

Public Information Summary

Host Country(ies)

India

Name of Counterparty / Issuer

Avaana Sustainability Fund

Project Description

Avaana Sustainability Fund is a \$130 million venture fund that invests in technology-based companies that enable climate solutions and sustainability. The Fund invests in startups in the following sectors: 1) energy and resource management, 2) e-mobility and related supply chains, and 3) sustainable agriculture value chain and responsible consumption.

DFC Product Type

Equity

DFC Investment / Insured / Equity Amount

\$10 million

Total Project Costs

\$130 million

U.S. Involvement (If not applicable, put N/A)

NA

Fund Manager

Avaana Capital Advisors LLP

Policy Review**Developmental Objectives**

As 300 million Indians join the middle class in the next couple of years, it is estimated that India will account for 10% of global greenhouse gas emissions by 2030. In effort to mitigate its climate impact, the Government of India has an aggressive plan to nearly triple its renewable energy capacity over the next six years. The success of this effort will require the advancement of technologies that facilitate its uptake along with other sustainable practices.

In response to this challenge, the Fund seeks to have a positive development impact in India by providing much needed capital to innovative early-stage companies that use new and existing technologies to address climate change. The Fund plans to invest in concepts that address inefficiencies in high carbon-emitting activities in the region, including energy and resource management, mobility and supply chains, and food and consumption. As a venture-builder, the Fund Manager works alongside entrepreneurs to develop their business model, launch products, and build and scale operations. As part of its strategy, the Fund Manager will seek to acquire minority positions in the Fund's portfolio companies and accompany each start-up through its growth stages from Series A/B through to public offering, acquisition, or sale of shares to a later stage investor.

DFC has qualified the Fund as 2X based on the Fund Manager's intent to meet and / or exceed the 2X criteria for women representation in its leadership and percentage of 2X-eligible projects or companies in its portfolio. Given the Fund's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient ("IQ").

Environment and Social Assessment

The Project has been reviewed against DFC's 2020 Environmental and Social Policy Procedures ("ESPP") and has been determined to be categorically eligible. DFC direct investments into investment funds that will subsequently support both SMEs and mid-cap companies are classified as a Financial Intermediary - B (FI-B) activity for the purposes of 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.

The Fund is eligible for delegated responsibility for the application of DFC's policies related to environmental and social impact assessment, risk management and monitoring. To ensure that the Fund's investments are consistent with DFC's statutory and policy requirements, the Project will be subject to conditions regarding the use of the DFC proceeds.

The primary environmental and social issues identified in this transaction relate to the need for

a strong Environmental and Social Management System that meets the IFC Performance Standards to ensure that downstream investments are developed in accordance with DFC's Environmental and Social Policy and Procedures ("ESPP"). DFC will monitor the effectiveness of the Fund's application of DFC policies throughout the Project's life cycle.

Under the 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 based due diligence assessment indicates that as the Project involves a DFC equity investment into a Financial Intermediary for the purpose of investing in Portfolio Companies focused on 1) energy and resource management, 2) mobility and supply chains, and 3) agriculture value chain and responsible consumption throughout India, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage (PS 5, 6, 7 and 8) are not triggered at this time. However, the Fund anticipates investments in mid-cap companies in the agricultural and light manufacturing sectors, potentially triggering PS 3, PS 4, and heightened PS 2 risks.

The Fund has an environmental and social policy, external grievance mechanism, and human resources policies generally commensurate with its investment strategy and applicable IFC Performance Standards. However, the Fund will be required to provide updates and revisions to its ESG Policy, internal grievance mechanism, Stakeholder Engagement Plan, and Environmental and Social Due Diligence policies and procedures to meet the requirements of IFC Performance Standards and DFC's 2020 Environmental Policy and Procedures.