

OPIC



Overseas Private Investment Corporation 2016 Strategic Sustainability Performance Plan

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OPIC 2016 Strategic Sustainability Performance Plan

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POLICY STATEMENT

As the U.S. Government's development finance institution, OPIC mobilizes private capital to help address critical development challenges and in doing so, advances U.S. foreign policy and national security priorities. Working with the U.S. private sector, OPIC helps U.S. businesses gain footholds in emerging markets, catalyzing revenues, jobs and growth opportunities at home and abroad.

OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. OPIC projects adhere to high environmental and social standards and respect human rights, including worker's rights. By mandating high standards, OPIC aims to raise the industry and regional standards in countries where it funds projects. OPIC's history of successfully engaging the U.S. private sector in overseas investment has positively influenced the environmental impacts of its projects, by encouraging U.S. companies to incorporate internationally-recognized environmental sustainability measures into those projects.

OPIC is committed to working to achieve the goals of Executive Order 13693. OPIC's work is increasingly focused on bringing clean and sustainable energy to the developing world. OPIC prioritizes projects that advance a sustainable, low-carbon economy and supports projects which will reduce carbon emissions, improve access to electricity for remote populations and support economic growth. Investing in projects that help the health of the planet and its people is OPIC's end goal. Sustainable investment means supporting broad economic aspirations of developing markets without compromising future generations.

OPIC remains committed to sustainable development and prudent risk management. By partnering with the private sector to support renewable energy, clean technology and energy efficiency projects, OPIC promotes sustainable economic growth through investments that seek to have a social and/or environmental return. OPIC tailors its investment tools to the needs of the individual projects and offers products that incentivize greater environmental and social outcomes. Some products enhance the environmental dimension of sustainability while other OPIC products are targeted to the social dimension of sustainability.

Transparency and accountability are key parts of OPIC's philosophy of sustainable investment. Through its appraisal and monitoring process, OPIC ensures that projects it supports are environmentally and socially sustainable, respect the rights of workers and communities, and are designed and operated in compliance with applicable regulatory requirements and good international practice. OPIC is committed to supporting low or no-carbon economic development and to making sure that negative impacts are avoided, reduced, restored, or otherwise mitigated.

Chief Sustainability Officer

EXECUTIVE SUMMARY

The Overseas Private Investment Corporation (OPIC) was established as an agency of the U.S. government in 1971 and is the U.S. Government's development finance institution. OPIC is committed to working with the Administration and the global community to achieve the goals of Executive Order 13693. OPIC mobilizes foreign capital to help solve critical world challenges and in doing so, advances U.S. foreign policy. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets, catalyzing revenues, jobs and growth opportunities both at home and abroad. OPIC fosters economic development in emerging and developing countries, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. OPIC's history of successfully engaging the U.S. private sector in overseas investment has positively influenced the environmental impacts of its projects, by encouraging U.S. companies to incorporate internationally-recognized environmental sustainability measures into those projects.

OPIC recognizes the importance of this initiative and continues to explore ways to reduce its own greenhouse gas (GHG) emissions and in fulfilling its mission, expand support for projects in the renewable energy sector. In 2015, OPIC committed almost \$1 billion to projects that advance a sustainable, cleaner and more secure energy supply. OPIC commitments to renewable resources remains instrumental to fulfilling the U.S. Government's commitments to increase funding to address climate change.

OPIC is focused on supporting projects that deliver real and measurable benefits in their host countries and puts a premium on projects that support the planet and its people. In developing countries around the world, OPIC projects are improving lives and supporting economic growth.

OPIC has prioritized supporting projects and policies that help emerging and developing countries meet their energy needs in an environmentally responsible manner. OPIC extends its impact by working closely with other U.S. government agencies and supporting multiple initiatives. These include the Caribbean Energy Security Initiative, Water Council, International Economic Development Council, Bankers Association for Finance and Trade, Africa Clean Energy Finance initiative, U.S. – Asia Pacific Comprehensive Energy Partnership, Asia Pacific Clean Energy Program, Partnership for Growth, the National Export Initiative, and the Trade Promotion Coordinating Committee. By partnering with the private sector to support renewable energy, clean technology and energy efficiency projects, OPIC promotes sustainable economic growth through investments that seek to have a social and/or environmental return.

Through its appraisal and monitoring process, OPIC ensures that all projects that it supports are environmentally and socially sustainable, respect the rights of workers and communities, and are designed and operated in compliance with applicable regulatory requirements and good

international practice. OPIC is committed to supporting low or no-carbon economic development and to making sure that negative impacts are avoided, reduced, restored, or otherwise mitigated.

Environmental and financial stability are inherently linked. OPIC seeks to promote sustainable investment that contributes to long term business success, economic and social development, a healthy environment, and stable societies. By partnering with the private sector and other governmental agencies, OPIC mobilizes investments to support urgent priorities such as clean energy, food security, clean water and to combat poverty, help foster energy independence, promote development around the world and advance American foreign policy. Sustainable investment means supporting the broad economic aspirations of developing markets without compromising future generations. Investing in projects that contribute to the health of the planet and its people is an OPIC goal.

SIZE & SCOPE OF AGENCY OPERATIONS

| Agency Size and Scope | FY 2014 | FY 2015 |
|--|---------|---------|
| Total Number of Employees as Reported in the President's Budget | 239 | 259 |
| Total Acres of Land Managed | 0 | 0 |
| Total Number of Buildings Owned | 0 | 0 |
| Total Number of Buildings Leased (GSA and Non-GSA Lease) | 0 | 0 |
| Total Building Gross Square Feet (GSF) | 117,799 | 117,799 |
| Operates in Number of Locations Throughout U.S. | 1 | 1 |
| Operates in Number of Locations Outside of U.S. | 0 | 0 |
| Total Number of Fleet Vehicles Owned | 1 | 1 |
| Total Number of Fleet Vehicles Leased | 1 | 1 |
| Total Number of Exempted-Fleet Vehicles (Tactical, Law Enforcement, Emergency, Etc.) | 0 | 0 |
| Total Amount Contracts Awarded as Reported in FPDS (\$Millions) | \$15.5 | \$ 19.9 |

AGENCY PROGRESS AND STRATEGIES TO MEET FEDERAL SUSTAINABILITY GOALS

Goal 1: Greenhouse Gas (GHG) Reduction

Scope 1 & 2 GHG Reduction

OPIC has no quantitative targets for Scope 1&2 emissions. OPIC does not own or control any significant sources of direct greenhouse gas emissions. OPIC leases space in a commercial building, owns one vehicle and leases one GSA van. Electric consumption is centrally metered and is part of the shared lease operating expenses. As such, Scope 1 and Scope 2 greenhouse gas (GHG) emissions targets do not apply to OPIC.

Scope 3 GHG Reduction

In order to fulfill OPIC's mission and goals, domestic and international business travel is required. Where possible, teleconference and video conferencing are used for internal and external participation in a meeting. OPIC's scope 3 greenhouse gas (GHG) emissions result from the agency's air travel. Air travel CO₂e emissions during FY2015 were 746.1 MT compared to 1,270 MT in FY2014.

OPIC provides employees with a maximum monthly fare subsidy specified under Internal Revenue Code. The commuter subsidy programs apply to OPIC employees who use mass transportation, commuter rail, or commuter highway vehicles (such as vanpools and buses) to commute to and/or from work.

OPIC's telework program allows eligible staff to work from an alternate location on a regular or intermittent basis, which decreases GHG emissions associated with employee commuting by reducing the number of days employees commute to work each week. The building has accommodated those employees who bike to work by providing bike racks in the parking garage.

Goal 2: Sustainable Buildings

OPIC leases space in a commercial building. Energy consumption is centrally metered and shared with other lessees. The building where OPIC is located is Energy Star certified and is LEED EB OM Certified Gold. OPIC in conjunction with the landlord participates in the building recycling program.

Goal 3: Clean & Renewable Energy

OPIC leases space in a commercial building and continues to partner with the landlord on sustainable practices. Energy consumption is centrally metered and shared with other lessees. The building where OPIC is located is Energy Star certified and is LEED EB OM Certified Gold.

Goal 4: Water Use Efficiency & Management

OPIC leases space in a commercial building and continues to partner with the landlord to optimize water efficiency measures.

Goal 5: Fleet Management

OPIC's vehicle fleet consists of one sedan and one leased GSA van.

Goal 6: Sustainable Acquisition

OPIC leases space in a commercial building and has limited input into its design. Janitorial services and utilities are all inclusive in the lease. The majority of contract actions are for services, not supplies and products. OPIC is committed to the principles and practices of sustainable acquisitions and will continue to explore opportunities with vendors and contractors regarding ways to leverage acquisitions for sustainable and environmentally preferable materials, products and services that meet our requirements. As feasible, OPIC will incorporate appropriate language and clauses into solicitations, contracts and contract modifications for the procurement of products and services that are energy efficient, water efficient, bio-based, environmentally preferable, non-ozone depleting, contain recycled content, or are non-toxic or less toxic alternatives.

Goal 7: Pollution Prevention & Waste Reduction

OPIC leases space in a commercial building. Janitorial services and utilities are all inclusive in the lease. Any pest control activities and landscaping are managed by the landlord. OPIC is committed to pollution prevention, waste elimination and recycling.

Goal 8: Energy Performance Contracts

OPIC leases space in a commercial building and utilities are all inclusive in the lease. We have no facility energy performance contracts

Goal 9: Electronics Stewardship & Data Centers

OPIC promotes electronic stewardship through life-cycle management of electronics from procurement to disposal. OPIC has an Electronic Stewardship Plan (ESP) to implement sound environmental practices for the three life-cycle phases of electronic products: acquisition, operations and maintenance, and end-of-life management. The ESP enhances OPIC sustainable practices to reduce energy consumption, reduce toxics disposal related to electronics and save money through reduced energy consumption and increased electronics life expectancy.

OPIC has one business location and only one data center. OPIC has phased out several pieces of legacy equipment and reduced the overall power consumption and environmental impact by

implementing server virtualization and hardware consolidation on blade server technology. OPIC is also committed to taking advantage of services offered by vendors in the form of cloud computing which also reduces the OPIC data center environmental footprint. Core information systems and data services have been substantially virtualized and transitioned to the cloud. OPIC has reduced its IT-related equipment and infrastructure and identified and disposed of unneeded personal property and IT equipment through GSA.

OPIC's electronic equipment purchases meet EPEAT standards. Power management is enabled on 95% of eligible PCs, laptops, monitors, and multi-function devices. Multi-function devices have automatic duplexing enabled. Electronics are reused or recycled using environmentally sound disposal options.

APPENDIX 1: CLIMATE CHANGE ADAPTATION PLAN

OPIC is the U.S. Government's development finance institution. It mobilizes private capital to help solve critical world challenges and in doing so, advances U.S. foreign policy. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets catalyzing revenues, jobs and growth opportunities both at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. OPIC's history of successfully engaging the U.S. private sector in overseas investment has positively influenced the environmental impacts of its projects, by encouraging U.S. companies to incorporate internationally-recognized environmental sustainability measures into those projects.

OPIC recognizes that climate change poses threats to sustained economic growth, poverty reduction, quality of life, and world-wide political stability and is committed to working with the Administration and the global community to support climate change initiatives. OPIC has been a pioneer among development finance institutions with respect to climate change mitigation policies. With a strong focus on the renewable resources sector, OPIC is working with the U.S. business community to identify projects in emerging markets that promote the global renewable energy and energy efficiency sectors, as well as the sustainable utilization of natural resources such as water, land and forests.

OPIC has been a leader among development finance institutions in developing and applying environmental and social policies that advance long-term sustainable development and has committed to reducing greenhouse gas emissions in its project portfolio. It recognizes that climate change is no longer just an environmental or energy issue; it also has implications for health, economic stability and food security. OPIC will increase its efforts to support U.S. private investment in renewable energy, clean technology, and energy efficient projects. Investments in other critical natural resources such as agriculture and water will also be prioritized. OPIC will deploy its full suite of products and services to serve these objectives and will continue its support for other aspects of sustainable development such as food security, housing, microfinance and technology.

We must consider and assess climate related risks, challenges and vulnerabilities, improve our capability to anticipate future conditions and impact, and evaluate and implement adaptation options, methods or policies that address climate change related risks as appropriate within our portfolio. We must integrate climate change adaptation into project planning to improve the resilience and sustainability of our development efforts and screen projects proposed for OPIC support for vulnerability to climate change.

Projects in which climate variability is likely to compromise integrity, effectiveness, longevity or financial viability of a project include:

- a. Agriculture, forestry, fisheries and ecosystem-dependent enterprises such as tourism.
- b. Water resource-dependent projects including water supply, wastewater treatment and hydroelectric power projects
- c. Project involving settlements or industries in coastal or water-scarce areas.

Climate change vulnerability may be required to be addressed in Environmental and Social Impact Assessments prepared for certain high risk projects. Independent Engineer scopes-of work will include, when appropriate, sensitivity analyses on the ability of infrastructure projects to withstand climate perturbations.

Adaptations necessary to improve the resiliency of projects proposed for OPIC support must be identified. Examples of adaptive response that may be included in OPIC-supported projects include:

- a. Introduction of drought resistant crops in agriculture projects and other agricultural best management practices.
- b. Support for afforestation and reforestation and other ecosystem services (i.e., protection of wetlands) efforts in project areas.
- c. Improved water use efficiency.
- d. Expanding and adjusting micro-credit programs such as by allowing for seasonality in repayment schedules
- e. Financing for scaling up climate-resilient residential infrastructure (e.g. water tanks, and disaster-resilient housing).
- f. Enhanced design in coastal zone infrastructure.
- g. Improved forest management to reduce fire potential.
- h. Enhanced dam design to withstand revised estimates of probably maximum floods.
- i. Enhanced emergency response and early warning system capability.
- j. Enhanced stormwater management for projects in urban areas

OPIC also may assist investors to identify sources of grant funding for adaptation if the measures required to improve resilience are either outside of the investor's expertise or if the cost of the adaptation would make the project commercially unviable.

OPIC requires investors to implement appropriate measures to mitigate potential environmental and social impacts from OPIC-supported projects. These mitigation measures are included in OPIC agreements as conditions and covenants. OPIC will, where appropriate, include measures related to climate change adaptation in its covenants.

With respect to implementation and monitoring, OPIC monitors project compliance with all environmental and social requirements (including those related to adaptation) that are reflected in conditions and covenants in OPIC agreements. OPIC recognizes that effective management

programs have an adaptive approach and encourages investors to develop and implement policies and procedures that help adjust and adapt actions and mitigation measures in response to environmental monitoring data. OPIC monitoring of projects may result in findings that investors need to carry out additional actions to ensure the resiliency of projects.

OPIC's role in addressing the impact of climate change is to develop partnerships and programs that promote economic growth and environmental protection through cleaner energy sources, greater energy efficiency, and other strategies that encourage sustainable development. OPIC will continue to develop strategic approaches to support climate resilient development, foster low-carbon growth and promote sustainable projects to help reduce vulnerabilities to long-term climate change impacts, by continuing to work with the U.S. business community on new project initiatives. OPIC will continue to explore opportunities to collaborate with other agencies and organizations and build partnerships with public and private stakeholders, analyze how climate change may impact our policies and programs and continually assess and improve our capability to advance and develop international climate and related energy partnerships.

APPENDIX 2. CLIMATE-RESILIENT INTERNATIONAL DEVELOPMENT

Year 1 reporting

Executive Order 13677 (“the E.O.”) on Climate-Resilient International Development was signed by the President on September 23, 2014 and requires the integration of climate-resilience considerations into all United States international development work. The E.O. instructs executive departments and agencies with international development programs to factor in climate-resilience considerations into international development strategies, planning, programming, investments, and related funding decisions, including the planning for and management of overseas facilities.

To meet the requirements under the E.O., OPIC has incorporated climate resiliency screening into its existing environmental and social impact assessment process. Using publicly available climate-change data, screening tools and information, the environmental and social team has developed a quick reference checklist for use in conducting the climate resiliency screening. In addition, the environmental and social team is coordinating with other departments in the agency who are already involved in considering climate impacts (e.g., credit policy department, independent engineers, and environmental and social consultants) for OPIC-supported projects and seek additional input. Results of the climate resiliency screening are documented in OPIC’s internal environmental and social assessments.

The E.O. requires that the agencies subject to the E.O. report annually on its progress in implementing the E.O. This report is intended to satisfy this requirement. The E.O. Working Group has agreed that all agencies subject to the E.O. report on number/dollar value/percent of new investments¹ for which agencies have begun climate-resiliency screening. The reporting period covers October 1, 2015 to March 31, 2016.

Number of investments screened²: 32

% of investments screened³: 94%

Dollar value of investments screened⁴: \$602,802,850

¹ OPIC defines new investments to mean those projects whose complete applications are received on or after the effective date of the EO (October 1, 2015) by OPIC’s Office of Investment Policy. Complete applications that are received before the effective date of the EO will not be subject to the EO provided OPIC commitment to provide support is achieved within one year of the effective date of the new guideline or standard. If commitment is not achieved within one year after the effective date of the EO, the project will be subject to the EO.

² OPIC reports on the number of new investments for which OPIC has conducted a climate-resiliency screening and that have been documented in OPIC’s internal environmental and social assessments.

³ OPIC exempts those projects that have been grandfathered in, for example those Projects that fall under framework agreements that were signed before October 1, 2015.

⁴ Dollar value of investments screened refers to dollar amount potential clients are seeking in terms of OPIC support (projected or anticipated rather than real-time), not amount of funds disbursed. OPIC conducts climate resiliency screening at the time the project application is received by OPIC’s Office of Investment Policy. At that point in time during OPIC’s project cycle, OPIC is beginning its due diligence on the potential investment and OPIC has not disbursed funds.