



Environmental and social management system

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Executive summary

E&S policy	This section presents Amethis’ investment principles and commitments, as well as our environmental and social requirements. We recognize that our business can have significant environmental and social implications. We are committed to implementing a responsible investment approach and ESG principles in all of our activities, without exception, in order to support the transition of our portfolio companies to more sustainable models.
Roles, responsibilities, and oversight	This section assigns roles and responsibilities to different Amethis staff. We want to ensure that ESG issues are addressed by our various teams, who must be aware of and trained in the subject. The Sustainability and ESG Manager works in collaboration with the deal teams, who are responsible for ensuring that ESG issues are taken into account in all transactions.
Procedures	This section summarizes how ESG is integrated into each of the deal stages: initial screening, due diligence, investment decision and contracting, holding phase and exit phase.
Performance management	This section outlines how we ensure that our system for managing environmental and social issues is applied and is relevant. We evaluate the implementation of these processes annually to identify strengths and challenges, and update this document where appropriate.
External communication	This section describes how Amethis communicates on environmental and social issues with its various stakeholders. This communication is notably done in reports to the LPs, but also on the website, accessible to all our stakeholders.

Abbreviations

AIFM	Alternative Investment Fund Manager
DFI	Development Finance Institution
E&S	Environmental and Social
EHS	Environment, Health, Safety
ESAP	Environmental and Social Action Plan
ESG	Environment, Social, Governance
FY	Financial Year
iC20	Initiative Climat International - Private Equity Action on Climate Change
IFC	International Finance Corporation
LPs	Limited Partners
OPIM	IFC Operating Principles for Impact Management
PS	IFC Performance Standards
RfP	Request for Proposal
SASB	Sustainability Accounting Standards Board
UN PRI	United Nations Principles for Responsible Investment

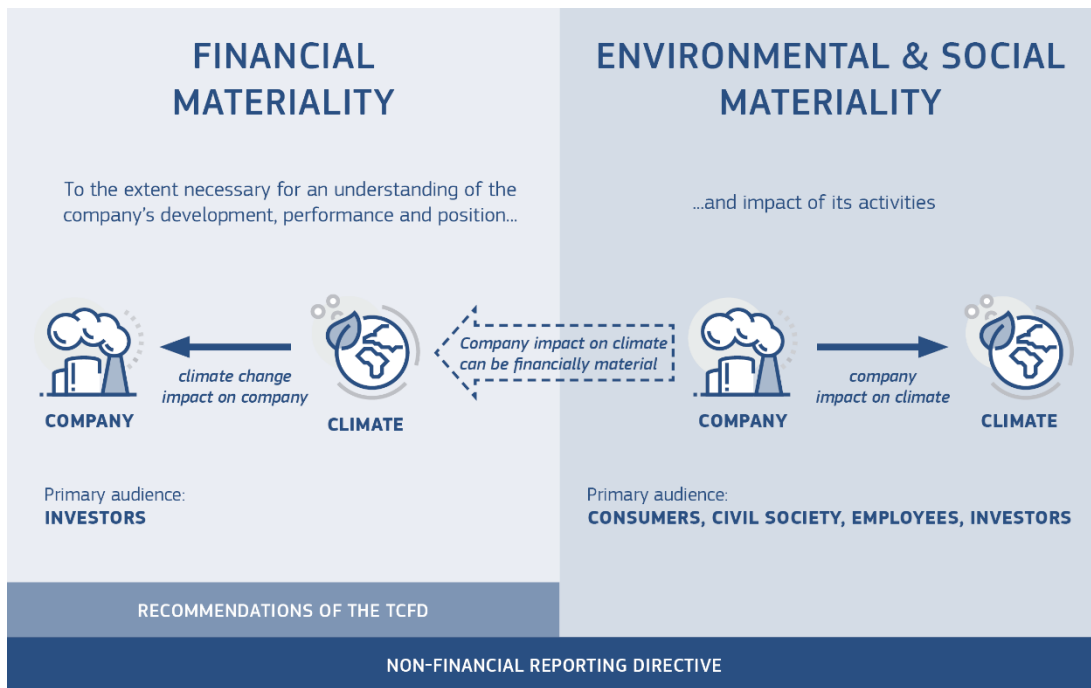
E&S policy

Comments regarding this policy

1. This Environmental, Social and Governance Policy is a formal procedure within Amethis. It is reviewed annually, to make any changes that may be considered relevant. Each update is signed by the Amethis partner in charge of the supervision of E&S issues, and by the two founding managing partners of Amethis. Changes deemed major are likely to be communicated to the LPs.
2. This policy is public and is posted on the Amethis website. We welcome feedback on this document from our stakeholders, in order to strengthen both our practices and our communication on these issues. This document can be presented orally to stakeholders (including LPs) who wish to do so. Amethis is happy to share its practices with any stakeholders who are interested in learning more, in the spirit of collaboration and progress for the entire industry.

Amethis' approach to responsible investing

3. Amethis takes an integrated approach to its investment activity, combining financial and non-financial (environmental, social and governance) issues. We recognize:
 - That the companies in which we invest have an impact (positive or negative depending on the subject and the company) on their environment and on society. These impacts can bring risks and opportunities for both the company itself and its ecosystem. Our approach is therefore fully in line with the double-materiality approach defined by the European Commission and represented in the figure below.
 - That our investment activity must play a role in improving the environmental, social and governance performance of the companies in which we invest.



* Financial materiality is used here in the broad sense of affecting the value of the company, not just in the sense of affecting financial measures recognised in the financial statements.

The double materiality perspective (example of climate-related information)

4. The purpose of this document is to formalize our ESG ambitions and principles, and how we organize ourselves to implement them. We commit to:
 - Systematically implement these principles in all our investments. This document therefore applies to all our funds.
 - Systematically identify material ESG issues for our investments, and implement an appropriate action plan (Environmental and Social Action Plan), enabling the transition of our companies to a more responsible model.
 - Systematically report to our investors on these ESG topics.
5. Amethis is a fund manager dedicated to the African continent, created in 2012. Amethis invests in small and medium-sized companies whose activities are aimed at African consumers: healthcare, consumer goods distribution, financial services, etc., sectors that benefit from the growth of the urban population and the emergence of a middle class. We take minority or majority stakes in companies that are generally family-owned, and accompany them to their next stages of growth.
6. Amethis will not invest in the sectors listed in Appendix.

The ESG journey of our portfolio companies

7. Amethis ensures that all companies in which it invests are in compliance with applicable requirements:
 1. Exclusion list (see appendix)

2. Local regulatory framework (identified for each investment in collaboration with a subcontractor specialized in E&S due diligence in the country concerned)
 3. World Bank EHS Guidelines
 4. IFC Performance Standards
8. Point 1 above (exclusion list) applies systematically, ex-ante. No investment is therefore possible in these sectors. Any investment opportunity in these sectors would be excluded from the early study phase (briefing).
9. Points 2, 3 and 4 are subject to a due diligence conducted by a subcontractor specialized in E&S issues in the geographies where Amethis operates. A due diligence work takes place, in collaboration with the target company, in order to identify the maturity of the target in relation to the above-mentioned E&S norms and standards. An E&S due diligence report is submitted to Amethis, which discusses with the E&S due diligence team to understand the conclusions, the possible gaps found, and the proposed remediation actions. This remediation plan is accompanied by an estimate of the associated costs, and a timetable. These elements are then discussed with the company, and added to the contractual documentation (often the shareholder agreement) signed by Amethis and the target. With this document, the company commits to implement the remediation plan, taking into account the proposed time horizon. Thus, if there are any deviations from hard or soft law at the time of entry into the capital, compliance will be achieved within the first few years of participation (generally within 1 year). This applies systematically to all our portfolio companies. Consequently, all investee companies in which Amethis invests will comply with all applicable E&S laws and regulations of the host country(ies) in which the companies operate. In addition, Amethis will seek to ensure that its investees operate in a manner consistent with IFC's Performance Standards on Environmental and Social Sustainability and other applicable standards listed in paragraph 7.
10. In order to monitor progress against the action plan, overall company E&S performance and new objectives being set up post investments by the board and Amethis, regular exchanges take place between Amethis teams and the portfolio company. Ad hoc exchanges take place on E&S issues (usually in the presence of the Sustainability and ESG manager and the person responsible for E&S issues in the company) or during general committees (notably board meetings), where E&S issues are usually brought up by Amethis' investment directors.
11. Action plans can be implemented differently from one company to another. Several factors may contribute to facilitate or complicate the implementation of these plans (existence or not of a dedicated ESG contact within the portfolio company; complexity of the action plan; changes within the portfolio company's teams; existence or not of in-house expertise etc.). These factors are taken into account by Amethis in our exchanges with the company, to ensure that we find the most appropriate way to effectively implement our action plan. In case of difficulties in implementing the action plan (which concerns only a minority of companies, for a limited number of action items), we work with them to find ad hoc (see case study below, as an illustration), realistic and pragmatic solutions.
12. Progress against the ESAP is recorded in a document shared between Amethis and the participant, which records the status of each action item. The investment documentation always includes liquidity provisions to protect Amethis against material deviations from the ESAP of material ESG breaches or issues. Those provisions can include for instance punitive put options against the sponsor or majority shareholder.

Amethis' public commitments

13. Amethis is convinced that the massive redirection of capital towards responsible activities, maximizing the positive impacts and minimizing the negative impacts on the environment and society, requires the commitment of the entire financial community. Amethis intends to contribute to the development of a responsible financial sector by working with other players in the financial industry, including other private equity fund managers and DFIs. In order to share best practices, make public commitments and be accountable for its achievements, Amethis participates in key international ESG initiatives:

- Responsible investment: United Nations (UN) Principles for Responsible Investment (PRI)
- Impact: Operating Principles for Impact Management
- Gender: 2x Challenge
- Climate: iC20



More information on each of these initiatives is provided in Appendix.

Roles, responsibilities and oversight

14. Amethis recognizes that there is no standard way to organize ESG within a management company, or any other organization. We have structured this function in the way that we believe is most relevant and efficient given our ambitions, our business, our size and the skills of our teams.
15. This document has been prepared jointly by the Sustainability and ESG Manager and the Amethis partner in charge of the supervision of E&S issues. These two persons are in charge of ensuring the effective implementation of our ESG approach, and of acting as bearers of the subject to all the investment teams.
16. The Sustainability and ESG Manager is responsible for identifying the need to update the document and reporting to the Amethis partner in charge of the supervision of E&S issues. The Sustainability and ESG Manager is also responsible for ensuring that the ESG processes are properly understood by the investment teams, for identifying training needs and for organizing training sessions for the teams. These training sessions are generally carried out internally by the Sustainability and ESG Manager, but can be carried out by an external service provider if the need arises.
17. The integration of ESG issues is systematic throughout the investment process (see "procedures" section), and is the responsibility of the investment teams, who ask the Sustainability and ESG Manager for each deal. The Portfolio Manager of the AIFM and the General Secretary ensure that ESG issues are addressed in line with this document at each stage of the investment process

(briefing, investment committees). In case of unavailability, the two managing partners, founders of Amethis, take over this responsibility.

18. In summary, roles and responsibilities are organized as follows:

- Preparation and updating of this document: the Amethis partner in charge of the supervision of E&S issues and Sustainability and ESG Manager
- Implementation of the principles of this document in the deals: investment teams supported by the Sustainability and ESG Manager
- Supervision / control of the proper application of these principles: Portfolio Manager of the AIFM and General Secretary
- Identification of training needs, and training of teams: Sustainability and ESG Manager, if necessary, with external support

Procedures

How we integrate ESG into our investment cycle

19. Amethis has adopted a simple and pragmatic approach to integrate ESG issues throughout the investment cycle. The underlying idea is to integrate ESG into the business, so as not to create a separate process from Amethis' core business, which would weaken the process.

Deal stage	ESG process	Review and validation	Stakeholders involved
Screening and E&S categorization	For the initial review conducted by the deal team, the Sustainability and ESG Manager will provide a first opinion on: - Compliance with the exclusion list - Risk Categorization. This categorization is based on the categorization principles defined by the IFC, and is presented in more detail at the bottom of this table.	Review by deal team Validation by investment director	Deal team and Sustainability and ESG manager
Briefing	Presentation by the Sustainability and ESG Manager of 1. Compliance (or non-compliance) with the exclusion list 2. Risk categorization 3. Material topics to be further investigated during due diligence. The information sources used in this step are listed below the table in the "information sources" section.	Briefing Committee	Briefing committee members (deal team, Sustainability and ESG manager, investment directors and partners)
Investment committee 1	The Sustainability and ESG Manager will further investigate the material issues identified in the screening phase. Each material issue is assigned a priority level and a risk or opportunity rationale. Key expected outcomes of the E&S due diligence to be presented. Presentation to the investment committee.	Investment Committee	Investment committee members (deal team, Sustainability and ESG manager, investment directors and partners, external contributors incl. Edmond de Rothschild Private Equity representatives)
Due diligence	Selection (generally by RfP) of a subcontractor specialized in E&S due diligences in the countries of intervention of Amethis (save for some FI investments, see below). The basic scope of work covers at least: 1. local regulatory framework 2. IFC Performance Standards. An additional perimeter can be defined jointly between Amethis and the subcontractor according to the material issues identified at the screening stage, and added to this standard perimeter. Deliverable with a summary of the deviations from the standards and IFC PS, a remediation action plan, associated costs, and a remediation schedule. The deliverable also contains a status report on the maturity of the target with respect to identified material issues. More information is available in the "E&S due diligence" section below this table.	Review of the E&S due diligence by deal team and the Sustainability and ESG Manager Validation by investment director	Deal team, Sustainability and ESG manager, E&S due diligence team
Investment committee 2	After completion of the E&S due diligence, the E&S manager will provide the investment committee with: 1. A presentation of the residual ESG risks 2. axes of negotiation for the E&S action plan aiming either at mitigating high residual risks, achieving compliance, or exploiting a compelling opportunity. 3. a monitoring plan	Same as Investment Committee 1	Same as Investment Committee 1
Investment agreement	We incorporate appropriate E&S representations, warranties and covenants in the private placement memorandum (which is the binding documentation between Amethis and the investee company). [Standard E&S terms and conditions exist, and can be adapted to each investment based on the findings of due diligence.]	Investment Director Review by General Secretary (or managing partner)	Deal team, Sustainability and ESG manager, investment directors and partners
Ownership and monitoring	During the ownership phase, we want to ensure that items of the ESAP are effectively implemented, and that the E&S performance of the company improves. Exchanges between Amethis and the company generally take place in three complementary forms: 1. Exchanges dedicated to ESG topics (generally in the presence of the Sustainability and ESG Manager, the	Investment director	Deal team, Sustainability and ESG manager, investment directors and partners

	<p>deal team and the ESG managers of the company) 2. Mention of ESG topics during general committees such as board meetings (ESG topics are then brought up by the investment directors) 3. Update of the ESAP Excel document (joint work between the Sustainability and ESG Manager, the deal team and the company's ESG managers).</p> <p>Once the ESAP items are completed (usually after about 1 years), Amethis works with the company to identify new topics that would allow the company to better manage its risks or seize opportunities. These elements are not integrated in the ESAP, but are important to set up a continuous improvement process for Amethis portfolio companies.</p> <p>In addition, an annual reporting takes place: the company reports to Amethis a list of quantitative or qualitative indicators, on which Amethis communicates in turn to the LPs. Serious incidents or accidents (in particular fatalities) are immediately reported to Amethis by the company.</p> <p>All monitoring activities are tracked and traced on Amethis' internal IT systems, as well as on our online reporting tool.</p> <p>Monitoring frequency depends on the categorization of the project. High-risk projects are monitored more frequently, while low-risk projects are monitored less frequently. The typical monitoring frequency is as follows (which comes on top of the day-to-day work done by the Investment Director, and the board oversight):</p> <ul style="list-style-type: none"> • Category A project: call every month, site visit every six months • Category B project: call every three months before ESAP completion (and after completion as needed, and at least every six months), site visit every eighteen months • Category C project: call every six months, site visit every twenty-four months <p>The monitoring program can change from one company to another, in order to reflect sector and company specificities and priorities. Nevertheless, Amethis will design a common overarching monitoring framework for all monitoring activities, based mainly on IFC's ESMS Toolkit.</p> <p>E&S monitoring records for all monitoring activities will be kept and be made available for investors upon request.</p>		<p>Reporting from the company to Amethis Reporting from Amethis to LPs Public reporting on the Amethis website</p>
Exit	<p>Amethis accompanies the company to synthesize the ESG work done during the years of joint work, and to define the next steps of post-sale work. The objective is to ensure that the ESG dynamics will continue after the departure of Amethis from the company's capital. In order to do so, Amethis works with the companies to set up a governance adapted to the management of ESG issues. This governance allows us to ensure continuity in the management of ESG issues, even after the departure of Amethis, and constitutes a strong added value of our participation.</p>	<p>Investment director Review by General Secretary (or managing partner</p>	<p>Deal team, Sustainability and ESG manager, investment directors and partners ESG information provided by the company and Amethis to potential buyers</p>

Information sources

20. During the Screening, Briefing and Investment Committee 1 stages, the information provided by the company to Amethis is still limited (as the E&S due diligence has not yet taken place, and Amethis has not yet acquired an equity stake in the company). Amethis therefore uses public information sources to analyze the deal against ESG aspects together with the information provided by the Company, and in particular:

- Sector materiality matrices provided by SASB ([link](#)) and MSCI ([link](#)).
- Sector information provided by CDC ([link](#)).
- Any other publicly available sources regarding the company's industry or country of operation.
- Any publicly available sources of controversy regarding the company.
- Discussions with experts in the sector, country or company that can provide insight into the specific ESG issues of the target company

Project E&S risk categorization

21. All companies reviewed in the screening process are categorized according to the E&S principles defined by the IFC.

22. On the basis of the information collected and reviewed during the screening and due diligence phases, the Sustainability and ESG manager will screen the investment using an opportunity and risk based approach, and will assign a category designation. Direct investments are categorized as A, B or C based on type, sector, scale and magnitude of potential E&S risks and impacts:

- Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- Category C: Business activities with minimal or no adverse environmental or social risks and/or impacts.

More information on project categorization is available in Appendix.

E&S due diligence

23. For all deals subject to preliminary analysis (i.e., projects having passed the first Investment Committee), Amethis contracts with an E&S due diligence provider. This due diligence, generally carried out in one to two months, aims at the following:

- Identify potential E&S impacts, risks and issues associated with a proposed investment project.
- Conduct a gap analysis to define areas of project non-compliance with the requirements of Amethis Responsible Investment policy, which include IFC's Performance Standards and the World Bank Environmental, Health and Safety (EHS) Guidelines, as well as host country regulatory requirements.
- Assess the commitment and capacity of the client to comply with requirements and standards, mitigate identified impacts and define corrective actions.
- Develop an ESAP that defines impact management, mitigation and compensation tasks to implement compliance with all environmental and social requirements and to close any gaps identified in order to ensure compliance with the Responsible Investment policy requirements.

- Estimate costs associated with mitigating and managing the E&S risks, as well as a timeline for each action item.

For financial sector investments, Amethis may choose not to use an external due diligence provider if the FI has already put in place adequate procedures and tools supported by DFIs. The decision to use or not and external consultant is taken by the Sustainability and ESG Manager.

Environmental and social action plan

24. As mentioned earlier in this document, each investment gives rise to the drafting of an Environmental and Social Action Plan, which is the result of the E&S due diligence carried out before the investment. This Environmental and Social Action Plan is negotiated with the company, which must commit to implementing the actions indicated (it is therefore a contractual obligation) in an appendix to the private placement memorandum. This action plan aims to bring the company into compliance with:

- Local regulatory framework (identified for each investment in collaboration with a subcontractor specialized in E&S due diligence in the country concerned)
- World Bank EHS Guidelines
- IFC Performance Standards

A sample action plan is provided below for illustrative purposes.

Performance Standard	Topic	Issue	Recommended Action	Severity	Action Duration	Deliverable	Resources OpEx (USD)	Resources CapEx (USD)
1	Environmental and Social Management System (ESMS)	Lack of some key elements of an Environmental and Social Management System (ESMS) tailored to the operation of the Company.	Develop a comprehensive ESMS tailored to the operations of the Company. The ESMS should cover key aspects of operations and aligned to the IFC PS 1. The ESMS should include at a minimum: - An Environmental Policy; - A Fire Safety Policy; - An E&S Legal Register; - A Data Protection & Privacy Policy and Procedure; - E&S Risk Review Procedure; - A Stakeholder Engagement Procedure; - E&S Screening Procedure for Clients and Partners.	Moderate	6 months	ESMS Elements including Policies and Procedures	Management time	USD 5k-10k for developing the ESMS if support from an external E&S consultant is needed. Exclude cost implications of implementing the ESMS, including improvement of customer data protection
1	Stakeholder Engagement	Lack of a Stakeholder Engagement Plan	Develop a Stakeholder Engagement Plan (SEP) which should contain the following items at a minimum: - A description of regulatory, lender, company, and/or other requirements for consultation and disclosure; - Identification and prioritization of key stakeholder groups; - Provision of a strategy and timetable for sharing information and consulting with each of these identified groups; - A description of resources and responsibilities for implementing stakeholder engagement activities. - A description of how stakeholder engagement activities will be incorporated into the Company's management system. - Communicate the contents of the Policy to the public	Low	6 months	A Stakeholder Engagement Plan	Management time	
2	Human Resource Management Systems (HRMS)	Lack of adequate human resource capacity	Recruit a Human Resource officer	Low	3 months	Human Resource personnel recruited	0.75k-1.5k	
2	Grievance Mechanism	Lack of a confidential mechanism in the grievance systems.	Incorporate a mechanism in the Grievance mechanism that guarantees confidentiality in raising grievances	Low	6 months	The Grievance Policy updated	Management time	
2	Third party contractors and suppliers	Lack of a Contractors Management System	Develop an E&S contractor management that covers the vetting, selecting, onboarding, supervising and inspection, monitoring of the contractors and suppliers to ensure	Low	6 months	Contractor Management Policy	Management time	
2	Fire Safety	No fire drills have been performed for the building that the company occupies	Company's OSH Committee/team to liaise with the management of the building to ensure that a fire drill is undertaken annually. Undertaken a fire safety audit of offices to ensure compliance with the regulatory requirements.	High	3 months	Fire drill record Fire Safety Report	Management time	

25. Failure to complete any action (regardless of priority level) listed in the ESAP can trigger a breach in the shareholder agreement, and can allow Amethis to exit its investment. As explained earlier in this document, in the event of difficulties in implementing the action plan (which only concerns a minority of investments, for a limited number of share items), we work with the portfolio company to find ad hoc solutions (see case study below, by way of illustration) that are realistic and pragmatic. This step is systematically implemented before considering an exit from the company.

Performance management

26. As previously mentioned, the ESG action plan signed between Amethis and the company is subject to regular exchanges and follow-up. These exchanges are formalized in the form of reports and an Excel ESAP that is regularly updated. E&S monitoring records for all monitoring activities will be kept and be made available for investors upon request.
27. To reinforce the effective implementation of action plans, Amethis has put in place two important mechanisms:
- The implementation of the action plans and the monitoring of the overall company E&S performance is evaluated annually. A synthesis of the progress, difficulties and positive points is formalized. By aggregating the findings of the different action plans, Amethis can identify trends and key elements of success. These elements can:
 - be communicated to investment teams during ESG training sessions
 - be communicated to companies, in order to share best practices of portfolio holdings
 - be used to update the management of ESG issues by Amethis at all stages of the transactions (see "procedures" section)
 - Achievement of ESG action plans is part of the variable compensation criteria for investment teams (i.e., part of the bonus is indexed to the achievement of ESG objectives). This will be put in place starting FY2022.
 - Board involvement at the company level is systematically required, and the ESAP must be reviewed by the Company board on a regular basis.
28. This document is reviewed annually to ensure its relevance. It may be updated to reflect new topics, new sources of information, new processes, feedback from investment teams and investee companies etc. These modifications are systematically subject to a sign-off by Amethis management, and may be communicated to LPs if material changes are made.

External communication

29. Amethis is convinced that increased transparency of financial institutions is a key element to redirect financial flows towards more sustainable activities. Amethis intends to participate to this dynamic, by reinforcing the exchange of ESG information between portfolio companies, Amethis, LPs, and other external stakeholders.
30. Our main communication channels are:
- Publication by Amethis of its ESG approach via this document, which is publicly available online.
 - Ad hoc response by Amethis to any queries from LPs or external stakeholders regarding its ESG approach.
 - Ad hoc reporting to LPs on material events, such as including serious accidents involving/affecting investee companies (e.g., fatalities).
 - Annual reporting from the company to Amethis on a series of quantitative and qualitative indicators.
 - Annual reporting from Amethis to the LPs through a specific fund reporting.
 - Annual reporting from Amethis to answer to specific requests from the DFIs (who can provide Amethis with templates to fill in)
 - Amethis communication on ESG issues during the annual Investor Committee.

- Public reporting by Amethis on its website, in the form of an impact report and aggregated data published directly online.
- Reporting in the framework of Amethis commitments, such as the Operating Principles for Impact Management, the 2X Challenge, the iC20 or the UN-PRI.
- Periodic reporting in line with the requirements of the European regulation (EU) 2019/2088 called Sustainable Finance Disclosure (SFDR).

31. To optimize the communication process of several items above, Amethis will adopt a reporting software allowing high quality exchanges between portfolio companies, Amethis and reporting users (LPs or other external stakeholders). This software will be updated on a yearly basis to meet the evolving needs and expectations. An example of a dashboard from the future data collection and reporting software is provided below, for illustration purposes (source: Reporting21).



32. Amethis has also set up a grievance mechanism, allowing any internal or external stakeholder to raise issues by sending an email to complaint@amethis.com or by post. Amongst others, recipients include the Sustainability and ESG Manager, the Investor Relations manager, and the Risk and Compliance Officer, thereby allowing an efficient management of grievances. This mechanism aims to ensure that complaints are dealt with properly and are resolved in a prompt and timely manner. On receipt of a complaint, Amethis will acknowledge the complaint in writing within ten business days. A response will be sent within one month of receipt of the complaint. In cases where this is not possible, the sender will be informed of the reasons for the delay and given a likely date by which a response can be expected. If necessary, the deal teams and the managing partners can be asked to contribute to provide an appropriate response. More information on this mechanism is available on [Amethis' website](#).

Appendix

Exclusion list

33. Amethis shall not finance the following activities:

- Amethis will not invest in public sector enterprises (i.e., enterprises which are more than 50% directly or indirectly owned or controlled by the state in which such enterprise operates or any political subdivision or agency thereof) which are operating autonomously in a competitive

market environment, are subject to bankruptcy or insolvency law and are implementing a program to achieve private ownership and control; (scope: Amethis MENA Fund II)

- Amethis will not invest in a utility (i.e., an authority or undertaking directly involved in providing, through a fixed network, a service to the public in water, electricity, gas, heat, telecommunications or rail transport) which is majority owned by a national or local government or a government agency of the country in which the utility operates;
- Amethis will not engage in speculative investment activities, real estate, commodities, commodity contracts and forward currency contracts, except for hedging purposes, nor will it invest in collective investment schemes;
- Production or activities involving harmful or exploitative forms of forced labour¹/harmful child labour²;
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora;
- Any business relating to pornography or prostitution;
- Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES);
- Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and products containing PCBs;
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations;
- Unsustainable fishing methods (i.e., drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing);
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances³ and other hazardous substances subject to international phase-outs or bans;
- Destruction of Critical Habitats⁴;

¹ “Forced labour” means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

² “Harmful child labour” means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or physical, mental, moral or social development. In addition, any labour that is performed by a person which has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or the minimum age for working to be higher; in such cases, the higher age will be applied for defining harmful child labour.

³ “Ozone Depleting Substances” (“ODS”): Chemical compounds, which react with and delete stratospheric ozone, resulting in “holes in the ozone layer”. The Montreal Protocol lists ODS and their target reduction and phase out dates.

⁴ “Critical Habitat” is a subset of both natural and modified habitat that deserves particular attention. Critical Habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (“IUCN”) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are affiliated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary forest or forests of high conservation value shall be considered Critical Habitats

- Production and distribution of racist, anti-democratic and/or neo-Nazi media;
- Tobacco, if it forms a substantial part of a project's primary financed business activities⁵;
- Live animals for scientific and experimental purposes, including the breeding of these animals;
- Ammunition and weapons, military/police equipment or infrastructure;
- Gambling, casinos and equivalent enterprises;
- Commercial concessions over, and logging on tropical natural forest; conversion of natural forest to a plantation;
- Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; and activities that lead to clear cutting and/or degradation of tropical natural forests or high nature value forest;
- New palm oil plantations;
- Any business with a political or religious content;
- Projects which have the effect of limiting people's individual rights and freedoms or violating their human rights;
- Production or trade in alcoholic beverages (excluding beer and wine);
- Production or trade in radioactive materials⁶; and Production or trade in unbonded asbestos fibers⁷.
- Trade in coal and coal-related products, coal mining, coal transportation, coal fired power plants, or infrastructure services exclusively dedicated to support any of these activities
- Oil exploration or production
- Standalone fossil gas exploration and/or production⁸
- Upstream oil and gas activities or infrastructure services exclusively dedicated to support any of these activities.
- Transport and related infrastructure primarily⁹ used for coal for power generation
- Crude Oil Pipelines
- Oil Refineries
- Construction of new or refurbishment of any existing HFO-only or diesel-only power plant¹⁰ producing energy for the public grid and leading to an increase of absolute CO2 emissions¹¹
- Any business with planned expansion of captive coal used for power and/or heat generation¹²

Amethis, except when engaged in microfinance activities as specified below*, must also apply the following exclusions in addition to the Exclusion List:

⁵ A benchmark for substantial is 5-10% of the balance sheet or the financed volume or sales revenues in acquired asset or the Portfolio Company.

⁶ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.

⁷ This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%

⁸ Gas extraction from limnically active lakes is excepted from this exclusion.

⁹ "Primarily" means more than 50% of the infrastructure's handled tonnage.

¹⁰ For indirect equity through investment funds, investments (up to a maximum of 20% of the fund) in new or existing HFO-only or diesel-only power plants are allowed in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.

¹¹ i.e., where energy efficiency measures do not compensate any capacity or load factor increase

¹² This does not apply to coal used to initiate chemical reactions (e.g., metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.

- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

* When investing in microfinance activities, Amethis will apply the following items in addition to the Exclusion List:

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples (as defined in Standard 7 of the Performance Standards), without full documented consent of such peoples.

Risk categorization

34. As part of the review of environmental and social risks and impacts of a proposed investment, Amethis implements IFC's process of environmental and social categorization to reflect the magnitude of risks and impacts. These categories are:

- Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- Category C: Business activities with minimal or no adverse environmental or social risks and/or impacts.
- Category FI: Business activities involving investments in financial institutions (FIs) or through delivery mechanisms involving financial intermediation. This category is further divided into:
 - FI-1: when an FI's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
 - FI-2: when an FI's existing or proposed portfolio is comprised of, or is expected to be comprised of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
 - FI-3: when an FI's existing or proposed portfolio includes financial exposure to business activities that predominantly have minimal or no adverse environmental or social impacts.

35. To illustrate the process of categorizing projects, here are some examples of typical categorization for some sectors. The examples of project categorization provided below are for illustrative purposes only.¹³

- Typical Category A Projects:

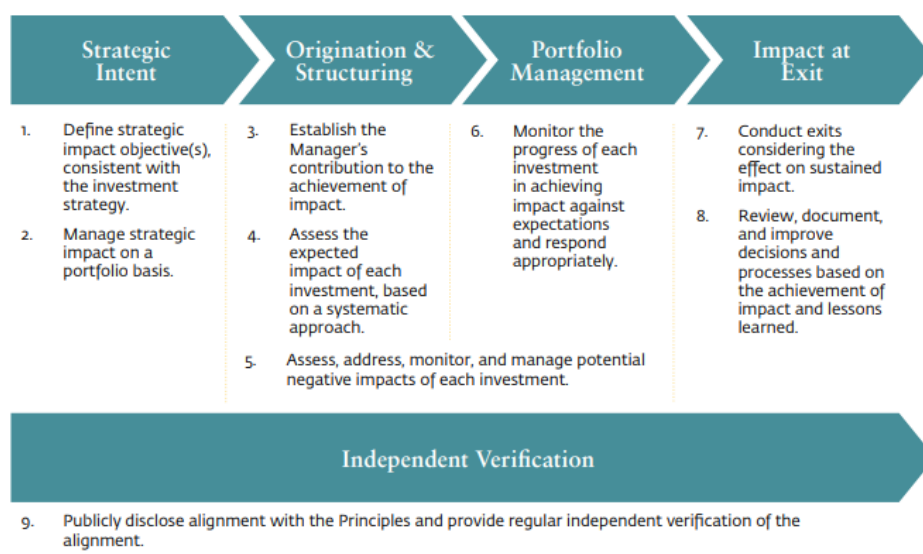
¹³ Source: [FIRST for Sustainability](#)

- Projects affecting indigenous peoples
- Construction of dams and reservoirs
- Projects involving resettlement of communities/families
- Pesticides and herbicides: production or commercial use
- All projects which pose serious socioeconomic concerns
- Major irrigation projects or other projects affecting water supply in a given region
- Projects associated with induced development (e.g., inward migration)
- Domestic or hazardous waste disposal operations
- Projects which impact on cultural property (e.g., religious and archeological sites)
- Hazardous chemicals: manufacture, storage or transportation above a threshold volume
- Projects which pose serious occupational or health risks
- Oil and gas developments, including pipeline construction
- Impacts on protected natural habitats or areas of high biological diversity including wetlands, coral reefs and mangroves
- Large infrastructure projects, including development of ports and harbors, airports, road, rail and mass transit systems
- Forestry operations
- Metal smelting, refining and foundry operations
- Mining (opencast and pit)
- Large thermal and hydropower developments
- Typical Category B Projects
 - Breweries
 - Hotel/tourism developments
 - Cement manufacture
 - Mining (small scale)
 - Dairy operations
 - Metal plating
 - Food Processing
 - Modernization of existing plants
 - General manufacturing plants
 - Pulp and paper mills
 - Hospitals
 - Textile Plants
- Typical Category C Projects
 - Software development
 - Factoring Companies
 - Consulting firms
 - Share registries
 - Service industries
 - Stockbroking
 - Technical assistance
- Typical Category FI Projects
 - Bank
 - Microfinance institution
 - Private equity fund
 - Leasing company
 - Insurance company

Our commitments on impact: OPIM

36. Amethis is currently working on the compliance and signing of the OPIMs. OPIMs were published in February 2019 by the International Finance Corporation (IFC). They represent management principles for companies/organizations that intend to have a measurable positive environmental or/and social impact, through their investments, alongside a financial return. These principles are nine in number and allow for the integration of impact throughout the investment process. The diagram below represents the OPIM principles (source: Investing for Impact: Operating Principles for Impact Management).

INVESTING FOR IMPACT: OPERATING PRINCIPLES FOR IMPACT MANAGEMENT



Our commitments on gender: 2x challenge

37. Amethis has signed the 2X Challenge for its Amethis MENA II fund. Specifically, Amethis commits to deploy 30% of Amethis MENA Fund II to 2X qualifying businesses throughout the life of the fund. The 2X Challenge aims to advance opportunities for women through enterprise support, leadership and career progression, quality employment, and products/services that enhance women's economic participation. The 2X Challenge aims to identify eligible businesses that are committed to one or more of these areas. The first common target of achieving \$3bn in commitments was significantly surpassed with \$11bn committed. A new target was announced at the G7 in June 2021 with the objective to collectively mobilize \$15bn for gender equality by 2022 (please see more information at: www.2xchallenge.org). The selection of Amethis MENA II for the 2X Challenge is a testimony to our significant commitment to women's economic empowerment in Africa.

Our commitments on climate: iC20

38. Amethis is currently working on the signature of the climate initiative 2020 (iC20) for French private equity. The signatories of the iC20 have decided to mobilize on these issues in order to contribute, at their level, to the COP21 objective of limiting global warming to two degrees. As a signatory, Amethis will commit to:

- Measuring the direct and indirect carbon footprint (scopes 1, 2 and 3) using an accessible and effective estimation methodology.
- Including the climate issue in its investment process, so as to gradually extend a climate strategy to all the companies they control.

- Publishing the carbon footprint of these same companies.

Our commitments on responsible investment: UN PRI

39. Amethis joined the United Nations Principles for Responsible Investment in 2013, and publishes a yearly report on responsible investment practices ever since. In 2020, Amethis was rated A+ for its global approach (highest score) and A for its internal ESG management.