

Environmental and Social Management Framework (ESMF)

For the AFC RAMP Warehouse Facility

Arranged and managed by African Frontier Capital (AFC)

Prepared for Acumen Hardest-to-Reach (H2R) Amplify

For Submission to the

Green Climate Fund (GCF)

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Table of Contents

1	Introduction.....	3
1.1	Overview.....	3
1.2	Objectives.....	3
1.3	Approach and Methodology.....	3
1.4	Intended Users	4
2	Company Description	5
2.1	Overview.....	5
2.2	DESCO onboarding and financing process.....	5
3	Reference Framework.....	6
4	Description of Environmental and Social Risks and Impacts.....	7
4.1	Environmental and Social Risk Categorisation	7
4.2	Environmental and Social Risk and Mitigation Summary.....	8
5	Gap Assessment and Identification.....	12
5.1	IFC Performance Standards.....	12
5.1.1	IFC PS1: Assessment and Management of Environmental and Social Risks and Impacts ..	12
5.1.2	IFC PS2: Labour and Working Conditions.....	13
5.1.3	IFC PS3: Resource Efficiency and Pollution Prevention	14
5.1.4	IFC PS4: Community Health, Safety and Security	15
5.1.5	IFC PS5: Land Acquisition and Involuntary Resettlement.....	15
5.1.6	IFC PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	16
5.1.7	IFC PS7: Indigenous Peoples and Vulnerable Groups	16
5.1.8	IFC PS8: Cultural Heritage	17
6	Stakeholder Consultation and Feedback	18
6.1	Overview.....	18
6.2	Stakeholder Identification and Analysis.....	18
6.3	Feedback from the Consultation with Identified Stakeholders	19
6.4	Grievance Mechanism.....	19
7	Conclusion and Recommendations	20
	Annex: Environmental and Social Action Plan	21

List of Tables

Table 1: List of Applicable Reference Framework.....	6
Table 2: Environmental and Social Risk and Mitigation Summary.....	8
Table 3: Evaluation against IFC PS1.....	12
Table 4: Evaluation against IFC PS2.....	14
Table 5: Evaluation against IFC PS3.....	14
Table 6: Evaluation against IFC PS4.....	15
Table 7: Evaluation against IFC PS5.....	16
Table 8: Evaluation against IFC PS6.....	16
Table 9: Evaluation against IFC PS7.....	17
Table 10: Evaluation against IFC PS8	17
Table 11: Stakeholder Identification and Analysis.....	18
Table 12: Environmental and Social Action Plan	21

1 Introduction

1.1 Overview

This Redacted Environmental and Social Management Framework (ESMF) has been prepared for the AFC RAMP Warehouse Facility (the “Warehouse Facility”), a securitisation platform arranged and managed by African Frontier Capital (Mauritius) LLC (“AFC”). It presents an evaluation of the environmental and social (E&S) risks and impacts associated with the facility and of AFC’s capacity to manage them, in line with the Green Climate Fund (GCF) disclosure requirements for investments classified as Category B / I-2 or Financial Intermediary FI-2. It is a redacted version of a more detailed internal framework and due diligence report, prepared for public disclosure and for consultation with project-affected and interested parties.

1.2 Objectives

The purpose of this redacted Environmental and Social Management Framework Report is to:

- Assess the nature and magnitude of the E&S risks and impacts of the facility and establish whether it falls under Category A (I-1), Category B (I-2), Financial Intermediary FI-1 or FI-2, in accordance with the GCF Revised Environmental and Social Policy and the Hardest-to-Reach (H2R) Environmental and Social Management System (ESMS) categorisation approach.
- Outline the potential E&S risks and impacts linked to AFC’s business model, the regulatory settings in which it and the distributed energy service companies (DESCOs) it finances operate, and the sector.
- Align AFC’s ESMS and the DESCOS’ operations with applicable relevant international standards and good practice.
- Summarise the mitigation measures that AFC has in place and identify those that must be strengthened.
- Provide a high-level Environmental and Social Action Plan (ESAP) that helps AFC and its DESCOS manage E&S exposure in line with international good practice.

1.3 Approach and Methodology

The assessment was carried out by the H2R Amplify ESG team in four stages:

- Review of AFC’s E&S Policy and Exclusion List, ESMS Manual, screening and categorisation tool, due diligence questionnaire, ESDD terms of reference, E&S loan clauses, grievance and incident procedures, Staff Handbook and Board resolutions, together with the executed facility documents, the external E&S appraisal of the first DESCO and its ESAP.
- Issue of an information request and written responses from AFC.
- A management interview with AFC.
- Analysis against the reference framework, preparation of a preliminary report, and feedback from AFC.

The review was desktop-based. Site-level verification of DESCO operations forms part of AFC’s own due diligence procedure.

1.4 Intended Users

This document is intended to inform stakeholders potentially affected by or interested in the Warehouse Facility, including DESCO customers, sales agents and employees, AFC staff and service providers, lenders, national authorities in the countries where DESCOs operate, and the GCF and its Nationally Designated Authorities. It summarises the procedures and mitigation measures in place and those still required. The full internal report contains more detailed guidance and information on AFC's safeguard requirements.

2 Company Description

2.1 Overview

AFC is an independent impact investor, founded in 2010, that provides working capital to Pay-As-You-Go (PAYGO) companies through off-balance-sheet securitisation. It focuses on companies serving regions of high poverty, low geographic accessibility and limited renewable energy capacity. AFC is a Mauritian limited liability company with a staff of nine and a Board of three directors.

The Warehouse Facility is operated through a Luxembourg securitisation vehicle, which on-lends to a Mauritian protected cell company. Each cell finances one DESCO's purchase of eligible PAYGO receivables. The DESCO continues to service its customers. AFC acts as Arranger and Master Servicer and operates the ESMS for the facility. Senior and mezzanine lenders, including development finance institutions, fund the structure, and H2R Amplify is considering a commitment to the senior loan tranche.

The facility finances receivables for solar home systems, productive use equipment, internet-enabled smartphones and e-mobility products, and may include electric cookstoves. The first DESCO, a distributor operating in the Democratic Republic of Congo (DRC), is being onboarded.

2.2 DESCO onboarding and financing process

DESCOs apply to join the programme and are screened by AFC against its Exclusion List and categorised. An investment memorandum, including the ESG risk classification and the proposed ESAP, goes to AFC's Investment Committee. Where gaps are found, an ESAP with conditions precedent and subsequent is agreed with the DESCO and written into the Receivable Sale and Purchase Agreement and Service Agreement along with E&S covenants. AFC then monitors the DESCO's E&S performance, collects incident and grievance information, and reports to lenders.

3 Reference Framework

This section outlines the applicability of relevant frameworks to AFC and to the DESCOs it finances, to help prevent risks to all stakeholders who may be affected by or have an interest in AFC and DESCO activities.

Table 1: List of Applicable Reference Framework

Framework	Key Safeguard Areas	Requirements	Applicability
IFC Guidance Note on Financial Intermediaries	FI E&S management	Policy, exclusion list, categorisation, due diligence, covenants, monitoring and reporting, E&S function, grievance and incident handling.	Yes
H2R ESMS	Warehousing Multi-Company Diligence E&S Requirement	Environmental and Social Policies and Procedures, Environmental and Social Organisational Capacity, Environmental and Social Diligence, Environmental and Social Activities, Grievance Mechanism, and Environmental and Social Monitoring	Yes
IFC Performance Standards	PS 1: Assessment and Management of E&S Risks and Impacts	Establish and maintain an ESMS proportionate to risk, with policy, risk identification, management programmes, organisational capacity, emergency preparedness, stakeholder engagement, grievance mechanisms and monitoring.	Yes, both AFC and the DESCOs
	PS 2: Labour and Working Conditions	Fair employment, non-discrimination, occupational health and safety, worker grievance mechanisms.	Yes, both AFC and the DESCOs
	PS 3: Resource Efficiency and Pollution Prevention	Efficient use of resources and management of waste, including end-of-life batteries and e-waste.	Yes (DESCOs)
	PS 4: Community Health, Safety and Security	Protection of customers and communities, including road safety, GBVH and product safety.	Yes (DESCOs)
	PS 5: Land Acquisition and Involuntary Resettlement	Avoid or minimise displacement.	No
	PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Protect biodiversity and ecosystem services.	No
	PS 7: Indigenous Peoples	Respect rights, culture and livelihoods of Indigenous Peoples.	No
	PS 8: Cultural Heritage	Protect cultural heritage, including chance finds.	No
IFC EHS Guidelines	General and sector EHS management	Good international industry practice on environmental, health and safety performance.	Yes
Green Climate Fund Policies	Revised Environmental and Social Policy	Integrate E&S principles in planning, implementation and monitoring; FI approach.	Yes

Framework	Key Safeguard Areas	Requirements	Applicability
	Gender Policy and Action Plan	Gender equality, equitable participation and benefit, gender-responsive reporting.	Yes
GOGLA Consumer Protection Principles	Customer protection	Transparent terms, fair sales and collections, data privacy and complaints handling by DESCOs.	Yes
International Labour Organization (ILO) Conventions	Core Labour Standards; C190 on violence and harassment	Freedom of association, no forced or child labour, equal treatment, protection from violence and harassment.	Yes
UN Guiding Principles and UNPRI	Human rights and responsible investment	Respect for human rights; integration of ESG factors.	Yes
National legislation	For each DESCO country	Complying with the respective E&S legislation of each DESCO country of operation.	Yes

4 Description of Environmental and Social Risks and Impacts

4.1 Environmental and Social Risk Categorisation

The IFC, GCF, and other investment institutions adhere to best practice frameworks such as the IFC Performance Standards on Environmental and Social Sustainability to manage E&S risks and impacts. These frameworks guide the application of E&S risk assessment methodologies and principles across their investment portfolios. These institutions employ a categorisation process to evaluate the scale and significance of E&S risks and impacts associated with each investment. The following general descriptions are used to classify potential investments according to their environmental and social risk profiles:

- **Category A:** Activities that are likely to have significant adverse environmental, social or health and safety impacts that are diverse or unprecedented. An impact is considered “significant” if it is irreversible (e.g., leads to loss of a major natural habitat), affects vulnerable groups or ethnic minorities, poses major risks of injury or to health, involves involuntary displacement and resettlement, or affects important cultural heritage sites.
- **Category B:** Activities that may result in specific environmental, social or health and safety impacts, but these impacts are site-specific and few if any of them are irreversible. In most cases, mitigation measures are predetermined in the IFC PS, EHS Guidelines or design criteria. Potential adverse impacts on human populations or environmentally, socially, or culturally important areas are less adverse than those of Category A.
- **Category C:** Activities that have minimal or no adverse environmental, social or health and safety impacts.

- **Category FI:** Applies to investments made through financial institutions or other financial intermediaries (FI) and includes three subcategories:
 - **FI 1:** For portfolios with substantial exposure to activities that may cause significant, diverse, irreversible, or unprecedented environmental or social impacts.
 - **FI 2:** For portfolios with activities that generally pose limited, site-specific, reversible impacts that can be mitigated, or that include only a very small number of higher risk activities.
 - **FI 3:** For portfolios consisting mainly of activities with minimal or no environmental or social impacts.

The Warehouse Facility does not operate solar distribution activities itself. It finances receivables through a portfolio of DESCOS that sell portable solar products and solar home systems. These activities are non-extractive and involve no land acquisition or large-scale infrastructure. Sector-specific issues include end-of-life management of batteries, labour practices across last-mile sales-agent networks, road safety, GBVH exposure in customer interactions and consumer protection in instalment sales. These risks are diverse but limited in severity, largely reversible, and can be managed through AFC's ESMS and established good practice. The facility is therefore classified as **Financial Intermediary FI-2**.

A summary of the key environmental and social risks, impacts, and associated mitigation measures is presented in the table below.

4.2 Environmental and Social Risk and Mitigation Summary

Table 2: Environmental and Social Risk and Mitigation Summary

Aspect	Risk Description	Potential Impact	Reference Framework	Materiality	Mitigation Measures
ESMS implementation	Procedures not applied consistently across DESCOS and countries	• Environmental and social risks at DESCO level remaining unidentified or unmanaged • Reputational damage to AFC, the Facility and its funders	IFC PS1; Guidance Note on FIs and H2R ESMS	High	AFC has a Board-approved E&S Policy and ESMS Manual, supported by a screening tool, a due diligence procedure and an E&S clause library. An ESAP has been prepared for the first DESCO. Ongoing efforts focus on improving ESMS implementation tools and processes across DESCOS and countries.
E&S capacity	Small team with combined roles managing a multi-country platform	• Late or missed monitoring of DESCO E&S performance and ESAP actions • Over-reliance on key individuals, weakening continuity of E&S oversight	IFC PS1	High	AFC has a named E&S Officer and legal officer, supported by an external consultant, and provides training on the ESMS.

Aspect	Risk Description	Potential Impact	Reference Framework	Materiality	Mitigation Measures
Incident and reporting	Incident notification and reporting periods inconsistent across documents	- Late notification of serious incidents to lenders and funders - Potential breach of E&S covenants in financing agreements	IFC PS1; H2R ESMS	High	H2R ESMS requires incident notification within 24 hours and a full report within 96 hours, and AFC applies the more stringent requirement where documents differ. AFC is aligning its ESMS Manual and E&S clauses with these timelines.
Consumer protection	Mis-selling, opaque pricing, aggressive collection or remote lock-out, data misuse	- Over-indebtedness and financial hardship for low-income customers - Loss of energy access for households affected by remote lock-out - Reputational harm to DESCOs, AFC and the Facility	IFC PS1 and PS4; GOGLA	Medium	Each DESCO is required to adopt the GOGLA Consumer Protection commitment, and customer contracts are reviewed at onboarding. Consumer protection is included in the ESG scorecard, and complaint data is monitored. Ongoing efforts focus on maintaining and strengthening these practices to protect customers.
E-waste and batteries	End-of-life lithium-ion batteries, panels and electronics disposed of unsafely	- Soil and water contamination from improper disposal of batteries, panels and electronics - Health risks for workers and communities exposed to hazardous materials - Potential regulatory non-compliance with waste management requirements	IFC PS3; EHS Guidelines	High	Through the ESAP, DESCOs are required to develop e-waste roadmaps and establish take-back partnerships with licensed recyclers for the safe handling and disposal of end-of-life batteries, panels and electronics. DESCOs report e-waste volumes. AFC is committed to maintaining and enhancing these practices to mitigate environmental and health risks.
Road and field safety	Accidents involving delivery	Injury death or of	IFC PS2 and PS4	High	Through the ESAP, DESCOs are required to carry out

Aspect	Risk Description	Potential Impact	Reference Framework	Materiality	Mitigation Measures
	and sales agents on motorbikes and vehicles	- delivery and sales agents and other road users - Legal liability and compensation claims against DESCOS			OHS risk assessments and implement procedures and training, including on road safety, for delivery and sales agents. DESCOS also report incidents. Ongoing efforts focus on maintaining and improving these practices to reduce accident risks.
GBVH	Harassment or violence involving agents, staff and customers during home visits	- Physical and psychological harm to customers, agents and staff - Reputational damage to DESCOS, AFC and the Facility	IFC PS2 and PS4; ILO C190	High	AFC applies a zero-tolerance commitment to GBVH and uses a survivor-centred, restricted case form to manage reports. DESCOS are required to have anti-harassment policies, training and community risk plans in place. AFC is committed to maintaining and enhancing these measures to protect customers and workers.
Labour and agent welfare	Informal agent networks without differentiated HR policies; weak compliance with labour law	- Unfair treatment and poor working conditions for agents and staff - Legal penalties for non-compliance with national labour law	IFC PS2; ILO	Medium	DESCOS are required to maintain a legal register and provide evidence of compliance with labour law. Agent welfare is supported through an agent welfare manual and dedicated coordinators, and suppliers are screened for child and forced labour. Ongoing efforts focus on maintaining and improving these practices.
Security and fragility	Operations in conflict-affected settings with weak security planning	- Harm to staff, agents and communities in conflict-affected areas - Adverse human rights impacts linked to security arrangements	IFC PS4; UNGPs	Medium	AFC conducts enhanced human rights due diligence for operations in conflict-affected settings, and DESCOS are required to prepare security management plans that avoid adverse impacts on communities. AFC is committed to maintaining and enhancing these practices to protect staff and communities.

Aspect	Risk Description	Potential Impact	Reference Framework	Materiality	Mitigation Measures
Grievance access	Internal complaints route to a single senior officer	- Concerns going unreported due to limited or non-independent reporting channels - Risk of retaliation against those who raise complaints	IFC PS1 and PS2	Medium	An external grievance mechanism is in place, with a commitment that it is free of charge and free from retribution. An independent internal route is being added so that internal concerns do not rely on a single senior officer, and DESCOS are also required to maintain an external grievance mechanism. AFC is committed to maintaining and enhancing these arrangements to ensure concerns can be raised safely.

5 Gap Assessment and Identification

This chapter evaluates the information gathered from AFC through document review, a management interview and written responses. It benchmarks AFC's practices against the reference framework to identify gaps and significant risks.

5.1 IFC Performance Standards

The findings of the evaluation against each of the applicable IFC PS are presented below. Where relevant, findings about compliance with the other standards and guidelines in the reference framework are integrated into the discussion below.

5.1.1 IFC PS1: Assessment and Management of Environmental and Social Risks and Impacts

IFC PS1 requires organisations to conduct a process of E&S assessment and to establish and maintain an ESMS appropriate to the nature and scale of their activities and commensurate with the level of their E&S risks and impacts. The primary objectives of this PS are to:

- Identify and evaluate E&S risks and impacts.
- Adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimise and, where residual impacts remain, compensate/offset for risks and impacts to workers, affected communities and the environment.
- Promote improved E&S performance through the effective use of management systems.
- Ensure that grievances from affected communities and external communications from other stakeholders are responded to and managed appropriately.
- Promote and provide means for adequate engagement with affected communities on issues that could potentially affect them and ensure that relevant E&S information is disclosed and disseminated.

For a financial intermediary, PS1 applies to the institution and to how it requires its clients to manage risk. The objectives are to identify and evaluate risks, apply the mitigation hierarchy, and promote better performance through effective management systems.

Table 3: Evaluation against IFC PS1

Aspect and Requirement	Gap Assessment
ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) AND POLICY: The client will establish and maintain an E&S policy and an ESMS that is suited to the size and risks of its portfolio, and that defines how E&S risks are identified, assessed and managed across its investments.	AFC's Environmental and Social Management System operates under its Board-approved E&S Policy and Exclusion List and ESMS Manual, demonstrating a strong commitment to aligning with the IFC Performance Standards and the Guidance Note on FIs. AFC will continue to improve its ESMS through further procedures and plans to maintain effective management of E&S risks and impacts across its portfolio.
RISK IDENTIFICATION AND CATEGORISATION: The client will screen each prospective investment against its exclusion list, assign an E&S risk category and scope due diligence according to the level of risk.	AFC has a screening and categorisation tool in place that assigns each DESCO to Category A, B+, B or C, providing a consistent basis for scoping due diligence. A facility-level FI category and a recorded category for each DESCO are being added.

Aspect and Requirement	Gap Assessment
DUE DILIGENCE AND LEGAL AGREEMENTS: The client will appraise the E&S performance of each investee, agree corrective actions where gaps are identified and bind investees to E&S requirements through legal covenants.	AFC has a staged due diligence procedure and a set of standard E&S loan clauses that bind DESCOS to its requirements. The first DESCO has an external desk-based E&S appraisal, and an ESAP has been prepared to ensure alignment with IFC PS 1 to 8 requirements where applicable. AFC will continue to apply this procedure to each new DESCO.
ORGANISATIONAL CAPACITY AND COMPETENCE: The client will assign clear responsibility and sufficient resources for E&S management, supported by appropriately trained staff.	AFC has an E&S Officer and a legal officer who report to the CEO and are supported by external consultants. Current capacity is limited for a multi-country platform. AFC will continue to strengthen its E&S capacity in line with portfolio growth.
MONITORING AND REPORTING: The client will monitor the E&S performance of its investees and report regularly to lenders on portfolio E&S risks and impacts.	AFC has defined monitoring tools and reporting duties within its ESMS. AFC will continue to develop its monitoring practice as the first reporting cycles are completed.
GRIEVANCE MECHANISM AND INCIDENT MANAGEMENT: The client will provide an accessible grievance mechanism and maintain a procedure for reporting and managing E&S incidents.	AFC has an external grievance mechanism, an incident procedure and a restricted GBVH/SEA case form in place. Incident timelines are to be aligned across documents, and an independent internal route is to be added. AFC will continue to strengthen these arrangements to ensure concerns and incidents are handled effectively and cascaded down to the DESCOS to maintain the same practices.
EMERGENCY PREPAREDNESS AND RESPONSE: The client will maintain emergency preparedness plans and contingency arrangements proportionate to its operations and risks.	AFC's ESMS provides a contingency E&S oversight process for distressed DESCOS. An emergency plan and a travel protocol are to be documented. AFC will continue to develop these arrangements to ensure an effective response to emergencies.
ESMS REVIEW: The client will review its ESMS periodically to confirm that it remains effective and relevant to its portfolio.	AFC plans to review its ESMS every two years. AFC will continue to update its ESMS based on these reviews.

5.1.2 IFC PS2: Labour and Working Conditions

IFC PS2 sets out the standards that clients must adhere to with regard to direct workers, where there is a clear employment relationship and complete control over their working conditions and treatment. Obligations with regard to the labour and working conditions, specifically health and safety, of workers employed by third parties and those within the primary supply chain are also set out in this PS. The primary objectives of this PS are to:

- Promote the fair treatment, non-discrimination, and equal opportunity of workers.
- Establish, maintain, and improve the worker-management relationship.
- Promote compliance with national employment and labour laws.
- Protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties and workers in the company's supply chain.
- Promote safe and healthy working conditions and the health of workers.

- Avoid the use of forced and child labour.

Table 4: Evaluation against IFC PS2

Aspect and Requirement	Gap Assessment
HUMAN RESOURCES POLICIES AND WORKING CONDITIONS: The client will adopt written HR policies and terms of employment that are consistent with national law and ILO standards.	AFC's E&S Policy contains labour commitments, and its Staff Handbook, which includes a code of conduct, sets out the employer and employee relationship. Through the ESAP, DESCOS are required to demonstrate compliance with labour law and adopt agent welfare policies. AFC will continue to strengthen its labour practices and those of its DESCOS.
NON-DISCRIMINATION, GENDER AND GBVH: The client will promote equal opportunity and protect workers from violence and harassment, in line with ILO C190 and the GCF Gender Policy.	AFC commits to zero tolerance for inaction on GBVH. An anti-harassment policy and a gender action plan with sex-disaggregated reporting are to be adopted. AFC will continue to embed these commitments in its policies and practices.
WORKER GRIEVANCE MECHANISM: The client will provide an accessible and trusted grievance mechanism through which workers can raise workplace concerns.	The Staff Handbook allows staff to raise concerns with a supervisor, the head of HR or through a confidential mailbox. AFC will continue to improve this mechanism so that workers can raise concerns without fear of retaliation.
OCCUPATIONAL HEALTH AND SAFETY: The client will identify workplace hazards and implement appropriate controls and training to protect workers.	AFC's operations are office-based, and a travel safety protocol is planned. DESCOS are required to carry out OHS analyses and train workers and agents. AFC will continue to improve OHS practices across its operations and portfolio.
SUPPLY CHAIN LABOUR: The client will screen suppliers for child and forced labour where the risk is high.	DESCOS are required to introduce supplier screening for solar product manufacturers. AFC will continue to work with DESCOS to strengthen supply chain labour practices.

5.1.3 IFC PS3: Resource Efficiency and Pollution Prevention

IFC PS3 requires the implementation of measures to improve efficiency in the consumption of resources (energy, water, etc.), focusing on core business activities. Ambient conditions must be considered, and pollution prevention and control technologies and practices (techniques) applied that are best suited to avoid or, where avoidance is not feasible, minimise or reduce adverse impacts on human health and the environment while remaining technically and financially feasible and cost-effective. The objectives of PS3 are to:

- Avoid or minimise adverse impacts on human health and the environment by avoiding or minimising pollution from project activities.
- Promote more sustainable use of resources, including energy and water.
- Reduce project-related greenhouse gas (GHG) emissions.

Table 5: Evaluation against IFC PS3

Aspect and Requirement	Gap Assessment
WASTE AND HAZARDOUS MATERIALS: The client will manage end-of-life batteries, electronics and other hazardous materials responsibly to avoid pollution.	AFC's E&S Policy addresses e-waste and battery management. DESCOS are required to implement e-waste management policies and processes, establish take-back arrangements with licensed recyclers and report volumes. AFC will continue to improve e-waste practices across its portfolio to mitigate environmental and health risks.

Aspect and Requirement	Gap Assessment
RESOURCE EFFICIENCY AND GREENHOUSE GAS EMISSIONS: The client will measure and reduce energy use and greenhouse gas emissions where technically and financially practicable.	The DESCOs receiving inventory financing from AFC are off-grid solar companies that contribute to emissions reductions through the deployment of their products. Their operations also have no significant impact on water resources. Therefore, these areas are considered to present low material risk. AFC will continue to ensure alignment with best practices across its portfolio.

5.1.4 IFC PS4: Community Health, Safety and Security

IFC PS4 recognises how activities and infrastructure/equipment can impact local communities and increase their exposure to risks. The objectives of PS4 are to:

- Anticipate and avoid adverse impacts on the health and safety of affected communities from both routine and non-routine circumstances.
- Ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimises risks to affected communities.

Table 6: Evaluation against IFC PS4

Aspect and Requirement	Gap Assessment
CUSTOMER AND PRODUCT SAFETY: The client will ensure that financed products are quality-assured and that customers receive clear and accurate information.	DESCOs are expected to supply certified products and align with the GOGLA Consumer Protection Principles. AFC will continue to promote product quality and customer protection across its portfolio.
ROAD SAFETY: The client will manage traffic risks arising from delivery and agent activities.	DESCO road safety procedures and training are included in the ESAP where gaps exist. AFC will continue to work with DESCOs to reduce road safety risks.
GBVH IN COMMUNITY INTERACTIONS: The client will prevent and respond to harassment and violence by workers and agents in their interactions with customers and communities.	DESCOs are required to adopt community health and safety plans and train their agents, and AFC has a restricted case form for handling reports. AFC will continue to strengthen these measures to protect customers and communities.
SECURITY AND HUMAN RIGHTS: The client will manage security arrangements to avoid adverse impacts on communities, applying enhanced due diligence in conflict-affected settings.	DESCOs that may operate in fragile settings or use security personnel will be required to implement adequate measures as part of the ESAP, with any identified gaps tracked to ensure implementation. AFC will continue to apply this approach to DESCOs operating in conflict-affected areas.

5.1.5 IFC PS5: Land Acquisition and Involuntary Resettlement

IFC PS5 recognises that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. The objectives of PS5 are to:

- Avoid, and when avoidance is not possible, minimise displacement by exploring alternative project designs.
- Avoid forced eviction.
- Anticipate and avoid, or where avoidance is not possible, minimise adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost and (ii) ensuring that resettlement activities are implemented with

appropriate disclosure of information, consultation, and the informed participation of those affected.

- Improve, or restore, the livelihoods and standards of living of displaced persons.
- Improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

Table 7: Evaluation against IFC PS5

Aspect and Requirement	Gap Assessment
PROGRAMME DESIGN: The client will avoid or minimise physical and economic displacement arising from its activities.	The financed activities do not involve land acquisition or resettlement, and as such PS5 will not be triggered.

5.1.6 IFC PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

IFC PS6 recognises that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. The objectives of PS6 are to:

- Protect and conserve biodiversity.
- Maintain the benefits from ecosystem services.
- Promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.

Table 8: Evaluation against IFC PS6

Aspect and Requirement	Gap Assessment
BIODIVERSITY AND HABITATS: The client will avoid adverse impacts on habitats and manage living natural resources sustainably.	The financed activities do not involve habitat conversion, and as such PS6 will not be triggered.

5.1.7 IFC PS7: Indigenous Peoples and Vulnerable Groups

IFC PS7 recognises that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalised and vulnerable segments of the population. The objectives of PS7 are to:

- Ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.
- Anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, minimise and/or compensate for such impacts.
- Promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.
- Establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life cycle.
- Ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.
- Respect and preserve the culture, knowledge, and practices of Indigenous Peoples.

Table 9: Evaluation against IFC PS7

Aspect and Requirement	Gap Assessment
INDIGENOUS PEOPLES AND VULNERABLE GROUPS: The client will respect the rights and livelihoods of Indigenous Peoples and avoid harm to vulnerable groups.	The financed activities do not affect Indigenous Peoples' lands or resources, and as such PS7 will not be triggered.

5.1.8 IFC PS8: Cultural Heritage

IFC PS8 recognises the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Performance Standard aims to ensure that clients protect cultural heritage in the course of their project activities. The objectives of PS8 are to:

- Protect cultural heritage from the adverse impacts of project activities and support its preservation.
- Promote the equitable sharing of benefits from the use of cultural heritage.

Table 10: Evaluation against IFC PS8

Aspect and Requirement	Gap Assessment
CULTURAL HERITAGE: The client will protect cultural heritage and manage chance finds appropriately.	The activities involve no construction or ground works, and as such PS8 will not be triggered.

6 Stakeholder Consultation and Feedback

6.1 Overview

As a financial intermediary, the Warehouse Facility does not itself carry out physical activities that directly affect communities. Its E&S risks and impacts arise through the DESCOS whose receivables it finances, and most of these DESCOS have not yet been onboarded. Stakeholder engagement at this stage has therefore been limited to AFC, and engagement with project-affected parties such as DESCO customers, sales agents and communities will take place progressively as each DESCO joins the programme.

The stakeholder identification carried out during this assessment by the H2R Amplify ESG team provides a baseline for this future engagement. Its objective is to identify the project-affected and interested parties linked to the facility, understand their needs, and set out how AFC will engage with them through its ESMS, with the goal of enhancing transparency, trust and responsiveness in stakeholder relations over the life of the facility.

6.2 Stakeholder Identification and Analysis

The stakeholder mapping was based on the facility's structure and business model, under which lenders fund the securitisation vehicle and protected cells arranged and managed by AFC, which purchase PAYGO receivables from DESCOS that continue to sell, install and service energy products for their customers. Because the DESCO portfolio is still being built, the mapping identifies stakeholder categories rather than specific individuals or communities, and AFC will refine it for each DESCO during due diligence. The following stakeholder categories were identified based on their roles and needs:

Table 11: Stakeholder Identification and Analysis

Stakeholder Group	Role / Relevance	Needs
DESCO customers (households and enterprises)	Buy and use PAYGO energy products on instalments	• Fair, transparent terms • Safe, reliable products • Accessible complaints handling • Data privacy
DESCO sales agents and field staff	Sell, install and service products	• Fair engagement and pay • Safe working conditions • Protection from harassment • Training
DESCO management	Originate and service receivables; implement ESAP	• Clear E&S requirements • Feasible ESAP deadlines • Support to build systems
AFC staff and service providers	Run the ESMS and facility administration	• Defined roles and training • Safe working conditions • Independent complaints route
Lenders	Provide capital; set E&S requirements	• Timely, accurate E&S reporting • Incident notification • Alignment with exclusion lists and policies

Stakeholder Group	Role / Relevance	Needs
Regulators and Nationally Designated Authorities	Authorities overseeing compliance with laws and regulations	• Compliance with law • Reporting • Transparency
Communities and civil society in DESCO countries	Interested in product safety, e-waste and social impacts	• Information • A way to raise concerns • Safe waste management

6.3 Feedback from the Consultation with Identified Stakeholders

Engagement to date has been with AFC's management, through document review, written responses to an information request and a management interview. AFC reported that its team has completed training on the ESMS and that it works with an external consultant on E&S due diligence. Consultation with DESCO customers, sales agents, communities and national authorities has not yet taken place at facility level. Future stakeholder engagement will be carried out at the following stages:

- Disclosure of this ESMF, during which comments from interested parties will be received and recorded.
- Due diligence of each DESCO before its Fund-financed purchase, including field verification for the DESCO and consultation with customers, sales agents and staff where appropriate.
- Ongoing monitoring through DESCO grievance data and the annual E&S review of each DESCO, with results reported to lenders and the Fund.
- AFC will continue to strengthen its stakeholder engagement approach as the facility grows and onboards further DESCOS.

6.4 Grievance Mechanism

AFC operates an external grievance mechanism open to any person, community or organisation, with virtual access through its published email address and the contact page of its website; where a concern relates to a DESCO, the person is first encouraged to raise it with the DESCO. There is no cost to complain, retaliation is not tolerated, and identities are withheld from the DESCO on request. AFC logs and tracks complaints to closure. Each DESCO is required to maintain an accessible, confidential, and inclusive customer grievance mechanism that incorporates a survivor-centred approach to SEAH and GBVH, ensures protection from retaliation, and reports grievance data to AFC while safeguarding survivors' confidentiality. H2R Amplify's own grievance redress mechanism is also available to affected parties.

7 Conclusion and Recommendations

This Redacted Environmental and Social Management Framework for the AFC RAMP Warehouse Facility was prepared as part of H2R Amplify's due diligence on its proposed commitment to the senior loan tranche, to ensure the investment supports a responsible financial intermediary committed to environmental and social stewardship through effective risk identification, mitigation and ongoing stakeholder engagement. The facility is classified as Financial Intermediary FI-2. The financed activities are non-extractive, involve no land acquisition and carry sector risks that are known and manageable with good practice, and no exclusion list or Category A activity was identified.

This document is a redacted version of a more detailed internal framework and due diligence report. While certain information has been withheld for confidentiality, this version highlights the key environmental and social risks, associated impacts and mitigation measures related to the facility and the DESCOS it finances. Its purpose is to inform and engage all interested and affected stakeholders about the potential impacts of the facility and to encourage collaborative efforts for effective risk management.

AFC has established an ESMS that is aligned with international good practice. The full report includes a comprehensive Environmental and Social Action Plan (ESAP), summarised in the Annex, designed to guide continuous monitoring, improvement and implementation of mitigation measures. The ESAP will help ensure that AFC and its DESCOS operate in line with international good practice.

The Fund will maintain ongoing oversight of the facility's environmental and social performance through regular monitoring and evaluation, and stakeholder consultation as each DESCO is onboarded, to ensure sustained compliance and continuous improvement.

Annex: Environmental and Social Action Plan

Table 12: Environmental and Social Action Plan

Aspect	Requirement	Mitigation Measures	Responsibility	Time of Action
Environmental and Social Management System (ESMS)	Maintain and implement an ESMS consistent with the IFC Performance Standards, the IFC Guidance Note on Financial Intermediaries and lender requirements.	AFC will strengthen its ESMS to ensure full alignment with IFC PS and lender requirements. It will continue to update procedures for identifying, assessing and managing E&S risks in line with good practice.	AFC	Condition Subsequent
E&S Due Diligence and Monitoring of DESCOS	Screen, assess and monitor each DESCO against the exclusion list, IFC PS and applicable national law, in line with IFC PS 1.	AFC will complete E&S due diligence and agree an ESAP with each DESCO before its first Fund-financed purchase, with enhanced assessment in Category B investments or fragile and conflict-affected settings, and will monitor and report on DESCO E&S performance to lenders and the Fund.	AFC	Condition Subsequent
Organisational Capacity and Competency	Maintain adequate E&S resources, roles and training to implement the ESMS effectively, in line with IFC PS 1.	AFC will continue to strengthen its E&S capacity and deliver ongoing training to staff involved in ESMS implementation.	AFC	Condition Subsequent
Occupational Health and Safety (OHS) and Road Safety	Maintain OHS and road safety measures aligned with IFC PS 2, IFC PS 4 and national requirements to prevent accidents and injuries.	AFC will require DESCOS to strengthen hazard identification, risk assessment and training, including road safety for delivery and sales agents, and to track and report OHS incidents.	AFC / DESCOS	Condition Subsequent
Consumer Protection	Ensure fair treatment of customers, including transparent pricing, responsible sales and collections and data privacy, in line with IFC PS 4 and the GOGLA Consumer Protection Principles.	AFC will require each DESCO to commit to the GOGLA Consumer Protection Principles, review customer contracts at onboarding and monitor customer complaint data.	AFC / DESCOS	Condition Subsequent
Gender-Based Violence and Harassment (GBVH)	Prevent and respond to GBVH involving workers, agents and customers, in line with IFC PS 2, IFC PS 4 and ILO C190.	AFC will continue to strengthen its GBVH arrangements and will require DESCOS to adopt anti-harassment policies, train workers and agents and apply survivor-centred response procedures.	AFC / DESCOS	Condition Subsequent

Stakeholder Engagement and Grievance Mechanism	Maintain accessible grievance mechanisms for workers, customers and communities, in line with IFC PS 1 and IFC PS 2.	AFC will continue to improve its internal and external grievance mechanisms and will require each DESCO to operate an accessible customer grievance mechanism and report grievance data.	AFC / DESCOs	Condition Subsequent
Gender Equality	Promote gender equality and equitable benefit in line with the GCF Gender Policy.	AFC will adopt a gender action plan and integrate gender considerations into DESCO due diligence and reporting.	AFC	Condition Subsequent