

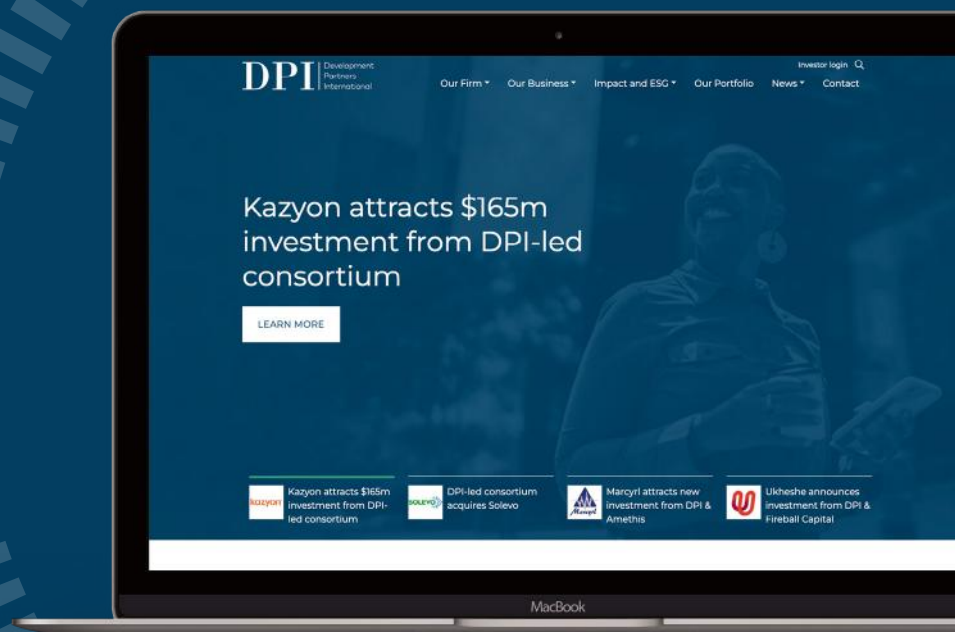
Making a positive impact together

DPI Impact Report 2023

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For more information visit:
dpi-llp.com

Executive summary

Development of Africa is burdened by significant challenges including labour market struggles, gender inequality, climate change impacts and inaccessible financial systems. With a population surpassing 1.4 billion, the continent is projected to represent one in four people on Earth by 2050, further exacerbating the stress on resources and need for intervention.

DPI's impact themes of job quality and growth, gender, climate change, as well as financial inclusion, agriculture and health, amongst others, aim to address these key barriers, looking beyond financial metrics to promote company growth alongside UN Sustainable Development Goals (SDG) - aligned progress.

Through strong partnerships with our portfolio companies and rigorous impact processes, we work to advance and track our efforts across relevant impact objectives, paving the way for a more resilient and prosperous continent.

Job growth and job quality

 **35.4k**
employees trained/upskilled

 **6,385**
employees promoted

 **61.5k**
direct employees

Gender

 **34%**
female employees

 **50%**
DPI companies are 2X eligible

 **25%**
women in Senior Management

Financial inclusion

 **176k**
SMEs supported

 **\$12.5bn**
total value of loans

 **2.7m**
clients receiving access to financial services

Climate change

 **100%**
ADP III companies calculate scope 1 and 2

 **28%**
companies using renewable energy sources

 **293k**
tonnes of waste recycled

Note that the statistics referenced above refer to ADP II and III only.

CEO statement

“

We are proud of the strides we've made and are committed to further enhancing our impact.

Runa Alam
Co-founding Partner and
Chief Executive Officer



Driving positive, long-lasting impact

Dear Partner,

I am honoured to present DPI's second annual Impact Report, highlighting a year of significant milestones and the evolution of our key performance indicators. We are proud of the progress we've made and the external recognition we've received, including being named among the top impact investors of 2024 by the Financial Times and New Private Markets, and outperforming industry peers in the Impact Principles external verification processes.

DPI remains committed to delivering strong returns to our investors while driving positive, lasting social, environmental and economic impact across Africa. Over the past year, we have strengthened our capabilities by enhancing our impact management system, refining our Theory of Change, and improving portfolio and Fund-level monitoring, due diligence, and exit and performance review processes. Our leadership in the industry is further demonstrated by hosting DEI and Biodiversity Impact Forums and joining initiatives such as ILPA's Diversity in Action and UNPRI's initiative Climat International in 2023.

We recognise that Africa faces significant challenges at this point in time. Economic and employment issues persist due to supply constraints, high inflation and rising commodity prices, despite the continent's

vast human capital and potential. By 2050, one in four people on Earth will be African, with a population average age below 19. DPI sees considerable opportunity to unlock this potential. Climate change is also a critical issue; although Africa contributes only 3% of global carbon emissions, it could lose up to 15% of its GDP due to climate impacts. DPI is dedicated to mitigating these risks with effective strategies across our portfolio. Gender inequality remains another major barrier, with women in Sub-Saharan Africa earning half the median income of men and facing ongoing workplace discrimination and harassment.

DPI has long focused on three key areas: gender equality (SDG 5 and SDG 10); job growth and quality (SDG 8, SDG 9 and SDG 10); and climate action (SDG 7, SDG 12 and SDG 13). Since declaring intentionality with ADP III to drive positive change in these areas, we have made substantial progress, as detailed in this report.

Moreover, our portfolio includes companies in high-impact sectors such as healthcare, agriculture and micro finance, contributing to various SDGs. For example, ADP III's investment in Solevo, an agri-business company, has the potential to increase crop yields by 2 to 4 times, thereby boosting smallholder farmers' incomes by 1.5 to 3 times.

Similarly, Kelix Bio, a pan-African pharmaceutical company, has improved access to essential healthcare by offering products at 15% below market rates. DPI is eager to continue advancing these impact areas, and with the addition of financial inclusion as a fourth focus, we are poised to make an even greater difference.

Our teams are diligently working to expand our impact in the coming year, continuing to deliver on our mission. We are particularly confident in our ability to do so with the launch of our revamped impact management system, DPIImpact. Previously integrated within our broader ESG management system, DPIImpact now operates independently, reflecting the maturation of the impact investment industry and our evolved operational approach.

We are proud of the strides we've made and remain committed to further enhancing our impact. We are excited to share the details of our progress and achievements in this report, showcasing how DPI continues to deliver strong returns while fostering sustainable development across Africa.

Who we are

Development Partners International today

\$3.1bn
AuM including
co-investments

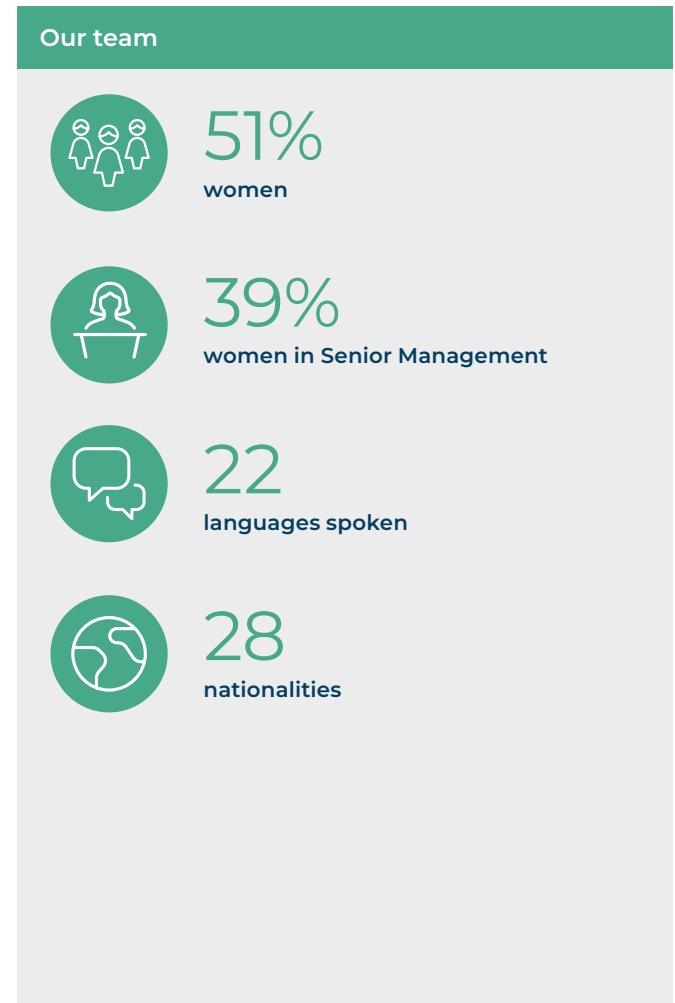
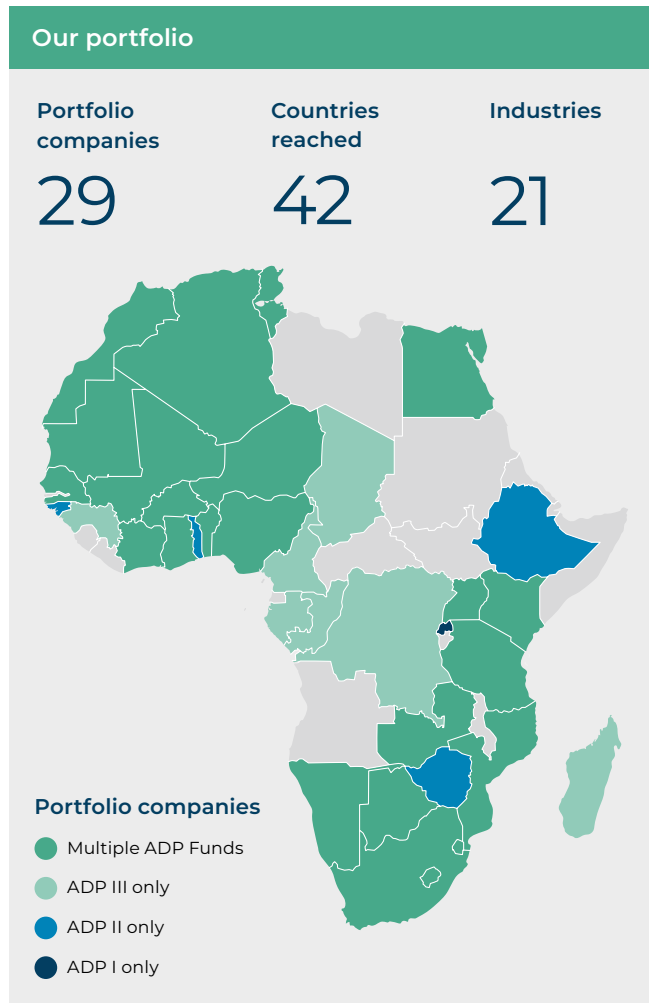
44
employees

3
Funds

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** for 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**.

The firm's greatest assets are its **strong team, institutional processes and culture**. DPI's focus on generating impact is embedded throughout its investment process, at its portfolio companies and at DPI itself, where **diversity is a key value driver**. DPI's **gender and ethnic diversity**, with 28 nationalities and the entire deal team being from the continent, is a testament to this commitment.



Development challenges and impact themes in Africa

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 various products we aim to create impact within our portfolio companies across four themes.

Job growth and job quality

Development challenge:

The population of Africa has increased to over **1.4 billion people** and **one in four** people on Earth in 2050 will be African.

Despite the potential of human capital, economic challenges in the continent have been exacerbated by continued supply constraints, high inflation and increased commodity prices.

The pandemic also 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.**



In emerging markets where we invest, unemployment and disconnectedness from the economy are key barriers to dignified living. For this reason, DPI recognises job creation as an objective.

However, we also recognise that improving the quality of jobs carries out benefits for all stakeholders.

We achieve this by increasing employability through training and development, supporting career progression, 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 in its portfolio companies.

Climate change

Development challenge:

Africa is only responsible for 3% of global CO₂ 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 highly vulnerable to climate change; therefore it is a material risk for our Funds. 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, and report on climate-related indicators to identify mitigation opportunities.

Development challenges and impact themes in Africa continued

Gender

Development challenge:

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.



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.

Financial inclusion

Development challenge:

Despite recent positive developments, financial systems in Africa continue to lag behind other developing economies, thus excluding large portions of the population from achieving financial prosperity. It is estimated that **only 23% of adults in Africa have a formal banking account**, with significant access gaps based on gender, income, education and age. Similarly, the majority of African SMEs are unbanked and lack formal access to a bank line of credit, stunting their growth.

A lack of financial resources, insufficient documentation and distance are cited as the main obstacles to formal account ownership, resulting in a considerable informal economy for saving and lending, and highlighting the inadequacy of the financial system in catering to the local economy.



Improving financial inclusion is well researched as being a key lever to alleviating poverty and boosting economic empowerment, making it an important investment theme for DPI.

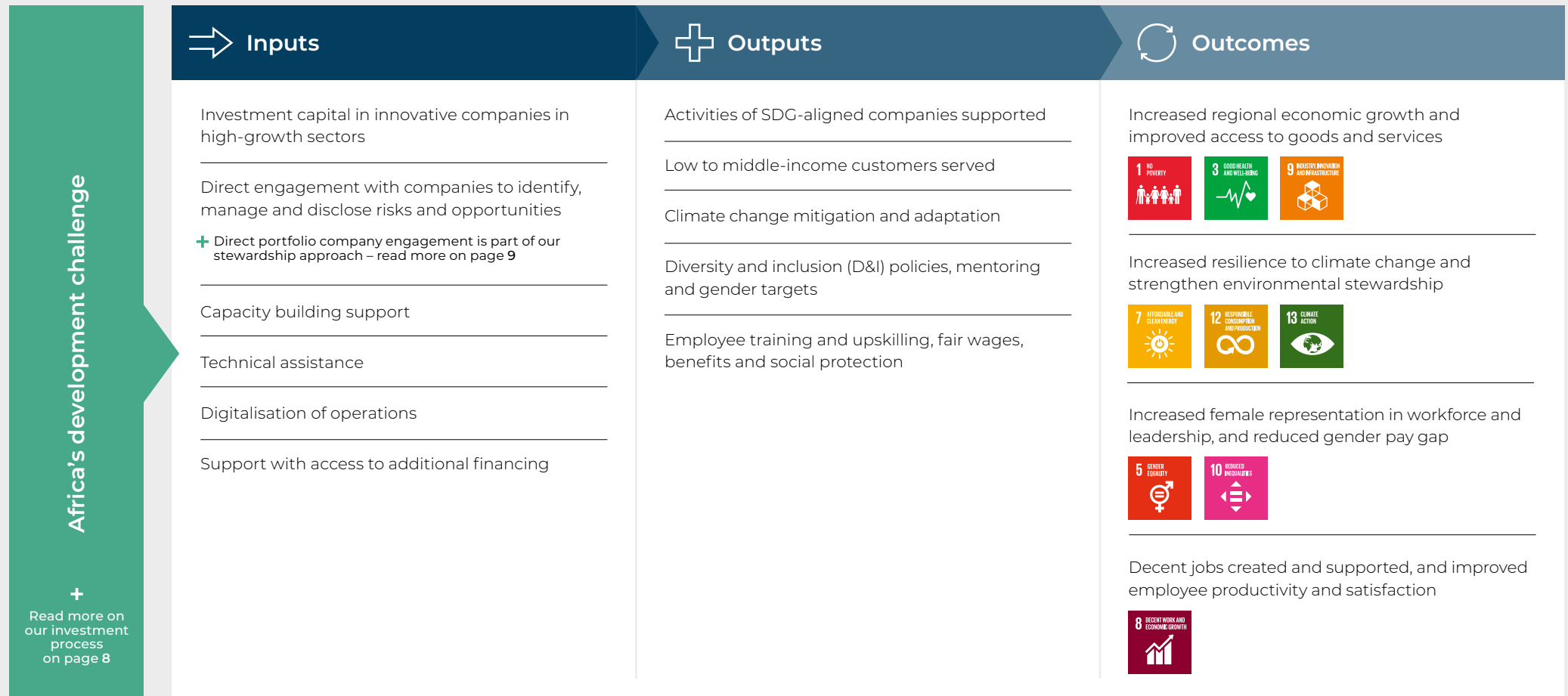
We pursue this by supporting companies that provide new or improved access to micro and meso-finance for entrepreneurs and SMEs that represent a large part of the economies in our markets.

Our companies enable underserved customers to access financial resources, thus supporting decent job creation and business development and increasing equality by closing gaps in financial exclusion.

Our Theory of Change

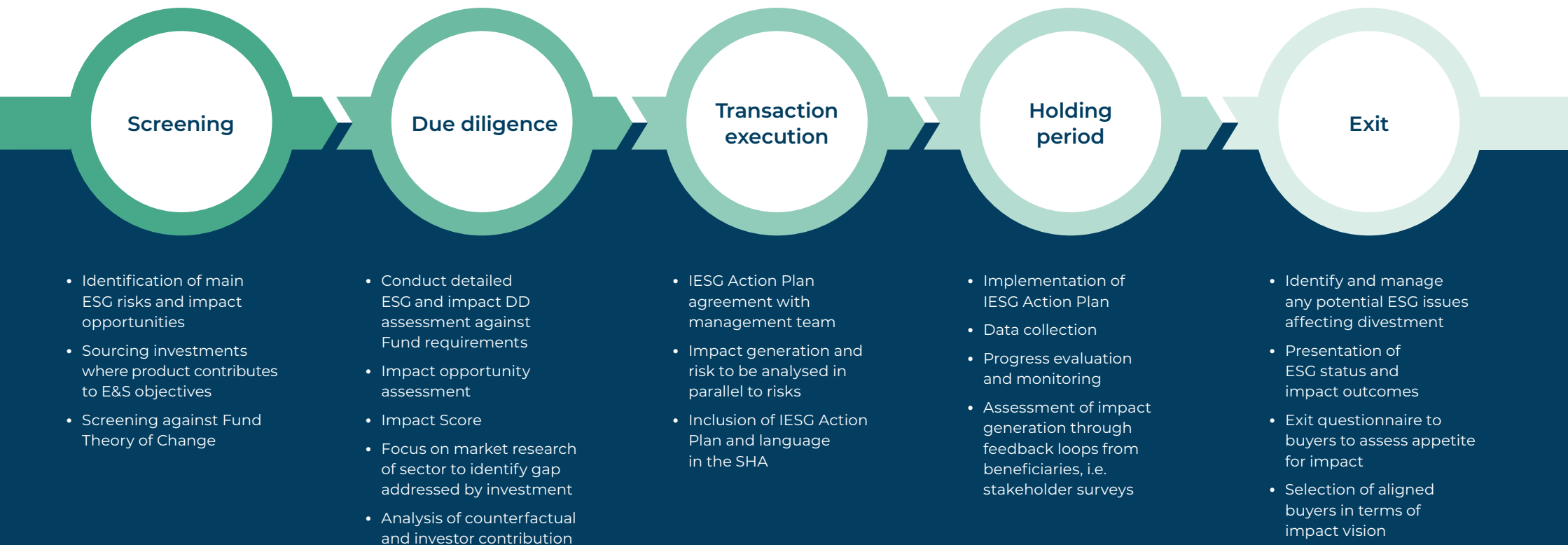
Framing our contribution

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



ESG and impact integration in the investment lifecycle

ESG and impact are an integral part of the investment process, from origination to exit. Investment teams include one ESG and impact expert, deal teams are trained on ESG and impact aspects and IC is fully informed of the result of the ESG and impact analysis done on each deal. ESG and impact are also discussed at minimum once a year at the Board level of the portfolio companies, regularly within the deal teams and once a year during the Portfolio Management Committee meeting for each deal.



Our engagement and 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.

At DPI, stewardship begins at the origination stage. During the first dialogue with management teams, we outline the **Fund's Theory of Change** and **impact thesis**, in order to understand the company's potential contribution to our impact themes and define the scope of future engagement.

Our ESG and impact team further engages with management teams during due diligence to **negotiate aspects of the deal and define impact objectives** and targets for the investment.

The most regular form of engagement starts in post-investment monitoring. We have one-to-one conversations with management teams to discuss **material ESG and impact topics, progress on action plans, impact data collection and the impact risk and contribution**. We also hold Board seats in all of our portfolio companies, allowing us to conduct a deep dive on impact themes at least once a year with each portfolio company.

Industry engagement

As signatories to the GIIN, UNPRI, iCI and other initiatives, DPI engages in various **sustainability and impact initiatives** and participates in **working groups** alongside other investors to produce sustainability guidance, feedback on emerging research and establish industry benchmarks. We have provided **consultation on publications** alongside the World Economic Forum on financing in fragile states, and impact investing guidelines for the UNDP.

DPI's leadership is active in **industry advocacy** through initiatives such as 2X Ignite and PEWIN. Our CEO, Runa Alam, holds a number of **Board positions** including CARE and a WEF Future Challenge Committee, promoting SDG investing in Africa and globally.

We have also organised DPI's Biodiversity Forum as well as our **Diversity and Inclusion Impact Forum** alongside private equity leaders to discuss the latest developments related to inclusion practices. DPI's ADP III was appointed as the **first 2X Flagship Fund** by the 2X Challenge, creating a path for other Funds to follow.

ESG and impact industry initiatives



Gender and diversity initiatives



Industry recognition

Awards and achievements for our portfolio companies

- Solevo EcoVadis Gold Medal
- General emballage FSC certification
- SICAM's new wastewater treatment plant – the first and only tomato processor to have been made in Tunisia
- Kazyon – signatory to the UN Women Empowerment Principles



UNPRI score



Policy governance and strategy	87/100
Private equity	99/100
Confidence Building Measures	100/100

Industry recognition for DPI

- AVCA ESG Champion Award
- AVCA Value Creation Innovation Award
- GPCA Award – Cofina
- SuperReturn Africa Awards – Pan-African Fund Manager of the Year for 2023



Operating Principles for Impact Management

Operating Principles for Impact Management

P1

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

P2

Manage strategic impact on a portfolio basis

P3

Establish the Manager's contribution to the achievement of impact

P4

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

P5

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

P6

Monitor the progress of each investment in achieving impact expectations and respond appropriately

P7

Conduct exits considering the effect on sustained impact

P8

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

● Advanced

● High

● Moderate



Our impact



2023 impact highlights

2023 impact highlights



42

countries reached
(vs. 42 in 2022)



61.5k

jobs provided through
ADP II and III investments
(vs. 63.3k in 2022)



\$475m

in compensation paid to employees
(vs. \$501m in 2022)



\$159m

in corporate taxes paid in 2023
(vs. \$114m in 2022)



3.7k

indirect jobs created
(vs. 2.5k in 2022)



9.6k

SMEs in the supply chain
(vs. 12.8k in 2022)



2.7m

new clients receiving
access to financial services

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 products and services impact are identified, our investor contribution is either through enabling growth of the company's business activities or through initiatives to increase accessibility, affordability or reach. In this case, our contribution can be determined using the shares we hold in the company.

Gender + Read more on pages 15 and 16

20,339

female employees
(vs. 18,713 in 2022)

1,567

women promoted
(vs. 897 in 2022)

2,554

women in management positions
(vs. 635 in 2022)

Job growth and job quality + Read more on pages 17 and 18

9.5k

net new jobs
(vs. 14k in 2022)

Over 50k

indirect jobs

35.4k

employees trained/upskilled
(vs. 23.6k in 2022)

6.3k

employees promoted
(vs. 3,947 in 2022)

Climate change + Read more on pages 19 and 20

293k

tonnes of waste recycled

9.6k m³

wastewater treated

Financial inclusion + Read more on pages 21 and 22

22.8m

low-income clients served

616k

female clients served

\$12.5bn

total value of loans

Healthcare

38

new products
in 2023

688

product types

50

countries

Agriculture

1,030

partnerships with
Tunisian farmers

36,780

farmers trained

Case studies



Our impact

Gender

Links to SDGs



The challenge

The education gender gap has decreased in Africa for the last five years, with **66% of girls completing their primary education** compared to 61% for boys. However, a challenge remains in translating educational gains for women into meaningful paid employment. Across every industry, the **gender gap in workforce participation and wages has remained stable over time**. Women have historically been clustered into lower-paying fields, and still have limited access to leadership positions and career advancement opportunities. **Discrimination and deeply ingrained gender stereotypes** continue to drive the gender pay gap, career aspirations and workplace behaviour.

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 work on the 2X challenge criteria but also on **increasing 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.

Our portfolio companies establish HR policies, implement mentoring and training programs, and form gender-balanced recruitment and promotion committees. They also participate in industry initiatives, such as the UN Women Empowerment Principles.



2023 highlights

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

34%
of ADP II and
ADP III employees

1,567
women promoted
(+670 vs. 2022)

20,339
female employees
(+1,626 vs. 2022)

2,554
women in management
positions (+1,919 vs. 2022)

867,000
female clients served

Our impact continued



How are our portfolio companies addressing the gender challenge?

The main objectives of the DPI Funds 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



Cofina is a leading non-bank financial institution operating in West and Central Africa. The company focuses on **consumer finance and lending to SMEs** through its subsidiaries across eight countries. The Group's subsidiary Fin'Elle is a **microfinance company dedicated to female entrepreneurs and majority female-owned companies**.

Fin'Elle provides attractive loan rates and higher interest rates on savings accounts for female customers. In 2023 it provided services to over **100,000 female clients**. DPI received the **GPCA Gender Diversity Award**, on behalf of Cofina, recognising the commitment of Fin'Elle to advance female empowerment in the Côte d'Ivoire.

The company also places a significant focus on female leadership within its own operations, having set up a gender committee to implement diversity and inclusion initiatives. In 2023, women represented **33% of Cofina's workforce, 30% of Senior Management** positions and **38% of Board** positions.



MNT-Halan is a **microfinance lending and payment company** providing digital payment solutions for customers across Egypt. MNT is also the holding company for Tasaheel, the first microfinance company in Egypt to launch **women-only group loans, aiming to support low-income earners in generating higher returns** to improve their living standards. MNT-Halan has served over **500,000 female clients** in 2023, and **1.3 million female-run businesses** since inception.

In 2023, MNT **employed over 9,200** women and became a **signatory to the UN Women's Empowerment Principles** in an effort to promote gender equality in the workplace. As a part of this commitment, the company is working to implement specific **female-orientated mentoring programmes** to boost the number of women in managerial positions.

DPI will continue to work alongside MNT to implement initiatives that will increase both the recruitment and retention of women within its operations.



Food Concepts is a leading Nigeria-based food retailing company with quick service restaurant holdings in Nigeria and Ghana. The company excels at **promoting women throughout its workforce and operations**.

In 2023, women represented **56% of the workforce**, and **48% of the promotions** received were **awarded to female employees**.

Food Concepts' **C-suite constitutes 57% women**, and **70% of management positions** are held by women.

Outcomes

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.

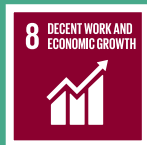
SDG 10.2

Empower and promote the **social, economic and political inclusion of all**, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Our impact continued

Job growth and job quality

Links to SDGs



The challenge

Working conditions are key dimensions of decent and productive work, and concerns relating to job quality are urgent in Africa. Issues around wages, benefits, working hours, employee security and protection, and occupational health and safety are common in the private sector, and lead to low productivity. Sub-Saharan Africa only captures 55% of its human capital potential, compared to a global average of 65%. Employers across the region already identify inadequately skilled workforces as a major constraint to businesses.

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; and
- 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 they provide equal opportunities and improve 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.



2023 highlights

61,500

direct jobs
(vs. 63,321 in 2022)

50k+

indirect jobs

\$475m

in compensation paid to employees, flowing through local economies

9,589

jobs created (39,474 jobs created since inception)

35,401

employees received training during the year
(vs. 23,664 in 2022)

6,385

employees promoted
(vs. 3,947 in 2022)

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

- Private healthcare
- Pension plan
- Profit sharing scheme

Our impact continued



How are our portfolio companies addressing the job quality challenge?

The main objectives of the DPI Funds are to increase:

- Upskilling and professional development initiatives for employees
- The number of employees having access to benefits such as healthcare, pension and profit sharing scheme
- Forum for employees to provide feedback to employer, in particular related to initiatives to improve their working condition



Ukheshe provides **technology solutions** to businesses which allow them to process payments through various channels.

Ukheshe engaged a third-party expert to conduct an HR readiness assessment and develop action to **improve the quality of the employee experience**. In line with this exercise and DPI job quality action plan the company developed new HR policies and updated its contractual agreement to align and reflect international best practices.

The company has also implemented **induction and mentoring programmes** for employees. **Performance reviews** are conducted twice a year. Ukheshe also implemented an employee share ownership plan.

The company conducts **employee engagement surveys** annually. The results are shared with management for review to identify areas for improvement and specific initiatives to be implemented in the following year.



GE manufactures a range of **cardboard and paper products** distributed to a diversified local and international customer base, including companies in the food, drugs, construction and household industries.

The company has developed an **HR manual and procedures** covering recruitment; competency evaluation; social benefit; training of personnel; overtime payment; travel compensation; terms of employment; discrimination, harassment and violence at work; human rights; and social advantages.

GE established in 2012, along with its workers' representatives, a Collective Bargaining Agreement. The company's engagements towards **social contributions and the remuneration of its employees go beyond the national requirements**. As such, employees have reported strong appreciation for the benefits and the robust social support. These factors contribute significantly to their **overall well-being and job satisfaction, leading to improved retention rates** and more balanced employee performance.



IFS supports the **development of local resources** in the form of training and offtake agreements as well as building the local management cadre in both size and skills.

IFS has also undertaken a proactive local content project where it is **working with local communities** to build and operate broiler houses (chicken coops), supply and operate chicken abattoirs and develop and farm fruit and vegetables. Additionally, IFS is providing **training, technical support and resources** in order for initiatives to be viable in the long term, not only creating employment for the local community but assisting in providing essential food sources to the area.

IFS has also been conducting regular wage negotiations with its employees to **ensure salaries are in line with inflation** and compliant with project labour agreements.

It is also to be noted that IFS works with 80 SMEs and spent over **\$52 million** on local SMEs part of its supply chain, supporting local employment.

Outcomes

SDG 1.2

By 2030, reduce at least by **half the proportion of men, women and children of all ages living in poverty** in all its dimensions according to national definitions.

SDG 8.5

By 2030, achieve **full and productive employment and decent work for all** women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

SDG 10.3

Ensure **equal opportunity** and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Our impact continued

Climate change

Links to SDGs



The challenge

Africa is responsible for only a fraction of global greenhouse gas emissions but is suffering disproportionately from climate change. More than 110 million people on the continent were directly affected by weather, climate and water-related hazards in 2022, causing more than \$8.5 billion in economic damages. Over 5,000 fatalities, of which 48% were associated with drought and 43% were associated with flooding, were reported. Climate impacts harm food security, ecosystems and economies. Private sector companies have the highest rates of energy consumption and greenhouse gas emissions.

Our objectives

We are committed to understanding and mitigating climate-related risks within our 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; and
- increase resilience and adaptation to climate change impacts.



2023 highlights

293k
tonnes of waste recycled

28%
of companies using
renewable energy

34k
tonnes of emissions avoided
by clients through solar
products offered by
our portfolio companies

100%
of ADP III companies
calculating and reporting
scope 1 and 2 emissions

9.6k m³
wastewater treated

Our impact continued



How are our portfolio companies addressing the climate change challenge?

The main objectives of the DPI Funds are to:

- Increase reporting and monitoring of carbon emissions and integration of climate change challenges in company strategy
- Unlock energy and natural resources efficiency initiatives as well as renewable energy usage
- Improve resilience of our portfolio companies and the communities relying on their products and services



SICAM is a flagship household brand in Tunisia and the most sought after for two **key ingredients of the local Tunisian cuisine:** tomato and pimento paste.

SICAM conducted in 2023 a Resource and Energy Efficiency Check to identify projects that would lead to a reduction of its **natural resources consumption and carbon footprint** and as a result has built a new wastewater treatment plant to **increase recycling of water** in the industrial process.

SICAM has also engaged a third-party expert to calculate its scope 1, 2 and 3 emissions and develop a tool for the company to monitor these independently.

SICAM is also engaging with academics to **identify measures to reduce the impact of climate change** on its activities, such as drought resistant tomato varieties, agricultural cycle and water saving agricultural practices (drip irrigation and mulching).



CMGP-CAS is the leading provider of **irrigation systems and solutions**, crop protection (phytosanitary) and seeds and fertilisers in Morocco. It is the only fully integrated operator with presence in the manufacturing, distribution and project/ services segments.

Energy efficiencies or reduction initiatives have been implemented during 2023 with the installation of solar panels covering the electricity needs for lighting but also LED lighting, installation of motion and light detectors and awareness campaigns. The company has produced and auto-consumed **461.27 MWh of renewable energy** during 2023.

The company has also started distributing solar pumps and solar panels for its irrigation system. The company has estimated that **34,884 tonnes of CO₂ emissions have been avoided** in 2023 thanks to this equipment.



Food Concepts is a leading Nigeria-based **food retailing company** with quick service restaurant holdings in Nigeria and Ghana.

Food Concepts conducted a Resource and Energy Efficiency Check that identified a number of initiatives such as a renewable energy scheme to install **solar panels across its stores, and the development of a Carbon Management System** to enable Food Concepts to calculate its emissions annually and energy efficiency opportunities at its stores.

A pilot of energy efficiency initiatives has been conducted in 2023 with implementation of **ISO 50001 standards**, leading to a large reduction of energy and diesel consumption. The exercise is now being rolled out in all stores and weekly awareness communication on environmental sustainability and energy-saving measures are in place.

Outcomes

SDG 7.2

By 2030, **increase substantially the share of renewable energy** in the global energy mix.

SDG 12.2

By 2030, achieve the sustainable management and **efficient use of natural resources**.

SDG 13.3

Improve education, **awareness raising** and human and institutional capacity on **climate change mitigation**, adaptation, impact reduction and early warning.

Our impact continued



Financial inclusion

Links to SDGs



The challenge

Financial inclusion has improved across Africa, largely driven by mobile money account adoption. However, only **50% of adults own a bank account**, and an estimated **400 million** people in Sub-Saharan Africa **are considered financially underserved**. Challenges to opening a bank account include lack of necessary documentation (e.g. KYC), distance to branches, and overall costs of services. Scaling digital finance is therefore critical to increase access to basic services, reduce reliance on informal payment mechanisms, improve business formalisation and enable socioeconomic development.

Our objectives

DPI's portfolio companies enable underserved customers to access the financial resources necessary 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.

2023 highlights

62,422,884

loans disbursed

176,025

SMEs financed
(+150,145 vs. 2022)

616,595

women have benefited
from financial services
(vs 545,805 in 2022)

Valued at a total of

\$12.5bn

2.7m

clients receiving access
to financial inclusion

Our impact continued



How are our portfolio companies addressing the financial inclusion challenge?

The main objectives of the ADP III Fund are to:

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



Ukheshe is a **B2B fintech company** providing **payment technology solutions** such as digital wallets, KYC, QR payments, card issuing and remittances. Ukheshe's core business is therefore built on the **intention to improve financial inclusion to individual clients as well as SMEs**. Its highly reliable technology bolsters the quality, affordability and access to financial services.

Ukheshe's Scan to Pay solution enables secure QR code transactions between merchants and consumers, without the need for cash or physical cards. Scan to Pay is now the largest QR ecosystem in South Africa, serving more than **six acquirers, 94 PSPs, 14 banks and fintechs and over 500,000 merchants**.

In 2023, over **5.6 million end users** had access to Ukheshe's payment services, with **3.4 million active users** of its **Scan to Pay** platform. Additionally, the company provided **financial services to over 14,700 SMEs** in Africa, contributing towards business expansion and formalisation.



MNT-Halan is a **financial service provider** providing technology-driven solutions to customers across Egypt. Its subsidiaries offer mobile banking apps, e-payment services, asset-based and microfinance loans, and SME and group loans. MNT-Halan has served over **7 million customers** since inception, including **2.2 million SMEs**. The company estimates that **60%** of its microfinance customers **never had a bank account**, with around **50%** being **first-time borrowers**.

In **2023**, the company provided services to over **1 million customers**, including **5,000 SMEs**, across 25 governorates in Egypt. MNT-Halan has worked to **bridge the financial gap** between **urban and rural customers**, where an average of **478,000 businesses** were served in rural areas, and an additional **284,000 businesses in low-income areas** benefited from MNT-Halan's services. In the same year, over **609,000 loans** were issued by MNT-Halan's subsidiaries, valued at \$500,000.



ABI is a leading banking group in Francophone West Africa providing **banking, asset management and insurance services** to both retail and corporate clients. The bank has a network of over 200 branches across nine countries.

ABI has issued **46,102 loans to women, 42 microfinance loans, 9,513 loans to SMEs and 588 agricultural loans**. These loans support access to affordable credit for enterprises and individuals who would otherwise not be able to **integrate into markets and improve their economic outcomes**.

ABI also partners with the IFC to **train small business managers in financial education**, thereby further increasing financial literacy and inclusion across the African continent.



SDG 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**.

SDG 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.

Our impact continued



Company-specific impact themes:

Farmers' resilience

Links to SDGs



The challenge

Today 256 million Africans are undernourished. Of these, 239 million are in Sub-Saharan Africa and 17 million are in Northern Africa. The agriculture sector needs to grow to meet the food security gap.

However, African farmers face many challenges that hinder agriculture productivity such as limited access to markets (many African farmers operate in remote areas with poor infrastructure making it difficult to transport their produce to urban areas where demand is higher); low usage of agriculture inputs, technology and advisory services (African farmers have limited access to inputs such as pesticides, fertilisers and high-quality seeds due to high costs and lack of availability, and inadequate use of these products can also lead to health issues for these farmers); and vulnerability to climate change.

Our objectives

Expand overall food production and improve farmers' resilience throughout the value chain, with a focus on implementing technology-driven solutions and promoting sustainable practices.



Our impact continued



How are our portfolio companies improving farmers' resilience?

The main objectives of the DPI Funds are to:

- Increase yield and productivity leading to increased livelihood for smallholder farmers
- Increase resilience of smallholder farmers facing climate change risks
- Reduce environmental pollution via phase-out of most dangerous products



SICAM is a flagship household brand in Tunisia and the most sought after for two key ingredients of the local Tunisian cuisine: tomato and pimento paste. Through its subsidiary SICAM Agri, a service company, SICAM supplies farmers with financing, tools and agricultural inputs.

SICAM contracted **1,050 farmers** in 2023. These annual contracts aim to stabilise the market for tomato producers, alleviating the uncertainty that farmers face and securing a reliable market and stable prices.

Additionally, SICAM Agri offers **100% coverage** for essential inputs such as seeds and phytosanitary products, approved by the European Union, and technical support. In 2023, SICAM Agri counts **26 agronomists** who provide continuous guidance to farmers, from parcel preparation to disease anticipation and pesticide application. For example, SICAM Agri introduced the Heinz variety known for its short vegetative cycle of 100 days, which helps farmers minimise water usage and avoid summer diseases, reflecting a strategic response to the challenges posed by climate change.

SICAM Agri also promotes water conservation through the use of biodegradable mulch (**700 HA in 2023**) and continuous monitoring with local agricultural structures, ensuring sustainable water usage practices.

Furthermore, SICAM Agri offers logistical support with over **400 trucks** at its disposal. The company ensures the efficient transportation of tomatoes across Tunisia, minimising losses and guaranteeing timely market arrival.



Solevo is a leading distributor platform, focusing on agricultural inputs and industrial chemicals in Sub-Saharan Africa. The group is present in eight countries, serving three main segments, plant nutrition (fertilisers, bio-stimulants), crop protection (herbicides, insecticides, fungicides) and chemicals (plastics and polymers, acids, pH regulators), as well as two smaller segments, seeds and others.

Smallholder farmers comprise a significant proportion of Solevo's end markets. According to McKinsey estimates, Solevo's products benefit the lives of **approximately 1 million smallholder farmers** in total. These products are increasing both food security for farmers (the products are applied to staple crops such as rice, maize, oil palm and vegetables) and also farmer incomes (the products are also applied to cash crops such as cotton and cocoa).

Solevo implemented a product stewardship programme consisting of a phase-out plan of hazardous active ingredients in compliance with global health and environmental standards. The plan targets products within WHO Ia and Ib categories, those subject to the Chlorpyrifos ban, and identified as endocrine disruptors, and products that are on international ban or international convention lists such as the Rotterdam convention list. The ongoing phase-out process, actively monitored through monthly reviews, **has achieved a 94% reduction in these products**, cutting down from 1,032,013kg to 65,877kg between April 2023 and December 2023.

Moreover, Solevo has conducted **over 650 training sessions, directly educating 36,780 farmers** on various agricultural practices. Solevo also offers stewardship training covering the safe use of crop production products, trials, fairs, demonstration plots, radio communications, and meetings with farmers' organisations, among others.



Outcomes

SDG 2.3

By 2030, double the **agricultural productivity and incomes of small-scale food** producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, **other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.**

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 2023, we upgraded our management system to better align with the Impact Principles and refined our Theory of Change and are now exploring ways to improve data collection. We have also achieved 100% of scope 1 and scope 2 emissions reporting for ADP III companies and these are now equipped to do their own measurement and monitoring, but scope 3 remains a challenge that many of our companies struggle to overcome, due to limited information on their supply chain or lack of proper materiality assessment.

Our portfolio companies faced their own challenges related to resource constraints or economic challenges throughout 2023. Even though progress has taken place at all our companies, creating impact for the workforce has been challenging for companies that had to face difficult economic situations.

Data collection remains a challenge, especially as we now report to the EDCl and we are exploring solutions to streamline the exercise and integrate modelling of scope 3 emissions for our portfolio companies. We will also continue to provide technical assistance and engage third-party experts to support our portfolio companies on initiatives related to gender, job quality and climate change.

Given our focus on job quality and gender, we have developed employee engagement surveys for our portfolio companies to roll out to their workforce. This will give us a better understanding of the depth of the impact our portfolio companies are having on their workforce through the initiatives implemented as part of the action plan established pre-investment. This will be used to capture investment outcomes, as well as to develop our lessons learned exercise and shareable case studies for our stakeholders to help them avoid specific pitfall and achieve more successful outcomes. We are launching a pilot in 2023.

We are also working with a third-party expert to redevelop our climate change strategy. We will work on the four elements of the TCFD recommendations, governance, strategy, risk management and metrics and targets, exploring amongst other things addressing climate change directly in our exclusion list, developing a framework for target setting, establishing a net zero goal including scenario analysis for climate exposed sectors and using the PCAF methodology to report our emissions.

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 are now 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.



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Employee engagement surveys will give us a better understanding of the depth of the impact our portfolio companies are having on their employees.

Looking ahead

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 to ensure alignment with international best practices and upcoming regulations
- Continue regular monitoring of ESG and impact progress of portfolio companies including engaging on impact topics at Board level within our companies at regular intervals
- Improve our data collection and reporting processes at investee and portfolio level

2

- Update our climate change strategy to align with best practices and set reduction targets
- 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

3

- 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

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
- Conduct employee engagement surveys for all 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



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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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