PHATISA
More than capital

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT I ANNUAL DISCLOSURE STATEMENT

30 April 2024

The statement includes:

i. Affirmation of Phatisa's status as a signatory to the Operating Principles for Impact Management (the Impact Principles).
ii. A list and total value of the assets aligning with the Impact Principles.
iii. A description of how each principle is incorporated into Phatisa's investment process.

i. DISCLOSURE STATEMENT:

Phatisa hereby affirms that it is a signatory to the Operating Principles for Impact Management.

In April 2019 the firm was among the first adopters to the Impact Principles and hereby attests that the Impact Principles are incorporated into all its current and future investment activities. This serves as a clear signal of Phatisa's enduring commitment to meaningful and sustainable development and positive impact across sub-Saharan Africa.

ii. PHATISA INVESTMENT PORTFOLIO

Phatisa a private equity fund manager focused on feeding and housing Africa, and currently has three funds under management: the African Agriculture Fund (AAF); the Pan African Housing Fund (PAHF); and Phatisa Food Fund 2 (PFF 2) – totalling US$165.13 million of assets under management as of 31 March 2024.

African Agriculture Fund investment portfolio:

- **Goldenlay** – the largest producer, supplier and distributor of table eggs across Zambia. The company's integrated farm and production facilities are strategically located in the Copperbelt outside of Luanshya, commercially the fastest growing province in Zambia, with easy access to several export markets.
- **Planting Naturals**– a commercial palm oil plantation and milling operation located near Daru, Sierra Leone. Apart from relying on its own nucleus plantation, the business partners with the local farming community by purchasing fresh fruit bunches (FFB) from c. 10,000 registered outgrower farmers. The mill processes the FFB into crude palm oil (CPO) and palm kernel oil (PKO).
- **Kanu** – a specialist in the supply of world-class agriculture, forestry, earthmoving and road construction equipment. It is one of the largest dealers for *Liebherr* and *Bell Equipment* in eastern, western and southern Africa with a network of spare part distribution centres across the territories.

Exits:

- **General Plastics Limited (GPL)** – a family business founded in 1977 and a manufacturer of packaging products servicing major customers in the food, beverage and agri chemical sectors. GPL is ISO-certified with a combined workforce (permanent and contract) of more than 900 people. GPL specialises in four key production processes: extrusion blow moulding, injection moulding, thin-wall injection moulding and polyethylene terephthalate injection stretch blowmoulding. The production facilities utilise a wide range of polymers and pigments as raw materials to produce packaging options for local and regional consumption. AAF exited this investment in 2018.
- **Meridian** – Meridian's core focus is the importation, blending and distribution of high-quality fertiliser. The Mauritius-based group operates across Malawi, Mozambique, Zambia and Zimbabwe. The group's subsidiaries locally manufacture, distribute and trade in agricultural commodities that allow for partnership with local farmers and provide them with best value, tailormade solutions. AAF exited this investment in 2019.
- **Feronia** – a palm oil business that has three remotely located plantations in Lokutu, Yaligimba and Boteka, based in the Democratic Republic of Congo. The plantations produce CPO and PKO for the domestic market. The company is listed on the Toronto TSX Venture Exchange. AAF exited this investment in 2020.
- **Continental Beverage Company** – specialises in the production and marketing of water and juice in Côte d'Ivoire under the ***Olgane*** and ***Doucy*** brands. It is one of the largest safe bottled water producers in the country with a distribution network that spans the country. AAF exited this investment in 2022.
- **AAF SME Fund** – was established as a subsidiary fund of the AAF and is independently managed by Databank Agrifund Manager Limited (vintage 2012). The private equity fund was established to focus on food production and processing at the small and medium enterprise (SME) level throughout the African continent. The AAF SME Fund was established out of the AAF. With eight investments, these small and medium businesses (formal and informal) represent the real economy and remain critical to the economic development of the continent.

Housing Fund investment portfolio:

- **Westpoint Heights** – a 66 two-bedroom unit development located in Kikuyu, Kiambu; complete and fully operational.
- **Westlands Place** – comprises of a 95 one-bedroom high-rise apartment block located in the Nairobi central business district; complete and fully operational.
- **Nakuru Meadows** – a development of 104 units of varying typologies located in the burgeoning city of Nakuru in Kenya; 70 units complete and fully operational.
- **Izuba City** – a development of 304 units of varying typologies located in Kigali, Rwanda; 64 units complete and fully operational. Exited in 2022.
- **Camland Villas** – consists of 298 serviced plots development located in Makeni, Lusaka; three show houses complete, additional 23 houses under construction. 147 plots in total developed (constituting phases 1 and 2), with phase 3 plots development underway.
- **72 Magadi Road** – centrally located 2.4-hectare plot in Karen, Nairobi; was not developed but sold for value. Exited in 2022.

Food Fund 2 investment portfolio:

Food Fund 2, a follow-on to AAF, achieved a final close of US$ 143 million in February 2021. PFF 2 has made the following five investments:

- **Rolfes Group** – established in 1938, Rolfes is a supplier of agricultural, food, industrial and water chemical management solutions and services for both the South African and international markets. The company's divisions include: agricultural, food ingredients, industrial chemicals and water. With a projected global population increase to 10 billion people by 2050, Rolfes caters for the ever-increasing food security, water treatment and manufacturing demand.
- **Farming and Engineering Services** – an industry-leading equipment and integrated contracting services provider to the agricultural sector in Malawi. It has provided a full range of world-class products, expert technical services and practical know-how for over 50 years in the Blantyre, Nchalo, Lilongwe and Dwangwa regions.
- **Deltamune** – a South African based biotechnology company. Deltamune develops and manufactures vaccines used in production animals for the food market – particularly poultry. More recently, the company has expanded its vaccination range to address the ruminant market (cattle, sheep, etc.). Deltamune produces autogenous vaccines: they create and adapt vaccines specifically for local African diseases and virus variants. They also manufacture registered vaccines, addressing diseases such as Avian Influenza, Coryza, Newcastle Disease, Salmonella, Anthrax and Lumpy Skin, amongst others).
- **Lona Holdco Pty Ltd** – a vertically integrated foods business with operations in primary agriculture, packhouses, food production, cold storage as well as branded food export and distribution. The Group's products (predominantly citrus) are sold locally and exported globally to 45 countries. Lona's head office is in Cape Town with its various divisions operating in the Gauteng, KwaZulu-Natal, Limpopo, Eastern Cape, and Western Cape provinces of South Africa.
- **MHL International Holdings Limited, a subsidiary of the Manipal Group** – MHL is a leading printing and packaging group in sub-Saharan Africa, operating through subsidiaries in Kenya (established in 2008) and Nigeria (established in 2014). Manipal's range of products cut across flexible packaging and self-adhesive labels among other ancillary services, and support a wide variety of industries, key among them being the food and beverage, and agriculture sectors.

In 2022 Phatisa successfully closed a US$1 million technical assistance facility ('TAF 2') to deploy alongside PFF 2 portfolio companies with the intention of delivering impacts at scale that could not otherwise be funded at the point of investment or by the company's cash flow. We have four active projects, and a strong pipeline of projects for 2024. Technical assistance funds are typically used to respond to a high impact opportunity where the business case is not immediately obvious. The intention is to help our portfolio companies to be more inclusive in their growth and to unlock, through grant funding, projects which will help achieve this mission whilst also benefitting the portfolio company financially. We are intentional about impact.

iii. HOW PHATISA INCORPORATES THE OPERATING PRINCIPLES FOR IMPACT MANAGEMENT INTO ITS INVESTMENT PROCESS

Principle 1: Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs) or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are

consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- At Phatisa we are committed to the principle of 'and' – as opposed to 'or', meaning we focus on delivering impact & returns. Planet & profits. Growth & responsibility. We do not believe that financial performance and impact are mutually exclusive – rather, mutually beneficial. We are driven by a passion to positively impact the lives & livelihoods of African people. We aim to achieve this ambition by investing into the food value chain and affordable housing – to create inclusive businesses that maintain their commercial focus, while addressing societal and environmental challenges.
- Phatisa has defined clear strategic impact objectives, including commitments and specific targets. These are centred on the United Nations Sustainable Development Goals (SDGs), in particular:

  SDG 1: No poverty
  SDG 2: Zero hunger
  SDG 11: Sustainable cities and communities
  SDG 13: Climate action

  We are also committed to making contributions to SDG 5: Gender equality; SDG 8: Decent work and economic growth; SDG 10: Reduced inequalities; and SDG 15: Life on land. Through our focus on strong governance within portfolio companies, we are also committed to SDG 16: Peace, justice and strong institutions. We believe in partnering with our portfolio companies and other relevant players to implement programmes and actions aimed at ensuring we achieve our strategic impact targets and as such, see our contributions as partnerships for the goals (SDG 17).
- Each fund and investment has a theory of change that links it to the funds' strategy and targets and describes the activities that are projected to bring about the intended outcomes and impacts. This helps to guide the investment process and our intentional impact interventions. Specific projects also have theories of change, particularly our technical assistance facility 2 (TAF2) projects. These are mapped in a measurement plan and specific indicators are linked to each step of the theory of change to guide data collection as well as to ascertain whether our intended impacts are indeed being achieved.
- Our investment track record dating back to 2011 enables us to identify specific impact targets which we believe are achievable going forward, particularly as we are in the investment period of our second food fund, PFF 2.
- We plan to exit all PFF2 portfolio companies with net zero by 2050 (or sooner) strategies to ensure that all our portfolio companies are future-proofed and to align with international commitments around climate change.
- Phatisa is also aligned to the 2X (Financing for Women) challenge, and TCFD (Task Force on Climate Related-Financial Disclosures), IFRS S2and Principles for Responsible Investments.
- We use bespoke indicators and calculations for each portfolio companies to be able to track food production across the companies to measure against our PFF2 target of 3,000,000 tonnes of food and food-related products produced.
- PFF 2's TAF2 is aiming to link at least 3,145 bottom-of-the-pyramid (BOP) beneficiaries to TAF 2 portfolio companies in a sustainable and lasting way.

Principle 2: Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognising that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Phatisa has in-house impact capacity and competency to manage and deliver against its impact goals. We have a dedicated three person sustainability team based across Johannesburg and Nairobi, which is focused on ESG, Impact and TAF 2.
- Phatisa has a formal impact measurement and management (IMM) system, which details all the processes necessary to achieve impact goals and targets, ranging from deal sourcing through exit. Data is gathered quarterly and annually against bespoke indicators for each investment, based on its particular impact profile.
- Specific impact projects have been implemented at the portfolio company level to help ensure the achievement of certain defined SDGs and staff incentives in the portfolio management team are aligned with the realisation of stated impact targets against these projects.
- Phatisa has quarterly and annual impact measuring processes in place to ensure that the focus on impact is maintained.
- TAF 2 has half yearly impact measuring processes and reporting in place to ensure that the focus on impact is maintained for each project. This is linked to the theory of change for each project and the relevant indicators set out in the M&E plans.

Principle 3: Establish the manager's contribution to the achievement of impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels.[1] The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- Phatisa publishes stand-alone, evidence-based publicly-available fund impact reports, which detail the narrative of how it has contributed to the achievement of sustainable impacts at portfolio companies and on a fund level.
- Our contributions to the achievement of impacts are through both financial and non-financial channels. Through active shareholder engagement, we are able to grow our companies and thereby increase the reach of the business's primary activity, be it related to food or affordable housing. For example, we grew Meridian from producing 220,000 tonnes of fertiliser for the year ended 2015 to producing 490,000 tonnes by the end of 2018, a large proportion of which is sold to smallholder farmers.
- We also contributed to the achievement of impacts through the provision of technical assistance by the AAF's Technical Assistance Facility, which directly linked 26,261 beneficiaries to portfolio companies, providing market linkages, inputs training and other key agricultural services.
- Our technical assistance facility (TAF 2) has clear guidance on additionality and the assessment of contribution, taking international best practice guidance into consideration, as provided by Impact Frontiers (previously the Impact Management Project). Results are appropriately discounted and

[1] For example, this may include the cost of capital, active shareholder engagement, specific financial structuring, offering innovative financing instruments, assisting with further resource mobilization, creating long-term trusted partnerships, providing technical/market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.

reported in line with the guidance. Additionality represents the extent to which our inputs were fundamental or catalytic to the effects achieved. It is a counterfactual measurement determining what would have happened to the company if money had not been invested in it. We need to ask whether the portfolio company would have been equally well capitalised and whether the same impacts would have arisen without our investment. Given that the food funds' investments are often expansion capital, Phatisa's approach to understanding additionality needs to be nuanced and informed by analysis of local investment climates and equity investment vehicles available in the area in order to determine the likelihood of the business finding alternative financing. Phatisa has also set stand-alone additionality targets for our technical assistance facility (TAF 2). Phatisa is guided by Impact Frontiers in terms of approach to determine additionality. Based on available time, budget and data, we will utilise market research, stakeholder feedback, and where feasible, utilisation of a control group.

Principle 4: Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and where possible, quantify the concrete, positive impact[2] potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact?[3] The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards[4] and follow best practice.[5]

- Phatisa's IMM details the systematic approach to be followed when assessing the expected impact of our activities.
- Our deal-scoring process anticipates the impacts that can be achieved in an investment and we have a clear scoring system that assigns the impact potential of that investment against our targeted SDGs.
- At the due diligence stage, impact and technical assistance opportunities are identified and included in the Investment Committee paper. Technical assistance projects, in particular, look for catalytic opportunities, such as provision of services to small-scale farmers that was previously not feasible (such as vaccinations for chickens reared by small-scale farmers), climate change mitigation or adaption projects or access to geographical markets that may previously have been un(der)served.

[2] Focus shall be on the material social and environmental impacts resulting from the investment. Impacts assessed under Principle 4 may also include positive ESG effects derived from the investment.

[3] Adapted from the Impact Management Project (www.impactmanagementproject.com).

[4] Industry indicator standards include HIPSO (https://indicators.ifipartnership.org/about/); IRIS (iris.thegiin.org); GIIRS (http://banalytics.net/giirs-funds); GRI (www.globalreporting.org/Pages/default.aspx); and SASB (www.sasb.org), among others.

[5] International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant and Timely), and SPICED (Subjective, Participatory, Interpreted & communicable, Cross-checked, Empowering, and Diverse & disaggregated), among others.

- For each investment, we define bespoke indicators, aligned with IRIS+, the Joint Impact Indicators and other industry standards, which are designed to reveal (i) the intended impact; (ii) the beneficiary of the impact; and (iii) the significance of the intended impact.
- Annual (or more frequently if necessary) site visits to gather qualitative narratives supporting quantitative data are also planned and conducted. We also have monthly meetings with each portfolio company to gather the information.
- Our measurement and reporting procedures are aligned with the principles and processes defined by Impact Frontiers, whereby we assess each impact based on: what, who, how much, contribution and risk.
- Risk factors which could prevent the intended impacts from being achieved are defined and monitored on a quarterly basis (risks are aligned with the impact risks defined by the Impact Management Project). Where necessary, course corrections are performed to ensure that an investment stays on track in terms of achieving anticipated impacts.

Principle 5: Assess, address, monitor and manage potential negative impacts of each investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG)[5] risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice.[6] As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- Phatisa is wholly committed to the identification and management of environmental, social and governance (ESG) risks, and addressing these in the companies its funds invest in. We have an ESG Policy, which is available on request. We also have a best-in-class and independently reviewed ESG management system (ESG MS) which guides our investment practices and ensures effective and ongoing ESG risk management.
- At the scoring stage, each deal is assessed for potential ESG risks and a score out of five is assigned to the investment. A minimum of an aggregate 3.5 out of five should be achieved for the deal to progress.
- ESG due diligence is carried out on each potential investment, evaluating performance against the International Finance Corporation Performance Standards and applicable industry or country specific regulations and guidelines. The outcomes of this are put into an environmental and social action plan (ESAP) and a business intergrity action plan and is highlighted and discussed in our final investment committee meetings.
- ESG capacity and competency are internalised in Phatisa, with three persons dedicated to the management and monitoring of ESG risks and performance. We also work closely with portfolio companies to strengthen their in-house capacity and competency for ESG risk management. For example, through TAF 2, we have a project who's primary aim is to build ESG capacity and competency and that is implementing an ESG MS at MHL.

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[5] The application of good ESG management will potentially have positive impacts that may or may not be the principal targeted impacts of the Manager. Positive impacts resulting from ESG matters shall be measured and managed alongside with, or directly embedded in, the impact management system referenced in Principles 4 and 6.

[6] Examples of good international industry practice include IFC's Performance Standards (www.ifc.org/performancestandards); IFC's Corporate Governance Methodology (www.ifc.org/cgmethodology), the United Nations Guiding Principles for Business and Human Rights (www.unglobalcompact.org/library/2); and the OECD Guidelines for Multinational Enterprises (http://mneguidelines.oecd.org/themes/human-rights.htm).

•Data is gathered every quarter and annually from portfolio companies, and included in sales and purchase agreements is a requirement that at least one ESG monitoring visit be conducted to each portfolio company annually. Where necessary, ESG conditions precedents are included in sales and purchase agreements.

- ESG action plans are compiled for each company, with clearly defined timelines to resolution of non-compliances.
- Support is provided by the fund manager to investees to ensure compliance with best international standards and to resolve any unexpected events.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action.[7] The Manager shall also seek to use the results framework to capture investment outcomes.[8]

- Phatisa has a detailed IMM in place which guides the investment process from an impact point of view.
- A theory of change both for the fund and for each individual portfolio company defines the expected outputs, outcomes and impacts of an investment.
- Indicators are defined according to the theory of change and align with internationally accepted indicators, such as IRIS+, HIPSO and the Joint Impact Indicators.

- Impact data is shared by the portfolio company quarterly and annually (depending on the indicator) with the fund manager and verified on-site at least annually. Data is reported in both quantitative and qualitative formats to the sustainability team at Phatisa. This data is then analysed to identify progress against the baseline as well as trends and used for reporting to investors and to shape the impact projects within each portfolio company. Data is included in quarterly and annual investor reports and biennially in publicly available impact reports.
- When monitoring indicates that the investment is no longer expected to achieve its intended impacts, measures are taken including providing additional support to portfolio companies to help them achieve their goals, adjusting targets or, in exceptional cases, the consideration of early divestment.
- ESG, impact and technical assistance opportunities and risks are also discussed at the bi-monthly investment team meetings, as well as at portfolio review meetings.
- The impact data required for our TAF 2 is collected on a bi-annual basis and is reported in a half yearly TAF 2 report to the relevant donors.

Principle 7: Conduct exits considering the effect on sustained impact

[7] Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unforeseen, and changing circumstances; or other appropriate measures to improve the portfolio's expected impact performance.
[8] Outcomes are the short-term and medium-term effects of an investment's outputs, while the outputs are the products, capital goods, and services resulting from the investment. Adopted from OECD-DAC (www.oecd.org/dac). [10] This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.

When conducting an exit,[10] the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Phatisa's IMM is designed to embed impact-enhancing activities within the normal operations of the business as well as through our technical assistance facility: inclusive business or shared value. As such, when we exit, these activities continue beyond our management of them as they are designed to deliver value both to the business as well as to targeted beneficiaries.
- We aim to ensure ESG and impact is embedded in the companies culture and through portfolio company buy-in from senior management. This is done through ensuring additional capacity and competency is evident through hiring ESG resources, ensuring effective management systems are in place, as well as embedding the correct reporting and monitoring processes within the respective companies.
- At the time of exit and in line with our ESG MS we address any ESG issues that require urgent attention prior to disposal. We ensure the readiness of the company to withstand scrutiny by a potential new investor related to ESG and impact, and in the exit documentation highlight key ESG and impact achievements and resources.
- Where feasible, we will meet with the new investor to discuss ESG and impact status, and provide support for them to continue projects.
- For example, at Meridian – a fertiliser blender in Malawi – in collaboration with AAF's Technical Assistance Facility, we set up the Farm Services Unit (FSU) which deploys agronomists to smallholder farmers and trains them on the correct timing and application of bespoke fertiliser blends depending on the crop. The FSU is now fully integrated into Meridian and helps drive revenue for the business as the activities result in brand loyalty from the smallholders. Demonstration plots show that yields increase between 18% to 30% as a result of these activities which, in turn, results in increased incomes and therefore improved quality of life indicators for smallholder farmers.
- Phatisa also develops clear exit strategies for each of our technical assistance projects to ensure that positive impact is sustained beyond the life of the project.

Principle 8: Review, document and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Phatisa's IMM guides us to review and document the performance of each investment. This is done as described under Principles 5 and 6 above.
- Actual results are compared to the theory of change and to expected impact objectives. These findings are used to improve operational and strategic investment decisions, as well as management processes.
- Lessons learnt are used as opportunities to improve performance going forward, and where necessary, the Phatisa IMM is updated to reflect findings.
- Case studies of impact projects are also shared publicly so that learnings and successes can be shared with our investors, peers and other stakeholders.
- Impact reports also reflect and document the impact performance of each investment, highlighting positive impacts and Phatisa's value addition. These reports also emphasis the lessons learnt and how we as Phatisa have incorporated this into our operational and strategic investment decisions and management processes.

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular, independent verification[9] of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

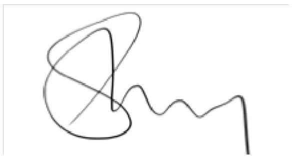
- This Disclosure Note affirms the alignment of Phatisa's procedures with the Impact Principles and will be updated annually.
- Phatisa underwent a second independent external verification of its alignment to the Impact Principles in 2022. This verification audit/limited assurance was performed by IBIS Consulting (IBIS), an independent ESG and sustainability consultancy based in South Africa.
- The limited assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (revised), Assurance Engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board.
- The Assurance Conclusion is as follows: 'We believe that the information provided by Phatisa and the work performed by IBIS are sufficient and appropriate to form a basis for our limited assurance conclusion. In our opinion and based on our limited assurance procedures, nothing has come to our attention that causes us to believe that Phatisa's policies, procedures and practices differ in any material way to the way that these are described in the Phatisa OPIM Disclosure Statement for 2022.'
- The independent assurance report on the alignment of Phatisa with the Operating Principles for Impact Management is available at https://www.phatisa.com/_files/ugd/1ebe5f_42950523cbb047c5b452fe0076932c0f.pdf. The verification will be replicated periodically.
- Information on the current independent verifier is as follows:

Name and address:	IBIS ESG Assurance (Pty) Limited First floor, Acacia Building The Avenue Office Park 45 Homestead Road, Rivonia Johannesburg, 2191 South Africa
Qualifications:	'IBIS is a premier emerging market sustainability consultancy that helps companies unlock value by improving their environmental and social performance. We provide a unique combination of executive management and on-the-ground expertise supported by our extensive experience working with multinational companies and local clients across Africa and Asia. IBIS is an independent and licensed provider of sustainability assurance services.'

[9] The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality.

Most recent review: 14 September 2022

Next planned review: 2025



Stuart Bradley
Managing Partner

Date: 28 April 2024

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