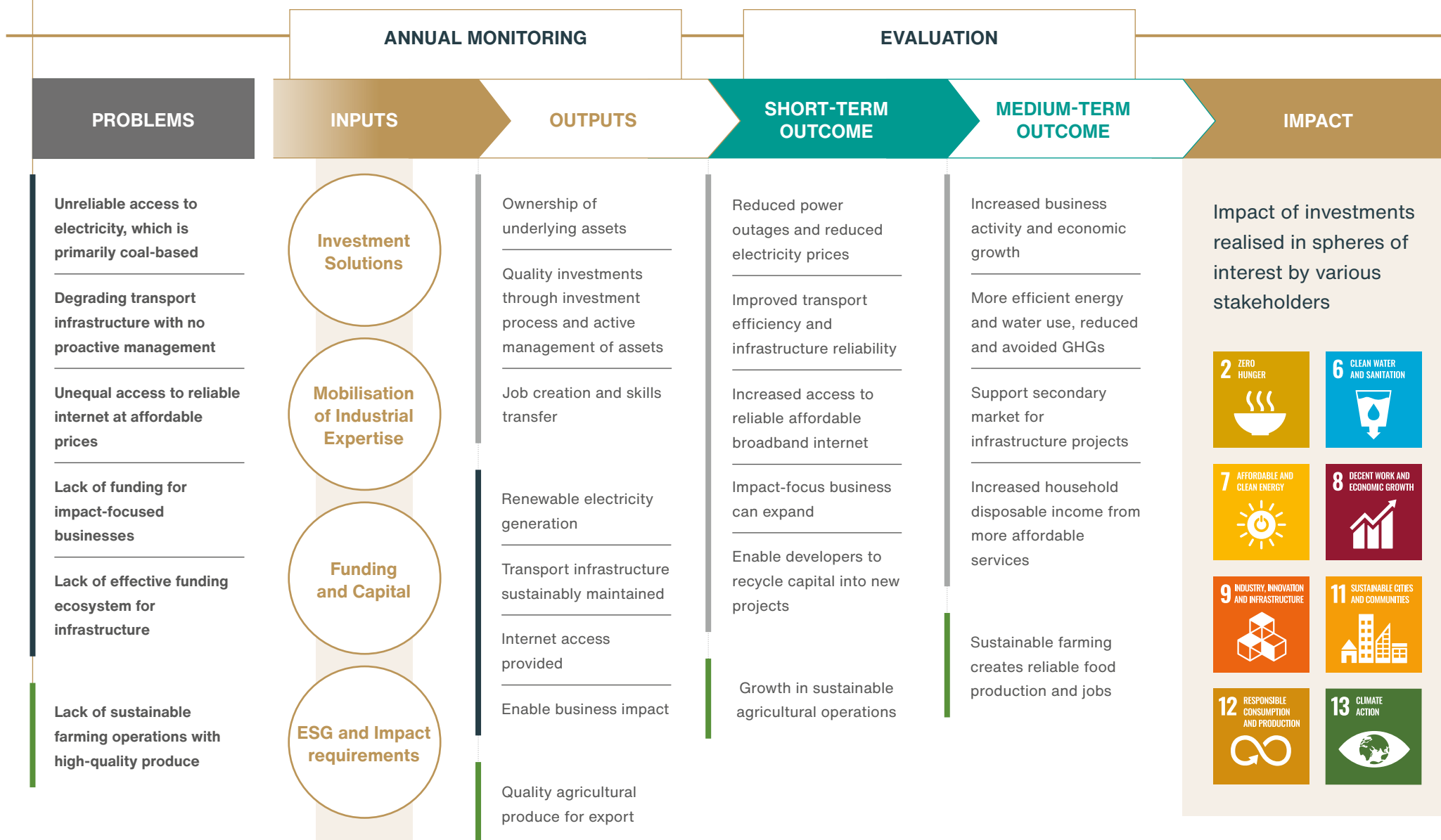
# INVESTMENT PROCESS

Disciplined approach where **ESG** is fundamental to the Investment Process



# GAIA GROUP: THEORY OF CHANGE

How Gaia intends on achieving its impact goals in the short, medium, and long-term

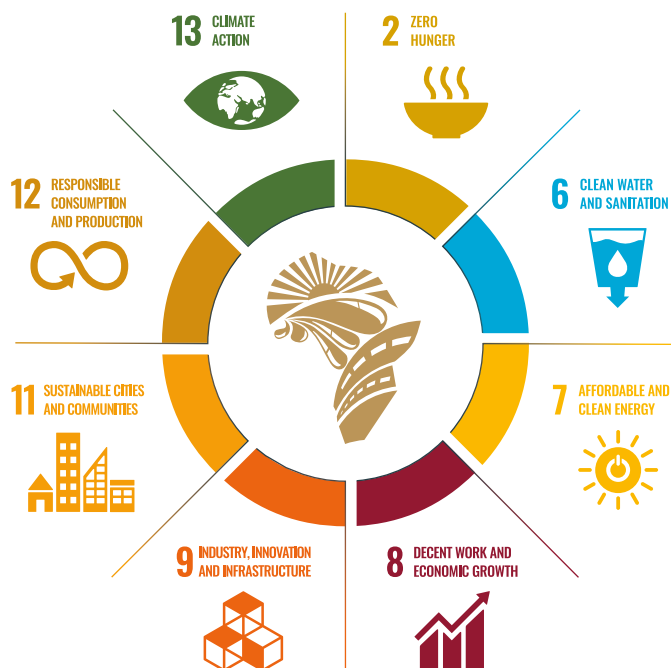


# KEY IMPACT METRICS AND IMPACT RISKS













## Focus on impact goals and ensuring their achievement

The table on the right shows a breakdown of the investment silos along with impact objectives of each. The key impact metrics and target beneficiaries have been derived from the objectives based on the IRIS+ Core Metric Sets. The key impact metrics identified are aimed at measuring the targeted impact SDGs.

The table alongside also considers the potential negative impact SDGs for each investment category. These potential negative impacts give a basis on which to assess the impact risks of our investments and allows us to consider the holistic net impact of our portfolio, not merely focusing on the positive impact. These risks are considered further in conjunction with the Materiality Map that follows.



The full list of SDGs are given in Appendix A.

Primary impact SDGs	Investment category	Impact objectives	Key impact metrics	Potential negative impact SDGs*
	South African Renewable Energy Infrastructure	Clean electricity production and creating jobs	<ul style="list-style-type: none"> <li>Energy generated for sale</li> <li>Households supplied</li> <li>CO<sub>2</sub> emission reduction</li> <li>Jobs maintained in financed enterprise</li> </ul>	 
	African Renewable Energy Infrastructure			
	Road Infrastructure	Reliable road infrastructure	<ul style="list-style-type: none"> <li>Length of roadway maintained</li> <li>Number of people transported</li> <li>Jobs maintained in financed enterprise</li> </ul>	 
	Fibre Network Infrastructure	Providing reliable internet connectivity and creating jobs	<ul style="list-style-type: none"> <li>Number of household connections</li> <li>Number of business connections</li> <li>Jobs maintained in financed enterprise</li> </ul>	
	Other Infrastructure	Create solutions with infrastructure that has positive overall ESG impact	<ul style="list-style-type: none"> <li>Number of client households</li> <li>Energy conservation strategy</li> <li>Water conservation strategy</li> <li>Renewable energy generated</li> </ul>	
	Greenfield agriculture projects	Producing food sustainably, creating jobs, and generating economic growth	<ul style="list-style-type: none"> <li>Jobs maintained in financed enterprise</li> <li>Land sustainably managed</li> <li>Operational certifications</li> <li>Product certifications</li> <li>Agricultural yield</li> </ul>	   
	Agricultural infrastructure	Enabling sustainable food production, creating jobs, and economic growth	<ul style="list-style-type: none"> <li>Jobs maintained in financed enterprise</li> </ul>	 

\* The potential negative impacts are similar to the SFDR PASIs (Principal Adverse Sustainability Impacts).

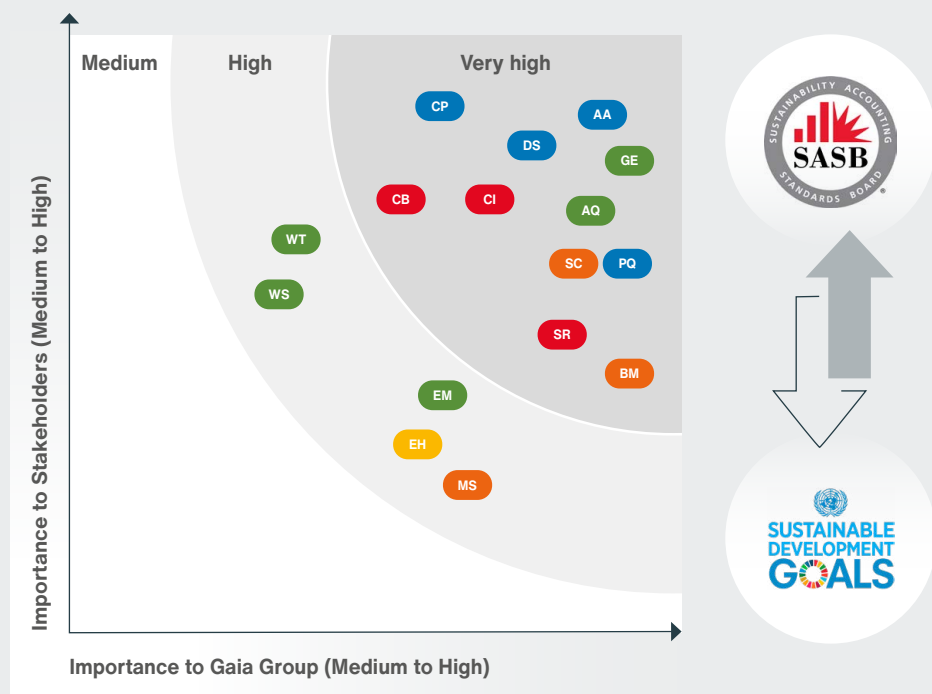


# IMPACT MATERIALITY MAP AND SUSTAINABILITY RISKS

## Focus on impact goals and ensuring their achievement

Previously the identification of key impact metrics as well as the potential risks of each investment silo, the most important of these risks to Gaia as well as all other stakeholders can be ascertained. Using the Materiality Map with the relevant SASB Disclosure Topics for the Group, the most material risks to Gaia and our stakeholders can be identified. With these identified, necessary steps and mitigations can be implemented to achieve the intended impact as well as investment financial performance. Thereafter these risks are placed on a register, to be monitored throughout the life of the project or investment.

### GAIA GROUP - MATERIALITY MAP



The figure above represents all relevant disclosure topics for the entire group, however for risk assessments the materiality is performed on individual investment categories.

## MATERIALITY MAP KEY AND SDG INTERACTIONS

Gaia Group relevant SASB Disclosure Topics		Code	Related Gaia focus SDGs
Environment	GHG Emissions	GE	2 9 12
	Air Quality	AQ	11 12
	Energy Management	EM	7 9 12 13
	Water Management	WT	2 6 11 12
	Waste Management	WS	6 11 12
Social Capital	Ecological Impacts		
	Human Rights		
	Customer Privacy	CP	16*
	Data Security	DS	16*
	Access and Affordability	AA	7 9 11
Human Capital	Product Quality	PQ	2
	Customer Welfare		
	Selling Practices		
	Labour Practices		
	Employee Health and Safety	EH	8
Business Model and Innovation	Employee Engagement, Diversity and Inclusion		
	Product Design and Lifecycle Management		
	Business Model Resilience	BM	2 6 7 8 9 11 12 13
	Supply Chain Management	SC	6 7 8 9 11 12 13
	Materials Sourcing	MS	6 8 12 13
Leadership and Governance	Physical Impacts of Climate Change		
	Business Ethics		
	Competitive Behaviour	CB	7 9
	Legal and Regulatory Environmental Management		
	Critical Incident Risk Management	CI	6 8 12
	Systemic Risk Management	SR	7 9 11

\* SDG 16: Peace, Justice, and Strong Institutions not a core or fundamental impact objective. All 17 SDGs are listed in Appendix A.

# OVERVIEW

In 2021, Gaia was successful in continuing to deploy impact capital and grow AUM with impact-oriented investments. While we are still in the process of meeting EU Taxonomy regulation and other reporting frameworks, we believe our investments will have a high degree of alignment. As seen on the right, all of our investments contribute to many of our core and fundamental impact goals.

Gaia takes an active investor role, ensuring that the investees are aligned in terms of their sustainability and ESG practices. 75% of our investee Boards of Directors are discussing ESG and sustainability regularly. 25% of investees have formal ESG policies in place with the remainder having an informal policy or intending on implementing a formal policy in the short term.

Gaia is actively encouraging our investees to discuss ESG and improve their impact whether through ordinary business or through CSR initiatives by assisting them in monitoring and measuring their key metrics.

The metrics used for impact monitoring in this report are from the GIIN IRIS+ catalogue. The IRIS+ Core Metric Sets are still being developed, especially in the infrastructure space and reporting for projects falling under Infrastructure, Transport, and Information, Communication, and Connectivity will become more standardised in the future.

## 11

# CURRENT PROJECTS

## R750 million

AUM

## R3.5 billion

TOTAL CAPITAL INVESTED

R250 MILLION  
AGRICULTURE



R500 MILLION  
INFRASTRUCTURE

## PERCENTAGE OF INVESTMENTS IMPACTING THE SDGs

### Core goal – Climate Action

88%

13 CLIMATE ACTION



### Fundamental goals

25%

2 ZERO HUNGER



38%

6 CLEAN WATER AND SANITATION



38%

7 AFFORDABLE AND CLEAN ENERGY



75%

8 DECENT WORK AND ECONOMIC GROWTH



75%

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



50%

11 SUSTAINABLE CITIES AND COMMUNITIES



38%

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



# HIGHLIGHTS

## SUSTAINABILITY AND THE ENVIRONMENT

Gaia has a mission primarily focused around a positive impact on the environment and to invest in businesses that are sustainable. Historically, this was achieved through investments solely in renewable energy generation. While renewable energy is still a focus of the company, our scope has expanded to include investments in other infrastructure and agriculture that have positive environmental impacts on energy and water or enable more sustainable communities and consumption.

### ENERGY

The transition from wasteful energy usage from non-renewable sources to the responsible use of green energy is well underway. The provision of clean energy is an important part of climate action and combating climate change. Gaia has two funds with the purpose of investing into renewable energy infrastructure to help catalyse the shift into sustainable energy. These investments produce a significant amount of electricity while avoiding the production of CO<sub>2</sub> and other greenhouse gases that other coal-based sources suffer from.

Further, Gaia seeks to invest in other infrastructure-oriented businesses that produce their own renewable energy and use it efficiently, and businesses that help improve the sustainability of communities' energy consumption. One such investment runs all their block chain operations from renewable energy sources, an innovative solution to a previously non-renewable enterprise. Another of Gaia's investments creates the ability for users to better monitor and reduce their electricity and water usage using smart technology.

**264 GWh**

**RENEWABLE ENERGY PRODUCED  
IN 2021**

**277k tonnes**

**CO2E EMISSION REDUCTION**

**476 Ha**

**OF AGRICULTURAL LAND  
SUSTAINABLY MANAGED**

**6/8**

**PORTFOLIO COMPANIES WITH  
AN IMPLEMENTED ENERGY  
CONSERVATION STRATEGY**

**415 km**

**OF ROADWAY IMPROVED AND  
MAINTAINED**

### WATER

Clean water is essential for all life and this precious resource needs to be protected and managed to ensure its continued availability. While Gaia does not currently hold investments in providing clean water, Gaia's investments do impact water usage and availability. Our agricultural investments make significant use of water in production while our smart technology infrastructure prevents household water wastage.

Gaia encourages all its investees to support its vision by using water efficiently and responsibly. For greenfield agriculture, this entails implementing water saving irrigation technology to minimise the water use as well as constructing dams, berms, swales, and other earthworks to retain as much rainwater as possible. This reduces the need to draw water from other sources leaving more for the community in these water-stressed areas.

### SUSTAINABILITY IN INVESTMENTS

Beyond these two critical resources, water and electricity, Gaia aims to allow for sustainability in the communities affected and for sustainable consumption. This varies depending on the type of investment. For providing internet, it means giving communities the most environmentally friendly connection to the digital economy. For agri-business, this entails consistently providing fresh produce with sustainable management to minimise negative impact on the environment.

Sustainability is a complex area and all investments will arguably have potential negative effects. Gaia aims to seek those investments that minimise these negative effects and have the greatest net positive impact.



## PEOPLE AND COMMUNITIES

People are the core reason Gaia aims to create a positive impact: to create a healthy environment and a better standard of living for all to enjoy. We enable this by investing in businesses and creating strategic partnerships that create positive impact for our people and the communities in which we have a presence. As such we only invest in businesses that have a positive overall impact on people, whether that impact is direct or indirect.

### OUR PEOPLE AND PARTNERSHIPS

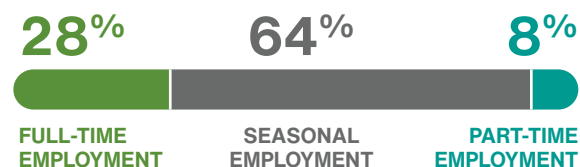
Aligning with our fundamental goal, Gaia aims to invest in companies that will create economic growth and jobs. This extends further than merely creating jobs. Gaia strives to create equal opportunity permanent employment, to hire locally within communities, and to upskill employees.

In 2021, Gaia created over 4 900 jobs directly and indirectly through our investments. The gender split in job creation is approximately 4:3 men:women. The reason for this skew is primarily due to hiring in Fibre Network Infrastructure where construction labour tends to attract fewer women. In terms of the employment type, due to the seasonal nature of the investments in agriculture, 64% of the jobs created are seasonal but will remain present indefinitely. The remaining 36% of jobs created form permanent employment, supporting community upliftment and upskilling community members.

Gaia strongly encourages transformation on investee boards. Due to the nature of shareholding and Board seats, the average board composition is lagging behind with only a quarter held by women.

**4 947**

**DIRECT AND INDIRECT  
JOBS CREATED**



**AVERAGE INVESTEE  
BOARD COMPOSITION**



### CORE-BUSINESS IMPACT

Gaia seeks to create positive community impact through the core businesses we invest in as well as through projects centred around the community specifically.

Through our core business investments, Gaia helps generate electricity in South Africa, a country that has severely constrained generation. This power generated by these investments supports economic growth for the country. Gaia also invests in fibre networks to provide more stable, higher-speed internet to low and middle-income communities at lower costs. Making cheap fibre internet available reduces inequality of access to the digital world. Another example of a core business that Gaia invests in supplier smart technology which supports community members in saving money through reducing water and electricity wastage.

### COMMUNITY-TARGETED IMPACT PROJECTS

Beyond our core-businesses, Gaia supports further community impact. This is achieved through specific projects that aim to help those in the community most in need.

The specific projects depend on the communities around Gaia's investments. For our fibre network investments, it meant providing free high-speed internet to local schools as well as providing these schools with rental income for housing the network active equipment.

For our investment in a renewable energy facility, it meant supporting the creation of three crèches, the restoration and improvement of a community centre, as well as supporting female-led agricultural business.

# SUMMARY AND OUTLOOK

## Setting impact goals based on what can be achieved

### RESULTS SUMMARY

Gaia is in the beginning stages of reporting on its impact. This year serves as a baseline against which future years can be compared and to strive to outperform. As at 2021, we had R750 million under management invested into 11 projects, all with keen attention to ESG. We are continuously looking for ways to enhance our impact and reduce negative impacts through engaging our investees and other stakeholders. In the coming year we will look to take this further and to find ways to incentivise our investees to seek ways to improve their overall impact.

### 2022 GOALS

Based on the selected key impact metrics reported alongside, we have selected goals for the coming year. The goals are based on maximising the key metrics which have the greatest positive impact. This will be achieved through further investment in various categories as well as growing and improving the impact of our current investments.

### INTO THE FUTURE

We aim to give the most holistic and fair picture of our set of impact investments. Going forward, we are looking to select more impact metrics including those identifying our potential negative impacts as well as potentially removing those which do not add to the picture. We will also be considering Article 9 of SFDR as well as the EU Taxonomy and the percentage alignment of our investment silos.

Investment category	Key impact metric	IRIS+ code	2021 Achieved	2022 Goal	Comment
Group	Value of new equity investments	PI4142	R125 million	R250 million	33% growth in impact-focused AUM to reach R1 billion
General	Full-time jobs created in year	PI4874	NA*	99	5% growth in jobs maintained from current investments
	Full-time jobs maintained	PI3867	1 978	2 077	5% growth in jobs maintained
Renewable Energy	Energy generated for sale	PI5842	264 GWh	320 GWh	Expect P50 level while maximising long-term availability
Transport Infrastructure	Average daily traffic	OI0659	114k vehicles	120k vehicles	5% increase in traffic
Network Infrastructure	Number of active household connections	PI8053	2 453	5 000	100% increase through expanding networks
Other Impact Projects	Number of clients	PI7954	1 001	1 201	20% increase as businesses are in early growth stage
Agriculture	Land area sustainably managed	OI6912	476 Ha	750 Ha	Maintain current areas and continue with planned expansions in current projects

\* 2021 is the first time these metrics have been measured. Jobs created will be reported in 2022 when increase in jobs maintained can be measured.

# CASE STUDY I

## GAIA FIBONACCI FIBRE REIT (“GFFR”)

### DESCRIPTION

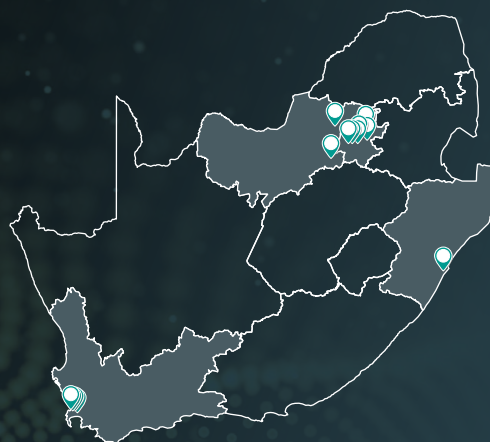
Digital Infrastructure

### INVESTMENT VALUE

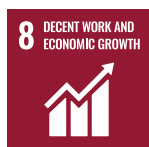
ZAR 160 million

### LOCATION

South Africa



### CORE SDGs



### 2021 KEY METRICS



**2 453**  
CUSTOMERS SERVED



**9 143**  
HOMES CONNECTED



**54**  
COMMUNITIES SERVED



**599**  
FULL-TIME  
EQUIVALENT JOBS  
MAINTAINED



**2 453**  
ACTIVE HOUSEHOLD  
CONNECTIONS



## CASE STUDY I CONTINUED

GFFR is a listed entity investing in fibre optic networks with a focus on low to middle LSMs\*. Through the partnership with a fibre network developer, GFFR supports and indirectly creates decent work and economic growth by enabling the recycling of capital and allowing the developer to continue building networks.

Fibre infrastructure is more **resilient and sustainable** than the alternatives: wireless technologies or copper wires. The design of these networks allows them to require approximately half the maintenance of alternative technologies and **last up to 20 years and beyond**. Made primarily from silicon, the second most abundant element on Earth's surface, fibre is more sustainable than the materials required for alternative technologies which require mining and chemical pollution. This makes fibre internet the most climate-conscious manner of achieving connectivity, reducing the impact that internet connection needs to have on the environment.

GFFR's fundamental business enables the green transition in communications infrastructure without significant impact on ecosystems or increasing emissions of pollutants. For these reasons we believe this investment aligns with the principal of Do No Significant Harm ("DNSH") while also creating positive impact.

In its core business, GFFR aims to create positive impact in the community. Our partners aim to hire exclusively from local communities for network construction. GFFR selects local education centres to partner to house their active equipment. This allows these

\* LSM: Living Standards Measure.

“

Fibre infrastructure is more resilient and sustainable than the alternatives: wireless technologies or copper wires. The design of these networks allows them to require approximately half the maintenance of alternative technologies and last up to 20 years and beyond.

”

education centres to generate rental income without any cost. GFFR also provides these education centres with free high-speed, reliable internet.

While optimising positive impact is important, the potential risks to the investment's financial performance as well as the risks of negative impact need to be monitored. Specific sustainability risks that are important to GFFR include social risks to the communities in which the services are being provided. In some cases it results in GFFR not becoming involved in these communities as GFFR's view is that some communities are not sustainable and would result in the construction and materials to become wasted.

In terms of the principal adverse impacts of GFFR, the impact on life on land was recognised as a potential negative impact. By its nature, installing fibre infrastructure in communities requires laying fibre in the ground. While these communities are residential and are not the main focus of SDG 15: Life on Land, we recognise there is still some degradation of the soil and disruption of ecosystems. To mitigate this risk we work with our partners in using the least intrusive construction methods that require the least amount of material to be put into the ground.

Overall, the total impact of this investment is expected to be very positive. GFFR is expected to grow significantly into the future and we aim to deploy more capital here based on the strong case it makes financially as well as in terms of ESG.

# CASE STUDY II

## RK OOSTHUIZEN FRUIT FARMING GROUP (“RKO”)

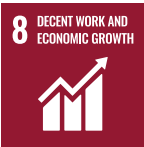
**DESCRIPTION**  
Sustainable Agriculture

**INVESTMENT VALUE**  
ZAR 30 million

**LOCATION**  
South Africa



### CORE SDGs



### 2021 KEY METRICS



**105 Ha**  
OF FARMLAND SUSTAINABLY MANAGED



**216**  
TOTAL JOBS MAINTAINED

## CASE STUDY II CONTINUED

RKO is a farming group in the Northern Cape Province of South Africa, situated on the Orange River. RKO is vertically integrated in the farming, processing and packaging, and export of table grapes and grapefruit. Gaia is invested in the RKO group as well as into RKO's new packaging and processing facility.

Fundamentally, RKO is a **food producer** with a focus on **sustainability**. They aim to achieve resilient agricultural production by continuously adapting and implementing best practices that ensure persistent production into the future through the sustainable use of resources. One of the ways RKO ensures long-term sustainable production of the farms is through effective water management using the latest technology to **optimise and reduce water usage**. RKO minimises the use of fertilisers (using OFOS) and employs field monitoring for pests and disease to minimise water pollution as well as other environmental impact.

Another sustainability focus for RKO is their human capital. They address this through job creation, specifically aimed at **jobs for disadvantaged local communities**, supporting economic growth. RKO also aims to upskill their employees through external training programmes. RKO undergoes annual social audits to comply with both local and international standards. In supporting community upliftment, RKO offers free transport to employees as well as free day care for pre-school children.

“

Another sustainability focus for RKO is their human capital. They address this through job creation, specifically aimed at jobs for disadvantaged local communities, supporting economic growth.

”

RKO is adapting to the green transition. They work with their customers to minimise their packaging as much as possible as well as have transitioned to recyclable materials where possible. The group is also aiming to transition to renewable energy in the near future to reduce costs as well as offset the emissions related to their energy and fuel usage in the business.

The main sustainability risk to this operation is climate change which would impact weather and specifically rainfall and river levels. Gaia is working with RKO to ensure local climate trends are being followed and mitigation measures are considered when necessary.

RKO's principal adverse impacts at this stage relate to the environmental impact of the resource intensive nature of the business. There is a great deal of water, electricity, materials, and fuel needed to support the agricultural production and export; however, RKO continuously seeks to optimise and improve on this negative impact. These relate to SDG 6: Clean Water and Sanitation and SDG 13: Climate Action.

Gaia is confident that RKO is and will continue to implement the best practices for the quality of their products as well as for the environment and their impact upon it.





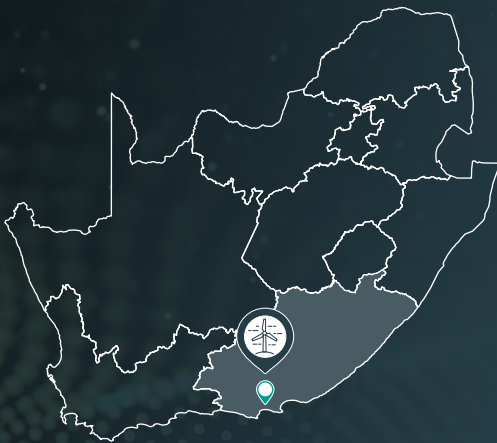
# CASE STUDY III

## TSITSIKAMMA COMMUNITY WIND FARM (“TCWF”)

**DESCRIPTION**  
Renewable Energy

**INVESTMENT VALUE**  
ZAR 122 million

**LOCATION**  
South Africa



### CORE SDGs



### 2021 KEY METRICS

 **264**  
GWH PRODUCED  
IN 2021

 **277k tonnes**  
CO<sub>2</sub>E REDUCTION

 **24 000**  
HOUSEHOLDS SUPPLIED  
WITH ELECTRICITY

## CASE STUDY III CONTINUED

TCWF is a wind energy facility in the Eastern Cape of South Africa. Built as part of the South African government's Renewable Energy Independent Power Producer Procurement Programme, TCWF provides desperately needed electricity for the constrained grid. Furthermore, TCWF produces **renewable, clean energy** and reduces the reliance on coal power stations at a cost equivalent to that of merely operating current coal-burning facilities.

Through green energy infrastructure, TCWF promotes sustainable communities as well as providing energy to support a growing number of households as well as industry demands. By investing in TCWF, Gaia is **supporting the green transition in energy** and avoids the production of CO<sub>2</sub> and other greenhouse gases ("GHGs"). TCWF has a 20-year Power Purchase Agreement ("PPA") with the South African power utility to ensure long-term sustainable energy supply.

Beyond the overwhelming positive impact of its core operations TCWF aims to create further positive impact through its various initiatives. This includes economic development of community through the Guava Juice and Poultry projects run by community members. TCWF has supported six early childhood development centres and the complete restoration and improvements to the community hall. On an individual level, TCWF has a bursary programme that provides 23 students with bursaries for their studies. The project also supports skills development as well as an Adopt-A-School programme.

Through all of TCWF's social programmes, there were **2 271 beneficiaries in 2021**. These elective focuses help towards achieving SDGs 1 to 5 in particular.

The sustainability risks for the TCWF project include those environmental, social, and governance which may impact the performance of the investment. The primary concern for this, and any other wind energy facility is the risk of climate change impacting the ability for the plant to generate power consistently.

“

Through green energy infrastructure, TCWF promotes sustainable communities as well as providing energy to support growing number of households as well as industry demands.



















”



Should the changes result in drastic changes, too little or too much wind relative to what the turbines were constructed for, the effectiveness of the plant could be significantly impacted. The trends in wind speeds over time are being monitored so that risk mitigation can be performed if necessary.

The negative impacts of the TCWF project are few but are nonetheless important to monitor and aim to reduce. The most material of the PAIs is to bird life, captured in SDG 15: Life on Land. As is a problem with nearly all wind turbines as well as tall structures in general, bird strikes are an issue. This risk is constantly being monitored and curtailment and any other relevant measures will be implemented if bird and bat impact exceeds that expected in the EIA. Overall this risk has been independently assessed to be very low in comparison to most South African wind farms and, with monitoring and mitigation options in place, is a relatively small negative impact.

# INFRASTRUCTURE INVESTMENTS

Investment	Selected key impact metrics	Relevant SDGs
<b>Fibre Network:</b> <i>Gaia Fibonacci Fibre REIT</i>	Number of household and business connections: 2 453	  
	Connection type: Internet	
<b>Toll Road:</b> <i>N3 Toll Concession</i>	Average annual traffic: > 41 million/year*	 
	Length of roadway: 415 km	
<b>Renewable Energy Facility:</b> <i>Tsitsikamma Community Wind Farm</i>	Energy generated for sale: 264 105 MWh/year	    
	Houses supplied with renewable energy: 24 000#	
	CO <sub>2</sub> e reduction: 277 310 tonnes*	
<b>Water and Electricity Saving Technology:</b> <i>Ravenhaven</i>	Number of client households: 1 001	     
	Energy conservation strategy: Yes	
<b>Renewable Energy-Enabled Blockchain Technology:</b> <i>DataYield</i>	Energy conservation strategy: Yes	 
	Energy purchased: Non-renewable: 0 MWh/year	













\* 41 623 870 vehicles in 2021.

# Inferred – approximately 30 kWh per household per day.

♦ Inferred – (Cairncross, 2017).



# AGRICULTURE INVESTMENTS

Investment	Selected key impact metrics	Relevant SDGs
<b>Tree Nut Agriculture:</b> <i>Spago</i> <i>Macadamia Developments</i> <i>Community Macadamia Farming</i>	Full-time jobs maintained in financed enterprise: 137	    
	Land area sustainably managed: 263 Ha	
	Operational certifications: Global GAP	
	Energy conservation strategy: Yes	
<b>Soft Citrus Agriculture:</b> <i>Lucerne Agri Investments</i>	Full-time jobs maintained in financed enterprise: 200	  
	Land area sustainably managed: 58 Ha	
	Operational certifications: Global GAP	
	Energy conservation strategy: Yes	
<b>Grape Agriculture:</b> <i>RKO Holdings, RKO Facilities</i>	Full-time jobs maintained in financed enterprise: 35	   
	Land area sustainably managed: 105 Ha	
	Operational certifications: Global GAP	
	Energy conservation strategy: Yes	

# INVESTEE QUESTIONNAIRE RESULTS I

## Monitoring impact developments with our investees

### INTRODUCTION

Gaia surveyed its investees to better understand the opinions of the Boards of these investees with regards to sustainability, Climate Change, and impact. Further, we gauged the investees' implementation of policies relating to social and environmental risks and sustainability. Finally, we assessed a few general environmental and social impact metrics by considering the number of employees at each investee (full-time, part-time, and seasonal), the average and minimum wages, the boards' gender composition, and the implementation of water and energy monitoring and usage reduction initiatives.

### SUSTAINABILITY CONCERNS

Investee responses regarding their level of concern about various ESG matters showed a wide spectrum of opinions. Three quarters of the investees were concerned or very concerned about all of the ESG matters. Only two investees showed some concern or no concern about a few topics. The

reason for this is likely the framing of the question where it was potentially misconstrued as whether these concerns are relevant to the investee. In future questionnaires particular attention will be paid to the correct framing of questions. The results of this section are promising overall but do leave room for improvement through engaging the investees on these issues, especially those relevant to their individual businesses.

### ESG DISCUSSION AND POLICIES

We were pleased to see that all the investees have board level discussions regarding ESG issues or they are going to start fostering these discussions in the next twelve months. With regards to implementation of policies, all investees have or are busy implementing a risk management and an ESG policy. While some of our investees do not have policies implemented with regards to anti-discrimination, diversity, and equal opportunity, all of our investees believe in these principles and we have urged them to codify this as such.

### ENVIRONMENTAL INITIATIVES

Two important initiatives we asked all our investees relate to reducing water and electricity usage. Only two investees did not have water monitoring and saving initiatives in place and only one investee did not have energy monitoring and saving initiatives. This shows that there is a large degree of alignment between us and our investees with regards to views on sustainability and the green transition.




### CONCLUSION



Overall, we are positive about the results of our first impact questionnaire. While we acknowledge there is still a way to go to achieve more complete alignment, we look forward to making improvements and working with our investees to create a positive impact as well as financial success.




- Very concerned
- Concerned
- Somewhat concerned
- Not concerned
- No response









































Investee concern	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Company 7	Company 8
Climate Change	Concerned	Very concerned	Very concerned	Somewhat concerned	Not concerned	Concerned	Very concerned	Concerned
Environmental Impact	Concerned	Very concerned	Very concerned	Concerned	Somewhat concerned	Concerned	Very concerned	Concerned
Social Impact	Very concerned	Very concerned	Very concerned	Somewhat concerned	Not concerned	Concerned	Very concerned	Concerned
Governance	Very concerned	Very concerned	Very concerned	Concerned	Concerned	Concerned	Very concerned	Concerned
Natural resource protection	Concerned	Very concerned	Very concerned	Concerned	Concerned	Concerned	Very concerned	Concerned




# INVESTEE QUESTIONNAIRE RESULTS II

































-  Initiative in place
-  Busy implementing initiative
-  No initiative in place

ESG Board Discussion	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Company 7	Company 8
ESG Board level discussion								

-  Policy in place
-  Busy implementing policy
-  No policy in place

Policies implemented	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Company 7	Company 8
ESG								
Climate Change								
Risk Management								
Anti-discrimination								
Diversity and Equal opportunity								

-  Initiative in place
-  Busy implementing initiative
-  No initiative in place

Environmental initiatives	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Company 7	Company 8
Water usage monitored								
Water-saving initiative								
Electricity usage monitored								
Electricity-saving initiative								

# APPENDIX A: UN SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

## CORE AND FUNDAMENTAL IMPACT SDGs OF THE GAIA GROUP

<b>2</b> ZERO HUNGER  <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p>	<b>6</b> CLEAN WATER AND SANITATION  <p>Ensure availability and sustainable management of water and sanitation for all.</p>	<b>7</b> AFFORDABLE AND CLEAN ENERGY  <p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE  <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p>	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES  <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION  <p>Ensure sustainable consumption and production patterns.</p>	<b>13</b> CLIMATE ACTION  <p>Take urgent action to combat climate change and its impacts.</p>	

## ELECTIVE IMPACT SDGs OF THE GAIA GROUP

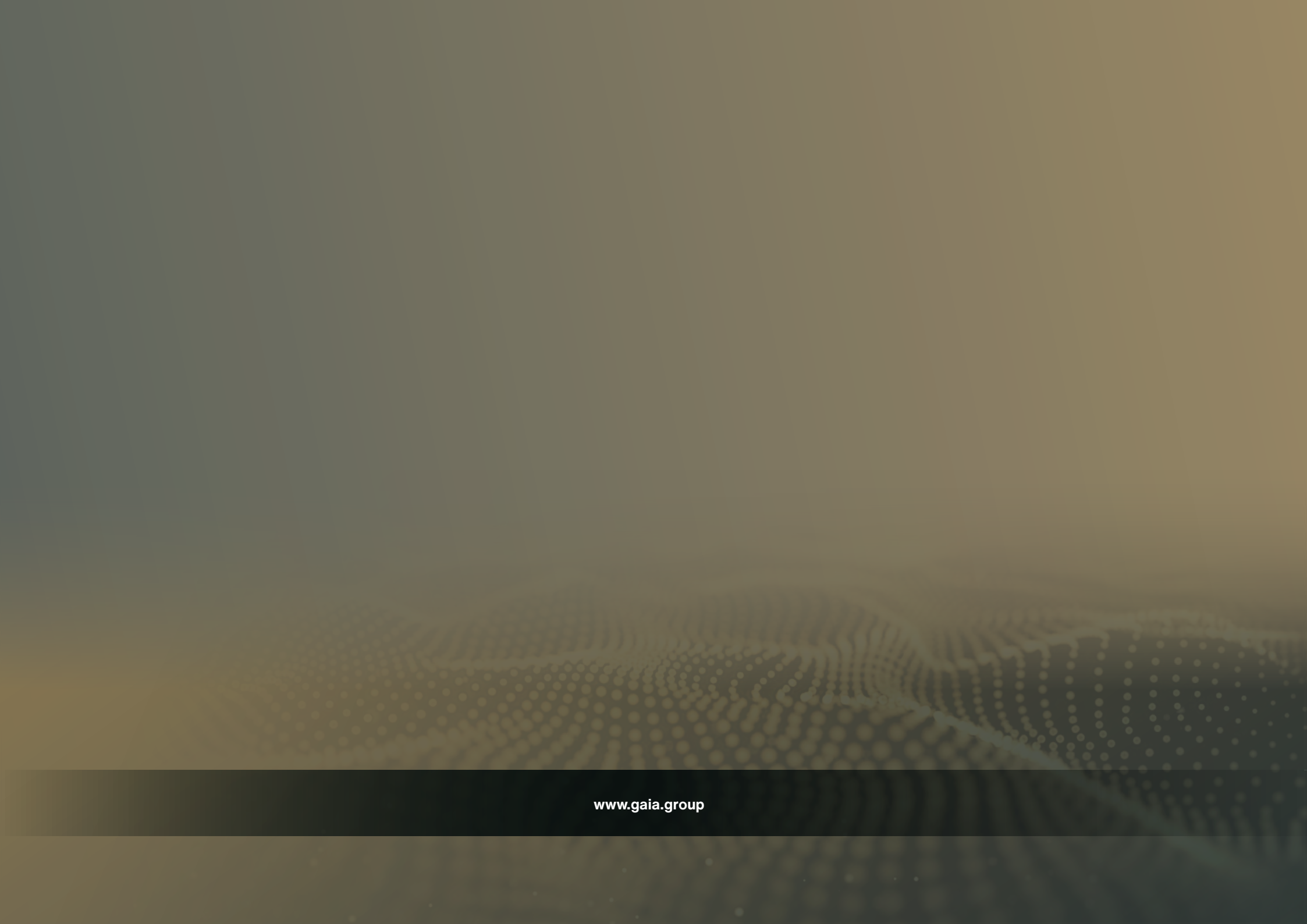
<b>1</b> NO POVERTY 	<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>4</b> QUALITY EDUCATION 	<b>5</b> GENDER EQUALITY 	<b>10</b> REDUCED INEQUALITIES 	<b>14</b> LIFE BELOW WATER 	<b>15</b> LIFE ON LAND 	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 	<b>17</b> PARTNERSHIPS FOR THE GOALS 
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# APPENDIX B: LIST OF ABBREVIATIONS

<b>C&amp;I</b>	Commercial & Industrial
<b>CSR</b>	Corporate Social Responsibility
<b>DNSH</b>	Do No Significant Harm
<b>EDFI</b>	European Development Finance Institutions
<b>ESG</b>	Environmental, Social, and Governance
<b>EU Taxonomy</b>	A classification system clarifying which investments are environmentally sustainable
<b>GHGs</b>	Greenhouse Gases
<b>GIIN</b>	Global Impact Investing Network
<b>Global GAP</b>	Global Good Agricultural Practice
<b>IFC</b>	International Finance Corporation
<b>IRIS+</b>	Created by the GIIN, a system for impact investors to measure, manage, and optimise their impact
<b>KfW</b>	A German state-owned investment and development bank

<b>LSM</b>	Living Standard Measure
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OFOS</b>	Omnia Fertigation Optimisation System
<b>PPA</b>	Power Purchase Agreement
<b>PPP</b>	Public-Private Partnership
<b>PRI</b>	Principles for Responsible Investment
<b>REIPPPP</b>	Renewable Energy Independent Power Producer Procurement Programme
<b>REIT</b>	Real Estate Investment Trust
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SDG</b>	Sustainable Development Goals
<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>UN</b>	United Nations



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