

ALTERRA

Capital Partners

Alterra Capital Partners Environmental, Social and Governance and Impact (ESG&I) Policy

1. Alterra's ESG and Impact Vision

The Alterra Capital Partners (Alterra) Environmental, Social, and Governance and Impact (ESG&I) Policy is based on a comprehensive view of sustainability. As an asset manager with fiduciary responsibilities, Alterra strives to create value by contributing to sustained growth of portfolio companies. Environmental, Social, and Governance (ESG) considerations go hand in hand with value creation efforts, because portfolio companies that seek to understand, prepare for, and mitigate ESG risks are more resilient, more innovative, and more competitive. Simultaneously, Alterra recognizes the powerful role of private capital in contributing to and accelerating positive development impact, particularly in emerging markets. As such, Alterra also strives to contribute to sustainable growth and advancement of African communities through the promotion of positive impacts arising from company operations.

2. Alterra's Commitment

To realize this vision, Alterra commits to the following:

- Ensure that ESG&I considerations are an integral part of Alterra's investment processes,
- Ensure sufficient organisational ESG&I capacity and competency,
- Develop and implement a robust ESG&I Management System, applicable to all funds under management, based off international best practice standards and in line with this ESG&I Policy, to ensure the consistent and robust application of ESG&I across all investments,
- Drive continual improvement on ESG&I matters at portfolio companies, through ongoing monitoring, evaluation, and reporting on progress against set ESG&I objectives and targets, with the expectation that their operations align with the ESG&I principles and standards noted in this policy, as applicable, and
- Provide regular and transparent disclosures on ESG&I efforts, activities and progress to investors and other relevant stakeholders.

3. Policy Introduction

3.1. Purpose

The ESG&I Policy introduces the high-level framework that Alterra will follow to integrate ESG&I considerations throughout the investment process and achieve its vision for sustainability. It is the foundation of the more detailed processes and procedures found in Alterra's overall ESG&I Management System (ESGIMS).

3.2. Scope

The ESG&I Policy encompasses ESG&I risk management and value creation considerations as a reflection of Alterra's broader ESG&I vision. The ESGIMS detailing the practical application of the policy includes ESG&I policies, principles, and standards to manage any negative risks and impacts associated with the investment as well as ESG&I-related opportunities where Alterra strives to go beyond a "do no harm" approach. These policies, principles, and standards form the foundation of Alterra's approach to ESG&I management and may not be exhaustive.

3.3. Applicability

This ESG&I Policy applies to all Alterra investment activities.

4. ESG&I Principles, Guidelines, and Standards

4.1. Guiding Principles

Alterra recognizes that material ESG risks have the potential to negatively impact company value in myriad ways and is committed to maintaining adequate resources to effectively manage ESG risks to the various stakeholders in the communities in which it operates. In practice, this means identifying, mitigating, and managing ESG risks at companies in a manner consistent with local laws and regulations and with international standards. Alterra will work with portfolio companies to anticipate and avoid adverse impacts on workers, communities, and the environment, or where avoidance is not possible, to minimize, and where residual impacts remain, offset or compensate for the risks and impacts, as appropriate.

Alterra also recognizes that its investment strategy has significant potential to contribute to positive development impacts. To maximize these impacts, Alterra will focus on three highly relevant and interrelated impact themes in its investments: quality job creation and skills development, women's empowerment, and mitigation of and adaptation to climate change. The consideration of these impact themes will be strategic and deliberate. Across all investments, Alterra will determine if company operations or business models lend themselves to impacts in any of the three areas. In coordination with the company, Alterra will develop specific, measurable, and commercially feasible goals or targets in the impact area(s) and report on progress against those goals in a standardized manner.

4.2. Applicable ESG&I Laws, Guidelines, and Standards

Alterra's commitment to implement ESG&I considerations is guided by a host of applicable national and international guidelines and good practice standards. Application of these guidelines and standards ensures that ESG&I factors – including those most likely to be material to Alterra investments – are integrated into investment decision making and processes in a consistent and robust manner. Alterra will work with all portfolio companies to continually improve ESG&I performance and, in particular, to align with the following:

- Applicable national and local ESG&I laws and regulations,
- The International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (dated January 2012),
- The World Bank Group Environmental, Health and Safety Guidelines (2007), and
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work (1998).

While the following are not applicable to all investments, nor do they include explicit ESG requirements per se, they are widely accepted, sustainability-related frameworks that the Fund will use for guidance as applicable:

- Sustainability Accounting Standards Board (SASB) Standards,
- The International Standardization Organization (ISO) Certifications,
- The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations,
- The 2X Challenge: Financing for Women, and
- The UN Sustainable Development Goals (SDGs).

Lastly, Alterra recognizes – and publicly acknowledges – the importance of playing a leading ESG&I role within the private equity sector. As appropriate, Alterra endorses major, internationally recognized initiatives. Currently, Alterra is a signatory to the following:

- UN Principles for Responsible Investment
- UN Global Compact

5. Policy Implementation

The values and vision described in this policy inform the procedures described here at a high level and in more detail in the Alterra ESGIMS. The Fund Manager is responsible for implementing these processes, which effectively embed ESG&I considerations into all steps of the investment process from pre-screening to exit.

5.1. Investment Process

Alterra will screen all pipeline deals against its Exclusion List. During screening, Alterra will also provide an initial ESG risk rating and possible impact considerations to inform the level of due diligence should the deal proceed.

Based on the risk categorization of a potential investment, Alterra will conduct due diligence commensurate with the risk level to develop a strong understanding of ESG&I gaps. The ESG&I due diligence will also identify opportunities to progress against targeted impact goals with respect to the Fund's three impact areas of focus. Ultimately, assessment findings will inform an initial ESG and Impact action plan (ESGIAP).

Alterra will engage with respective portfolio company partners to align on a path forward to achieve ESG&I expectations. The final ESGIAP should be commercially feasible, and actions should be timebound and tied to specific deliverables. Prior to investment, Alterra will incorporate ESG&I requirements and expectations in legal documentation between the Fund and the portfolio company.

Alterra uses an active ownership approach to promote completion of documented ESG&I goals and ESG efforts more broadly. Alterra monitors portfolio company progress in implementing ESGIAPs through ongoing engagement with counterparts. This engagement is dynamic and allows for evolution of ESGIAPs based on additional needs or circumstances that may arise.

As the Fund prepares to exit an investment, the Fund will review the status of a portfolio company's ESGIAP to ensure that actions have been appropriately. In particular, the Fund will focus on ESG&I aspects that have impacted or have the potential to affect company value.

5.2. Reporting

Alterra is committed to providing detailed and transparent ESG&I reporting. In addition to ESG&I updates in quarterly reporting and ad-hoc reporting, e.g., in the event of a material incident, the Fund will produce a comprehensive ESG&I annual report. Alterra's annual report will include pertinent operational updates, ESG&I accomplishments and challenges, the status of all ESGIAPs, and a look at contribution to development impact.

The Fund will also report on its own ESG activity. This includes updates pertaining to any changes to Alterra's sustainability policies and procedures and internal capacity building initiatives (e.g., training sessions completed).

5.3. Governance

Alterra maintains a dedicated ESG&I team including a dedicated ESG&I Manager and a dedicated ESG&I Officer to oversee the day-to-day implementation of the ESG&I Policy and the associated ESGIMS. Additionally, Alterra will engage third party expertise and support from competent and qualified service providers, as and when required. All investment professionals will be responsible for ensuring that investment processes are executed in a manner aligned with the ESG&I Policy.

The Alterra Partners have overall accountability for the execution of the ESG&I Policy by ensuring that adequate resources are allocated and maintained and by ensuring that the ESG&I Policy reflects the organization's values and investor requirements.