Impact Principles
AfricInvest Disclosure Statement
November 2022

Contents

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 Fund IV (AF IV)
- Financial Inclusion Vehicle (FIVE)
- Transform Health Fund (THF)

The total Covered Assets in alignment with the Impact Principles is US$ 550 million as of November 30th, 2022.

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.

Ziad Oueslati

Co-Founder and Managing Director

AfricInvest

November 2022

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.

Transform Health Fund (THF)

THF targets achieving impact related to SDG 3 (Ensure healthy lives and promote well-being for all at all ages).

The Fund's target geography is sub-Saharan Africa because of the significant challenges facing good health and well-being in the region. Africa bears nearly twice the disease burden per capita, as measured by disability-adjusted life years (DALYs), compared to the rest of the world. Sub-Saharan Africa performs notably below world averages on a variety of SDG 3 outcomes, including:

- SDG 3.1 (Reduction in global maternal mortality ratio): Maternal mortality in sub-Saharan Africa accounts for two-thirds of global maternal deaths (est. 196,000 in 2017).
- SDG 3.2 (Ending preventable deaths of newborns and children under five): Children in sub-Saharan Africa are more than 15x more likely to die before the age of five than children in high-income countries.
- SDG 3.3 (End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases): Over two-thirds of those living with HIV/AIDS are African and 94% of all malaria deaths occur in Africa. Over 25% of tuberculosis deaths occur in Africa.

Achieving SDG 3 therefore requires improving the provision of health services in Africa. Accessibility of primary healthcare remains a significant challenge, with fewer than 50% of Africans able to access modern health facilities. Access to healthcare services tends to be concentrated in urban areas, which represents an increased source of inequality for rural populations. Africa faces the most acute shortage of healthcare workers in the world, with an average of 1.3 health workers per 1000 people vs. the recommended minimum threshold of 2.3/1000 (and SDG goal of 4.5/1000). Meanwhile, the rate of counterfeit drugs in Africa is estimated to be the world's highest, at more than 30%, which accounts for 42% of the world's counterfeit drugs. Governments have been unable to adequately respond to these challenges. Domestic government health spending as a percent of GDP in Africa was 1.9% in 2017 versus a global average of 3.3%. As a percent of government spending, health accounts for an average of 7.2%, less than half the target 15% set out in Abuja in 2001.

Currently, health supply chains in Africa are managed by a combination of the public sector, the private sector, and NGOs. The resulting complexity and opacity of such systems create inefficiencies. Not only are end costs increased by the layers of disintermediation, but also the systems become increasingly vulnerable to corruption and product diversion. Product diversion, combined with poor demand forecasting, is a key driver of the high rate of stock-outs in Africa. Stock-outs may, in turn, be deadly as they force patients to interrupt or postpone treatment, which raises the likelihood of illness and/or antimicrobial resistance. Product diversion also increases the risk of substandard or falsified medicines entering the supply chain. A 2014 study estimated that

39% of anti-malarial drugs in nine countries across sub-Saharan Africa were found to be "sub-therapeutic."

THF's investment strategy therefore focuses on (1) supply chain transformation and (2) the promotion of innovative care delivery models in an effort to improve access to quality healthcare in Africa. Investing in enterprises that can provide increased access to affordable and quality health care services or improve value-for-money for beneficiaries represent a significant source of value for global efforts to achieve the SDGs.

THF's target fund size is $100M, with expected average ticket size of $8M. Optimally, THF will target investments that can be expected to impact over 1 million individuals in sub-Saharan Africa, representing an average $8 per investment beneficiary.

AF IV and FIVE

At the heart of AfricInvest's vision is recognition of the widespread lack of financing for scalable African enterprises. AfricInvest seeks to bridge this gap by connecting globally based limited partners to some of the most promising and innovative companies in Africa — the companies that are driving advancements in technology, value chains, and processes that will spur productivity growth and inclusive economic development in their communities. By serving as a critical source of financing, fostering linkages among portfolio companies, and implementing international best practices in ESG and impact performance, 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), and foster innovation on the African continent (SDGs 9.2 and 9.3), among other goals. Moreover, AfricInvest works with its portfolio companies to identify relevant and credible impact objectives specific to the investee in question, such as a focus on SDG 4: Quality Education when investing in schools or SDG 10: Reduced Inequalities when working with fintech. 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.

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.

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.

THF

Impact will be managed on portfolio basis by quantifying expected impact of all pipeline investments and prioritizing investment in those opportunities which have the highest impact scores as estimated by the Impact Scorecard prepared and monitored for each Investee. Management recognizes that in an effort to balanced risk-adjusted returns across the portfolio against intended impact, certain deals may offer greater impact than others; nonetheless, all deals are expected to meet a minimum impact threshold.

A scoreboard to monitor achievement of key agreed-upon impact metrics will enable ongoing monitoring of impact achievement.

Finally, management's carry is aligned with achieving impact. Namely, if (1) the investment targets beneficiaries in the two lowest quintiles of the population, (2) the investment's primary country of impact is a low-income and/or fragile/conflict-affected state, or (3) there is a significant likelihood of having a meaningful impact on broader systems within health operations beyond the company's direct activity, then the team will be automatically qualified for additional carry. Alternatively, a minimum impact score must be achieved based on the measured impact.

AF IV and FIVE

AfricInvest manages and monitors impact achievement on a portfolio basis. At the screening phase, AfricInvest conducts a thorough assessment of the considered transaction by establishing an impact baseline, identifying the impact pathways and making projections for future impact performance underpinned by rigorous, research-based evidence. AfricInvest selects the key impact indicators to measure the company's progress toward achieving their impact goals. For example, these metrics typically include statistics around quality jobs aligned with SDG 8: Decent Work and Economic Growth, women's employment and empowerment aligned with SDG 5: Gender Equality, and carbon emissions aligned with SDG 13: Climate Action. Where possible, these metrics are aligned with industry-standard indicators including IRIS+, HIPSO and SASB. This approach to measuring impact across the portfolio allows for investee performance on measures of impact to be benchmarked and opportunities for impact maximization to be identified. Management carry is aligned with impact performance for selected AfricInvest funds, and impact performance remains a strongly prioritized consideration in management decision-making.

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.

THF

Despite being home to 16% of the population and 23% of the global disease burden, 1% of global health spending occurs in Africa, and just 1.6% of global impact investing asset under management

(AUM) are invested in the African health sector. This underinvestment persists due to a limited

pipeline of large-scale health-related deals, lack of coordination among existing concessional and commercial players, and lack of financial stability among health-related enterprises.

THF aims to address these challenges by actively constructing deals, developing opportunities for co-investment, and facilitating blended capital that will provide adjusted returns. THF aims to direct private capital towards key needs around infrastructure, logistics, data, technology, financing models, and capacity to help sub-Saharan Africa realize the promises of SDG 3.

Moreover, AfricInvest will lever its pan-African presence and expertise in the market to aid Investees in managing their ESG responsibilities, growing their international networks, and identifying synergies with other portfolio companies. The expected additionality that AfricInvest will offer each Investee is estimated as part of the Impact Scorecard. The Theory of Change connecting AfricInvest's investment in each portfolio company to its impact on the SDGs is detailed in the Impact Screening Report, which describes additionally underlying key assumptions.

AF IV and FIVE

As an experienced investor on the African continent, AfricInvest is able to manage a number of impact investing's greatest challenges in Africa, including sourcing opportunities, understanding regulatory uncertainty, and achieving successful exits. Across its investments, AfricInvest levers its pan-African presence and expertise in the market to aid investees in managing their ESG responsibilities, growing their international networks, and identifying synergies with other portfolio companies. An investee-specific Theory of Change connecting AfricInvest's investment in each portfolio company to its impact on the SDGs is detailed in the Impact Screening Report, which describes underlying key assumptions and outlines metrics used to monitor the credibility of the narrative.

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.

THF

THF deploys an Impact Scorecard to assess the impact opportunities of a given Investee in advance of any investment. This Scorecard has been developed on the basis of the widely accepted Impact Management Project's Five Dimensions. The definitions of these five impact areas have been tailored to meet the needs of the THF. For each of the five impact areas, potential Investees are given a score based on their ability to realize the presented impact criteria. Where possible, measures of these indicators have been aligned with industry standard IRIS+ and SASB metrics.

First, Investees are assessed based on "what is the intended impact?" of the Investee. For the THF, the intended impact should include (1) Increased access to affordable quality healthcare services, (2) Increased value-for-money in healthcare provision, and/or (3) Likelihood of decreasing the burden of disability-adjusted life years (DALYs). To measure what the intended impact is, indicators will be customized to a given portfolio company. Industry standard IRIS+ metrics which may be used for a given portfolio company may include Client Individuals: Provided New Access and Client Savings Premium. Second, Investees are assessed based on "who experiences the intended impact?" in the Investee. Scoring in this area depends on the income levels of beneficiaries and the country of primary impact. Namely, the highest scores available for an Investee depend on whether the bottom 40% of the population represent the majority of beneficiaries or if the primary country of impact is a low-income and/or fragile/conflict-affected country as defined by the World Bank. More broadly, the majority of beneficiaries of THF investments should be from the three lowest quintiles of the population or represent otherwise underserved populations (women, children, at-risk groups) or underserved geographies (informal urban areas, peri-urban areas, rural settings).

Third, the Impact Scorecard assess "How significant is the intended impact?" of the Investee. Scale is assessed by the potential opportunity to impact more than a million lives directly and/or clear potential for replicability in other geographies. Alternatively, if the investment may contribute towards long-term, systemic change within the healthcare system nationally or regionally within ten years, the Investee will be considered to offer significant intended impact.

Fourth, the Impact Scorecard considers additionality, namely "What is the contribution of the Fund/General Partner?" This impact is qualitatively assessed by how likely the impact would be to occur without the Fund's support (either through provision of capital or other value-add) and the Fund's importance in crowing-in capital or other financing.

Finally, the Impact Scorecard considers the "Risk to impact not materializing as expected." Risks considered include evidence risk (probability of insufficient high-quality data to measure impact), external risk (probability that external factors may disrupt impact), stakeholder participation risk (probability that expectations/experience of stakeholders are misunderstood or not accounted for), drop-off risk (probability that positive impact does not endure), efficiency risk (probability that impact was inefficiently achieved), execution risk (probability that activities are not delivered as planned and therefore impact is not realized), alignment risk (probability that impact is not locked into the enterprise model), endurance risk (probability that required activities are not delivered for a long enough period), and unexpected impact risk (probability that significant unexpected positive/negative impact is experienced). Where it is possible to monitor these risks through quantitative metrics, such measures are tracked.

A portfolio company's performance on the Impact Scorecard is laid out in its Impact Screening Report, which details the context and activities the portfolio company operates in, the Theory of Change surrounding AfricInvest's investment in the portfolio company, and the metrics used to assess the Five Dimensions of Impact for each portfolio company.

AF IV and FIVE

An Impact Screening Report is developed to assess the impact opportunities of a given investee in advance of any investment. The Impact Screening Report has been developed on the basis of the widely accepted Impact Management Project's Five Dimensions. The Report provides answers to the Five Dimensions' questions around impact while laying out which metrics will be used to track progress in achieving impact. Where possible, these measures have been aligned with industry-standard IRIS+ metrics, HIPSO and the SASB.

First, investees are assessed based on "what is the intended impact?" of the investee. To measure what the intended impact is, indicators will be customized to a given portfolio company. Intended impact should align with outputs or outcomes that will contribute to the UN SDGs according to the investment's theory of change. Second, investees are assessed based on "who experiences the intended impact?" of the investee. Whether an investee provides impact positively affecting key groups, such as women, youth, or low-income populations, is considered. Third, the Impact Scorecard assess "How significant is the intended impact?" of the investee, considering any metrics

available to quantify scale, depth, and duration of impact. Fourth, the Impact Scorecard considers additionality, namely "What is the contribution of AfricInvest?" This impact is qualitatively assessed by how likely the impact would be to occur without the Fund's support (either through provision of capital, expertise, or other value-add) and the Fund's importance in crowing-in capital or other financing.

The Impact Screening Report then considers the "what are the significant risk factors that could result in impact varying from ex-ante expectations?" Risks considered include evidence risk (probability of insufficient high-quality data to measure impact), external risk (probability that external factors may disrupt impact), stakeholder participation risk (probability that expectations/experience of stakeholders are misunderstood or not accounted for), drop-off risk (probability that positive impact does not endure), efficiency risk (probability that impact was inefficiently achieved), execution risk (probability that activities are not delivered as planned and therefore impact is not realized), alignment risk (probability that impact is not locked into the enterprise model), endurance risk (probability that required activities are not delivered for a long enough period), and unexpected impact risk (probability that significant unexpected positive/negative impact is experienced). Where it is possible to monitor these risks through quantitative metrics, such measures are tracked.

Finally, the Impact Screening Report considers any indirect or system impacts on a range of other stakeholders, including suppliers, distributors, end customers, local communities, environment, government, employees, and competitors, to ensure that a complete view of the investee's impact (both positive and negative) is considered and, as needed, managed.

This Impact Screening Report is then reviewed by the Investment Committee to support management decision-making about whether or not to proceed with an investment and on what terms.

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.

AF IV, FIVE and THF

AfricInvest fully integrates ESG considerations into its investment decision-making and monitoring processes. ESG and Impact policies and procedures are formalized in AfricInvest Management System (AIMS), which is used across the firm as well as potential and current portfolio companies. The AIMS was developed in accordance with internationally accepted ESG principles, including:

- World Bank's Environmental and Social Standards (ESS) 9: Financial Intermediaries

- World Bank's General Environmental and Health and Safety Guidelines and Industry Specific Guidelines
- The International Labour Organization's Core Labour Conventions
- The ILO Basic Terms and Conditions of Work
- The International Finance Corporation's Performance Standards (1-8)
- The International Finance Corporation's Interpretation Note on Financial Intermediaries
- The UN Guiding Principles on Business and Human Rights
- The Task Force for Climate-Related Disclosures (TCFD)
- The Partnership for Carbon Accounting Financials (PCAF)
- The Universal Standards for Social Performance Management

Furthermore, the AIMS is a living document. The Responsible Investing team works in close collaboration with its investors to identify and integrate new ESG and Impact standards and guidelines as opportunities for improvement are identified. As a signatory to the United Nations Principles for Responsible Investment (PRI), AfricInvest also applies the six PRI Principles across its investment portfolios.

The AIMS supports AfricInvest in its objectives to:

1. Invest in socially and environmentally responsible companies, or companies that are committed to becoming so, with long-term growth potential.
2. Help portfolio companies implement appropriate ESG measures to avoid risks that could lead to future liability or insurance claims.
3. Ensure sufficient organizational capacity and competency to ensure sound implementation of ESG measures at both a fund and portfolio level.
4. Add business value, such as improving operational efficiency, staff motivation and stakeholder engagement, in portfolio companies.
5. Enable portfolio companies to develop into strong ESG and Impact performers and enhance their competitive advantage.
6. Build resilience in portfolio companies for the long-term, ensuring a sustainable business model that allows companies to continue to enhance their performance beyond the investment holding period.
7. Achieve an exit where the next owner values and supports the portfolio company's ESG and Impact practices and performance.
8. Ensure that there is transparency and disclosure concerning ESG and Impact performance by funds and portfolio companies on ESG performance to investors and other stakeholders.
9. Contribute to industry best practices and thought leadership around ESG.

The AIMS details the staffing requirements of AfricInvest's Responsible Investing Team, stakeholder engagement efforts, and a framework for monitoring ESG over the course of the investment. This framework lays out a four-phase approach.

In the first phase, AfricInvest conducts a project appraisal and screening in which the alignment of the prospective investment with guiding ESG policies and principles is assessed. Any excluded/prohibited activities or risks are identified and the prospective investment is categorized based on its ESG risk profile in accordance with IFC standards.

In the second phase, ESG due diligence is performed, which includes a questionnaire, desktop review and site visits. The relevant ESG and impact due diligence findings will be summarized into a Final Investment Committee ESG and Impact Summary as part of a broader investment proposal. This provides decision-makers with key ESG and impact findings, including the ESG action items and associated costs, to facilitate improved decision-making and planning for the next stage of the investment process. ESG covenants including if applicable the ESG action plan is incorporated into legal agreements. ESG value-add opportunities are also identified during this stage, and indicators/metrics that may be used to determine achievement of target objectives are agreed upon.

In the third phase, AfricInvest will monitor, manage, and report on the ESG and impact performance of the company over the lifetime of the investment.

Finally, during the exit phase, AfricInvest shall identify and manage ESG and impact aspects that could potentially affect the value or timing of disinvestment, consolidate and communicate key ESG and impact work to date, and consider the effects of investment on ESG and impact generated.

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.

THF

The Impact Screening Report for each portfolio company developed during the assessment phase (Principle 4) is used throughout the lifetime of the investment to assess progress along the key metrics chosen to track the Five Dimensions of impact. Where possible, these metrics are aligned with industry-standard indicators including IRIS+, HIPSO and SASB. The baseline for each metric is recorded and progress is reported on a quarterly or annual basis (depending on the metric) through the Investment Officer or Responsible Investing Team's engagement with the portfolio company. The Impact Screening Report shall be freely available to the portfolio company at any time to assess progress.

If reported metrics and/or qualitative data indicate that the investment is not achieving its intended impacts, then the Manager shall develop a corrective action plan to address the unintended/unrealized impacts, which will also be summarized and tracked in the same Impact Screening Report.

AF IV and FIVE

The Impact Screening Report for each portfolio company developed during the assessment phase (Principle 4) is used throughout the lifetime of the investment to assess progress along the key metrics chosen to track the Five Dimensions of impact. Where possible, these metrics are aligned with industry-standard indicators including IRIS+, HIPSO and SASB. The baseline for each metric is recorded and progress is reported on a quarterly or annual basis (depending on the metric) through the Investment Officer or Responsible Investing Team's engagement with the portfolio company. The Impact Screening Report shall be freely available to the portfolio company at any time to assess progress.

If reported metrics and/or qualitative data indicate that the investment is not achieving its intended impacts, then the Manager shall develop a corrective action plan to address the unintended/unrealized impacts, which will also be summarized and tracked in the same Impact Screening Report.

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.

THF

THF primarily invests through self-liquidating instruments that do not require identification and management of exit. Nonetheless, as necessary, AfricInvest will seek to manage the timing and structure of payments such that required payments to the Fund do not negatively affect the ESG/impact outcomes achieved by portfolio companies. Where THF does conduct equity investments, the Fund shall, in good faith and as consistent with its fiduciary duties, consider the effects which timing, structure, and process of exits will have on the sustainability of positive impact generated by portfolio companies. Moreover, it shall seek to conduct exits to minimize potential negative impact on stakeholders in line with the SDGs.

AF IV and FIVE

AfricInvest, in good faith and consistent with its fiduciary concerns, considers how exit may affect an investee's ESG/Impact sustainability. Before investing into a company, AfricInvest typically considers the expected profile of a potential buyer based on the company's business model, impact thesis, growth trajectory etc. with an eye toward what needs to be in place to support the exit. Moreover, AfricInvest shall seek to conduct exits to minimize any potential negative impact on stakeholders in line with the SDGs. In advance of exit, AfricInvest will aim to consolidate the ESG/Impact work completed to date and any positive outcomes achieved to ensure that such information is appropriately packaged for bidders to review and to ensure that the Fund is able to effectively communicate its efforts to existing and future stakeholders.

An ESG/impact exit assessment (either done internally or through an independent third-party specialist) may be commissioned to assess overall performance against set requirements, as well as to identify any issues of interest to a potential acquirer. The findings from this assessment may provide the deal team with the opportunity to respond to and potentially act on some and/or all ESG/impact-related issues prior to the transaction process. Moreover, these findings can include lessons learnt on ESG risk management that will be fed into the system.

In these exit conversations, we integrate impact as a key component of our sales proposition and we present bidders the business case of the company's impact accomplishments. In addition, we factor in a buyer's interest and capabilities to continue a company's impact strategy and performance in our own internal exit decision-making. We do this in the context of our fiduciary duties, which oblige us to operate in the best interest of our investors. In cases where investments have been completed with self-liquidating instruments, we seek to manage the timing and structure of payments such that required payments to the fund do not negatively affect the ESG/impact outcomes achieved by the portfolio companies. We target and achieve a responsible exit strategy ensuring the company's continued growth and contribution to Africa with a focus on environmental and social responsibility.

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.

AF IV, FIVE and THF

The tracking of key impact metrics through the Impact Screening Report will provide a recorded document of impact performance, including positive and negative risks, as compared to expected impact as assessed at the outset of the investment.

Each month, AfricInvest holds Screening and Review Committee (SRC) meetings dedicated to both the pipeline and portfolio companies. These meetings include Investment Officers, the Responsible Investing, Legal and Middle Office teams. During these meetings, investments made in alignment with the Impact Principles are flagged as either "on track" to achieve desired impact or "falling short" in achieving desired impact. A special meeting of the Screening Committee, including relevant Investment Officers and the Responsible Investing Team, will then be held to discuss lessons learned in achieving impact during the year. The Screening Committee shall focus particular attention on understanding why a given investment may have fallen short in achieving its intended impact. Notes of these Screening Committee sessions shall be taken and preserved in a searchable format to allow for future consultation in order to improve operational and strategic investment decisions.

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

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

AF IV, FIVE and THF

AfricInvest strongly supports open transparency and knowledge-sharing in support of the community of best practice around generating positive impact. This document detailing the alignment of key AfricInvest funds with the Impact Principles shall be made available publicly. At regular intervals, independent verification of the funds' alignment with the Impact Principles shall be assessed by internal third parties, who shall receive portfolio companies' Impact Screening Reports, this document, and access to Investment Officers and portfolio companies to verify impact performance.

The independent assurance report on the alignment of AfricInvest with the Impact Principles is available at www.africinvest.com. This independent verification was conducted by the Good Economy Partnership Limited ('The Good Economy' or 'TGE') between September and November 2022. The Good Economy is an impact advisory firm specializing in impact measurement, management and reporting.