Adenia Partners

Confidential

Climate Action Report | 2023

Aligned with the TCFD recommendations and IFRS S2

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Committed to responsible investing. Committed to a sustainable Africa.

Since our inception in 2002, Adenia Partners has been making value-based investments in promising African companies, and taking responsibility for guiding them to sustainable growth. We integrate environmental and social considerations into all of our investment and business activities, with an increasing focus on climate-related risks and opportunities. Our goal is to create stronger companies, while supporting quality jobs and fostering economic growth, and supporting our companies in meeting best-in-class ESG standards, including climate change mitigation, climate resilience and adaptation.

Africa is one of the most vulnerable continents to climate change and climate variability, despite having the lowest per capita carbon emissions and accounting for less than 4% of global GHG emissions. Given that all sectors have an opportunity to contribute toward global and local climate action goals, direct private capital providers on the continent are uniquely positioned to enable and support a low-carbon transition in the real African economy.

This report is an **interactive PDF** and page references are linked throughout.

Feedback and enquiries

We welcome the opportunity to respond to any queries you may have about the contents of this report, and value any feedback that enables us to enhance the quality of our investor reporting.

Please email any feedback or enquiries to Adenia Investor Relations at ir@adenia.com

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01 | Introduction

About this report

This is Adenia Partners' first climate action report, aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The purpose of this report is to communicate our position on climate change, climate change governance, climate action strategy, and how we manage climate risk throughout our businesses.

We note the International Sustainability Standards Board (ISSB) issue of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), to provide a consolidated global standard for sustainability-related disclosures worldwide. The IFRS Foundation now monitors progress on companies' climate-related disclosures, with IFRS S1 and IFRS S2 fully incorporating the recommendations of the TCFD.

Adenia will evaluate our alignment to the IFRS S1 and S2 standards and work to mature our adherence to the standards going forward. We see this alignment as an opportunity to better understand the risks and opportunities associated with climate change, and improve our reporting processes to meet the needs of our partners and other stakeholders.

For additional information on our ESGI approach, please refer to our Environmental, Social & Governance Policy 2023 and our disclosure statement for Operating Principles for Impact Management.

IFRS®

Established in 2002, Adenia has developed extensive experience as a control investor in Africa's private equity sector, earning a reputable position through our continuous growth and dedication. Our longevity is underpinned by a unique strategy that leverages our majority ownership status to drive our value-creation agenda at portfolio companies, and to determine our exit timing and strategy. Over the past 22 years, our strategy and values have driven our growth, enabling us to expand our geographic footprint and become a truly Pan-African organisation.

22 years of growth in Africa

2002

Adenia partners founded.

2003 – AC(I)

Final close: 2003	Total commitments: €10m
Number of investments: 6	Number of exits: 6

2004

2007 – AC(II)

Final close: 2007	Total commitments: €37m
Number of investments: 7	Number of exits: 6

2008

IFC performance standards-aligned ESAP implemented.

2011

Adenia-level ESMS adopted. The system aligns with notable DFI investor standards, including IFC, FMO, DEG and EIB.

2012 – AC(III)

Final close: 2012	Total commitments: €96m
Number of investments: 8	Number of exits: 6

2013

Expansion into West Africa, with offices in Ghana & Côte d'Ivoire.

2016

Strengthened our ESMS, appointing an IC member responsible for ESG management at Adenia level.

2017 – AC(IV)

Final close: 2017	Total commitments: €230m
Number of investments: 9	Number of exits: 0

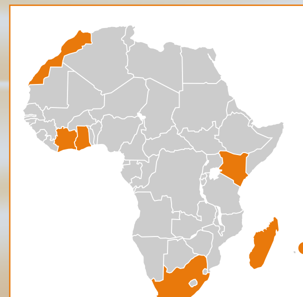
2019

- Developed our impact management and monitoring framework.
- Became an OPIM signatory.
- Became a PRI signatory.

2020

- Undertook our first carbon footprint assessment.
- Independent verification of our impact framework.
- Established our definition of an investee theory of change.

2021



- Adopted a 2X aligned gender policy and carbon commitments at Adenia and investee level.
- OPIM Chairmanship.

2023

Established a dedicated ESGI team.

2024 – AC(V)

Total commitments: $470m

- Awarded 2X Flagship Fund status in 2023.
- Two investments made with 10 planned.

Key: Final close | € & $ Total commitments | Number of investments | Number of exits

In **2024**, we also published our first climate report, which is TCFD and IFRS S2 aligned. Additionally, we became **UN Global Compact signatories and Initiative Climat International members.**

Our value statement

Profitably and ethically invest in African businesses, making them stronger and more sustainable, ultimately contributing to the wellbeing of Africa and its people.

22 years of responsible investing for a sustainable Africa

Who we are

Adenia Partners is a private markets investment firm committed to **responsible investing for a sustainable Africa**. We make control investments, taking majority ownership positions to ensure we have the influence we need to bring about change in our portfolio companies.

Control + **Intentionality**

Strategy definition

- Define a profitable, value-accretive, and **sustainable business strategy.**
- Integrate **ESGI and business integrity plans** into the business plan.
- Ensure strategic commitments to **gender-smart practices, human rights and feasible climate goals.**

Promoting positive change

Talent appointments

- **Align our interests and intent** with key hires and existing managers.
- Leverage experts to execute strategy and action plans.
- Recruit to promote **diversity and equality.**

Transforming businesses

We take an on-the-ground, hands-on approach to create stronger companies with quality jobs, foster economic improvement, and elevate companies to enable them to meet ever more stringent ESG standards. In doing so, we increase enterprise value for investors while also benefiting African communities and companies – improving social and economic conditions and minimising harmful environmental impacts.

We fully integrate considerations of gender and environmental impact (particularly as this relates to climate change) into our responsible and profitable investment approach. We demonstrate our strong commitment to environmental and social concerns through equally ambitious goals:

- **Gender:** we are one of the few Africa-focused fund managers to be awarded 2X Flagship Fund status.
- **Climate change:** as a firm, we have committed to becoming carbon neutral by 2027 and to reducing the carbon dioxide (CO_2) emissions intensity of all our portfolio companies.

Our loyal, high-calibre investor base comprises more than 40 institutional investors, including development finance institutions (DFIs), pension funds, family (or multi-family) offices, foundations, and individual investors, many of whom have been with Adenia since our first fund, AC(I) (2002). Historical investors cite Adenia's strong financial and impact returns, as well as our ability to consistently meet strategic targets as their primary reasons for returning and increasing their commitments. We wholeheartedly appreciate the support and trust of our investors and look forward to many more decades of responsible investing.

Our active funds

AC (V)
Investee companies:

Investing

__Investor base:__ 30 public and private institutional investors, family offices and high net worth individuals (HNWIs). These include Blue Earth, Bpifrance, Casey Family Programs, DEG, DFC, EIB, FMO, IFC, Norfund and Findev Canada, PIC, Proparco, SIFEM and South Suez Capital. Fundraising to close at 31 March 2024.

AC(IV)
Investee companies:

Value creation

__Investor base:__ 31 public and private institutional investors, family offices and HNWIs. Directors and senior managers of Adenia Partners collectively hold 4% of the fund. The base includes Axia Venture Investments, BII, BIO, Bpifrance, DEG, EIB, IFC, OeEB, Old Mutual, Proparco, SIFEM, SIPF and South Suez Capital.

Note: The Courier Guy is an AC(V) investment as of 2024.

AC (III)
Investee companies:

Exiting

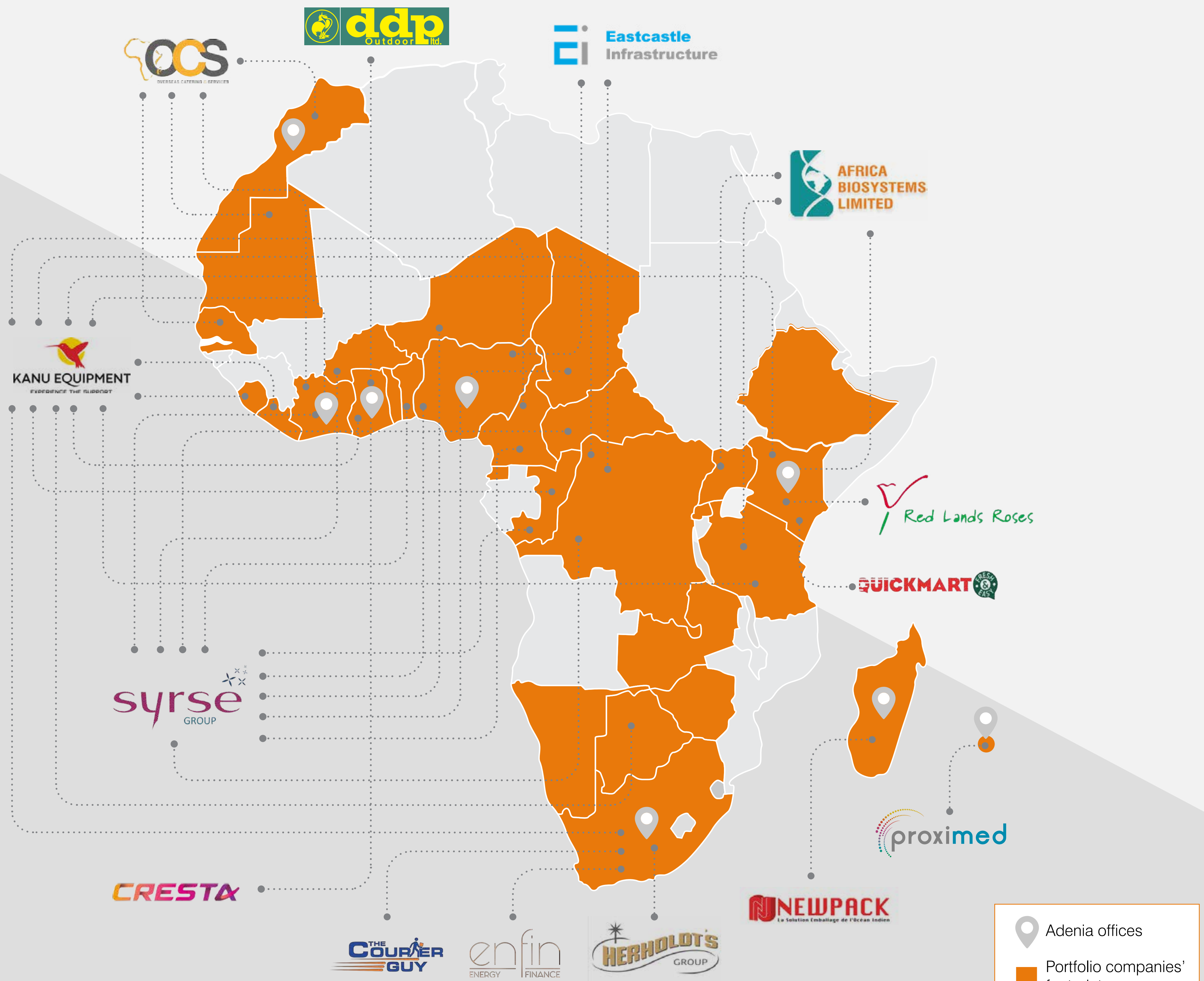
__Investor base:__ 17 reputable international institutional investors, African and European individual investors, and HNWIs. Directors and senior managers of Adenia Partners collectively hold 5% of the fund. Investors include BII, BIO, BNP Paribas, DEG, EIB, FMO, IFC, Kuramo Capital Management, Swedfund International, and the Sugar Industry Pension Fund of Mauritius.

Our sector-agnostic, Pan-African investment strategy allows us to build portfolios that are diversified across industries, economies, and currencies. Our investment track record – across 20 distinct industries in 25 countries, with a local presence in seven countries – enables us to take on the challenge of creating regional champions across the continent. While we maintain strong positions on specific industries and economies, our investment philosophy is more accurately characterised by our adaptability to specific situations rather than adherence to overarching themes. Our reputation as a reliable and seasoned investor is grounded in our ability to support and enhance management teams, driving value creation throughout ownership transitions across various industries and economies.

Adenia invests in a diverse portfolio of companies:

- Retail
- Agribusiness
- Catering services
- Telecoms
- Distribution
- Manufacturing
- Healthcare
- Renewable energy
- Heavy machinery supply

Where we are



Note: Accra office closed effective 1 January 2024.

Operating in and remaining responsive to the African context

The continent is marked by:

A unique demographic profile and population growth:

- By 2050, the population is expected to reach ~2.5 billion.
- The population of working-age people (25-64 years) is growing faster than any other age group.
- Urbanisation is rapidly increasing[1].

These shifts have profound impacts across various sectors

A **growing working middle class, increased purchasing power**, and technological advancements impact consumer goods manufacturing, retail chains, shopping malls and distribution networks.

Changing consumer preferences and increased access to the internet are impacting the way that consumers choose to engage with retailers, leading to growth in **e-commerce and digital retail**.

A **rapidly evolving financial services landscape** characterised by increasing digitisation and innovations in financial technology opens the door for greater financial inclusion and efficiency gains.

Recognition of Africa's social imperatives should underpin investor approaches to Africa:

Many countries across the continent are marked by systemic inequalities and discrimination (reinforced at the local and global level). **Social equity and inclusion** must be supported, with access to opportunities and resources made available to all.

Unlocking women's capacity and active participation in local economies enables contribution to socioeconomic development[2], making **gender equality and women's empowerment** central to economic growth.

Investment in **skills development and training initiatives** are required to ensure a workforce that is fit-for purpose and supported to achieve continued employability, job stability, and social mobility. A greater focus is needed on equipping Africans with the skills needed for the jobs of the future.

Key needs for the continent:

Accessible and affordable quality healthcare services, including pharmaceuticals, medical devices, and innovation.

Sustainable agriculture is reliant on sustainable farming practices, investment and appropriate technology. This, together with enabling policies and building climate change resilience, improves **food security** in a context often characterised by scarcity.

Investment in critical infrastructure – this boosts economic productivity, facilitates sustainable economic growth and human development, and has the potential to vastly improve standards of living[3].

Climate change is a global existential threat that disproportionately impacts Africa – mitigation, adaptation and resilience are key for the survival of continent's people and economies:

Accelerating and scaling clean energy technologies to enable **a just transition to renewable energy** is crucial for inclusive economic growth. This is heavily reliant on whether these technologies can be made affordable and accessible[4].

Climate change resilience is central to the continent's ability to weather the intensifying impacts of a changing climate – this requires building **adaptive capacity** to manage climate-related risks and impacts[5], as well as capitalising on any opportunities that arise.

Ensuring that the natural environment is conserved and that biodiversity and Africa's natural capital are preserved, is essential for mitigating some of the effects of climate change (e.g. flooding) and for preserving key industries and livelihoods.

Africa is perceived as high risk in terms of business investments. One of the primary reasons for this is the perception of high levels of corruption and poor corporate governance. To thrive in a global market, African businesses must demonstrate their commitment to integrity through their practices and proven impacts:

Business integrity, governance strengthening, and transparency initiatives are foundational to building adaptable and resilient businesses.

Achieving SDGs – the UN SDGs provide a framework through which investors, governments, and the private sector can address key development needs, with the primary aims of ending extreme poverty, fighting inequality and injustice, and tackling climate change[6].

As a value-based investor, Adenia monitors and manages a wide range of social and environmental risks and opportunities that affect our portfolio businesses. Our clients are asking how to prepare their portfolios for the physical effects of climate change and the transition to a low-carbon economy. As a generalist private equity manager of different funds, we continue to evolve our business strategy, governance, and risk management processes to account for climate-related impacts on our business and investments.

Adenia has developed a comprehensive ESG policy to guide its approach to climate change as well as other development priorities across the investment cycle, including climate change. We have updated our governance structure to enhance oversight and monitoring of climate-related risks and opportunities, and are working to improve on our climate change disclosure. Our first climate action report reflects the integration of climate change considerations throughout our business operations.

Private equity has an important role to play in promoting the reduction of greenhouse gases and building climate resilience on the African continent, while allowing companies to grow and develop in a responsible and sustainable manner. Adenia supports the temperature and adaptation goals of the Paris Agreement, and are committed to achieving carbon neutrality by 2027 for our own operations. We will also set targets for our investee companies to reduce their carbon intensity over our investment holding period and beyond.

We have completed a detailed baseline carbon footprint assessment of all investee companies in AC(IV). With an accurate measure of the carbon footprint for each investee, we can develop tailored decarbonisation action plans. We also completed a detailed carbon footprint assessment of our own operations, including third-party assurance of approach to guide us toward our 2027 carbon neutral target.

In October 2023, Adenia Partners announced its first investment in AC(V), with a closing fund size of US$470 million, revised up from the initial US$400 million. Our first investment was in the renewables sector, with the acquisition of Energy Finance (Enfin), a solar financing solutions provider serving commercial and industrial clients across South Africa. Enfin funds, maintains and insures solar solutions, enabling clients to achieve their sustainability goals with no risk nor capital expenditure requirements. It aims to own, build, and operate more than 100 megawatts (MW) of solar assets over the next five years, with potential to avoid more than 200 000 metric tons of CO_2 emissions per year.

We have made tremendous strides in the past year. We are pleased to share our accomplishments in this report and remain confident that we are on the right path to create and sustain value in our portfolio, while driving positive impact in critical areas for Adenia, our investors and for Africa. We appreciate your interest and support as we continue to drive urgent climate action across the continent with deliberate mitigation and adaptation strategies. We look forward to sharing our progress with you in the years ahead.

Stephane Bacquaert
Managing partner

“The past year marked a turning point for Adenia Partners in the formalisation of our climate goals and commitments. In raising capital for our fifth flagship fund, Adenia Capital V ((AC)V), we sharpened our focus on our climate change strategy and governance and enhanced our ability and capacity for implementation.”[7]

A message from our managing partner

Our position statement

On climate change

Despite Africa's minimal contribution to global GHG emissions, the continent remains significantly vulnerable to the adverse impacts of climate change. With much of its ecosystem threatened, the continent faces increasingly severe socioeconomic, health, and environmental consequences. In line with our longstanding view that private capital must play its part in supporting climate resilience across the continent, Adenia has refined our approach to climate action over 2023.

This past year marked a turning point in formalising our climate goals and commitments. Together with the launch of AC(V), we have formulated our climate change strategy and enhanced Board oversight and governance of ESGI (particularly climate). We have also increased our implementation capacity and capabilities – accelerating our progress in these crucial areas across our active funds[8].

2023 highlights

- Published our **inaugural climate action report.**
- Conducted **baseline assessments** for Adenia and all AC(IV) companies.
- Disclosed **AC(IV) financed emissions** for the first time (PCAF-aligned).
- **Secured limited assurance** for Adenia's Scope 1, 2 and 3 baseline and 2023 emissions.
- Conducted **climate-related training** for representatives from Adenia and our portfolio companies.
- Joined **Initiative Climat International**.

Our position statement on climate change

Our position statement is the foundation of our climate strategy and guides our approach to climate action.

Impact on Africa	Climate change threatens the lives and livelihoods of millions of people on the African continent, and despite contributing only a small fraction of global GHG emissions, the continent is disproportionately impacted by the adverse effects of a changing climate. Extreme weather events have had disastrous impacts across the continent.
Position taken by African heads of state	The Nairobi Declaration on Climate Change, signed by African heads of state, acknowledges that "climate change is the single greatest challenge facing humanity and the single biggest threat to all life on Earth. It demands urgent and concerted action from all nations to lower emissions and reduce the concentration of GHGs in the atmosphere."
Private sector responsibility	Adenia Partners supports the temperature and adaptation goals of the Paris Agreement, and we recognise that the countries where we invest have formally committed to addressing climate change as signatories to the Agreement. The private sector has a responsibility to help achieve these domestic and international objectives, regardless of their carbon intensity or the scale of their carbon footprint.
Adenia's approach	Adenia Partners is pursuing a comprehensive approach to address the risks and opportunities associated with climate change, including: (1) integrated, climate change governance, (2) risk management procedures, (3) climate-smart investments, (4) carbon footprint assessment and target setting, and (5) public disclosure.
Adenia's strategy development	Adenia Partners is fully attentive to the development imperatives of the African continent and therefore it is our duty to develop a climate strategy that is calibrated to the needs on the ground, while also responding to domestic and global goals. We require all of our investee companies, regardless of size or sector, to understand their carbon footprint – Scope 1, Scope 2, and Scope 3 emissions — and we hold ourselves to that same standard, compiling an annual inventory of our GHG emissions. We are committed to incorporating ESG risks and impact opportunities into all prospective and existing investment analysis and decision-making processes.
Our Objective	Adenia Partners will work with all of our investee companies to develop credible action plans for decarbonisation and climate resilience. Again, we hold ourselves to the same standard. We are also committed to reducing GHG emissions from our offices and business operations. Adenia Partners is committed to achieving carbon neutral status for our business operations by 2027 for Scope 1, 2, and 3 emissions through a combination of avoidance, reduction, and offsetting measures.

Our approach to climate action

Our approach to climate action is constantly evolving to ensure we (and our portfolio companies) remain aligned with best practice. Our approach has progressed dramatically over the past four years – beginning with conducting carbon footprint assessments (for Adenia and portfolio companies) in 2020, to now including multiple process and outcome commitments, largely driven by AC(V) requirements

AC(V) commitments

- Incorporating climate risks and impact assessment into our investment approach.
- Implementing a comprehensive approach to address the risks and opportunities associated with climate change across our investing activities.
- Enhancing our climate-related disclosures, aligning these with TCFD recommendation and IFRS S2 disclosure standards.

AC(V) commitment-driven targets:

adenia

Carbon neutrality for Scopes 1, 2, and 3 by **2027**.

AC(V) investees

Reduced CO_2 intensity over the life of investment for all investees.

We achieve these targets by:

Adenia:

- **Monitoring** annual GHG emissions.
- **Reducing** our emissions, partly through green energy initiatives.
- **Offsetting** emissions through high social impact reforestation projects in areas in which we invest.

AC(V) investees:

- **Monitoring** annual GHG emissions.
- Defining specific action plans – including reduction and **offsetting measures** – for each portfolio company.

Note: baseline assessments for portfolio companies will be performed by Adenia's environmental officer, with reduction targets defined 15 months post-investment.

How we are addressing our climate-related commitments

We are in the process of laying the foundation for a sound, prudent and responsive approach to meeting our commitments. This year we published our first climate action report, aligned with TCFD recommendations and IFRS S2 disclosure standards. The report communicates, in detail, our position on climate change as well as the progress made – and status of – our climate governance approach, climate action strategy, and how we manage climate risk. We welcomed this opportunity to embark on a journey towards accountability and deeper reflection on climate change, developing (with expert support) an approach to climate action that is appropriate and feasible for an organisation of our scale, reach, and stated ambition. Perhaps most significantly, the process included conducting a gap analysis against our peers and IFRS S2, enabling us to understand our current level of maturity and any gaps we need to address going forward. Our inaugural climate action report is available on the Adenia website.

Over 2023, we also developed a process for integrating climate change monitoring and commitments across the investment cycle:

Initial screening	Due diligence	Investment monitoring	Exit
• Exclusion check. • Risk categorisation.	• Due diligence report to understand GHG emissions and climate-related risks and opportunities. • Preliminary theory of change developed – aligned with the UN SDGs.	Portfolio companies will: • Strengthen commitments to reducing GHG emissions. • Revise ESGI guidelines to include annual emissions reporting. • Develop climate action plans, including baseline carbon footprint assessments, carbon intensity reduction targets, and carbon reduction measures. • Report on avoided emissions.	• Support best-in-class climate practices. • Portfolio companies' valuations will be affected by their sustainability and climate credentials.

The case for private equity in Africa

Private equity is an investment asset class that involves making equity investments in unlisted companies. At Adenia, we believe that private equity has a critical role to play in strengthening Africa's businesses, creating jobs, and driving economic growth and development. Alongside providing capital for companies to invest in their operations, we also provide expertise to help them sustain their businesses for the long run, including a strong focus on ESG management and generating developmental impact.

Access to capital can be a major hindrance to private sector development in Africa. Private equity investors, among other financial institutions, can help to bridge that gap. Small and medium enterprises (SMEs), in particular, often struggle to survive and grow into larger, established firms due to financial constraints. Yet, SMEs represent the majority of private businesses and account for the majority of employment in most African countries.

Adenia takes controlling stakes in leading mid-sized companies in their sectors. At December 2023, AC(IV) investees employed approximately 11,714 people across Sub-Saharan Africa, an increase since acquisition. By partnering with companies to grow their operations, improve their resource efficiency, and manage their operations, we ensure they are better positioned to sustain job creation through the investment cycle and beyond exit.

Adenia invests across a wide range of industry sectors, providing essential services, including food production, healthcare, telecommunications, and clean energy solutions. We believe that such private equity investments, focused on providing essential services and contributing to broader sustainable development goals, tend to be more resilient in the face of economic headwinds.

Private equity investors provide an important source of capital and business acumen to drive economic growth and development in Africa.

Introducing Enfin

Company: Energy Finance
Country: South Africa
Sector: Renewable
Investor: Adenia Capital V
Investment: Equity

Impact highlights
Enfin has delivered **31** solar projects since inception in March 2022, improving energy reliability and reducing carbon emissions in South Africa.

Enfin's business model contributes to multiple SDGs:

A shared vision for clean and affordable energy

Energy Finance (Enfin) is Adenia's **first investment** in its fifth fund, AC(V). The founders of the company, Heine Herholdt, Werner Loftus and Gerrit Pretorius, saw an opportunity in the market considering the eagerness of businesses in South Africa to embrace renewable energy solutions, but their hesitancy to do so because of the upfront capital costs. Enfin stepped in with smart financing solutions and deep expertise in solar energy, to provide businesses with a sustainable solar power solution without the need for a substantial initial investment.

South Africa has been plagued by a long-running energy crisis. Solar energy provides an opportunity to improve energy reliability, while reducing business operating costs and carbon emissions. Solar energy has provided a critical lifeline for South African businesses impacted by loadshedding (six to 12 hours without grid electricity daily) and rising electricity prices.

Adenia is the ideal partner to help drive Enfin's next phase of growth. The investment was well-timed, and will expand Enfin's capacity to help companies navigate the energy crisis in South Africa. Adenia and Enfin have a shared vision of providing affordable and more accessible energy financing solutions to businesses (commercial and industrial), farms, body-corporate managed housing properties and educational institutions – all of whom are in search of reliable, cheaper, and more sustainable energy solutions.

What distinguished Enfin's business strategy was its client-centric approach. The company supports its clients through every stage of their transition to solar energy.

- Enfin's engineering and technical teams carefully assess prospective clients' exact energy needs. They then design a custom solar solution based on intensive historical and predictive data analytics, and a funding solution to ensure maximum savings for the client.
- Enfin works with the client to identify the best installation contractor, minimising the risk of insuring and maintaining the solar system.
- Enfin's bespoke financing solutions are designed to meet the unique goals and objectives of the client, including their sustainability goals.
- Post-installation, Enfin provides comprehensive operational maintenance support, enabled by real-time tracking to ensure delivery of all the power benefits to clients.

02 | Governance

Adenia: ESGI and climate change governance

Board

OVERSIGHT

- Board of Directors
- Investment committee
- ESGI committee

Management

MANAGEMENT AND ASSESSMENT

- Head of sustainability and impact
- Chief risk officer
- Investment teams
- Advisory Committee (AC(V) Limited)

Sponsored by managing partner in charge of ESG and Impact

Good governance is fundamental to our business, and key to our engagement with investees. Adenia's senior leadership team oversees our investment strategy, including the management of climate-related risks and opportunities.

Board of Directors

As governed by the Board charter, the Adenia Partners Board of Directors has overall responsibility for the management of the company, including the implementation of internal control systems and processes.

The investment committee of the board makes all investment and divestment decisions for the funds. As part of this process, the committee identifies, prioritises, and reviews climate-related risks and opportunities. The Board ensures that the risks to the company are managed, and appropriate policies and procedures are in place to mitigate and control these risks.

The Board meets as often as necessary, but no less than four times per year. Climate change is now a standing topic for all Board meetings. The Board is committed to considering climate-related issues when reviewing and guiding strategy, plans of action, risk management policies, annual budgets, and business plans.

Managing partners and investment committee

Adenia's ESG policy articulates our commitment to the integration of environmental, social, governance and impact considerations into our business and investment decisions, and how these are embedded in Adenia's decision-making processes and investment lifecycle. The ESG policy applies to all our activities, with the objective of generating net positive impact on society and the environment. The managing partners and members of the investment committee review and update the ESG policy on an annual basis as necessary.

Adenia has been a signatory to the Operating Principles of Impact Management (OPIM) since 2020.[9] On this basis, we continue to enhance our proprietary impact management and measurement framework. The framework is built on Adenia's theory of change that defines the specific initiatives to be implemented at investee companies to achieve targeted outcomes and greatest impact. We conduct an annual assessment of each investee's impact against common Adenia goals and specific investee goals, with the investment committee overseeing implementation of the theory of change in each case.

Sustainability and impact team

Adenia has appointed three full-time employees to lead and support the implementation of our ESG policy. The team, led by the head of sustainability and impact, reports to the managing partner in charge of ESGI. He, in turn, is accountable to the investment committee and is a member of the Adenia Board.

Quickmart, an AC(IV) investment, is now the second largest supermarket chain in Kenya. It provides a comprehensive selection of fresh produce, household toiletries, and consumable goods. As a dedicated corporate citizen, Quickmart is committed to reducing its carbon footprint, including of its store operations and logistics. All employees have a responsibility to actively pursue its environmental policy.

IFRS S2 Climate-related Disclosures: Governance

The objective of climate-related financial disclosures on governance is to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

Describe the governance bodies and individuals responsible for oversight of climate-related risks and opportunities.

- The Board of Directors has overall responsibility for the strategy and management of the company, including management and oversight of climate-related risks and opportunities.
- The managing partners and the investment committee have established comprehensive ESGI guidelines, which define how climate action and other ESG considerations are to be embedded throughout the investment lifecycle.
- The Board monitors and oversees progress against goals and targets for addressing climate-related issues.
- Adenia reports to our limited partners on climate change progress.

Describe how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to the responsible bodies and individuals.

- Adenia's ESG policy details our commitment to integrating ESGI considerations into our investment decisions. The policy applies to AC(III), AC(IV), and AC(V). The policy includes a commitment to incorporate ESG risks and impact opportunities into all prospective and existing investment analysis and decision-making processes. Adenia is also committed to actively manage, monitor, and report on ESG performance and impact outcomes during the investment lifecycle. The policy also includes a commitment to reduce the CO_2 intensity of our investee companies over the life of the investment, while supporting their long-term resilience and adaptation to climate change.
- Adenia's impact management and measurement framework (adopted in 2019) guides an annual assessment of the development impact of portfolio companies.

Describe how Adenia determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.

- As part of its climate action journey, Adenia has appointed three full-time dedicated employees to lead and support the implementation of Adenia's ESG policy.
- Mokgadi Maunatlala, head of sustainability and impact, has over 15 years of multi-sector experience including ESG, sustainable development and capital markets, across the US, UK, and Africa.
- We also rely on our partnerships with experienced consultants, as needed, to bring additional technical expertise.

Disclose information about how and how often the relevant bodies and individuals are informed about climate-related risks and opportunities.

- Beginning in 2024, climate change will be a standing agenda item for all Board meetings. The head of sustainability and impact briefs the Board and the management team on ESG priorities and issues, including climate change risks and opportunities.
- Adenia also relies on external consultants and technical assistance from its investors to ensure we stay abreast of climate-related trends and developments, and integrate best practices.
- Adenia joined the Initiative Climat International (iCI) in January 2024 to better understand and manage the risks associated with climate change. iCI is an industry-led initiative of private equity firms and investors.

Disclose how the body(s) or individual(s) takes into account climate related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities.

- Adenia considers climate-related risks and opportunities throughout the investment lifecycle. At the initial screening stage, Adenia conducts an exclusion check and risk categorisation. We will not invest in higher risk business activities with significant risks to the environment. During the due diligence phase, before committing to an investment, Adenia will seek to understand the GHG emissions and potential climate-related risks and opportunities associated with a company's business model. Adenia relies on an in-house climate risk assessment tool for due diligence assessments, including guidance on both physical and transition risk assessment. During the investment stage, Adenia works with investee companies to prepare a baseline carbon footprint assessment, establish carbon intensity reduction targets, support annual reporting of Scope 1, 2, and 3 emissions, and develop an action plan detailing measures for reducing carbon emissions. Adenia is also committed to the implementation of adaptation measures during the investment stage to increase resilience to climate change. At exit, Adenia supports the continuation of best-in-class ESG and climate governance practices. Adenia also pursues opportunities to invest in energy transition opportunities.

Disclose how the relevant bodies and individuals oversee the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets.

- As described, Adenia details its climate targets in its ESG policy, which is reviewed and approved by the managing partners and members of the investment committee. This includes targets for our own operational emissions as well as for investee companies.
- Adenia works closely with investee companies to establish appropriate intensity metrics and targets based on a detailed assessment of baseline emissions and emissions performance.
- Adenia supports investees with the implementation of their GHG reduction plans.
- The head of sustainability and impact tracks progress towards climate targets, and reports to the broader management team and the Board on progress.

IFRS S2 Climate-related Disclosures: Governance *(continued)*

Disclose whether and how climate-related performance metrics are included in Adenia's remuneration policies.

- Climate-related performance metrics are not included in our remuneration policies.

Disclose information about management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.

- Adenia's dedicated ESGI team leads and supports the implementation of Adenia's ESG policy. The head of sustainability and impact has been working to improve Adenia's carbon footprint and develop strategies to mitigate its GHG emissions.
- Each Adenia office has assigned a point of contact to compile data and report on its energy use and emissions.
- Adenia conducts limited third-party assurance on its carbon footprint metrics.

Disclose information about management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

- Adenia procedures for the oversight of climate-related risks and opportunities are detailed in our ESG policy, and apply throughout the investment lifecycle. See above for a discussion of how we integrate climate change considerations during initial screening, due diligence, investment monitoring, and exit.
- Our ESG policy also details procedures for ESGI reporting. Adenia reports to investors on ESG and impact achievements on a quarterly basis. We publish a comprehensive ESGI performance report at the end of each fiscal year. The report includes an overview of the ESGI activities of each investee, and their progress on action plans and impact targets.
- The ESG policy also requires that Adenia's executives receive regular training on ESGI topics, including climate change.

Since Adenia's investment in **Eastcastle** in 2021, the company has pursued ISO 14001 and 45001 Certification to improve its operations. Plans are also underway to install solar panels at over 400 sites, which will reduce the CO_2 intensity of its operations. In addition, Eastcastle is submitting its GHG targets to the Science-based Targets Initiative for validation.

03 | Strategy

Climate change presents both risks and opportunities to our business, which we manage throughout the investment lifecycle. In this regard, and to contribute to the global drive to address climate change, we made the following climate-specific commitments:

To become **carbon neutral by 2027** for our own operations (Scope 1, 2 and 3 emissions), through a combination of avoidance, reduction and offsetting measures, at Adenia Partners level; and	**To reduce the CO_2 intensity** of all portfolio companies based on a baseline assessment and action plan throughout the life of the investment.

Investment funds

As an investor, most of our carbon footprint and exposure to climate risks and opportunities stem from companies within our investment funds. Our ESG policy emphasises our commitment to integrate ESGI considerations into all of our investment decisions.

We incorporate ESG risk and impact opportunities into all existing and prospective investment analyses and decision-making processes.

We actively manage and monitor ESG performance and impact outcomes during the investment lifecycle.

We aim to reduce the CO_2 intensity of our investee companies over the life of the investment, and support our portfolio companies' resilience and adaptation to climate change.

Our portfolio companies have relatively low emissions, given the nature of their operations. Fund V will invest in medium-sized companies in financial services, agribusiness, consumer goods, telecoms, healthcare, education, business services and hospitality. The Fund will not invest in coal-related activities or higher risk business activities with significant risks to the environment.

Adenia has rejected opportunities on the basis of their potential climate risks. For the opportunities that we do pursue, we will work with the portfolio companies to implement energy efficiency and clean energy solutions to reduce their emissions intensity and improve profitability. This process entails establishing reliable performance baselines and reduction targets with each of the investees, followed by an engagement process on potential carbon abatement strategies and climate resilience measures.

Our ultimate goal is to create more resilient, lower carbon businesses at exit by establishing effective governance and management processes.

Integrating climate considerations throughout the investment lifecycle

Initial screening	• Exclusion check • Risk categorisation
Due diligence	• Due diligence report to understand GHG emissions and potential climate-related risks and opportunities. • Preliminary theory of change (SDG alignment).
Investment monitoring	• Investee will strengthen commitment to reducing GHG emissions. • Investee will revise its ESGI guidelines to include annual reporting of GHG emissions. • Investee will develop a climate action plan, including baseline carbon footprint assessment, carbon intensity reduction target, and measures for reducing carbon emissions. • Investee will report on avoided emissions.
Exit	• Support continuity of best-in-class carbon practices. • A company's sustainability and climate credentials are key to understanding the risks associated with a valuation.

Managing climate-related risks and opportunities within our portfolio requires us to engage, educate, and collaborate with our portfolio companies, including supporting their efforts to quantify their GHG emissions, establishing performance baselines, and developing action plans to decarbonise their operations. It also means partnering with our investees to evaluate how climate change can impact the value of their business, including their supply chains, and developing strategies to manage these risks.

As an investor, we have the opportunity to drive the transition to sustainable energy solutions by investing in renewable energy and energy service companies in Africa. With the launch of Fund V, Adenia has already announced a majority investment in Enfin, a solar financing solutions provider. We will continue to look for investment opportunities within the clean energy sector, which will be central to the continent's decarbonisation efforts.

Operational emissions

While most of our carbon footprint results from our investment activities, we are also committed to measuring and reducing the GHG emissions from our offices and business operations. Adenia is committed to achieve carbon neutral status for our business operations by 2027 for Scope 1, 2, and 3 emissions through a mix of avoidance, reduction, and offsetting measures.

See the metrics and targets section of this report to understand Adenia's operational emissions in 2022 and 2023. Scope 3 emissions, resulting from business travel and capital goods, dominate our carbon footprint.

Adenia has completed a decarbonisation assessment for its own emissions at country office level. The assessment has highlighted areas where we can reduce our carbon footprint. The assessment recommends several strategies to decarbonise, including; efficiency improvements, green office space, engagement with building owners, clean energy procurement, purchasing renewable energy certificates, reducing airline travel, engaging with staff to reduce office waste, reducing motor vehicle use, improved supply chain management, and investment in an offset project on the continent with community and biodiversity co-benefits.

Overseas Catering Systems (OCS) is a leading catering and cleaning service provider in Africa. OCS prioritises the use of locally sourced products to reduce its carbon footprint, and has started an initiative to reduce plastic waste for one of its clients in the education sector. The goal of this project is to phase out the use of plastic water bottles by transitioning to water fountains.

The following standards and commitments underpin Adenia's approach to ESGI and climate action

The Operating Principles for Impact Management (OPIM) is a framework for the design and implementation of investor impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle. In 2023, Adenia Partners became a signatory to OPIM on AC(III), AC(IV), and AC(V).

Signatories to the Principles for Responsible Investment (PRI) work to incorporate ESG considerations into their investment decisions. PRI was founded in 2006 in partnership with the United Nations (UN). Adenia has been a signatory since January 2019.

The UN Sustainable Development Goals (SDGs) provides a unified framework to build a better and more sustainable world by 2030. Through our investments, Adenia is committed to drive sustainable business transformation that maximises both financial returns and positive contribution to the SDGs.

The Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials (PCAF) are regarded as the gold standards for the measurement and disclosure of GHG emissions. Adenia Partners' GHG accounting and reporting principles are aligned to the guidance of the GHG Protocol and PCAF methodology, and we engage with our portfolio companies to improve reporting practices.

The UN Global Compact is the world's largest corporate sustainability initiative. The voluntary initiative calls on companies to align strategies and operations with universal principles on human rights, labour, environment, and anti-corruption, and take actions that advance societal goals. Adenia joined the UN Global Compact in February 2024.

The Paris Agreement is an international treaty on climate change with the goal of keeping global temperature increase to well below 2°C above pre-industrial levels, and preferably below 1.5°C. Adenia supports the temperature and adaptation goals of the Paris Agreement.

The Initiative Climat International (iCI) is a global, practitioner-led community of private equity firms and investors that seek to better understand and manage the risks associated with climate change. Adenia joined iCI in January 2024 to help guide our climate strategy.

The International Financial Reporting Standards (IFRS) has issued its new Sustainability Disclosure Standards aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Adenia supports the disclosure of climate-related risks and opportunities, and published our first IFRS/ TCFD-aligned climate report in 2024.

Based in Madagascar, **Newpack** offers a wide range of packaging solutions to its customers, and the company is committed to sustainable operations in all aspects of its production chain. Newpack recycles 100% of its waste. Cardboard waste is baled to be recycled into Kraft reels, plastic packaging is donated to the plastic processing industry, and ink stubs are cleaned and dried and reused in other industries.

IFRS S2 Climate-related Disclosures: Strategy

The objective of climate-related financial disclosures on strategy is to understand an entity's strategy for managing climate-related risks and opportunities.

Climate-related risks and opportunities

Disclose information to enable users of general-purpose financial reports to understand: the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

- Adenia invests in medium-sized companies in financial services, agribusiness, consumer goods, telecoms, healthcare, education, business services and hospitality. We do not invest in high-risk business activities with significant risks to the environment, including climate-related risks.
- AC(IV) is fully invested, and our portfolio companies are detailed in the Appendix, including their business sector and scope of operations. At December 2023, AC(V) had announced one investment (a solar energy business in South Africa), with two further investments expected in the first quarter of 2024. We will continue to evaluate potential climate-related risks and opportunities as we build out the fund.
- The climate-related risks in our portfolio, both physical risk and transition risk, vary by sector. Agribusiness, healthcare and telecoms are generally more exposed to physical climate risks, such as floods, droughts, and other extreme weather events. Extreme weather can damage crops and infrastructure, and we will engage with our portfolio companies in these sectors to understand their potential exposures. The retail, hospitality and finance businesses within our portfolio have limited exposure to direct, physical climate risks; however, they are subject to indirect effects on their supply chains. Quickmart, for example, relies on a steady supply of agricultural products to stock its supermarket stores in Kenya. Flooding can disrupt agricultural production and supply. Manufacturing is subject to both transition and physical risks, as companies work to integrate new products and technologies.
- Adenia is guided by the TCFD risk and opportunity framework in evaluating prospective investments, including physical and transition risks. The table on the next page summarises the key risks and opportunities across the sectors in which we invest, as well as the relevant time horizons. As many African countries have been experiencing extreme weather events, we view this as a near-term risk to our portfolio companies, that could worsen with time.
- Adenia defines the short-, medium-, and long-term horizons, to be five years, 10 years and greater than 10 years, respectively. Our typical holding period for an investment is approximately 5.7 years.

IFRS S2 Climate-related Disclosures: Strategy

Climate-related risks and opportunities *(continued)*

Sector	Climate-related risks	Climate-related opportunities
Agribusiness	Physical climate risks from extreme weather events (short to long term).	Adoption of lower carbon technologies and sustainable farming practices (short to medium term).
Healthcare	Limited physical or transition climate risks given the nature of operations.	Adoption of clean energy technologies to reduce operating costs and improve reliability (short to medium term).
Telecoms	Physical climate risks from extreme weather events (short to long term).	Adoption of energy efficiency and clean energy technologies (short to medium term).
Retail	Potential impacts on supply chain and damage/ disruption to retail locations from flooding or other extreme weather (short to long term).	Adoption of lower carbon technologies (short to medium term); Partnering with farmers in the supply chain to reduce vulnerability to climate change (short to medium term).
Hospitality	Limited physical or transition climate risks given the nature of operations.	Supply chain sustainability and engagement (short term).
Finance	Potential disclosure requirements, and indirect effects to customers (short to long term).	Investment in low-carbon transition (short to medium term).
Manufacturing	Physical climate risks from extreme weather events, regulatory risk, and changes in market demand (short to long term).	Adoption of energy efficiency and clean energy technologies, and process improvements (short to medium term).

Business model and value chain

Disclose information to enable users of general-purpose financial reports to understand: the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain.

- Adenia recognises that climate change has the potential to impact businesses of all sizes and all sectors of the economy. Our business model requires a comprehensive assessment of the risks and opportunities associated with a prospective investment, so we make informed investment and business decisions.
- Our investment approach is attentive and responsive to climate-related risks and opportunities, and we continue to strengthen our processes and procedures in this regard.
- We will continue to implement our initial screening, due diligence process with increased focus and analysis of potential climate-related risks and opportunities. We will continue to pursue investment opportunities in the clean energy sector.

Strategy and decision-making

Disclose information to enable users of general purpose financial reports to understand: the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan.

- Our strategy includes a focus on our investment funds as well as our own operational emissions (the GHG emissions from our offices and business operations).
- Working with our investee companies, we plan to establish baseline performance metrics to drive reductions in the emissions intensity of our portfolio companies. We believe that operational and financial intensity-based metrics are most appropriate for the types of companies that we invest in, and the development needs of the African continent.
- Adenia considers how climate-related risks and opportunities are integrated into current decision-making and strategy formulation of potential investees, including planning assumptions and objectives around climate change mitigation, adaptation, and climate-related opportunities. Adenia considers the impact on businesses and strategy in the following areas: (1) Products and services; (2) Supply chain and/or value chain; (3) Adaptation and mitigation activities; (4) Investment in research and development; (5) Operations (including various types of operations and location of facilities).
- We will continue to look for value-based investments in the clean energy sector, and other climate-smart investments, while supporting the just transition to a low carbon future.
- Adenia has completed a decarbonisation assessment of our own emissions at a country office level. The assessment has highlighted areas where we can reduce our carbon footprint.
- Adenia will endeavour to engage with our supply chain companies to mitigate indirect emissions although we have limited influence on suppliers. As part of our decarbonisation strategy, we will look at the sustainability initiatives of our suppliers, including airlines.
- Adenia has made significant progress in laying the foundation for its climate change transition plans by preparing detailed carbon footprint assessments and decarbonisation plans. The next phase in our journey will be to formalise our decarbonisation strategy for operational emissions and continue our work with investee companies to establish intensity-based targets.

Financial position, financial performance and cash flows

Disclose information to enable users of general-purpose financial reports to understand: how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; the climate-related risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements; how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities; how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).

- Climate change risks and opportunities have not had a significant impact on Adenia's financial performance. As described throughout this report, we have been making investments to advance our climate change governance, disclosure, and management processes. For the next reporting period, there is limited risk of material adjustments to the carrying amounts of assets and liabilities reported.

Climate resilience

An entity shall disclose information that enables users of general-purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.

- Adenia has not performed a climate-related scenario analysis to assess its climate resilience. However, we do believe that our strategy and business model are resilient to climate-related changes, developments, and uncertainties for several reasons.
- First, as indicated, we do not invest in high-risk business activities with significant risks to the environment, including climate-related risks. This exclusion policy reduces the inherent risk across our entire portfolio. Second, we maintain a diverse portfolio of investments (both sector and geographic). This reduces our exposure to potential transition and physical climate risks. Third, we are careful in our due diligence. For each investment opportunity, we conduct a thorough study to gain an understanding of their climate-related risks and opportunities. We encourage our portfolio companies to consider their climate resilience by assessing their exposure to climate risks, and to take appropriate adaptation actions to mitigate their exposure.

In 2021, Adenia (AC(IV)) acquired a majority stake in Herholdt's, a leading distributor of solar energy, lighting, and electrical products in South Africa. Since the acquisition, Herholdt's Group has expanded from three branch locations to nine throughout South Africa. Herholdt's has dramatically increased its solar equipment sales, with a 60% year-on-year increase in solar panel sales in 2023.

04 | Risk **management**

Every company we invest in is subject to pre-acquisition environmental, social, and climate change due diligence assessment, carried out in accordance with Adenia's due diligence guidelines. Adenia's climate tool is used to conduct high-level physical and transition risk identification. When risks are categorised as "high" or "medium high", Adenia works with an external specialist to perform a detailed impact assessment.

For some 15 months from investment, Adenia and the potential investee company develop an action plan to address climate-related risks and opportunities, with appropriate targets and timetables for improvement. On investment, Adenia works with the investee to develop an impact management system to guide the implementation of the action plan. Throughout the investment period, investment managers monitor adherence to the action plan. Investee companies report their progress on a quarterly basis.

On an annual basis, the investment manager conducts a risk and impact assessment to identify potential new risks resulting from changing climate conditions and to support adaptation and mitigation actions. On exit, Adenia ensures continuity of ESG management procedures and policies.

Figure 1: Adenia's risk categorisation framework based on IFC and BII frameworks

High
Significant potential adverse impacts that are diverse, irreversible or unprecedented. Impacts cannot be mitigated or remedied or only at significant costs.

Medium high
Limited potential adverse impacts that are site-specific and readily addressed through mitigation measures, but having some specific features which can have potential significantly more adverse impacts.

Medium low
Limited potential adverse impacts that are site-specific and readily addressed through well- known mitigation measures.

Low
Projects with minimal or no adverse social or environmental impacts.

Red Lands Roses, an AC(IV) investee company, employs a sustainable approach in its rose growing practices, which include hydroponic methods that allow the cultivation of flowers without using soil, and with an embedded closed-loop onsite natural water purification system. Red Lands Roses has also deployed solar energy at its site in Riuru, Kenya. Red Lands Roses will be offsetting its 2022 Scope 1 and Scope 2 GHG emissions using verified offset credits from international afforestation projects and the United Nations clean development mechanism.

IFRS S2 Climate-related Disclosures: Risk Management

The objective of climate-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

Provide information on the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes).

- Adenia has a strong culture of risk management and a clearly defined risk appetite to guide our investment choices, and we continue to improve our processes and procedures. Adenia will not invest in higher risk business activities with significant risks to the environment. All of our investments are subject to pre-acquisition environmental, social, and climate change due diligence assessment.
- As described, Adenia considers how climate-related risks and opportunities are integrated into decision-making and strategy formulation of potential investees, including planning assumptions and objectives around climate change mitigation, adaptation, and climate-related opportunities. In evaluating climate-related risks, our scope of analysis goes well beyond the direct operations of the company.
- Improving risk identification and assessment is an ongoing priority for Adenia. We learn from external experts, industry associations, and from the experience of other companies and investors.

Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks.

To date, Adenia has not relied on climate-related scenario analysis to identify climate-related risks and opportunities, although we have evaluated the International Energy Agency's World Energy Outlook scenarios. This will be a topic that we continue to evaluate as we build out our portfolio. Before embarking on a detailed scenario analysis, we need to understand that it will provide actionable insights given the nature of our investee companies. Multiple decarbonisation scenarios include large increases in solar energy solutions, hence our investments in the solar industry.

How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria).

Adenia maintains a risk matrix that ranks the potential impact and likelihood of different risk categories. These rankings are based on a qualitative assessment of risks and opportunities, rather than quantitative thresholds. Our chief risk officer is responsible for maintaining the risk matrix, which specifies clear accountability for each material risk, as well as the mitigation strategies (process or strategy) that will be used to mitigate the risk.

Whether and how the entity prioritises climate-related risks relative to other types of risk.

The risk matrix covers environmental and social risks. It also includes other categories of business risks that we track and evaluate. Each risk is prioritised on the basis of impact and likelihood.

How the entity monitors climate-related risks.

Each of our investees is unique, requiring a tailored approach to the assessment of climate-related risks and opportunities. The TCFD framework provides a guide in identifying the full range of physical and transition risks that we would potentially consider in evaluating an investment, but further analysis is required to identify the risks and opportunities that are most relevant to the investee company. Adenia is committed to actively manage and monitor ESG performance and impact outcomes during the investment lifecycle. This includes a regular assessment of climate-related risks and the measures implemented to manage the risk. Risks can evolve through the life of an investment and are therefore continually assessed.

Whether and how the entity has changed the processes it uses compared with the previous reporting period.

As we enter a new round of investment, Adenia is elevating its approach to climate change and climate-related risk assessment. With dedicated experts and increased focus on climate change, we expect our processes to expand and improve.

The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.

As described above, Adenia has not relied on climate-related scenario analysis to identify climate-related risks and opportunities.

The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

Climate-related risks and opportunities are integrated into Adenia's risk management process. Environmental and social risks are evaluated alongside commercial and economic risks, among other categories.

05 Metrics and targets

With the assistance of external consultants and technical assistance from its investors, Adenia has been working to improve its processes and procedures for compiling and calculating its carbon footprint, including Scope 1, 2, and 3 emissions.

Our GHG accounting methodology is based on the guidance of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Scope 3 Corporate Value Chain Standard. Adenia also applies the Partnership for Carbon Accounting Financials (PCAF) Financed Emissions Greenhouse Gas Standard to account for the financed emissions arising from the investment activities through Adenia's various funds.

Manager level

The table alongside lists our total Scope 1, Scope 2, and Scope 3 GHG emissions for our offices, business travel, and other business operations. This excludes indirect emissions from our investee companies, which we report separately by fund. We use 2022 as our base year to track progress toward our commitments, and conduct limited third-party verification of our carbon metrics. Scope 1 and Scope 2 emissions accounted for approximately 27% of Adenia's total carbon footprint in 2023 (manager level). Scope 3 (value chain) emissions dominated our carbon footprint at the manager level. Business travel accounted for about 70% of total Scope 3 emissions in 2023, and 74% of Scope 3 emissions in 2022. Indirect emissions from capital goods purchases accounted for about 13% of Scope 3 emissions in 2022, due to purchasing furniture and other equipment to establish new office locations (capital goods dropped to 4% of Scope 3 emissions in 2023). Employee commuting accounted for about 17% of total Scope 3 emissions in 2023. Other Scope 3 categories were relatively minor.

Fund level

Adenia has been engaging with all AC(IV) investee companies to prepare comprehensive Scope 1, Scope 2, and Scope 3 GHG inventories. These carbon footprint assessments will enable us to meet our commitment to reduce carbon intensity targets for each investee.

Applying the PCAF methodology for the attribution of emissions, we calculated the total financed emissions (Scope 1-3) for AC(IV) (9 companies) at 357 916 metric tons CO_2e in 2023, and 201 430 metric tons CO_2e in 2022. The year-on-year increase is primarily attributable to an increase in business activity. Scope 3 emissions accounted for 96% of financed emissions in 2023. Some of our portfolio companies had incomplete data (e.g., one of our companies had no Scope 3 emissions data). We will continue to work with our investees to improve on their emissions accounting.

Additional metrics

IFRS S2 requests additional metrics, including: (1) the amount and percentage of assets or business activities vulnerable to climate-related transition risks; (2) the amount and percentage of assets or business activities vulnerable to climate-related physical risks; (3) the amount and percentage of assets or business activities aligned with climate-related opportunities; (4) the amount of capital deployed towards climate-related risks and opportunities; and (5) internal carbon prices. Adenia will continue to evaluate these additional metrics to determine if we can provide reliable reporting and disclosure.

We will also look to provide additional disclosures as we deploy our decarbonisation strategy (e.g., biodiversity-related offsets, renewable energy credits, power purchase agreements, and other abatement and mitigation measures). These were not relevant for disclosure in 2023.

Target setting

Adenia is committed to be carbon neutral by 2027 through a mix of avoidance, reduction and offsetting measures. This includes the direct and indirect emissions from our offices, business travel, and employee commuting.

In addition, all new investees are committed to reduce their carbon intensity over the life of the investment. We are also establishing intensity-based targets for existing AC(IV) companies. These are mitigation targets to gradually decarbonise investee company operational emissions. Reduction targets are defined by Adenia and the investee companies within 15 months after the initial investment is made, based on a comprehensive baseline assessment. A recent base year will be established for each investee company.

Although many of our portfolio companies have relatively low GHG emissions, we believe that all companies have a role to play in decarbonising the African continent. Adenia will also work with investee companies to develop climate action plans to reduce their carbon emissions through clean energy projects, energy efficiency investments, and other measures.

Manager-level GHG emissions (2022-2023)

Source	2023	2022	% change
	Kilograms CO_2e		
Scope 1	31 949	23 221	+38%
Motor vehicles	22 358	18 625	
Refrigerant gases	9 591	4 596	
Scope 2 (market-based)	58 040	30 529	+90%
Electricity	58 040	30 529	
Scope 3	241 676	333 907	-28%
TOTAL	331 665	387 657	-14%

In 2018, Adenia acquired a majority stake in Kanu Equipment (AC(IV)). Kanu has been working to increase its reliance on solar energy with more than €75 million invested in solar installations in South Africa and the DRC to date. Kanu is also evaluating how it might reduce its upstream transportation-related emissions, which dominate its carbon footprint.

06 | Looking **ahead**

Recognising that we have significant work to do in our climate change journey, we are focused on refining our climate strategy in 2024, engaging with our portfolio companies on their adaptation and mitigation strategies, and further integrating climate change into our governance and risk management processes. We will continue to seek feedback from our limited partners on how we can improve our approach.

As described throughout this report, we have made progress in formalising our approach to climate change in 2023. With the launch of AC(V) and the ongoing work with our AC(IV) investees, we will continue to learn and push ourselves in a number of critical areas, guided by the IFRS S2 climate standard.

Governance

Adenia has defined the roles and responsibilities at Board and management level for managing the risks and opportunities associated with climate change. We will also be formalising the ESG and impact committee focused on climate change and our decarbonisation strategy.

Strategy

While we evaluate the risks and opportunities associated with climate change as part of our investment process, we believe there is still room to improve on the depth of analysis and learn from the latest research on physical and transition risk. This will be an ongoing challenge to ensure that climate-related risks and opportunities are appropriately integrated into our investment process. We want to understand if the concept of Climate Value-at-Risk can be a useful metric in measuring climate-related risks and opportunities within our portfolio. As technology advances and markets evolve, we will work to identify emissions reduction opportunities and adaptation measures, so our investees are shielded from the effects of climate change. This could include linking financial incentives to climate targets, further defining their transition plans, and allocating budgets dedicated to climate adaptation and mitigation.

Risk management

Risk management must be grounded in reliable and actionable data. We will be working with our management team, Initiative Climat International, and third-party experts to better understand the risks associated with climate change and how those risks can be quantified and managed to guide our investment decisions.

Metrics and targets

We made progress in 2023 and 2024 in understanding our carbon footprint, including our financed emissions. However, the IFRS S2 reporting standards include comprehensive metrics for disclosure. We will be evaluating these metrics in 2024 to determine if it is feasible and cost-effective to track and report on additional metrics.

We will continue to look for further opportunities to integrate climate change considerations into our investment process, and to assess how climate change may impact our portfolio companies. We welcome feedback on our climate change disclosures so we can continue to improve, in response to the needs of our stakeholders and our common goal to build sustainable businesses in Africa.

AC(IV) investee		Activities	Geographic focus
	Herholdt's Group	Herholdt's is an established distributor of solar energy and low voltage electrical products.	South Africa
	EastCastle	EastCastle is an ambitious greenfield project aiming to deploy mobile telco towers across Sub-Saharan Africa.	Nigeria, Cote d'Ivoire and the DRC
	Quickmart	Quickmart is the second largest grocery supermarket chain in Kenya, with 59 stores set up in convenient locations.	Kenya
	Kanu Equipment	Kanu is a distributor of heavy capital equipment and spare parts, representing strong brands in 12 African countries.	South Africa, Guinea (Conakry), Sierra Leone, Liberia, Ivory Coast, Ghana, Cameroon, Chad, CAR, Equatorial Guinea, Gabon, Congo, DRC, Uganda, Kenya, Tanzania, Namibia, Botswana and Zimbabwe
	Newpack	Newpack is the leading manufacturer of corrugated cardboards in Madagascar, with ~70% market share.	Madagascar
	Red Lands Roses	Red Lands Roses is a Kenyan exporter of premium roses with best-in-class horticultural practices.	Kenya
	Overseas Catering Services	OCS is a leading corporate caterer in Morocco, with additional Sub-Saharan Africa subsidiaries.	Morocco, Côte d'Ivoire, Mauritania, Senegal
	Proximed	Proximed is a leading life science and laboratory equipment distributor in the Indian Ocean region.	Mauritius (main market, accounting for around 80% of sales), Madagascar, and other neighboring islands.
	Africa Biosystems Limited (ABL)	ABL is a leading distributor of life sciences and clinical diagnostics equipment.	Kenya, Uganda, Tanzania and also operates in Ethiopia, Rwanda, Burundi, South Sudan and Somalia

07 | Additional **Information**

Bureau Veritas limited assurance statements

INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of Adenia Partners

Introduction and objectives of work

Bureau Veritas South Africa (Pty) Ltd, on behalf of BVC Holding SAS – UK Branch (hereafter Bureau Veritas), has been engaged by Adenia Partners (hereafter Adenia) to provide limited assurance over Scope 1,2 and identified Scope 3 categories Greenhouse Gas (GHG) data for Adenia. Scope 3 categories considered were Category 1 Purchased goods and services, Category 2 Capital Goods, Category 3 Fuel and Energy related activities, Category 5 Waste Generated in Operations, Category 6 Business Travel, Category 7 Employee Travel and Category 8 Upstream Leased Assets. This Assurance Statement applies to the related information included within the scope of work described below.

Scope of work

The scope of our work was limited to assurance over the following information included within Adenia's GHG Calculator Tool V01 Office Buildings ('the Report') for the period 1st January to 31st December 2023 (the 'Selected Information').

In conformance with ISO14064-3 (2019), the verification process included an assessment of:

- The reporting boundaries selected;
- The quantification methodologies and emission factors applied;
- The completeness and integrity of the activity data used;
- The accuracy and consistency of the GHG calculations;
- GHG reporting to assess conformance with the criteria/requirements of the GHG Protocol Corporate Standard.

GHG Assertion - Adenia

After implementation of the necessary corrective action, Adenia's FY2023 GHG emissions assertion, consolidated using the operational control approach, was stated as:

FY2023: GHG Emissions	Tonnes CO_2e
Scope 1:	31.949
Scope 2 (location **based**) *:	58.040
Total Scope 1 & 2	**89.989**
Scope 3:	241.676
Total Scope 1, 2 & 3	**331.665**
Total Measured GHG Emissions	331.7

Reporting criteria

Adenia's key verification objectives were to confirm that the FY2023 GHG inventory is accurate and complete, to improve the quality of Adenia's GHG reporting and to enhance the credibility of the company's GHG emissions disclosure.

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

The criteria for the verification were conformance with the principles, guidance and reporting requirements of the WBCSD/WRI GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 (hereafter referred to as the GHG Protocol Corporate Standard). Review whether the GHG emissions for Adenia in the ESG and Impact Report are in line with the requirements of ISAE3000/3410 standard with regards:

a) Completeness of the reporting boundary selected;

b) Appropriateness of the GHG quantification methodologies and emission factors applied,

c) Completeness and integrity of the historic activity data used, accuracy and consistency of the GHG emissions calculations, and

d) GHG reporting to assess compliance with the GHG Protocol Corporate Standard. Describe reporting criteria including version and document/ website link if applicable.

Limitations and exclusions

Excluded from the scope of our work is verification of any information relating to:

- Activities outside the defined verification period; and
- Other information included in the Report;
  - Work from home data,
  - Employee questionnaires
  - ESG or other metrics outside the GHG Emissions reporting

This limited assurance engagement relies on a risk based selected sample of data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist. Adenia selected the following sites as the sample; Cote D'Ivoir, Madagascar, Mauritius and Nigeria.

Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Adenia.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the management of Adenia.

Assessment Standard

We performed our work in accordance with the International Standard ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals and ISO 14064-3:2019 Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions, the WBCSD/WRI GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 (hereafter referred to as the GHG Protocol Corporate Standard). The specific requirements of ISAE3000/3410, IFC and EIB standard were applicable to Adenia were also considered.

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

Summary of work performed

As part of its independent verification, Bureau Veritas undertook the following activities:

1. Assessed the appropriateness of the Reporting Criteria for the Selected Information;
2. Conducted interviews with relevant personnel of Adenia and the regional office selected;
3. Carried out detailed off-site review of data from Adenia's selected sites;
4. Reviewed the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, the data scope and reporting boundaries;
5. Reviewed documentary evidence produced by Adenia;
6. Agreed a sample of the Selected Information to the corresponding source documentation; and
7. Re-performed aggregation calculations of the Selected Information.

Conclusion

There is an inherent limitation in providing verification of GHG data. Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used to determine, calculate, sample or estimate such data.

The assurance engagement did not include an examination of the derivation of emission factors, conversion factors, or other derived third-party information.

On the basis of our methodology and the activities described above, nothing has come to our attention to indicate that the Selected Information has not been prepared, in all material respects, in accordance with the Reporting Criteria

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 185 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes. Bureau Veritas operates a certified[1] Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)[2] across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

Bureau Veritas is accredited by the United Kingdom Accreditation Service (UKAS) in accordance with the recognised International Standard BS ISO 14065:2013 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition (Certification Body No. 008). The Schedule of Accreditation includes Voluntary GHG programmes (ISO 14064 Part 1:2018 and Part 2:2019).

The verification team for this work does not have any involvement in any other Bureau Veritas projects with Adenia Partners.

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

Bureau Veritas South Africa (Pty) Ltd

25 March 2024

[1] Certificate available on request
[2] International Federation of Inspection Agencies – Compliance Code – Third Edition

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

Bureau Veritas limited assurance statements

INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of Adenia Partners

Introduction and objectives of work

Bureau Veritas South Africa (Pty) Ltd, on behalf of BVC Holding SAS – UK Branch (hereafter Bureau Veritas), has been engaged by Adenia Partners (hereafter Adenia) to provide limited assurance over Scope 1,2 and identified Scope 3 categories Greenhouse Gas (GHG) data for Adenia. Scope 3 categories considered were Category 1 Purchased goods and services, Category 2 Capital Goods, Category 3 Fuel and Energy related activities, Category 5 Waste Generated in Operations, Category 6 Business Travel & Category 7 Employee Travel. This Assurance Statement applies to the related information included within the scope of work described below.

Scope of work

The scope of our work was limited to assurance over the following information included within Adenia's GHG Calculator Tool V01 Office Buildings ('the Report') for the period 1st January to 31st December 2022 (the 'Selected Information').

In conformance with ISO14064-3 (2019), the verification process included an assessment of:

- The reporting boundaries selected;
- The quantification methodologies and emission factors applied;
- The completeness and integrity of the activity data used;
- The accuracy and consistency of the GHG calculations;
- GHG reporting to assess conformance with the criteria/requirements of the GHG Protocol Corporate Standard.

GHG Assertion - Adenia

After implementation of the necessary corrective action, Adenia's FY2022 GHG emissions assertion, consolidated using the operational control approach, was stated as:

FY20xx: GHG Emissions	Tonnes CO_2e
Scope 1:	23.221
Scope 2 (location **based) ***:	30.529
Total Scope 1 & 2	**53.750**
Scope 3:	333.907
Total Scope 1, 2 & 3	**387.657**
Total Measured GHG Emissions	387.657

Reporting criteria

Adenia's key verification objectives were to confirm that the FY2022 GHG inventory is accurate and complete, to improve the quality of Adenia's GHG reporting and to enhance the credibility of the company's GHG emissions disclosure.

The criteria for the verification were conformance with the principles, guidance and reporting requirements of the WBCSD/WRI GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 (hereafter referred to as the GHG Protocol Corporate Standard). Review whether the GHG emissions for Adenia in the ESG and Impact Report are in line with the requirements of ISAE3000/3410 standard with regards:

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

a) Completeness of the reporting boundary selected;

b) Appropriateness of the GHG quantification methodologies and emission factors applied,

c) Completeness and integrity of the historic activity data used, accuracy and consistency of the GHG emissions calculations, and

d) GHG reporting to assess compliance with the GHG Protocol Corporate Standard. Describe reporting criteria including version and document/ website link if applicable.

Limitations and exclusions

Excluded from the scope of our work is verification of any information relating to:

- Activities outside the defined verification period; and
- Other information included in the Report;
  - Work from home data,
  - Employee questionnaires
  - ESG or other metrics outside the GHG Emissions reporting

This limited assurance engagement relies on a risk based selected sample of data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist. Adenia selected the following sites as the sample; Ghana, Kenya, Mauritius and South Africa.

Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Adenia.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the management of Adenia.

Assessment Standard

We performed our work in accordance with the International Standard ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals and ISO 14064-3:2019 Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions, the WBCSD/WRI GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 (hereafter referred to as the GHG Protocol Corporate Standard). The specific requirements of ISAE3000/3410, IFC and EIB standard were applicable to Adenia were also considered.

Summary of work performed

As part of its independent verification, Bureau Veritas undertook the following activities:

1. Assessed the appropriateness of the Reporting Criteria for the Selected Information;
2. Conducted interviews with relevant personnel of Adenia and the regional office selected;
3. Carried out detailed off-site review of data from Adenia's selected sites;

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

4. Reviewed the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, the data scope and reporting boundaries;
5. Reviewed documentary evidence produced by Adenia;
6. Agreed a sample of the Selected Information to the corresponding source documentation; and
7. Re-performed aggregation calculations of the Selected Information.

Conclusion

There is an inherent limitation in providing verification of GHG data. Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used to determine, calculate, sample or estimate such data.

The assurance engagement did not include an examination of the derivation of emission factors, conversion factors, or other derived third-party information.

On the basis of our methodology and the activities described above, nothing has come to our attention to indicate that the Selected Information has not been prepared, in all material respects, in accordance with the Reporting Criteria

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 185 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes. Bureau Veritas operates a certified[1] Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)[2] across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

Bureau Veritas is accredited by the United Kingdom Accreditation Service (UKAS) in accordance with the recognised International Standard BS ISO 14065:2013 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition (Certification Body No. 008). The Schedule of Accreditation includes Voluntary GHG programmes (ISO 14064 Part 1:2018 and Part 2:2019).

The verification team for this work does not have any involvement in any other Bureau Veritas projects with Adenia Partners.

Bureau Veritas South Africa (Pty) Ltd

25 March 2024

[1] Certificate available on request
[2] International Federation of Inspection Agencies – Compliance Code – Third Edition

Ref: 7451242

BV (South Africa) (Pty) Ltd on behalf of BVC Holding SAS - UK Branch (Address: 5th Floor, 66 Prescot Street, London, E18HG, United Kingdom)

Betterway independent assurance letter

Independent verifier's limited assurance report

Alignment of Adenia Partners (funds Adenia Capital (III), Adenia Capital (IV), and Adenia Capital (V)) with the Operating Principles for Impact Management

Better Way

To the Managing Partner,

In response to your request, we verified that Adenia Partners ("Adenia")'s impact management system, as described in its policies, procedures and tools ("Policies") and summarized in its annual Disclosure Statement dated 28/03/2024 ("Adenia's Disclosure Statement[1]"), is aligned with the Operating Principles for Impact Management dated February 2023[2] ("Principles") for USD 750 million of assets under management[3] ("Covered Assets") as of 31st December 2023.

Adenia's responsibility for the alignment of its impact management system with the Principles

It is the responsibility of Adenia to define the processes, roles and responsibilities necessary to align its organization with the Principles. It is also the responsibility of Adenia to publicly report on its website (www.adenia.com), on an annual basis, its commitment to the Principles and the extent to which impact management systems are aligned with them.

Presentation of Better Way

Better Way is an independent consulting firm providing expert support to investors on ESG & Impact issues. Our team has taken part in a number of structuring projects involving impact investment, including:

- Participating in working sessions on impact investment organized by the "Institut de la Finance Durable" (Sustainable Finance Institute), 2022-2023
- Contributing to the drafting of the definition of Impact Investment by the FIR (Responsible Investment Forum) and France Invest, 2021
- Participating in the consultation process on the Operational Principles for Impact Management, 2018

Statement of independence

Better Way has no conflict of interest related to this independent verification, which was conducted ethically and objectively throughout the process, with a focus on integrity and credibility. Better Way has not been involved in operations, management, investment processes, designing the impact management system, or the writing of the disclosure statement

For more information on Better Way, please visit the website: https://www.better-way.net

Our responsibility

Our responsibility is to express a limited assurance conclusion on the compliance of the impact management system of Adenia described in the Policies with the Principles based on the procedures we performed and the evidence we obtained.

[1] https://www.adenia.com/media/mj5jvhox/1-adenia-disclosure-letter-2023.pdf
[2] Impact Principles Brochure 2023 (English).pdf
[3] Aggregate invested funds of Adenia Capital (III) and Adenia Capital (IV) and total committed capital of Adenia Capital (V)

Nature and scope of our work

We performed the following procedures based on our professional judgment:

- We verified that the Policies address each of the Principles.
- We assessed the impact management system, using specific criteria, including quality, robustness and maturity.
- We conducted fives interviews: one interview with the Head of Sustainability and Impact ; one interview with the Chief Risk Officer, two persons in the investment team in charge of defining, applying and enforcing the Policies and one interview with a Managing Partner.
- We relied on Adenia's calculation of the assets under management of the funds Adenia Capital (III), Adenia Capital (IV) and Adenia Capital (V), which are aligned with the Principles.
- We walked through a review of the systems and outputs for a selection of portfolio companies of the funds Adenia Capital (III), Adenia Capital (IV) and Adenia Capital (V) to check the correct application of the Policies.
- We examined the integrity of the information provided in the Statement in relation to the Processes.
- The deliverables include this verification statement and an internal report with consolidated findings and recommendations provided for the management team (not for publication)

The scope of our procedures does not include however an assessment of the effectiveness of Adenia's impact measurement approach nor the verification of the resulting impacts achieved.

Limited assurance conclusion

Based on the procedures performed and the evidence obtained, we considered that Adenia's Policies comply, in all material respects, with the Principles for USD 750 million of assets under management[4] ("Covered Assets") as of 31st of December 2023.

Paris, March 28, 2024

The Independent Verifier of Better Way

Elodie Nocquet, acting in her capacity as "Présidente" (Chairman)

[4] Aggregate invested funds of Adenia Capital (III) and Adenia Capital (IV) and total committed capital of Adenia Capital (V)

Definition of terms

As defined by IFRS S2 Climate-related Disclosures

Terminology	Definition
carbon credit	An emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases. Carbon credits are uniquely serialised, issued, tracked and cancelled by means of an electronic registry.
climate resilience	The capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.
climate-related physical risks	Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity. These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.
climate-related risks and opportunities	Climate-related risks refers to the potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks. Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate related opportunities for an entity.
climate-related transition plan	An aspect of an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.
climate-related transition risks	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.
CO_2 equivalent	The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. This unit is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis
financed emissions	The portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty. These emissions are part of Scope 3 Category 15 (investments) as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).
global warming potential	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of CO_2.
greenhouse gases (GHGs)	The seven greenhouse gases listed in the Kyoto Protocol—carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF_3); perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).
indirect greenhouse gas emissions	Emissions that are a consequence of the activities of an entity, but occur at sources owned or controlled by another entity.
internal carbon price	Price used by an entity to assess the financial implications of changes to investment, production and consumption patterns, and of potential technological progress and future emissions abatement costs. An entity can use internal carbon prices for a range of business applications. Two types of internal carbon prices that an entity commonly uses are: (a) a shadow price, which is a theoretical cost or notional amount that the entity does not charge but that can be used to understand the economic implications or tradeoffs for such things as risk impacts, new investments, the net present value of projects, and the cost and benefit of various initiatives; and (b) an internal tax or fee, which is a carbon price charged to a business activity, product line, or other business unit based on its greenhouse gas emissions (these internal taxes or fees are similar to intracompany transfer pricing).
latest international agreement on climate change	An agreement by states, as members of the United Nations Framework Convention on Climate Change, to combat climate change. The agreements set norms and targets for a reduction in greenhouse gases.

Terminology	Definition
Scope 1 greenhouse gas emissions	Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.
Scope 2 greenhouse gas emissions	Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated.
Scope 3 greenhouse gas emissions	Indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the Scope 3 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).
Scope 3 categories	Scope 3 greenhouse gas emissions are categorised into these 15 categories—as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011): (1) purchased goods and services; (2) capital goods; (3) fuel- and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions; (4) upstream transportation and distribution; (5) waste generated in operations; (6) business travel; (7) employee commuting; (8) upstream leased assets; (9) downstream transportation and distribution; (10) processing of sold products; (11) use of sold products; (12) end-of-life treatment of sold products; (13) downstream leased assets; (14) franchises; and (15) investments.
disclosure topic	A specific sustainability-related risk or opportunity based on the activities conducted by entities within a particular industry as set out in an IFRS Sustainability Disclosure Standard or a SASB Standard.
general purpose financial reports	Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about: (a) buying, selling or holding equity and debt instruments; (b) providing or selling loans and other forms of credit; or (c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources. General purpose financial reports include—but are not restricted to—an entity's general purpose financial statements and sustainability-related financial disclosures.
impracticable	Applying a requirement is impracticable when an entity cannot apply it after making every reasonable effort to do so.
primary users of general purpose financial reports (primary users)	Existing and potential investors, lenders and other creditors.
value chain	The full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates. A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or services from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in the entity's operations, such as human resources; those along its supply, marketing and distribution channels, such as materials and service sourcing, and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which the entity operates.

Disclaimer

These confidential materials (these "Materials") are furnished on a confidential basis to a limited number of sophisticated investors at their request, for informational purposes only and is not, and may not be relied on in any manner as, legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy an interest in the next fund raised by Adenia Partners (the "Fund"). A private offering of interests in the Fund will be made only pursuant to a confidential private placement memorandum (together with any supplements thereto, the "Memorandum") and the Fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. These Materials are intended to supplement discussion between Adenia Partners (together with its affiliates, "Adenia") and investors, and supplemental discussions are required for these Materials to be meaningful and complete. The information contained in these Materials will be superseded by, and is qualified in its entirety by reference to, the Memorandum, which will contain information about the investment objective, terms and conditions of an investment in the Fund and will also contain tax information and risk disclosures that are important to any investment decision regarding the Fund and which should be read carefully prior to an investment in the Fund. No person has been authorised to make any statement concerning the Fund other than as will be set forth in the Memorandum and the definitive subscription documents and any representation or information not contained therein may not be relied upon. None of Adenia, the Fund nor any of their respective affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein. By accepting these Materials, the recipient agrees that it will, and will cause its representatives and advisors to, use the information contained herein only to evaluate its potential interest in the Fund and for no other purpose. The information contained in these Materials must be kept strictly confidential and may not be reproduced (in whole or in part) or redistributed in any format without the express written approval of Adenia.

Prospective investors should make their own investigations and evaluations of the information contained in these Materials. Prior to the closing of a private offering of interests in the Fund, Adenia will give investors the opportunity to ask questions and receive additional information concerning the terms and conditions of such offering and other relevant matters. Each prospective investor should consult its own attorney, business advisor and tax advisor as to legal, business, tax and related matters concerning the information contained in these Materials and such offering and in order to make an independent determination of suitability and consequences of a potential investment in the Fund.

Past or targeted performance is not necessarily indicative of future results and there can be no assurance that targeted returns will be achieved, that the Fund will achieve comparable results or that the returns generated by the Fund will equal or exceed those of other Adenia funds or that the Fund will be able to implement its investment strategy or achieve its other investments objectives. The actual realised return on any unrealised investments may differ materially from the results indicated herein. Investors can lose their investment in whole or in part.

Certain information contained in these Materials has been obtained from published and non-published sources. Such information has not been independently verified by Adenia, and Adenia does not assume responsibility for the accuracy of such information. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised. Statements contained herein that are not historical facts are based on current expectations, estimates, projections, opinion or beliefs of Adenia as of the date indicated. Certain information contained herein constitutes "forward-looking statements" which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "forecast", "estimate", "intend", "continue", "target" or "believe"(or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those discussed above, actual events or results or performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. As a result, investors should not rely on such forward-looking statements in making their investment decisions. No representation or warranty is made as to future performance or such forward-looking statements.

Endnotes

1 Source : https://commission.europa.eu/system/files/2023-01/Demography_report_2022_0.pdf
2 Source: https://blogs.worldbank.org/en/developmenttalk/gender-equality-gains-momentum-sub-saharan-africa
3 Source: https://www.afdb.org/en/knowledge/publications/tracking-africa's-progress-in-figures/infrastructure-development
4 Source : https://africanclimatefoundation.org/programmes/energy-access-and-transitions/
5 Source: https://capacity4dev.europa.eu/resources/team-europe-tracker/partner-countries/sub-saharan-africa/climate-change-adaptation-resilience-africa_en
6 Source https://www.un.org/en/academic-impact/global-goals-sustainable-development
7 While our climate change commitments were developed in response to AC(V), we apply them to both AC(V) and AC(IV) investees.
8 AC(III) is currently in exit and is, therefore, not subject to our climate commitments.
9 Learn more at: https://www.impactprinciples.org

Contact details

adenia

COMMITTED TO RESPONSIBLE INVESTING
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MADAGASCAR

Immeuble S
Alarobia
3ème étage
Antananarivo
Madagascar

MOROCCO

6ème étage
Immeuble Horizon
Mandarona 300
Lot 9
Casablanca
Morocco

NIGERIA

3rd Floor
Community by Dukka
42 Saka Tinubu St
Victoria Island
Lagos
Nigeria

SOUTH AFRICA

11th Floor
Sandton Eye building
108 Rivonia Road
Sandown
Johannesburg

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