



# Africa Fund III

# ESG Review 2015

PREPARED MAY 2016

COVERING PERIOD JANUARY–DECEMBER 2015

Reporting on Environmental, Social, and Governance Matters

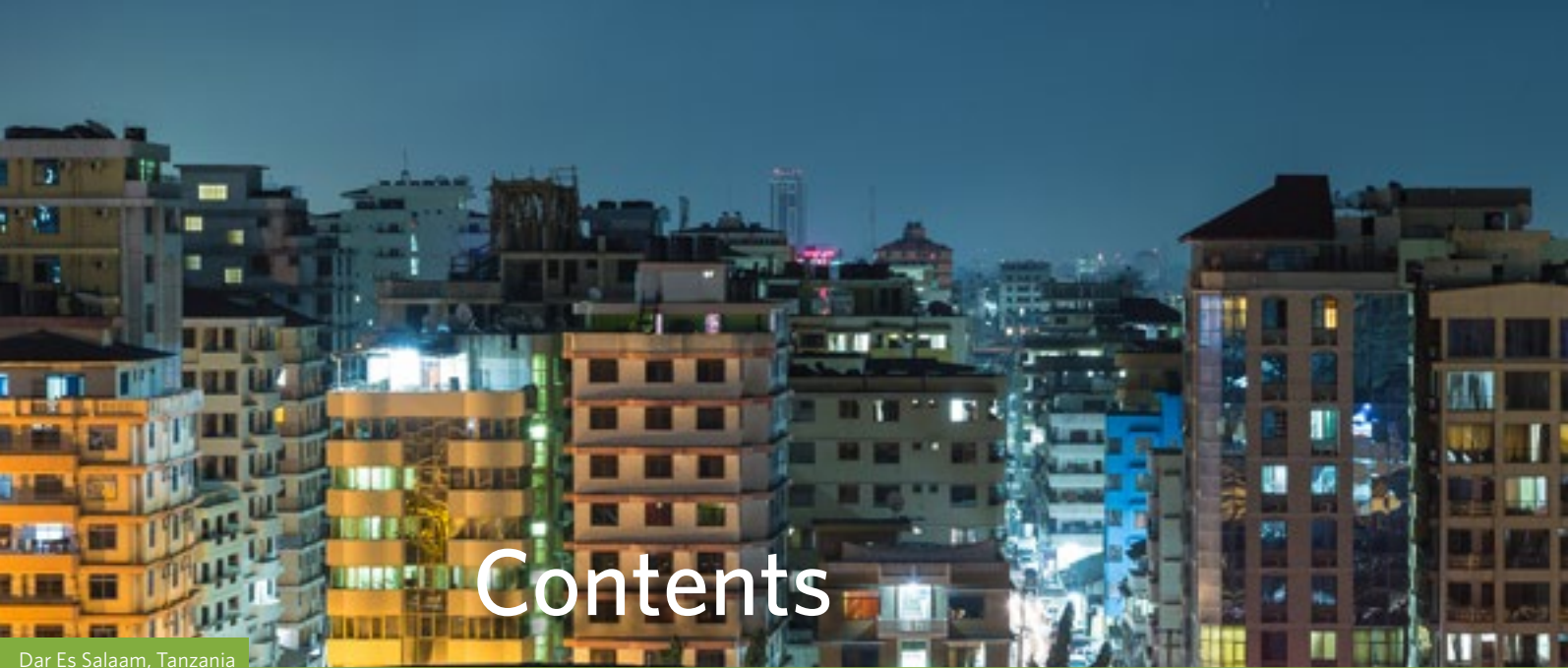


All reported information supplements the ESG data reported in the quarterly monitoring reports



EMERGING CAPITAL PARTNERS

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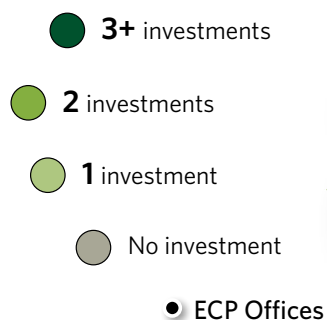
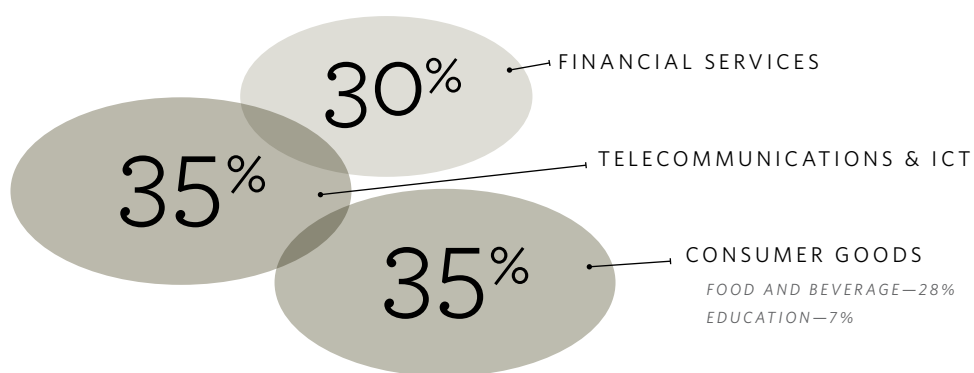


Dar Es Salaam, Tanzania

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# ECP Africa Fund III AT A GLANCE

7 July 2010 final close | **\$613.3 million** raised  
8 **total** portfolio companies | 1 **company** exited to date  
24 **countries** | **10,574** jobs\*



Algiers, Algeria

\* Not including NSIA



# Acronyms

**ABC**

*Anti Bribery and Corruption*

**ABC**

*Atlas Bottling Corporation*

**AML**

*Anti-Money Laundering*

**BLB**

*Buy and Lease Back*

**BOD**

*Biochemical Oxygen Demand*

**BRC**

*British Retail Consortium*

**BRS**

*La Banque Régionale de Solidarité*

**BTS**

*Built-to-Suit*

**CDC**

*Commonwealth Development Corporation*

**COD**

*Chemical Oxygen Demand*

**CRS**

*Corporate Social Responsibility*

**CUU**

*Cavendish University Uganda*

**CUZ**

*Cavendish University Zambia*

**DDO**

*Deputy Director of Operations*

**E&S**

*Environmental and Social*

**ESG**

*Environmental, Social, Governance*

**ESMS**

*Environmental and Social Management System*

**FI**

*Financial Institution*

**HAACP**

*Hazard Analysis Critical Control Point*

**HSE**

*Health, Safety, and Environmental*

**IFS**

*International Food Standard*

**IFU**

*Investeringsfonden for Udviklingslande*

**IMM**

*Impact Mitigation Monitoring*

**ISO**

*International Organization for Standardization*

**IUU**

*Illegal, Unreported, and Unregulated*

**KPI**

*Key Performance Indicator*

**LFS**

*Life and Fire Safety*

**MLL**

*Managed with License to Lease*

**MNO**

*Mobile Network Operator*

**NEMA**

*National Environment Management Authority*

**NHIF**

*National Hospital Insurance Fund*

**NSIA**

*Nouvelle Société Interafricaine d'Assurance*

**NSSF**

*National Social Security Fund*

**OHS**

*Occupational Health and Safety*

**OSHA**

*Occupational Safety and Health Act*

**PEACCHIS**

*Private Equity Africa Climate Change Investment Support*

**PFCI**

*Pêche et Froid Côte d'Ivoire*

**PFOI**

*Pêche et Froid Océan Indien*

**PPE**

*Personal Protective Equipment*

**PS**

*Performance Standards*

**RFN**

*Regency Foundation Network*

**SCODI**

*Société de Conserveries de Côte d'Ivoire*

**TOG**

*Thunnus Overseas Group*

**UNDP**

*United Nations Development Programme*

**UNPRI**

*United Nations' Principles for Responsible Investment*

# ESG Sustainability Policy *(Abridged)*

## Our Vision

At ECP, we recognize that the company's most valuable asset is its ability to create value through its investments while promoting socially and environmentally responsible development. We pursue this vision by incorporating Environmental, Social, and Governance (ESG) criteria into our investment decision-making as well as our ownership practices, thereby directly influencing investee companies to enhance their ESG performance.

## Our Approach

ECP embeds ESG considerations into all steps of the investment process from pre-screening to exit. In assessing opportunities, we screen out investee companies based on the International Finance Corporation (IFC) Exclusion List. We then categorize each investment according to its potential ESG risk profile at an early stage in the decision-making process, incorporating the IFC's Performance Standards as well as CDC guidance on corporate governance and business integrity as key parts of our ESG evaluation. Based on this categorization, we assign the proper level of ESG due diligence and internal resource allocation. In the case of high-risk ESG projects, we may turn to external consultants and independent experts for guidance.

Following this process, ECP integrates ESG considerations into relevant investment agreements, prioritizing risk management and value-addition strategies. Where impact avoidance is not feasible, we strive to incorporate engineering and management procedures to minimize the magnitude of adverse consequences.

Throughout the life of an investment, ECP evaluates a portfolio company's ESG performance on an on-going basis. ECP also conducts periodic monitoring visits when necessary. ECP provides reports to our investors on ESG-related issues quarterly and annually. Through effective monitoring of our companies and their investments, we are able to identify areas of concern that require attention, as well as ways to achieve continued improvement and excellence in the companies' processes. Ultimately, we strive to see the investee companies implement their ESG policies.

## Our Commitment

ECP management believes that ESG principles are a core part of responsible investing in emerging economies. In May 2010, ECP signed the United Nations' Principles for Responsible Investment (UNPRI), which provides a framework for investment professionals who believe ESG considerations affect the performance of investment portfolios and who seek the incorporation of sustainability within the investment process. At ECP, we view our commitment to ESG as a continual process of assessment and evaluation, and we are committed to updating our policies and procedures accordingly.

Signatory of:



# ESG Review & Risk Rating

## ESG FRAMEWORK

ECP fully integrates ESG considerations into its investment processes from early review to exit, providing a framework and guidance for our investment professional as well as our portfolio companies

### Early Review

Is the investment sector prohibited by the IFC/CDC exclusion list?  
Are there emerging reputational risk issues?  
Has the company been reviewed and assigned a preliminary ESG risk categorization?

### ESG Due Diligence

Has ESG-relevant information been gathered through questionnaires, interviews, and/or site visits?  
Has a gap analysis been performed to identify a corrective action plan for ESG improvements with which portfolio company management can agree?  
Does the proposed investment operate in accordance with local laws and international good practice?  
Has an evaluation occurred leading to the assignment of an ESG category to the investment?

### Investment Decision

Have ESG-related covenants been included in relevant investment documents?  
Have ESG-related items been considered before disbursement?  
Has the total cost of the ESG corrective action plan been considered?

### Monitoring Procedure

Have regular portfolio company updates been held?  
Was follow-up conducted for incidents, accidents, contract clauses, and/or corrective action plans?  
Have ESG-related items been considered before any follow-ons?

### Exit

Has the fund reviewed the development impact of the investment?  
Have appropriate background and reputational risk checks been conducted on potential buyers?

# ESG RISK RATING SYSTEM

ESG risk ratings serve not only to advise investment decisions but also to act as a tool to highlight ESG improvements that must be met and monitored over the lifetime of an investment. The ESG Risk Rating System helps ECP determine which companies will require more thorough consideration from an ESG perspective and whether to involve specialized technical knowledge. Risk rating is as much an art as it is a science and requires sound judgment as well as expertise.

ECP's initial step is to rate the inherent ESG risks for the company, considering the sector, size of operations, country, and any other relevant factors. Companies are given an overall risk category rating of A, B, C, or FI (Financial Institution) based on the IFC and CDC rating system<sup>1</sup> for environmental, social, and governance management.

The Environmental and Social Management System (ESMS) rating is a measurement of the quality of the company's ESG systems which is rated excellent, good, poor, or in progress based on the company's policies and processes, reporting, stakeholder management, and ESG performance management.



## Environment

### Risk Categorization

*Significant adverse environmental impacts that are sensitive, diverse, or unprecedented.*

CATEGORY A **HIGH RISK**

*Potential adverse impacts on environmentally-important areas that are less adverse than those of Category A but more adverse than those of Category C. Few, if any, are irreversible. In most cases, mitigating measures can be readily designed.*

CATEGORY B **MEDIUM RISK**

*Likely to have minimal or no adverse environmental impacts.*

CATEGORY C **LOW RISK**



## Social

*Significant adverse impacts on human populations that are sensitive, diverse, or unprecedented.*

CATEGORY A **HIGH RISK**

*Potential adverse impacts on human populations that are less adverse than those of Category A but more adverse than those of Category C. Few, if any, are irreversible. In most cases, mitigating measures can be readily designed.*

CATEGORY B **MEDIUM RISK**

*Minimal or no adverse impacts on human populations.*

CATEGORY C **LOW RISK**



## Governance

*The company does not have the minimum elements of good corporate governance.*

CATEGORY A **HIGH RISK**

*The company only has some of the minimum elements of good corporate governance.*

CATEGORY B **MEDIUM RISK**

*The company has all of the minimum elements of good corporate governance.*

CATEGORY C **LOW RISK**

# ENVIRONMENTAL AND SOCIAL (E&S) ASSESSMENT

ECP uses the IFC Performance Standards (PS)<sup>2</sup> which offer a framework for identifying, understanding, and managing environmental and social risks for investment projects. The Performance Standards are an internationally recognized benchmark for environmental and social risk management. The eight topics encompassed by the standards are below.



**PS1**  
Assessment &  
Management of  
Environmental  
& Social Risks &  
Impacts



**PS2**  
Labor & Working  
Conditions



**PS3**  
Resource  
Efficiency  
& Pollution  
Prevention



**PS4**  
Community  
Health, Safety,  
and Security



**PS5**  
Land Acquisition  
& Involuntary  
Resettlement



**PS6**  
Biodiversity  
Conservation  
and Sustainable  
Management of  
Living Natural  
Resources



**PS7**  
Indigenous  
Peoples



**PS8**  
Cultural Heritage

## 2015 ESG Summary

In 2015, Africa and other emerging markets faced a number of economic challenges driven by falling commodity prices triggered by the slow-down in China, the strength of the US dollar as US interest rates started to rise, and a significant fall in oil prices. Despite commercial challenges, ECP and its portfolio companies made significant ESG-related progress throughout the year. Key achievements in 2015 include:

- » Java House completed the second stage audit for ISO 22000:2005 certification in October 2015 and obtained certification for its Kenyan and Ugandan branches, its commissary (the central kitchen), and Planet Yogurt in March 2016, becoming the first restaurant group in East and Central Africa to receive this certification.
- » Wananchi made significant efforts to systematize and strengthen its Occupational Health and Safety (OHS) policies, hiring a dedicated manager to oversee, monitor, and report on OHS goals and progress. The company also instated requirements that its contractors maintain Health, Safety, and Environmental (HSE) requirements similar to its own and began appointing contractor HSE representatives to report directly to Wananchi.
- » IHS Towers continued to make significant strides in lessening its reliance on diesel-fueled generators through the installation of new technologies and alternative energy solutions. The company has spent \$500 million upgrading its power systems since 2013 and plans to spend an additional \$1 billion on its power systems over 2016-2017.
- » At ECP, all investment professionals completed an e-learning course on good governance as part of annual ESG training.

ECP seeks to support capable and sustainable industry leaders in Africa and has been proud to work with its portfolio companies in striving toward meaningful change and the establishment of best policies and practices. More detailed information regarding these efforts are contained in the following report, which we hope you find informative.

*In July 2015, ECP completed its exit of Nouvelle Société Interafricaine d'Assurance (NSIA), a leading West and Central African insurance and banking group, to the National Bank of Canada and Amethis Africa Finance.*

*During ECP's holding period, NSIA expanded into five new countries (Guinea, Mali, Nigeria, Ghana, and Cameroon), increasing its span to 12 countries, and significantly increased its insurance premiums and its insurance and banking revenues. From 2008 to 2014, premiums grew by around 140% and total revenue doubled. The company also obtained ISO 9001 certification for quality management, strengthened Anti Money Laundering (AML) and Anti Bribery and Corruption (ABC) policies, and incorporated best-in-practice Corporate Social Responsibility (CSR) policies.*

*These improvements helped establish NSIA as an industry leader in Africa and facilitated ECP's exit.*

<sup>2</sup> More information about IFC Performance Standards can be found on [www.IFC.org](http://www.IFC.org)



## PORTFOLIO COMPANY REVIEW

# Atlas Bottling Corporation (ABC)

### Introduction

Atlas Bottling Corporation (ABC) is a leading bottler of carbonated soft drinks in Algeria. Founded in 1995, the company signed an exclusive bottling agreement with PepsiCo in 1998 and has grown to become one of Algeria's leading beverage players with a portfolio of global brands including Pepsi Cola, Mirinda, and 7 Up.

### ESG Strengths and Opportunities

At due diligence, ECP identified several opportunities for ABC to improve its Health, Safety, and Environmental (HSE) standards. Primary concerns were a lack of a dedicated HSE Officer and of a comprehensive HSE management policy. ECP also identified several opportunities to improve ABC's corporate governance. In 2014, ABC appointed a former Head of Nestlé as an independent board member. ECP also implemented a new board reporting system and introduced new human resources, capital, commercial, and audit committees. Overall, ECP gave ABC a medium environmental and social risk rating. The IFC Performance Standards most relevant to the company are PS1: Social and Environmental Assessment and Management Systems, PS2: Labor and Working Conditions, and PS3: Pollution Prevention and Abatement.

### ESG Updates

Dedicated and qualified HSE staff have been crucial to increasing the company's HSE standards. At the time of investment, ABC lacked a structured HSE department and dedicated HSE personnel. The then Food Security Manager acted as interim HSE Manager pending the identification of a further staff member, which took longer than expected given the rarity of the necessary qualifications in the region. In March 2016, ABC hired a full-time HSE Manager and Food Security Manager.

Notable progress has been made in implementing various HSE recommendations since the onboarding of the new HSE Manager and Food Security Manager. ABC has installed new barriers separating the production lines from storage and bottle creation areas, installed new hand washing facilities, created smoking zones outside of the facilities, and marked paved areas to segregate pedestrian and forklift areas. ABC also began stricter monitoring of employee use of equipment to promote worker safety. ABC continues to develop a specialized containment area for hazardous materials, has taken steps to improve pest control, and is pursuing installation of secondary containment for oil drums. New management is also ensuring that the OHS committee, revived in 2014, conducts and appropriately records regular meetings.

ABC conducts regular fire drills with the fire brigade, recycles to reduce solid waste, and regularly monitors combustion steam boiler gas emissions, which have been within local emission standards. ABC also continues to pursue ISO 22000:2005 certification for food safety management standards. The HSE Manager has consolidated corrective action plans and is currently developing a comprehensive Environmental and Social Management System (ESMS).

### ESG Goals for 2016

ABC anticipates continued progress in 2016, including completion of the ESMS and of necessary steps and audits for ISO 22000 certification for food safety. ABC continues to work toward structural improvements and additions, including administrative office expansion and identification of a space for a wastewater pretreatment plant.

ATLAS BOTTLING CORPORATION

#### RATING OF ESG RISKS

**ENVIRONMENT** Medium

**SOCIAL** Medium

**CORPORATE GOVERNANCE** Medium

**INVESTMENT DATE** March 2014

**HEADQUARTERS** Algiers, Algeria

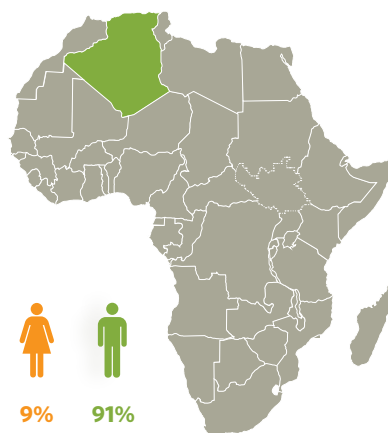
**COUNTRIES OF OPERATION** Algeria

**SECTOR** Consumer Goods

#### 2015 FIGURES

**EMPLOYMENT GROWTH RATE SINCE INVESTMENT\*** 1%

#### EMPLOYEE BREAKDOWN



\* Compound Annual Growth Rate



# PORTFOLIO COMPANY REVIEW

## IHS Towers

[www.ihsafrica.com](http://www.ihsafrica.com)



### RATING OF ESG RISKS

**ENVIRONMENT** Medium

**SOCIAL** Medium

**CORPORATE GOVERNANCE** Low

**INVESTMENT DATE** December 2011

**HEADQUARTERS** Lagos, Nigeria

### COUNTRIES OF OPERATION

Nigeria, Côte d'Ivoire, Cameroon,  
Rwanda, Zambia

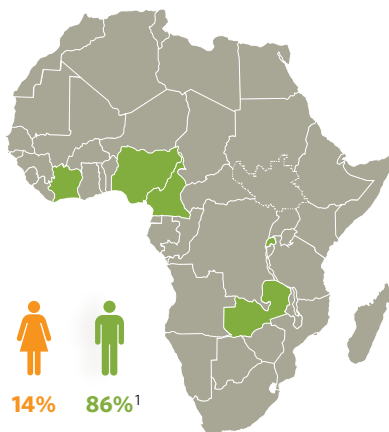
**SECTOR** Telecommunications and ICT

### 2015 FIGURES

#### EMPLOYMENT GROWTH

**RATE SINCE INVESTMENT\*** 12%

### EMPLOYEE BREAKDOWN:



<sup>1</sup> Based on a prior gender breakdown

\* Compound Annual Growth Rate

### Introduction

Founded in 2001, IHS has grown into the leading provider of mobile telecommunications infrastructure in Africa with over 23,300 towers in Côte d'Ivoire, Cameroon, Nigeria, Rwanda, and Zambia as of 2015. IHS offers a suite of telecommunications infrastructure solutions and counts several blue chip Mobile Network Operators (MNOs) among its customers. The company's portfolio includes Buy and Lease Back (BLB) towers bought from and leased to MNOs, Built-to-Suit (BTS) towers constructed in response to an anchor tenant order, and Managed with License to Lease (MLL) towers. IHS towers can be shared by multiple cell phone operators and therefore enable operators to expand their networks using fewer resources and ultimately to provide more affordable and accessible telephone services.

### ESG Strengths and Opportunities

ECP initially gave IHS an overall medium risk rating, identifying key risks to be employee operations at heights and the required use of large quantities of diesel for energy. IHS had already incorporated IFC Performance Standards into its practices, and worked to minimize alterations to the surrounding environment in remote and environmentally sensitive areas in which it operated, considered visual impact in site design and installation, and used low-impact maintenance procedures. IFC Performance Standards most relevant to the company are PS1: Social and Environmental Assessment and Management Systems, PS2: Labor and Working Conditions, PS3: Pollution Prevention and Abatement, and PS4: Community, Health, Safety and Security.

Recommended adjustments to the Environmental and Social Management System (ESMS) were completed in 2012, after which the board monitored progress of subsidiaries' adoption of Nigerian operation procedures alongside the company's rapid expansion. In 2012, IHS also designed and tested several secondary containment systems as per IFC Performance Standards. IHS continues to work toward improved diesel management and reduced usage through diesel-saving technologies and alternative energy solutions.

### ESG Updates

#### IHS Corporate Initiatives

IHS takes numerous measures to promote OHS and environmental compliance for site building processes. IHS continues to regularly review, revise, and release its employee handbook, and implements a variety of training programs on topics such as safety and first aid, emergency preparedness, defensive driving, and fire safety awareness. To promote appropriate site selection and management, IHS conducts trainings on site selection (e.g., to avoid displacement and resettlement of people), displaying warning signs at construction areas, ensuring proper handling of waste, and minimizing noise levels in and transportation through communities. IHS also trains agents on community engagement from building cooperation with host communities to handling complaints from community members.

IHS distributes "Safety First" kits to field technicians with necessary safety equipment. In the field, IHS works to mitigate erosion, alleviate the effects of flooding, replace generators which exceed certain noise levels, appropriately dispose of wastes associated with site building and maintenance, and rehabilitate community roads to facilitate heavy vehicular traffic. IHS also maintains important fire safety features, including signage, fire

alarm systems, fire extinguishers, fire caddy systems, and emergency power. IHS has established emergency responders and conducts regular drills.

In March 2015, to raise awareness about its whistleblowing and non-retaliation policy, IHS conducted a roadshow across all IHS locations on ethical behavior and the whistleblowing process. To bridge communication gaps within the company, IHS has implemented various initiatives such as a "Town Hall," newsletters, and regular management meetings.

#### *Occupational Health and Safety (OHS) and Environmental Risk Reduction per Country*

IHS Côte d'Ivoire hired external specialists to investigate subcontractors' compliance with safety regulations. Subsequently, subcontractors are obligated to report on their policies. In Cameroon, the Ministry of Environment conducted an HSE assessment and IHS implemented a site maintenance process and conducted site audits to improve site maintenance quality. IHS also replaced technician cars over a certain mileage. Cameroon and Côte d'Ivoire underwent external tower audits to identify overloaded towers which can pose potential health and safety issues. In Nigeria, the Federal Ministry of Environment conducted an Impact Mitigation Monitoring (IMM) exercise on a number of tower sites between May and July 2015. In Zambia, IHS held a voluntary health day to conduct health checks on employees (e.g. on eyesight, weight, blood pressure, diabetes).

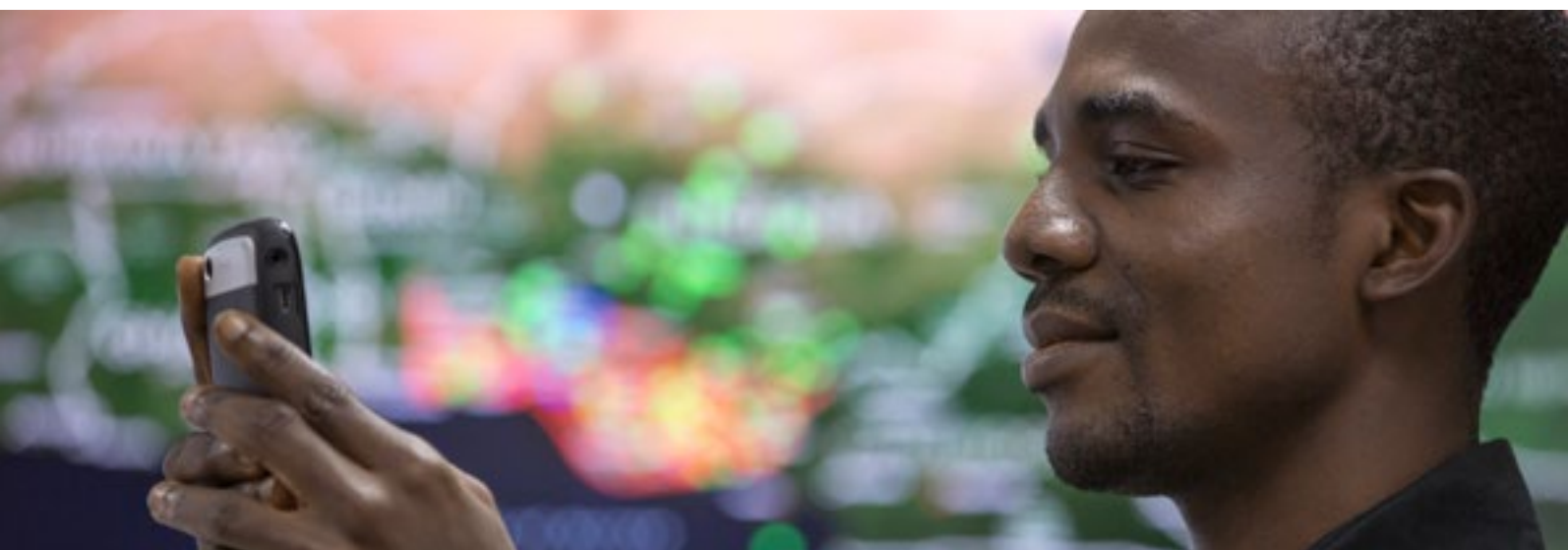
#### *Diesel Reduction*

Tower companies in Africa are heavy users of diesel due to limited electricity grid availability and poor electricity grid quality where they exist. Consequently, IHS has worked extensively to reduce its diesel consumption through alternative energy solutions and diesel-optimizing technologies, safeguarding the company's best-in-class uptime across all markets of operations. Where grid power is available, IHS works to connect sites to reduce reliance on diesel-fueled generators. IHS installs solar panels and operates hybrid systems, including hybrid solar systems in which solar panels recharge batteries and simultaneously supply energy, and hybrid power systems in which batteries share the energy supply. IHS also utilizes technologies that optimize combustion and thus diesel burning, including hydromix, a technology using hydrogen, and economizers, fuel molecule energizers.

From the first quarter of 2013 through 2015, IHS has spent \$500 million across Africa on power systems, and IHS plans to spend up to \$1 billion over 2016-2017 to continue upgrading its power systems. In Nigeria, IHS has connected over 1,000 sites to grid power. IHS' solar installations have contributed to an estimated savings of over 200,000 liters of fuel per year. In Nigeria, IHS is reviewing its portfolio to identify potential overlap

### **Did you Know?**

*In 2015, IHS Towers was featured in the documentary series "It's Africa's Time," a partnership between the United Nations Development Programme (UNDP) and the international development agency Regency Foundation Networx (RFN). The episode featuring IHS Towers focuses on the role of telecommunications in facilitating entrepreneurship and economic growth on the continent and also showcases the company's renewable energy strategy, including solar-powered and hybrid battery and diesel sites, to reduce highly-polluting diesel consumption.*





and migrate customers to more effective towers, decommissioning and transferring unused towers and contributing to increased energy efficiency.

In Cameroon in 2015, IHS replaced old generators with new ones to optimize power consumption and initiated a project to solarize sites. IHS connected sites to grid power and continues to work toward further grid connectivity. In Côte d'Ivoire, IHS has drastically reduced diesel consumption after completion of a power system replacement project. In 2015, IHS in Côte d'Ivoire continued to work toward installation of solar panel systems and installed more efficient generators. Power in Rwanda is split between commercial grid power, hybrid battery power, and diesel generators, with diesel generators primarily acting as a backup means. In Zambia in 2015, IHS installed hybrid power systems and hybrid solar systems. IHS in Zambia has also connected numerous sites to grid power.

IHS' actions are yielding significant results. In 2015, IHS was featured in the documentary series "It's Africa's Time," a partnership between the UNDP and the international development agency RFN in an episode that showcased the company's renewable energy strategy to reduce diesel consumption. In May 2016, IHS won the 2016 Africa Telecom Infrastructure Company of the Year Award at Africa's Information Technology and Telecom Awards (AITTA) based on the company's continued expansion and integration of solar technology throughout its portfolio.

#### *Corporate Social Responsibility (CSR)*

IHS implemented several CSR projects in 2015. IHS Nigeria seeks to help communities near its sites which are most in need, and has donated funds to help rehabilitate local parks, municipal buildings, and police stations. IHS Cameroon works with its partners MTN and Orange to support various local health and education initiatives and also supports girls' education, living conditions for the underprivileged, and professional training for the physically handicapped. IHS Côte d'Ivoire identifies schools near tower sites that are in need of renovation, focusing on the Dion Robert School and the Ivorian School for Deaf Children in Yopougon, Abidjan in 2015. Employees also contributed their time to community-building initiatives. IHS Rwanda partnered with the Imbuto Foundation to support over a hundred disadvantaged students with scholarships. IHS Zambia provided a refurbished generator for the Banani Girls School.

#### **ESG Goals for 2016**

In 2016, IHS will continue to reduce its reliance on diesel, increasing reliability and up-time.



# PORTFOLIO COMPANY REVIEW

## Maarifa

[www.maarifaeducation.com](http://www.maarifaeducation.com)

[www.cavendish.ac.ug](http://www.cavendish.ac.ug)

[www.cavendishza.org](http://www.cavendishza.org)

### Introduction

Maarifa Edu Holdings Limited (Maarifa) is a Pan-African education investment holding company focused on acquiring and developing tertiary education institutions in Africa. Maarifa was formed in 2014 to provide high-quality, accessible, and market-relevant higher education through investments in private universities and other tertiary education institutions. In 2014, Maarifa completed the acquisition of a controlling interest in Cavendish University Uganda (CUU) and in Cavendish University Zambia (CUZ). Maarifa is making investments in both institutions to improve access, increase capacity, enhance academic quality, upgrade IT systems, and improve the overall student experience. To improve market relevancy, Maarifa also continues to work with industry experts to develop technical and sector-specific curriculum and training.

### Cavendish University Uganda

CUU was founded in 2008 and had a 2015 enrollment of just under 2,700 students, of whom around 70% were international. Approximately two-thirds of students attend day classes but weekend and evening programs are growing in popularity. CUU has nearly 40 programs in business, IT, social economic sciences, health sciences, and law.

### Cavendish University Zambia

CUZ was founded in 2004 as the first private university in Zambia and had an enrollment of around 1,700 students in 2015, of whom nearly 90% were Zambian. CUZ has become a market leader among non-traditional students aged 27 or older with over 60 programs in law, arts education and social sciences, business, finance and management, medicine, and ICT.

### ESG Strengths and Opportunities

ECP gave Maarifa an overall medium risk rating, finding that Maarifa needed strong assessment capacity to identify ESG risks in potential investments and strong management systems to mitigate identified risks. Potential areas of risk include site selection and land acquisition, sustainable building design and construction, and constructional and operational Occupational Health and Safety (OHS) and labor and working conditions. ECP found that the most applicable IFC Performance Standards were PS1: Social and Environmental Assessment and Management Systems, PS2: Labor and Working Conditions, PS3: Pollution Prevention and Abatement, PS4: Community Health, Safety, and Security, and PS5: Land Acquisition and Involuntary Resettlement.

ECP also gave Maarifa a medium governance risk rating, finding several opportunities to strengthen the corporate governance of a new company whose underlying entities had poor governance structures and practices. Maarifa created boards in Mauritius, Uganda, and Zambia which have instituted AML and ABC policies and best practices.

### ESG Updates

#### Maarifa

As a newly formed company, Maarifa did not have formalized policies and procedures and needed to create and implement an Environmental and Social Management System



#### RATING OF ESG RISKS

**ENVIRONMENT** Medium

**SOCIAL** Medium

**CORPORATE GOVERNANCE** Medium

**INVESTMENT DATE** July 2014

**HEADQUARTERS** Nairobi, Kenya

**COUNTRIES OF OPERATION**

Kenya, Uganda, Zambia

**SECTOR** Consumer Goods (Educational Services)

#### 2015 FIGURES

##### Maarifa

**EMPLOYEE BREAKDOWN BY GENDER**

F = 24%; M = 76%

##### Cavendish University Uganda

**EMPLOYEE BREAKDOWN BY GENDER**

F = 34%; M = 66%

##### Cavendish University Zambia

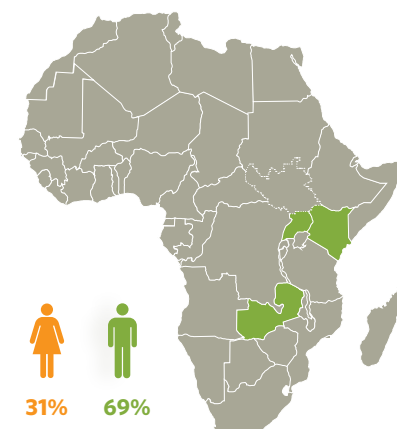
**EMPLOYEE BREAKDOWN BY GENDER**

F = 27%; M = 73%

**EMPLOYMENT GROWTH**

**RATE SINCE INVESTMENT\*** 54%

#### EMPLOYEE BREAKDOWN



\* Compound Annual Growth Rate





## Did you Know?

*The CUZ law school accounted for 21% of law students nationwide who passed the Zambian bar in 2015. CUU finished in second place of 28 Ugandan universities in the 2015 intercollegiate debate competition.*

(ESMS) and HR policy. Prior to disbursement, Maarifa designated the Director of Operations as E&S Officer. Maarifa finalized the ESMS and HR policy by May 2015.

### *Cavendish University Uganda*

Maarifa identified several opportunities to improve E&S performance at CUU. To enhance the ESMS, Maarifa appointed the Deputy Director of Operations (DDO) as E&S Officer of CUU in October 2014, and in 2015, CUU developed and implemented a comprehensive ESMS. To enhance OHS, Maarifa conducted an assessment of CUU OHS. Main campus renovations to bring existing facilities in line with IFC Performance Standards are expected to begin in 2016. CUU has also acquired two new buildings to house law and health sciences faculty and plans to move into them in July 2016.

Maarifa undertook significant management change at CUU in 2015, replacing several senior administrative staff and commencing recruitment for new permanent academic and administrative management.

### *Cavendish University Zambia*

Maarifa identified several opportunities to improve E&S performance at CUZ. To enhance the ESMS, Maarifa appointed the DDO as E&S Officer in October 2014. In 2015, CUZ developed and implemented a comprehensive ESMS. Maarifa also found opportunities to improve building OHS and has worked with management to build facilities in line with relevant OHS standards. In October 2015, CUZ moved into a main campus building, and CUZ is scheduled to move into a new medical school facility in 2016.

Maarifa established a new board at CUZ to enhance controls, compliance, and corporate governance. CUZ had no significant leadership changes in 2015 but hired a new Vice Chancellor in mid-2016.

## ESG Goals for 2016

Maarifa continues to work with CUU and CUZ on facility renovation, expansion, and development to support the universities in reaching best-in-practice OHS policies. Primary goals in 2016 include CUU's main campus renovation and move into new law and social sciences campuses and CUZ's move into a new medical school campus. Maarifa also continues to work with the universities to ensure appropriate implementation of OHS policies and to enhance corporate governance best practices. In 2016, Maarifa plans to hire several new permanent academic and administrative management personnel, including new DDOs who will serve as E&S Officers.

# PORTFOLIO COMPANY REVIEW

## Java House

[www.javahouseafrica.com](http://www.javahouseafrica.com)

[www.planetyogurt.co.ke](http://www.planetyogurt.co.ke)

[www.360degreespizza.com](http://www.360degreespizza.com)

### Introduction

The Java House Group (Java House) opened its first coffee shop in Nairobi in 1999. At the time of ECP's investment, Java House had 17 stores through two chains, Java House and Planet Yogurt, a self-serve frozen yogurt shops. Since then, Java House has expanded throughout Kenya and into Uganda and has launched a third chain, an artisanal-style pizzeria called 360 Degrees Artisan Pizza. As of May 2016, the company had 48 stores through its three brands (40 Javas, 7 Planet Yogurts, and 1 360 Degrees Artisan Pizza). Java House plans to continue expanding both nationally and regionally.

### ESG Strengths and Opportunities

ECP gave Java House a medium E&S risk rating, finding that the restaurant chain had established good operating procedures and health and safety policies but that there were still key opportunities to improve E&S performance. Java House lacked an Environmental and Social Management System (ESMS) Officer as well as the appropriate certification from the Kenya Occupational Safety and Health Act (OSHA). Another opportunity was to implement a HACCP system and obtain HACCP certification for at least one branch. ECP also gave Java House a medium governance risk rating, finding opportunities to enhance the board by including additional independent non-executive directors. The IFC Performance Standards found to be applicable were PS1: Social and Environmental Assessment and Management Systems, PS2: Labor and Working Conditions, PS3: Pollution Prevention and Abatement, and PS4: Community, Health, Safety and Security.

Prior to investment, ECP required that the Chief Operations Manager be appointed ESMS Officer to be responsible for E&S risk assessment and action plan monitoring and reporting. Java House completed OSHA certification in 2012 shortly after investment. In 2012, ECP also worked with the company to adopt AML and ABC policies and to formalize the company's environmental, OHS, and food safety system. To strengthen the board, ECP recruited the former CEO of Chili's, a casual dining chain with more than 1,600 branches in over 30 countries, to serve as an independent non-executive director. ECP also introduced four new committees.

### ESG Updates

ECP initially recommended that Java seek out HACCP certification to ensure food safety. However, after beginning the process for HACCP certification, Java House opted to seek ISO 22000 certification, a more stringent international food safety management standard which incorporates principles of the HACCP food safety system, for all Kenyan and Ugandan branches, its commissary (the central kitchen), and Planet Yogurt. The company completed the second stage audit in October 2015 and obtained ISO 22000:2005 certification in March 2016, becoming the first restaurant group in East and Central Africa to receive this certification.

Since completion of an IFC audit for the Private Equity Africa Climate Change Investment Support (PEACCHIS) program in 2012, Java House has implemented numerous recommended modifications to improve energy and waste conservation, and continued



#### RATING OF ESG RISKS

**ENVIRONMENT** Medium

**SOCIAL** Medium

**CORPORATE GOVERNANCE** Medium

**INVESTMENT DATE** May 2012

**HEADQUARTERS** Nairobi, Kenya

**COUNTRIES OF OPERATION**

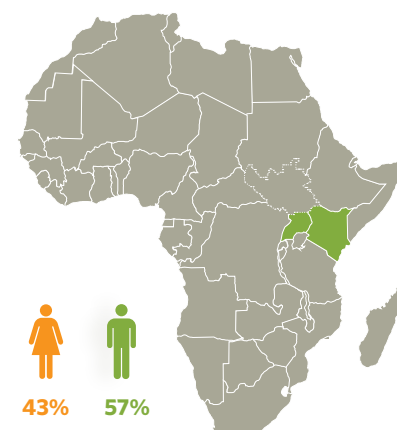
Kenya, Uganda

**SECTOR** Consumer Goods

#### 2015 FIGURES

**EMPLOYMENT GROWTH RATE SINCE INVESTMENT\*** 29%

#### EMPLOYEE BREAKDOWN



\* Compound Annual Growth Rate



### Did you Know?

*In 2016, Java House became the first restaurant group in East and Central Africa to receive ISO 22000:2005 certification for food safety.*

to implement recommendations in 2015. Java House has purchased energy efficient equipment and made water equipment alterations in new branches including fitting hand triggers on the commissary's hose pipes, using smaller-diameter hoses for more efficient spray washing techniques, and installing foot pedals on the sinks and low-flow pre-rinse sprays. Java also began using low-wattage refrigerator lighting, monitoring refrigeration systems, checking pilot lights, and scheduling routine maintenance of all equipment. Additionally, the company has adopted behavioral changes to embrace energy and water use efficiency, setting up a solid waste segregation system using color-coded bins, maintaining good housekeeping of shop floors, and using dry clean up. Java House also participates in a program that collects used cooking oil for conversion into biodiesel, which Java House buys back at a discounted price.

In 2015, Java participated in a Women4Growth Professional Skills Capture Lab created by Swedfund and Wiminvest to empower women to propose changes to management based on constructive dialogue around workplace gender issues and ultimately to help companies develop flexible operations that efficiently address workforce demographic changes. A subsequent review of the event showed that Java House had constructively responded to concerns regarding training and workforce preparation inefficiencies and nighttime transportation.

In terms of CSR actions in 2015, Java House provided support to Special Education Professionals, a Kenyan organization working with special needs children, Rahab Uganda, an organization working with victims of domestic abuse, the Amara Charitable Trust, which supports primary and secondary rural schools in Kenya, the National Museums of Kenya, Faraja Cancer Support Trust (Kenya), and the Wilder Music Festival.

Staff benefits outside of contributions to the National Social Security Fund (NSSF) and National Hospital Insurance Fund (NHIF) include pensions, medical insurance, a Savings and Credit Cooperative (SACCO), staff meals, and staff welfare assistance.

### ESG Goals in 2016

Java House is investigating the installation of water-heating solar panels at the commissary to reduce electricity usage.

CSR actions taken or planned in 2016 include participation in the First Lady of Kenya's Marathon as part of the Beyond Zero Campaign to address HIV/AIDS and promote maternal and newborn health, the Mater Heart Run to support the Mater Cardiac Program, which provides surgeries for children in need.



# PORTFOLIO COMPANY REVIEW

## Oragroup

### Introduction

Oragroup is a regional commercial bank holding company operating in 12 West and Central Africa countries that provides a broad spectrum of financial services to corporate and retail customers and small and medium enterprises. ECP took control of Oragroup in 2009, and the bank doubled its countries of presence with the 2013 acquisition of La Banque Régionale de Solidarité (BRS). As of May 2016, Oragroup has 123 branches and total assets in excess of \$2 billion.

### ESG Strengths and Opportunities

Due diligence found that Oragroup's overall environmental and social rating is low as the company's main business, short-term lending, has limited adverse E&S risk and potential impacts are few in number. ECP also found that the bank did not have large exposure to companies with high E&S risk. ECP initially gave Oragroup a medium governance risk rating, seeing opportunities to strengthen the board. In 2013, to strengthen governance, Oragroup added an independent board member at the holding level who had significant experience in Africa. Since then, and with ECP's participation on the board, ECP has changed this risk rating to a low. The IFC Performance Standards found to be most relevant are PS1: Social and Environmental Assessment and Management Systems and PS2: Labor and Working Conditions.

At investment, ECP required that Oragroup establish an Environmental and Social Management System (ESMS) Officer, update its operating procedures to meet IFC Performance Standards, and implement an internal ESMS. The company completed the first two items in 2011 and has continued to work toward full implementation of an internal ESMS alongside its acquisitions.

### ESG Updates

#### *Standardization of Systems, Policies, and Procedures*

In 2015, Oragroup continued to integrate new BRS entities. In September and November, BRS Benin and BRS Togo, respectively, were officially merged with Orabank Benin and Orabank Togo. Alongside growth, Oragroup has worked extensively to develop and implement standardized policies and procedures in line with international banking standards and best practices. Oragroup strengthened its Anti-Money Laundering (AML) and Anti-Bribery and Corruption (ABC) policies and included IFC Performance Standards and the IFC exclusion list into its investment criteria. Oragroup also implemented ethics and governance committees and standardized whistleblowing policies at a group level and for all subsidiaries.

In 2015, Oragroup continued rollout of its ESMS (already implemented in Togo, the pilot site, and Côte d'Ivoire, Benin, and Burkina Faso as of December 2014) to its other subsidiaries. An external consultant and a representative of the group's legal, compliance, and E&S team visited remaining entities in Gabon, Chad, Senegal, Mali, Niger, Mauritania, Guinea, and Guinea Bissau to present and explain the importance of the ESMS to executive committee members and various relevant departments. These missions also functioned to introduce and provide technical training on the E&S risk analysis tool for those involved in the credit granting and sustainability analysis process. The tool, utilized when potential borrowers are seeking a loan, represents a key component of the ESMS. Another key component of ESMS implementation in 2015



#### RATING OF ESG RISKS

**ENVIRONMENT** Low

**SOCIAL** Low

**CORPORATE GOVERNANCE** Low

**INVESTMENT DATE** August 2008

**HEADQUARTERS** Lome, Togo

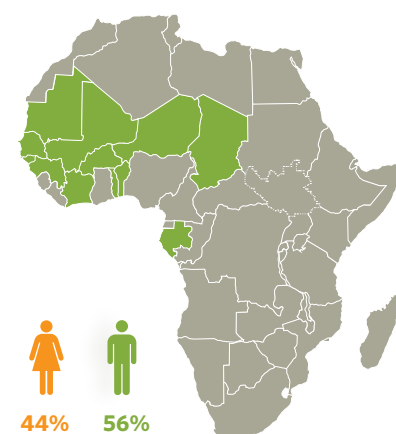
**COUNTRIES OF OPERATION** Benin, Burkina Faso, Chad, Côte d'Ivoire, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo

**SECTOR** Financial Services

#### 2015 FIGURES

**EMPLOYMENT GROWTH RATE SINCE INVESTMENT\*** 18%

#### EMPLOYEE BREAKDOWN



\* Compound Annual Growth Rate

## Did you Know?

*Official integration of the Banque Régionale de Solidarité banks into Oragroup contributed to a compound annual growth rate of 35% in company employment from 2012 to 2015.*

*Of Oragroup's managers, nearly 98% are African and 30% are female.*

was the development of a procedures manual to describe roles and responsibilities for the credit granting and sustainability analysis process. Oragroup continues to promote effective adoption of the ESMS.

Oragroup continues to facilitate HR policy standardization, having already formalized a corporate HR policy for all subsidiaries, and to work toward improved professionalism and gender equality. In 2015, Oragroup installed the Système d'Information des Ressources Humaines (SIRH) in all countries of operation except for Guinea Bissau, where the system was installed in January 2016. Oragroup also introduced an e-recruitment tool to store applicant CVs and improve recruitment efficacy. Additionally, Oragroup began an extensive project with an organizational strategy consultant group to map key skills and competencies and ultimately to develop an effective remuneration policy. In July 2015, Oragroup began the first step of this project, a review of job descriptions to establish standard indicators.

### Human Resources (HR)

Oragroup facilitates trainings to improve employee performance and professional development. In 2015, nearly 80% of employees participated in specialized trainings (in addition to training required for system migration). Select employees received multi-day trainings on subjects such as client satisfaction, leadership and managerial capacity, effective communication plans, information systems, combatting money laundering and terrorism financing, market risk management, and electronic banking.

Oragroup provides various staff benefits including privileged loan rates, meal allowances and/or staff dining halls, shared coverage of health expenditures, and a retirement program. Oragroup continued to develop its pension plan program in 2015, provisioning contributions for a supplementary program pending the program's establishment.

Oragroup provided a range of obligatory financial assistance (primarily in Benin, Guinea, and Togo) for special events such as weddings and funerals and provided bonuses for religious holidays. In addition, Oragroup finances special events for employees. In 2015, Oragroup financed a New Year's celebration with gifts for employee's children, a women's day celebration, and celebrations for some religious holidays. Some subsidiaries have employee social funds in which all employees raise money for community projects.

Oragroup is working toward a fully-functional Health, Safety, and Working Conditions Committee (CHSCT) in each country of operation. Where fully functional, each committee works to promote employee health and security, ensure observation of relevant laws and regulation, and mitigate occupational risks. In 2015, multiple committees introduced a medical officer to track employee health, a measure which Oragroup intends to implement in all countries of operation.

## Corporate Social Responsibility (CSR)

In 2015, each subsidiary participated in a variety of community activities.

- » Orabank Benin donated medical equipment to a health center in Cotonou to assist with labor and delivery (e.g. blood pressure monitors, mattresses, delivery tables, and relevant medical equipment).
- » Orabank Burkina Faso sponsored cultural events for the Karaboro and Loropeni tribes, provided financial assistance to the College of Our Lady of the Trinity, and financed scholarships for the orphanage CARFO.
- » Orabank Gabon rehabilitated the information center for the National Léon High school and provided 50 computers and two printers with Wi-Fi connection.



- » Orabank Guinea Bissau provided school materials to vulnerable children for the 2015-2016 school year via SOS Children's Villages.
- » Orabank Guinea contributed to the fight against the Ebola virus through the Professional Association of Banks.
- » Orabank Mauritania provided financial support to bank staff for their children's education. The bank also provided funding to the local NGO Bessma to support a pilgrimage to Mecca and the charitable association La Marmite du Partage, which provides free meals during the month of Ramadan.
- » Orabank Chad celebrated Christmas Eve with vulnerable children at Bethany Orphanage and SOS Children's Village in N'Djamena. The bank also provided food donations consisting of bags of rice, sugar, soap cartons, pasta, oil cans, and milk bags.
- » Orabank Senegal provided a total of 10,000 water bottles for two events: the 2015 Muslim holiday of Magal (in which the holy city of Touba hosted more than two million faithful) and for the 2015 holiday of Famou or Maouloud, in which thousands gathered in the holy city of Tivaouane.
- » Orabank Togo supported a fund for victims of sexual violence established by the Ministry of Social Action for the Promotion of Women and Literacy for International Girls' Day. The bank also donated ultrasound equipment to the maternity STARS Health Center and the bank organized two health screening days in June for bank staff at nine branches.

## ESG Goals for 2016

In 2016, Oragroup anticipates full implementation of the ESMS. Oragroup will continue to promote effective adoption of the ESMS and relevant policies and procedures. From an HR perspective, Oragroup plans to finalize development of an effective remuneration policy. The company also continues to implement its pension plan program.

Planned trainings for 2016 include a skills development training for management of all subsidiaries and a program for young professionals through a partnership with the business school HEC Paris that will continue until January 2017.



# PORTFOLIO COMPANY REVIEW

## Thunnus Overseas Group (TOG)



### RATING OF ESG RISKS

**ENVIRONMENT** Medium

**SOCIAL** Medium

**CORPORATE GOVERNANCE** Medium

**INVESTMENT DATE** October 2008

**HEADQUARTERS** Paris, France

**COUNTRIES OF OPERATION**

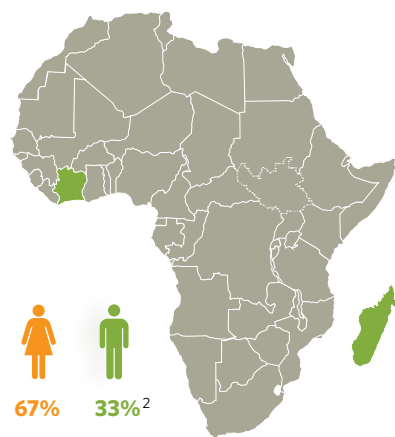
France, Côte d'Ivoire, Madagascar

**SECTOR** Consumer Goods

### 2015 FIGURES

**EMPLOYMENT GROWTH  
RATE SINCE INVESTMENT\*** 5%

### EMPLOYEE BREAKDOWN



### Introduction

Thunnus Overseas Group (TOG), a leading provider of canned and packaged tuna in Europe, is a holding company that owns two tuna processing plants in the Abidjan harbor of Côte d'Ivoire, Société de Conserveries de Côte d'Ivoire (SCODI) and Pêche et Froid Côte d'Ivoire (PFCI), and another plant in the port of Antsiranana in Madagascar, Pêche et Froid Océan Indien (PFOI). At these plants, frozen fish are transported from fishing vessels to cold rooms for storage before they are defrosted, cooked, cleaned, and packaged. TOG also owns Conserverie des Cinq Océans, a French marketing company that sells approximately two-thirds of the output, with the remainder being sold directly to European retailers.

### ESG Strengths and Opportunities

As a tuna processor and distributor, TOG operates in an environmentally sensitive sector. Finding that TOG maintained good housekeeping and exhibited good management of Health, Safety, and Environmental (HSE) matters, however, ECP gave TOG an overall medium risk rating. ECP also determined that TOG carried a medium level of governance risk as a small and privately-held company. The IFC Performance Standards most relevant to TOG are PS1: Social and Environmental Assessment and Management Systems, PS2: Labor and Working Conditions, PS3: Pollution Prevention and Abatement, and PS 6: Biodiversity Conservation and Sustainable Natural Resource Management.

At due diligence, ECP found that TOG took numerous steps to ensure environmental responsibility through its selection and use of fish. TOG strictly controls the origin of its raw materials in compliance with European Union regulation to prevent Illegal, Unreported, and Unregulated (IUU) fishing. TOG primarily processes the highly-reproductive Skipjack tuna, the species with the largest population, as well as Yellowfin and bigeye tuna. The fish are only bought from EU-regulated boats which are able to provide dolphin-safe as well as capture certification.

TOG makes significant efforts to eliminate nearly all solid wastes. In Madagascar, TOG produces fish meal and oil from its tuna waste. In Côte d'Ivoire, TOG sells the organic waste to a third party for production of byproducts. TOG also sells its plastic and metal waste for recycling.

ECP also found that TOG held high food safety and quality standards. TOG is Hazard Analysis Critical Control Point (HACCP) certified for food safety from raw material procurement and handling to consumption of the finished product, ISO 9001:2000 certified for quality management systems, British Retail Consortium (BRC) certified for product safety and quality, and International Food Standard (IFS) certified. In Côte d'Ivoire, TOG is also ISO 22000:2005 certified for a food management system. In Madagascar, PFOI obtained ISO 22000 certification in 2010.

ECP recommended that TOG appoint HSE Officers in Côte d'Ivoire and Madagascar, institute specialized handling of medical waste from all plants, conduct an ambient noise assessment, and ensure workers operating in identified high-noise areas wear hearing protection and undergo hearing tests, all of which have been completed. TOG continues to work to install a waste water pretreatment plant in Côte d'Ivoire and to accelerate the replacement of R22, a high ozone-depleting refrigerant used in its cold rooms which is globally being phased out as a result of the Montreal Protocol.

<sup>2</sup> Based on company estimates

\* Compound Annual Growth Rate

## ESG Updates

### *Wastewater Pretreatment*

In Côte d'Ivoire, TOG continues to work toward improved wastewater standards in cooperation with national environmental agencies, and TOG and port authorities are in early-stage discussions regarding installation of a pretreatment plant. As part of a five-year project from 2012 until 2017, TOG has gradually reduced the levels of organic compounds – measured in terms of Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) – found in its wastewater. TOG uses grates to obstruct fish waste from entering the processing water and has reduced water usage during processing and increased “dry cleaning” of tuna waste without the use of water, thereby limiting the water’s organic waste content. SCODI and PFCI also increased the frequency with which they clean their sedimentation tanks, a series of four tanks through which used water flows to allow for solids to settle and be drawn off for separate treatment.

PFOI in Madagascar installed new equipment in 2014 to improve its wastewater pretreatment plant and an engineering firm provides environmental monitoring and water conservancy training to PFOI employees. In both countries, TOG has installed equipment and developed the capacity to better monitor the plants’ effluents.

### *Safety and Security*

All plants have completed comprehensive Life and Fire Safety (LFS) audits and conduct regular fire drills. In Côte d'Ivoire, the plants conduct one drill per year with a local firefighters and quarterly drills independently. The plants have completed installation of a Fire Hose System (FHS) network which includes a reserved water tank, hoses, and mobile tanks with fire-retardant foam, and the plants replace fire exit markings yearly to ensure visibility.

TOG regularly produces and reviews incident reports. In Côte d'Ivoire, a 10-person safety committee meets quarterly to discuss trends and preventative measures. TOG also provides a medical facility with full-time nurses for onboarding and an annual or biannual medical examinations. TOG has a committee dedicated to HIV/AIDS awareness-raising and support.

## ESG Goals 2016

In 2016, TOG will continue to implement its five-year plan to reduce BOD and COD levels in its wastewater.



# PORTFOLIO COMPANY REVIEW

## Wananchi



### RATING OF ESG RISKS

**ENVIRONMENT** Medium

**SOCIAL** Medium

**CORPORATE GOVERNANCE** Medium

**INVESTMENT DATE** June 2009

**HEADQUARTERS** Nairobi, Kenya

### COUNTRIES OF OPERATION

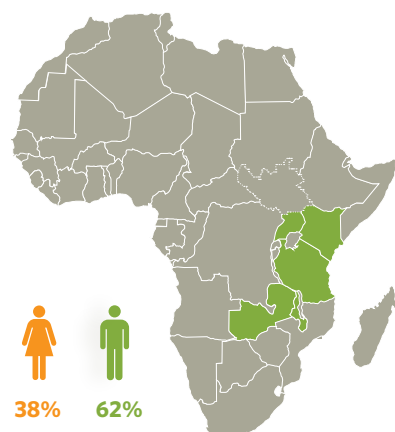
Kenya, Tanzania, Uganda, Malawi, and Zambia

**SECTOR** Telecommunications and ICT

### 2015 FIGURES

**EMPLOYMENT GROWTH RATE SINCE INVESTMENT\*** 14%

### EMPLOYEE BREAKDOWN



## Introduction

With operations throughout East Africa, Wananchi is a media and telecommunications company specializing in pay television and high-speed internet services in both retail and corporate sectors. Wananchi is East Africa's first triple play company offering digital pay television, broadband Internet, and voice-over-IP services under the brand name Zuku (retail) and Simbanet (corporate). Wananchi also launched a Satellite Pay TV service across East Africa offering 140 channels of news, documentaries, educational shows, and movies, and Wananchi launched ten of its own Zuku-branded channels that support independent producers by acquiring local content and airing it across Africa.

## ESG Strengths and Opportunities

ECP found that Wananchi takes significant precautions to ensure the safety of its employees, contractors, and subcontractors, and telecommunications and media companies generally have low environmental risk. However, ECP determined that Wananchi's extensive cable rollout plans in urban areas added risk associated with working at heights, electrical equipment, and roads, thus giving the project a medium environmental and social risk rating. Wananchi's governance structure incorporates international standards, however its start-up phase gave it a medium governance risk. The IFC Performance Standards most relevant to the investment are PS1: Social and Environmental Assessment and Management Systems, PS2: Labor and Working Conditions, and PS4: Community, Health, Safety and Security.

At investment, ECP required Wananchi to create an Environmental and Social Management System (ESMS). Wananchi finalized a system in 2013 which follows National Environmental Monitoring Agency (NEMA) certification regulations.

ECP has played a critical role in driving organizational and governance changes to the company, including leading the search for various senior executives.

## ESG Updates

In 2015, Wananchi continued to strengthen its OHS policies, most notably by hiring a dedicated Security, Health, and Safety Manager to develop policies and procedures, ensure contractor's adherence to Wananchi's standards, and develop regular E&S board reports which include accident reporting, E&S reporting on international expansion, and E&S subcontractor performance. Wananchi also continued to provide routine employee training on various E&S standards. In 2015, Wananchi conducted OHS training for staff and contractor personnel, firefighting training for company fire marshals, and defensive driving training for company drivers. Wananchi also held a fire safety drill and completed an upgrade of a fire alarm system in the offices and warehouses.

\* Compound Annual Growth Rate



Wananchi conducts an annual Life and Fire Safety (LFS) audit, a health and safety audit, a health and safety risk assessment, and an OHS audit, in addition to corporate safety meetings and E&S meetings between technical teams and contractors.

Wananchi provides quarterly accident reporting and has also taken numerous preventative measures, including a network construction risk assessment, the introduction of a permit to work system for network construction, subcontractor safety reviews, and PPE requirement reviews and hazard awareness training for subcontractors. To ensure subcontractor compliance, Wananchi requires that subcontractors have similar HSE requirements. Wananchi also appoints a member of the subcontractor team to report directly to Wananchi and to be in charge of safety.

## ESG Goals for 2016

In 2016, led by the new Security, Health, and Safety Manager, Wananchi will implement an action plan to improve risk mitigation and management based on several Key Performance Indicator (KPI) targets. Input-measured KPIs include the completion of risk assessments for high-risk operations and the parallel development of a risk tracker, a review of contractor health and safety management system and the parallel development of an action plan, the development and roll-out of an emergency response plan, the development of a vehicle management system, the development of an HSE training matrix for appropriate departments, and the completion of environmental impact assessment for all new projects.

### Did you Know?

*"Tales from the Bush Larder," a Wananchi series featuring a chef's search for ingredients in his native country of Kenya to create traditional dishes, has been syndicated internationally and can be watched on various networks.*







## CONTACT

**Abidjan, Côte d'Ivoire**

Immeuble CRRAE UMOA  
4th Floor-Aisle C  
Avenue Botreau Roussel  
Abidjan  
Tel: +225-20-31-07-31

**Douala, Cameroon**

316 Victoria Street  
4th Floor, Victoria Building  
PO Box 753  
Douala  
Tel: +237-33-42-48-61

**Johannesburg,  
Republic of South Africa**

8th Floor, The Forum Building  
2 Maude Street, Sandton 2196  
Johannesburg  
Tel: +27-11-685-0830

**Lagos, Nigeria**

4th Floor, NIPOST Building  
Plot 1045 Ologun Agbaje Street  
Victoria Island, Lagos  
Tel: +234-1-631-1330

**Nairobi, Kenya**

9 West, 9th Floor  
Ring Road, Parklands  
PO Box 1950-00606  
Nairobi  
Tel: +254-20-5230-500  
Tel: +254-70-8290-887

**Tunis, Tunisia**

Immeuble Miniar Bloc B  
2eme Etage  
Rue du Lac D'Ourmia  
Les Berges du Lac  
Tunis 1053  
Tel: +216-71-96-25-90

**Washington, DC, USA**

1602 L Street, N.W.  
6th Floor  
Washington, DC 20036  
Tel: +1-202-280-6200

**Paris, France**

29 Avenue Hoche  
3rd Floor  
75008 Paris  
Tel: +33-1-44-01-16-84

EMAIL: [ESG@ECPINVESTMENTS.COM](mailto:ESG@ECPINVESTMENTS.COM)

EMERGING CAPITAL PARTNERS

[WWW.ECPINVESTMENTS.COM](http://WWW.ECPINVESTMENTS.COM)