Operating Principles for Impact Management

Adenia Disclosure Letter

March 2025

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Introducing Adenia Partners

Adenia Partners (Adenia) is a private markets investment firm committed to responsible investing for a sustainable Africa. Founded in 2002, Adenia has successfully raised USD950 million across five funds and co-investments, demonstrating strong and consistent performance with 30 platform investments executed and 20 exits realised. Our highly qualified investment team brings a depth of experience as entrepreneurs and investors who are based throughout Africa, providing extensive in-country expertise and access to local networks.

Since our founding, we have been committed to managing our impacts on stakeholders, communities and the environment; both of our own operations and those of our investee companies. This commitment has been integral to our investment strategy: Adenia was an early adopter of the International Finance Corporation (IFC) Performance Standards and the British International Investment (BII) Code of Responsible Investing, with the first version of our environmental and social management system (ESMS) dating back to 2011.

A key lesson in our journey was the need for more structure and formalisation to maximise our positive impacts, as well as proactively manage negative and unintended outcomes. To address this need, in 2019 we developed an in-house, bespoke impact management and measurement framework, which is grounded in international best practice and informed by leading impact standards and principles, including the Operating Principles for Impact Management, the United Nations (UN) Principles for Responsible Investment (PRI), the UN Sustainable Development Goals (SDGs) and the Impact Management Project (now Impact Frontiers). Central to the effectiveness of our framework in driving our impact objectives is our ability to meaningfully engage with our investee companies' management teams.

Adenia's on-the-ground, hands-on approach creates stronger companies with decent, quality jobs and diverse teams; fosters economic improvement; and elevates businesses to enable them to meet ever more stringent environmental, social and governance (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.

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

Confirmatory statement of alignment with the Operating Principles for Impact Management

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

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

The total assets under management in alignment with the Principles is USD709 million as at 31 December 2024.

The information contained in this Disclosure Statement has not been verified nor endorsed by the Global Impact Investing Network (GIIN) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be held responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organisation controlling, controlled by, or under common control with the Signatory.

Signed:

Name of institution:	**Adenia Partners**
Authorised representative:	**Stephane Bacquaert**
Title:	**Managing Partner**
Date:	**28/03/2025**

Table of contents

Principle 1: Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the SDGs, or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Adenia drives sustainable business transformations by maximising financial returns and ensuring positive contributions to the UN SDGs. As a responsible investor, we recognise the urgent role of businesses in transforming global production, distribution and consumption models; and the value of clear target setting, outcomes monitoring and progress tracking and disclosure in enabling us to achieve our impact objectives.

Our systematic impact management and measurement framework integrates various leading impact standards and principles, including:

Operating Principles for Impact Management; PRI Principles for Responsible Investment	The Operating Principles for Impact Management and the UN PRI, which provide our blueprint for impact management.
Sustainable Development Goals	The UN SDGs, to which Adenia actively contributes.
IMPACT FRONTIERS	The Impact Frontiers, to measure the different dimensions of our impact.
2X Challenge	The 2X Challenge criteria, in line with our commitment to gender equality.
GREENHOUSE GAS PROTOCOL; PCAF Partnership for Carbon Accounting Financials	The Greenhouse Gas (GHG) Protocol and the Partnership for Carbon Accounting Financials (PCAF), to measure carbon footprint of the Manager and investees, and to assess the financed emissions of our funds.

The framework is built on our theory of change, which sets two primary long-term impact targets, selected due to their materiality in an African context and Adenia's ability to influence them as a control investor:

Job Quality and Diversity

Africa holds immense potential to transform employment into a powerful driver of prosperity. By improving wages, working conditions, and gender diversity, the continent can unlock greater economic opportunity, empower its workforce, and create more inclusive and sustainable growth. Given our presence in ~20 low-income countries on the continent, we have prioritised job quality in our impact strategy. We define job quality as more than whether non-management employees are paid commensurate with the legal minimums of their employment category; we also consider (i) employee wellbeing, (ii) growth opportunities as measured by objective indicators, (iii) job satisfaction as measured by an annual survey of all employees, and (iv) gender equality and diversity at all levels of the organisation. Our aim is to improve job quality and gender diversity at Adenia and our investee companies and to have the majority of our future companies aligned with the 2X Challenge, which already applies to the investee companies under Adenia Capital (V).

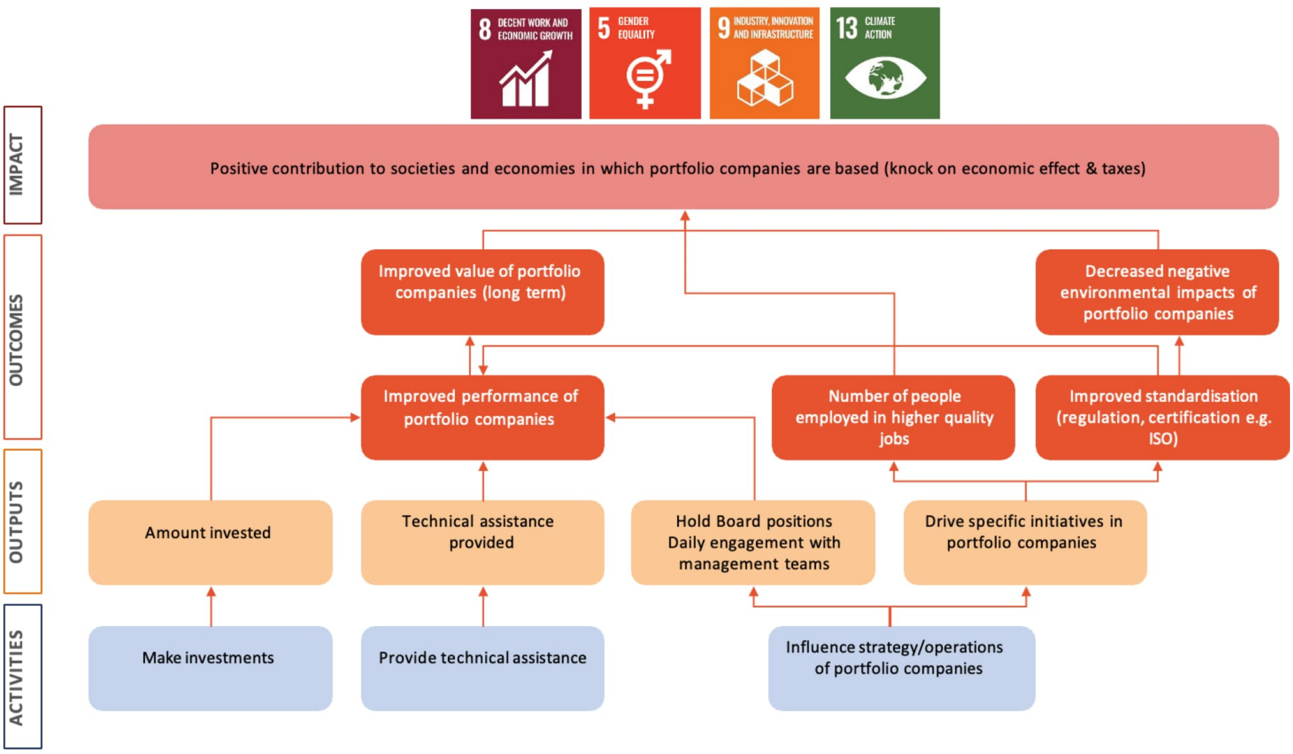
Sustainability of Operations

Our investees' industrial and environmental risks are generally limited. However, their sustainability can still be improved through investments and industrial processes targeted at enhancing their operations and infrastructure and reducing their environmental footprint. This is particularly important in Africa, given the outsized effects of climate change on the continent. Our vision is that all of our investees align their processes with international best practice. To this end, we require that all of our investees have at least one international certification in place that is relevant to their sector. We also measure the carbon footprint of each investee and all our offices and provide support with implementing action plans to reduce their carbon intensity and pursue opportunities for climate adaptation. Before Adenia's exit, we also require that our investees implement a resource efficiency programme and put in place initiatives to reduce or compensate for their water and energy consumption, including waste impacts.

Specific Impact

Finally, we expect our investee companies contribute to the advancement of SDGs specific to their sectors. Such specific impacts are identified by our ESG and impact team, in collaboration with the investment team during the due diligence phase (or within the first six months after investment). This exercise culminates in an investee-specific theory of change that also sets impact objectives and determines the initiatives to be implemented during the holding period.

Adenia's theory of change



Principle 2: Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognising that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

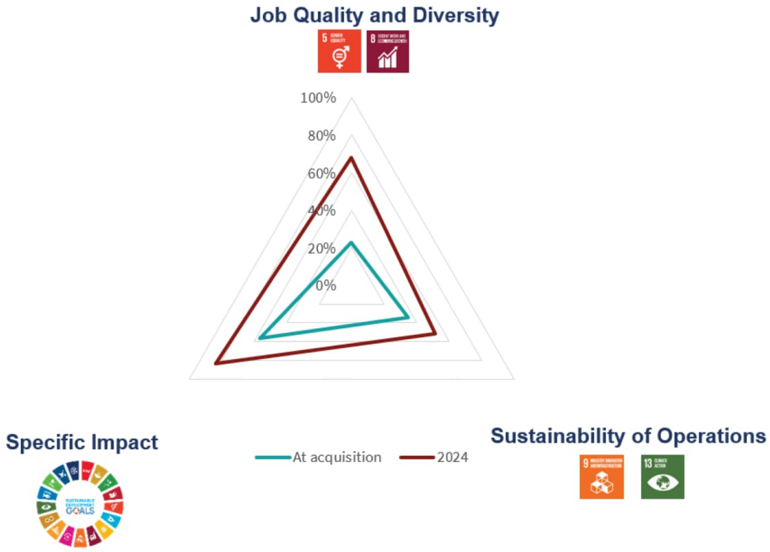
We evaluate the impact progress and achievements of our portfolio companies using our bespoke impact scorecard, which incorporates both Adenia's overall theory of change and each investee's theory of change. Indicators against which the scorecard tracks specific impacts were developed with reference to the UN SDGs, IRIS+ and other frameworks. The following key aspects of our scorecard underpin its effectiveness:

Tailored to Adenia's impact strategy	The measurement system is in line with Adenia's theory of change and our impact pillars.
Favours maximal positive impact	We also consider the unique impacts of each investee company by measuring its specific impact.
Adjusts scores for potential negative impacts	We believe that impact measurements are most effective when they measure the net total impact being generated.
Data and beneficiaries-driven	The scorecard relies both on objective data and direct feedback from employees.
Comparable	The measured outcomes are transformed into an impact score that takes into account the five dimensions of impact of the Impact Frontiers, allowing for comparability between companies' impact scores
Actionable	The measurement methodology identifies the specific lags for each company in meeting our impact goals, enabling practical action plans to be developed annually.

An example of how we score our investee companies for impact:

Total score
68%

Greatest improvement
Job Quality and Diversity



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

Each investee's annual score is used to calculate a portfolio-wide annual score to assess our progress and areas requiring greater effort. We leverage our control positions in investee companies to maximise their individual impact, with each investment manager working closely with the respective management team to integrate these findings into their action plans. While we currently do not incentivise our investment team financially for driving changes in investee companies' impact scores, this may be considered in future as best practices become more apparent.

Principle 3: Establish the Manager's contribution to the achievement of impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

As one of the few private equity firms operating in Africa that invests exclusively in controlling stakes, Adenia offers a unique opportunity for entrepreneurs and companies looking to fully or partly exit from their businesses. Our ability to create meaningful financial and non-financial value in our portfolio companies supports a sustainable future for their businesses and stakeholders.

Our approach includes establishing transformation plans for each investee company to guide them in becoming growing and profitable businesses, aligned with international governance and operational best practices. Significant human and financial resources are mobilised to achieve these plans, with our control positions facilitating their implementation.

ESG and impact (ESGI) factors are integral to these transformation plans. Each investee company undergoes an ESGI due diligence process, undertaken either internally or with the help of external experts in close collaboration with its management team, culminating in a preliminary specific theory of change. Qualitative and quantitative impact targets are set within the first 24 months post-investment, once baselines have been established, and are included in each investee company's theory of change together with Adenia's two impact pillars (Job Quality and Diversity, and Sustainability of Operations, including climate action). For example, the theory of change may call for action plans to advance progress towards meeting gender and diversity targets at each company.

Investment managers, in collaboration with the ESGI team, closely monitors progress against these action plans through monthly executive committees and ESG meetings with investees' management teams, as well as through board meetings that are typically controlled by Adenia. Impact measurement is performed annually.

Overall, as a control investor, additionality in our investments is driven through:

Value creation

- Organic / external growth
- Organisational change
- Operational improvement
- ESGI enhancement

Levers

- **Talent recruitment** (internally and externally) to steer the value creation plan. This includes, among others, CEOs, CFOs, CTOs and ESG/HR/QHSE managers. Specifically, roles and responsibilities are assigned to ensure that ESGI aspects are managed adequately in each investee.
- **Implementation of robust governance systems** to enable better financial steering and processes.
- **Access to a large network** in and outside Africa that enables companies to gain new clients and suppliers.
- **Strategic support** by Adenia's investment managers who support management teams in developing investees' overall strategy, including their impact strategy.
- **Capacity building** through coaching and training programmes, including dedicated ESGI training with management teams to raise awareness while providing them with tools to mitigate ESG risks and maximise positive impact.
- **Investments in infrastructure and equipment** to support companies' growth and modernisation. Overall, 100% of Adenia's mature or exited industrial investees have undergone major infrastructure investments, either through new modern construction or through extensive upgrading programmes for existing facilities.
- **Access to financing**, either from Adenia, from external commercial lenders or from technical assistance grants. The latter are financing lines mobilised to support investees in projects typically involving knowledge transfer, standards improvements and impact projects. More than USD2 million in grants was allocated to investees on these projects.

Principle 4: Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Based on each investee company's preliminary theory of change and Adenia's impact scorecard, the ESGI team calculates a baseline score for the three main components of impact. We then define quantitative targets for all three components, providing an estimation of the investment's expected concrete positive impact.

Our three main components of impact are:

The Job Quality and Diversity Score

Captures the qualitative aspects of jobs at our investee companies and is derived from:

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

The Sustainability of Operations Score

Captures the extent to which investee companies are aligned to international standards of operation, the quality of their infrastructure, and their environmental footprint. The score is derived from:

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

The Specific Impact score

Captures an investee company's specific impact against one or more additional SDGs. For companies we invested in prior to enhancing our impact framework in 2020, the score is based on the extent to which:

- It contributes meaningfully to an SDG or impact area that is not in one of Adenia's core areas.
- Stakeholders outside the company benefit from the impact that is achieved.
- The impact area is built into its core business operations and strategy.

The impact scores for acquisitions made after 2020 include their investee-specific theory of change. From 2022, all companies are also assessed against 2X Challenge criteria, and we will endeavour to align each of our portfolio companies with at least one of the 2X Challenge criteria by exit.

Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Adenia's ESGI approach references the IFC's guidance on ESG best practice and BII's Toolkit on ESG for fund managers. Our ESMS, and that of the investee companies, address environmental and social risks in compliance with:

The IFC Performance Standards.	The International Labor Organization (ILO) Core Labor Standards and ILO Basic Terms and Conditions of Work.	The Charter of Fundamental Rights of the European Union (EU).
Applicable regulations in the country of operations, including those related to environmental impacts, labour rights, social issues and corporate governance, and those intended to prevent extortion, bribery, corruption, and financial crime.	The International Bill of Human Rights including the UN Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights.	Applicable EU environmental law, notably the EU Environmental Impact Assessment (EIA) Directive and the various EU nature conservation directives, as well as other sector-specific directives and cross-sector directives.

Adenia's ESGI policy is available on our website.

Each investee company undergoes a formal ESG risk assessment during the due diligence process and is subject to regular monitoring and reporting requirements throughout the holding period, including progress towards the ESG action plan and identified key performance indicators (KPIs). During initial screening, potential investees are ranked using the IFC's approach to environmental and social categorisation of proposed investments. Risk assessments are conducted using either internal or external resources depending on the investment's level of risk. The investment is completed only after an ESG action plan is outlined and agreed with the management team.

Each investee's progress in implementing its ESG action plan and achieving associated KPIs is considered in monthly strategic committee meetings. Our impact scoring methodology also considers the risk of potential negative impacts of investee companies, such as workplace accidents, strikes or pollution incidents.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

The investment manager sends an annual data request to the respective investee, which includes objective data (including financial data, employee data, gender-disaggregated data, its carbon footprint, and data pertaining to quality, health, safety and the environment) as well as the results of each investee's employee survey.

Our ESGI team uses this data to calculate the impact score of the investee company, as described under Principle 4, and to check alignment with 2X Challenge criteria. We also conduct a gap analysis against the baseline score and targeted outcomes. An updated improvement plan is then discussed with the investment manager and shared with the investee company's top management for implementation. Quarterly meetings (or semi-annual, in the case of mature investee companies) are held to monitor implementation of the identified measures.

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

Principle 7: Conduct exits considering the effect on sustained impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Throughout Adenia's holding period, we strive to embed ESGI practices within each investee company's culture, to ensure that such a culture persists even after Adenia's exit. Key initiatives in this regard include:

Organising training and awareness-raising sessions for investee teams.	Requiring investees to develop formalised ESG management systems that include roles and responsibilities, policies and procedures, risk assessments and reporting systems.	Holding management teams accountable through reporting requirements against action plans, KPIs and ESG incidents.

Our ultimate objective is to create long-term sustainable value. We identify potential bidders as early as the pre-investment phase, with our universe of bidders including international strategic players and investment funds with their own ESG requirements. Each investee's value creation plan integrates elements identified as key to these prospective bidders when taking over a controlling stake in investee companies, which include proper governance and sound operations regarding human capital management, health and safety, waste management, community management or product quality.

>50%

of our active investee companies have obtained international certifications relating to these elements, including ISO 14001: environmental management systems, ISO 45001: occupational health and safety, and HACCP: food safety management.

During the exit process, our team focuses on ESGI awareness-raising with the buyer, during which we highlight key ESGI achievements and remaining gaps, usually based on pre-exit monitoring visits conducted by external consultants. We also assess the reputation of potential bidders very early in our exit process and, whenever possible, the deal team ensures the continuity of sound ESGI practices under the new owner by integrating dedicated clauses in the exit documentation.
As a final step, the Adenia team considers key lessons learnt from the investment, including those relating to ESGI.

To date, we have sold **94%** of our companies to strategic buyers for whom the ESG processes implemented by Adenia and investee company management were important investment criteria.

Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

As discussed earlier, the expected impact performance of an acquisition is estimated before investment and agreed with the investee's management team in the first 12 months post-investment. The quarterly ESGI meetings with the investee's top management table key initiatives, responsibilities, potential delays in achieving the action plan, and remedies. Annual scoring and reporting, management data, and reviews by the investment and ESGI teams further inform corrective actions. We also conduct thorough impact assessments, perform analyses of the monetary value our impacts generate for beneficiaries, and identify areas for improving as and when required.

Our impact framework was developed with the input of our investment managers and some investee management teams to ensure that it is both practical and meaningful. The framework is reviewed from time to time to incorporate emergent best practices, new impact dimensions and lessons learnt from investments:

In 2020, we added reporting requirements on the impact of COVID-19 on employees.

Starting in 2021, we measure the carbon footprints of our activity as Manager and our investee companies. We also added gender equality and gender-disaggregated data to our impact measurement and management practice

Notably, during 2023, we initiated a gap analysis on climate action in alignment with the Task Force on Climate-related Financial Disclosures/International Financial Reporting Standard S2 Climate-related Disclosures.

For the FY2024 reporting cycle, we have begun aligning our impact reporting with the first version of the Impact Frontiers Impact Performance Reporting Norms and have already incorporated early-stage findings into our reports, laying the foundation for more structured and transparent impact measurement.

These initiatives will enhance our ability to identify and target the areas where Adenia and its investee companies can generate the greatest impact, driving more effective and measurable outcomes.

Our ESGI team closely follows all impact initiatives and achievements within Adenia's portfolio, and team members receive training on ESGI topics annually. The ESGI team comprises five members:

- Managing partner.
- Partner of sustainability and impact.
- Governance and business integrity specialist.
- ESGI analyst.
- ESGI and technical assistance fellow.

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment

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

This annual Disclosure Statement re-affirms the alignment between the Principles and Adenia's impact management systems. Independent assurance of this alignment can be accessed here. The verification is conducted at least every three years, with the most recent being completed in March 2024 by Better Way (36 avenue Jean Jaurès, 75019 Paris).

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