OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

Adenia Disclosure Letter

March 2022

PRESENTATION OF ADENIA PARTNERS

Adenia Partners is a private market investment firm committed to responsible investing and to a sustainable Africa. Founded in 2002, Adenia has successfully raised US$500 million across 4 funds. Adenia has a proven track record of strong and consistent performance with 31 platform investments executed and 17 realized exits. Adenia has one of the most highly qualified investment teams with longstanding, hands-on experience as entrepreneurs and investors based on the ground throughout Africa which gives Adenia local, in-depth knowledge and connections.

Throughout its activities, Adenia commits to minimizing adverse impacts and enhancing positive effects on the environment and all stakeholders of its investees. This commitment has been an integral part of our investment strategy: Adenia was an early adopter of the IFC Performance Standards and the CDC Code of Responsible Investment, with the first version of our Environmental and Social Management System dating back to 2011.

Over time, it became clear that more structure and formalization was needed to maximize the positive impact on our communities' wellbeing. In 2019, Adenia developed an in-house Impact Management and Measurement framework following the examples set by leading sources, including the Operating Principles for Impact Management, the Principles for Responsible Investment, the Sustainable Development Goals and the Impact Management Project. We've also gone to great lengths to solicit, adopt, and incorporate feedback from our investees' Management Teams.

Thanks to this rigorous and systematic impact approach, Adenia aims to create stronger companies with quality jobs and meeting the highest industry and environmental standards in order to create value for investors, while benefiting workers, communities, and companies in Africa.

For more information, please visit: www.adenia.com.

CONFIRMATORY STATEMENT OF ALIGNMENT WITH THE OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

Adenia Partners (the "Signatory") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Principles").

This Disclosure Statement applies to the following assets (the "Covered Assets"): Adenia Capital (III) and Adenia Capital (IV).

The total assets under management in alignment with the Principles are US$400 million as of 31st of December 2021.

Signed:

Name of Institution: Adenia Partners

Authorized Representative: Stephane Bacquaert

Title: Managing Partner

Date: 26/03/2022

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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.

Since its inception in 2002, Adenia has believed in the convergence of strong financial returns and positive contribution to the SDGs. We recognize that businesses have an urgent role to play in the transformation of our global production, distribution, and consumption model. As such, we have always chosen to be a responsible investor.

In 2019, we designed, with the support of Swedfund and IBIS (a premier emerging market sustainability consultancy), a systematic Impact Management and Measurement framework with the conviction that much more can be achieved when targets are clearly stated, outcomes monitored, and progress tracked and disclosed.

The framework integrates work from leading international sources, including:

- The Operating Principles for Impact Management and the UN Principles for Responsible Investment, as our blueprint for impact management
- The UN Sustainable Development Goals, which Adenia supports by appropriating some of the goals as our own
- The Impact Management Project, to measure the different dimensions of our impact
- The 2X Challenge criteria, to follow our progress on gender equality
- The GHG protocol, to measure our carbon footprint

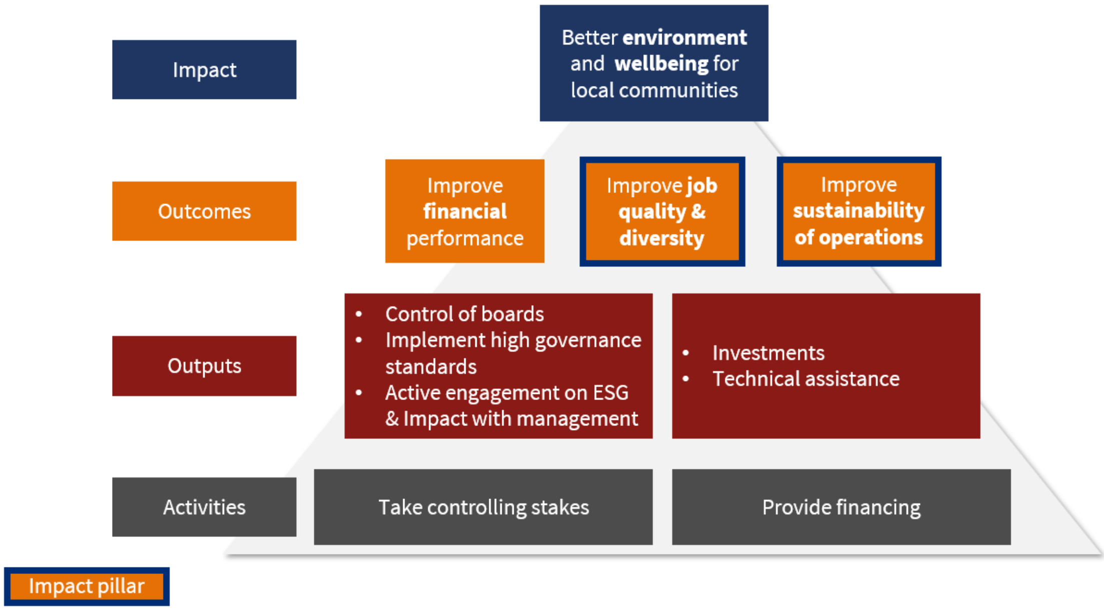
The framework is built on Adenia's Theory of Change which sets two main long-term impact targets, chosen because they are among the most pressing ones in Africa**,** and because we can shape them as a control investor:

(i) **The improvement of job quality and diversity (SDGs 5 & 8)**: More so than in any other region, having a job in Africa is not a simple pathway out of poverty, due to low earnings and poor working conditions in many situations. Being present in nearly 20 low-income countries in Africa, we therefore decided to prioritize job quality in our impact strategy. For us, job quality goes beyond the salary earned by employees (salary paid to non-management employees compared to legal minimums of each employee's category). We also consider (i) wellbeing; (ii) growth opportunities as measured by objective indicators; (iii) job satisfaction measured by an annual survey of all employees; as well as (iv) gender equality & diversity at all levels of the organization. Our aim is to improve job quality at Adenia Partners and our investees and to have 50-75% of our future companies aligned with the 2X Challenge.

(ii) **The sustainability of operations (SDGs 9 & 13)**; Our investees' industrial and environmental risks are generally limited. However, their sustainability can still be improved through investments and industrial processes targeted at improving operations and infrastructure and reducing their environmental footprint. This is particularly important in Africa, which is expected to be the most impacted by climate change. Our vision is that all of our investees align their processes with world-class standards. As such, we seek that all of our investees have at least one international certification in place that is relevant to their sector. We also measure the carbon footprint of each of our investees and all our offices and support them by implementing action plans to reduce the intensity of their carbon emissions. Finally, our goal is that before Adenia's exit, our investees have implemented a resource efficiency program and put in place initiatives to reduce or compensate for their water consumption, energy consumption, and waste impacts.

Finally, we believe that whenever relevant, our companies should contribute to the advancement of sector-specific SDGs. These SDGs are identified during the Due Diligence phase by Adenia's investment team in an investee-specific Theory of Change, that also sets targets and determines the initiatives to be implemented to shape outcomes.

Theory of Change of Adenia



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.

In order to follow our portfolio impact achievements, we developed an impact scorecard that incorporates both Adenia's overall Theory of Change and each investee's Theory of Change. This scorecard identifies and tracks the relevant key performance indicators developed using the SDGs, IRIS+, and other existing frameworks. This scorecard is:

- **Tailored to Adenia's impact strategy.** The measurement system is in line with Adenia's Theory of Change and our impact pillars.
- **Favoring maximal positive impact** as we also measure specificities of each company, with the measurement of its specific impact.
- **Adjusting scores for potential negative risks** because we believe that impact measurements are effective only when they measure the net total impact being generated.
- **Data- and beneficiaries- driven**, relying both on objective data as well as direct feedback from employees.
- **Comparable.** The measured outcomes are turned into an impact score that takes into account the five dimensions of impact of the Impact Management Project (IMP). This allows each company's impact score to be compared to one another.
- **Actionable.** The measurement methodology has a practical value as it identifies the specific lags of each company with regards to Adenia's impact goals. Action plans can be derived each year from the results of the measurement.

A score of 100% on the scorecard means that all of Adenia's long-term objectives are achieved.

Each investee is scored on an annual basis. Using these scores, we compute a portfolio-wide annual score to assess our achievements and determine the area where we should increase our efforts. We leverage our controlling positions in investee companies to maximize their individual impact: each Investment Manager works closely with the management team to integrate these recommendations. There is no financial incentive to date for our investment team, but this may be considered in the future as best practices emerge.

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.

Adenia is one of the very few private equity firms in Africa that invests exclusively in controlling stakes. This controlling strategy offers a unique opportunity for entrepreneurs and companies wishing to fully or partly exit from their business while ensuring a promising future for their venture and stakeholders. Creating meaningful financial and extra-financial value in our portfolio companies is core to Adenia's investment approach. To enable this, we establish ambitious transformation plans for each investee company to transform them into growing and profitable businesses that are in line with international best governance and operational practices. Significant team and financial resources are mobilized to achieve such plans, and the roll out is catalyzed by Adenia's controlling shareholder positions.

Adenia considers ESG and Impact factors as integral parts of these transformation plans. Hence, every company that Adenia invests in is subject to an ESG and Impact due diligence, whether executed internally or with the help of external experts.

In particular, prior to investing in a company, we design each investee's Theory of Change in conjunction with the management team, by identifying areas where the company has — and can have — the greatest impact. Qualitative targets are defined pre-investment while quantitative targets are set within the first 12 months post-investment, following the determination of baseline data. The Theory of Change serves as a map that defines the required steps to achieve these targeted outcomes. The two Adenia impact pillars (Job Quality & Diversity and Sustainability of Operations) are included in the Theory of Change of each company, together with their own specific impact targets. These assessments are used to develop prioritized ESG and Impact action plans. For example, the Theory of Change includes gender action plans to address gender gaps and advance diversity at each company as well as a specific GHG action plan with reduction and offsetting measures.

Each Investment Manager closely monitors the advancement of these action plans through monthly executive committees and ad-hoc ESG meetings with the management teams, as well as through board meetings that are typically controlled by Adenia.

Impact measurement is performed yearly, as we believe that which gets measured gets managed.

Overall, as a control investor, Adenia provides additionality through:

Value creation

Organic/external growth

Organizational change

Operational improvement

ESG & Impact enhancement

Levers

- **Recruitment of talents** (internally or externally) to steer the value creation plan. This includes, among others, CEOs, CFOs, CTOs and ESG/HR/QHSE managers. Specifically, roles and responsibilities are assigned to ensure that ESG and Impact aspects are managed adequately in each investee
- **Implementation of robust governance systems** to enable better financial steering and processes
- **Access to a large network** in and outside Africa that enables compagnies gain new clients, new suppliers etc.
- **Strategic support** by Adenia's Investment Managers who support management teams in developing investees' overall strategy, including their impact strategy
- **Capacity building** through the organization of coaching and training programs. These include among others, dedicated ESG and Impact trainings to raise management teams' awareness whilst provide them with tools to mitigate ESG risks and maximize positive impact
- **Investments** in infrastructure and equipment to support companies' growth and modernization. Overall, 100% of Adenia's mature or exited industrial investees have undergone major infrastructure investments, either through new modern construction or through extensive upgrading programs of their existing facilities
- **Access to financing,** either from Adenia, from external commercial lenders or from technical assistance grants. The latter are financing lines mobilized to support investees in projects typically involving knowledge transfer, standards improvements and impact projects. More than US$2 million of grants were allocated to investees on these projects

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.

Prior to investing, Adenia defines a preliminary Theory of Change for each investee. This serves to identify areas where Adenia has — and can have — the greatest impact, as well as establishing qualitative targets. Shortly after the acquisition, the Theory of Change is refined to include performance indicators to be followed throughout our investment, developed using the SDGs, IRIS, 2X Challenge criteria, GHG protocol, and other existing frameworks. We choose indicators that can be measured, that we can influence, and that are impactful.

Based on this Theory of Change and Adenia's impact scorecard, the ESG and Impact team calculates a baseline scoring on the three main components of impact:

1. **The Job Quality & Diversity Score**

This score captures the qualitative aspects of the jobs at Adenia's investee companies, and is composed of:

- A score from:
  - A survey of all the employees of a company to understand employee satisfaction in regard to their work environment.
  - A list of objective criteria, such as salary paid per non-management employee, access to benefits, gender equality, or the frequency and severity of workplace incidents and accidents.
- The four remaining dimensions of impact as defined by the Impact Management Project, enabling the gauging of impact according to:
  - The beneficiaries of the impact [who]
  - The depth, scale, and duration of the impact generated [how much]
  - The extent to which the impact is attributable to the investment [attribution]
  - The risk that the expected impact does not occur [risk]

2. **The Sustainability of Operations Score**

This score captures the alignment of Adenia's investee companies against international standards of operation, the quality of their infrastructure, and their environment footprint. The score stems from:

- A list of objective criteria, such as the obtention of international certifications, the use of modern infrastructure, and the assessment of their carbon footprint
- The dimensions of impact from the Impact Management Project

3. **Specific impact score**

For companies we invested in prior to improving our impact framework (2020), the score is based on:

- The extent to which the company contributes meaningfully to an SDG / impact area that is not in one of Adenia's core areas
- The extent to which stakeholders outside the company benefit from the impact that is achieved
- The extent to which the impact area is built into the core business operations and strategy of the company

For acquisitions made after 2020, an improvement was added to the specific impact score to include an investee specific Theory of Change. This is developed alongside the management teams to refine the measurement of the company's specific impact by setting quantitative targets and metrics. From 2022, all companies are also assessed against 2X Challenge criteria and we will make our best efforts to align each of our portfolio companies with at least one 2X Challenge criteria.

Based on this preliminary assessment, we define quantitative targets on all the components of these three scores, which gives us an estimation of the concrete positive impact that can be expected from the investment.

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.

Adenia's ESG policy is based on the IFC's approach to environmental, social, and governance best practices and the CDC's guidance to ESG risk management. Our management system, and that of the investee companies, address Environmental and Social (E&S) risks in compliance with:

- Applicable E&S Laws in the country of operations, including laws covering environmental impacts, labor rights, social issues, corporate governance and those intended to prevent extortion, bribery, corruption, and financial crime
- IFC Performance Standards
- International Labor Organization (ILO) Core Labor Standards and ILO Basic Terms and Conditions of Work
- The International Bill of Human Rights including the United Nations (UN) Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights
- The Charter of Fundamental Rights of the European Union
- Applicable EU environmental law, notably the EU EIA Directive and the nature conservation Directives, as well as sector specific Directives and "cross cutting" Directives

Each investee is subject to an ESG risk assessment and regular monitoring through its entire life within the portfolio. During initial screening, potential investees are categorized along six dimensions of ESG based on IFC's categorization. A formal ESG risk audit and assessment is conducted as part of the due diligence process, using either internal or external resources depending on the level of risk of the investment.

The investment is completed only after an ESG action plan is outlined and agreed upon with the management team.

During the holding period, progress towards the ESG action plan and KPIs is regularly monitored and reported on, with regular updates and next steps provided as part of the monthly strategic committee meeting held for each investee.

Adenia's impact scoring methodology integrates eventual negative externalities generated by investee companies (e.g. work accidents, strikes, pollution incidents)

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.

Once a year, a data request is shared by the Investment Manager to the person or team responsible for ESG at each investee company. Information collected consists of objective data (including financial data, employee data, gender-disaggregated data, QHSE data, carbon footprint) as well as the results of an employee survey run in each investee.

Data is used by the ESG and Impact team to compute the impact score of the company, as described in Principle 4, and to check alignment with 2X Challenge criteria. This scoring is complemented with a gap analysis against baseline score and targeted outcomes as well as with an updated improvement plan.

This updated plan is discussed with the Investment Manager and shared with the company's top management for implementation. Quarterly meetings are held to follow the correct implementation of the identified measures.

The individual investee scores and Adenia's portfolio score are presented to Adenia's top management and reported annually to Adenia's LPs in the ESG and Impact report, which also includes, among others, an overview of the ESG activities of each investee, their progress on action plans, and an assessment of the management system of each investee.

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.

Throughout Adenia's holding period, an important goal is to ingrain ESG and Impact practices within the company's very culture, that is aimed to outlive Adenia's tenure as a shareholder. This is done by:

- Organizing training and awareness-raising sessions for investee teams
- Having investees develop formalized ESG Management Systems that include roles and responsibilities, policies and procedures, risk assessments or reporting systems
- Holding management teams accountable with reporting requirements against action plans, KPIs and ESG incidents

Adenia's end goal is to create long-term sustainable value. Adenia identifies potential bidders as early as the pre-investment phase. Our universe of bidders is usually composed of international strategic players and investment funds who also have ESG requirements. The value creation plan that we develop in each investee integrates elements that we have identified as key for these prospective bidders when taking over a controlling stake in the companies. These elements include proper governance and sound operations regarding HR, Health and Safety, Waste Management, Community Management or Product Quality. 67% of our companies have obtained international certifications of good standards on these dimensions (e.g. ISO 14,001, ISO 45,001, HACCP)

During the exit process, our team pays special attention to raise the ESG and Impact awareness of the buyer. We highlight key achievements and remaining gaps on ESG and Impact practices, usually based on pre-exit monitoring visits conducted by external consultants, to potential bidders. To date, we have sold 80% of our companies to strategic buyers for whom the ESG processes implemented by Adenia and the management were an important investment criteria.

To complement this, very early in our exit process, we run extensive background checks on bidders to ensure that they have a good reputation. In addition, whenever possible, the deal team ensures continuity to the sound ESG and Impact practices under the new owner by integrating dedicated clauses in the exit documentation.

Finally, Adenia team draws the key lessons learned from an investment after an exit. This includes ESG and Impact lessons.

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.

The expected impact performance of an acquisition is estimated before investment and agreed upon with the investee's management team.

Quarterly ESG and Impact meetings are held with the investee's top management to discuss key initiatives, responsibilities, potential delays in the action plan, and remedies. An annual scoring and reporting framework is prepared using data prepared by the management, collected and reviewed by the investment team and by the ESG and Impact team. Together, they define corrective action plans to improve operations.

On a case-by-case basis, we perform a thorough impact assessment, analyze the monetary value generated by our impact for the beneficiaries, and identify areas where we could have performed better.

At the Adenia level, the Impact framework was developed in 2019 after consulting Investment Managers and some investee management teams to ensure that the framework is both practical and meaningful.

The framework is regularly updated to incorporate best practices seen on the market, new impact dimensions and lessons learnt from the investments. In 2020, we added reporting requirements on the Covid-19 impact on employees. In 2021, we rolled out an external carbon footprint measurement across the portfolio and added a special focus on gender equality and gender-disaggregated data. All these initiatves will contribute to a better understanding and targeting of where Adenia and its investee companies can have the greatest impact.

An ESG and Impact team composed of 5 teams members (one Managing Partner, one Investment Manager and 3 Associates) follows closely all impact initiatives and achievements within the portfolio.

Every year, team members are trained on ESG and Impact topics.

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.

This Disclosure Statement re-affirms the alignment of Adenia impact management systems with the Principles. It will be updated annually.

The independent assurance report on the alignment of Adenia with the Operating Principles for Impact Management is available here. The verification will be replicated at least every 3 years.

The independent verifier is Better Way (36 avenue Jean Jaurès, 75019 Paris).

Qualifications: “Better Way is an independent consulting company, dedicated to ESG and Impact investing and impact measurement. It is led by Elodie Nocquet, an impact expert with a decade of experience in impact investing, who took part in the 2018 consultation process around IFC Operating Principles for Impact Management. For more information on Better Way, please visit the website: https://www.betterway.net/”

Most Recent Review: March, 31st 2021