

Africa50 Infrastructure Partners I Manager Ltd

Environmental, Social and Governance (ESG) Policy

*As approved by the Board of Directors on
21 October 2022*

1. INTRODUCTION

1.1. Preamble

Africa50 Infrastructure Partners I Manager Ltd (the “Company”) is the fund manager of Africa50 Infrastructure Acceleration Fund I LP (the “Fund”), the latter being a pan-African closed-ended infrastructure fund established to make equity and quasi-equity investments in infrastructure projects on the African continent. Africa50 Infrastructure Acceleration Fund I GP Ltd is the general partner of the Fund (the “General Partner”).

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 shareholders. In line with its mandate from the Fund, the Company will manage the Fund’s investments and divestments in a manner that is consistent with the provisions of this ESG policy (the “ESG Policy”).

Development of infrastructure is deeply intertwined with environmental, social, and governance (ESG) concerns, and at the Company we aim to be intentional about how we manage ESG risks to which the Fund is exposed in its investing activities and operations. We believe that a strong ESG proposition creates value by laying the foundation for sustainable investing, continued government and community support, and access to capital and world class partners, which will better position the Fund for long term profitability and impact.

1.2. Introduction to the ESG Policy

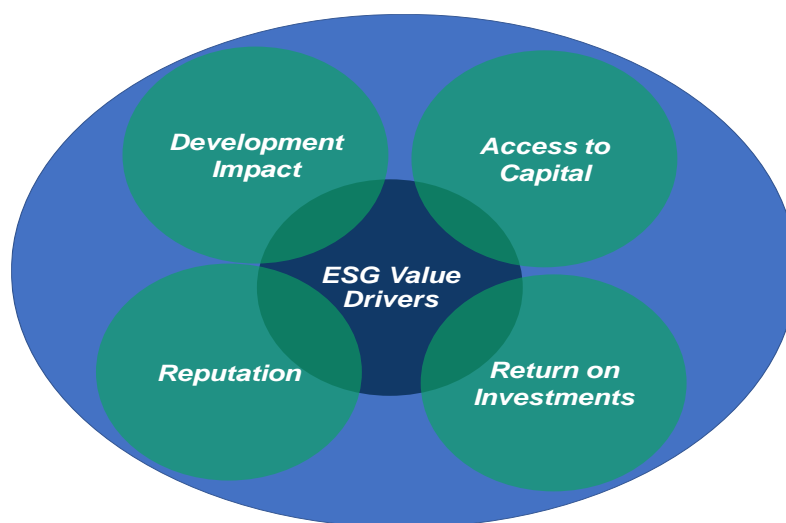
ESG can materially influence the ability of the Fund to meet its financial obligations, deliver strong investment returns in the long term, and provide development impact. The Company therefore strives to integrate ESG into the Fund’s day to day operational activities, investment processes, and decision making.

This document outlines the Company’s overall ESG management framework, illustrating the approach and commitment to ESG integration across the Fund and its underlying Portfolio Company (as defined below) investments or projects.

1.3. Why is ESG important for the Fund

ESG is considered a key driver in maximising value for investors (from both a financial and environmental and social returns’ perspective), enhancing the long-term sustainability of the Fund, its Portfolio Companies or projects, and creating a differentiated position in the market and enhanced reputation (refer to *Figure 1*).

Figure 1: ESG Value Drivers



Several key functional drivers have been identified to support the successful integration of ESG at both the Fund and Portfolio Company or project level. These drivers have been incorporated into the ESG Management System (Section 3.1) and include the following:

- Integrating ESG into Investment Processes and Decision Making (Section 3.2)
- Driving an ESG Culture Across the Organisation (Section 3.3)
- ESG Value Add (Section 3.4)
- Effective Stakeholder Engagement (Section 3.5)
- Training and Capacity Building (Section 3.6)
- Monitoring and Reporting on ESG Performance (Section 3.7)
- Periodic ESG Policy and Management System Review (Section 3.8)

Each of these elements are described in further detail in Section 3 of the ESG Policy.

1.4. Investment Specific Approach to ESG Integration

The infrastructure sector intrinsically involves potentially complex, significant, and diverse ESG risks and impacts that are likely to have material implications on long-term investor value. 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 (including working at heights, deep excavations, emergency response and fire risk), local community health, safety and security, involuntary economic and/or physical displacement of communities. In addition to this, several potential opportunities exist, including adoption of energy and water efficiency and cleaner production measures and developing local community resilience to climate change.

While the Company will strive for consistency in ESG integration across all the Fund's activities, each Fund investment will have different levels of ESG risks and

opportunities depending on several different factors, including geographic location, stage of project lifecycle, type of industry or sub-industry, operational performance, and historical track record. This means that it is not possible to adopt a single approach to ESG integration across all the companies in which the Fund invests (the “Portfolio Companies”). Accordingly, within the bounds of its overall investment mandate, internal ESG requirements set by investors, and the specific ESG objectives set for the Fund, the Company will adopt an ESG integration approach that is value based and tailored to the specific Fund investment in question, based on such investment’s specific contextual realities and the level of ESG risk exposure (and potential opportunities). Although the Fund is intended to hold mainly majority stakes in Portfolio Companies, there will be situations where the Fund may hold a minority stake or is not the lead investor for a particular investment and will therefore play more of an oversight or guiding role in the adoption of ESG practices by Portfolio Companies. The ESG integration approach adopted by the Company will therefore take account of instances such as this. Further information on how ESG is integrated into each stage of the investment process is outlined in Section 3 below.

2. POLICY PURPOSE, SCOPE AND COMMITMENTS

2.1. Purpose and Scope

The purpose of this ESG Policy is to outline the Company and the Fund’s commitment to ESG, including how ESG factors are integrated and managed throughout the investment and decision-making processes, and to demonstrate the manner in which the Company aims to collaborate with project sponsors and Portfolio Companies, on the Fund’s behalf, to drive individual operational ESG performance.

The scope of this ESG Policy covers the day-to-day management of the Fund’s investments, all its investment activities, and underlying Portfolio Companies.

2.2. Commitment to ESG

To ensure that ESG considerations are fully integrated into investment processes and decision making concerning the Fund’s investments, the Company is committed to:

- Incorporating and assessing ESG factors (both ESG risks and opportunities) of all prospective and existing investments 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 will make an investment or not;
- Refraining from investing in potential Portfolio Companies that engage in activities that are on the exclusion list in the Fund’s Investment Policy;
- Ensuring that necessary resources are deployed within the Company and the Fund to ensure adequate implementation and management of ESG integration, including appointment of external ESG experts, if required, and providing

adequate training, support and motivation for staff to deliver on the Company and the Fund's ESG commitments;

- Carrying out an analysis of ESG performance against the prescribed Reference Framework before final investment decisions are made by the General Partner on behalf of the Fund, and recommended actions provided to rectify any gaps identified; assisting project sponsors or Portfolio Companies, where applicable, in implementing action plans to address areas of non-conformance with applicable requirements outlined in this ESG Policy;
- Clearly highlighting in writing (and as part of the overall risk assessment process to support decision-making for investments) 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) and appropriate covenants, if any, which are to be included in the legal documentation for the deal;
- Working in partnership with project sponsors or Portfolio Companies (as applicable) 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 at a Portfolio Company or project level;
- Seeking appropriate disclosure on ESG performance from project sponsors 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 continual improvement; and
- Regular disclosure of the Fund's ESG efforts to investors and other relevant stakeholders.

2.3. Applicable ESG Principles, Standards and Guidelines

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 (referred to as the "Reference Framework"). Application of the Reference Framework ensures ESG factors are integrated into investment decision making and processes in a consistent and robust manner. The Fund, the lead sponsors it partners with, and underlying Portfolio Companies, are expected to act in accordance with the Reference Framework, made up of the following standards, principles and guidelines.

2.3.1. National and Local ESG Laws and Regulations

The Company, the Fund and its Portfolio Companies shall operate in accordance with national and local ESG laws and regulations applicable to the Fund or its Portfolio Companies.

2.3.2. International ES Standards

The Company and Fund shall act in accordance with internationally accepted good practice standards, with respect to Environmental and Social considerations. As such, the ESG management system shall be developed to align with the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (dated January 2012, as amended from time to time) (the “IFC Performance Standards”). On this basis, the Company, the Fund and its Portfolio Companies shall comply with the IFC Performance Standards; provided, however, that, to the extent that a Portfolio Company commits to complying with the African Development Bank Safeguards and Sustainability Series (dated December 2015, as amended from time to time) (the “AfDB Standards”), the Company, on behalf of the Fund, shall be permitted to allow the AfDB Standards to satisfy the requirements of this Section 2.3.2.

2.3.3. Fund Principles

In addition to the above standards, the Company will manage the Fund in a way that commits it to the following set of guiding principles:

- To support a precautionary approach to environmental challenges;
- Inspire the efficient use of energy and natural resources in order to reduce the impact on climate change, and to contribute towards the sustainable use of depleting resources including forests and water;
- Encourage the reduction of greenhouse gas emissions, which contribute to climate change, in the Fund’s operations and those of its Portfolio Companies;
- Avoid, and, if not possible, minimise, adverse impacts on human health and the environment;
- Support and respect the protection of internationally proclaimed human rights;
- Support and respect fair labour and working conditions;
- Protect the health and safety of workers, surrounding communities and customers;
- Adopt high standards of professional conduct and excellence;
- Exhibit honesty, integrity, fairness, and respect in all its dealings; and
- Enhance the Fund’s good reputation.

The Company shall ensure that the Fund does not invest in any potential Portfolio Company that, in the Company's reasonable opinion, will not meet, over the life of the Fund's investment, the ESG requirements (the IFC Performance Standards or the AfDB Standards explained in Section 2.3.2) as set out in this ESG Policy.

2.4. Corporate Governance

The Company and the Fund are legally and financially independent entities whose governance generally follows private sector practice. Both entities are domiciled in Mauritius.

The governance framework for the Company and the Fund will include:

- Fund Annual Meeting commencing within the first full Fiscal Year during which the Fund is in operation, and that shall provide the Fund's investors with the opportunity to review and discuss the Fund's investment activities with the General Partner and its representatives.
- The Company's Board of Directors Meetings convened no less frequently than once every year with the authority to determine the strategic direction of the business and seek to ensure its implementation.
- Fund Advisory Committee comprised of certain Fund investors, which shall, *inter alia*, review, assess and approve or disapprove conflicts of interest as required by the Fund's mandate, and consent to waivers of certain of the investment guideline restrictions described in the Fund's investment policy.
- Company's Investment Committee comprised initially of members drawn from the Company, Africa50, and independent, and which shall review and recommend or not, specific Portfolio Investments and divestments proposed by the investment team of the Company (the "Company's Investment Team").
- The management team of the Company who are responsible for the general management and day-to-day business of the Fund (the "Company's Management Team") in line with the mandate given to the Company by the Fund.

In addition, the Company shall establish separate compliance policies (addressing, amongst other things, code of ethics, anti-money laundering, know-your-customer, and combating financial terrorism ("AML/KYC/CFT")).

The Company, on behalf of the Fund, shall require the Portfolio Companies to operate in accordance with good corporate governance and business ethics relating to the structure and functioning of their governing bodies, their compliance ("AML/KYC/CFT") policies and practices, and their internal and external stakeholder engagement.

3. ESG MANAGEMENT SYSTEM

3.1. ESG Management System

The Company has developed a comprehensive ESG management system (refer to *Figure 2*) (the “ESG Management System”) to support practical implementation of this ESG Policy and the commitments contained herein.

The successful implementation of the ESG Policy and associated ESG Management System is reliant on having sufficient organisational capacity and competencies available to the Company. This includes dedicated and/or supporting ESG resources and functions available to the Company and the Portfolio Companies. Furthermore, this requires ongoing oversight, training, and capacity building for those involved in implementing such systems. This includes the use of third-party ESG specialists to provide input as needed.

In addition to this, the ESG Management System ensures ongoing stakeholder engagement among the Company, investors, investment professionals, the Portfolio Companies and other relevant stakeholders (e.g., regulators, workers, NGOs, industry bodies, suppliers, local communities). This system is intended to facilitate learning, transparency and accountability among investors, the Company, project sponsors and the Portfolio Companies, as well as informed decision making to drive lessons learned and continual improvement.

Key elements of the ESG Management System are outlined below.

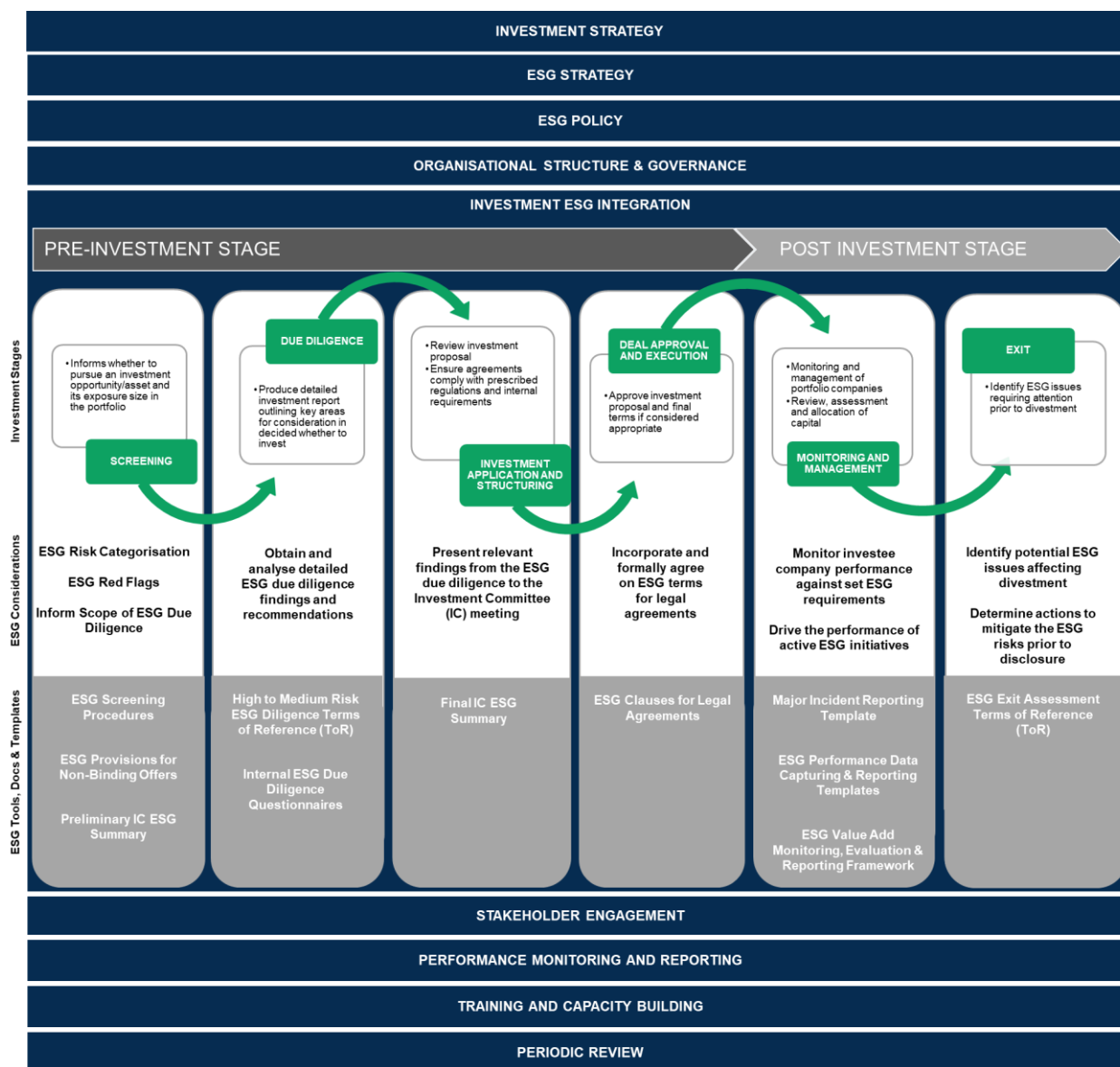
3.2. Integrating ESG into Investment Processes and Decision Making

In terms of managing investment ESG risks and opportunities, the ESG Management System seeks to integrate ESG considerations into each stage of the investment and decision-making processes, as applicable (from deal origination, through pre-investment screening and due diligence, to investment decision and disbursement, to post-investment monitoring and final exit). This includes various sets of templates, procedures, and tools to support the successful integration of ESG factors throughout the Fund’s investment lifecycle (refer to *Figure 2*).

This will seek to ensure the effective ESG screening and due diligence of prospective Fund investments including assessment of material ESG risks and opportunities against a prescribed ESG reference framework; as well as providing the Company with the tools and insight to assume a stewardship role, on behalf of the Fund, in promoting good ESG practice before and after investment by the Fund (to the extent feasible).

The ESG Management System will be applied to all the Fund’s investments with respect to identifying, assessing, and managing ESG risks and opportunities.

Figure 2: ESG Management System



3.3. Driving an ESG Culture Across the Organisation

The Company recognises the importance of having an ESG mindset integrated into its organisational culture, to support proper implementation and sustainability of its various interventions in managing the Fund. In this regard, ESG-centred paradigms and behaviours must be engrained into the organisational DNA, through the alignment of ESG objectives with the Fund’s investment strategy. Organisational alignment with these values needs to be driven by the Company’s Board of Directors (the “Board”) and the Company’s Investment Team, to effectively communicate the Board’s ESG aspirations to both internal and external stakeholders. Through leveraging the Board’s influence and authority, ESG efforts will be driven from the top to permeate all levels within the Company and the Fund.

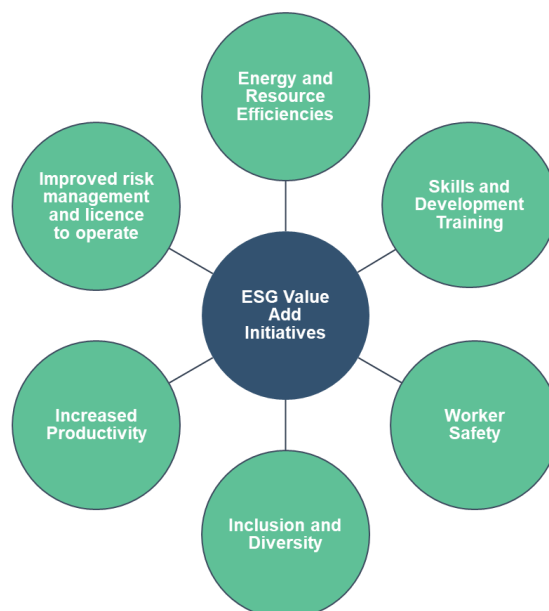
As part of this, the Company will also work to promote broad buy-in for the ESG value proposition, through training and capacity building (see Section 3.6), and ensuring diversification of the Board, through the inclusion of directors with ESG expertise. Additionally, the Board will seek to drive effective stakeholder engagement practices across the organisation, to facilitate increased alignment between the Investment Team and other relevant stakeholders. The axioms of transparency and accountability will be important drivers to ensure alignment throughout the organisation (see Section 3.5).

3.4. ESG Value Add

Over and above ensuring compliance with internal ESG requirements, the Company will seek to identify, support, guide, monitor and/or report on ESG-related value add initiatives that enhance the Portfolio Company performance. As part of this, the Company shall, on behalf of the Fund, work with project sponsors or Portfolio Company management teams to deliver practical and effective solutions to assist the Portfolio Companies in achieving meaningful results and long-term benefits from ESG interventions. This involves identification of ESG value add initiatives on an investment-by-investment basis. This is done at the pre-investment stage, followed by ongoing monitoring of such initiatives post-investment.

Some examples of ESG value add areas which the Company shall look to identify for each Fund investment are illustrated in *Figure 3* below.

Figure 3 **Examples of ESG Value Add Initiatives**



3.5. Effective Stakeholder Engagement

Stakeholder engagement is a critical tool to facilitate the integration of ESG throughout the Fund's activities and that of its Portfolio Companies, and to ensure continuous improvement, increased alignment between the Fund and its stakeholders, and transparency and accountability throughout the organisation.

Within an ESG management context, stakeholder engagement refers to proactive ongoing dialogue, information sharing and interactions between the Company (on behalf of the Fund) and the Fund's stakeholders. This targeted engagement seeks to understand from those stakeholders what is working, and/or where additional attention may be required to improve ESG performance. Gathering of this information can feed into and improve decision-making around the Fund's investment activities, product offerings and refinement of its ESG strategy. Frequent, open communication with, and responsiveness to stakeholders can also strengthen the organisation's social license to operate, by demonstrating accountability and building trust in the Fund's brand.

As part of ensuring effective engagement, a grievance mechanism shall be developed and shall be communicated, implemented, and monitored. The purpose of this grievance mechanism is to ensure that complaints or feedback received from internal or external stakeholders are recorded and reported to the Company's senior management and are handled appropriately.

Other ways in which the Company shall drive ongoing engagement across the Fund's business and its stakeholders includes:

- Regular (e.g., monthly) meetings and presentations with internal and external stakeholders;
- annual Company staff retreats;
- quarterly Company Board meetings;
- establishment of a Company Board Committee focused on Sustainability and ESG matters, which will meet on a quarterly basis;
- Fund Investment Committee meetings on a project-by-project basis;
- Fund Annual Meeting of the investors, the General Partner, and its representatives;
- Company reports to investors (e.g., quarterly and annually) of the Fund's ESG performance;
- The establishment of feedback mechanisms to ensure that the outcomes/findings from successful ESG initiatives inform future investment strategies and decision making (as relevant).

3.6. Training and Capacity Building

The Company recognises that, without effectively embedding ESG strategies, policies, commitments and management system components or capacity building (internal and external) into how the Fund's activities are managed, key ESG objectives will not be realised to their fullest extent. Therefore, the Company intends to enhance internal

capacity through leveraging training of the Company's Investment Team, Board members, Investment Committee members, ESG resources, and stewards. Training and capacity building exercises will cover the following areas (among others):

- Developing an organisational ESG culture through focusing on the ESG value proposition and creating alignment with ESG objectives and linkages between this and the Fund's overall long-term investment strategy;
- The ESG Management System, including its objectives, responsibilities of team members, considerations and requirements when analysing investment opportunities, reporting obligations;
- The identification, monitoring and reporting of ESG value add initiatives at Portfolio Company level, and partnering with technical experts to support efforts and develop in-house capabilities around this; and
- Responsibilities and liabilities of Portfolio Company directors, project sponsors and relevant personnel (as relevant).

On an annual basis, the Company will conduct a review of internal training requirements. This will involve relevant staff through enabling them to assess their own competencies and then jointly defining what training is required. The review will be used to determine what skills and competencies are needed within the organisation to understand what gaps exist. Based on the findings from this process an annual training plan will be developed defining internal training requirements and associated timelines.

Training and capacity building support will be provided by qualified third-party service providers, online courses, reading materials and workshops where possible.

3.7. Monitoring and Reporting on ESG Performance

The Company strives to accurately measure and track the ESG performance of the Fund's activities. This allows the Company to gauge progress against agreed Fund 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 through ensuring ongoing management of ESG performance, continual improvement and facilitating the ability to drive ESG performance through results-based management.

To give effect to these provisions, the Company shall develop a robust performance monitoring and reporting (ME&R) system broadly following the steps below:

- Identifying key monitoring and reporting goals and objectives by understanding the questions that the system is trying to answer;
- Identifying ESG key performance indicators (KPIs) for tracking progress;
- Deciding on the method and frequency of data collection;
- Identify the person(s) responsible for the data collection;
- Develop the tools necessary to capture, store and analyse collected data; and

- Collect, analyse, and disseminate the data to relevant stakeholder groups (including disclosure of an annual ESG report for investors).

The level of monitoring and reporting shall be commensurate with the level of ESG risks and potential value add opportunities associated with a particular investment. Therefore, the level of monitoring and reporting is determined on an individual Portfolio Company or project basis.

3.8. Periodic ESG Policy and Management System Review

In order to keep up with emerging trends and ensure on-going relevance, the ESG Policy and ESG Management System will be reviewed and, if necessary, updated every three years.

4. EXECUTION AND IMPLEMENTATION

4.1. Roles and Responsibilities

Overall responsibility for the execution of this ESG Policy and the ESG Management System lies with the Company's Management Team. The Company has the obligation to ensure that the Fund's Investment Policy complies with the provisions of this ESG Policy, which needs to reflect the mandate given to the Fund by its investors. Furthermore, the Company is tasked with driving a purposeful ESG culture across the Fund's activities to limit obstacles to execution through ensuring organisational alignment with the Fund's set ESG objectives. All the Company's investment professionals have a duty to ensure that activities in which they are involved are undertaken in a manner that strives to be more socially and environmentally sustainable and responsible and aligns with this ESG Policy.

The Company's Chief Executive Officer will either appoint an ESG officer (the "ESG Officer") to oversee the day-to-day implementation and management of the ESG Policies and associated ESG Management System or outsource ESG responsibilities to Africa50 or an external consultant. The appointed ESG Officer, Africa50, or external consultant as appropriate, shall have access to necessary resources, whether budgetary or allocation of staff time, to ensure that the necessary capacity (internal staff or external expertise) is available to effectively oversee and implement the requirements of the ESG Management System. The ESG Officer, Africa50, or external consultant as appropriate, shall also be responsible for communicating issues to the Company's Management Team in accordance with the requirements of the ESG Management System.