

Verification Statement

Prepared for AfricInvest

6th December 2022

The Good Economy Partnership (TGE) was engaged by AfricInvest Global Manco to undertake an independent verification of the alignment of AfricInvest's impact management system with the Operating Principles for Impact Management ("the Impact Principles"). AfricInvest's assets under management covered by the Principles ("Covered Assets") total \$546.1 million as of November 30th 2022¹.

This Verification Statement summarises the conclusions of the independent verification, which took place between September and December 2022².

Summary Conclusion

Based on the assessment performed and the evidence we have obtained, TGE has verified that in all material respects the impact management system for AfricInvest's Covered Assets is aligned to the Impact Principles as of 30th November 2022.

Verification Methodology

AfricInvest's impact management processes and practices were assessed using The Good Economy's verification methodology, Impact Assured. Impact Assured verifies alignment with the Impact Principles and wider industry good practice, as well as providing practical recommendations on opportunities to strengthen impact systems. A detailed report on the verification findings has been presented to AfricInvest.

The verification was limited to AfricInvest's Covered Assets in the following funds: AfricInvest Fund IV (AF IV) and AfricInvest Financial Inclusion Vehicle (FIVE). Transform Health Fund (THF) was also assessed for its impact systems-in-place in advance of an expected first close in 2023.

Our assessment included:

- A desk review of documents related to AfricInvest's impact management processes and practices against the requirements of each of the Impact Principles³. This included reviewing AfricInvest's Disclosure Statement prepared in September 2022.
- Interviews with team members responsible for the design and operation of AfricInvest's impact management system.
- Interviews with investment team members to review, for each fund, the application of impact management policies and procedures on a sample of investments.
- Analysis against Impact Assured criteria to assess the clarity of impact management roles and responsibilities, alignment with the Impact Principles and emerging industry good practices, the completeness and accuracy of documentation related to the impact management system, and the evidence that impact management policies and procedures are being implemented⁴.

¹ The reporting period for this verification is from the 8th November 2021 (the date that AfricInvest became a signatory to the Impact Principles) to 30th November 2022. Assets under management as reported by AfricInvest. The Good Economy has not independently verified this figure.

² Principle 9 states "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."

³ TGE's assessment is based on information and documentation provided by AfricInvest. TGE is not responsible for the accuracy or completeness of the information provided by AfricInvest.

⁴ Impact Assured uses a set of 50 criteria to verify impact management systems. The criteria assess operational processes, as well as the overall orientation of incentives, strategies and resources towards impact creation.

- Presentation of assessment conclusions to AfricInvest, providing opportunity for clarifications and to discuss the implications of each finding.

Summary Assessment

The below table summarises findings and summary conclusions from TGE’s assessment of the extent to which AfricInvest aligns with the Impact Principles. A *low* level of alignment indicates substantial room for improvement, a *medium* alignment indicates some opportunity for improvement; and a *high* indicates limited or no need for improvement.

Impact Principle	AfricInvest Alignment	Level of alignment		Summary findings	
		THF	AF IV and FIVE	Strengths	Opportunities for improvement
1 Define strategic impact objective(s), consistent with the investment strategy.	Yes	High	Medium	- Clear Impact Objectives aimed at addressing unmet social and environmental needs	- Include definition of all key terms contained in Impact Objectives - Map alignment with SDG targets at fund level
2 Manage strategic impact on a portfolio basis	Yes	High	High	- Standardised and consistently applied process to assess impact potential and monitor performance - Financial incentives tied to impact (THF)	- Assure scoring criteria related to impact-linked incentives (THF)
3 Establish the contribution to the achievement of impact.	Yes	High	High	- Clear narrative on AfricInvest’s contribution to the achievement of impact for each investment	- Ensure investor contribution metrics are always documented - Include metrics that track progress towards the delivery of investor contribution mechanisms
4 Assess the expected impact of each investment, based on a systematic approach.	Yes	High	High	- Systematic assessment of ex-ante impacts using a standardised tool (Screening Report) that is aligned with industry good practices	- Assess duration of outcomes - Document alignment with Impact Management Project risk categories
5 Assess, address, monitor, and manage potential negative impacts of each investment.	Yes	High	High	- ESG risks and opportunities are systematically identified and documented with mitigation and management processes in place	- Document effects of ESG engagement activities
6 Monitor the progress of each investment in achieving impact against expectations and respond appropriately.	Yes	High	Medium	- Progress towards the achievement of positive impacts is monitored at the investment and portfolio levels	- Document all relevant data sources and responsibilities for data collection
7 Conduct exits considering the effect on sustained impact.	Yes	Medium	Medium	- Sustainability of impact, including from a stakeholder perspective, is assessed at exit	- Develop a tool to support the assessment of impact at exit
8 Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.	Yes	Medium	Medium	- The impact performance of each investment is reviewed and documented with actual results compared to expected	- Identify data quality risks

Limitations

For each fund we reviewed a sample of investments and associated documents. A 'walk through' interview to assess how impact is integrated across the investment process was conducted for each fund against this same sample. However, it is possible these investments are not representative of the wider portfolio.

Summary of competencies and independence of the verification provider

The Good Economy is dedicated to enhancing the role of business and finance in inclusive and sustainable development. Established in 2015, The Good Economy has rapidly established itself as a trusted adviser working at the forefront of impact investing in the UK and internationally. Our impact verification team has a combined 60 years' experience in sustainable development, impact investing and impact measurement. We are AA1000 Assurance Standard Licensed Providers.

Before commencing, The Good Economy examined its suitability to take on this role and confirmed that there was no conflict of interest. The Good Economy has never been contracted by AfricInvest to provide advisory services, nor have we advised on the development of any elements of AfricInvest's impact management system.

www.thegoodeconomy.co.uk