

Public Information Summary

Novastar Africa People + Planet Fund

Host Country(ies)	Pan-African, with a primary focus on Ghana (LMIC), Kenya (LMIC), Nigeria (LMIC), and Uganda (LIC)
Name(s) of Fund	Novastar Africa People + Planet Fund
Name of Fund Manager	Novastar Ventures Ltd.
Project Description	A venture capital fund that will make early-stage investments in businesses led by entrepreneurs with the capability and ambition to build, scale, and deploy innovative solutions throughout the climate and resource efficiency value chains across Africa.
Proposed DFC Equity Investment	\$25 million
Target Fund Size	\$250 million
Policy Review	
Developmental Objectives	The Fund is expected to have a positive development impact in Africa as it seeks to provide much needed capital to innovative early-stage companies that use new and existing technologies to address climate change. More specifically, the Fund seeks to invest in enterprises that offer market access and climate resilience enabling technology services, integrate clean technology solutions to decarbonize economic growth, and utilize Africa's abundant natural assets to remove carbon dioxide equivalent (CO ₂ e) from the atmosphere. The Fund Manager seeks to take significant minority positions and require board representation with its portfolio companies so as to provide distinct value adds in business planning, partnership building, business development, capital raising, human resources support, corporate governance, and environmental compliance.
Environment and Social Assessment	SCREENING: Equity investments in a fund are screened as a Category D activity for the purposes of environmental and social assessment. Based on DFC's due diligence, the Fund's downstream investments are anticipated to pose medium or limited environmental and social risks that are site specific and that 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. In order 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 issue associated with the Project is the need for a strong Environmental and Social Management System to ensure that downstream investments are developed in accordance with DFCs Environmental and Social Policies and Procedures (ESPP) (2020). DFC will monitor the effectiveness of the Fund's application of DFC policies throughout the Project's life cycle.

Climate change resilience assessments for Category D projects are not required under DFC's policies.

APPLICABLE 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. DFC's ESPP requires fund managers to maintain an ESMS that appropriately identifies, assesses, manages, and monitors risks with respect to the IFC Performance Standards the General and Sector-specific EHS Guidelines. A virtual due diligence assessment indicates that because the Project involves an investment in a financial intermediary that will focus on climate technology projects across Africa, significant adverse impacts with respect to 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 at this time. The Fund is not eligible to make investments in Category A projects.

Environmental and Social Risks and Mitigation: The Fund will be guided by the Fund Manager's ESMS which has been reviewed by DFC and determined to be commensurate to the risks and nature of the Fund. The Fund will be required to incorporate DFC's categorical prohibitions and Category A list as part of their environmental and social screening procedures. The Fund will be required to provide annual monitoring throughout the DFC investment. The Fund's HR management is governed by the Fund Manager's HR Policy which comprised of the requisite HR policies and procedures. However, to further strengthen its workforce management, the Fund will be required to update internal grievance mechanism.