



# Environmental, Social & Governance Policy

## 1. INTRODUCTION

Adenia Partners is a private markets investment firm focused on making control investments in medium-sized companies in Africa. Since inception in 2002, the investment philosophy has remained constant, with a strong emphasis on operational improvement, impact and strong Environmental, Social & Governance (ESG) driven with an entrepreneurial spirit. Based on the ground across key regional hubs, it has a proven track record of strong and consistent performance with 30 platform investments executed and 20 realized exits.

Adenia's investment objectives are anchored in responsible investing and a strong commitment to a sustainable Africa, recognising that ESG factors can materially influence Adenia's ability to meet its financial obligations. By creating stronger companies with quality jobs, driving economic progress, and enhancing investee companies' alignment Environmental, Social & Governance Policy ("ESG") standards, Adenia aims to increase the enterprise value for investors, while delivering tangible benefits to workers, communities, and businesses across Africa.

## 2. PURPOSE

This ESG Policy outlines Adenia's commitment to embedding ESG and Impact considerations into its business activities, detailing how ESG factors are included throughout Adenia's decision making processes and across entire investment lifecycle, including investments in funds and underlying portfolio companies.

## 3. SCOPE & APPLICABILITY

This ESG Policy applies to all activities of Adenia Partners, covering all investments made under Adenia Capital IV and Adenia Capital V, their respective Portfolio Companies and associated stakeholders. It addresses material ESG issues and Impact opportunities that could substantively affect Adenia's ability to create value in the short, medium, and long term. Adenia's ESG and Impact action include risk management, unlocking opportunities and driving net positive impact on society and environment.

This Policy applies from its publication date and is not retrospective. It replaces previous policies that Adenia had in place.

## 4. COMMITMENTS

As part of this policy, Adenia will endeavour to undertake the following:

1. Incorporate and assessing ESG risks and Impact opportunities into all prospective and existing investment analysis and decision-making processes;
2. Not finance the types of projects/activities which form part of Adenia's Exclusion List;



3. Seek formal legal undertakings with the companies in which we invest to identifying, supporting, and/or overseeing the realization of value protection and creation opportunities driven by ESG value-add initiatives at portfolio company or project level;
4. Ensure that necessary resources are available, trained or recruited, within Adenia to ensure adequate implementation and management of E&S risks and management and integration, including the appointment of external E&S and Impact specialists or partnerships if required;
5. Build capacity at Manager and Portfolio Companies through training and other appropriate mechanisms;
6. Actively manage and monitor ESG performances and Impact pillars in the portfolio companies in which we invest during the investment lifecycle against set objectives;
7. Develop an Environmental, Social, and Impact Management Systems for Adenia and its portfolio companies;
8. Support and encourage portfolio companies to work towards continuous ESG and Impact performance improvements with the main objective of minimizing adverse environmental and social impacts on the environment and stakeholders and enhancing positive effects
9. Eliminate all forms of forced and compulsory child labour, modern slavery practices and any form of gender-based violence or discrimination in terms of employment and other business practices;
10. Protecting the health and safety and wellness of our own employees, portfolio companies' employees and surrounding communities;
11. Seek continuous resilience and adaptation toward climate change into our portfolio companies including the reduction of carbon emissions intensities throughout the investment lifecycle;
12. Develop effective stakeholder engagement practices and structures which drive a culture of transparency and accountability, on-going feedback, learning and continual improvement;
13. Collaborate with co-investors on material ESG issues;
14. Seek and apply international good practices and practices;
15. Develop and implement a monitoring and reporting framework capable of tracking ESG and Impact performance and support ESG disclosure and reporting;
16. Manage conflicts of interests;
17. Collaborate with peers and play an active leadership role;
18. Incorporate ESG and Impact considerations for investment exit strategies; and
19. Provide regular disclosure regarding the progress of our responsible investment in a transparent, credible and timely manner to all relevant stakeholder and investors.

## 5. STANDARDS AND GUIDELINES

Adenia's ESG Management System and stewardship is committed to implementing best and recognized international practices for the Manager and its Funds, guided by the following standards and guidelines, which are also applicable to Adenia's portfolio companies:

- Applicable E&S Laws in the country of operations including laws covering environmental impacts, labour rights, health and safety, social issues, corporate governance and those intended to prevent extortion, bribery, corruption and financial crime;
- International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (2012);
- World Bank Group general and other applicable sector-specific Environmental Health and Safety (EHS) Standards (2007);



- International Labour Organisation (ILO) Fundamental Labour Convention including Core Labor Standards and ILO Basic Terms and Conditions of Work;
- United Nations Guiding principles on Business and Human Rights (UNGPs) (2011);
- The International Bill of Human Rights including the United Nations (“UN”) Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights
- United Nations Principles of Responsible Investment (signatory status) (PRI);
- Task Force on Climate-related Financial Disclosures (TCFD);
- IFRS S2 Climate-Related Disclosures
- 2X Criteria Reference Guide and 2X Challenge (2024 – 2027);
- The Charter of Fundamental Rights of the European Union;

Similarly, Adenia’s Impact Management System will adhere to the following standards and guidelines:

- Adenia’s Impact Management and Measurement framework (since 2019);
- The Impact Frontiers (since 2019);
- The United Nations’ (“UN”) Sustainable Development Goals (“SDG”) in particular:
  - SDG 5: Gender Equality, and SDG 8: Decent Work;
  - SDG 9: Sustainable operations and infrastructures, and SDG 13: Climate Change.
- The Operating Principles for Impact Management (signatory status).
- Impact Performance Reporting Norms

## 6. RELATED POLICIES

Additional key internal ESG and Impact related policies that Adenia adheres to includes Adenia’s Code of Responsible Investment as included in the ESGI Guidelines, Business Integrity Management System, Employee Handbook, Gender Policy, Recruitment Procedure, Sustainable Travel Policy and various governance policies specific to a Private Equity Fund Manager. These related policies are also applicable to Adenia’s portfolio companies when adequate.

## 7. ESG AND IMPACT ASSESSMENT AND MANAGEMENT

To ensure operationalization of our Policy, ESG and Impact considerations are intentionally integrated in the investment process and lifecycle as illustrated below:



Table 1: ESGI in the investment process

Investment Stage	Initial Screening	Due Diligence	Investment Decision	Investment Agreement	Investment Monitoring	Exit
Action	<p><b>Risk Identification</b></p>	<p><b>Audit &amp; Evaluation</b></p>	<p><b>Control &amp; Mitigation</b></p>	<p><b>Monitoring &amp; Reporting</b></p>	<p><b>Preserve the future</b></p>	
Outcome	<ul style="list-style-type: none"> <li>Exclusion list check</li> <li>Preliminary ESG Risk rating</li> <li>High-Level impact assessments: development impact, gender, climate and human rights.</li> </ul>	<ul style="list-style-type: none"> <li>ESG Due Diligence or ESIA (for high-risk investments or medium-risk where relevant).</li> <li>Preliminary Theory of Change (identification of potential contribution to SDG 5, 8, 9, 13, and other relevant SDGs).</li> <li>Systemic assessment of gender related risks, opportunities and impacts</li> <li>Alignment with 2X Challenge Criteria</li> <li>High-Level Climate Risk Assessments and GHG emissions where possible.</li> <li>Human Rights Contextual Risk Assessments</li> </ul>	<ul style="list-style-type: none"> <li>ESG Covenants and Undertakings</li> <li>ESG and Impact Action plan and objectives</li> </ul> <p><i>*In relevant documentation</i></p>	<ul style="list-style-type: none"> <li>Progress on Action Plan</li> <li>Precise Theory of Change</li> <li>Gender Action Plan</li> <li>Impact scoring</li> <li>Measure of impact realization against targets</li> </ul>	<ul style="list-style-type: none"> <li>Exit checklist or memo</li> <li>Exit ESG monitoring visits</li> <li>Exit interviews and/or case studies</li> <li>Post-exit engagement</li> </ul>	

Adenia generates development impact through its Impact Management and Measurement framework, which defines a Theory of Change for both Adenia and each investee company. Adenia’s Theory of Change targets critical challenges in Africa, that align with the transformation strategy and know-how that we bring to our investee companies; focusing on (i) the improvement of job quality and diversity; and (ii) the improvement of sustainability of operations; and (iii) investee specific impact, as framed by the UN SDGs.

Adenia will also integrate cross-cutting issues - including gender equality, climate action and human rights risks - into its investment process and responsible stewardship of its funds and portfolio companies.

An annual assessment of Adenia and each portfolio company’s performance against ESG, Impact, Climate, Gender and Human Rights goals and assessments will be conducted and communicated to relevant stakeholders.

## 8. ADENIA EXCLUSION LIST

Adenia Capital (V) will adhere to the IFC Exclusion list which defines the types of projects that the Funds managed by Adenia will not finance, which can be made available upon request. Furthermore, some Limited Partners in Adenia Funds have excuses rights.



## 9. ROLES AND RESPONSIBILITIES

All Adenia team members are responsible for implementing this Policy and for ensuring that investment processes are carried out in alignment with the Policy and its stated requirements.

The Partner of Sustainability and Impact will provide oversight and support for its implementation and execution of this Policy, ensuring that it consistently reflects Adenia's values and it aligns with both internal and investor requirements.

*Stéphane Bacquaert*

**Managing Partner – ESG & Impact**

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