DPI | Development Partners International

Making a positive impact together

DPI Impact Report 2022

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CEO statement

DPI has always looked beyond financial indicators and considered how we could have positive impact on the continent.

Runa Alam
Co-founding Partner and Chief Executive Officer

Driving positive, long-lasting impact

Dear Partner,

It is my pleasure to introduce DPI's first published Impact Report. African private equity was started by the Development Finance Institutions, many of whom have been DPI's LPs since the beginning, to develop the African continent by growing companies, thereby creating jobs and strengthening the economies. Because of this strategy, African private equity managers learnt to focus on delivering competitive returns, while doing both impact and ESG work to high standards.

DPI is proud to be such a firm, and since inception, DPI has always looked beyond financial indicators and considered how we could have positive impact on the continent. Our impact work started as part of our ESG strategy, and as the impact industry matured, we decided four years ago to bring our categorization, thinking and reporting in line with the more modern terminology and practices. We refer to the UN Sustainable Development Goals, GIIN guidance, IRIS+ and the norms of the global impact investing industry to guide our approach. As part of this commitment, we are publishing this report.

DPI's primary mission is to deliver strong returns to our investors while driving positive, long-lasting social, environmental, and economic impact across Africa. We have been investing in the continent for the last 15 years, by connecting global capital to excellent businesses and delivering on the ground impact within our portfolio companies and in the communities they serve.

The population of Africa presents vast economic opportunities for the continent. With a population of over 1.3 billion people, Africa holds a significant consumer market with diverse needs and preferences. Additionally, Africa's young and dynamic workforce offers immense potential for economic growth, innovation and entrepreneurship. Investing in job creation and skills training will be key to harnessing this demographic advantage and driving economic development across the continent.

We believe that we are in the right place to make a material and lasting impact in an underserved and underfinanced market. Our investment strategy is to build a diversified portfolio of scalable high-growth businesses, which serve Africa's growing middle class and mass market, while integrating practices which drive sustainable development of each business. We have established and maintained strong partnerships with our portfolio companies to ensure that impact and ESG are core pillars in their day-to-day operations and part of the culture of the companies, and that they continue to create impact within their workforce and customers even beyond our holding period.

DPI seeks to achieve its impact goals by 1. declaring intentionality 2. outlining a plan to contribute towards the UN Sustainable Development Goals 3. working with our investments to create impactful practices and products and 4. measuring and reporting. More specifically we do this by providing investment capital and technical assistance to our companies, as well as working in partnership with the management teams of investees, to create new impact opportunities and develop initiatives that will increase the accessibility and reach of their services. Our teams also provide capacity to each portfolio company to ensure they have the right skills to align their operations with international best practice.

CEO statement continued

DPI's funds deliver impact in three different ways. We serve a developing continent through a strategy specifically designed for Africa. We invest in impactful industries, where we have contributed more than US$540 million in capital towards healthcare and more than US$300 million towards agribusiness, while providing key financial inclusion and education services through our companies. Lastly, we seek to create impact within our portfolio companies around climate change, job growth and job quality, and gender equality. These three impact themes have been defined in our strategy and are further elaborated throughout this report.

Impact permeates different aspects of our strategy and decision-making, and this has been formalized for our African Development Partners III fund. We have chosen to structure our impact approach around the three impact themes as they were developed from work DPI has done since inception, the will of the DPI team, and our assessment of what would benefit African communities and people. We are particularly proud to have been chosen as the first fund and first flagship fund in the 2x Challenge/Global initiative, to work with every investment on reducing their carbon footprint or to employ through our investments more than 60,000 peoples.

In order to ensure comparability of our impact, we use industry reporting systems such as the IRIS+ and the 2X Challenge for measurement and reporting. We also seek to contribute towards benchmarking initiatives started by the GIIN. To provide confidence to our investors, we became signatories to the Operating Principles for Impact Management and have had our systems verified by BlueMark. Overall, our investments and DPI as a firm aim to impact all 17 UN SDGs, but we have a particular focus on 9 as demonstrated throughout the report.

> We seek to create impact within our portfolio companies around climate change, job growth and job quality, and gender equality.

We at DPI learnt to generate competitive returns while delivering impact and ESG results. This was asked of us by our LPs since our firm started. It is in our DNA to seek to do this, and our teams are trained in combining both types of returns. We are strengthened in our commitment to Africa by working in this manner.

I hope this report demonstrates this commitment, culture and will of the entire team at DPI to be one of the most impactful private equity firms in Africa and globally.

Runa Alam
Co-founding Partner and Chief Executive Officer

Who we are

Development Partners International today

Development Partners International LLP DPI is a leading private equity firm investing across Africa, founded in 2007 by Miles Morland and Runa Alam, currently advising three African Development Partners (ADP) funds. The firm has the purpose to invest in profitable companies operating in high-growth sectors across Africa, while driving positive, long-lasting social, environmental and economic impact across the continent.

DPI seeks to be a best in class partner, helping to grow and increase the sustainable value of its portfolio companies and generate high equity returns to its investors. Through partnerships with portfolio companies, DPI has built a diversified portfolio of scalable businesses that are able to benefit from Africa's rapid urbanisation, favourable demographics and increasing adoption of technology. These companies provide goods and services to Africa's mass market, contributing to socioeconomic development of the continent. As part of its value-add proposition, DPI has embedded ESG and impact considerations into its activities since inception, and sought to invest with impact throughout the last decade. The integration of ESG into our business and investment approach is the foundation that enables us to generate sustainable value, and the commitment to partnership underpins our success and stability of our portfolio companies.

- Pan-African: by assessing macro trends across the continent to create an attractively diversified portfolio
- Middle-class growth: through industries that specifically benefit from the growth of the African consumer
- Digital transformation: by helping the digitisation of our portfolio companies, we increase their capacity to access the mass market, including lower income groups, whilst increasing the efficiency of operations
- Established businesses: by investing in profitable companies poised for growth
- Exit potential: from when we first consider investing, we target companies with attractive exit opportunities
- Creating impact against the Sustainable Development Goals
- Best in class, fit-for-purpose ESG practices

The firm's greatest assets are its strong team, institutional processes and culture. DPI counts 44 members of 22 nationalities with the entire deal team from the continent. The investment team alongside industry experts and operating executives manage the entire lifecycle of investments, from origination to due diligence, monitoring, value-add and onto exit. DPI is uniquely positioned to take advantage of the attractive African investment opportunities with its team, having built a network of African business leaders and entrepreneurs over the course of three decades.

DPI's dedicated ESG and Impact team also works with companies on the ground to engage and develop best in class ESG practices, in order to achieve greater financial success, incremental positive impact and sustainable economic development. ESG and impact are central to DPI being integrated in day-to-day activities, investments and decision-making processes. A range of environmental and social policies and commitments guide our actions which are present in the firms' ESG and Impact Management System (DPIMS). The DPIMS provides a framework to effectively integrate and manage ESG and impact considerations in the firms' investment lifecycle, and enables enhanced impact measurement throughout the investment period.

What we do and where

DPI at a glance

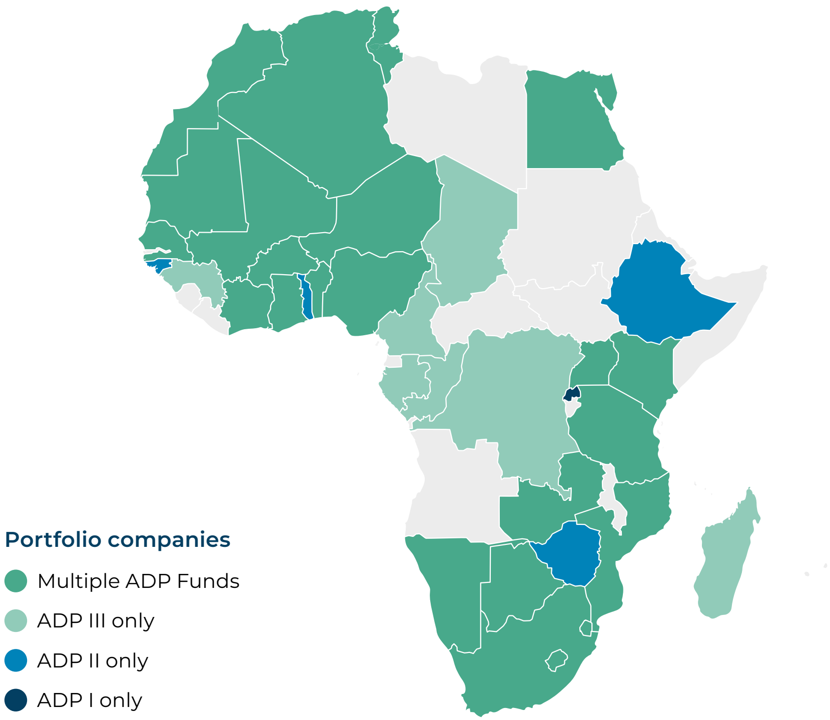
US$3.1bn
AuM including co-investments

3
funds

44
employees

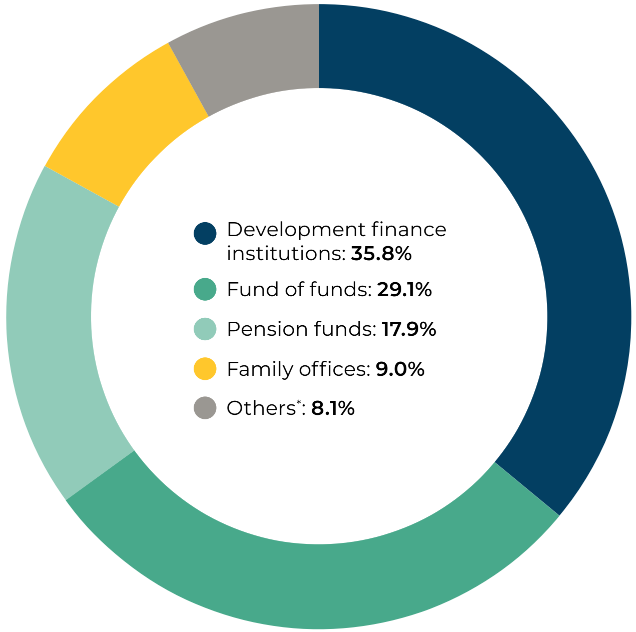
Our portfolio

Portfolio companies	Countries reached	Industries
29	42	21



Types of investors in ADP funds

Americas	Europe	Middle East & Africa
32.4%	49.3%	18.3%



* Foundations & Endowments -3.6%, Impact Investors -2.3%, Sovereign Wealth -2.2%.

2022 impact highlights

A year of achievement

63,321
jobs provided through ADP II and ADP III investments

US$114m
in taxes paid in 2022 (US$1.4 billion since inception)

12,800
number of SMEs in the supply chain

42
countries reached

2,467
indirect jobs created

US$501m
in compensation paid to employees

1,193,476
clients financed through our ADP III investments

Our impact contribution

Our main contribution to social and environmental outcomes is based on the active engagement with our portfolio companies. Our partnership aims to create impact around climate change, gender equality and job growth and job quality. Unless the company already has initiatives in place, we attribute any additional impact related to those impact themes to our own interventions.

For specific investments where additional impact themes are identified, our investor contribution is through enabling growth of the company's business activities. In this case, our contribution is determined by the shares we hold in the company.

Our ADP II and ADP III companies also created impact around:

Gender

- **50%** of ADP II and **57%** of ADP III companies are 2X investments
- **18,713** female employees
- **29%** of ADP II and 31% of ADP III workforce
- **635** women in management positions
- **897** women promoted in 2022

+ Read more on pages 13 to 14

Job growth and job quality

- **63,321** direct jobs
- **2,467** indirect jobs
- **23,664** employees received training
- **3,947** employees promoted

+ Read more on pages 15 to 16

Climate change

- Disposed of **180,220 tonnes** of waste, out of which **153,888 kg** was recycled
- Treated **61,489 m³** of wastewater

+ Read more on pages 17 to 18

Development challenges in Africa

The population of Africa has increased to over 1.4 billion people. Despite the potential of human capital, economic challenges in the continent have been exacerbated by continued supply constraints, high inflation, increased commodity prices and outbreaks of new coronavirus variants. The pandemic had a significant impact on unemployment in Africa, where in 2021 an estimated **22 million jobs were lost** and over 30 million people were pushed into extreme poverty. The labour market continues to face issues related to skills gap, unfair wages, long working hours, unsafe working conditions, lack of adequate social protection and limited profitability.

Africa is only responsible for 3% of global CO_2 emissions, but **the continent loses up to 15% of its GDP per capita annually as a result of climate change impacts.** Extreme weather events have become more frequent every year. Under any scenario above 1.5˚C, African countries face significant risks to their economies, infrastructures, water and food systems, public health and people's livelihoods. Accelerated effort is needed in terms of climate financing, mitigation and adaptation, **otherwise climate-related risks could lead to 43 million more people being pushed below the poverty line by 2030.**

> Africa is only responsible for 3% of global CO_2 emissions, but the continent loses up to 15% of its GDP per capita annually as a result of climate change impacts.

In the workplace, female employees still face issues related to discrimination, sexual harassment, and inequalities in career development opportunities and pay. **In Sub-Saharan Africa, the medium monthly income of men is double that of women, and incomes of female entrepreneurs are, on average, only two-thirds of that of male entrepreneurs.** Investing in human capital, raising women's skills for the future world of work, improving women's financial and digital literacy, and building inclusive work environments are necessary steps to improve women's economic participation and contribute to the continent's sustainable development.

Our approach

Impact themes

A clear impact strategy

DPI has designed its impact strategy to address today's development and climate change challenges in Africa. As a firm we have the ultimate goal to contribute towards the UN Sustainable Development Goals (SDGs), and through our ADP III Fund we aim to create impact within our portfolio companies across three themes:

Gender

DPI believes that gender equality and women empowerment are central to the effectiveness, relevance and sustainability of a business, as well as to creating social and economic value more broadly. **ADP III is a 2X Challenge Flagship Fund, with a mission to help advance women as entrepreneurs, as business leaders, as employees and as consumers** of products and services that enhance economic participation.

We work with our companies to pursue gender smart interventions which increase female representation and empowerment at all levels of the business, and scale operations to improve the reach of services that impact the livelihood of women in the continent.

We are therefore committed to driving gender equality within the Fund's portfolio companies and in the markets where they operate, and contribute towards SDG 5 Gender Equality and SDG 10 Reduced Inequalities.

Job growth and job quality

In the developing market context in which we invest, unemployment and disconnectedness from the economy are key barriers to dignified living. For this reason, DPI recognises job creation as an objective in itself.

However, we also recognise that improving the quality of work carries out benefits for all stakeholders. **We achieve this by increasing the productivity and wellbeing of employees, enhancing the attractiveness of the company as an employer of choice, and affording employees access to products** and services that would previously not have been available to them.

As such, DPI has developed a specific approach to guide the integration practices that will guarantee quality of jobs into the way that it assesses, manages, supports and exits its portfolio companies. Our work with portfolio contributes towards SDG 1 No Poverty and SDG 8 Decent Work and Economic Growth.

Climate change

Africa is highly vulnerable to climate change, therefore it is a material risk for the ADP III Fund. Although the sectors in which we invest do not tend to be carbon-intensive, **we ensure climate change considerations are fully incorporated into the way we manage, support and exit portfolio companies.**

Our approach is guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We integrate climate change into the governance structure of DPI and our portfolio companies, develop processes to identify and manage climate-related risks of the portfolio throughout the investment process, and report on climate-related indicators during our monitoring period to identify mitigation opportunities.

Our portfolio contribution in terms of climate change impact focuses on SDG 7 Affordable and Clean Energy, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action.

Company specific impacts: Financial Inclusion and Healthcare

DPI also seeks to identify additional impact themes which are specific to each investee company such as financial inclusion, integration of SMEs in the supply chain, and greater accessibility to healthcare via pharmaceutical products. For instance, companies in the ADP III portfolio have the potential to benefit underserved individuals who may lack access to basic goods and services. DPI helps to scale and expand the reach of portfolio companies' products and activities with the ultimate objective to drive development.

Our theory of change

Framing our contribution

DPI developed a Theory of Change model to define our mission and intentionality, and frame our contribution to the impact themes selected for the ADP III Fund and their respective SDG goals. The model sets out the logic of DPI's interventions by outlining the linkages between the developmental challenges DPI seeks to address, our inputs, outputs, outcomes and expected impact.

Africa's development challenge

+ Read more on our investment process on page 11

Inputs

- Investment capital in innovative companies in high growth sectors
- Direct engagement with companies to identify, manage, and disclose risks and opportunities
  - + Direct portfolio company engagement is part of our stewardship approach. Read more on page 11
- Capacity building support
- Technical assistance

Outputs

- Activities of SDG-aligned companies supported
- Low- to middle-income customers served
- Climate change mitigation and adaptation
- Diversity and Inclusion (D&I) policies, mentoring and gender targets
- Employee training and upskilling, fair wages, benefits and social protection

Outcomes

- Increased regional economic growth and improved access to goods and services
- Increased resilience to climate change and reduced environmental pollution
- Increased female representation in workforce and leadership, reduced gender pay gap
- Decent jobs created and supported, and improved employee productivity and satisfaction

Our investment process

We have developed a rigorous approach to integrate impact and ESG considerations through the investment process, using industry guidance from the Operating Principles for Impact Management, the GIIN and the Impact Frontier.

Pre-investment

Screening: All investments screened against Exclusion List as per ESG Policy Identification of impact themes, risks and opportunities through Screening Tool

Due diligence: Evaluation of potential impact opportunities and contribution to the UN SDGs Engagement with management teams through interviews and site visits, and collection of baseline data to inform impact scoring tools Impact objectives and targets established for investment

Investment Committee (IC) preparation: ESG and Impact Action Plan defined and agreed with management team

Transaction execution

Investment Committee: Presentation of ESG and impact due diligence assessment presented to IC members. Validation of impact objectives, targets and interventions led by DPI

Transaction execution: Inclusion of Impact and ESG Action Plans and commitments in shareholders agreements

Post-investment

Monitoring: Implementation of ESG and Impact strategy through Action Plans Monitoring and reporting of progress against impact targets and ESG initiatives through monthly engagement with investees and regular in-person visits to portfolio company sites

Reporting: Collection of impact data based on industry frameworks i.e. IRIS+ System and 2X Challenge. Reporting on outcomes data at investee and portfolio levels. Annual reporting on progress against impact targets, objectives and contribution to the SDGs

Exit: Presentation of impact results and strategy to sustain impact post-exit. Exit questionnaire for potential bidders

Stewardship

Engagement and stewardship have a crucial role to play in the management of ESG risks as well as value creation for our companies and investors. In line with our partnership approach, stewardship is central to DPI's strategy to maximise long-term value and achieve sustainable impact.

Direct portfolio company engagement

Corporate engagement is fundamental to DPI's impact strategy, as we seek to manage negative impact risks and enhance value for our portfolio companies. Direct engagement is carried out with the management teams of our portfolio companies at various stages of the investment process.

At DPI, stewardship begins at the origination and screening stage. During the first dialogue with management teams, we outline the fund's theory of change and impact thesis, with the purpose of understanding the company's potential contribution to our impact themes and define the scope of future engagement.

Our ESG and Impact team further engage with management teams during due diligence, in order to negotiate aspects of the deal and define impact objectives and targets for the investment. The aim is to help the company understand our expectations, whilst obtaining buy-in to our management strategy and action plans.

The most regular form of engagement starts in post-investment monitoring. We have one-to-one conversations with management teams to discuss material impact and ESG topics, progress on their action plans, impact data collection and the companies' impact risk and contribution. The frequency of engagement depends on the level of risk and timelines set for each action item. However, for the first year of investment, DPI's ESG and Impact team engage with the management teams of the companies on a monthly basis. DPI also holds board seats in all of our portfolio companies, allowing us to conduct a deep dive on impact themes at Board level at least once a year with each portfolio company.

Industry engagement

As signatories to the GIIN and UNPRI, we participate in industry initiatives to engage in sustainability and impact topics alongside other investors.

DPI is part of several working groups, where we help to produce guidance for the sustainability industry, provide feedback on emerging research and products, including measurement standardisation and establishing industry benchmarks. We have organised our own Diversity and Inclusion Impact Forum alongside leaders in the private equity industry to discuss latest developments related to diversity and inclusion practices.

We also have provided consultation on publications alongside the World Economic Forum, including recommendations on topics such as investing with the SDGs, financing in fragile states and guidelines on impact investing for the UNDP.

Operating Principles for Impact Management

PRI Principles for Responsible Investment

2X GLOBAL

THE GLOBAL GOALS

GIIN MEMBER

Our impact

Our impact

Gender

Links to SDGs

Our objectives

Being a 2X Challenge Flagship Fund, DPI made a commitment to achieving 2X eligibility for at least 30% of portfolio companies in the ADP III Fund. We therefore focus on creating impact around women empowerment, with the aim to increase female representation across the portfolio, to reduce gender inequality in our companies in terms of pay, governance and leadership, and improve women's rights in the culture of the companies we invest in.

The main objectives of the ADP III Fund are to increase:

- The number of female-owned and female-led companies in our portfolio
- The number of companies which offer products designed for women in our portfolio
- Female representation within the workforce and senior leadership, including Senior Management and Board levels

2022 highlights

57%
of ADP III and 50% of ADP II companies are 2X qualified

635
women in management positions

18,713
female employees

897
women promoted in 2022

29%
of ADP II and

31%
of ADP III workforce

Our impact continued

Gender case study

Groupe Cofina is a leading non-bank financial institution in francophone West and Central Africa. The company operates across eight countries and is dedicated to mesofinance, the 'missing middle' between microfinance and traditional banking. The Group's subsidiary Fin'Elle is a microfinance business dedicated to female-run companies and individual customers in Ivory Coast. Fin'Elle offers services including more attractive loan rates and higher interest rates on savings accounts for female customers.

cofina
Compagnie Financière Africaine

Inputs

Investment and engagement: DPI invested into the Group in 2022 as part of the ADP III Fund, where we now have **48.3%** of shares in the company. The screening process found that Cofina is eligible under the 2X Challenge, and DPI has been engaging with the company to improve gender equality within the workforce and increase the reach of its products to female entrepreneurs.

Outputs

Increase in female workforce: In 2022, the company employed **618** women, representing **45%** of the workforce. Across the group, **67** women work across middle and senior management positions, occupying **33%** of C-suite positions and **38%** of the Board.

Increase in financing for women: Women account for **43%** of Cofina's customer base. In 2022, microfinance loans were provided to **9,817** women, and specifically to **3,877** women-led SMEs. In the same year, Cofina formed a partnership with Africa Guarantee Funds to give credits with guarantee coverages of up to **75%** to women-led enterprises.

Reducing barriers for women customers: Since 2018, Fin'Elle has been providing non-financial support to its female customers through capacity building and technical assistance programmes. For example, in 2022, the company partnered with UN Women to develop training seminars on simplified business plans, and support in opening cooperative and savings accounts for women in the agriculture sector. The programme reached 60 women-led cooperatives.

Fin'Elle also collaborated with the Foods'Co Foundation to open savings accounts, deliver entrepreneurial management training and provide start-up capital of 100,000 FCFA to women in Beoumi, Ivory Coast. Over 240 women benefited from these services in 2022.

Outcomes

SDG Targets and Indicators

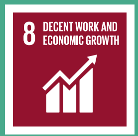
SDG 5.5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

- **5.5.2** – Proportion of women in managerial positions

Our impact continued

Job growth and job quality

Links to SDGs



Our objectives

At DPI, we focus on creating and supporting quality jobs with our portfolio companies, their suppliers and business networks more broadly.

Through our ADP II and ADP III Funds, we aim to:

- Increase income and job security for employees
- Improve health and wellbeing of workforce
- Increase opportunities for upskilling of employees

Our portfolio provides opportunities for full-time employment, which allow for a stable source of income for the workforce and overall local economic growth. In addition, we work with our portfolio companies to ensure employment opportunities go beyond national compliance, and focus on providing equal opportunities and improving working conditions in terms of occupational health and safety, compensation and benefits. We also aim to train and upskill the workforce of our portfolio companies through professional development opportunities, mentoring, worker engagement and diversity promotion.

2022 highlights

63,321
direct jobs

2,467
indirect jobs

US$501m
in compensation paid to employees, flowing through local economies

14,475
jobs created in 2022 (29,885 jobs created since inception)

23,664
employees received training

3,947
employees promoted

All companies provide at least two out of the following benefits:

- Private healthcare
- Pension plan
- Profit sharing scheme

Our impact continued

Job growth and job quality case study

B.TECH is a leading retailer and distributor of consumer durables, including household appliances and consumer electronics in Egypt. The company offers its clients the option to purchase products through an instalment solution called Mini Cash.

B.TECH

Inputs

Professional development and upskilling: DPI's ESG team and Portfolio Management team worked with B.TECH to formalise its HR systems and launch the B.TECH Academy, a training and development programme for its employees, offering courses on product knowledge, language and soft skills, leadership coaching, core and values trainings. These were provided through a mixture of online trainings and classroom workshops.

Employee wellbeing: B.TECH provides all its employees access to private healthcare and pension plan, as well as a profit sharing scheme.

The company proactively engages with its employees on an annual basis through employment satisfaction surveys. This is conducted by a third-party HR specialist in order to enable them to implement learnings and develop their systems in line with employee feedback. B.TECH has been granted several HR awards, including the Best Employee Engagement Program.

Outputs

Job creation: Since investment by DPI's ADP II Fund in 2016, B.TECH has created **3,170** direct jobs, where **91%** are permanent employees.

Professional development: In 2022, a total of **4,000** employees received training, amounting to **94,000** training hours. These have improved employee satisfaction and retention, with employee turnover rates being as low as **0.08%** in 2022.

Outcomes

SDG Targets and Indicators

8.6 –By 2020, substantially reduce the proportion of youth not in employment, education or training

- **8.6.1** – Proportion of youth (aged 15-24 years) not in education, employment or training

Awards

2018

Best Advance In Learning Technology Implementation

2019

Best Innovative Learning and Development Program

Top Employer awards 2019 Highest Talent Engagement

2020

Best Use of Blended Learning

Best Advance in employee Engagement Program

Our impact continued

Climate change

Links to SDGs

Our objectives

The climate crisis is intensifying, where changes to weather, consumer demands, new regulation and technology are becoming a focus for investors. Achieving net zero emissions will require economic transitions and behavioural shifts towards mitigation actions.

We are committed to understanding and mitigating climate related risks within portfolio, and driving opportunities to transition to a low carbon economy. We work with our portfolio companies on their internal operations and business models to implement actions that will contribute to the following overarching objectives:

- Reduce portfolio companies' greenhouse gas footprint, and if possible, source renewable and low carbon energy solutions
- Identify and drive improved resource efficiency
- Facilitate the energy transition
- Increase resilience and adaptation to climate change impacts

2022 highlights

Through the use of the Joint Impact Model, DPI estimates that ADP III portfolio companies generated **229,574 tCO_2e** emissions in 2022.

Across ADP II and ADP III Funds, portfolio companies:

- Calculated their resource consumption, including **86,870,862 kWh** of energy and **75,199,947 m^3** of water
- Disposed a total of **180,220 tonnes** of waste, out of which **153,888 kg** was recycled
- Treated **61,489 m^3** of wastewater

We recognise that an effective climate change strategy requires an understanding of a company's GHG emissions. Therefore we have calculated our emissions based on the level of materiality. DPI does not generate Scope 1 emissions, and Scope 2 emissions primarily relate to purchased electricity and heating for the offices. Our Scope 3 category 1-14 emissions relate to employee commuting and business travel. We also used the Joint Impact Model to estimate DPI's financed emission, i.e. the total emissions of ADP III's portfolio companies, which would classify as Scope 3 category 15 emissions.

Our results are as follows:

Scope 1:
0

Scope 2:
15.4 tCO_2e

Scope 3 category 1-14:
1,130.63 tCO_2e

Scope 3 category 15:
229,574 tCO_2e

Our impact continued

Climate change case study

Founded in 2001, Food Concepts is a leading food retailing company with holdings in the quick service restaurant (QSR) sector in Nigeria and Ghana. As of 2022, DPI holds 46% of shares in the company through ADP II.

FOOD CONCEPTS

Inputs

Engagement and support: DPI has been engaging with the company on initiatives to calculate and report their GHG emissions, decarbonise and increase energy efficiency.

Outputs

Energy efficiency: In 2022, DPI commissioned a third-party expert to conduct a Resource and Energy Efficiency Audit Program (REC) Program of Food Concepts stores. The assessment provided an analysis of resource consumption, and identified further opportunities to increase energy efficiency across operations.

Renewable energy: Food Concepts rolled out a renewable energy scheme in 2021 to install solar power panels across its stores. In 2022, **33** new Standalone Express Stores were equipped with solar panels.

GHG calculations and reporting: DPI has secured technical assistance to measure and report on the impact of Resource and Energy Efficiency Audit Program (REC) recommendations and the renewable energy scheme. External consultants were hired to calculate Scope 1, Scope 2 and material Scope 3 emissions of the company's operations, and avoided emissions from renewable energy.

A Carbon Management System will be developed and implemented to enable Food Concepts to calculate their emissions annually, which will allow the company to see year-on-year changes in carbon emissions and understand their progress in mitigating climate change impacts.

Outcomes

These initiatives will lead to integration of climate change into the company strategy, lower operational costs for the company, reduced environmental pollution and a reduction in the company's carbon footprint. DPI will ensure that the company will continue to disclose and report on the impact of these initiatives and identify further opportunities for mitigating the impacts of climate change.

SDG Targets and Indicators

SDG 7.2 – By 2030, increase substantially the share of renewable energy in the global energy mix

- SDG 7.2.1 – Renewable energy share in the total final energy consumption

SDG 7.3 – By 2030, double the global rate of improvement in energy efficiency

- SDG 7.3.1 – Energy intensity measured in terms of primary energy and GDP

SDG 13.2 – Integrate climate change measures into national policies, strategies and planning

- SDG 13.2.2 – Total greenhouse gas emissions per year

Our impact continued

Company-specific impact themes:

Financial Inclusion

Links to SDGs

1 NO POVERTY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Around 57% of the population in Africa do not have a traditional bank account, which means they are not able to access secure ways to transfer or save money, credit or insurance products, and often face risks related to predatory pricing. Financial access is essential for day-to-day living, helping families and businesses plan for both long-term goals and emergencies and have stability to invest in their personal needs.

DPI's portfolio companies enable underserved customers to access the financial resources they need to develop their own business and improve the financial resilience of vulnerable communities.

A range of financial services is provided across the portfolio, including microfinance, loans, savings, insurance, and technology solutions.

Our objectives

- Improve access to and use of financial services for underserved populations
- Support decent jobs and economic development
- Increase gender equality through financial inclusion

2022 highlights

20,647,210
loans disbursed

Valued at a total of
US$1.35bn

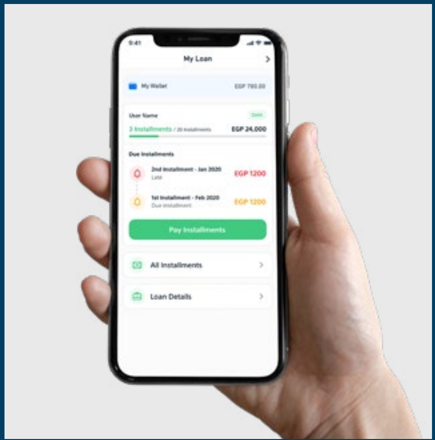
25,880
SMEs financed

617,898
individuals were provided new access

545,805
women benefited from financial services

Our impact continued

Inclusive finance case study



MNT-Halan is Egypt's leading technology driven provider of financial services. As of 2022, 67% of the population in Egypt remains unbanked, and MNT-Halan aims to fill the gap in the market by providing access to financial tools to over five million customers across the country.

MNT-Halan's fintech ecosystem connects consumers, vendors and microenterprises through a digital platform and payment solutions. Its subsidiaries offer mobile banking apps, asset-based and microfinance loans, including nano loans, microenterprise and group loans.

mnt | halan

Inputs

Investment: DPI firstly invested in MNT-Halan through its ADP II Fund in 2018, holding 25% shares. Currently DPI holds 5.2% shares through its ADP III Fund.

Labour practices and reach: Given the size of MNT's workforce and the focus of ADP III, DPI has been engaging with MNT-Halan to implement labour practices in line with the ILO and IFC guidelines, and ensure provision of quality jobs. Even though DPI is a minority investor, we aim to increase the scale of its operations of MNT's subsidiaries in order to maximise the reach of its products.

Outputs

Rural access to finance: The company's services are provided across **700** branches in **25** governorates in Egypt. In 2022, **50%** of MNT's customers were first-time borrowers, and **90%** of all clients were based in rural areas. **Five million** clients were served, and over **one million** loans were disbursed in 2022 valued at **US$800 million**.

Enabling sustainable livelihoods for women: MNT-Halan's subsidiary, Tasaheel, provides loans aimed at low-income households, including group lending to female customers. In 2022, the company provided loans to over **419,000** women across Egypt, enabling them to invest in their own businesses and improve their livelihoods.

Business formalisation and SME financing: In 2022, the company also financed over **1,670** small and medium-sized enterprises (SMEs).

Outcomes

SDG Targets and Indicators

1.4 – By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

- **1.4.1** – Proportion of population living in households with access to basic services

9.3 – Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

- **9.3.2** – Proportion of small-scale industries with a loan or line of credit

Our impact continued

Company-specific impact themes:

Links to SDGs

African countries rely heavily on the importation of raw materials for the manufacture of pharmaceutical drugs. The dependence on imports leaves citizens vulnerable to shortages of medication, where roughly 1.1 billion people lack regular access to essential medicines.

This was further exacerbated by Covid-19, as the pandemic undermined progress on access to HIV, malaria and tuberculosis as well as reproductive and maternal medicines.

In-country drug production helps to ensure accessibility and affordability of pharmaceuticals, which can improve public health outcomes.

Our objectives

- Increase accessibility and affordability of pharmaceutical products in the African market

Our impact continued

Healthcare case study

Kelix bio is a pan-African biopharmaceutical platform which aims to develop and commercialise affordable specialty products in jurisdictions historically deprived of access to such medications.

KELIX bio

Inputs

Founding and establishing Kelix bio: Given the developmental gap in access to affordable and quality medicines in Africa, DPI, alongside British International Investment (BII) and the European Bank for Reconstruction and Development (EBRD) merged an Egyptian pharmaceuticals manufacturer with a generic drugs company based in India to create a new pharmaceuticals platform with the aim to introduce lower cost generic drugs into Egypt. DPI together with the consortium holds 100% shares in the company.

ESG engagement: DPI's teams engage with Kelix bio to reduce ESG risks across their operations and increase their scale of production to introduce new molecules in African markets.

Outputs

Provision of critical drugs: Kelix bio provides a large portfolio of products for critical care and oncology, including:

- **77** products for cancer prevention and chemotherapy
- **49** anti-infective products
- **38** products to address conditions affecting the central nervous system
- **38** products for cardiovascular conditions

These products are used by health professionals in hospitals and clinics in over **46** countries globally, with **20** across the African continent.

Outcomes

Kelix bio has become a key player in the healthcare market as a result of its supply chain reliability and competitive costs, as their portfolio of drugs are sold at least 5% lower cost than competitor innovator companies. Whilst end users in Africa spend on average 15% of their income on healthcare, Kelix bio's customers only spend 10% of their income on their products.

SDG Targets and Indicators

3.8 – Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all

- **3.8.2** – Proportion of population with large household expenditures on health as a share of total household expenditure or income

Challenges and lessons learned

Evolving for success

DPI has been implementing and reporting on ESG best practices since inception, and in 2018 the firm established its impact agenda and vision for our funds. In 2022, we focused on formalising our impact strategy, management and measurement approach. **We increased the capacity of our teams to drive impact within the portfolio and report accordingly through industry guidelines and key performance indicators set by the IRIS+.**

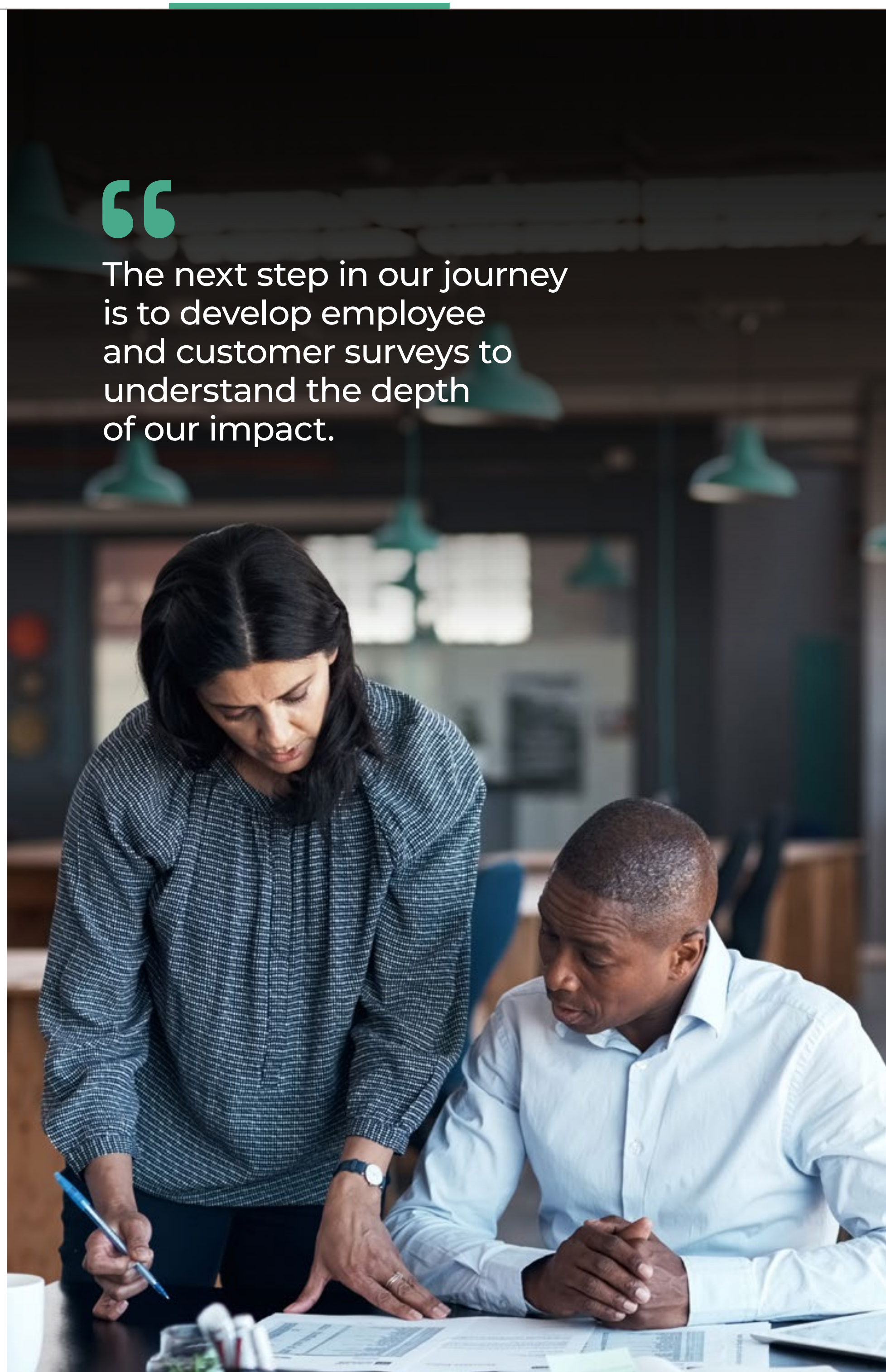
Despite our progress in terms of capacity building at firm level, our portfolio companies faced their own challenges related to resource constraints or economic challenges throughout the year. A few of our portfolio companies still have limited dedicated ESG and impact officers within their teams, meaning they lacked the technical expertise and resources required for the implementation of the ESG and impact action plans, which caused delays in meeting their targets for 2022.

Several companies which have recently entered the portfolio have not set up processes to collect ESG and impact-related KPIs, therefore the process for data validation and reporting had to be extended. This was a significant challenge when we began the exercise to calculate the carbon footprint of the ADP III portfolio companies, as most of them did not have the processes in place to collect the baseline information to calculate their greenhouse gas emissions. We have therefore secured technical assistance and engaged a third-party expert to work across our ADP III portfolio to collect the baseline information, calculate company emissions and train the teams of each portfolio company on how to conduct this exercise internally going forward.

In terms of data collection and measurement, we also found that several of our companies do not have access to, or systems for collecting, customer and end user data. As we look to align with best practices within the impact industry, **we are planning in the next year, where possible, to integrate mechanisms to collect and report on stakeholder feedback**. Given our focus on job quality, we will develop employment engagement surveys for our portfolio companies to roll out to their workforce, so that we are able to identify areas for improvement in terms of working conditions and employee satisfaction, and report the progress on this aspect year-on-year. The next step in our journey is to develop employee and customer surveys to understand the depth of our impact.

As part of our objective to report on progress against our impact objectives, we have learned that in-depth impact data collection needs to be conducted at due diligence stage. **By collecting and reporting on baseline data pre-investment, we will be able to accurately measure and report the effects of our initiatives over time, as well as in relation to our internal targets.** This will allow us to benchmark our performance against our peers and set more ambitious impact goals and actions going forward.

> The next step in our journey is to develop employee and customer surveys to understand the depth of our impact.



2023 and beyond

We have set milestones for our ADP III portfolio in order to maximise the impact of our interventions. Some of our aims include:

1

- Continue to update our impact management and measurement processes including our management system to ensure alignment with international best practices and upcoming regulations
- Continue regular monitoring of ESG and impact progress of portfolio companies to ensure alignment with international best practices, including engaging on impact topics at Board level within our companies at regular intervals

2

- Improve our data collection and reporting processes at investee and portfolio level
- Continue to provide technical assistance for impact-focused projects within our portfolio companies
- Update our due diligence process of potential investments to include:
  - Measurement of Scope 1 and Scope 2 emissions
  - Gender diagnostic assessment and salary gap study of investee workforce
  - Quantitative impact targets for potential investments

3

- Engage third-party expert to calculate the carbon footprint of all ADP III portfolio companies for 2023, and report GHG emissions in line with TCFD recommendations
- Set up data collection dashboards for portfolio companies to report on impact-related KPIs quarterly or bi-annually
- Continue to focus on measuring, managing, reducing and reporting on the climate change impact of our portfolio

4

- Identify and implement at least one resource efficiency initiative within every portfolio company and establish energy efficiency targets for 100% of ADP III companies
- Develop employee engagement surveys for ADP III portfolio companies
- Develop customer feedback systems for portfolio companies to understand the impact of their products and services

5

- Provide training on climate change and D&I to investment officers at DPI, and management teams of portfolio companies
- Further our engagement within the impact investing industry and our thought leadership position
- Explore options to sign up to global climate initiatives and commitments such as the Paris Agreement, initiative Climat International or Net Zero

> We believe we are in the right place to make a material and lasting impact in an underserved market.

Runa Alam
Co-founding Partner and Chief Executive Officer

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Development Partners International

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