

Virunga Africa

Responsible Investment policy

Version last updated: July 2025

www.admaius.com

INTRODUCTION

Admaius Capital Partners (“Admaius” or “the Firm”) believes businesses are pivotal in creating and delivering sustainable, socioeconomic value within their communities and markets of operations. Through our investment strategy we support leading entrepreneurs across our core African markets, to deliver wider socioeconomic value, while also seeking competitive financial returns for our investors and end beneficiaries. Delivering positive impact and wider socioeconomic value is thus a key part of how we interpret our responsibilities and fiduciary duties. To achieve this, we systematically integrate environmental, social and governance (“ESG”) and impact across investment decision making and portfolio management processes.

OUR BUSINESS PURPOSE

We invest in Africa’s most innovative and transformative businesses of tomorrow, helping the continent diversify into sectors of technological innovation and enhanced human capital. We see opportunities for dynamic entrepreneurship, through supporting successful profitable companies that deliver lasting returns for investors and end beneficiaries. As we invest, we strive also to achieve lasting economic and social impact for the individuals with whom our companies intersect, through reducing gender inequalities within workforces, and supporting equality of opportunity, while minimizing our negative environmental and social externalities.

OUR COMMITMENTS

We are committed to being an active owner and steward of capital rather than simply a shareholder. To the extent we have ownership and control, we work closely with our portfolio companies to ensure ESG risks and opportunities are effectively managed, while supporting each company in delivery of impact goals.

As an impact aligned investor, we invest with the explicit intention of supporting positive social and/or environmental outcomes from our investments, while seeking competitive financial returns.

We seek to work collaboratively with other industry participants and stakeholders, working towards best practice in impact investing, stewardship and ESG integration. For example, we benchmark and frame our practices against leading industry initiatives such as 2X, and the Operating Principles for Impact Management (“OPIM”).



We are a proud signatory to the UN PRI and report annually against our progress and alignment to their 6 important principles.

We also have commitments to ESG aligned LPs and DFIs regarding the extent of our ESG and impact alignment, ongoing stewardship, monitoring, reporting and excluded sectors / business activities.

GUIDING PRINCIPLES

These guiding principles reflect our core ethics, supporting us in building businesses that are competitive, ethical, and sustainable:

We will:

- At all times comply with applicable regulations
- Meet and exceed, where reasonably practicable regulatory requirements
- Seek to invest for positive socioeconomic impact in line with our business purpose, commitments and firmwide SDG linked impact objectives
- Take a proactive risk-based approach to identifying and managing unintended ESG risks and negative impact, including minimizing negative externalities
- Provide adequate resources to implement our responsible investment strategy, and ESMS
- Engage with and collaborate with wider stakeholders where possible to achieve our business purpose and common ESG and impact goals
- Provide stakeholders with reporting and information pertaining to our responsible investment strategy and practices
- Remain politically neutral i.e. not favour any political party, group or individual over another
- Not permit the use of funds or resources to be used as contributions to any political campaign, party, candidate, or affiliated organization
- Not employ public officials to engage in political advocacy or lobbying on our behalf
- Not engage or invest in any entity or business engaged in activities listed within our exclusions list
- Not engage with entities and persons listed on UN Sanction Lists
- Not engage with entities and persons who have engaged in corruption or fraud
- Always act with respect for fundamental human rights as defined in the UN declaration of human rights

COMMITMENT TO BEST PRACTICE

We work with our portfolio companies to support compliance with applicable national and local regulations, and to integrate best practice into their operations. As a business committed to delivering impact and holistic, socioeconomic value, we are also committed to minimising adverse environmental and social (“E&S”) impacts or externalities generated through our portfolio and value chains.

To achieve this, we leverage the following principles and standards of best practice (a non exhaustive list):

- Operating Principles for Impact Management (“OPIM”)
- International Finance Corporation’s Performance Standards (“IFC PS”)
- World Bank Group’s Environmental, Social and Health Guidelines (“WBG EHS”)
- International Labour Organization’s (“ILO”) Core Labour Standards
- The United Nations (“UN”) Declaration of Human Rights
- The United Nations Guiding Principles on Business and Human Rights (“UNGPR”)

POLICY AND SCOPE

We aim to deliver consistently on our commitments, balancing competitive financial returns with positive impact and ensuring each transaction is aligned with the values and priorities of the Firm. Please note this policy covers 100% of our AUM.

COLLABORATIVE INITIATIVES

To support our ongoing commitment to the PRI and efforts around investor stewardship linked to human rights we provide explicit endorsement and support for the UN PRI Advance initiative. This important initiative helps raise awareness of social risks and human rights in corporate value chains, as well as providing helpful resources to investors on how to best engage with companies to achieve this.



We are members of 2X the global gender lens initiative, and benchmark and frame our practices against their criteria. Similarly we regard OPIM as best practice on impact investing and frame our impact methodology against their guidance. On climate change we have issued our first firmwide Taskforce on Climate related Financial Disclosure ("TCFD") disclosure and continue to look for ways to participate in initiatives that put pressure on governments to act with urgency on this growing crisis including via the UN PRI collaboration platform.



Operating Principles for
Impact Management

More locally we actively monitor and participate in Africa-focused and private equity industry forums, events, and conferences such as AFSIC (Investing in Africa conference), the African Venture Capital Association (AVCA) and East African Venture Capital Association (EAVCA) to stay abreast of emerging trends, regulatory developments, and approaches to responsible investing. This ongoing engagement enables us to benchmark our practices, expand our networks, and identify new opportunities to collaborate and ensure our stewardship and investment strategies are informed by the latest market intelligence and stakeholder expectations.

OUR APPROACH TO IMPACT



As an impact aligned investor, we have moved away from a traditional focus solely on shareholder value and bottom-line returns to a holistic stakeholder value-driven model. We believe this approach intrinsically delivers socioeconomic value which benefits the wider community and helps address systemic failures perpetrated by a shareholder-centric approach. In line with our core theory of change, we have aligned our impact thesis to several of the UN SDGs.

This table summarizes the SDG link to each of our core thematic sectors.

		Financial Services	Healthcare	FMCG	Education	Digital Infrastructure / B2B Services
All sectors	SDG 5 Gender equality	Y	Y	Y	Y	Y
All sectors	SDG 8 Decent work & economic growth	Y	Y	Y	Y	Y
Sector specific	SDG 1 No poverty	Y				
Sector specific	SDG 3 Good health and wellbeing		Y			
Sector specific	SDG 4 Quality education				Y	
Sector specific	SDG 9 Industry, innovation and infrastructure					Y
Sector specific	SDG 12 Responsible consumption & production			Y		

Anchoring our impact objectives and efforts to the SDGs helps galvanize and socialize our commitment to achieving lasting social and economic impact through our portfolio. This also allows collective buy-in to our common objectives from investors and investee companies. Across all investments we have impact objectives linked to:

SDG 5 gender equality (*a gender lens investing approach*): We seek to empower women with new technologies and equal opportunities for economic participation and leadership in the private sector.

SDG 8 decent work and economic growth (*a private sector development focus*): We look to encourage private sector growth and development through entrepreneurship and digital innovation.

These two goals define our impact thesis, stewardship priorities, and KPIs across all sectors in which we invest. We supplement these with additional objectives and metrics linked to an additional SDG which varies by sector as shown above (please note that the additional SDG is decided upon by the portfolio company so may differ to those shown in the table below). Each investment is reviewed by Admaius to ensure it is aligned to our core impact thesis, while simultaneously expected to deliver strong financial performance. Through this approach, Admaius believes it will be able to build market-leading businesses which create inclusive value for a wider set of stakeholders.

OUR APPROACH TO ESG

Please note the below objectives apply to us as a firm (i.e. at the GP level) and to the extent we have control and/or ownership are also the objectives we encourage and focus our stewardship efforts on for our portfolio companies (i.e. what applies to us, applies to them)

ENVIRONMENT (INCLUDING CLIMATE CHANGE)

Our objectives and commitments

- To conduct operations in compliance with all applicable environmental laws and regulations, across all regions of operation.
- To go beyond legal compliance and seek alignment to best practice environmental standards and guidelines by reviewing standards and codes as they develop, and seeking to incorporate them into Admaius' and/or portfolio companies' operations where practical and/or relevant.
- To seek to minimize and avoid negative environmental externalities, including emissions, energy, pollution, and waste.
- To promote sustainable use of natural resources, energy use efficiency, resource efficiency and effective waste management practices.
- To minimize our contribution to climate change (i.e. our impact on the climate).
- To ensure we are resilient and adequately prepared for climate change (i.e. for the impact of climate change on us and our portfolio companies), including managing climate risks and opportunities in line with recommendations of the TCFD.
- To report on our environmental performance regularly to internal and external stakeholders.

SOCIAL (INCLUDING HUMAN RIGHTS)

Our objectives and commitments

- To treat employees fairly in terms of recruitment, progression, terms and conditions of work and representation, irrespective of gender, race, colour, disability, health status, political opinion, sexual orientation, age, religion, social or ethnicity.
- To have a safe, respectful, and inclusive culture with rigorous work systems and procedures to protect direct and indirect employees, and zero tolerance towards bullying and harassment.
- To require key stakeholders to sign up to the Firm's ESG and Impact practices and Code of Conduct as part of employment or engagement, respectively.
- To ensure the safety of communities we intersect with through risk assessments, stakeholder engagements and grievance mechanisms that allow for anonymity and impartiality.
- To conduct operations in compliance with all applicable social laws and regulations, within all regions of operation. This includes a requirement for all partners, portfolio companies, suppliers, and other relevant third parties to meet all applicable local and national employment, and health & safety regulations.

SOCIAL (continued)

- To act with respect for all applicable social laws and regulations, as well as the international bill of human rights, the UN Guiding Principle for Business and ILO core labour standards.
- To go beyond legal compliance and seek alignment to best practice standards and guidelines by reviewing relevant standards and codes as they develop and seeking to incorporate them into Admaius' and/or portfolio companies' operations where relevant.
- To monitor heightened risks relating to child labour, forced labour, modern slavery, and/or human trafficking including to the extent practical and/or feasible in corporate value / supply chains.
- To take steps to assess and anticipate social risks arising from the company's activities and seek to avoid adverse impacts where possible and take mitigative measures where not possible.
- In line with our business purpose and core impact objectives we seek to advance fundamental human rights linked to SDG 5 (reducing gender inequalities within workforces,) and SDG 8 (supporting equality of opportunity) through the investments we make.

GOVERNANCE

Our objectives and commitments

- To conduct operations in compliance with all applicable governance laws and regulations, across all regions of operation.
- To go beyond legal compliance and seek alignment to best practice standards and guidelines by reviewing relevant standards and codes as they develop, and seek to incorporate them into Admaius' and/or portfolio companies' operations where relevant. This includes laws and international best practice standards relating to board governance, compliance, anti-bribery, and corruption practices.
- To remain politically neutral at all times.
- To act honestly, fairly and with respect in the execution of our business.
- To promote transparency and accountability grounded in sound business ethics
- To clearly define procedures and controls, with appropriate checks and balances in company management structures.
- To keep proper records, including internal records of all investment, financial, legal, and structural matters
- To identify, monitor and seek to manage potential conflicts of interest that may arise during the course of business activities.
- To set clear objectives and select appropriate ethical frameworks, establishing clear enunciation of responsibility and accountability, sound business planning, clear boundaries for acceptable behaviour, and performance evaluation measures.

APPENDIX: FIRMWIDE EXCLUSIONS

Admaius has a general exclusions list which clearly outlines activities it will not engage in or support through its portfolio companies. Admaius will not finance¹ any activity, production, use of, trade in, distribution of or involving:

- a) Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
- b) Fossil fuels (coal, oil, and gas) including construction of power plants and/or power transmission infrastructure (whether new or extensions)
- c) Child labour² or forced labour³
- d) Weapons and munitions, including paramilitary materials
- e) Alcohol (excluding beer and wine)⁴
- f) Tobacco⁴
- g) Gambling, casinos, gaming, and equivalent enterprises⁴
- h) Pork
- i) Pornography and/or prostitution
- j) Racist and/or anti-democratic media
- k) Real estate transactions or venture capital investments
- l) Hospitality⁵
- m) Ports including sea, land, and infrastructure between and/or serving ports
- n) Activities that impinge on lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples

1. For certain exclusions Admaius is able to seek a super majority consent from the LP advisory committee in order to permit investment (this is only applicable for certain exclusions as defined within our Cayman LPA).

2. Persons may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

3. Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

4. This does not apply to subproject sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a subproject sponsor's primary operations. Where there is, or reasonably may be, any doubt as to whether or not a company or a sponsor is "substantially involved" in this activity, the matter shall be referred to the Board of directors or investment committee or equivalent body responsible for approving the Company's investments.

5. Noted by the GP as an exclusion applying primarily to hotels (the partnership is permitted to invest in leisure and restaurants)

FIRMWIDE EXCLUSIONS (CONTINUED)

- o) Involuntary resettlement⁶ of people, households, firms, or private institutions
- p) Wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora⁷
- q) Marine and coastal fishing, such as large-scale pelagic drift net fishing and fine net fishing, harmful to unwanted vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats. This includes drift net fishing in the marine environment using nets in excess of 2.5 kilometers long
- r) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest
- s) Trans-boundary trade in waste products, except for non-hazardous waste destined for recycling⁸
- t) Radioactive materials⁹
- u) Unbonded asbestos fibers¹⁰
- v) Products containing polychlorinated biphenyls (PCBs)¹¹
- w) Pharmaceuticals subject to international phase outs or bans¹²
- x) Pesticides/herbicides subject to international phase outs or bans¹³
- y) Ozone-depleting substances (ODS) subject to international phase-out¹⁴

6. "Involuntary resettlement" means any permanent or temporary impact on any people, households, firms or private institutions ("affected persons"), being any of (a) an adverse effect on their standard of living, (b) their right, title or interest in any house, land (including residential, commercial, agricultural, forest, and/or grazing land), water resources, or any other movable or fixed assets being acquired, possessed, restricted or otherwise adversely affected, in full or in part, permanently or temporarily or (c) their business, occupation, place of work or residential or habitat being adversely affected, with or without displacement, in each case as a result of any of (i) an acquisition of land and other fixed assets (ii) a change in use of land or (iii) restrictions imposed on land in each case arising from an Investment by the Company.

7. A list of CITES species is available from websites of multilateral institutions such as ADB and IFC.

8. As defined by the Basel Convention. See www.basel.int

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

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

11. A group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

12. A full list of pharmaceutical products subject to phase-outs or bans is available from the WHO "Restrictions in use and availability of pharmaceuticals, 2010-2018" publication last updated in December 2020.

13. A list of pesticides and herbicides subject to phase-outs or bans is available from websites of multilateral institutions such as ADB and IFC.

14. Chemical compounds that react with and deplete stratospheric ozone, resulting in the widely publicized ozone holes. The Montreal Protocol lists ODS and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol—includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates—is available from websites of multilateral institutions such as ADB and IFC.

CONTACT DETAILS

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