

September 2023

## GAIA FUND MANAGERS



# IMPACT & PARTNERSHIPS

### Overview

Gaia is the Greek word for Earth and Gaia's mission is to drive positive change for the planet and its people by mobilising investments into impactful catalytic and systemic solutions unique to the market, identified through a systems mapping process.

As an advocate for climate action, Gaia takes centre stage, playing our part in reshaping the global energy paradigm, focusing on Africa.

Gaia supports the Paris Agreement objectives through unwavering dedication to climate mitigation.

By addressing core UN Sustainable Development Goals (SDGs), Gaia is dedicated to aid in the provision of *clean energy* (SDG 7), *innovation, and infrastructure* (SDG 9) with a focus on *climate action* (SDG 13).

Gaia aims to help shape a future marked by *equality* (SDG 5) and *sustainable economic growth* (SDG 8).

### What does sustainability mean to us?

Gaia believes ESG principles are crucial to developing climate and socially resilient companies built on sustainable growth and reducing climate impact that deliver long-term value for investors.

Furthermore, we recognise that investments often benefit from following sound social, environmental, and governance practices.

ESG analysis and management can improve profitability and manage risk, resulting in more resilient companies.

By integrating ESG into the investment process we enhance our understanding of the investment risk, resulting in lower investment risk.

Therefore, we are committed to responsible investment and integrating ESG considerations across all stages of the investment process, from screening to exit and operating principles.





## Gaia's impact and management framework

Gaia uses best practices in our impact management and measurement (IMM) framework to evaluate and report on impact. Gaia is in the process of adopting Environmental, Social, and Management Systems (ESMS) for all our funds.

The IMM framework is based on international industry conventions, including SFDR, EU Taxonomy, UNSDGs, Impact Frontier's Impact Management Project, and the 2X Challenge.

## Manager additionality

As shareholder and through investor stewardship, Gaia seeks to partner with our investee companies to provide financial, catalytic and strategic benefits.

Through engagement, we help them implement best practices by offering tools, training, and expertise, managing ESG risk factors, ensuring minimum safeguards, implementing good governance practices, and measuring progress.

Gaia has identified four priority ESG topics, that we believe can most affect our ability to build strong companies of enduring value.

Engagement includes practises like an ESG action plan, road map and board representation.

## Financial additionality

Core to the reason why Gaia was founded in 2012 to provide growth capital in the sustainable infrastructure industry, filling a funding gap by pioneering structures where funding would not have existed.

An active and efficient funding ecosystem is required to accelerate sustainable infrastructure project development on the African continent.

A vibrant secondary market would attract asset owners with products that match their risk and return requirements.

Gaia is a pioneer in strategically activating these previously excluded investors, crowding in more financial capital for African sustainable infrastructure.

Gaia's strategy for financial additionality is to be a thought leader in the sustainable infrastructure and agriculture sectors, to crowd in private capital, especially long-term asset owners.

So far, we have succeeded in attracting capital from pension funds, insurance companies, collective investment schemes and family offices.

We aim to scale and fast-track our financial additionality through field building, engagement, education, demonstration effect, and collaboration with long-term asset owners and managers.





## UN SDGs

We have used the United Nations (UN) Sustainable Development Goals (SDGs) to identify where we are best positioned to contribute by virtue of our operating model and core geographics.

The core SDG we focus on is SDG 13 *Climate Action*. Urgent climate action is needed to mitigate the devastating impacts of climate change on the environment, economy, public health, and the well-being of current and future generations. It involves reducing greenhouse gas emissions, transitioning to clean energy sources, and adopting sustainable practices to create a more sustainable and resilient world.

Gaia believes climate action cannot be selective and that, with only 2% of capital flowing to Africa to address climate change, the impact will be global if Africa is energised by fossil fuel and is not included in the climate change solution.

In support of our core SDG, we have 7 fundamental SDGs: SDG 2 *Zero Hunger*, SDG 5 *Gender Equality*, SDG 6 *Clean Water & Sanitation*, SDG 7 *Affordable & Clean Energy*, SDG 8 *Decent Work and Economic Growth*, SDG 9 *Industry, Innovation and Infrastructure*, and SDG 11 *Sustainable Cities and Communities*.

These are relevant to our growth strategy and product and service offerings as they contribute to a stable, resilient, and sustainable economy.

## Recent industry collaborations

As a recognition of the Gaia secondary market innovative initiative, Gaia was invited in February 2023 by the One Planet Council in Paris and ADF and ADIA to contribute to the working group towards the New Global Financing Pact Summit in June 2023, delivering our recommendations to the Head of States in Paris.

During this process, Gaia was co-chairing a sub-group for sourcing action points to increase investments in sustainable infrastructure in developing and emerging markets.

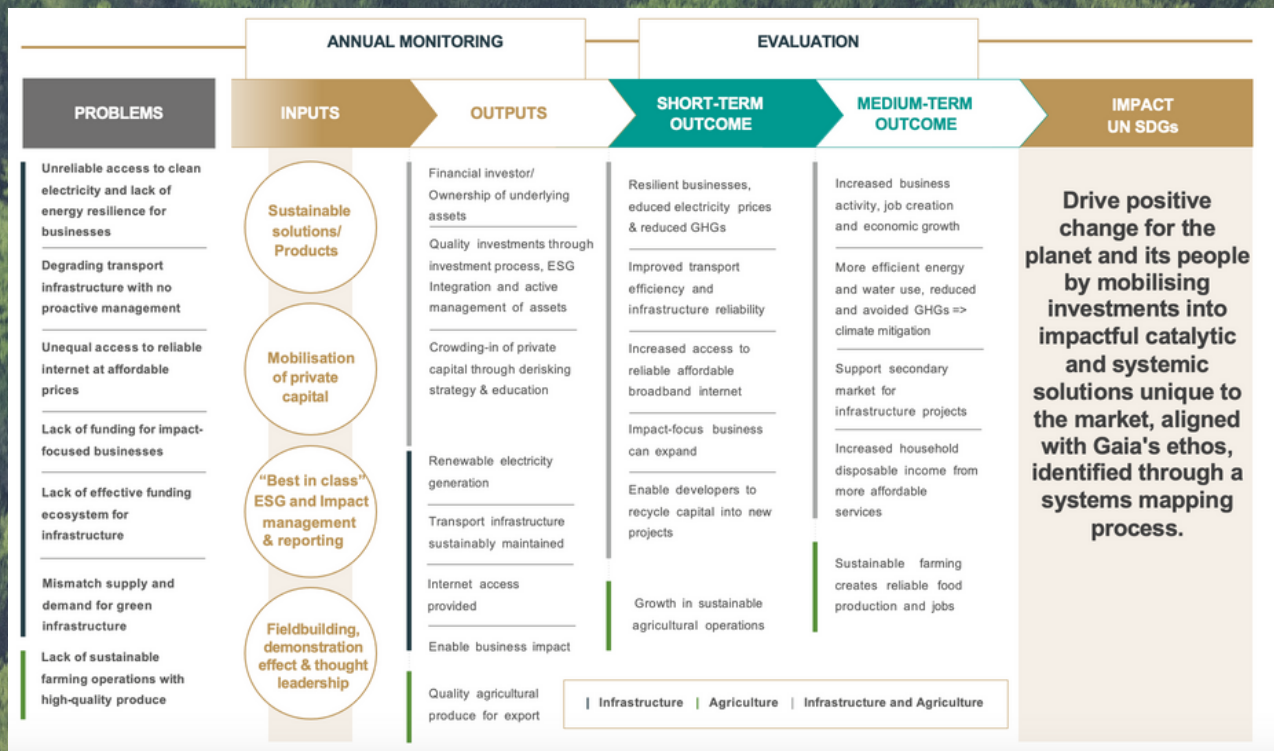






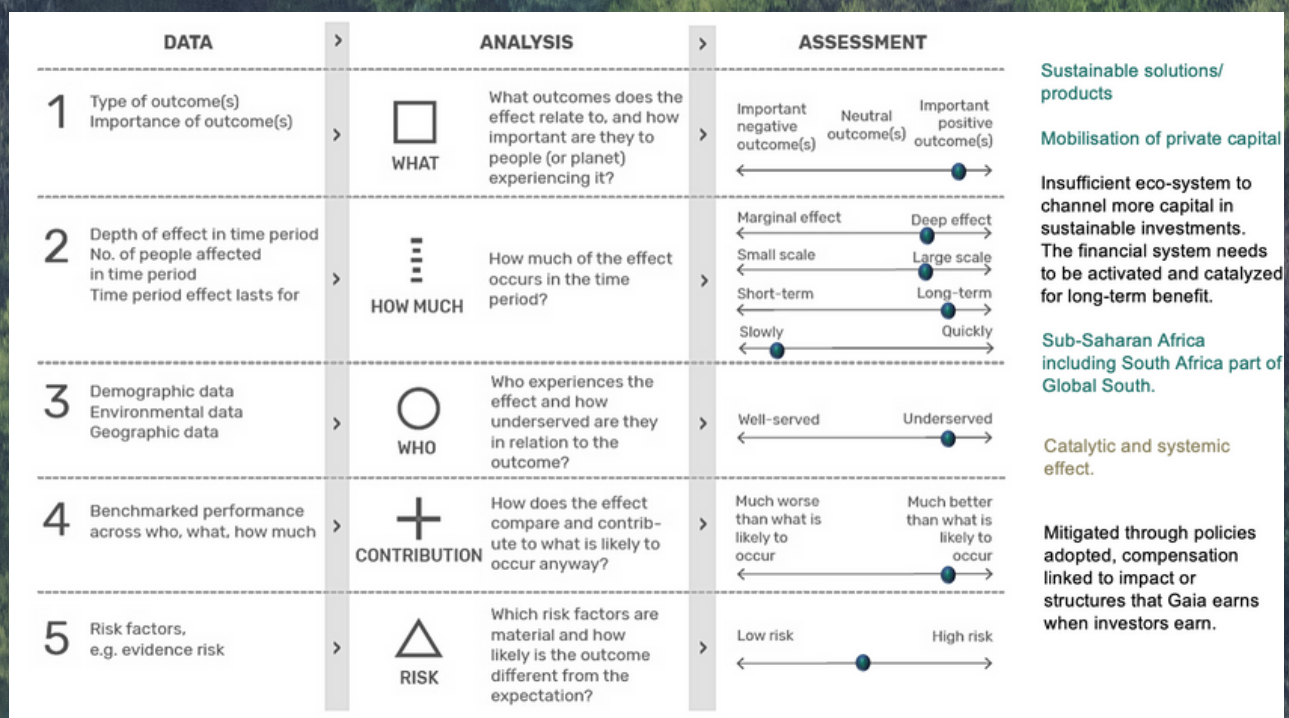
## Theory of Change

Understanding the target impact & aligning with the UN SDGs.



## IMP Framework

The Impact Frontiers, five dimensions of impact logic model which evaluate the impact scale, depth & duration is sit out below.







## Climate Change and Net Zero Position Statement

We recognise that climate change is a systemic issue affecting all sectors and geographies.

Our goal is to partner with our investees to help them reduce carbon emissions through our engagement, assess their climate physical and transition risks, and support investees in introducing mitigants.

We engage with investee companies to make net zero commitments and improve net-zero data transparency and reporting as part of Gaia's net zero commitment strategy.

## Impact Linked Compensation

Gaia supports the movement to link impact to asset manager compensation.

We believe that an Impact Linked Compensation (ILC) structure holds fund managers accountable to their stated impact goals, mitigate impact risks and puts impact first in fund decisions.

Gaia has adopted an ILC structure for our latest fund, which will incentivise financial and impact performance by applying a two-part carried interest mechanism.

## Diversity, Equity and Inclusion

Gaia has a 5-year Diversity, Equity and Inclusion (DEI) strategy at asset manager level, focusing on diversity in future recruiting practices and employee share ownership on the firm level and within the investment team. Gaia aims to adopt a DEI policy at the firm level in the next 12 months.

Gaia further drives diversity by setting a broad target for our investee companies. We also work to foster employment opportunities through skills transfer and training programs specifically focusing on women for our investee companies.

We support 2X Global's 2X Challenge to provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.

## Governance

We believe good governance is essential for financially sound companies. Therefore, we support our investees at various stages of their life cycle to implement good governance practices covering board governance and controls.





Signatory of:



## Partnerships, signatories & certifications

### **CapeTown Stock Exchange (CTSE)**

*Gaia has three funds listed on the CTSE, with one fund on the CTSE Impact Board.*

### **UN PRI**

Gaia is a signatory of the Principles of Responsible Investment.

### **ICFA**

Gaia was selected as part of the 2021 ICFA cohort to be accelerated by ICFA. The ICFA Luxembourg is a public-private partnership set up by 10 private entities from the Luxembourg financial sector together with the duchy's Ministry of Finance and Ministry of the Environment, Climate and Sustainable Development. The ICFA Luxembourg receives support from the European Investment Bank.

### **Proof**

Gaia partnered with Proof of Impact to verify our investees ESG and Impact Data.

### **Next steps for 2024**

*BCorp certification and GIIN membership are being considered for 2024 as next steps on our Impact journey.*

