Impact Principles AfricInvest Disclosure Statement

November 2023

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About AfricInvest

AfricInvest is a pan-African investment platform that manages multiple alternative asset classes including private equity, venture capital, private credit, blended finance and listed equities. We provide financing for companies at various development stages, seeking to deliver value and impact for our investors, portfolio companies, and the communities we serve. With a proven track record spanning 30 years, AfricInvest has raised over $2 billion in funds since inception, providing attractive risk-adjusted returns while generating authentic and measurable sustainable change in more than 210 companies including 110 exited investments across 35 countries. AfricInvest has established various local and regional associations for private equity and venture capital, including the African Venture Capital Association (AVCA) and the Global Private Capital Association (GPCA).

Introductory statement

AfricInvest (the "Signatory") hereby affirms its status as a Signatory to the Impact Principles.

This Disclosure Statement applies to the following assets (the "Covered Assets"):

- AfricInvest Financial Inclusion Vehicle (FIVE)
- AfricInvest Fund III (AF III)
- AfricInvest Fund IV (AF IV)
- Cathay Innovation Fund (CAIF)
- Maghreb Private Equity Fund (MPEF IV)
- Transform Health Fund (THF)

The total Covered Assets in alignment with the Impact Principles is US$ 1.02 billion as of November 30th, 2023.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Disclosure statement

PRINCIPLE 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

AfricInvest's impact strategy is built on four key pillars: Sustainable Economic Development, Environmental Sustainability, Equality and Inclusion, and Quality Institutions, Networks, and Services. Our approach includes investing across various markets, prioritizing inclusive business within countries, and empowering the African workforce. By emphasizing governance, business integrity and climate change mitigation and adaptation, we aim to enhance health, financial, infrastructure, and educational outcomes, ensuring our investments yield sustainable and meaningful impacts within communities. All our projects must meet at least one of these strategic objectives. Our strategy and its intentions are publicly available on our website and are actively shared with our stakeholders. This year we have ushered the introduction of our Multiple of Impact (MOI) methodology that endeavors to assign an Environmental and Social (E&S) economic value to impact. The MOI tool translates the social and environmental impact generated by our investments into a single quantifiable figure. It complements our existing Impact Measurement and Management (IMM) and investment frameworks (as described in Principle 2) and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

AfricInvest refers to impact, ESG and climate considerations as "Impact & Sustainability (I&S)". Impact and ESG management are two sides of the same coin and the two are often addressed in parallel during similar moments in the investment cycle. While the key difference between climate risk and ESG is that climate risk is focused specifically on the financial impacts of climate change, while ESG considers a much broader range of non-financial factors. This means that a company may have strong ESG performance, but still be vulnerable to climate risks, or vice versa.

Significant shortfalls remain in realizing the SDGs across the globe, but nowhere are these challenges more daunting than in Africa. More than 460 million Africans are expected to remain poor in 2030, meaning that 8 out of 10 of the world's poor will be living on the African continent. Seven of the 10 most unequal economies globally are located in Africa, and 33 of the 36 countries in the low human development category are in Africa. Health and education outcomes lag in Africa, and Africa has the highest global levels of food insecurity. Only 25% of Africa's Road networks are paved against a global average of more than 50%, and internet penetration, at 26%, is less than half the global average of 57%. An estimated 6 in 10 adults do not have a bank or mobile account, representing continued challenges to financial inclusion. The scale of the challenge is compounded by the fact that Africa is losing 5% to 15% of GDP growth to climate change and is facing a massive climate finance gap.

Such shortfalls in development outcomes demand prioritizing investment in Africa to achieve the ambitious and necessary targets laid out by the SDGs. Low-income countries, the majority of which are located in Africa, require an estimated $350B annually to achieve the SDGs; the expected funding gap is $130-160B per year. Despite this significant gap, the majority of committed capital to measured impact funds is still allocated to developed markets (56%) and the majority of measured impact funds still focus on development markets (52%). Early stage and venture businesses in particular lack access to capital. Investors looking to achieve impact must therefore commit more funding to the African continent.

At this critical juncture, AfricInvest's strategy contributes to reimagining the continent's growth path with a more sustainable mindset. By serving as a critical source of financing, fostering linkages among portfolio companies, and implementing international best practices in I&S, AfricInvest helps its investees expand and thrive. These investees provide decent work and economic growth (SDGs 8.2, 8.3, 8.10), promote gender equality (SDG 5.5), foster innovation on the African continent (SDGs 9.2 and 9.3), reduce inequalities (SDG 10.1.1, SDG 10.2.1, SDG 10.3.1, SDG 10.4.1, SDG 10.c.1). Moreover, AfricInvest works with all its portfolio companies to improve their production and consumption (SDG 12) and take urgent action to combat climate change and its impact (SDG 13). In this regard, AfricInvest works towards developing and implementing a contribution to Just Net Zero strategy with science-based targets (SBT) across the entire portfolio. By considering opportunities across a diverse array of industries and countries, AfricInvest is able to make investments that create measurable social and environmental positive change alongside financial returns.

PRINCIPLE 2: Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

AfricInvest's strategy for impact measurement and management (IMM) covers all phases of the investment cycle. Our approach is tailored to ensure every investment achieves financial goals while creating significant and measurable sustainable change. Central to this strategy is our IMM framework, which goes beyond mere reporting. It quantifies, measures, and verifies impact, functioning as an alignment-of-interest tool.

Key to enhancing our IMM processes is the integration of the Multiple of Impact (MOI) tool. This innovative tool adds a significant layer of rigor and thoroughness. It quantifies the economic value of an investment's social and environmental impact including both positive and negative impact thereby providing a more nuanced understanding of its real-world effects. This integration of the MOI tool into every stage of the investment cycle demonstrates our commitment to not just achieving but also accurately measuring and managing impact, setting a new standard in the industry.

Our process includes:

1. Screening Phase: Identifying and Quantifying Impact Potential

- **Rapid MOI Tool Application:** At the initial screening phase, AfricInvest employs the MOI tool to rapidly identify and quantify the potential impact pathways of prospective investments. This innovative tool translates social and environmental outcomes into a comparable multiple, facilitating a more informed decision-making process.
- **Net Impact Generation Analysis:** The screening process involves a detailed analysis to determine whether a company is a net generator of positive impact, aligning with AfricInvest's core impact objectives.

- **Intended Impact Establishment:** AfricInvest establishes clear goals regarding the intended impact for each investment over its holding period. This step ensures that prospective investments align with AfricInvest's overarching impact strategy and objectives.

2. Due Diligence Phase: In-depth Analysis for Impact Maximization

- **Impact & Sustainability Assessment:** During the due diligence phase, AfricInvest undertakes a thorough Impact & Sustainability Assessment (I&S) of potential companies. This analysis covers their existing and potential impact, ESG performance, and climate responsiveness. We focus on identifying opportunities to boost growth, returns, and impact. Additionally, a Do Not Significant Harm (DNSH) assessment is integral to this process, ensuring our investments align with sustainable and ethical standards.

- **Stress-testing Impact Pathways and Outcomes:** Identified impact pathways and outcomes are rigorously stress-tested to ensure robustness and feasibility.

- **Risk Assessment and Action Plan Formulation:** AfricInvest assesses the risks associated with realizing the intended impact and formulates a detailed value creation action plan. This plan includes initial KPIs for impact and ESG objectives, providing a clear roadmap for post-investment implementation.

3. Post-Investment Phase: Monitoring and Managing for Impact

- **Collaborative and Hands-On Approach:** During the ownership phase, AfricInvest adopts a hands-on, collaborative approach, providing necessary support, tools, and expertise to execute the value creation action plan. This involves working closely with the management of investee companies to ensure alignment and effective implementation of impact strategies. We mentor portfolio companies to hone their monitoring skills, emphasizing data accuracy and relevance.

- **Continuous Monitoring and Adjustment:** Impact targets and progress are continuously monitored and managed. AfricInvest promptly identifies and addresses any deviations from set impact targets, ensuring that investments stay on track to achieve their intended outcomes.

4. Exit Phase: Evaluating and Learning from Impact Achievements

- **Impact Realization Assessment**: Upon exit, AfricInvest assesses the overall impact generated during the investment period. This includes evaluating whether the intended MOI has been successfully achieved.

- **Application of Lessons Learned:** Insights and lessons learned from each investment are meticulously documented and applied to future impact assessment and management strategies. This iterative learning process enhances AfricInvest's ability to make more informed and impactful investment decisions in the future.

- **Ongoing Review:** The MOI is continually reassessed. The eventual goal is to compare the impact generated against initial projections, discerning variances, understanding underlying causes, and assimilating learnings. In essence, our approach to impact is both proactive and reflective. By making impact central to our investment decisions and holding period engagements, we aim to serve as impact catalysts. This commitment ensures our businesses do not just set ambitious targets but also achieve them, perpetuating impact long after our active involvement. Upon our exit, another evaluation gauges the impact cultivated during our involvement.

- **Impact-Linked Incentives:** For our latest funds, manager remuneration is linked to achieving impact objectives, aligning financial incentives with impact goals. is approach marks a significant shift from traditional responsibility frameworks to proactive engagement, ensuring that financial rewards are directly aligned with our commitment to creating a positive societal and environmental impact.

These incentives are rigorously defined by clear, measurable indicators. For instance, in THF, a key focus is on supporting those in the most need: if a majority of the fund's beneficiaries belong to the two lowest income quintiles, or are in countries categorized as low-income and fragile, this criterion is met. Additionally, we place a strong emphasis on fostering systemic improvements in the health sector, looking beyond our companies' direct activities to effect broader change.

For our other funds, we have integrated performance measures related to the inclusiveness of African Small and Medium-sized Enterprises (SMEs), the creation of high-quality jobs, maintaining gender balance, and upholding strong environmental stewardship in line with the 1.5° pathway. These principles, which have been central to AfricInvest from the outset, are now integral components of our compensation structure.

By embedding these indicators into our remuneration policies, we ensure that our investment decisions are consistently aligned with our foundational values from the very start of the screening process. This alignment not only supports our commitment to impactful investing but also enhances the commercial viability of our funds by integrating social and environmental considerations into our core investment strategies.

PRINCIPLE 3: Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

As an experienced investor on the African continent, AfricInvest adeptly manages the complex challenges of impact investing on the continent, such as identifying opportunities, navigating regulatory landscapes, and securing successful exits. Leveraging its extensive pan-African presence and market expertise, AfricInvest supports its investees in managing their Impact & Sustainability (I&S) responsibilities, expanding international networks, and finding synergies within its diverse portfolio.

Central to our strategy is the Multiple of Impact (MOI) tool, which adds a new layer of depth and rigor to our Impact Measurement and Management (IMM) processes. The MOI quantifies the economic value of an investment's social and environmental impact, aligning financial success with impactful outcomes. This tool, alongside the learnings from our extensive experience with over 220 companies and assessment of around 3,000 companies, continuously refines our approach. The insights we gain not only improve our IMM framework but also enhance the impact potential of our companies. This synergistic relationship between our IMM practices and our investee companies ensures that our investments are not just financially sound but also yield substantial societal and environmental benefits. Our commitment to documenting and learning from each investment's impact trajectory ensures that AfricInvest remains at the forefront of impactful investing in Africa.

PRINCIPLE 4: Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

AfricInvest's approach to impact measurement is methodical and data-driven, beginning with a detailed Impact Screening Report. This report, grounded in the Impact Frontiers' Five Dimensions, lays the foundation for a rigorous analysis of potential impacts of investee companies. It evaluates both the positive and negative potential outcomes, which are then monetized using the AfricInvest Multiple of Impact (MOI) tool at each investment stage.

The MOI tool's process unfolds in several steps:

1. **Identify Impact Pathways:** We first examine the most material social and environmental impacts, categorizing them by their relevance to the company's main outputs—such as products or services—and their connection to significant areas like job creation. This also includes secondary impacts from specific company initiatives.

2. **Quantify Unit Impact:** Next, we quantify the expected social or environmental impact per unit of company output. This step involves monetizing the impacts, acknowledging that they can be both positive and negative.

3. **Risk Discount Application:** We then apply a risk discount to adjust for the probability of the impact materializing, a move that adds rigor to the methodology.

4. **Consider Terminal Value:** Reflecting on AfricInvest's typical holding period of 7-8 years, we account for the enduring impact of the company beyond our exit, discounting this for risk.

5. **Calculate the Multiple of Impact (MOI):** Finally, we divide the financial equivalent of the impact (after discounts) by the total capital invested to derive the MOI, which represents the return on impact investment.

The Impact Screening Report scrutinizes the significant risk factors that could deviate the impact from initial expectations, including but not limited to evidence risk, external risk, and stakeholder participation risk. Each risk is assessed for its probability and potential effect on the impact trajectory, with quantifiable risks actively monitored.

Moreover, the report extends its analysis to indirect or systemic impacts, encompassing the broader stakeholder network such as suppliers, distributors, customers, communities, and the environment, ensuring that the full spectrum of impact is considered and managed.

This meticulous process and the insights from the MOI tool guide the Investment Committee in their decision-making, influencing whether to proceed with an investment and under what terms.

By following these steps, AfricInvest aims to ensure that each investment's impact is not just projected but also realized, measured, and maximized.

PRINCIPLE 5: Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

AfricInvest is committed to aligning with international best practices in the management of impact and sustainability (I&S) risks, as demonstrated by our adherence to a disciplined, documented process. This commitment is operationalized through the AfricInvest Management System (AIMS). AIMS mandates a thorough assessment of impact, ESG (Environmental, Social, and Governance), and climate risks prior to any investment. Additionally, it encompasses ongoing monitoring and reporting of post-investment performance, reflecting a consistent approach to I&S.

For further details on our approach to I&S risk management, the AfricInvest I&S Policy is available for review. This document outlines the procedures and strategies we employ in our commitment to I&S.

The AIMS is underpinned by a Reference Framework that incorporates the guidelines and principles from renowned international bodies, including the ILO, ISSB, and the World Bank. This framework is continuously updated in partnership with stakeholders, ensuring its relevance and robustness. As signatories to the PRI, AfricInvest integrates these six principles across its investment processes, ensuring a holistic approach to ESG and climate considerations.

In the investment screening phase, AfricInvest identifies potential I&S risks. When certain risks are unavoidable yet fall within our acceptable risk threshold, AfricInvest commits to a post-investment collaborative approach. This involves working with investees to address these risks, backed by legally and time-binding action plans that are aligned with top-tier international industry practices. Our engagement is not just supervisory; it involves hands-on interaction with investees to drive the commitment to I&S standards and to anticipate and prepare for potential unexpected events including through the use of technical assistance to catalyze further impact.

To strengthen the rigor of our I&S due diligence, especially for high and medium-risk companies, we engage third-party sector specialists to conduct independent assessments. This ensures an additional layer of scrutiny and a stress test of our impact assessments. For high-risk companies, comprehensive and separate due diligence, including climate, human rights, or gender-based violence assessments, is performed to ensure all potential issues are thoroughly vetted.

The AIMS incorporates specific strategies to mitigate a spectrum of risks, including evidence and external risks, to strengthen the resilience and attainment of AfricInvest's impact objectives. We utilize the Position Green platform to enhance data collection and monitoring of I&S Key Performance Indicators (KPIs), and we collaborate with third-party experts for detailed carbon footprint evaluations.

Our approach to I&S is integrative, spanning the entire investment lifecycle—from initial appraisal through active portfolio management to the final exit phase. Each stage is strategically designed to optimize I&S performance and impact outcomes, reiterating our conviction that financial returns and sustainable impact are synergistic objectives.

Principles of 'Do No Significant Harm' (DNSH) and Principal Adverse Impact (PAI) indicators are deeply embedded within our investment process. These principles guide our investment decisions, ensuring that while pursuing positive impacts, we also avoid or minimize any potential negative outcomes across all investments.

The collaborative development of a Just Net Zero Strategy with the Carbon Trust underlines AfricInvest's forward-thinking approach to climate risk management. This commitment is further reinforced by our use of advanced tools, including the Climate Risks and Opportunities Investment Evaluation Tool and Financed Emission Reporting Tool in line with the Partnership for Carbon Accounting Financials (PCAF), which align with our comprehensive climate strategy.

AfricInvest's culture is one where continuous improvement in IMM is not an option but a fundamental principle. The team’s dedication to this principle ensures that AfricInvest not only achieves but excels in delivering investments that are financially robust and have a lasting positive impact.

PRINCIPLE 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

AfricInvest implements a rigorous results framework to continuously monitor the progress of each investment towards achieving its intended positive impacts, as delineated by the Multiple of Impact (MOI) tool and lessons learned from previous engagements. This systematic monitoring is based on a predefined process for the collection and sharing of performance data with the investee, detailing the frequency of data collection, methodologies, data sources, responsibilities, and reporting protocols.

Utilizing the Impact Screening Report established during the assessment phase, AfricInvest tracks progress against the Five Dimensions of impact, employing industry-standard indicators such as IRIS+, HIPSO, and SASB wherever feasible. Baseline data for each metric is meticulously recorded, with progress updates provided quarterly or annually by the Investment Officer or the I&S Team in close collaboration with the portfolio company.

In line with our commitment to transparency and continuous improvement, the Impact Screening Report is readily accessible to the portfolio company, enabling ongoing assessment of progress against impact objectives. Should performance metrics or qualitative assessments signal that the investment is not achieving the anticipated impacts, AfricInvest proactively develops a corrective action plan. This plan, aimed at addressing any unintended or unrealized impacts, is also documented and monitored within the same Impact Screening Report.

This structured approach ensures that AfricInvest not only strives for impact but also holds itself accountable for the outcomes of its investments. The Manager's engagement in such proactive measures is reflective of an unwavering commitment to fostering sustainable, impactful investments, and aligns with AfricInvest's overarching strategy to deliver value beyond financial returns.

PRINCIPLE 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

When AfricInvest approaches an exit, the firm does so with a conscientious evaluation of how the exit strategy may influence the long-term I&S of the company. This consideration is integral to our fiduciary duty and is thoughtfully woven into the fabric of our exit planning. From the outset of an investment, AfricInvest anticipates the characteristics of a potential buyer, considering the business model, impact thesis, and anticipated growth trajectory of the company to ensure a smooth transition that supports the exit strategy.

In line with our commitment to the Sustainable Development Goals (SDGs), AfricInvest aims to orchestrate exits that minimize potential adverse impacts on stakeholders. Prior to an exit, we endeavor to synthesize and communicate the I&S work undertaken and the positive outcomes achieved, ensuring that this information is comprehensively presented to potential buyers and accurately reflects our stewardship to existing and future stakeholders. Our monthly Value Creation Committee (VCE) plays a pivotal role in ensuring that exits are executed responsibly and in harmony with our established impact principles.

An I&S exit assessment, potentially carried out by an independent specialist, evaluates overall performance against established objectives and flags any issues a potential acquirer might deem significant. This assessment serves not only as a tool to identify and address I&S-related issues for future transactions but also as a repository of lessons learned in I&S risk management, contributing to the continuous enhancement of our systems.

During exit negotiations, impact achievements are highlighted as a pivotal element of the company's value proposition. We assess a buyer's capability and commitment to perpetuate the company's impact strategy, considering this alongside our fiduciary responsibilities to our investors. For investments made through self-liquidating instruments, we manage the timing and structure of payments to ensure the I&S achievements of our portfolio companies are not compromised.

AfricInvest's responsible exit strategy is designed to ensure the company's ongoing growth and its sustained contribution to Africa's development with an emphasis on environmental and social responsibility. This includes:

- Assessing the impact generated over the investment period and validating the realization of the intended MOI.
- Applying the lessons learned to enhance future impact assessments and management strategies.
- Equipping our companies with the tools and knowledge to quantify and manage their carbon footprint, fostering lasting sustainability and ownership of their environmental initiatives.
- Ensuring that the exit does not disrupt the company's sustainability or negate the positive impacts achieved.

In summary, AfricInvest's exit strategy is not merely a transactional endpoint but a thoughtful process that upholds the firm's impact principles, mitigates risk, and leverages lessons learned to fortify both current and future investments.

PRINCIPLE 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

AfricInvest reviews and documents the impact performance of each investment, actively comparing expected outcomes with actual impacts, both positive and negative. These evaluations are not merely retrospective; they are integral to refining our operational and strategic investment decisions, as well as enhancing management processes. To this end, we have institutionalized a monthly Value Creation Committee (VCE) that measures, manages, monitors, and deliberates the value creation action plans for each company within our portfolio. This committee also plays a pivotal role in ensuring that exits are executed responsibly and in harmony with Impact Principle 7 above.

The meticulous tracking of key impact metrics, as outlined in the Impact Screening Report, provides a documented record of each investment's impact performance. This record includes an analysis of positive and negative impacts in relation to the anticipated impact determined at the beginning of the investment. It is this detailed documentation that equips us to thoroughly understand the levers of impact performance, addressing underperformance effectively and leveraging insights for future transactions.

Moreover, AfricInvest convenes monthly Investment Screening Committee (ISC) meetings that focus on pipeline companies. These sessions, attended by Investment Officers, the I&S, Legal, Compliance and Finance & Operations teams, specifically highlight investments in terms of their alignment with our impact pillars. Investments are categorized as either 'on track' or 'falling short' in terms of achieving the desired impact.

In cases where investments are not meeting impact expectations, a specialized session of the ISC is convened, bringing together relevant Investment Officers and the I&S Team. These discussions are dedicated to distilling lessons learned from the year's impact achievements, with a concentrated effort to understand the causes behind any shortfalls in achieving intended impacts. Detailed notes from these sessions are taken and preserved in a searchable format, ensuring that they can be referenced in future deliberations to improve both operational and strategic investment decisions.

This structured approach to impact assessment is a testament to AfricInvest's commitment to continuous improvement and accountability. By systematically evaluating impact performance and integrating these learnings into our investment practices, we strive to not only meet but exceed our impact objectives.

PRINCIPLE 9: Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

AfricInvest values transparency and the sharing of best practices in generating positive impacts within the investment community. Annually, we make public a document that outlines the alignment of our key funds with the Impact Principles. Moreover, the alignment with these principles is independently verified at regular intervals by external parties, who are provided with access to our portfolio companies' Impact Screening Reports and opportunities to engage with our

Investment Officers and the companies themselves to validate the impact performance.

The independent verification report, which assesses AfricInvest's adherence to the Impact Principles, is available on our website. This verification, carried out by The Good Economy Partnership Limited, an advisory firm specializing in impact measurement and management, took place between September and November 2022.

Moving forward, AfricInvest is scheduled to undergo another independent verification next year. This step comes after the recent enhancement of our IMM system with the finalization of the MOI tool. Independent verification will be sought with any significant changes to our IMM process, but at a minimum, it will be conducted biennially.

This approach reflects AfricInvest's commitment to maintaining a high standard of impact management and to keeping our stakeholders informed about our practices and progress. It is part of our broader commitment to uphold the principles of responsible investing and continuous improvement in our impact strategies.