Draft Responsible Investment Policy and Code

AFC Capital Partners

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1. INTRODUCTION

AFC Capital Partners (ACP) believes in responsible investment and takes a holistic view of the economy and its interactions with civil society and the natural environment. To act in the best interest of society, we are committed to integrating material Environmental, Social and Governance (ESG) criteria in our investment processes and ownership practices with a view to enhance returns and/or mitigate risks over the medium to long term. We also aim to include ESG aspects in our risk management and reporting tools to maintain high standards of transparency and accountability.

This document explains how ACP implements Responsible Investment Strategies and covers topics such as Environmental and Social Governance, Report keeping, Climate Change, Gender, Human Rights etc.

1.2 SCOPE AND PURPOSE OF THIS POLICY

This Policy applies to Africa Finance Capital Partners. This document has been prepared taking into consideration other policies including Environmental and Social Governance Risk Principles. The Policy sets out ACP’s commitments for responsible investment in relation to health, safety, social and environmental governance. The requirements of this policy must be implemented in the daily activities of ACP and must be adhered to by all staff.

1.3 RESPONSIBLE INVESTMENT PHILOSOPHY

ACP believes that ESG considerations, including climate change, are fundamental to long-term risk and return. As a Manager, ACP is committed to delivering competitive returns for its investors, as well as seeking to create businesses that benefit society through economic and social development. ACP believes that working towards implementing high ESG standards at the companies in which it invests is the best way to mitigate risk and presents an opportunity to create value.

1.4 RESPONSIBLE PERSONS

This lies with the management board of ACP.

1.5 ADOPTION AND REVIEW OF POLICY

This policy document will be reviewed annually and updated where appropriate.
1.6 RESPONSIBLE INVESTMENT TRAINING

ESG considerations will be embedded in our culture by providing proprietary training to all members of investment teams including managers. This training conveys responsive investment governance, policies, external commitments and includes an exercise in building a portfolio with a high ESG performance.

2. OUR COMMITMENTS TO RESPONSIBLE INVESTMENT

Throughout ACP, the following policy commitments shall be adopted and adhered to by the entire staff working for ACP. A copy of this policy shall be distributed to all staff via email and responsibility for adhering to it lies with each individual.

We commit to the following:

2.1 ENVIRONMENTAL AND SOCIAL GOVERNANCE.

ACP is committed to identifying, managing, and monitoring on an on-going basis Environmental, Social and Governance (ESG) risk in all areas of its business activities.

ACP's inhouse team is responsible for implementing and adhering to this policy. This team is being supervised at senior management level by the Executive committee. To keep the team abreast of developments in investment processes, relevant training and support will be provided. All portfolio companies are expected to appoint personnel to implement all ESG related requirements relevant to the project.

2.2 ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

Policy commitment: ACP is committed to identifying, managing, and monitoring on an on-going basis environmental and social (E&S) risk in all areas of its business activities.

ACP recognizes that the failure to identify and manage E&S risks can represent a serious threat to ACP’s reputation and its business. Thus, adherence to the E&S Risk Management framework represents a fundamental objective for ACP, to minimize the risk of damage to the business and reputation as well as avoidance of legal implication by association. Adherence to the E&S framework also provides significant benefits to the ACP, its clients, and all stakeholders.

Under the overall guidance of the Board of ACP and direct auspices of Chief Executive Officer of ACP, the purpose of E&S framework is to articulate the ACP guidelines and procedures for supporting clients in ensuring their sub-programme and/or projects under ICRF are carried out
in an environmentally friendly and socially acceptable manner. It is an integral document, which encapsulates how ACP operationalizes the protection of Natural resources and environment sustainability as well as drives socio-economic and development nexus issues. The ICRF ESMS includes detailed annexes including the: Resettlement Framework (Annex 11); Indigenous Peoples Management Framework (Annex 15) and Biodiversity Management Framework (Annex 16).

Furthermore, and in line with the IFC standard, ACP is committed to reflect Environmental and Social considerations across all its activities, which range from the climate related policy engagement as well as thought leadership and advisory services.

At the project level, the framework will translate into promoting the sustainable management of natural and living resources, low carbon, and green business opportunities. Thus, ICRF supported project will strive to:

- Avoid or mitigate adverse impacts to people and the environment.
- Conserve or rehabilitate biodiversity and natural habitats and promote the efficient and equitable use of natural resources and ecosystem services.
- Promote worker and community health and safety.
- Ensure conducive labour and working conditions.
- Engage with diverse stakeholders and stride to guarantee the rights of minorities and disadvantaged people in a manner consistent with the globally recognized frameworks for gender and guidelines for involuntary resettlement.

Project Companies are expected to manage the E&S impacts and risks of their activities in accordance with good international industry practices and standards including the IFC PS and the general and sector specific IFC/World Bank EHS Guidelines.

2.3 CLIMATE CHANGE

ACP is committed to implementing best practices and international standards in the integration of climate risks in its investment process. Climate resilience is embedded in ICRF investment process.

ACP takes an efficient, disciplined, and proactive approach to all aspects of the investment process, with a focus on efficient deal execution, high-quality due diligence, expert deal structuring, climate resilience integration, balanced risk-adjusted return, rigorous portfolio management and exit management. ACP supports the recommendations made by the Task Force on Climate-related Financial Disclosures and will reflect this in reporting to investors in all funds including ICRF.
ACP is also committed to managing its own contribution to climate change by minimizing possible emissions of greenhouse gases and requires all portfolio companies to make the same commitment.

Now, the single largest emission of greenhouse gases arises from the business travel undertaken by staff in the conduct of business activities. However, this is expected to change the moment our investment vehicles kick-off which will include conducting visits to assets throughout the investment lifecycle.

2.4 HUMAN RIGHTS

Policy Commitment: Always respecting the human rights of all individuals including all those that work for or on behalf of ACP and those who may be affected by ACP and its Managed Vehicles.

We are committed to respecting human rights in all our business engagements, workplace in accordance with international legal laws and agreements including the ILO Core Conventions (considered to be fundamental because they are universally applicable to all workers, regardless of their occupation or industry. They are also considered to be essential for promoting social justice and economic development).

The Grievances Redress Mechanism (GRM) will also address any complaint related to the sexual abuses, sexual exploitation, and sexual harassment issues in ensuring labour and working conditions effectiveness and safeguarding against Sexual Exploitation and Abuse and Sexual Harassment (SEAH). These interventions are expected to efficiently complement the gender action plan, empowering local women and men and aim to create a safe environment at the project site and in communities.

To address grievances from both internal and external stakeholders, a mechanism has been put in place to address such concerns and this can be found in the Human resources policy.

2.5 GENDER POLICY

Policy Commitment: promote an equal opportunity organisation which fosters gender balance, neutrality, and addresses gender sensitivities.

The impact of climate change is more severe on women than men, this is further compounded by existing complex interplay of cultural norms and unequal access to resources. ACP’s push for climate-resilient infrastructure that minimizes economic disruption accounts for the fact that women and other marginalized groups possess a relatively limited adaptive capacity in the face of climate change and lack the financial capacity to adapt to the changes in lifestyle and living conditions spurred by climate changes. Resilient infrastructure will minimize the
need for adaptation to climate change and climate shocks suffered by women and other marginalized groups. Additionally, ICRF will create employment opportunities (up to 572,000 jobs) accessible by women and marginalized groups.

To address these gaps, ACP has established commitments aimed at gender equality and women’s economic empowerment along with arrangements for implementation which are described in the ACP Gender Policy.

ACP’s commitment to gender policy as it relates to its investment activities, implies the following:

- To the extent possible, ACP shall work towards conducting gender analysis to ensure that gender issues are addressed as part of its investment process.
- Encourage entities in which we have invested to educate their supply chain in managing gender equity in accordance with global best practice.
- Gender equity assessment is integrated into the ACP investment process.
- ACP shall not establish business relationships with organisations that condone, support, or otherwise participate in trafficking, including labour or sexual exploitation.
- Environmental and social action plans would include sex disaggregated data.

### 2.6 SAFEGUARDING PEOPLE

Policy Commitment: Protecting the labour and working conditions of all those Working on behalf of and for ACP and the health, safety, and security of project-affected communities.

Beyond complying with local legal requirements in countries where we carry out business, all activities along ACP values chain will be managed in accordance with international standards for labour and working conditions. These international standards include the International Finance Corporation Performance Standard 2 for Labour and Working Conditions ("IFC PS 2"), the International Labour Organization ("ILO") Core Labour Standards conventions.

ACP is aware that Infrastructure disruptions frequently cause or exacerbate many types of social impacts in particular those related to health, safety, and wellbeing. In addition to the ensuing losses that are often substantial and disproportionately large, when an infrastructure breakdown it can cause injuries, loss of proprieties and even result in human fatality.

ACP through its Infrastructure Climate Resilient Fund (ICRF) will increase safety by deploying climate resilient infrastructure assets, like robust bridges, all-weather roads, elevated ports that will be able to withstand climate change disasters and prevent losses protecting local populations. ICRF interventions will be able to prevent events collapse of infrastructure and the avoidance of disruptions for the local population. These will in turn result in improving people
safety and wellbeing and raising the quality of life of the populations of the targeted countries and regions.

2.7 COMMUNITY DEVELOPMENT

Policy Commitment: Promoting sustainable development with impacts on all the dimensions of sustainability through the Managed Funds.

ACP has established a documented process for identifying and promoting positive Environmental and Social impacts within the communities in which the funds are invested. Proven as a central factor in the productivity of firms, the wellbeing of local population and thus the resilience of entire economies, resilient infrastructures are a key enabler of economic development. The Climate fund will provide a substantial contribution to the economic development and sustainable growth in participating countries with a local impact on the communities.

2.8 MONITORING AND REPORTING

Policy Commitment: Conducting ongoing monitoring and reporting of the environmental and social impacts of our projects.

There are a set of stipulated quarterly, semi-annual, and annual reporting requirements, part of which also require site visits on a case-by-case basis. ACP will ensure each project is compliant with all the monitoring and reporting requirements as stipulated in the Funding Agreement. The arrangements for monitoring and reporting of environmental and social performance of Project Companies is detailed in the ACP ICRF Environmental and Social Framework, along with the requirements relating to notification of accidents and incidents.

2.9 INFORMATION DISCLOSURE

Policy Commitment: Making timely disclosures of information relating to the Managed Vehicles in accordance with legal and investor requirements.

Adhering to the Green Climate Fund’s Information Disclosure Policy (the “Policy”), the Accredited Entity plans to release information pertaining to the Category A/B Sub-project being evaluated for investment. This disclosure serves to comply with the requirement stipulated in paragraph 17 of the Policy and paragraph 65 of the GCF Revised Environmental and Social Policy to provide an ESIA and ESMP (if not included within the ESIA), no less than [120/30] days prior to the Accredited Entity’s investment decision.
The E&S risk categories are detailed in ACP’s ESMS along with the process for determining the relevant risk category. ACP will also make disclosures in accordance to requirements from other investors. These evaluation reports can also be shared with both internal and external stakeholders.

Project companies are expected to carry out disclosures on their activities. These disclosures include performance monitoring reports submitted to ACP, as well as publication of information on Project Company websites.

3. RESPONSIBLE INVESTMENT CODE

3.1 INTRODUCTION

Responsible investment (RIC) codes are sets of principles and guidelines that outline the environmental, social, and governance (ESG) criteria that institutional investors should consider when making investment decisions.

3.2 RATIONALE FOR THE CODE

ACP is committed to responsible investing, considering environmental, social, and governance (ESG) factors. Effectively managing these matters not only mitigates risks to workers, the environment, local communities, and other stakeholders but also leads to a range of business benefits, including access to new markets, reduced employee turnover, production cost savings, and improved stakeholder relationships.

The Code of Responsible investing outlines ACP’s comprehensive guidelines for all investments made along its direct and intermediate business lines. It aligns with international standards and best practices, including the International Finance Corporation’s (IFC) Performance Standards and the UN Guiding Principles on Business and Human Rights. Additionally, it incorporates ACP’s specific requirements regarding climate change.

ACP acknowledges that some of the project investments may not fully comply with this Code at the time of investment. In such instances, ACP will collaborate with consultants to establish an Action Plan aimed at achieving compliance within a reasonable timeframe, considering the specific risks and opportunities, size, and resources of that business. ACP will only provide financing for investment activities that are expected to meet the Code’s requirements within a reasonable period. Persistent non-compliance with these requirements may lead to ACP ceasing funding, exiting the investment, and/or taking corrective action.
3.3 DEFINITIONS

3.3.1 Basic Terms and Conditions of Employment

Means the requirements as applicable to the Project Companies on wage, working hours, labour contracts and occupational health & safety issues, stemming from ILO conventions 26 and 131 (on remuneration), 1 (on working hours) and 155 (on health & safety)

3.3.2 Core Labor Standards

Encompasses the obligations of Project Companies concerning child labour, forced labour, discrimination, freedom of association, and collective bargaining, as outlined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. Specifically, this includes:

1. Freedom of association and the right to collective bargaining
2. Elimination of forced and compulsory labour
3. Abolition of child labour
4. Elimination of discrimination in the workplace

3.3.3 E&S Action Plan (ESAP)

Refers to the environmental and social action plan jointly agreed upon by the Fund and the Project Company. This plan outlines the specific actions, responsibilities, deliverables, compliance indicators, and a detailed timeframe for addressing the identified non-compliances of the Project Company’s business activities with the E&S Requirements. It may also include additional measures agreed upon by both parties and can be amended as needed.

3.3.4 E&S Management System

“The Fund’s Environmental and Social Risk Management System (ESRMS) encompasses the overarching policies, organizational structure, planning activities, responsibilities, practices, procedures, and resources necessary to develop, implement, achieve, review, and maintain compliance with the Fund’s Environmental and Social Requirements (ESRs). The ESRMS is dedicated to the systematic and continuous improvement of environmental and social performance, specifically targeting the identification and management of environmental and social risks and opportunities throughout the investment appraisal and management processes. This is aimed at:

(a) ensuring compliance with the Exclusion List
(b) assessing and categorizing (as low, medium, or high) social, labour, occupational health and safety risks associated with project company
(c) verifying that each Project Company complies with the E&S Requirements.
(d) contractually agreeing with each Project Company that it will comply with the E&S Requirements.
(e) agreeing upon an E&S Action Plan between the Fund and each Project Company that does not comply with the E&S Requirements, and
(f) monitoring, evaluating, and reporting on a regular basis and at least annually on the compliance of each Project Company with the E&S Requirements and, if applicable, its E&S Action Plan or any other actions found to be necessary to reach compliance, including any Remediation Measures.

3.3.5 ESG Manager

This is a suitably trained individual designated by the Fund or Manager, bears the responsibility for the practical and day-to-day execution of the Environmental and Social Management System (ESMS). This encompasses the development, implementation, and operation of the ESMS framework, ensuring its effective functioning in accordance with the Fund’s Environmental, Social and Governance requirements.

3.3.6 ESG Executive

An ESG executive is a senior-level manager who is responsible for overseeing an organization’s environmental, social, and governance (ESG) initiatives. ESG is a set of standards for a company’s operations that socially conscious investors use to screen potential investments. ESG executives are responsible for developing and implementing ESG strategies, as well as tracking and reporting on the company’s ESG performance.

3.3.7 ESG performance report

An ESG performance report is a document that outlines a company’s performance in terms of environmental, social, and governance (ESG) factors. ESG factors are non-financial factors that can impact on a company’s long-term financial performance.

3.3.8 E&S Permit

This means any environmental and/or social permit, license, consent, approval, or other Authorization required by the Fund or a Project Company to conduct its business.

3.3.9 ESG Principles

ESG principles are a set of standards that a company can adopt to show that it is committed to environmental, social, and governance (ESG) responsibility. ESG is a set of standards for a company’s operations that socially conscious investors use to screen potential investments.
Environmental principles encompass a company’s environmental impact, including its carbon footprint, waste management, and energy consumption. These principles encourage companies to reduce their environmental impact by adopting sustainable practices, such as using renewable energy, reducing waste, and conserving water.

Social principles refer to a company’s impact on society, including its labour practices, human rights record, and community engagement. Social principles encourage companies to promote diversity and inclusion, provide fair working conditions, and support local communities.

Governance principles refer to a company’s internal policies and procedures, including its corporate structure, executive compensation, and risk management practices. Governance principles encourage companies to operate with transparency, accountability, and ethical leadership.

### 3.3.10 ESG requirements

ESG requirements are a set of standards that companies are expected to meet to demonstrate their commitment to environmental, social, and governance (ESG) responsibility. These standards are becoming increasingly important as investors and stakeholders demand that companies take action to address climate change, social inequality, and corporate misconduct.

Environmental requirements typically focus on reducing a company’s environmental impact, such as greenhouse gas emissions, energy consumption, and waste generation. Companies may also be required to disclose information about their environmental performance and to take steps to mitigate climate change risks.

Social requirements typically focus on improving a company’s social impact, such as labour practices, human rights, and community engagement. Companies may also be required to disclose information about their social performance and to take steps to address social issues such as discrimination and poverty.

Governance requirements typically focus on improving a company’s corporate governance practices, such as board independence, executive compensation, and risk management. Companies may also be required to disclose information about their governance practices and to take steps to prevent corporate misconduct such as corruption and bribery.
The specific ESG requirements that a company is expected to meet will vary depending on its industry, location, and other factors. However, there are a number of frameworks and guidelines that can help companies to identify and implement ESG requirements.

Some of the most widely used ESG frameworks include:

- The Sustainability Accounting Standards Board (SASB)
- The Global Reporting Initiative (GRI)

### 3.3.11 Environmental Law

This means any law, rule or regulation (including international treaty obligations) concerning environmental matters and natural resource management applicable to any Project Company in any country in which it carries out business activities financed by the Fund.

### 3.3.12 Exclusion list

This means the list of prohibited activities.

### 3.3.13 Good International Industry Practice (GIIP)

Means the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in project-specific circumstances (source: IFC).

### 3.3.14 IFC

Means the International Finance Corporation, an international organization established in Washington, DC, USA, by articles of agreement among its member countries.

### 3.3.15 IFC Performance Standards

The International Finance Corporation (IFC) is a member of the World Bank Group that focuses on financing sustainable private sector projects in developing countries. IFC Performance Standards are a set of environmental and social (E&S) standards that IFC requires its clients to implement in order to manage their E&S risks and impacts. The Performance Standards are also used by other financial institutions and investors to assess the E&S performance of projects and companies.
3.3.16 ILO

Means the International Labor Organization, the tripartite United Nations agency which brings together governments, employers, and workers of its member states in common action to promote decent work throughout the world.

3.3.17 Remediation Measures

Means with respect to any existing Investment in a Project Company, such measures as are necessary or appropriate to remedy the applicable breach, including an appropriate timeframe for implementation of such measures.

3.3.18 Forced labour

Means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

3.3.19 Child Labour

Child labour is the employment of children under the age of 18 in any form of work that is harmful to their physical, mental, moral, or social well-being. It is a global problem that affects millions of children around the world.

3.3.20 High Conservation Value (HCV)

High Conservation Value (HCV) areas are those that contain significant biodiversity, carbon stocks, or ecosystem services. They are important for the conservation of biodiversity and the provision of essential ecosystem services, such as water purification, climate regulation, and pollination.

3.4 ENVIRONMENTAL, SOCIAL PRINCIPLES

3.4.1 Objectives

- To strive to reach specific and measurable environmental, social and governance goals articulated for the Fund.
- To minimize adverse impacts and enhance positive effects on the environment, communities, and employees as relevant and appropriate, from the businesses in which the Fund's capital is invested.
- To encourage the businesses in which the Fund's capital is invested to make efficient use of natural resources and to protect the environment wherever possible.
• To support the reduction of greenhouse gas emissions which contribute to climate change.

• To take the necessary action as appropriate to increase resilience to climate change by the businesses in which the Fund’s capital is invested.

• To ensure the businesses in which the Fund’s capital is invested work within a defined timeframe towards full compliance with the International Labour Organization’s (“ILO”) Declaration on Fundamental Principles and Rights at Work, and with the United Nations (“UN”) Universal Declaration of Human Rights.

• To be objective, consistent and fair with all stakeholders of the businesses in which the Fund’s capital is invested.

• To recognize and, as appropriate, promote the social aspects of the development impact from the businesses in which the Fund’s capital is invested.

3.4.2 Policy

Any project in which the Fund is invested will:

• Operate in compliance with applicable local and national laws (as a minimum)

• Review and investigate information available in the public domain regarding any adverse impact on local communities or the environment or adverse environmental or social performance associated with that proposed Project Company.

• Evaluate the environmental, health and safety, and community risks and impacts of the portfolio company’s operations. Classify these operations into high, medium, and low risk categories.

• When an activity poses significant risks to the environment, labour health and safety, or the community, these risks and their impacts must be identified through a thorough assessment. Next, a gap analysis should be conducted using the applicable IFC Performance Standards and EHS guidelines to determine the necessary improvements. Finally, appropriate targets and a timetable should be established to achieve these improvements:
  ➢ For greenfield operations and, if necessary, for expansions, conduct an adequate environmental and social impact assessment (ESIA) to evaluate the potential risks and impacts.
  ➢ For existing operations, conduct an adequate environmental and social audit (ESA) to assess the risks and impacts.
  ➢ For each high-risk operation, identify potential positive impacts and opportunities arising from business activities and develop appropriate Action Plans to achieve these benefits.

• Strive to adopt globally recognized environmental best practices within a reasonable timeframe.
• Provide wages that meet or surpass the industry standard or the legal minimum, whichever is higher.
• Avoid excessive working hours that could jeopardize employee health and safety.
• Treat employees with fairness and respect throughout the recruitment process, professional advancement, and terms and conditions of employment, regardless of their gender, race, color, disability, political views, sexual orientation, age, religion, social or ethnic background, or HIV status.
• allow consultative work-place structures and associations which provide employees with an opportunity to present their views to management.

3.5 GOVERNANCE: BUSINESS INTEGRITY AND GOOD CORPORATE GOVERNANCE

3.5.1 Objectives
• To ensure that the projects in which the Fund’s capital is invested exhibit honesty, integrity, fairness, diligence, and respect in all business dealings.
• To enhance the good reputation of the Fund
• To promote international best practice in relation to corporate governance in the businesses in which the Fund’s capital is invested.

3.5.2 Policy

To Projects in which the Fund’s capital is invested will:
• Adhere to all applicable laws and regulations, including those that aim to prevent extortion, bribery, and financial crime.

• Implement procedures for each portfolio investment to comply with the Financial Action Task Force on Money Laundering (FATF) standards and fulfil the obligation of vigilance.

• Refrain from entering into any contract, including those related to portfolio investments, that could result in Sanctionable Practice or Anti-Competitive Practice.

• Avoid investing in, engaging in transactions or business relationships with, or for the benefit of, any individuals, persons, institutions, groups, entities, sectors, or activities that have been sanctioned by the United Nations, the European Union, the United Kingdom, the United States of America, France, Singapore, or Mauritius.

• Refrain from investing in any portfolio company whose equity originates from Illicit Origin or involves a business relationship with any persons, groups, or entities listed on any of the Financial Sanctions Lists. Upon becoming aware of such circumstances, the Fund and the Fund Manager shall use their best efforts consistent with fiduciary duty to disinvest in the portfolio company and notify the Limited Partner.
• Maintain high standards of business ethics and integrity.

• Engage with regulators in a transparent and collaborative manner.

• Prohibit all employees from accepting or giving gifts of inappropriate value, according to local customs, during business.

### 3.5.3 Monitoring and Reporting

ACP shall:

i) Ensure that the set of stipulated quarterly, semi-annual, and annual reporting requirements, part of which also require site visits on a case-by-case basis, are adhered to. ACP will ensure each of the projects is compliant with all the monitoring and reporting requirements as stipulated in the Funding Agreement. The Fund Program Manager will oversee all program staff to maintain a high level of transparency, responsibility, and accountability throughout the program’s monitoring, reporting, and evaluation of the program’s results.

ii) Promptly notify the Donors and Investors within five (5) days of becoming aware of any environmental, social, labour, or health and safety incident, accident, or circumstance with respect to any existing Project Company that has, or could reasonably be expected to have, a material adverse effect or impact on the Fund, the Project Company, the environment, communities, or the workforce. Within thirty (30) days of the initial notification to the Investors, provide a follow-up notification outlining the actions taken or planned to address these issues and prevent similar occurrences in the future. Additionally, keep the Donors and Investors informed on a quarterly basis regarding the ongoing implementation of these measures.”

The Fund will ensure that Donors and Investors and any E&S consultants appointed by such donors and Investors have the right to visit, upon reasonable notice, any of the premises where the business of a Project Company is conducted, to have access to Project Company management, and to have access to the Project Company’s books of account and records, in each case, as such member reasonably considers necessary to (i) monitor the Fund’s compliance with these ESG provisions, or (ii) assess the legal or reputational risk posed to the Fund or the Donors and Investors by any incident, accident or circumstance described in paragraph a) sub (ii) above.
3.5.4 Supervision; Exercise of Remedies

a) At the behest of any Investor and in accordance with the governing documents of ACP, ACP will convene a meeting to examine and discuss the Fund’s adherence to the ESG Requirements or the effectiveness of the E&S Management System, or the compliance of any Project Company with the ESG Requirements that have been agreed upon.

b) If the Manager identifies additional environmental or social risks associated with an existing Project Company, they will assess whether the E&S Management System has the requisite capacity, including staffing expertise and qualifications, to effectively evaluate and manage these risks as per the E&S Requirements.

c) If any Investor has reasonable grounds to believe that a Project Company is in material breach of any E&S Requirements and informs ACP and other Investors of such determination, ACP shall promptly: (i) mandatorily require the relevant Project Company to implement Remediation Measures within a specified timeframe and provide quarterly updates to the Fund on the ongoing implementation of these measures; and (ii) if the relevant Project Company fails to implement such Remediation Measures within the agreed-upon timelines, exert all reasonable efforts to uphold and enforce any right of the Fund to compel the Project Company to adhere to such undertakings.