

IDC COAL INVESTMENT SCREENING INVESTMENT TOOL

1. INVESTMENT SCREENING TOOL

A screening tool is proposed that form part IDC’s overall investment screening process to be presented at Special Deal Development Forum (SDDF).

This Tool is a guide on the information that will be required on the proposed investment for submission to the SDDF. If the SDDF decision is positive, then IDC will consider the investment subject to its normal internal investment assessment process. If this decision is negative, the IDC will not invest in the opportunity in its current form. The tool will also form part of the various approval committees.

1	National Level (Systems Level)	1.1	National Paris Agreement Development Pathway	Does the country have any commitments to the Paris Agreement through National Determined Contributions, country-wide strategies/ emissions and development pathways including sustainable development goals?
		1.2	National Development pathway adoption and implementation including sector adoption and implementation	To what extent has the government of the country shown commitment to such commitments (through various policies and regulations) including the level of sector adoption and implementation of the National Development Pathway?
		1.3	Project alignment with NDC	Is the proposed project aligned to the country’s commitments and strategies/ emissions and development pathways including sustainable development goals pathways?
2	Project Specific¹	2.1	Lowest emission technology	What is the emissions intensity of the proposed project (direct and/or indirect) and is the energy technology selection the least-emitting technology option for the size and role of the project?
		2.2	Lowest cost energy option	Are there any alternative environmental, social and economic basis least cost alternative forms of energy that could feasibly be implemented instead of the proposed project?
		2.4	Carbon lock-in risk over longer term & Industry Norms /Best Practices	To what extent is there adequate flexibility to switch to lower carbon scenarios over time (technologically/contractually/economically) and what assumptions are made about the use over time including industry norms/best practices?
		2.5	Rehabilitation and Compliance	Is there a fully funded rehabilitation plan in place? Has the project obtained all required compliance licences on the environment, water, waste, air quality, ash management and any other related country and project specific licences?

¹ For thermal coal mining the off-taker needs to be considered.

3	Development Impact	3.1	Project's contribution to energy security	Is the power needed? Quality matters here as well as the quantity (such as providing reliable/dispatchable power, diversifying the generation mix and providing energy security).
		3.2	Job-creation potential and Beneficiation Opportunities.	How many direct and indirect jobs are likely to be created/saved through this project including beneficiation opportunities?
		3.3	Other developmental aspects	Will the project facilitate development outcomes such as social inclusion, spatial equity and/or localisation? <ul style="list-style-type: none"> Does the company have a strategic diversification or sector exit plan in place
4	Transition Investment Risk	4.1	Risks associated with the transition to a net zero world/ambition	The exposure of the project to the following risks, the mitigation thereof and the tenability of the residual risk: (i) policy/regulatory risks (potentially increasing costs or constraining revenues and financing). (ii) Carbon Tax (where applicable) or Carbon Border Adjustment Mechanism to address the risk of carbon leakage. (iii) technology and market risks (potentially changing the need/role/commercial importance of the plant over time) (iv) commercial risks (contractual, funding and otherwise). (v) Company's carbon footprint and physical risks (acute and chronic) due to the changing weather conditions (if any). (vi) Plan to identify and implement public disclosure on climate-related risks and opportunities. (vii) Investment opportunities for the transition to lower carbon strategies.
		4.2	Reputational risks	Has the project considered the overall reputational and sentiment risks (including future investor appetite and valuation at a portfolio level) to the IDC?

For further details: Please contact IDC (Principal Specialist: Sustainability, ESG & Impact and/or Industry Planning Unit)