

CES EXPERTISE IN ENVIRONMENTAL AND SOCIAL DUE DILIGENCE ASSESSMENTS AND COMPLIANCE MONITORING

COASTAL AND ENVIRONMENTAL SERVICES (CES) offers world-class environmental and social (E&S) advisory services including E&S due diligence (ESDD) and compliance auditing (E&SCA) for a range of sectors and industries.

CES SPECIALISES IN ENVIRONMENTAL AND SOCIAL ADVISORY SERVICES

Broadly speaking the purpose of ESDD studies is to identify potential environmental and social risks associated with a particular asset, service, or product.

Our clients are typically financial institutions seeking independent assessment of project-related E&S risks prior to investing, or for post-investment verification of the project's compliance with E&S-related loan covenants and/or the requirements of the Environmental & Social Management Plan. ESDD assessments can also add significant value to organisations looking to improve their understanding of their own E&S risks, so they are better placed to manage risks more effectively, or to operate their facilities in accordance with international best practice to enhance business opportunities. The latter is becoming increasingly important as consumers become more aware of the E&S impacts associated with product supply chains, and the need for organisations to minimise reputational risk.



The precise scope of work and approach to a particular ESDD assessment are frequently customised to meet the needs of the client. For example, to assess the extent to which the project complies with specific Environmental, Social and Governance Safeguards to which potential lending agencies subscribe, such as:

- ✓ The Equator Principles
- ✓ The International Finance Corporation's (IFC) Performance Standards (PS) on Environmental and Social Sustainability and associated sector specific EHS guidelines
- ✓ The African Development Bank's Integrated Safeguards System

OUR E&S DUE DILIGENCE AUDITS ASSIST LENDERS IN MAKING LOAN DECISIONS TO BORROWERS

Preparation of comprehensive and accurate E&S due diligence reports and associated E&S Action Plans (aimed at addressing identified performance gaps) requires a combination of practical environmental management and auditing experience across a range of different sectors and disciplines, as well as comprehensive knowledge of the relevant standards. Our senior consultants are well-equipped to complete ESDD assessments across a range of industry sectors, drawing on our over 30-years of experience in the E&S advisory sector. We are often referred by international funding agencies and receive repeated appointments from significant clients, especially Development Funding Institutes. We have also assisted clients with developing formalised management systems to proactively manage E&S risks at operational facilities.

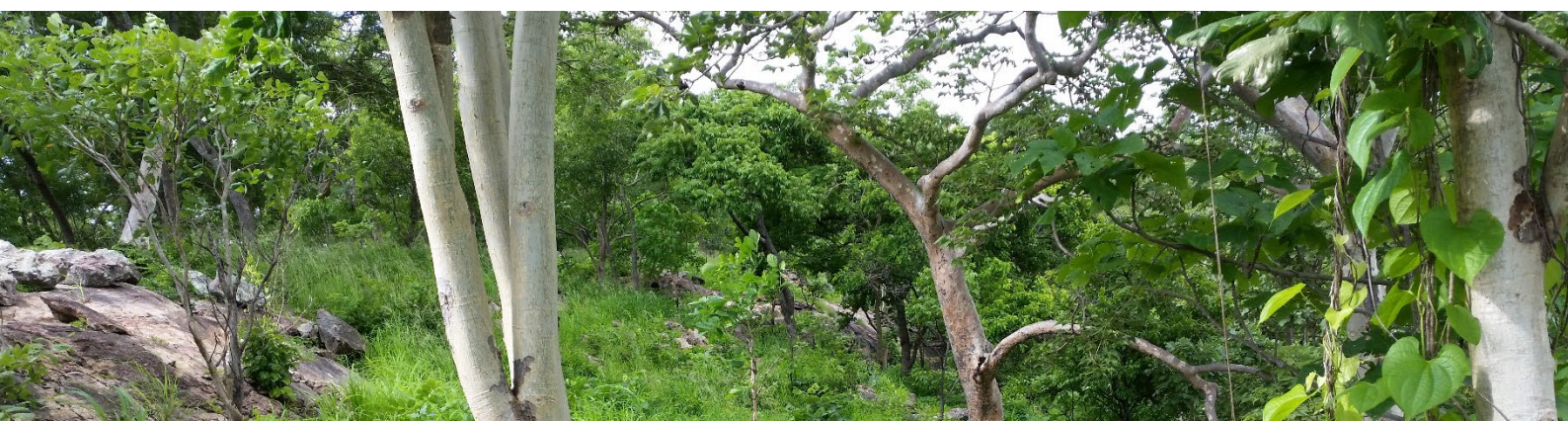
For more information see www.cesnet.co.za

Due to the nature of the ESDD assessments most of the studies are confidential. However, our experience of this type of work includes the following.

LONG-TERM E&S COMPLIANCE MONITORING

Long-Term E&S Compliance Monitoring:

- ✓ **Copperbelt Energy Corporation:** Appointed as Independent E&S Verification Auditor by a consortium of international financial institutions for a period of five years to monitor organizational compliance with the E&S conditions of a corporate loan. This assignment covered energy assets in Zambia and Nigeria, including the Kabompo hydropower dam, Shiroro hydropower dam and the extensive electricity network owned by the Abuja Electrical Distribution Company.
- ✓ **Rift Valley Railways:** Independent Environmental and Social Monitoring (IESM) for the rehabilitation of the existing railway network in Kenya and Uganda, for a consortium of international investors and lenders.



FULL E&S DUE DILIGENCE ASSESSMENTS

Agriculture

- ✓ Large-scale cattle feedlot operation, cattle transport operation and abattoir in the Northern Cape Province, South Africa.
- ✓ Winfield Land 'O Lakes: South African based agro-chemical (pesticides and fungicides) manufacturer, importer and distributing entity. Included a contaminated land assessment.
- ✓ Global Solidarity Forest Fund: large forest plantation in Niassa Province, Mozambique.
- ✓ FarmSecure, a large and diverse South African agro-industrial company.
- ✓ Usutu Plantations and Pulp Mill, Swaziland.
- ✓ Bajrang International Group ("BIG" or "the company") a UAE based group mainly focused on agricultural commodity trading and processing applied to AATIF for funding. CES undertook a social and environmental assessment of their operations in Malawi and Mozambique and assessed compliance against the AATIF's Social and Environmental Policy.
- ✓ ESDD for the CDC Group Plc, Norfund and DFC on their client AgDevCo (the Agricultural Development Corporation) which has invested in over 40 projects across Africa. CES audited AgDevCo and ten of their underlying portfolios.
- ✓ ESDD on a South African based crop protection and management solutions company.
- ✓ ESDD for the CDC Group who was considering investing in a mixed agro-industrial development in Malawi. The CES team was required to prepare a comprehensive set of recommendations in the form of an Environmental & Social Action Plan (ESAP).
- ✓ Audit of Beefmasters cattle feedlot and abattoir near Kimberley. The reference framework for the audit included the IFC's Performance Standards, associated EHS guideline documents (including that for cattle rearing) and relevant national and international legislation. The final deliverable included a comprehensive Environmental and Social Action Plan to address and performance gaps.

- ✓ Norsad Finance Limited invested in an agro-industrial development in northern Tanzania. CES was contracted to undertake the ESDD in order that they can better understand the risks associated with the project, and were required to prepare a comprehensive set of recommendations in the form of an Environmental & Social Action Plan (ESAP).
- ✓ DEG considered investing in a cocoa processing operation in Cameroon. CES was contracted to act as the Lenders E&S Advisor for the investment. This assignment entailed conducting the initial ESDD and monitoring the compliance of the project against the E&S loan covenants over a period of 4 years. The monitoring work included a combination of desk-top review of supporting document and site visits.

Aquaculture

- ✓ CES undertook a Biodiversity Risk Assessment (BRA) and Environmental Impact Assessment (EIA) for the proposed cultivation of *Oreochromis niloticus* (Nile tilapia) in a Recirculating Aquaculture System (RAS) near Frankfort, Free State.

Commercial developments

- ✓ Proposed hotel development in a historically sensitive area of the Cape Town Central Business District (South Africa).

Contaminated Land Assessments

- ✓ Phase 1 assessments involving desktop historical investigations, visual site inspections and soil / water sampling for several sites in South Africa.

E & S Management Systems

- ✓ Development of an ESMS for BancABC: a multi-national banking group operating across Southern Africa.

- ✓ Development of an ESMS for Econet Wireless Zimbabwe.
- ✓ Developing an integrated Environmental and Social Management System (ESMS) for Electricidade de Mozambique (EDM) as a reliable and systematic approach to manage, oversee, and report on E&S performance of a growing number of projects. EDM intended to attain ISO 14001 and 45001 Standard certification for the ESMS. CES assisted in the development and implementation prior to the required certification audits that were conducted by an external third party.
- ✓ CES assisted Seriti Green with the development of an ESMS for the 150MW Umbila Emoyeni Wind Energy Facility in the Mpumalanga Province, South Africa.
- ✓ Development of an ESMS on behalf of the South African Department of Agriculture, Forestry and Fisheries for the implementation of a proposed Aquaculture Development Zone in Qolora, Eastern Cape.

Energy

- ✓ ESDD of the Kuvaninga power station project in Gaza Province, Mozambique. The ESDD included a 40MW gas fired power station located on a 5ha site in Chokwé, Gaza Province and a 29km long 110kV power line from Manjangue connecting to the existing Lionde substation.

Financial Institutions

- ✓ CES provided support to a financial institute in Malawi to develop and implement an E&S management system, funded by Norfund Afri Trekta. ESMS compliance with requirements defined in the Subscription and Shareholders Agreement was required. The ESMS also identified the opportunities for sustainability improvements as part of the financial institutions service offerings.

Industrial

- ✓ ESDD report and associated E&S Action Plan (ESAP) for DEG's Meghna Sugar Refinery Ltd.

This was followed by twice yearly audits for 5 years.

- ✓ CES were contracted by the Coega Development Corporation to undertake an ESDD of Zone 5 of the Coega Industrial Development Zone (IDZ). Zone 5, which is approximately 533ha in extent falls within the metallurgical cluster and was expected to be the future location of an aluminium smelter.
- ✓ Waste Management Control Officer (WMCO) compliance monitoring for the Fishwater Flats Waste-Water Treatment Works located in Deal Party, Port Elizabeth. The monthly reports measured the compliance of the proposed construction works against the Waste Management Licence.
- ✓ Due Diligence of Coega Brick on behalf of the Coega Development Corporation (Pty) Ltd.
- ✓ The Danish Investment Fund for Developing Countries (IFU) and the Swedish Development Finance Institution (Swedfund) were considering providing finance to the Ossiommo Petrochemical Ammonia-Urea Project (the "Project") in Ologbo, Edo State, Nigeria. CES completed the ESDD for the lenders group.

Mining

- ✓ Small-scale graphite mine in Cabo Delgado Province, Mozambique.
- ✓ Kenmare Moma Mining (Mauritius) Limited: E&S Gap Analysis against IFC Performance Standards as well as technical assistance to achieve compliance. Prepared in 2009, 2011, 2013 and 2015.
- ✓ Environmental & Social Review and Audit Report. Tormin Mineral Sands Mine, South Africa. For Standard Bank.
- ✓ CES was contracted by Zijin Mining Group Co. Ltd. to conduct an ESDD to assess material risks prior to acquisition of two Mopani Copper Mines in Zambia.

Ports and harbours

- ✓ Depthwise Limited: an ESDD for a shallow water and swamp barge drilling contractor operating two rigs in the Delta region, Nigeria.

- ✓ ESDD for the Olokola Single Point Mooring Free Trade Zone Enterprise, Nigeria.
- ✓ Transnet National Ports Authority: Environmental asset liability assessment for Durban Port, South Africa.
- ✓ CES assisted Transnet with Environmental Legal Compliance audits for 11 Business Units located throughout South Africa, against Transnet's Integrated Management System (IMS) based on ISO14001. The audit determined whether their compliance obligations were being met at each site and provided recommendations to ensure compliance (where there is any non-compliance).
- ✓ ESDD for the Copperbelt Energy Corporation: Kabompo Gorge Hydropower Project.
- ✓ ESDD for the Ilanga Lethemba PV Solar Energy Facility, Phase I of a proposed 75MW solar energy facility in the Northern Cape Province, South Africa followed by a compliance review of the ESMS.
- ✓ ESDD for the Doornhoek PV Installation Near Klerksdorp Northwest Province for 3E renewables.
- ✓ Annual Audit of the operational phase of the Solar Capital Environmental and Social Management Systems for the past 10 years.
- ✓ Environmental, Health, Safety and Social Audit for Cennergi (Pty) Ltd, for the Amakhala Emoyeni Wind Farm, a 134.4 MW wind farm located between Cookhouse and Bedford in the Eastern Cape Province of South Africa.

Renewable Energy:

- ✓ ESDD for the Redstone and Limestone solar power facilities: two proposed 100MW solar concentrated power facilities near Postmasburg, Northern Cape Province of South Africa.
- ✓ CES conducted a Pre-construction Environmental and Social Audit for a hydropower plant on the Ash River near Bethlehem in the Free State province, South Africa.
- ✓ ESDD for the Pungwe B hydropower project: proposed 15MW run-of-river hydroelectric project in the Honde Valley, north-eastern Zimbabwe.
- ✓ ESMS (Environmental, Social and Management System) audit on the operational Kouga WEF
- ✓ ESMS Audit for Metrowind's Van Stadens Wind Farm. CES compiled an Audit Template and carried out various site visits and audits.
- ✓ Pre-construction Environmental and Social Audit for an 80MW Photo Voltaic facility located in Thabazimbi in the Limpopo province, South Africa.
- ✓ A Pre-construction ESDD undertaken for the 130MW Bolobedu Solar Park located in the Limpopo province for submission to the Lender(s) prior to financial close of the project.

