

NORSAD SUSTAINABILITY Newsletter

Investing in Sustainable Enterprise Growth | Issue 1 Vol 1

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ABOUT US

Norsad Finance is a provider of flexible and customized long-term financing to mid-market growth companies and financial services providers in Southern Africa. Norsad prioritizes investments to financially sustainable companies that also deliver substantive positive social and environmental impact.

Environmental, Social and Governance (ESG) risk assessments are core to our investment process and we believe that subscribing to best ESG practices creates sustainable companies through increasing productivity, building stronger brands and unlocking further funding.

OUR IMPACT STORIES 3

PUNGWE C POWER
STATION (PTY) LIMITED,
HONDE VALLEY
ZIMBABWE

RIVERSIDE POWER
STATION, MASHONALAND
ZIMBABWE

CEO's MESSAGE



KENNY NWOSU
Chief Executive Officer

I am delighted to present our valued stakeholders with our first Sustainability Newsletter. Norsad is committed to integrating sustainability and responsible investment strategies. We have embarked on a journey to further integrate our financial, environmental, social and governance performance into our investment management process. In the past year, we enhanced our Social and Environmental (S&E) performance management with the intention of reducing associated risk and improving investment performance across our portfolio.

As we further integrate sustainability into our overall strategy, we encourage each portfolio company to implement the most appropriate framework for their business. In this issue we highlight compelling S&E impacts from improved access to renewable energy through our investing.

Best regards,
Kenny Nwosu



OUR COVERAGE

- Angola
- Botswana
- DRC
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Namibia
- Seychelles
- South Africa
- Swaziland
- Tanzania
- Zambia
- Zimbabwe

OUR SUSTAINABILITY AGENDA

Norsad embraces a sustainability investment management approach. Our impact focus is towards financially, socially and environmentally sustainable companies that foster development outcomes. We target companies that share our vision and commitment to sustainable growth and wish to improve their ability to manage these issues within their business activities.



RENEWABLE ENERGY GROWTH

In 2017, and for the eighth year running, global investment in renewable energy exceeded \$240 billion*. At the end of 2017, global renewable generation capacity amounted to 2,179 GW. Renewable capacity expansion continues to be driven mostly by new installations of solar and wind energy, which together accounted for 85% of all new capacity installed in 2017. Africa only accounts for 2% of global capacity at 42GW. In 2017 Africa saw strong capacity growth of 9.2% (3.5 GW).

OUR PORTFOLIO



BANKS



FOOD PRODUCTS



SPECIALITY RETAIL



CONSTRUCTION AND
ENGINEERING



DIVERSIFIED FINANCIAL
SERVICES



INDEPENDENT POWER
AND RENEWABLE
ELECTRICITY PRODUCERS

* Renewable capacity highlights. International Renewable Energy Agency. 31 March 2018. www.irena.org

OUR IMPACT STORIES

In addressing the need for access to power, Norsad has been developing a portfolio of renewable power projects focusing on countries with significant need and conducive Independent Power Purchase (IPP) frameworks. Access to energy is linked to economic growth and income generation and has many other indirect multiplier effects, such as increasing the number of productive hours each day, reducing food spoilage through refrigeration, decreasing night time crime through electric lighting and others.

Pungwe C Power Station (Pvt) Limited, Honde Valley Zimbabwe

DATE OF INVESTMENT

January 2016

VALUE INVESTED

\$3,500 000

INSTALLED CAPACITY

3.75 MW

COMMISSIONED

March 2016

2016 OUTPUT

5,326 Mwh

STAGE OF INVESTMENT

Operational

Despite economic and political challenges in Zimbabwe, Norsad addresses the need for access to renewable energy through the financing of the Pungwe C power station. The Pungwe C Power Station was developed through Norsad's partnership with Nyangani Renewable Energy (Pty) Ltd (NRE). The hydropower station takes water at the weir of the Chiteme River, a tributary of the Pungwe River, and provides 2% of the electricity available in the national grid. This provides much needed electricity to more than 5 000 households and nearly all the schools in the Honde Valley with an average of 8 200 megawatt hours (Mwh) of clean energy per year.



Riverside Solar Power Station, Mashonaland Zimbabwe

DATE OF INVESTMENT

September 2017

VALUE INVESTED

\$2 000 000

INSTALLED CAPACITY

2.5 MW

COMMISSIONED

January 2018

2018 OUTPUT

4,715 Mwh

STAGE OF INVESTMENT

Operational

The same partnership, as above led to the establishment of the 40-hectare Riverside Solar Power Station on the outskirts of Mutoko Growth Point in Mashonaland East Province. The first phase of the project was 2.5 Mwh of energy which will be expanded in the future to a maximum of 10 Mwh. Riverside Solar Power Station (RSPS) is located in Mutoko district about 140 kilometres North West of Harare. At present the plant generates 5 500 Mwh per year, with a final planned capacity of ~20 000Mwh. The first stage has been developed through a variety of technologies using state of the art sun-tracking solar panels. The plant currently provides renewable electricity to over 9 000 people (or ±3 300 households) per year. The final stage will provide electricity to 40 000 people (or variety of technologies which include ±9 000 households) through the national grid. In June 2018, Emmerson Dambudzo Mnangagwa, President of the Republic of Zimbabwe visited Riverside, and expressed his desire to continue supporting development of renewables to help Power Zimbabwe.



IMPACT HIGHLIGHTS



Pungwe C Power Station offsets **7,839 tons** of CO₂eq per annum



Riverside Solar Power Station offsets **5,258 tons** of CO₂eq per annum



Our Renewable Energy projects save **13,097 tons** of CO₂eq per annum which is equivalent to **10,810** one-way economy flights from New York to London



The additional **2% of electricity** available in the national grid increases Zimbabwe's GDP per capita by **0.05% - 0.06%** (Armeanu et al, 2017)



Provision of renewable energy to low income homes, **reduces indoor air pollution** and **increases productive hours**



44 permanent employees in our renewable energy portfolio



Renewable energy projects created **69 indirect jobs**

OUR MAIN S&E MEASURES

Our main S&E measures relating to the increased access to renewable energy are as follows:

- Safeguarding community and worker health and safety by monitoring against strict Health and Safety standards during the construction phase.
- Social impacts were optimised by creating local employment opportunities during both the construction and operational phases. Continuous community engagement forms the cornerstone of the operations.
- Information is disseminated through various platforms to ensure communities have access to employment opportunities and development as well as health, safety and security plans.

OUR SUSTAINABILITY HIGHLIGHTS

FINANCIAL



Invested a total **USD 340m**.



Increased diversification and economic growth through advancement of small and medium enterprises in tourism.

SOCIAL



Over 13 000 supported and sustained jobs across portfolio.



- Women comprise **24%** of management across portfolio reporting in 2017.
- **100%** of portfolio companies engage with communities.



78% of Portfolio Companies involved in health and wellness.

ENVIRONMENTAL



USD 17.4m committed to renewable energy.



Harnessing the sun to supply grid electricity: 10 000Mwh per year, with a final planned capacity of ~20 000Mwh.

GOING FORWARD

We look forward to continuing our sustainability journey with you in our periodic Newsletters.

FEEDBACK

To continuously improve our practices and reporting, we welcome and value your feedback and comments. Please contact us by phone, email or via our website.

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