

IFHA (FUND I)

2023 ESD PERFORMANCE REPORT



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Letter from the Manager

Dear IFHA Limited Partners, Dear Stakeholders,

The team at African Health Systems Management Company B.V. (“AHSM” or “the Manager”) is pleased to present the IFHA annual Environmental, Social and Development (ESD) Performance Report for the year 2023 (“the Report”). AAR Insurance, as the only remaining asset in IFHA, continues to demonstrate commitment to environmental and social (E&S) focus as part of their strategy to deliver financial growth and social returns. The Manager persists in offering E&S support through board participation and monitoring efforts to ensure adherence to the highest E&S standards and continuous improvement in several areas including employee welfare and safety, community engagement, life and fire safety and environmental conservation.

In 2023, AAR Insurance doubled down on its ESG efforts through various initiatives as part of their long-term strategy to create sustainable impact through creation of employment and financial inclusion. Some of the initiatives included creation of formalized ESG guidelines, subscription to benchmarking bodies (UN Global Compact Initiative and Nairobi Declaration on Sustainable Insurance (NDSI)) and roll-out of a company-wide campaign for staff sensitization on key topics such as environmental conservation, ethical business and labour practices and corporate governance.

Moving forward, we anticipate further development as we build upon our achievements in establishing one of the largest healthcare infrastructures in Sub-Saharan Africa (consisting of hospitals and clinics, health insurers, distributors, and health technology companies) and leveraging on our healthcare expertise and ecosystem with [PharmAccess Foundation](#), [Medical Credit Fund](#) and [SafeCare](#) to create an investment vehicle that continues to focus on investing in scalable and impactful healthcare companies in Africa. Below are some portfolio impact metrics realized in 2023.

Our Impact - 2023

<p>657,252</p> <p>Lives covered at AAR Insurance (across Kenya and Uganda) and through Lives covered through the new CarePay/AAR Insurance mass market product, Kinga Afya matatu cover, providing emergency and accident health insurance for long distance bus trips (the product is underwritten by AAR Insurance Kenya Ltd).</p>	<p>2,091</p> <p>Number of preferred provider organizations collaborating with AAR Insurance across Kenya and Uganda</p>	<p>245</p> <p>Number of full-time equivalent employees at AAR Insurance (across Kenya and Uganda)</p>	<p>49%</p> <p>Average ratio of female to male board members at AAR Insurance</p> <p>56%</p> <p>Percentage of FTE female employees at AAR Insurance</p>
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In this report, we highlight the E&S milestones reached by AAR Insurance in 2023 and applaud the company for balancing financial growth with a strong commitment to social impact.

Sincerely,

Eline Blaauboer, Menka Shah, Onno Schellekens and the rest of the AHSM team.

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- The Sub-Saharan region contains 11% of the world's population yet carries 24% of the global disease burden. The current healthcare infrastructure is largely unable to carry and effectively reduce this burden, due to severe underinvestment and a lack of capacity of the public sector to provide the required services. Due to the absence of wide-scale risk-sharing mechanisms and high “out-of-pocket” expenses, 75% of people in the region are at risk of falling into poverty, when faced with significant health expenditures. The effect of low infrastructure and lack of risk-sharing mechanisms is catalyzed by a rapidly growing population.
- This has led to a growing acceptance that the private sector will play an increasingly important role in closing this gap and ensuring high-quality healthcare services to the 1 billion people in the region. To address the region's growing demand for services and to fill the current healthcare gap, the International Finance Corporation (“IFC”) estimates that private investments of USD 25 to 30 billion will be needed, much of it from the private sector.
- In 2007, with the goal to materially contribute to closing this large healthcare gap, IFHA became one of the first private equity funds exclusively dedicated to investments in private healthcare companies in Sub-Saharan Africa (SSA).
- IFHA closed with EUR 50.1 million and began investing in high-potential small and medium-sized enterprises (“SMEs”) active in health care provision, health insurance, health manufacturing, and other health-related areas.
- Nearly 10 years later and building on the success of IFHA, IFHA-II was established, completing its final close at USD 149.5 million in December 2016. IFHA-II aims to invest in and build pan-African solutions to achieve the necessary economies of scale to drive down costs for patients and unlock attractive investment opportunities in healthcare to global large-scale investors.
- IFHA has so far registered success in pioneering 1) private healthcare as a public good with large multinationals paying for HIV / AIDS treatments and 2) public-private health financing model with EUR 100m grant from the Dutch government through the Health Insurance Fund. The Fund is an initiator of pan-African distribution platform for pharmaceutical companies

E&S as a Driving Factor

- Beyond financial investments and active support, IFHA is dedicated to implementing international quality standards and value-adding activities in all portfolio companies. The IFHA ESD Performance Report 2023 outlines the Fund's strategy and performance in achieving this integral part of the overall vision to foster development in the healthcare sector in Africa.
- At IFHA, we remain highly committed to responsibly exit and close-out current portfolio activities.
- To safeguard that social impact continues in the post-investment exit period, adherence to the IFC Performance Standards is critical. We have made sure that all remaining Environmental, Social and Action Plan (ESAP) items are closed, where AAR Insurance has no active ESAP items outstanding.

Our Portfolio Companies Overview

- The Investment Fund for Health in Africa B.V. and IFHA (Mauritius) Ltd, (jointly referred to as “IFHA” or the “Fund”) are a EUR 50.1 million private equity fund that invests in private healthcare companies with operations in SSA. The Fund primarily focuses on healthcare provision, health insurance services, wholesale and distribution in the healthcare sector, and manufacturing of healthcare products.
- The Fund targets existing companies with a strong growth potential and typically targets to acquire majority or significant minority shareholdings. The Fund takes on active participation, including board memberships and board sub-committees, regular contact with management, and on-the-ground support.
- The only remaining active portfolio company is AAR Holdings Ltd, the ultimate parent company of AAR Insurance Kenya Limited and AAR Health Services Uganda Limited (collectively referred to as “AAR Insurance”). All other companies have been fully exited, as highlighted below.

Active



One of East Africa's largest private health insurers

One of East Africa's largest clinic groups



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AAR Insurance Company Overview

- AAR Insurance is a market leading health insurance provider in East Africa with operations in Kenya and Uganda. The two operational entities are:
 - ✓ AAR Insurance Kenya Limited – the 3rd largest health insurance provider in Kenya.
 - ✓ AAR Health Service (Uganda) Limited - the 4th largest health insurance provider in Uganda.
- AAR Insurance was established as an HMO in Kenya in 1984 with a small network of clinics to service its members. Subsequently, the company was acquired by IFHA in 2013 and the insurance and healthcare businesses were split into separate legal entities and eventually with different shareholders.
- AAR Insurance boasts of a large regional and nationwide presence, strong brand, and roots in SME and retail insurance.
- The company has embraced digitization through the partnership with Carepay (a digital healthcare platform created by IFHA in partnership with Kenya's largest telco, Safaricom). Carepay's M-TIBA platform currently has over 5m uninsured customers against an insured population of 1.3m and a network of 4,000 healthcare providers (4x any other insurer) at the core of the digitization strategy.
- The digitization strategy is aimed at improving AAR Insurance's performance in its existing market segment and expand to the mid-income segment through mobile native insurance products to allow for mass market distribution as well as access a wider pool of digitally connected healthcare providers.



Vision

Protecting the health
and wealth of every
household

Mission

We deliver value by empowering people to
take control of the things that matter most

Our Values

- Empowerment
- Flexibility
- Efficiency
- Ethics
- Legacy

AAR Insurance aims to cement its brand and regain market dominance in Kenya and Uganda starting with health insurance

Our Active Role in Portfolio Companies



Eline B.
Partner



Menka S.
Partner



Onno S.
Partner



Wassili D.
CFO



Felix C.
**Investment
Manager**



Esther S.
**Investment
Associate &
ESD Manager**



Astha S.
**Financial
Analyst**

AHSM team

- IFHA is an active investor in guiding our companies towards a responsible and profitable future. The Fund takes the role of an active investor and is included on the board of all its portfolio companies, often with multiple seats. Having direct influence on important topics such as finance, business development, quality and management is important in guiding the portfolio companies towards more responsible and transparent business practices. Furthermore, IFHA has been keen to appoint specific industry and/or local experts to some of the portfolio companies' boards to strengthen overall board effectiveness and drive value creation.
- From an E&S perspective, IFHA is focused on driving progress of portfolio companies through completing the outstanding ESAP items and continuous monitoring on various E&S metrics.

Fund Overview

IFHA Portfolio Companies in the News

AAR Insurance Kenya: AAR Insurance unveils new single-limit medical health cover (November 2023)



From L to R Pieter Prickaerts - Managing Director at M-Tiba, Catherine Wahome - CEO of Assurelink Insurance Brokers and President of Kenya Women in Insurance, Dr. Patrick Gatonga - AAR Insurance Group CEO and James Kamau - AAR Insurance Group Head of Distribution during the unveiling of a new single-limit health cover dubbed ShwAARI by AAR Insurance.

“AAR Insurance Kenya, a trusted name in the insurance industry, is proud to announce an addition to its portfolio: the ShwAARI medical health cover. This innovative product offers flexibility for Kenyans. The product was not only launched in Nairobi but also simultaneously across AAR’s 9 other branches in Kakamega, Malindi, Mombasa, Thika, Naivasha, Kisumu, Nakuru, Eldoret and Nyeri.

Speaking during the event, AAR Insurance Group CEO Dr Patrick Gatonga said, “Our new product, ShwAARI, offers an innovative single-limit option; it is transparent and affordable. We are committed to improving the lives of our clients by providing them with quality healthcare services. AAR Insurance has considered the changing needs of its clients and intermediaries and responded with a product that simplifies the complex world of medical insurance.

The single-limit option simplifies the coverage, making it easier for clients and intermediaries to understand and navigate.”

Read more here: <https://healthbusiness.co.ke/7125/aar-insurance-unveils-new-single-limit-medical-health-cover/>

Cigna Healthcare and AAR Insurance Kenya Forge Transformative Partnership for Unmatched East African Insurance Coverage (November 2023)



“Cigna Healthcare, a renowned global health insurance company, has announced its new partnership with AAR Insurance Kenya. This collaboration is set to transform the insurance landscape in East Africa, delivering comprehensive and unmatched insurance coverage.

...This Cigna and AAR Insurance Kenya partnership seamlessly blends local expertise with global reach, providing policyholders with unmatched access to healthcare services on a global scale. With this expanded coverage, policyholders will enjoy the flexibility to seek medical treatment within Kenya and tap into a network of world-class healthcare providers across the globe.

Through our partnership with Cigna Healthcare, we are reaffirming our commitment to delivering cutting-edge solutions to meet diverse needs in East Africa. This collaboration will introduce a range of superior insurance products that provide both local and international coverage, paving the way for a future where comprehensive health coverage knows no boundaries.”

Read more here: <https://www.techafrikanews.com/2023/11/24/cigna-healthcare-and-aar-insurance-kenya-forge-transformative-partnership-for-unmatched-east-african-insurance-coverage/>

Fund Overview

IFHA Portfolio Companies in the News

AAR Insurance joins UN Global impact in commitment to sustainable business practices (September 2023)



“AAR Insurance has become the latest underwriter in Kenya to subscribe to the United Nations Global Compact membership, to prioritise and safeguard human rights, labour standards, environmental protection, and anti-corruption efforts in its business practices.

The underwriter joins a list of other global leaders in actively contributing to the achievement of the United Nations Sustainable Development Goals (SDGs).

...we are proud of our values aligning with UNGC and SDGs principles, and we know we shall commit to the highest levels of corporate practices while focusing on sustainability,” said AAR Group CEO Dr. Patrick Gatonga.

The UNGC membership is in line with three key SDGs that are aligned with AAR Insurance’s core values and business model: SDG 3 (Good Health and Well-being), SDG 5 (Gender Equality), and SDG 13 (Climate Action).

Read more here: <https://healthbusiness.co.ke/7125/aar-insurance-unveils-new-single-limit-medical-health-cover/>

AAR Insurance revolutionizes the intermediary experience with an innovative platform (September 2023)



“AAR Insurance-a leading brand in the insurance industry- has announced the launch of My WAKALAAR, a groundbreaking platform designed exclusively for its valued intermediaries. This new platform marks yet another milestone in AAR Insurance’s digital journey, demonstrating its commitment to enhancing efficiency, providing enhanced support and offering growth opportunities and a competitive advantage unparalleled in the industry to its valued partners.

In May of this year, AAR Insurance unveiled its Loyalty Program, a testament to its unwavering commitment to recognizing and motivating its intermediaries with well-deserved rewards. The launch of My WAKALAAR reaffirms the company’s dedication to these valuable partners by investing in a platform that will streamline operations and elevate various aspects of their work – to reach a broader customer base and increase digital revenue generation.

“AAR Insurance through the WAKALAAR platform has taken a substantial stride in facilitating the inclusion of individuals with diverse abilities and those residing in remote areas, allowing them to take part in the burgeoning insurance penetration while supporting their livelihoods through online commerce,” Dr. Patrick Gatonga emphasized.”

Read more here: <https://healthbusiness.co.ke/7125/aar-insurance-unveils-new-single-limit-medical-health-cover/>

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- IFHA is highly committed to addressing the current healthcare challenges in SSA, through its investments and active participation in high-impact companies, such as hospitals, insurers, and digital health solution providers. In the pursuit of this mission, we have oriented our E&S strategy and actions alongside the 17 Sustainable Development Goals, which were adopted in late 2015, shortly before the inception of the Fund.
- We stay committed to positively contributing to all these goals, through E&S action plans and close monitoring.



SDG 3 (Good health and well-being): Key targets identified by the UN include- improving the access to quality healthcare services, safe and effective medicines, and financial risk protection. This goal includes the demand for a substantial increase in healthcare financing and the recruitment and training of health workers in developing countries.

IFHA exclusively invests in healthcare companies in SSA that have a strong potential to substantially increase their reach. Beyond accelerating growth of the businesses through active support mechanisms and equity investments, we ensure full compliance to international standards throughout the process. The actions towards achieving these quality standards are non-negotiable and are engrained in our investment process.



SDG 8 (Decent work and economic growth): This goal aims for the achievement of higher levels of economic productivity, with a focus on high value-added and labor-intensive sectors, as well as expanded access to insurance services. The protection of labor rights and the promotion of safe working environments for all workers is a key component, particularly in high-risk environments. We are driven to improving the supply of healthcare services and products in the SSA region. In this pursuit, we have identified that health companies in our markets often lack the size to achieve critical economies of scale to reach the mass market. This results in magnified costs, which are translated to the patients in the form of higher prices, hindering growth of the business and the overall sector. We actively invest in solutions that can significantly extend their reach and provide additional employment opportunities in SSA.

To ensure alignment with our mission, we annually track progress on selected material development impact metrics, which are outlined in Section 4 of this Report.

Our Quality Framework: The IFC Performance Standards

- The IFC Performance Standards on E&S Sustainability are directed towards investors and provide guidance on how to identify E&S-related risks and impacts of the underlying portfolio companies. They provide a non-disruptive framework to avoid, mitigate, and manage such risks and monitor the impact. Through this framework, 8 crucial areas are covered, which incorporate modifications on challenging issues that are of utmost importance to ensure human rights, safety, and community protection.
- The IFC Performance Standards form a core part of IFHA's E&S strategy, as they provide the guiding quality framework for all portfolio companies. IFHA's ESD Policy has integrated these standards as core compliance features in its Fund documents and requires all of its portfolio companies to adhere to them. An Environmental & Social Action Plan (ESAP) is usually implemented at the point of investment, if areas of improvement or non-compliance have been identified.

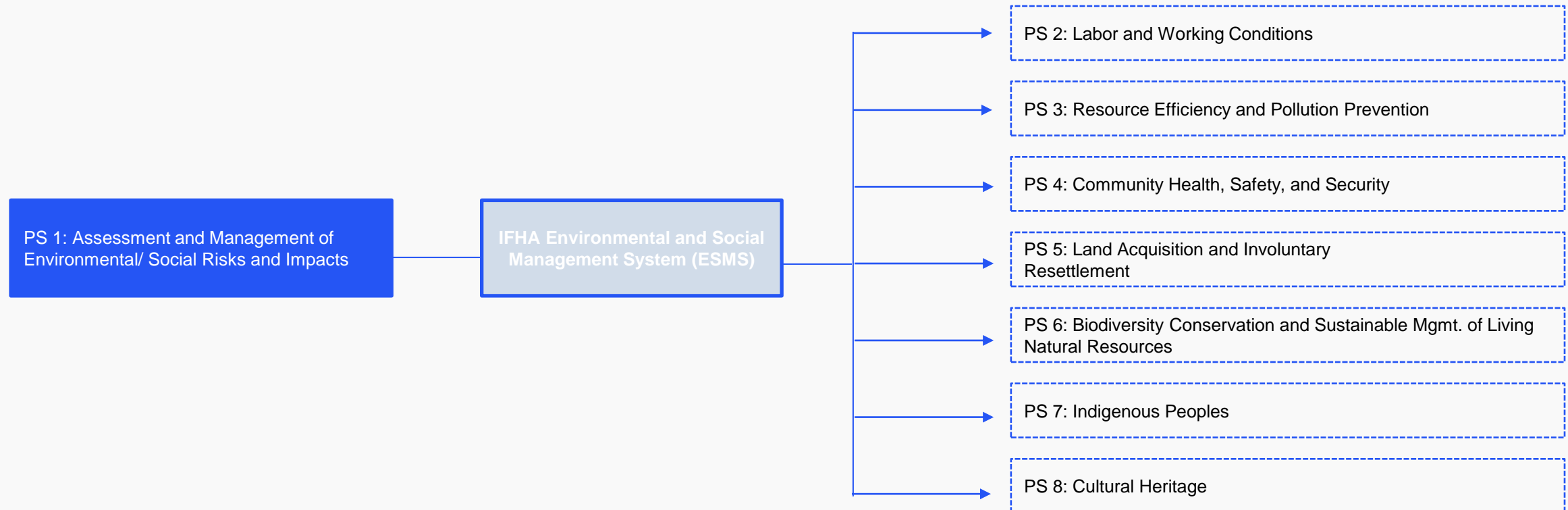


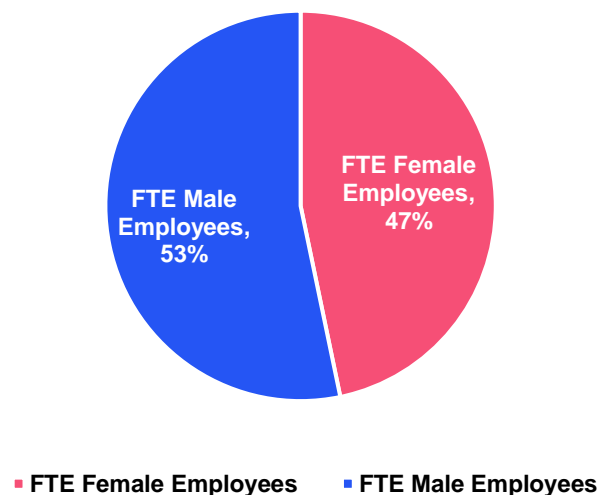
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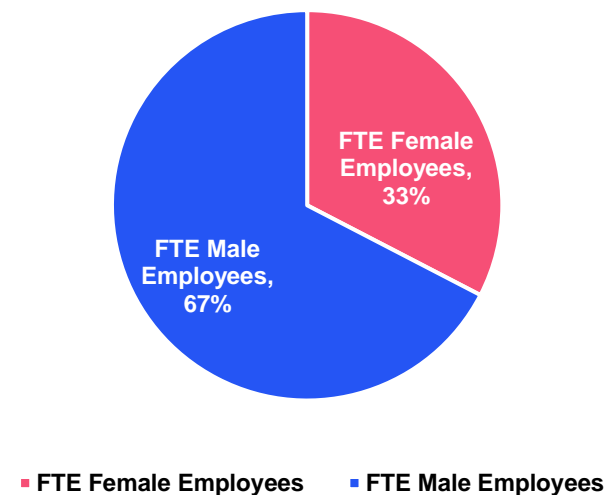
OUR DEVELOPMENT IMPACT ON HEALTH

Employment and Gender Balance

Gender Inclusion - AIK



Gender Inclusion - AHSU



- Total employee count as of December 2023 at AIK remained at 199 in 2023, while at AHSU, 2 new employees were onboarded.
- In 2023, AIK rolled out a Voluntary Early Retirement (VER) program as part of a staff re-organization process in light of the digitization process that allowed for outsourcing of some key processes such as claims and provider management. 57 employees applied for the VER, whose departure will be reflected in the 2024 data.
- In 2023, 58% of the board seats at AIK were held by women, an increase from 43% in 2022. At AHSU, female board representation remained at 40%.
- Both AIK and AHSU provide capacity development as part of their corporate growth strategy, with at least each employee undertaking one training session in 2023. Training covers both technical concepts and other critical areas such as ESG and corporate governance.

ESG as an Enabler of Corporate Strategy

- Design and implementation of a sustainability program around Environmental, Social and Governance (ESG) pillars was a key focus area for AAR Insurance in 2023, with the following achievements:

Definition of company ESG goals

Subscription to the UN Global Compact Initiative Principles of Sustainable Insurance (PSI) and to the Nairobi Declaration on Sustainable Insurance (NDSI) for benchmarking and alignment to Global standards.



Launch of an internal ESG campaign

Modelled ESG messaging/ communication through an internal campaign to get staff buy-in

Sensitization of staff and board on ESG matters



Baseline Reporting

Identification of the ESG gaps/risks and opportunities within the business and subsequent release of a baseline report.



ESG Monitoring Structures

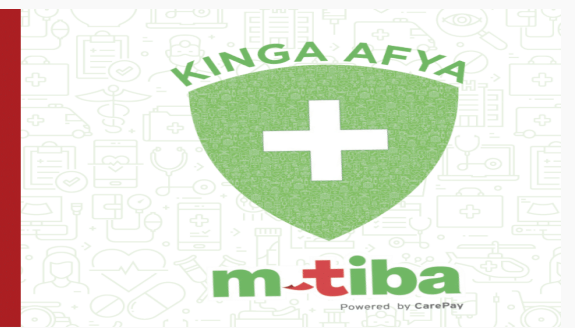
ESG Risks monitoring through to be conducted through the Board Risk Committee and appointment of an ESG management committee to follow

OUR DEVELOPMENT IMPACT ON HEALTH

Leveraging Digitization to Scale Health Insurance



In case of an Accident, Call:
0800 720 000



- In Q4-2022, AIK received approval from the insurance regulator in Kenya to partner with CarePay for the implementation of Carepay's MTIBA platform, which is a digital claims processing platform.
- AIK has already seen an improvement in its claim processing cycle and anticipates that the digitization of claims processing will provide accurate and timely data thereby improving the ability of the company to detect fraud, accurately assess outstanding liabilities and solvency requirements, adjust pricing for renewed policies based on actual data not estimates, stabilize margins, and become immediately reactive to trend changes. This will in turn build superior trust-based relationships with members and providers by providing transparency through data.
- AIK has currently outsourced majority of outpatient claims processing to M-TIBA, with plans underway to outsource inpatient claims processing and provider management in 2024.
- AAR Insurance is keen to leverage digitization to create a sustainable business model through:
 - ✓ Product customization, innovation and distribution to provide healthcare cover products that are affordable, inclusive and transparent.
 - ✓ Enhancement of health insurance distribution channels to increase access to affordable health plans
 - ✓ Digital process innovation for operational efficiencies to lower costs
 - ✓ Improvement of customer journeys and touchpoints to enhance customer experience

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Continuous Efforts on SFDR Reporting and Compliance

- Regulation (EU) 2019/2088, known as the Sustainable Finance Disclosure Regulation (“SFDR”), was adopted on 27 November 2019 and deals with sustainability-related disclosures in the financial services sector. The regulation aims to improve transparency between financial market participants (“FMPs”) on how they integrate sustainability risks in their investment decisions, consider potential adverse impacts, promote certain environmental or social characteristics, or aim to achieve sustainable investment objectives.

Consideration of sustainability risks in our investment decision-making process (“Article 3 SFDR”)

- The innovative strategy of IFHA aims to accelerate the development and to optimize the commercial potential of our investee companies. Through providing capital for expansion and for investments in new technologies, and through improving finance and control functions, IFHA offers portfolio companies attractive growth opportunities in Africa’s health care market. The Fund actively contributes to the availability of quality health care for the population of Sub-Saharan Africa.
- IFHA is committed to improving the ESD impact of our portfolio companies. For this purpose, IFHA has developed an ESD Framework on which it reports on an annual basis to its investors, constituting this Report. The Fund is currently in exit phase (with only one remaining asset, AAR Insurance) and no actual new investments will be made during its remaining lifetime.

Considering potential negative impacts of our investment decision-making on sustainability factors

- In April 2022, the European Commission adopted the Regulatory Technical Standards [“RTS”] under the SFDR. This included a list of Principal Adverse Impact (“PAI”) indicators which a fund must take into account to determine that an investment Does No Significant Harm [“DNSH”].
- Although we believe our investment process with respect to screening for potential ESG risks aligns with the requirements under Recital 17 SFDR [“the precautionary principle”], the assessment does not (yet) include a full pre-deal or periodic review of all indicators for adverse impacts provided in the table in the next slide.
- We believe that at present this is not yet possible, as we invest exclusively in private healthcare companies in Africa, which do not always have the capacity to report quantitatively on all numerical PAI indicators (e.g. GHG emissions, hazardous or radioactive waste) or develop and implement fit-for-purpose policies on other indicators (e.g. human rights, workplace health and safety). As such, we cannot state that we use PAI indicators as a fund Manager.
- In December 2023, we issued a questionnaire to AIK and AHSU, asking them to report back on their 2023 performance on all 14 mandatory Principal Adverse Impact (“PAI”) indicators, together with 1 environmental indicator and 3 social indicator. A summary of the results of this questionnaire are presented in the table in the next slides.

Sustainable Financial Disclosures

2023 SFDR Reporting

Adverse sustainability indicator		Metric	IFHA	Explanation
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	n/a	AIK and AHSU were unable to report on Scope 1 GHG emissions.
		Scope 2 GHG emissions	n/a	AIK and AHSU were unable to report on Scope 2 GHG emissions.
		Scope 3 GHG emissions	n/a	AIK and AHSU were unable to report on Scope 3 GHG emissions.
		Total GHG emissions	n/a	Calculated as equity stake per company times their total reported GHG emissions. However, there was no data reported on total emissions were not sufficient to be able to provide a calculation at Fund Level.
	2. Carbon footprint	Carbon footprint	n/a	This is calculated as equity stake per company times their total reported GHG emissions, divided by the Fund value. However, there was no data reported on total emissions were not sufficient to be able to provide a calculation at Fund Level.
	3. GHG intensity of investee companies	GHG intensity of investee companies	n/a	Provides the equity-stake-adjusted GHG intensity of 1 Euro revenue of the company. However, there was no data reported on total emissions were not sufficient to be able to provide a calculation at Fund Level.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	Based on a survey in which both AIK and AHSU answered "NO", confirming no exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0%	Based on a survey in which AIK and AHSU could not provide this data
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.00	Based on a survey in which AIK and AHSU could not provide this data
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	Based on a survey in which both AIK and AHSU confirmed having no activities with sites/operations near bio-diversity sensitive areas
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0	Based on a survey in which neither AIK nor AHSU could report on this data
Waste	9. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0.00	Based on a survey in which both AIK and AHSU reported on this data, confirming that all waste is recycled.
	10. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.00	Based on a survey in which both AIK and AHSU reported on this data, confirming that there is no production of hazardous and radioactive waste.

Sustainable Financial Disclosures

2023 SFDR Reporting

Adverse sustainability indicator	Metric	IFHA	Explanation	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS				
Social and employee matters	11. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	Based on a survey in which both AIK and AHSU answered “NO”, confirming no participation or ownership in companies involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	100%	Based on a survey in which both AIK and AHSU answered “NO”
	13. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	8%	Based on a survey in which only AHSU could provide the data
	14. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.0	Based on a survey in which both AIK and AHSU confirmed having no workplace accidents in 2023
	15. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0%	Based on a survey in which both AIK and AHUS confirmed to have a workplace accident prevention policy in place
	16. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0%	Based on a survey in which both AIK and AHUS confirmed availability of an employee grievance mechanism
	17. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	49%	AIK ratio of female to male: 58% AHSU ratio of female to male: 40%
	18. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	AAR Insurance operates in the financial services (insurance) sector. Both AIK and AHSU answered “NO”.

We are able to draw several conclusions from the data as follows:

- IFHA has no investments in the fossil fuel or controversial weapons sectors, or investments which negatively impact biodiversity-sensitive areas, or have been involved in violations of UNGC principles or OECD Guidelines for Multinational Enterprises.
- AIK and AHSU were unable to report on several of the highlighted indicators for 2023. This points to a need for capacity building for the company to augment their data collection process and quality, especially on greenhouse gas emissions data. AIK reported that they were working on a greenhouse gas emissions assessment and could share insights once completed.
- Our board gender diversity seems above long term reported trends in mature markets and companies, with average female representation at board level at 49%.
- Whilst the unadjusted gender pay gap of 8% is less than the average SSA rate of c.19%, the data points to the need for a comprehensive remuneration review to ensure equity and fairness.

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Environmental and Social Categorization

In IFHA's E&S Screening Process of an investment, a portfolio company is assigned a risk category (see Section 1). The underlying risk categorization framework has been based on IFC's Environmental and Social Categorization.

The categories are:

- **Category A**

Projects expected to have significant adverse social and/or environmental impacts that are diverse, irreversible, or unprecedented.

- **Category B**

Projects expected to have limited adverse social and/or environmental impacts that can be readily addressed through mitigation measures.

- **Category C**

Projects expected to have minimal or no adverse impacts, including certain financial intermediary projects.

- **Category FI**

Investments in Financial Intermediaries that themselves have no adverse social and/or environmental impacts but may finance subprojects with potential impacts.

List of Abbreviations

E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESD	Environmental, Social and Development
ESMS	Environmental and Social Management System
FTE	Full-time equivalent
IFC	International Finance Corporation
JCI	Joint Commission International
HMO	Health Maintenance Organization
H&S	Health and Safety
OHS	Occupational Health & Safety
OSHA	Kenyan Occupational Safety and Health Act
PS	IFC Performance Standard on Environmental and Social Sustainability
SDG	Sustainable Development Goals
SME	Small and medium-sized enterprises
SSA	Sub-Saharan Africa