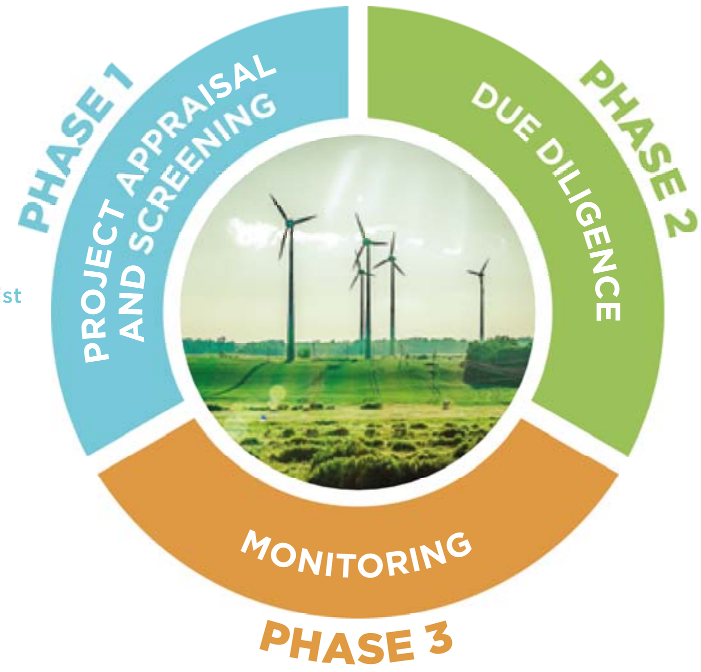
Our ESG Framework

Our responsible investment (RI) approach is instrumental in our work of creating long-term, sustainable value and competitive advantage in our portfolio companies, while at the same time achieving positive financial returns for our investors.

The RI approach entails fully integrating environmental, social and governance (ESG) issues in the investment decision-making process, and is guided by a series of policies and processes. This includes an ESG Framework, as well as a Responsible Investment Code and a proprietary Environmental and Social Management System (ESMS). Through effective management of ESG issues, we seek to not only manage risk and add business value, but also be a positive influence and contributor in the markets we serve and in the broader global community.

ESG Framework Summary



- Screen investments based on exclusion list
- Preliminary categorization of companies based on ESG risk profile

- Conduct ESG assessment to identify weaknesses and opportunities
- Develop correction action plan if necessary
- Include relevant provisions in legal documentation

- Enhance and monitor ESG performance through periodic site visits, trainings, meetings, and conference calls

Expanded ESG Framework

Phase 1: Project appraisal and screening (screening phase)

- Preliminary screening: Only investments that are not involved in businesses and sectors on our exclusion list are considered.
- Categorization: The ESG team will preliminarily assign an ESG risk category to the prospective investee companies based on their ESG risk profiles to determine the due diligence scope, monitoring, and activities required in the following phases.

Phase 2: Due diligence (pre-investment phase)

- ESG assessment: An environmental, social and governance assessment of the project is systematically performed to identify weaknesses and opportunities, which are then discussed with the prospective investee company's management/-sponsors.
- Action plan: When weaknesses and gaps are identified, the prospective investee company is required to make a formal commitment to comply with recommendations and, when applicable, to comply with a timeline-based corrective action plan agreed prior to the investment.
- Legal documentation: All portfolio companies are required to comply with a list of applicable ESG standards and, when applicable, adhere to a corrective action plan to ensure compliance at all times. These findings and provisions are then included in legal documentation and integrated into the post-investment monitoring plan, with which the Fund Manager will work on ensuring compliance and possibly on implementing identified improvement opportunities.

Phase 3: Monitoring (post-investment phase)

- Monitoring approach: The ESG team and investment officers work closely with portfolio companies to enhance and monitor ESG performance. This is done through periodic site visits, trainings, meetings, and conference calls.

ESG Integration In The Investment Process

We integrate environmental, social and governance issues into our investment process by:

1. Adopting and closely following a proprietary Environmental and Social Management System (ESMS). The ESMS explains the process of how to assess and monitor ESG risks and impacts of portfolio companies from investment analysis and investment decision-making to investment management over the entire holding period.

2. Assigning ESG responsibilities and oversight to two designated representatives of senior management at AfricInvest, training investment officers to contribute to ESG work, and enlisting the services of ESG consultants and experts to support the team when needed.

3. Requiring our portfolio companies to comply with a baseline of ESG requirements and work towards the adoption of internationally recognised standards of best practice.

4. Requiring our portfolio companies to ensure a preventive and precautionary approach with respect to environmental and social impacts. If negative impacts are identified during due diligence, a corrective action plan should be put in place by the portfolio company to address the areas of non-compliance.

5. Requiring our portfolio companies to maintain sound corporate governance practices per the laws of the country in which the portfolio company is located and observe high standards of business integrity. The portfolio companies are encouraged to work towards implementing best corporate governance practices.

6. Requiring our portfolio companies to maintain dialogue with local and other relevant stakeholders to avoid making negative impacts and to contribute positively to surrounding communities.

7. Ensuring regular, and at minimum annual, reporting of environmental, social and governance issues to our investors.