



### Project Summary Information

Date of Document Preparation: 2023/01/16	
<b>Project Name</b>	Georgia Capital Sustainability Linked Financing Facility
<b>Project Number</b>	P000765
<b>AIIB member</b>	Georgia
<b>Sector/Subsector</b>	Energy / multisector
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Private Capital Mobilization
<b>Status of Financing</b>	Approved
<b>Objective</b>	The project will achieve the following objectives: (i) mobilize private capital for the first sustainability linked financing in the local capital market, and (ii) enable Georgia Capital to access long term funding to refinance and finance sustainable activities to meet its sustainability targets.
<b>Project Description</b>	<p>The Project involves an anchor investment of up to USD30 million into JSC Georgia Capital's upcoming and debut issuance of sustainability-linked bonds in the Georgian capital markets.</p> <p>Wholly owned by Georgia Capital Plc, JSC Georgia Capital is the leading investment holding company in Georgia with portfolio companies across different sectors: banking, renewable energy, water utilities, education, pharmacy, hospitals &amp; clinics, and other smaller companies.</p> <p>The Company plans to issue a USD 150 million sustainability-linked, senior unsecured bond, targeting both local and international institutional investors with dollar appetite. The bond proceeds are expected to be allocated as follows: 80% for refinancing the existing Eurobond, and 20% for general corporate purposes.</p> <p>AIIB investment proceeds will be used to refinance historical investments in the renewable energy.</p>
<b>Expected Results</b>	<p>The expected results monitoring indicators and intermediate indicators would be:</p> <ul style="list-style-type: none"> <li>• Absolute Greenhouse Gas emissions reduced (tons of CO2 equivalent per year);</li> <li>• Mobilized private capital;</li> <li>• ESG and net zero awareness sessions hosted for GCAP portfolio companies;</li> </ul>

	<ul style="list-style-type: none"> <li>• Conversion to efficient heating systems by GCAP portfolio companies.</li> </ul>
<b>Environmental and Social Category</b>	B
<b>Environmental and Social Information</b>	<p><b>Environmental and Social Policy and Categorization.</b> AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List ("ESEL") and Environmental and Social Standards (ESSs), is applicable to this Project. The Project is categorized B, on the basis that anticipated environmental and social (E&amp;S) risks and impacts will be localized, temporary and can be mitigated through an Environmental and Social Action Plan (ESAP) and the international good practice. AIIB investment in the sustainability linked bond will be used to refinance ringfenced renewable energy assets and finance general corporate purposes.</p> <p><b>Environmental and Social Management System (ESMS).</b> At the corporate level, GCAP's <a href="#">Responsible Investment Policy</a> integrates E&amp;S risk assessment into its investment appraisal mechanism and to identify and manage any potential E&amp;S risk for underlying investments. At the ringfenced asset level, GRPO's <a href="#">E&amp;S Framework</a> describes its commitment to the principles of sustainable development, environmental protection, social responsibility in compliance with the Georgian legislation and international environmental, social, health and safety (ESHS) standards. The ESMS has been developed based on IFC Performance Standards (2012) and, EBRD's Performance Requirements, including E&amp;S Management procedures for identification, categorization, assessment, management and monitoring of E&amp;S risks and impacts at both organizational and project levels, as well as stakeholder engagement and monitoring review. At the ringfenced assets level, AIIB reviewed relevant documents and assessed that the assets' ESMS meet AIIB's ESP requirements.</p> <p><b>Sustainability-Linked Bond (SLB) Framework.</b> GCAP has established its <a href="#">SLB Framework</a>. The key components of the Framework are: (i) selection of key performance indicator (KPI), (ii) calibration of sustainability performance target (SPT), (iii) bond characteristics, (iv) reporting and (v) verification. The KPI selected is absolute scope 1, 2 and 3 GHG emissions (tCO<sub>2</sub>e) and the SPT is to reduce it by 20% by 2027 compared to a 2022 baseline. GCAP has obtained a <a href="#">second-party opinion</a> in April 2023, and it was opined that the Framework is in alignment with the core components of ICMA's Sustainability Linked Bond Principles.</p> <p><b>E&amp;S Characteristics.</b> The ringfenced sub-projects in the Sustainability-Linked Bond (SLB) includes run-of-river hydropower plants and wind renewables. These sub-projects are not located in protected areas, or areas with critical habitats, or areas with cultural heritage. On biodiversity, corrective actions will be implemented to improve the existing fish-pass at each weir, manage the washout of accumulated sediments and enhance the methodology used to measure fish-</p>

	<p>pass effectiveness management. On the assessment of legacy issues, while it is challenging to assess land acquisition and involuntary resettlement post factum, there are no grievances or legal claims associated with GRPO's past land acquisition activities or current access requirements. In addition, all the ring-fenced assets are required to comply with the labor laws and regulations of Georgia and are compliant with AIIB's ESP and the requirements of the involved DFIs. There are no known outstanding worker related grievances or labor relations cases. The OHS plan and community emergency preparedness and response plan are established and implemented.</p> <p><b>Gender.</b> As part of its corporate ESMS, GCAP has established its <a href="#">diversity policy</a>. It is committed to the elimination of unlawful and unfair discrimination at its workplace and values the differences that a diverse workforce brings to the organization. GCAP's renewable energy portfolio company plans to further enhance gender diversity and tackle the gender gap in the sector by holding career guidance workshops in Georgian high schools to increase awareness of the importance of the role of women in the energy sector.</p> <p><b>Information Disclosure.</b> At the ring-fenced asset level, GRPO has disclosed the <a href="#">E&amp;S performance monitoring reports</a> as of May 2023. Various DFIs have also made appropriate disclosures online<sup>1</sup>. At the corporate level, GCAP has published its <a href="#">annual sustainability report</a>, which is prepared in accordance to the UK government's policy on Streamlined Energy and Carbon Reporting and Task Force on Climate Related Financial Disclosures (TCFD) requirements. As required by its SLB framework and as part of future sustainability report, GCAP will publish updated information on the performance of the selected KPI, including baselines (where relevant) and a verification assurance report of the SPT that describes the performance against the SPT and others.</p> <p><b>Grievance Redress Mechanism (GRM).</b> At the ringfenced asset level, GRPO has established its project-specific as well as worker <a href="#">GRM</a> that will address any third-party feedback, enquiries or concerns regarding its E&amp;S processes and performance. GRPO will continue to disseminate its GRM information in a timely manner to the communities concerned in an understandable language(s) and appropriate manner. The GRM is accessible, include provisions for anonymity, and hold no risk of retaliation, to receive and facilitate resolution of the concerns and complaints of people who believe they may be or have been adversely impacted by the Project. Provision has been made to inform project-affected people (PAPs) and contracted workers of the Project specific GRMs and will be made to inform of AIIB's Project-Affected Peoples' Mechanism (PPM).</p>
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<sup>1</sup> DFI disclosures include: [ADB](#), [EBRD](#), [FMO](#), [IFC](#).

	<b>Monitoring and Supervision Arrangements.</b> GRPO will continue to monitor the E&S performance of the ringfenced assets. GCAP will maintain a comprehensive database comprising all relevant E&S information and report to AIIB a summary of the E&S aspects and overview of the E&S performance in an agreed format, aligned to the same reporting schedule with other DFIs. AIIB will review the E&S performance of the ringfenced assets and the progress of the SPT, as part of its regular supervision, comprising engagement with GCAP and GRPO, potential site visits and detailed review of the E&S monitoring reports.	
<b>Cost and Financing Plan</b>	Up to USD 30 million	
<b>Borrower/Investee Company/Counter party/Guaranteed entity</b>	Georgia Capital JSC	
<b>Estimated date of last disbursement (NSBF/</b>	3 August 2023	
<b>Contact Points:</b>	<b>AIIB</b>	<b>Borrower</b>
<b>Name</b>	Shailendra Gupta	Giorgi Alpaidze
<b>Title</b>	Portfolio Officer	Chief Financial Officer
<b>Email Address</b>	shailendra.gupta@aiib.org	ir@gcap.ge
<b>Date of Concept Decision</b>	06/07/23	
<b>Date of Appraisal Decision</b>	07/12/23	
<b>Date of Financing Approval</b>	07/28/23	

<b>Independent Accountability Mechanism</b>	The Bank's Policy on the PPM applies to this project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project- affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of Bank Management.
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	Information on the PPM is available at <a href="https://www.aiib.org/en/ppm/how-we-assist-you">How We Assist You - Project-Affected People's Mechanism (aiib.org)</a> .
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