

## Public Information Summary

<b>Host Country</b>	India
<b>Name of Borrower</b>	Northern Arc Investments IFSC Trust
<b>Project Description</b>	A \$125 million climate-focused debt fund that will target growth stage financing to mid-sized corporate borrowers that address climate mitigation and/or adaptation through innovative technology or solutions in India, focusing on (i) renewable energy and energy efficiency, (ii) sustainable agriculture, (iii) clean transportation, (iv) green buildings and materials, (v) water management, (vi) the circular economy and (vii) novel climate adaptation solutions.
<b>Proposed DFC Loan</b>	\$50,000,000
<b>All-Source Funding Total</b>	\$125,000,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	<p>India accounts for approximately 7% of global CO2 emissions, making it the third highest emitter in the world, with energy usage nearly doubling since 2000. To meet its national target of net zero by 2070, India will require investments in climate change mitigation and adaptation of approximately \$10.1 trillion by 2030. Emissions reduction efforts are needed not only from mid and large corporates, but also from growing country’s small and medium enterprise (“SME”) segment that offer scalable solutions. Mitigating and adapting to climate change will require financing for these growing enterprises operating in sectors such as (i) renewable energy and energy efficiency, (ii) sustainable agriculture, (iii) clean transportation, (iv) green buildings and materials, (v) water management, (vii) the circular economy and (viii) novel climate adaptation solutions.</p> <p>In response to this challenge, the Fund seeks to have a positive development impact in India by providing loans to early and growth-stage enterprises that target climate mitigation and adaptation across multiple sectors. The Fund will address the critical issue of raising additional debt capital in the growth cycles of these enterprises, a majority of which are currently SMEs. The Fund will also lend to finance companies that provide financing for climate-related projects such as solar rooftop installations, electric mobility and energy efficiency solutions. Given the Fund’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient.</p>
<b>Environment and Social Assessment</b>	The Project has been reviewed against DFC’s 2024 Environmental and Social Policies and Procedures manual (“ESPP”) and has been

determined to be categorically eligible. DFC loans to investment funds investing in medium- and small-to-medium-scale activities, and mid-cap corporate entities are screened as Financial Intermediary B (FI-B) for environmental and social assessment. Based on DFC's due diligence, the Fund's downstream investments are anticipated to pose environmental and social risks that are site specific and can be readily mitigated through the application of sound environmental and social management practices.

To ensure that the Fund's investments are consistent with DFC's statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Management System ("ESMS") and Human Resources Policy that meets the 2012 IFC Performance Standards.

Under DFC's ESPP, the Fund is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk review-based due diligence assessment indicates that because the Project will use DFC support for lending to small and medium enterprises and mid-cap corporate entities in India that address climate mitigation and/or adaptation, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered.

The Fund does not have an adequate environmental and social management system as described in IFC PS 1 or adequate human resources policies and labor risk mitigation strategies as described in IFC PS 2. As a result, the Fund will be required to develop an IFC PS 1 compliant environmental and social management system and IFC PS 2 compliant human resources and labor policy or equivalent, consistent with DFC's 2024 Environmental and Social Policy and Procedures.