

Africa50 Infrastructure Partners I Manager Limited

Environmental, Social and Governance (ESG) Management System Manual

Initial version approval scheme

Approval Date	11 December 2023
Approved by	CEO
Approved by	Senior Partner

Revisions scheme

Revisions	Description	Dates	Writer	Reviewer	Approver
#1		February 2025	Marina Johnson		
#2	Cleaning	May 2026	Louise Weber Bahhou	Marina Johnson	
#3	Integration of IPs and biodiversity	June 2026	Aya Blidi	Marina Johnson	
#4	Alignment with AIIB (impact and OPIR)	July 2026	Louise Weber Bahhou and Ishara Anandram	Marina Johnson	
#5	Alignment with BII	September 2026	Louise Weber Bahhou	Marina Johnson	
#6	Alignment with AIIB	September 2026	Louise Weber Bahhou	Marina Johnson	

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ACRONYMS

AIIB	:	Asian Infrastructure Investment Bank
AfDB	:	African Development Bank
BOLD	:	Black Ownership and Leadership for Development
CFP	:	Climate Framework Policy
DEI	:	Diversity, Equity and Inclusion
ES	:	Environmental and Social
ESG	:	Environmental, Social and Governance
ESG DD	:	Environmental, Social and Governance Due Diligence
	:	Environmental, Social and Governance Management System
ESG MS		
ESHS	:	Environmental, Social and Health and Safety
ESG AP	:	Environmental, Social and Governance Action Plan
GBVH	:	Gender-Based Violence and Harassment
IC	:	Investment Committee
IFC	:	International Finance Corporation
IST	:	Impact Scoring Tool
OPIR	:	AIIB's Operational Policy on International Relations
KPI	:	Key Performance Indicator
ToR	:	Terms of Reference

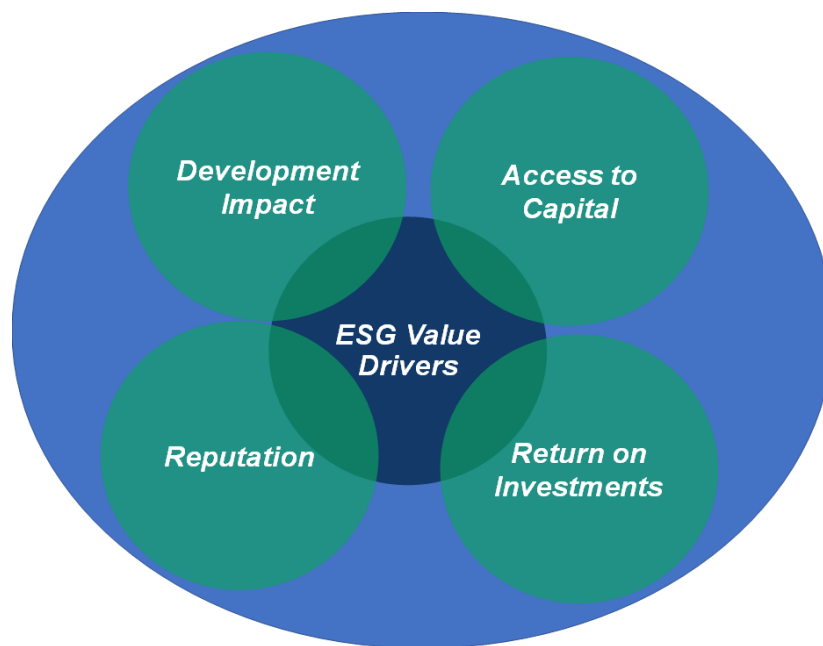
1. INTRODUCTION TO THE ESG MANAGEMENT SYSTEM MANUAL

Africa50 Infrastructure Partners I Limited (the “Company”) is the Fund Manager of Africa50 Infrastructure Acceleration Fund I LLP (the “Fund”), the latter being a pan-African closed-end Infrastructure Fund established to make equity and quasi-equity investments in infrastructure projects on the African continent. By investing in infrastructure, the Fund aims to promote sustainable economic growth, job creation, and improve the lives of people on the continent, while preserving natural resources for future generations in addition to creating value for the Fund’s Investors.

This ESG Management System Manual provides a synopsis of the ESG policies, procedures, tools and templates that make up the Company’s ESG Management System (“ESG MS”) designed to manage ESG risks and opportunities across the Fund’s activities. The ESG MS has been developed to facilitate and support the practical implementation of the Company’s ESG Strategy and ESG Policy and the ESG commitments contained therein. This includes provisions to successfully integrate environmental, social and governance (ESG) considerations into the Company’s investment and decision-making processes, business activities, as well as the culture of the organisation.

2. WHY IS ESG IMPORTANT?

The Company recognises that ESG is a key driver in maximising value for investors (from both financial and environmental and social returns perspectives), enhancing the long-term sustainability of the Fund’s portfolio companies or projects, protecting the Fund’s and its investors’ reputations, as well as developing competitive advantage in the market. Therefore, ESG directly impacts four core themes critical to the overall success of the Fund; 1) Access to Capital; 2) Return on Investment; 3) Reputation; and 4) Development Impact (refer to **Figure 1**). Accordingly, the Company will ensure that ESG forms an integral part of its day-to-day operational activities and investment and decision-making processes.

Figure 1 *ESG Value Drivers*

1. Key ESG Risks, Impacts and Opportunities within the Infrastructure Sector

The infrastructure sector intrinsically comprises potentially complex, significant, and diverse ESG risks and impacts that are likely to have material implications for long-term investment valuation. This includes key ESG risk factors such as greenhouse gas emissions and energy consumption, soil and groundwater pollution, labour and working conditions, contractor management, occupational health and safety management (working at heights, deep excavations, emergency response and fire risk, etc.), local community health, safety and security, involuntary economic and/or physical displacement of communities. In addition to this, a number of potential opportunities exist, including adoption of energy and water efficiency, and cleaner production measures; and developing local community resilience to climate change. Moreover, various impacts can be achieved by the Fund through its mission to develop, de-risk and deliver infrastructure at scale to bridge Africa's infrastructure gap. This includes regional integration promotion, livelihoods improvement, economic growth facilitation, supporting Africa's transition to a low carbon and resilient economy and investment catalysation.

For further information on key sector ESG risks, impacts and opportunities, please refer to the **Annex 1 – List of external ESG Materials and Resources**.

2. Approach to ESG Integration

The Company, on behalf of the Fund, engages stakeholders throughout the investment process, typically at or post financial close, and the Fund provides primarily equity and quasi-equity with flexible exit options.

Investments made by the Fund will be exposed to different levels of ESG risks, opportunities and impacts, depending on a number of factors, including geographic

location, duration of the investment, size of investment in relation to other investments and number of co-investors, stage of project lifecycle, type of industry or sub-industry, operational performance, and historical track record. Therefore, within the bounds of the Fund's investment mandate, internal ESG and impact requirements set by investors, and the specific ESG and impact objectives set by the Company, the Company will adopt an ESG and impact integration approach that is value-based and tailored to the specific investment in question based on its specific contextual realities and level of ESG risk exposure (and potential opportunities or impacts).

3. ESG MS Scope and Purpose

The scope of the ESG MS covers the Fund, its future underlying investments (i.e., portfolio companies or projects), investment activities, and its day-to-day management.

The purpose of the ESG MS is to provide an overall ESG Management Framework for the effective integration and management of ESG risk, opportunity and impact factors throughout the Company's investment analysis and decision-making processes as well as the day-to-day business activities of the Fund. The ESG MS guides how the Company intends to drive the ESG performance of the Fund and the operational ESG performance of individual investments, through collaboration with the Fund's co-investors or portfolio companies and projects. Additionally, the ESG MS defines the key ESG principles, standards and guidelines and requirements which the Company, the Fund, the Fund's co-investors, and its underlying investments are expected to act in accordance with.

4. Key Components of the ESG MS

The ESG MS comprises several different components as illustrated in **Figure 2**. Each component is explained further in Section 4.

Figure 2 *ESG MS Architecture*

3. COMMITMENT TO ESG

5. ESG Policy

The Company's ESG Policy provides the overall ESG MS management framework, illustrating the Company's approach and commitment to ESG integration across the Fund as well as its underlying portfolio companies or projects. The Company's commitment to ESG is informed through consideration of the Company's ESG strategy and the Fund's investment strategy, and the Company's level of ambition to drive ESG at both the Fund and portfolio company or project level. The scope of the Company's ESG Policy covers the day-to-day management of the Fund, as well as the Fund's investment activities, co-investors and its underlying portfolio companies or projects.

The key commitments made by the Company to manage ESG risks and opportunities in relation to the Fund, as prescribed in the ESG Policy (refer to **the Annex 0.1 – ESG Policy**), include the following:

- Incorporating and assessing ESG factors (both ESG risks and opportunities) of all prospective investments of the Fund, as an integral part of the investment and decision-making processes;
- Ensuring that consideration of ESG factors plays an influential role in determining whether the Fund shall make an investment or not;
- Not financing the types of projects / activities which form part of the Exclusion List (refer to **the Annex 0.2 – Exclusion List**);
- Making available necessary resources to ensure adequate implementation and management of ESG integration, including appointment of external ESG specialists or partnerships for the Fund and its investments if required;
- An analysis of ESG performance against the prescribed Reference Framework will be undertaken (to the extent feasible) as an integral part of investment decisions, and recommended actions will be provided to rectify any gaps identified;
- Assisting portfolio companies in developing and implementing action plans to address areas of non-conformance with applicable requirements outlined in the Fund and any co-investors' ESG Policy or operational policy (refer to the **Annex 01 – List of external ESG materials and resources**). The Fund shall conduct all investment activities in a manner consistent with applicable international obligations and commitments relevant to the jurisdictions in which the Fund operates. The Fund will maintain procedures to identify and manage environmental, social, integrity, sanctions, and reputational risks associated with portfolio investments, including risks that may affect the LPs' international relations considerations;
- Clearly highlighting, in writing, any ESG requirements that shall not be met by the portfolio company or project at the time of the investment decision, including proposed mitigation measures (in an ESG action plan – refer to the **Annex 11.1**

– **ESG DD and Action Plan Reporting Template**) and appropriate covenants, if any, which are to be included in the legal documentation for the deal;

- Working in partnership with co-investors or portfolio companies (as applicable) of the Fund to help them ‘unlock-value’ through addressing linkages between material ESG issues and business strategy in a way that generates commercial benefit;
- Identifying, supporting, guiding and / or overseeing the realisation of value protection and creation opportunities driven by ESG value-add initiatives across the Fund, and subsequently at a portfolio company or project level;
- Seeking appropriate disclosure on ESG performance from co-investors or portfolio companies;
- Monitoring and reporting of the Fund’s ESG performance against set objectives;
- Developing effective stakeholder engagement practices and structures which drive a culture of transparency and accountability, ongoing feedback, learning and continuous improvement; and
- Regular disclosure of the Fund’s ESG efforts to investors and other relevant stakeholders, subject to the Company not including information publicly that is proprietary to the Fund or portfolio companies or deals under execution.

6. Guiding ESG Principles

The Company and the Fund’s commitment to ESG is guided by a host of applicable internationally and nationally accepted principles, guidelines and good practice standards. **Figure 3** below, provides an illustration of the 10 Guiding ESG Principles.

Figure 3 **Guiding ESG Principles**



7. Applicable ESG Standards and Guidelines

In addition to the above ESG commitments and guiding principles, the ESG MS requires the Company, the Fund and underlying portfolio companies or projects to act in accordance with selected national and international standards and guidelines. This is referred to as the “Reference Framework”. and includes the following:

Applicable national and local ESG laws and regulations relevant to the operating jurisdiction such as:

- Relevant national E&S laws;
- International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (dated January 2012);
- African Development Bank Integrated Safeguards (dated 2023 and approved in 2024)
- World Bank Group EHS General and Sector-specific guidelines (2000)
- ILO conventions;
- UN guiding principles on Human Rights.

While the above standards form the basis of the Reference Framework, if co-investors, LPs, portfolio companies or projects have already committed to comply with the African Development Bank Integrated Safeguards System (dated 2023 and approved in 2024), or require specific points of alignment such as the AIIB Operational Policy on

International Relations (OPIR) - the Company will consider these standards in its evaluation of the investment in question. However, in all circumstances where the Fund, whether on its own or with co-investors, intends to invest in a portfolio company or project, the IFC Performance Standards shall apply.

The Fund shall not invest in any portfolio company or project that in its reasonable opinion, cannot be expected to meet the minimum ESG requirements set out in the above standards over the life of the investment. The Company may invoke other international standards and / or guidelines as deemed appropriate.

8. ESG Strategy Drivers

The Company has identified a number of strategic drivers that will be critical in its ability to realise the ESG ambitions and targets of the Fund. These strategic drivers seek to ensure organisational alignment on the ESG value proposition and intent across the organisation, as well as driving a culture of learning and continual improvement in relation to ESG performance at both the Fund and portfolio company or project level. The **Table 1** on the next page describes the key strategic drivers that the Company will focus on in further detail.

Table 1 **Key Strategic Focus Areas**

ESG CULTURE	Ensures that ESG efforts driven from the top permeate to all levels of the organisation. Obtains broad organisational buy-in with respect to the ESG value proposition and vision. Reduces opposition to change and solicits advocates for ESG.
MEANINGFUL STAKEHOLDER ENGAGEMENT PRACTICES	Drive meaningful engagement with key stakeholders at both the Fund and portfolio company or project level to facilitate learning, continual improvement and improved decision-making and outcomes.
TRAINING & CAPACITY BUILDING	Undertake training and capacity building to develop and strengthen the skills, abilities, processes, and resources of the organisation, from an ESG perspective.
STRATEGIC ESG SELECTION PHILOSOPHY	Ensure that the portfolio company or project's capacity and commitment / behavioural alignment to integrate ESG considerations into its activities and operations is a key consideration in pre-investment ESG assessment processes.
ESG INFORMATION SYSTEMS	Development and implementation of a robust ESG monitoring, evaluation and reporting approach to effectively understand, assess, and demonstrate ongoing ESG performance.
ESG VALUE-ADD INITIATIVES	Identification and active management of selected ESG value-add initiatives. Namely, the delivery of practical and effective solutions in collaboration with the Fund's co-investors, to assist portfolio companies or projects in achieving meaningful results and long-term benefits, from an ESG perspective.

9. Impact Framework

IAF may have the opportunity to contribute to impact as defined by the Africa 50's mission to "develop, de-risk and deliver infrastructure at scale to bridge Africa's infrastructure gap". Africa has a significant infrastructure gap across multiple sub-sectors such as energy, transport and digital which is impacting the continent's ability to deliver socio-economic growth in the following ways:

- The continent lacks equity investments to unlock infrastructure development.
- Priority sectors like energy, transport and digital are foundational to the continent's ability to deliver sustained socio-economic development.
- There is a lack of alignment between public and private sector stakeholders that must be unlocked to deliver infrastructure at scale and speed.

In this context, the Company has developed the **Appendix 09.01 - Impact Framework** and Theory of Change aligned to its mission which it will seek to contribute to through its investments as far possible.

4. ESG MS KEY COMPONENTS

To operationalise the implementation of the ESG Strategy and ESG Policy (described in **Section 3 - Commitment to ESG**), the ESG MS sets out an approach to integrating ESG considerations into the Company's investment processes and decision-making (refer to Sub-section **4.1 - ESG Integration into the Investment Process**), comprising of several documented ESG procedures, tools and templates. These procedures underpin what tasks shall be done at various stages of the investment process to ensure consistent application and management of ESG factors (refer to Sub-section **4.2 - ESG Procedures, Tools & Templates**).

To ensure the effective application of the ESG MS, sufficient organisational capacity and competency is required within the Company and at the Fund's portfolio company or project level. This includes assigning appropriate ESG resources (e.g., dedicated and / or supporting) and functions at both the Company and the Fund's portfolio company or project level.

In addition to seeking compliance with internal ESG requirements, the ESG MS enables the Company to identify, support, guide, monitor and / or report on ESG-related value-add initiatives that enhance portfolio company or project performance (refer to Sub-section **4.4 – ESG Value-Add Initiatives**).

Stakeholder engagement and ESG training and capacity building are two key components that further support the effective implementation of the ESG MS. Stakeholder engagement seeks to facilitate learnings, transparency and accountability between investors, the Fund and its portfolio companies or projects, and to inform decision-making to drive continuous improvement (refer to Sub-section **4.5 - Stakeholder Engagement**).

Internal training and capacity building equip the Company's Investment Team with skills and knowledge to implement and utilise the ESG MS (refer to Sub-section **4.6 - ESG Training & Capacity Building**).

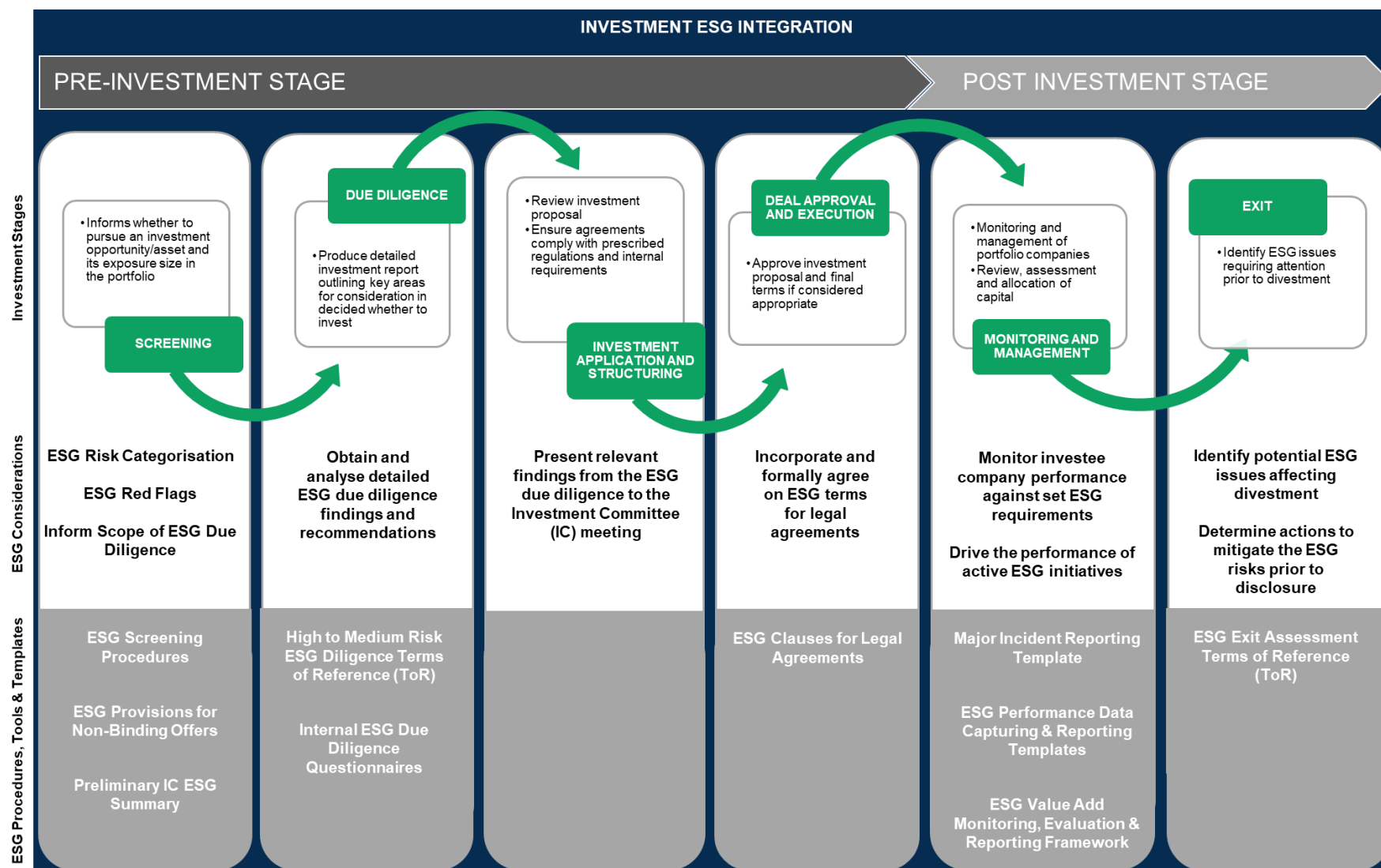
ESG Training & Capacity Building

Monitoring and reporting on ESG performance allow the Company to gauge progress against agreed ESG objectives and activities and demonstrate this to internal and external stakeholders. This process seeks to enhance value for both the Fund and its portfolio companies or projects through ensuring ongoing management of ESG performance, continuous improvement and facilitating the ability to drive ESG performance through results-based management (refer to Sub-section **4.7 - Monitoring and Reporting on ESG Performance**).

Lastly, the ESG MS undergoes internal review on a regular basis, with support from external ESG specialists (as deemed necessary) to ensure continuous relevance and enhance the potential value derived for the Fund (refer to Sub-section **4.8 - ESG Periodic Review**).

10. ESG Integration into the Investment Process

Figure 4 demonstrates the Company's framework for operationalising the integration of ESG throughout the Company's investment process. The diagram also makes reference to the supporting ESG procedures, tools and templates, which are described further in the Sub-section **4.2 - ESG Procedures, Tools & Templates** section below.

Figure 4 *ESG Integration Framework*


11.ESG Procedures, Tools & Templates

4.1.1. Pre-Investment Stage

Several tailored ESG MS procedures, tools and templates have been developed that shall be implemented during the pre-investment stage of the investment process to give effect to the ESG Policy, ESG strategy and ESG MS. This includes procedures, tools and templates to support integration of ESG into the screening, due diligence and deal structuring investment stages.

Table 2, Table 3 and Table 4 expand on the key objectives and details for each of these ESG procedures, tools and templates.

Table 2 ***ESG Screening Procedures, Tools and Templates***

INVESTMENT STAGE	OBJECTIVES	TOOLS	DESCRIPTION	OUTCOMES	RESPONSIBILITY	ANNEXURE
SCREENING	<ul style="list-style-type: none"> • Confirm no excluded or prohibited activities are triggered; • Identify any ESG fatal flaws associated with the prospective investment (including review of 	Screening Procedure	Word document providing practical information necessary to perform the ESG screening of a prospective investment, including a step-by-step approach. The procedure is read in conjunction with the Screening Tool (as described below).	<ul style="list-style-type: none"> • Decision to proceed to the next stage for the prospective investment or not (based on ESG considerations only); 	The Screening Procedure and Tool are to be populated by the Investment Team and reviewed by the ESG Manager.	Refer to the Annex 0.2 – Exclusion List Refer to the Annex 2 – ESG Screening Procedure

	<p>adverse media and integrity-related concerns, screening against applicable sanctions and restricted-party lists, identification of transboundary environmental or social impacts; and evaluation of stakeholder sensitivities that could create material reputational or international relations risks);</p> <ul style="list-style-type: none"> • Assign an initial ESG risk overview with subsequent categorisation (between C, B, B+ or A); • Carry out specific checks for Category A projects • Identify any ESG red flags (i.e., material ESG risks and impacts), including screening for the presence of Indigenous Peoples, impacts on vulnerable groups, as well as potential impact on Biodiversity and Habitat, requiring further interrogation during subsequent ESG DD; and • Present ESG screening information to the IC to make an informed next step decision. • Assess whether prospective investments involve activities, counterparties, or jurisdictions that may give rise to material international relations 	<p>Screening Tool</p>	<p>Excel based tool that performs the following functions:</p> <ul style="list-style-type: none"> • Data and information storage platform - ensuring safe recording of information, for reference and validation purposes; • Automatically assigns an initial ESG risk overview (i.e., Health & Safety Risk, Environmental Risk, and Social Risk Ratings per sector) to the prospective investment with subsequent categorisation (between C, B, B+ or A); and • Facilitates checks against the prescribed Exclusion and Sanction Lists and Preliminary Red Flag Assessment Process including gender, safeguarding, climate risk, biodiversity conservation, and screening for vulnerable groups and Indigenous People, to the extent information is available. <p>Specific checks for Category A projects include verifying that adequate stakeholder consultation and information disclosure have been undertaken in accordance with applicable PS1 requirements. Where an ESIA has been prepared in line with national standards requiring public consultation and disclosure, the due diligence shall confirm that these requirements have been appropriately fulfilled and identify any gaps with applicable international standards. The due diligence shall also consider the specific consultation and disclosure requirements applicable under the relevant international standards, including those of the IFC, AfDB and AIIB, and assess whether any additional measures are required to ensure appropriate alignment.</p>	<ul style="list-style-type: none"> • Inform Preliminary IC on the ESG Screening findings including: <ul style="list-style-type: none"> ○ Initial ESG Risk Categorisation (between C, B, B+ or A); ○ Red Flag Assessment Summary; and ○ Next Steps & ESG DD Considerations <p>Populated DEI questionnaire where possible as part of DD to inform GAP as needed to move to 2X Alignment</p>	<p>Refer to the Annex 3 – ESG and Impact Screening Tool</p>
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	concerns, including applicable sanctions restrictions, prohibited activities, or significant cross-border environmental or social impacts. Confirm whether the company is exposed to (i) disputed territories, which contribute to or exacerbate existing territorial disputes and/or are inconsistent with applicable international frameworks and/or (ii) to international waterways, and/or are inconsistent with applicable international conventions and lender requirements					
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Table 3 *ESG Due Diligence Procedures, Tools and Templates*

INVESTMENT STAGE	OBJECTIVES	TOOLS	DESCRIPTION	OUTCOMES	RESPONSIBILITY	ANNEXURE
DUE DILIGENCE		ESG DD Procedure and Impact Scoring <i>(Applicable to Internal & External ESG DD)</i>	<p>Word document providing practical information necessary to perform an Internal or External ESG DD of a prospective investment, including a step-by-step approach.</p> <p>Risk Categorisation informs the scope of the ESG DD:</p> <ul style="list-style-type: none"> <u>Low Risk/Cat C:</u> Internal ESG DD is recommended. Performance of such ESG DD should be at the discretion of the Investment Team, and can be undertaken either by an appointed third party or by the Company's internal resources, using the ESG DD Tool <u>Medium Risk/Cat B:</u> Focused External ESDD in the case of red flags, otherwise internal ESDD with specialist input as required. <u>High-Medium Risk/ Cat B+:</u> External ESG DD is performed by an appointed third-party. <u>High Risk/Cat A:</u> External ESG DD, including site visit(s), is performed by an appointed third-party. <p>Completion of Impact Scoring Tool (IST) for Final IC</p> <p>Completion of the DEI questionnaire where possible as part of DD to inform GAP as needed to move to 2X Alignment</p>		The ESG DD Procedure and Tool is to be used by the designated Fund's ESG Manager as needed in collaboration with the Investment Teams.	Refer to the Annex 4.1 – ESG DD Procedure and subsequent tools (Annex 4.2 – ESG DRL and Annex 4.3 – IC Summary template)

	<ul style="list-style-type: none"> Assess a prospective investment's compliance with applicable national and international ESG requirements; Identify material ESG risks (including exposure to OPIR-sensitive investments) and opportunities associated with the prospective investment; Confirm screening ESG Risk Categorisation (between C, B, B+ or A); Identification of opportunities that may drive ESG value-add through the investment lifecycle; Develop an ESG AP that sets out corrective actions to address the ESG risks / areas of non-compliance; Present ESG DD findings to the IC to inform decision-making and deal structuring Present/ escalate risks to LPs to inform decision-making (e.g. AIIB for OPIR-sensitive investments) 	ESG DD Tool (Applicable to Internal ESG DD)	Excel based tool comprising of IFC Performance Standards & Corporate Governance Questionnaires to assess the alignment of a prospective investment against. The tool automatically populates an ESG AP and guides the type of information to be presented at the IC.	<ul style="list-style-type: none"> Inform the IC investment decision-making process with the ESG DD findings covering the prospective investments: <ul style="list-style-type: none"> Site Setting; ESG Performance (Risks & Opportunities); Necessary contractual agreement, ESG Reporting & ESG AP nature and implementation requirements. IST score ESAP development as a result of DD for integration into transaction documents to cover gaps in relation with compliance (vs local legislation) and/or alignment (international standards) <p>In the case of external ESG DD: Appointed ESG specialist to perform the ESG DD</p>		Refer to the Annex 5 – ESG DD tool Annex 8.2 – DEI questionnaire
		ESG DD ToRs (Applicable to all external ESDDs)	Word document template to be populated with relevant investment specific information to ensure that the appointed third-party ESG specialist is competent, knowledgeable, and qualified to carry out the ESG DD (or parts of it) and to do so in accordance with the Company's ESG Policy and other prescribed ESG requirements. The scope of the ESG DD is determined by initial ESG risk categorisation.		The Investment Team and ESG Manager as appropriate shall populate and distribute the ToR, review service provider proposals, appoint a specialist and manage the relationship between the Company and ESG specialist.	Refer to the Annex 6 – ESG DD Terms of Reference

Table 4 *Deal Structuring Procedures, Tools and Templates*

INVESTMENT STAGE	OBJECTIVES	TOOLS	DESCRIPTION	OUTCOMES	RESPONSIBILITY	ANNEXURE
DEAL STRUCTURING & APPROVAL	<ul style="list-style-type: none"> • Ensure the Fund and portfolio company or project interests and expectations on ESG matters are explicitly aligned; • Inclusion of ESG clauses into legal agreements to contractually hold portfolio companies or projects to the Fund's ESG and reporting requirements • Ensure portfolio companies or projects have adequate financial and technical resources to comply with the terms in the legal agreements; and • Enhance the Fund's leverage and oversight of the portfolio company or project post-investment. 	Specimen ESG Clauses for Legal Agreements	Word document providing guidance on the inclusion of ESG Clauses into legal agreements, including suggested tailorable ESG clauses relating to the investments operating jurisdiction, structure of the transaction, nature of ESG AP(s), and the Fund's monitoring and reporting requirements.	Contractual agreement ensuring alignment between the Fund and portfolio companies or projects on ESG aspects and expectations.	The Investment Teams shall, in consultation with the Company's Legal Team and the designated ESG Manager, determine and include appropriate ESG clauses into legal agreements, for the investment in question.	Refer to the Annex 10 – Specimen ESG clauses for Legal agreements

4.1.2. Evaluation against ESG related Commitments

As part of the screening and due diligence process, potential investments will be evaluated against the following Fund commitments and included in IC materials as part of the investment decision-making process.

Climate

The fund aligns with the principles of the Paris Climate Agreement, by following the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment. Accordingly, a Climate Framework Policy (CFP) (refer to the **Annex 7 – Climate Framework Policy**) is in place to provide a structured approach to managing climate-related risks and opportunities across the Fund's investments. The policy serves as the foundation for the Fund's efforts to align with international climate finance standards, ensure climate risk integration into investment decisions, and support low-carbon and climate-resilient growth in Africa.

The Climate Framework Policy is intended for integration into the ESMS, and builds on global best practices, to:

- Clarify the Fund's Commitment to: 100% Paris Agreement Alignment; the LPA commitment to invest in Climate friendly sectors (minimum 20% of total capital commitments, with a cap on investments in gas-related infrastructure); and deploying into Climate Finance eligible investments (10% of committed capital).
- Identify relevant physical climate and transition risk screening methodology to apply in the transaction due diligence process and in the Fund's approach to portfolio management.
- Include an example scorecard to support the assessment of transition climate risk in specific sectors such as gas.

As referred above and in the CFP, the Manager will screen investments against the Climate Finance Eligibility criteria, following the IDFC MDB Common Principles for Climate Mitigation Finance Tracking¹. The Fund has committed to targeting 10% of investable capital into Climate Finance Eligible investments, to promote and support climate-resilient development and integrate climate adaptation and resilience into the operations of its portfolio. This is an essential element to ensuring the sustainability of our investments.

1

<https://www.worldbank.org/content/dam/Worldbank/document/Climate/MDB%20IDFC%20Mitigation%20Finance%20Tracking%20Common%20Principles%20-%20V2%2015062015.pdf>

Gender, Diversity and Safeguarding

Through the pursuit of a gender-smart investment strategy that seeks to integrate gender considerations in all stages of the investment process, the Fund intends to contribute to addressing known disparities that exist between males and females. The Manager intends to align the Fund with at least one of the 2X Challenge criteria, which values investors and companies for their constant effort in promoting women's entrepreneurship, leadership, employment, or consumption. The 2X criteria are included amongst the considerations that the investment team will make while taking potential investment opportunities through the investment process. The Fund also aims for 30% of its portfolio companies to meet, to the extent possible at least one of the 2X criteria at origination. The 2X Criteria Reference Guide is referenced during the investment process to determine the relevant thresholds, varied by country and sector.

The 2X certification program will further be considered over the course of the Fund's life to reinforce our commitment to advancing gender equality in the investment industry².

A Diversity, Equity and Inclusion (DEI) questionnaire is completed as part of the Phase II Environmental and Social Due Diligence (ESDD) process, where relevant information is available. The questionnaire is intended to assess the investee's current gender and inclusion practices, identify alignment with the Fund's gender-smart investment objectives and applicable 2X Challenge criteria, and identify any gaps or opportunities for improvement. The findings may inform post-investment Gender Action Plans, Environmental and Social Action Plans (ESAPs) and, where appropriate, environmental and social provisions in transaction documentation.

The **Appendix 08.2 - DEI questionnaire** may be updated from time to time to reflect evolving Fund objectives and market good practice.

Implementation of the ESMS should also ensure that IAF and respective portfolio companies do not commit any Safeguarding Violations, and ensure the confidentiality and safety of all Persons involved in such incidents, including any victim or survivor of or witness to, any Safeguarding Violation. During DD safeguarding provisions will be assessed, and during ownership the Fund will support Portfolio companies in implementing measures to improve safeguarding. This may include the following:

1. Ensuring % of women representation in staff and employees, at least in alignment with the 2x challenge
 - i. Representation should be across seniority levels (including senior management and board) and not concentrated at junior levels

² <https://www.2xcertification.org/>

- ii. In case of non-alignment, a staged hiring and promotion plan should be designed
- 2. Ensuring that no gender pay gap exists for same roles across gender, except marginal differences due to experience/specific situations
- 3. Ensuring a company level policy for workplace harassment - data to be reported on incidents (ref: <https://toolkit.bii.co.uk/esg-topics/gender-based-violence-and-harassment/>)
- i. Risk assessment to promote prevention during ESDD
- ii. Policy to cover multiple routes of incidence reporting for the survivor (assigned person in company, anonymous helpline, third party consultants, police, among others), confidentiality regulations, and anonymous resolution.
- 1. Affected parties to be on suitable remediation plans to avoid loss of work efficiency.
- 2. Any medical costs to be covered by the organization if the incident was at the workplace, work setting, or with work contacts.
- 4. Provisions of child-care leave – Reasonable maternity and paternity leaves
- 5. Provisions for safe transportation to workplace or work-related travel
- i. Assisting with taxi fares or company sponsored bus for travel after sunset
- 1. If travel is not feasible, safe overnight stay to be provided
- ii. If considered risky to travel due to location/timing, women employees to be accompanied
- 6. For all work-related trips, safe transportation and overnight stay to be ensured wherever needed
- 7. Design of safe space at workplaces
- i. Dedicated and accessible female washrooms with fresh water
- ii. Safe spaces for changing uniforms
- 8. With x number of employees, childcare plans to support creche/nursery/daycare services to support parents returning to work with young children
- 9. Confirmation of transparent and fair procurement and hiring process – contracts and hiring to promote diversity and avoid bias

i. Recruitment and contract selection panels within the organisation to involve diversity

10. Workers' organisation/union should have diverse representation, unless individual representative groups have their own union and access to management

Example GBVH Safeguards DD questions
Were 100% of staff trained in GBVH awareness and prevention?
Were there accessible and confidential reporting mechanisms for GBVH incidents in place?
Were all reported GBVH incidents addressed with appropriate action?
Are regular GBVH awareness sessions conducted for project site workers and community members?
Are accessible GBVH reporting mechanisms available at project sites?

Refer to **Annex 8 - 2x Criteria and BOLD** – sector and geography thresholds are to be determined on the 2x website tool.

Safeguarding in the supply chain

As part of its E&S due diligence process, the Fund shall assess, on a risk-based basis, the key suppliers and supply chains of portfolio companies, taking into account the sector, geographic footprint, nature of the products and services procured, and the potential for heightened safeguarding risks. The assessment shall consider, as relevant, labour and working conditions, forced and child labour, human rights risks, occupational health and safety, community and environmental impacts, and other material E&S risks associated with upstream supply chains.

The IAF may also conduct targeted deep dives into specific procurement streams where safeguarding risks are particularly salient. For example, for solar investments, this may include a focused assessment of solar module procurement, including the identification of key module manufacturers and upstream suppliers, geographic sourcing and traceability, and potential exposure to labour and human rights risks within the relevant supply chain.

Black Ownership and Leadership for Development (BOLD):

To contribute to inclusive investment practices, IAF reference BII's BOLD investing criteria (Black Ownership and Leadership for Development) for investments in Sub-Saharan African countries. The aim is to prioritise investments into businesses in sub-Saharan Africa that are founded and/or owned by black Africans or that are majority led by black Africans, and to support investees to increase black representation in

leadership through commitments, targets and action plans and to target black-owned and led businesses in the portfolio³.

Refer to the **Annex 8 - 2x Criteria and BOLD**.

Fund level commitment:

The IAF currently aligns with BOLD's 50% leadership criteria

Portfolio level commitment:

The IAF's intent is for 30% of its portfolio companies to meet, to the extent possible, at least one BOLD criteria, and to collect data and report on relevant DEI metrics at a minimum

4.1.3. Post-Investment Stage

Several tailored ESG MS procedures, tools and templates have been developed that shall be implemented during the post-investment stage of the investment process to ensure ongoing ESG performance of underlying portfolio companies or projects. This includes different levels of ESG monitoring and reporting activities at both the Fund and portfolio company or project level.

A standard level of monitoring and reporting will be applied by the Company to all the Fund's investments. **Table 5** outlines the approach to ESG monitoring and describe the accompanying procedures, tools, and templates.

Details on how this information will be applied to the Fund and / or portfolio company or project reporting activities is included under Section **4.7 - Monitoring and Reporting on ESG Performance**.

³ <https://assets.bii.co.uk/wp-content/uploads/2022/02/02182247/Gender-and-Diversity-Finance-Position-Statement-2022-26-1.pdf>

Table 5 ***Types of ESG Monitoring and Reporting, Associated Procedures, Tools & Templates***

INVESTMENT STAGE	TYPE	OBJECTIVES	SUPPORTING TOOL	DESCRIPTION	OUTCOMES	RESPONSIBILITY	ANNEXURE
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Africa50 Infrastructure Partners I Manager Limited

<p>ESG MONITORING</p>	<p>ESG AP / Compliance Monitoring</p>	<p>Ensure portfolio companies or projects maintain ongoing compliance with the Company's set ESG requirements and implementation of the ESG AP through regular meetings and/or document-based monitoring carried out by the ESG Manager and/or by ESG sub-committees</p> <p>Formally track and monitor the implementation of ESG requirements identified during ESG due diligence, including where relevant: (i) identification and management of vulnerable groups and Indigenous Peoples if these assessments were missing at the time of investment and remain relevant depending on the development stage of the project; and (ii) biodiversity-related mitigation measures, including actions addressing potential impacts on protected areas, critical habitats, ecosystem services,</p>	<p>ESG Action Plan Tracker Template</p>	<p>Excel based tool that tracks the progress status of ESG AP implementation by portfolio companies or projects, as drafted at ESG DD stage</p>	<p>Obtain an understanding of the portfolio companies or project progress and ESG performance against set deadlines</p>	<p>Designated ESG Manager shall populate the template and oversee the ongoing implementation of the ESG AP and provide updates on progress to the Investment Team. An overview of the portfolio companies or projects, including E&S information, should be disclosed on the Fund's website. Where applicable, a URL link to the national authority with regulatory responsibility for the ESIA, should also be provided</p>	<p>Refer to the Annex 11.1 – ESG DD and AP Reporting Template and to the Annex 11.2 – ESG Action Plan Tracker Template.</p>
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		biodiversity values, and other biodiversity-related risks identified during ESG screening and due diligence.					
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Africa50 Infrastructure Partners I Manager Limited

INVESTMENT STAGE	TYPE	OBJECTIVES	SUPPORTING TOOL	DESCRIPTION	OUTCOMES	RESPONSIBILITY	ANNEXURE
ESG MONITORING	Major Incident Reporting	Assist portfolio companies or projects to timely report any major unplanned ESG events or incidents (i.e., fires, incidents of bribery or corruption, labour strikes, etc.) that could materially impact on the project or companies' operations and / or performance.	Major Incident Reporting Form Template	Word document form populated by portfolio company or project to notify the Company, on behalf of the Fund, within a pre-determined time period and detail the nature of the incident, what investigation has taken place and what actions have been taken to remedy the situation.	Provide the Company with an understanding of any material risks, initiate prompt corrective actions, mitigation of reputational risks or risk of ceased operations, and drive lessons learnt	Within and no later than two (2) days, the project or portfolio company management shall complete and submit the form to the Company's contact person.	Refer to the Annex 12 – Major Incident Reporting Form template.
	Ongoing KPI Reporting	Seeks to drive the internal ESG performance of portfolio companies or projects.	Operational ESG Data Capture Sheet	Excel based template used as a centralised platform for portfolio companies or projects to collect, track and report on ESG data and performance across selected qualitative and quantitative ESG KPIs, in a consistent, accurate and comparable manner	Enable monitoring of portfolio company or project operational ESG performance against set KPIs, enhancing the Company's understanding of the Fund's investment portfolio internal ESG performance	<ul style="list-style-type: none"> Appointed portfolio company resource shall obtain and populate the relevant information into the excel sheet, on a pre-determined basis (e.g., quarterly, bi-annually or annually). Designated ESG Manager shall review portfolio company reports, continuously monitor ESG data obtained, and provide feedback to portfolio company / Investment Team (e.g., notify of any new ESG risks etc.). 	Refer to the Annex 13 – Operational ESG Data Capture Sheet.

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INVESTMENT STAGE	TYPE	OBJECTIVES	SUPPORTING TOOL	DESCRIPTION	OUTCOMES	• RESPONSIBILITY	ANNEXURE
ESG MONITORING	Ongoing KPI Reporting <i>(Continued)</i>	Seeks to drive the internal ESG performance of portfolio companies or projects.	Annual ES Monitoring Report Template	<p>Word document template provided to underlying investments where regular KPI data collection through ESG panel meetings, ESG sub-committee meetings and other meetings, etc. may not be feasible or sufficient. The template comprises the Company's preferred format for ES performance reporting and provides the Company with relevant ES data.</p> <p>This document may seek to obtain relevant ES data to support the Fund's annual ESG reporting to its stakeholders.</p>	<p>Determine whether underlying investments are meeting applicable ES requirements agreed during investment negotiation and outlined in the legal agreements and compile ES information to support the Fund's annual ESG reporting to its stakeholders.</p>	<ul style="list-style-type: none"> • Appropriate portfolio company or project personnel to populate the template upon request from the Company • Fund's ESG Manager shall review portfolio company reports, continuously monitor ESG data obtained, and provide feedback to portfolio company / Investment Team (e.g., notify of any new ESG risks etc.). 	Refer to the Annex 14 – Annual ESG Monitoring Report template.

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	<p>Site Visits</p> <p><i>(Applicable to high & medium risk investments, on an annual basis as deemed necessary)</i></p>	<ul style="list-style-type: none"> On-the-ground assessment of portfolio companies covering: <ul style="list-style-type: none"> Operations & ESG performance; Adherence to key ESG commitments & requirements and ESG AP measures; Effectiveness of mitigation and management measures addressing impacts on affected stakeholders and the environment, including vulnerable groups, Indigenous Peoples, biodiversity-related commitments, habitats, ecosystems, species and ecosystem services, where relevant; Identify key ESG strengths & weaknesses; and Develop recommendations for improving ESG performance 	<p>ESG Performance Review Guidance Note</p>	<p>Word document providing practical guidance on how to conduct a site visit, or when deemed necessary, and assess a portfolio company's or project's ESG performance, including a recommended approach and outputs.</p>	<p>Ensure awareness of any material ESG risks and opportunities, progress on ESG-related interventions and ESG AP items. This results in the development or revision of the portfolio company's ESG AP to address risks/gaps.</p>	<ul style="list-style-type: none"> Site visits will be undertaken annually by the Fund's ESG Manager, Investment Teams, or assigned supporting external resources. These will be on an as needs be basis, prioritising high risk investments as applicable, An external third-party service provider will be appointed if certain / additional ESG expertise is deemed necessary 	<p>Refer to the Annex 15.1 – ESG performance review guidance note, to the Annex 15.2 – Sector-Specific ESG risks and to the Annex 15.3 – Annual ESG performance review report template.</p>
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12. Impact tool

Overview

In the event that the Company is able to contribute to impact, an Impact Scoring Tool (IST) has been developed to support investment decision-making and is systematically presented at Final Investment Committee stage. The IST is also used as a performance management tool during the holding period, and in the preparation of annual quantitative impact reports. The tool enables the structured assessment of impact-related achievements against predefined criteria, supports the identification of gaps and areas for improvement, and facilitates consistent tracking of progress over time. As such, it serves as a central instrument to embed impact considerations across the investment lifecycle and to enhance transparency and accountability in reporting.

Methodology

The tool ensures that all five dimensions of impact set out in the Impact Norms (which is considered best-practice (and is widely accepted by the investor community) are assessed, namely “What”, “Who”, “How much”, “Contribution” and “Risk”. These five dimensions are assessed across three categories (Impact, Magnitude and Confidence) and a score is given per category and then aggregated to provide an average score, as follows:

- **Impact** (Dimensions: What/Who/Contribution): considers what and who impact will be achieved for and how critical the Fund’s contribution is to delivering that impact. It specifically identifies key performance indicators (KPIs), how the investment compares to other potential projects in the sector and the Fund’s contribution to unlocking impact, in particular how critical the Fund’s involvement is in making the project financially viable.
- **Magnitude** (Dimension: How Much): considers how much impact is being delivered and assesses the depth of impact for stakeholders, reach (local vs. national vs. regional), duration of impact over time, affordability for end beneficiaries, resilience and sustainability of outcomes.
- **Confidence** (Dimension: Risk): considers risk through a structured 3×3 matrix focused on assessing the likelihood and significance of key risks across the investment lifecycle together with measurability and execution dependency. It assesses the risks that could prevent the intended impact from being realized and where possible, how these will be mitigated through portfolio management.

The score is aggregated across categories and produces a score out of 100 and a four-tier rating of Low / Moderate / High / Very High.

Inputs from the investment teams

The anchor of the tool is the identification of KPIs that clarify the intended impact and align with best practice (e.g. IRIS / GIIN), enabling impact to be tracked post-investment, aligning with investor and LP expectations, supporting better external reporting, and improving usability for the investment teams.

To support the Impact category score, investment teams are required to identify relevant KPIs from the standardised GIIN IRIS+ metric library to “quantify” the potential impact. It is expected that the identified KPIs will be tracked post investment to enable better measurement and reporting.

13. Organizational Structure & Governance

The implementation of the ESG MS requires the allocation of competent ESG resources with sufficient capacity to drive ESG efforts. Typical ESG roles and responsibilities are outlined in the section below.

ESG Manager

General ESG Responsibilities include the following:

- Facilitating implementation of the Reference Framework;
- Overseeing implementation of the ESG Policy and ESG MS;
- Drive internal communication and engagement on ESG-related topics and initiatives, and contribute to strategic ESG conversations on behalf of the Fund;
- Support in ensuring that adequate Company resources are available and committed to implementing the ESG MS, and in doing so, that sufficient resources are available to satisfy the Company's ongoing ESG management responsibilities;
- Support in providing training to all relevant Company staff members relating to ESG management;
- Support and guide the Investment Team as appropriate in the execution of their ESG management responsibilities;
- Enhance the organisation's ESG credentials and represent the approach and strategy to both internal and external audiences;
- Act as an ESG ambassador for the Company and the Fund, representing their position on ESG to external audiences, engaging at ESG events, industry associations and conferences;
- Proactively identify areas where the Company would benefit from additional guidance and identify opportunities for enhancing value on ESG initiatives;
- Ensure the ESG Policy and ESG MS are reviewed and, if necessary, updated on a three-yearly basis;
- Evaluate and report on the Fund's ESG performance against set objectives on an annual basis; and
- Oversee disclosure of ESG information to key internal and external stakeholders.

Pre-Investment Operational Responsibilities include the following:

- Support the Investment Team in undertaking internal ESG screening and due diligence procedures;
- Collaborate with the Investment Team in co-ordinating the development of the ToR for the ESG specialist for completion of the ESG DD, and in reviewing proposals from the specialist;
- Support the Investment Teams in setting an appropriate budget for the ESG DD;
- Ensure the appointed ESG specialist(s) has(have) the requisite skills, capacity and experience in the infrastructure or relevant sector, the investment vehicle market, and in-depth knowledge of the IFC Performance Standards, as well as the ESG-related regulations of the country(ies) under investigation; and lastly, ensure familiarity with identifying ESG value-add opportunities;

- Review ESG DD reports and coordinate with the Investment Team to provide feedback to the ESG specialist(s) to ensure a comprehensive study that is of high quality;
- Support the Investment Team in ensuring that all investment decisions are supported by appropriate ESG DD documentation;
- Support the Investment Team as appropriate at Preliminary and Final IC meetings, and in responding to specifically directed IC questions on high risk ESG issues on investment opportunities.

Post-Investment Operational Responsibilities include the following:

- Support the Investment Team as appropriate in guiding portfolio companies or projects on the completion of ESG AP items and assist in identifying and mitigating potential ESG performance issues identified post-investment;
- Support the Investment Team in ensuring that the correct ESG requirements are included in the investment documents and that adequate resources are committed to allow effective and appropriate development and implementation of an ESG MS at the portfolio company or project level;
- Work in partnership with the Investment Team, portfolio company or project ESHS Manager or relevant individual, to collate quarterly ESG reports and data to ensure that records are maintained, detailing both the ESG-related obligations and the initiatives underway to meet or exceed the ESG mandate set out in the ESG Policy;
- Support the Investment Team in maintaining ongoing liaison and correspondence with portfolio company or project ESHS Managers, and engage directly with the ESHS Managers, where appropriate;
- Conduct site visits to review ESG performance of investments, where required;
- Support the Investment Team in responding appropriately to significant ESG incidents arising at portfolio company or project level, and in ensuring that Investors, the Company, and the Fund's co-investors are informed of such significant incidents, as appropriate;
- Communicate key ESG issues observed in portfolio companies and projects to the Investment Teams;
- Option to participate in, at the request of the Investment Team, ESG committee meetings of portfolio companies or projects; and
- Support the compilation of the Fund Quarterly and Annual ESG data for input into reports.

Investment Team

- Ensure compliance with the ESG Policy and implementation of the ESG MS within the Investment Team;
- Review and analysis of all the ESG screening deliverables and outputs, including preparing the summary of key ESG screening findings for the preliminary IC meeting;
- Coordinate the collection of relevant ESG information from portfolio companies or projects and share the same with the ESG Manager as appropriate;
- In collaboration with the ESG Manager, provide input on the development of the ToR for the ESG specialist for completion of the ESG DD and review proposals from specialists;
- With support from the ESG Manager, set an appropriate budget for the ESG DD;
- Review ESG DD reports and obtain feedback from the ESG Manager to ensure a comprehensive study that is of high quality;

- Ensure that all investment decisions are supported by appropriate ESG DD documentation;
- With support from the ESG Manager, ensure that the correct ESG requirements are included in the investment documents and adequate resources are committed to allow effective and appropriate development and implementation of an ESG MS at portfolio company or project level;
- Incorporate appropriate ESG representations, warranties, and covenants into Investment agreements;
- Obtain support from the ESG Manager to work in partnership with portfolio company or project ESHS Managers, to collate quarterly ESG reports and data to ensure records are maintained and remain current on ESG matters;
- Conduct site visits as appropriate, to review the ESG performance of portfolio companies or projects, where required;

Remain current on any ESG issues and / or infringements occurring at portfolio or project level, as appropriate, and ensure that all emergency incidents are addressed, and risks remedied where possible;

- Prepare responses to queries from the Company's Board, related to portfolio company or project ESG performance; and
- Attend ESG committee meetings and Social and Ethics Board Sub-Committee meetings, or the equivalent, in portfolio companies where appropriate.

Portfolio Company or Project ESHS Manager

- Develop and implement an ESG Policy and ESG MS, if applicable;
- Implement the ESG AP items set as part of the ESG DD process;
- Ensure the portfolio company or project remains in compliance with applicable national legislation and prescribed Company ESG requirements;
- Document and report serious ESG incidents to the Company as per the Major Incident Reporting procedure;
- Ensure the implementation of remedial actions on serious ESG incidents and appropriately address identified risks where possible;
- Complete regular ESG reports for the Fund using the Company-supplied templates where possible;
- Train staff on an ongoing basis on ESG issues related to the portfolio company or project activities and on the implementation of the ESG MS; and
- Collaborate with the Company's Investment Team and designated ESG Manager to drive ESG value-add opportunities.

Portfolio Company or Project: Board Appointee (Where Applicable)

- Motivate as appropriate for the inclusion of ESG as an agenda item for discussion at board meetings (including progress on outstanding ESG action items and ESG performance);
- Represent and promote the Company's ESG mandate at board meetings as appropriate; and
- Notify the Company's designated ESG Manager and the Fund's Board appointee as appropriate on key ESG issues arising during board meetings.

External ESG Specialist (As Deemed Necessary)

- Perform ESG DD assessments for medium to high-risk investments;
- Update and maintenance of the ESG MS;
- Assist with the investigation of significant incidents occurring at investments;
- Collection, summary, review, and collation of ESG data received from portfolio companies or projects; and
- Support the Company and portfolio company or project with training and capacity building on key ESG aspects; and
- Supervise and facilitate ESG monitoring activities of investments, where required.

ESG sub-committees

- Provide strategic oversight of ESG matters at Fund level, enabling the Board to maintain visibility over material sustainability risks and opportunities,

emerging ESG trends, and the Fund's overall ESG performance and impact objectives.

- Review and monitor ESG performance across Portfolio Companies, including key E&S/H&S indicators, material incidents, regulatory or compliance matters, stakeholder concerns and progress against agreed ESAP/ESG improvement plans.
- Support informed decision-making by the Board by reviewing material ESG risks and opportunities, challenging management on significant issues where appropriate, and providing recommendations on strategic priorities, mitigation measures and value-creation opportunities.
- Ensure effective escalation and accountability for material ESG matters,

including tracking recurring or high-risk issues at Portfolio Company level and ensuring that appropriate management actions, resources and timelines are established and monitored through to closure.

- Strengthen the integration of ESG considerations into the Fund's governance and investment lifecycle, by facilitating dialogue between the Board, investment team, ESG function and Portfolio Companies, and promoting consistent ESG standards, monitoring practices and continuous improvement across the portfolio.

ESG panel

- Convene periodic (typically quarterly) ESG exchange sessions between the Fund's Senior ESG Managers and ESG representatives of lenders.
- Share updates on ESG performance and key developments at Fund and Portfolio Company level, including E&S and H&S indicators.
- Review material ESG incidents, regulatory and compliance matters, and stakeholder-related issues.
- Discuss progress against ESAPs and broader ESG action or improvement plans.
- Identify and exchange on emerging ESG risks, opportunities, and evolving regulatory or market expectations.
- Assess the need to update the ESMS Manual and/or subsequent tools based on lenders' new commitments and or the Fund's new initiatives (on an ad-hoc basis).
- Facilitate alignment and transparency between the Fund and its lenders on ESG priorities and key topics.
- Capture key discussion points and, where relevant, inform ongoing ESG monitoring and continuous improvement efforts across the portfolio.

14. ESG Value-Add Initiatives

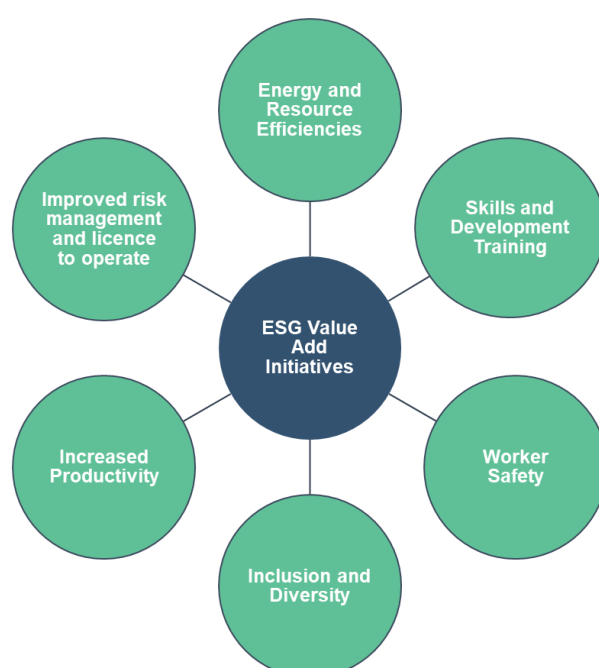
Over and above ESG risk management, the ESG MS intends to drive value protection and unlock opportunities, which are aligned with the Fund's strategic objectives, at portfolio company or project level. This is achieved through the integration and embedding of ESG value-add considerations into each stage of the investment process. Namely, by utilising various ESG value-add procedures, tools, and templates to identify potential initiatives, design and deliver practical and effective solutions to assist portfolio companies or projects in achieving meaningful results and long-term benefits from ESG interventions, and enable ongoing monitoring of such initiatives (refer to **the Annex 16.1 – Value Add framework** and to subsequent tools gathered in **the Annex 16.2 – Value add tools**).

It can also be reminded that impact-related stakes are captured during the Screening phase (refer to **Section 4.2.1 – Pre Investment Stage**).

The selection, oversight and / or management of ESG value-add opportunities is specific to the investment in question and dependent on a number of factors, such as the type of investment and extent to which the Fund has an interest in driving such initiatives; as well as a host of elements regarding the specific ESG value-add opportunity, including its measurability, extent of value, sustainability, timing, etc.

Refer to **Figure 5** for examples of key ESG value-add areas which the Company, on behalf of the Fund, and in partnership with other co-investors, will look to identify, drive and provide support on an investment-by-investment basis.

Figure 5 **Examples of ESG Value Add Initiatives**



15. Stakeholder Engagement

Stakeholder engagement denotes proactive ongoing dialogue, information-sharing, and interactions between the Company and the Fund's stakeholders. The effective engagement with stakeholders is a key tool to facilitate the integration of ESG throughout the Fund and its portfolio companies or projects. Stakeholder engagement aims to:

- Facilitate learnings, transparency and accountability between investors, the Fund, co-investors and portfolio companies or projects;
- Ensure the Company remains in touch with the interests, needs and perspectives of the stakeholders of the Fund;
- Obtain and maintain buy-in to the Company's management strategies, systems and procedures for the Fund;
- Pre-empt any internal or external risks or challenges facing the Fund or its underlying investments;
- Drive continuous improvement;
- Reduce opposition to change and solicit advocates for ESG at both a Fund and underlying portfolio company or project level;
- Generate robust, consistent, and appropriate ESG disclosures; and
- Assist the identification of new opportunities for superior returns, growth, and innovation.

The ESG MS outlines the Company's stakeholder engagement framework, outlining a practical and proactive approach to engaging with stakeholders (refer to **the Annex 17.1 – Stakeholder engagement framework and to subsequent tools: Annex 17.2 – Stakeholder register; Annex 17.3 – Stakeholder engagement attendance register; Annex 17.4 – Stakeholder engagement meeting minutes**). This involves the identification of all stakeholder groups and designing and initiating frequent engagements at appropriate levels with each of these groups (e.g., informal dialogues, structured and formal regular consultation, reporting and information sharing) (refer to **Figure 6**). The level, frequency and methods of engagement deployed to engage with stakeholders (e.g., direct engagement, questionnaires / surveys, etc) is commensurate with the risks, impacts and interests associated with the investment in question as well as the role the Fund plays.

Figure 6 Stakeholder Engagement Framework



While being mindful of the need for confidentiality, information about portfolio companies or projects that are classified as being in E&S Category A (high risk) and Category B (medium risk), which the Fund proposes to invest in, will be disclosed on the Fund's website or other appropriate place, prior to investment. Periodic reports about the post-investment status of implementation of action plans pertaining to affected stakeholders, will also be similarly disclosed where relevant.

The responsibility lies with the Company to drive and facilitate stakeholder engagement across the Fund's activities; however, the Investment Team is required to participate to their fullest extent with the stakeholder engagement processes, measures, communications, and platforms.

16. Grievance Registration Mechanism

As part of ensuring effective engagement, the Company has developed a Grievance Registration Mechanism (GRM) to provide accessible and appropriate channels for internal and external stakeholders of the Fund and its Portfolio Companies to raise concerns, submit complaints or provide feedback.

The GRM is intended to ensure that grievances are systematically received, formally recorded, assessed and addressed in a timely, fair and transparent manner, with appropriate escalation where required. The mechanism will be communicated to relevant stakeholders and its effectiveness monitored on an ongoing basis, including through the identification of recurring issues and trends to inform the continuous improvement of the ESMS.

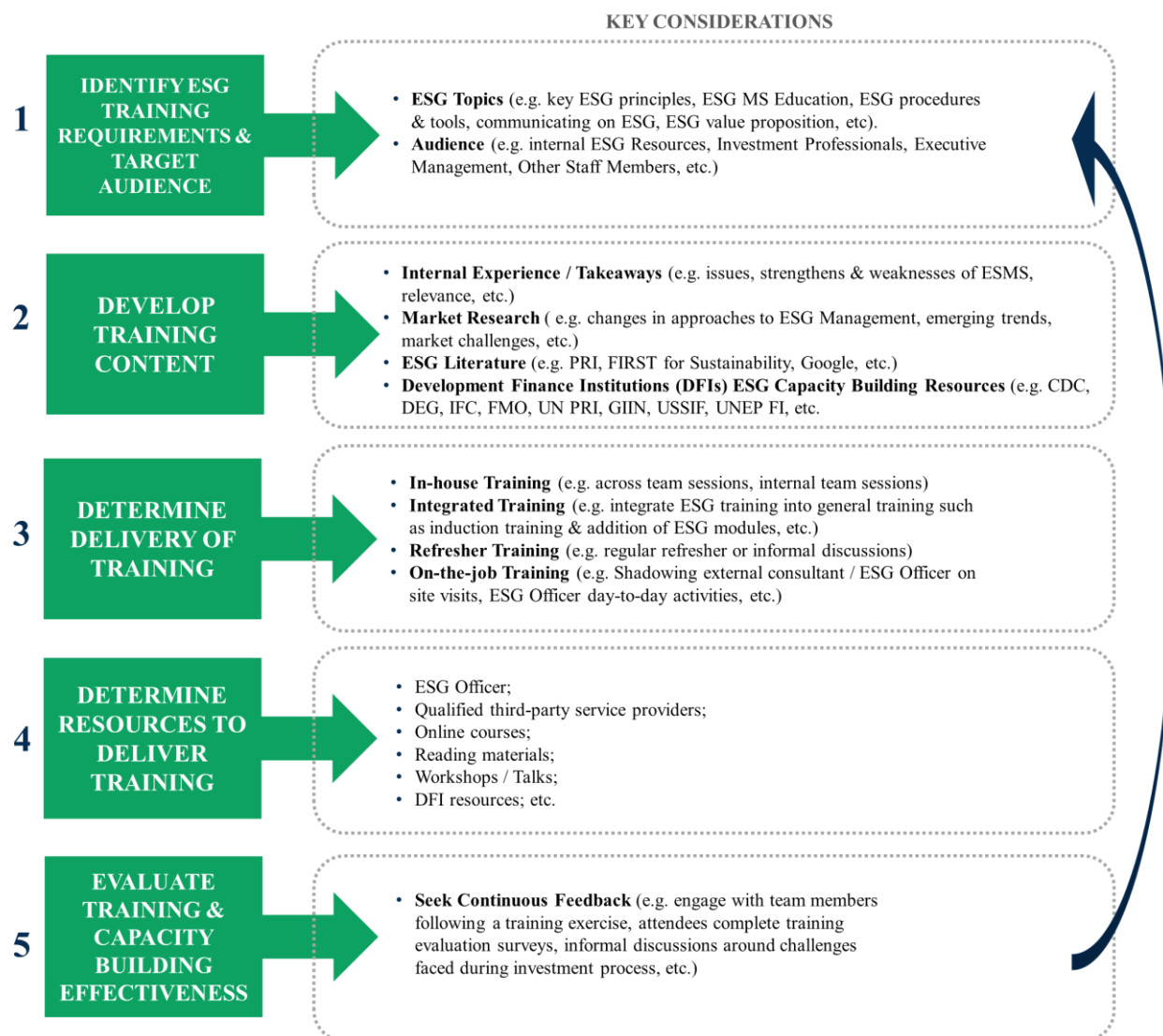
Detailed requirements and tools for the implementation and monitoring of the GRM are provided in **the Annex 18.1 – Grievance mechanism procedure and to subsequent tools: the Annex 18.2 – Online grievance form and the Annex 18.3 – Grievance Register**).

17. ESG Training & Capacity Building

The Company recognises that both the effective integration of ESG and realisation of key ESG commitments of the Fund is heavily reliant on providing adequate ESG training and capacity building for the Company's Board, management, and staff (i.e., the Company's Board members, Investment Team). Training and capacity building initiatives shall provide staff members with improved ESG knowledge and the necessary skills to engage effectively on ESG issues within the Fund and portfolio company or project level, in addition to enhancing awareness and buy-in around ESG and creating an ESG culture within the Fund.

On an annual basis (or when deemed necessary), the Company will conduct a review of the Company's internal training requirements. The review will be used to determine the gaps in ESG skills and competencies needed to achieve the Fund's ESG commitments. Based on the findings from this process, an annual training plan will be developed defining the ESG training requirements and associated timelines. The

review, development and implementation of training sessions and programmes is guided by the process outlined in **Figure 7**.

Figure 7 Approach to ESG Training & Capacity Building


Relevant staff involved in investment screening and monitoring shall receive periodic training on sanctions compliance, integrity due diligence, and management of international relations risks.

18. Monitoring and Reporting on ESG and Impact Performance

The Company will seek to drive improved operational performance of the Fund's portfolio companies or projects through accurately measuring and tracking ESG and impact activities and information. The monitoring and reporting of ESG and impact drives value for both the Fund and its portfolio companies or projects by enabling ongoing management of ESG and impact performance, continuous improvement and facilitating the Company's ability to drive and support ESG and impact performance through results-based management. In turn, this allows for the Company to disseminate ESG and impact performance information to internal and external stakeholders, thereby demonstrating its efforts.

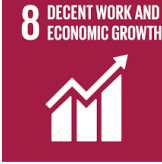
To give effect to these provisions, the Company has developed a robust performance monitoring and reporting system that broadly follows the steps below:

- Identifying key monitoring and reporting goals and objectives by understanding the questions that the system is trying to answer;
- Identifying ESG and Impact KPIs for tracking progress (refer to the **Annex 13 - Operational ESG Data Capture Sheet**);
- Deciding on the method and frequency of data collection;
- Identifying the person(s) responsible for the data collection;
- Developing the tools necessary to capture, store and analyse collected data (refer to the **Annex 14 - Annual ESG Monitoring Report Template**, which may be used as the preferred format to collect qualitative data should the **Annex 13 - Operational ESG Data Capture Sheet** and other meetings described in the Section 4.2.3 be insufficient); and
- Collecting, analysing, and disseminating the data to relevant stakeholder groups (including disclosure of a glossy annual ESG report for investors).

A standard level of reporting will be required from each portfolio company or project of the Fund.

In addition, the Fund shall maintain records of any material incidents, disputes, sanctions-related developments, or international stakeholder concerns associated with portfolio investments and shall promptly notify LPs of any matter that could reasonably be expected to raise significant international relations considerations. Responsibility for oversight of international relations-related considerations shall be assigned to the Risk function of the Fund.

In particular, to adequately capture impact-related achievements, specific target KPIs have been identified for key Fund's sectors:

Sector-specific or cross-cutting	Impact pathway	SDGs addressed	Indicative KPIs
Cross-cutting	Support Africa's transition to a low carbon economy		<ul style="list-style-type: none"> - Estimated GHG emissions avoided or reduced (tCO₂e/year), where applicable - Share of portfolio assets with climate mitigation objectives (%) - Number and share of assets incorporating climate resilience measures - Share of portfolio assets screened for physical climate risk (%)
Cross-cutting	Create local and quality employment opportunities, from construction to operation		<ul style="list-style-type: none"> - Total number of jobs supported (this measure will be tracked from construction to operation) - Share of jobs filled by local nationals (%)
Cross-cutting	Support local value chains and development		<ul style="list-style-type: none"> - Total local procurement / supplier spend (USD/year) - Share of procurement sourced locally (%) - Number of local suppliers engaged
Cross-cutting	Create opportunities for skills development and capacity building		<ul style="list-style-type: none"> - Number of people trained - Total training hours delivered - Or a measure of investment in training – e.g. annual spend on training
Cross-cutting	Improve gender participation		<ul style="list-style-type: none"> - Share of jobs held by women (%), inc. share of women in management or supervisory roles (%), where applicable

			<ul style="list-style-type: none"> - Tracking of other KPIs such as usage by gender will be done where possible
Specific Energy	<ul style="list-style-type: none"> - Enable new capacity additions to expand electricity access, security/ resilience and the transition to low carbon energy systems. 	 	<p>Power generation and grid connected</p> <ul style="list-style-type: none"> - Core KPIs (tracked for all generation projects): Installed generation capacity (GW) - net capacity attributable to the project at commercial operation; Installed capacity as a percentage of national grid capacity (%) - based on most recent publicly available national statistics; Annual electricity generated (GWh/year) - measured or estimated based on actual dispatch once operational - Climate-enabling KPIs (where applicable): Renewable electricity generated (GWh/year) - Calculated KPI on energy provision/ use: Indicative equivalent share of national electricity supply supported (this will be calculated based on the project generation relative to national electricity generation and consumption metrics, including average household or per-capita consumption) <p>Power transmission KPIs</p> <ul style="list-style-type: none"> - Core KPIs (tracked for all transmission projects): Length of transmission lines installed or rehabilitated (km); Transmission line length as a percentage of national transmission grid (%) - System performance & enabling KPIs (where relevant): Additional transmission capacity enabled (MW) - incremental transfer capacity supported by the project; Electricity enabled for delivery through the grid (GWh/year) - energy unlocked through congestion relief

			or new evacuation capacity; Reduction in curtailed electricity (GWh/year or %) - particularly for renewable-heavy systems <ul style="list-style-type: none"> - Regional integration KPIs (for cross-border projects): Number of countries interconnected; Cross-border electricity transfer enabled (MW / GWh/year) - Climate-enabling KPIs (where applicable): Renewable electricity enabled or evacuated (GWh/year)
Specific Transport	– Enable new capacity additions to expand electricity access, security/ resilience and the transition to low carbon energy systems	 	Available on request
Specific – Digital	Reduce latency and cost, expand affordable access, support data sovereignty, and enable the digital platforms that power financial inclusion, e government, education, health and enterprise productivity	 	Available on request

Specific – Social infrastructure (Health, education and financial inclusion)	Strengthen human capital, resilience and inclusion, while remaining firmly rooted in our focus on bridging Africa’s infrastructure gap.	<div>3GOOD HEALTH AND WELL-BEING</div> <div>4QUALITY EDUCATION</div> <div>10REDUCED INEQUALITIES</div> <div>13CLIMATE ACTION</div>	Available on request
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19. ESG Periodic Review

In order to ensure that the ESG MS remains relevant, achievable, and applicable to deliver on the Fund's ESG commitments, as well as ensuring continual improvement, a periodic review shall be undertaken of the ESG MS on a regular basis. It is important to note that the success of a periodic review is conditional on appropriate records being kept and documented of any ESG-related activities and initiatives (e.g., record all ESG processes taken for each investment and any challenges encountered). This includes proper document control and sharing of ESG information between internal teams.

The designated ESG Manager will ensure that the periodic review covers the following key areas, but not limited to:

- Evaluate the Company's ESG Strategy and ESG Policy against any changes in the Fund's investment strategy and investment portfolio (e.g., sector focus, geographies, or shareholdings) and / or investor requirements;
- Evaluate internal resources assigned to the responsibility of managing and implementing the ESG MS (i.e., that the level of internal capacity and competencies is still sufficient and ESG resources are committed to continue successfully driving implementation of the system);
- Evaluate the level of compliance with the Company's ESG Strategy and ESG Policy across the organization;
- Review any feedback from various internal teams, including successes and challenges faced when implementing the ESG MS, and important lessons and insights to improve the effectiveness of the ESG MS;
- Determine appropriate corrective measures to address any gaps, limitations and improvement areas within the ESG MS;
- Analyse what resources are needed to implement corrective measures to address limitations or improvement in areas identified. These may include:
 - Additional training and awareness-raising;
 - Improving the oversight of the ESG MS components and procedures;
 - The inclusion of ESG performance into staff members' personal objectives;
 - Improved ESG MS tools and guidance;
 - Use of external specialists to advise the team; and
 - Peer-to-peer learning within and across teams; and
- Investigate and remain up to date with global ESG trends and competitors' approaches to ESG.

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The designated ESG Manager shall assess the need for support from an external ESG specialist and will prepare relevant reports to be used to inform investors, and / or portfolio companies or projects, as appropriate, of any significant proposed changes to the ESG MS.

5. APPENDICES

Appendix 00.1	- ESG Policy
Appendix 00.2	- Exclusion List
Appendix 01	- List of ESG Materials and Resources
Appendix 02	- ESG Screening Procedure
Appendix 03	- ESG Screening Tool
Appendix 04.1	- ESG DD Procedure
Appendix 04.2	- ESG IRL
Appendix 04.3	- ESG DD IC Summary Template
Appendix 05	- ESG DD Tool
Appendix 06	- ESG DD Terms of Reference
Appendix 07	- Climate Framework Policy
Appendix 08	- Global 2x Challenge and BOLD Criteria
Appendix 08.2	- DEI questionnaire
Appendix 09	- Impact Framework
Appendix 10	- Specimen ESG Clauses for Legal Agreements
Appendix 11.1	- ESG DD and AP Reporting Template
Appendix 11.2	- ESG Action Plan Tracker Template
Appendix 12	- Major Incident Reporting Form Template
Appendix 13	- Operational ESG Data Capture Sheet
Appendix 14	- Annual ESG Monitoring Report Template
Appendix 15.1	- ESG Performance Review Guidance Note
Appendix 15.2	- Sector Specific ESG Risks
Appendix 15.3	- Annual ESG Performance Review Report Template
Appendix 16.1	- Value Add Framework
Appendix 16.2	- Value Add Tool
Appendix 17.1	- Stakeholder Engagement Framework
Appendix 17.2	- Stakeholder register
Appendix 17.3	- Stakeholder engagement attendance register
Appendix 17.4	- Stakeholder engagement meeting minute template

Appendix 18.1	- Grievance Mechanism Procedure
Appendix 18.2	- Online Grievance Form
Appendix 18.3	- Grievance Register

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