

IFHA-II Coöperatief U.A.

2023 ESD PERFORMANCE REPORT



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Letter from the Manager

Dear IFHA-II Limited Partners, Dear Stakeholders,

The team at African Health Systems Management Company B.V. (“AHSM” or “the Manager”) is pleased to present our annual Environmental, Social and Development (ESD) Performance Report for the year 2023 (“the Report”). The IFHA-II portfolio companies persist in their dedication to environmental and social (E&S) priorities, which are integral to their strategies for achieving both financial growth and social impact. AHSM remains steadfast in providing E&S support through active board participation and monitoring efforts, ensuring adherence to the highest E&S standards. Our continuous improvement initiatives span various areas, including employee welfare and safety, community engagement, life and fire safety, and environmental conservation.

E&S plays a pivotal part in each cornerstone of our business strategy, from investing in high-quality, sustainable and resilient companies, to integrating E&S considerations into our investment opportunities and engaging with key stakeholders such as employees and business partners to promote long-term retention and satisfaction. Despite the intensive focus on exits, we continue tracking the ESAP matters identified at the point of investment for our portfolio companies to ensure satisfactory completion of outstanding matters, where some portfolio companies have been affected by management and operational challenges, resulting in delayed completion.

Looking ahead, we look forward to building on our success in creating one of Sub-Saharan Africa’s largest healthcare infrastructures (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 will focus on investing in scalable and impactful healthcare companies in Africa. Below are some portfolio impact metrics realized in 2023.

Our Impact - 2023

<p>1,465,670</p> <p>Total patients treated across IFHA-II hospitals and clinics in Kenya, Uganda and Mauritius</p>	<p>>800,000</p> <p>Lives covered through Hygeia HMO in Nigeria and CarePay’s partnerships with various insurers in Kenya for traditional B2B and low-cost (micro) insurance products.</p>	<p>5,346</p> <p>Number of full-time equivalent employees at our active IFHA-II portfolio companies</p>	<p>60%</p> <p>Percentage of FTE female employees at our portfolio companies</p> <p>86%</p> <p>ESAP completion progress, where 127 out of 147 ESAP items have been completed.</p>
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In this Report we dive into some of the E&S milestones achieved by our portfolio companies in 2023. We also wish to confer special recognition to our portfolio companies in being champions of E&S initiatives.

Sincerely,

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

Our 2023 in Pictures



C-Care Uganda Rebranding

C-care C-care Clab C-pharma



1. **C-Care** rebrand launch in Uganda (IHK and IMC clinics).
2. **C-Care Mauritius** supporting 110 students from a local school with school materials.
3. **CarePay Kenya** and AAR Insurance partnership launch with eBee to offer bicycle riders healthcare covers
4. **AAR Hospital** official launch in February 2023
5. **AAR Healthcare Kenya** opening new clinic in Kisii.
6. New wing at **Nakasero Hospital** in Uganda, providing an additional inpatient capacity of 58 beds.
7. (7 and 8) **AAR Hospital** surgical teams performing free Cleft Lip and Palate surgeries. In 2023, AAR Hospital conducted a medical camp resulting in 45 free surgeries.

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Fund Overview

History of IFHA-II




- The Sub-Saharan Africa (SSA) 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 under-investment 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 healthcare 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-I became one of the first private equity funds exclusively dedicated to investments in private healthcare companies in Africa. IFHA-I closed with EUR 50.1 million and began investing in high-potential small and medium-sized enterprises (“SMEs”) active in care provision, health insurance, manufacturing, and other health-related areas.
- Nearly 10 years later and building on the success of IFHA-I, IFHA-II was established, completing its final close at USD 149.5 million in December 2016. IFHA-II invested in and is building 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-I and IFHA-II (the Funds), through their investments, have directly impacted over 20 million people to date. Through their healthcare infrastructures, consisting of hospitals and clinics, health insurers, distributors, and health technology companies, the Funds have:
 - ✓ treated over 15 million patients to date
 - ✓ provided annual health insurance covers to 7 million people
 - ✓ connected over 4 million people digitally to health-related financial products
 - ✓ provided thousands of jobs to a ~50% female workforce and trained over 20,000 employees
 - ✓ access to a network of thousands of doctors that can be reached with new propositions

E&S as a Driving Factor







- Beyond financial investments and active support, IFHA-II is dedicated to implementing international quality standards and value-adding activities in all portfolio companies. The IFHA-II 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.

Our Portfolio Companies Overview (1/2)

- IFHA-II Coöperatief U.A. (“IFHA-II” or the “Fund”) is a USD 149.5 million private equity fund that has invested in private healthcare companies with the majority of operations in SSA. The Fund primarily focuses on healthcare provision, health insurance services and wholesale & distribution of medical equipment.
- The Fund targets existing companies with a strong growth potential and typically aims to acquire majority or significant minority shareholdings. The Fund takes on active participation in its portfolio companies, including board and committee memberships, regular contact with management, and on-the-ground support.
- Since its second close in December 2015, IFHA-II has taken equity stakes in 9 companies. The investment period of the Fund ended in June 2020. The first exit was concluded in 2021, followed by a second exit in 2022.
- A brief overview of the portfolio companies is provided below:

Portfolio Company	Status	Overview
	Exited	<p>Chiromo Hospital Group, formerly Chiromo Lane Medical Centre, (CLMC) is a leading private psychiatric service provider in Kenya. The hospital offers inpatient and outpatient services to individuals with acute and non-acute mental health and substance abuse disorders. At the time of IFHA-II's exit, CLMC had a combined capacity of 210 beds across its four (4) branches in Nairobi, with an average of 128 patients per day being treated.</p> <p>IFHA-II completed its exit from CLMC on 31 October 2022.</p>
	Exited	<p>Hygeia Lagoon Hospitals (“Lagoon Hospitals”) West Africa’s only JCI-accredited hospital facility, demonstrating paramount quality. The hospital provides a range of primary and tertiary healthcare services in four locations: Lagoon Apapa, Lagoon Ikeja, Lagoon Victoria Island and Lagoon Ikoyi respectively.</p> <p>IFHA-II exited Lagoon Hospitals in October 2021.</p>
	Active	<p>Hygeia HMO Ltd (“Hygeia”) is one of Nigeria’s largest Health Maintenance Organization (HMO). Hygeia HMO is a health insurer with a wide clientele base of corporate and retail clients.</p>

Our Portfolio Companies Overview (2/2)

Portfolio Company	Status	Overview
	Active	C-Care (International) Group (“C-Care”) (formerly Ciel Healthcare Ltd), operates several hospitals, clinics, HMOs and lab services across Mauritius and Uganda, boasting of one of the most highly equipped hospitals across the two markets. The holding company is based in Mauritius and traded on the national stock market. C-Care operates some of the most highly equipped hospitals across Mauritius and Uganda.
	Active	Hospital Holdings Investment B.V. (“HHI”) is an integrated healthcare services platform that owns and operates primary, secondary and specialist service assets across several countries in SSA. Current assets include (I) AAR Hospital, a 140-bed secondary hospital in Kenya (II) Nakasero Hospital, an 83-bed secondary hospital in Uganda (with an additional 58-bed wing being operationalized); and (III) AAR Healthcare Holdings, which includes a leading outpatient clinic chain in Kenya and Uganda (total of 43 clinics as at December 2023) and Kampala Hospital, a 67-bed secondary hospital in Uganda.
	Active	CarePay International (“CarePay”) ’s mobile health financing platform coordinates the interactions between individuals (patients and non-patients), insurers, donors, clinics, and doctors. CarePay is unique in supporting an end-to-end health insurance eco system and clearly distinguishes itself from competition in Africa and globally. CarePay operates under the M-Tiba brand name in Kenya.
	Active	Labotec Holdings (Pty) Ltd (“Labotec”) is a distributor of medical equipment in South Africa and Kenya. Labotec focuses on laboratory equipment for science and industrial labs, with a growing focus on sale of consumables.
	Active	Neuberg Global Laboratories SA (Pty) Limited (“Neuberg”) is a provider of pathology services to healthcare practitioners and patients, clinical trials, and other research studies in the field of infectious diseases.
	Exit ongoing	Trivitron Healthcare Africa B.V. (“THA”) is a medical technology group that provides high-quality medical devices and instruments with reliable after-sales service support across SSA.

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**

The AHSM team

- IFHA-II 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-II 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.
- Occasionally and when required, the Fund also offers direct support to the portfolio companies in order to improve performance and realize operational efficiencies. This includes implementation of tech solutions such as PowerBI for reporting and business analyses.
- From an E&S perspective, IFHA-II 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-II Portfolio Companies in the News

AAR Hospital: AAR Hospital launch marks progress towards accessible healthcare in Kenya (February 2023)



President-Ruto-touring-the-AAR-Hospital-facility-scaled.jpg

“Kenya took a major step towards improving healthcare services in the country with the launch of the AAR Hospital, a private healthcare facility that will supplement the government’s efforts to provide quality, accessible, and affordable healthcare for all. The hospital was launched by H.E President William Ruto, accompanied by the Ministry of Health Principal Secretary’s Eng. Peter Tum, Medical Services and Dr Josephine Mburu, Public Health and Professional Standards. In his speech, the President reiterated the government’s vision to enhance the health of every Kenyan, to live longer, happier, and more productive lives...”

The launch of the AAR Hospital is a crucial aspect of this vision, as it represents a significant step in bringing quality healthcare closer to the people. The facility will not only provide healthcare services to those who need them but will also help create job opportunities for healthcare professionals in the country.”

Read more here: [AAR Hospital launch marks progress towards accessible healthcare in Kenya \(african.business\)](#)

AAR Healthcare Kenya (Clinics): AAR Commits To Affordable Healthcare (July 2023)

AAR Commits To Affordable Healthcare



“AAR Healthcare Kenya has opened its second state-of-the-art clinic in Mombasa in a bid to bring quality and affordable healthcare closer to the people. ... The Mombasa Clinic has been operating for the last 23 years and primarily concentrates on providing treatment for cardiovascular and upper respiratory diseases, besides offering specialised dental services as part of its comprehensive healthcare approach. The newly opened Bamburi Clinic aims to specialise in gynaecology and paediatric care.

Mombasa County Governor Abdulswammad Nassir commended AAR Healthcare for bringing its services to Mombasa.”

Read more here: <https://www.kenyanews.go.ke/aar-commits-to-affordable-healthcare/>

C-Care Uganda: 20 Ugandans to receive corrective surgeries at C-Care (September 2023)



“Twenty Ugandans are slated to undergo corrective surgeries from October 13 to October 16 through collaborative efforts of C-Care, formerly known as International Hospital Kampala (IHK), and Egypt’s Andalusia medial facility. ... The selection of these 20 individuals followed consultations for corrective surgeries conducted at the C-Care Plastics Surgery Clinic in Kampala.”

Read more here: <https://www.monitor.co.ug/uganda/news/national/20-ugandans-to-receive-corrective-surgeries-at-c-care-4376886>

IFHA-II Portfolio Companies in the News

C-Care Uganda: C-Care Uganda joins the rest of the world to commemorate men's health awareness month this "movember" (November 2023)



“C-Care Uganda, Uganda’s largest private healthcare network, has this month, joined the rest of the world to raise men’s health awareness, with special attention to testicular and prostate cancers. The healthcare providers kicked off the month by providing discounted prostate and testicular cancer screening in all their clinics countrywide.

...In his remarks, Sandhoo said, “There was time when it was near impossible for a person to access quality medical information or care in most parts of the country, but thankfully, we now have accessible, affordable expert medical personnel at our disposal, across the country, thanks to C-Care.”

Read more here: <https://mulengeranews.com/c-care-uganda-joins-the-rest-of-the-world-to-commemorate-mens-health-awareness-month-this-november/>

C-Care Uganda: C-Care IHK organises spine surgery camp (February 2024)



“C-Care, Uganda has kicked off a spine surgery camp that will benefit victims of Traumatic Spinal Cord Injuries (TSCI) through consultations with orthopedic experts, operations and pain management techniques.

The camp that opened on Monday will run until Saturday February, 24 2024 and is expected to reach 200 individuals living in need of surgeries, and consultations. ... The General Manager for C-Care Uganda, Dr. Miriam Mutero underscored the rationale behind the camp. “I am glad that we are able to assist reduce the pain to a certain extent. We strive to make a positive change in the health of those around us. We have carried out many life changing camps over the years, and the numbers that always turn up for these.”

Read more here : <https://nilepost.co.ug/health/189327/c-care-ihk-organises-spine-surgery-camp>

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Our True North – Driving Health Development

- IFHA-II 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: 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-II 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: 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-II's E&S strategy, as they provide the guiding quality framework for all portfolio companies. IFHA-II'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 E&S Action Plan (ESAP) has been implemented at point of investment, if areas of improvement or non-compliance have been identified.

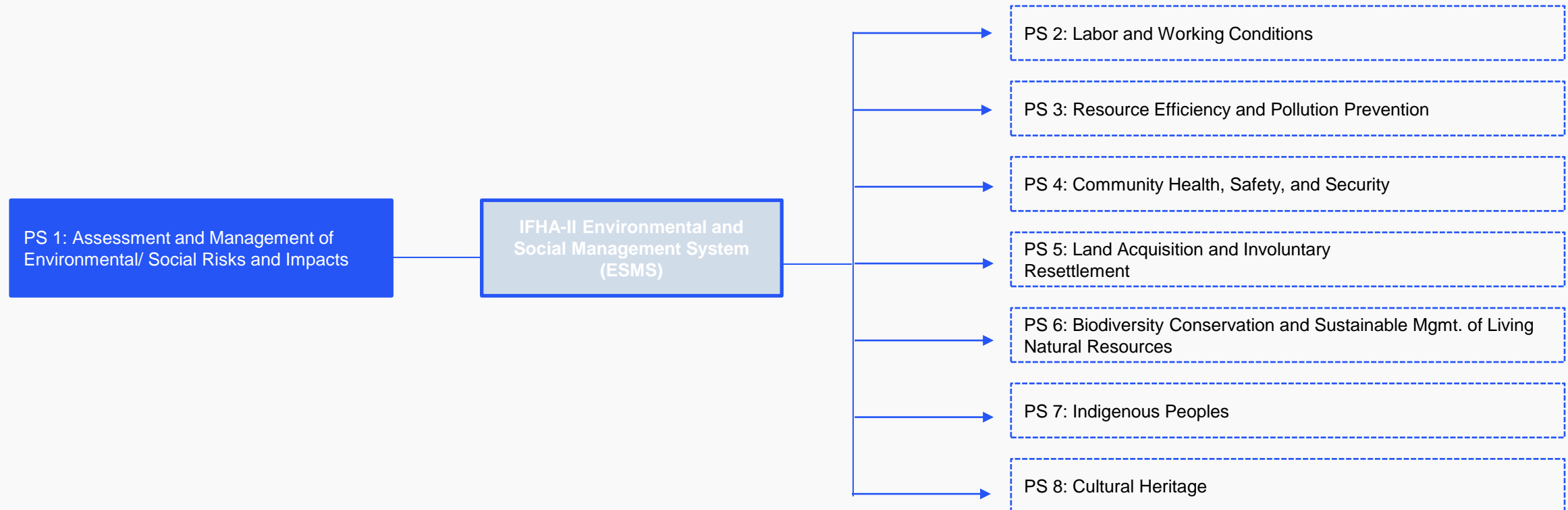


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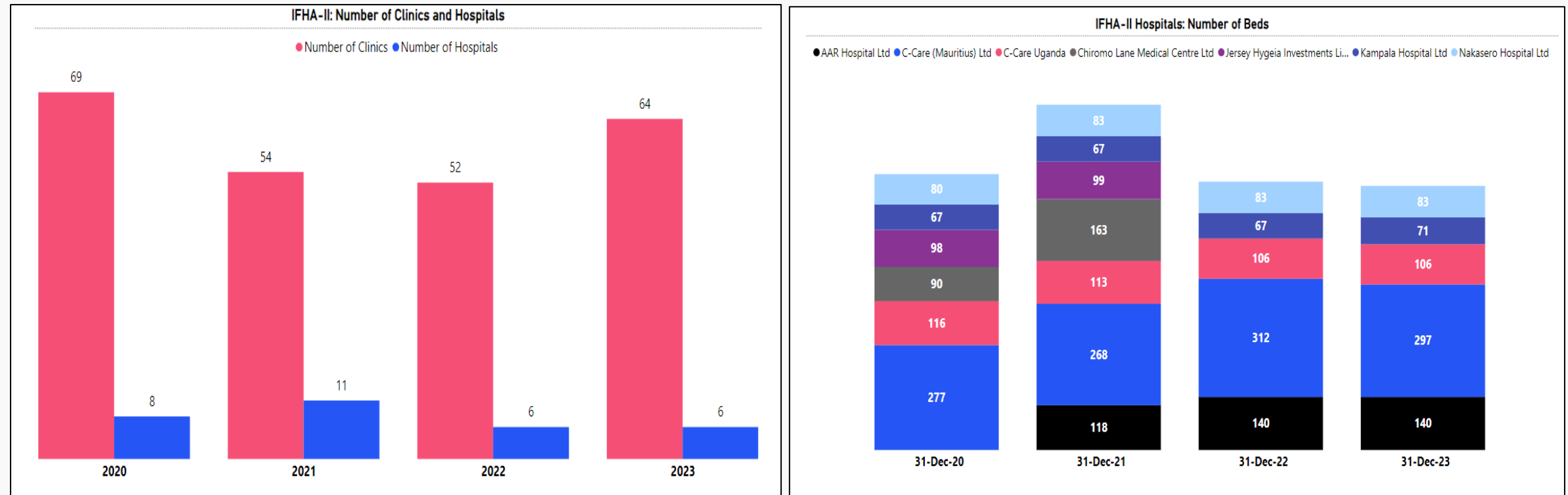
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OUR DEVELOPMENT IMPACT ON HEALTH

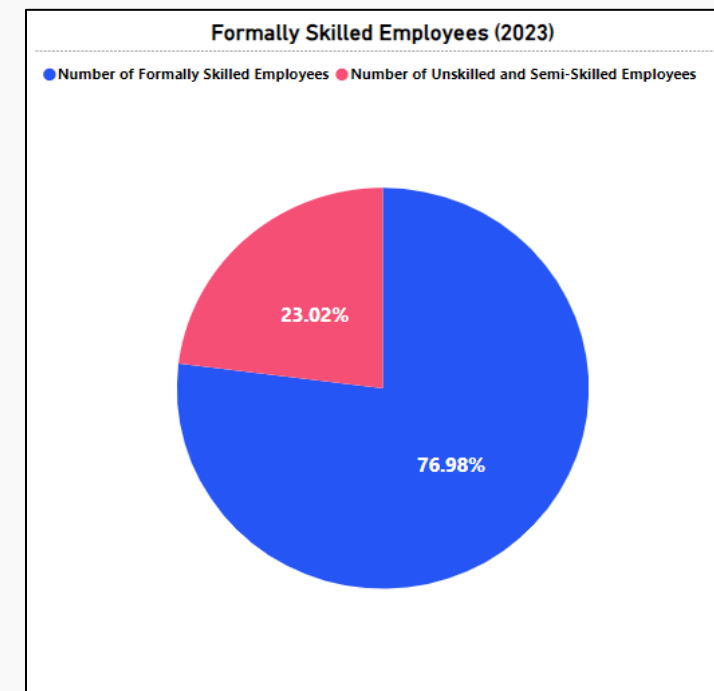
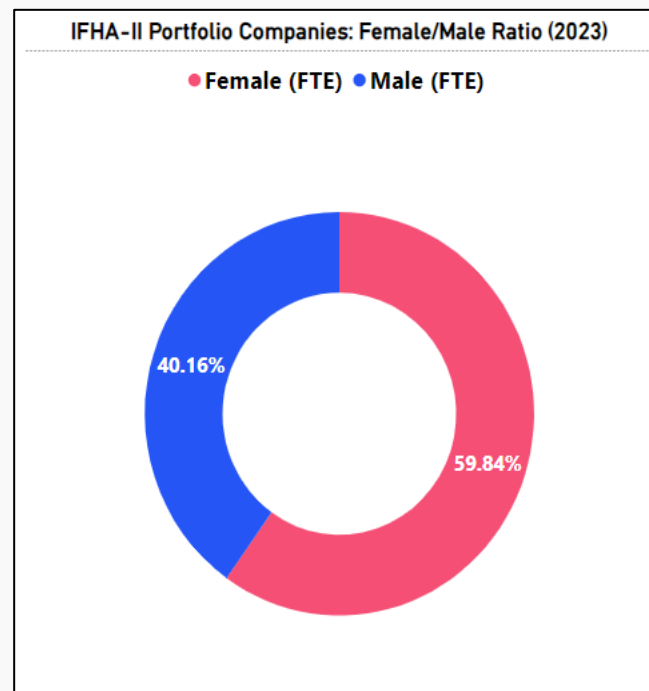
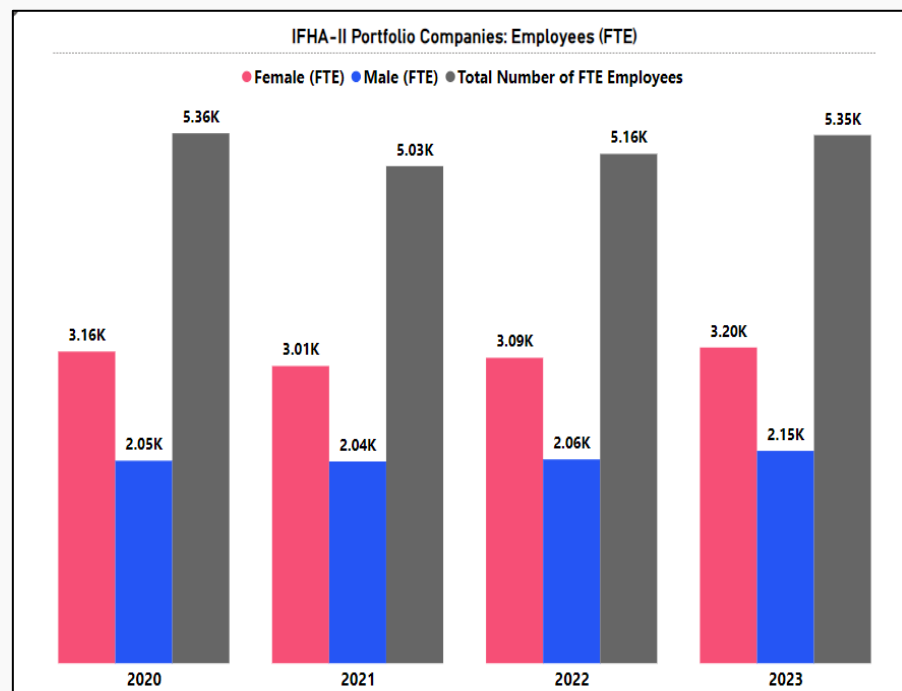
Facilities and Treatment



- 2020 and 2021 data includes the exited companies; Lagoon Hospitals (exited in 2021) and CLMC, (exited in 2022). The number of clinics in 2022 and 2023 also excludes AAR Healthcare Tanzania Ltd, which is under liquidation and closed 7 clinics in 2020. Additionally, 6 clinics were closed by C-Care in 2020.
- 2023 data excludes the exited companies, CLMC and Lagoon Hospitals.
- In 2023, the total number of beds across IFHA-II's investee hospitals was 697.

OUR DEVELOPMENT IMPACT ON HEALTH

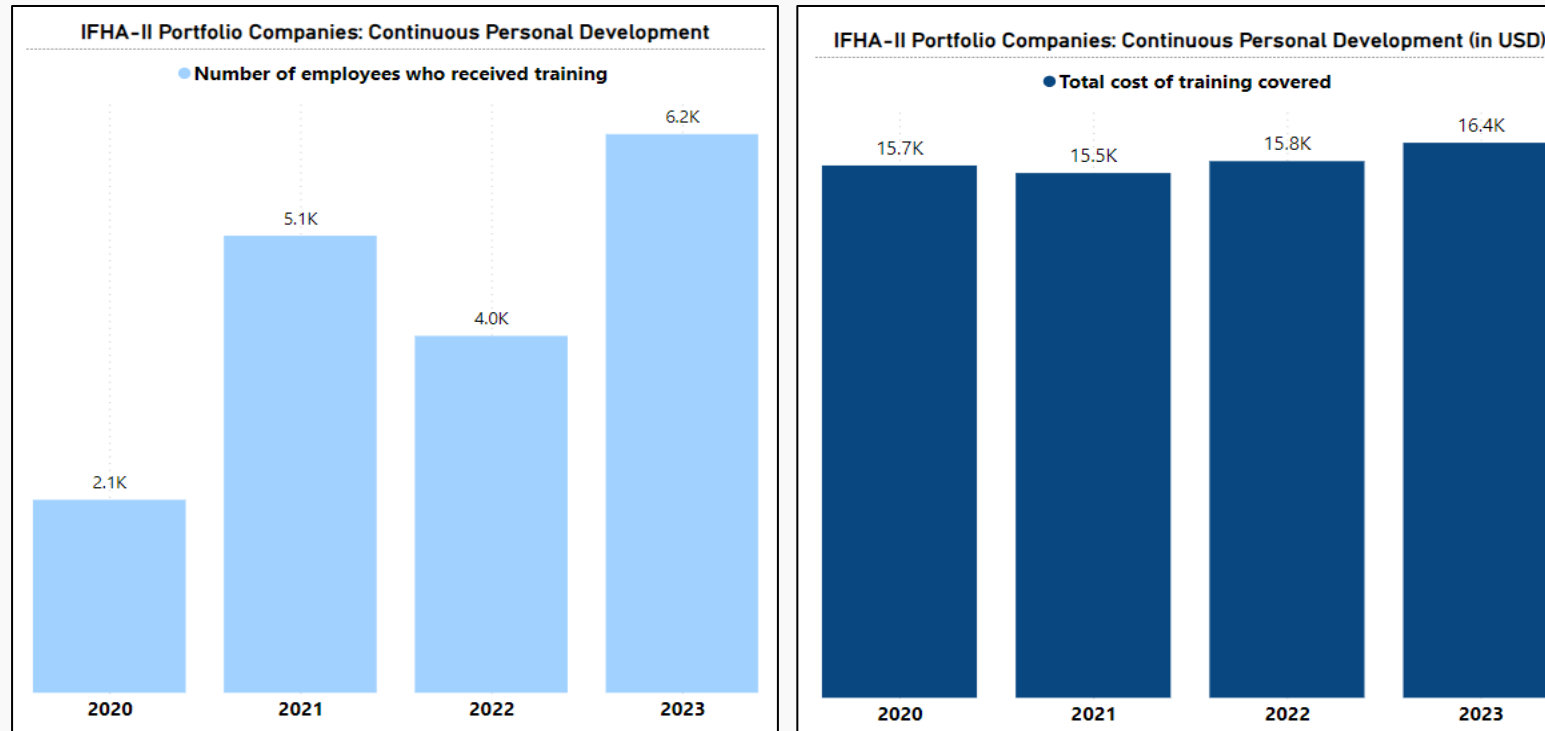
Employment and Board Composition



- The 2020 and 2021 data includes the exited companies, CLMC and Lagoon Hospitals, and 2022 data also includes Trivitron Healthcare Africa B.V., whose liquidation is ongoing (hence no 2023 data).
- The total number of full-time equivalent employees (FTE) increased by 4% from 2022 to 2023. Neuberg Global and Hygeia HMO faced higher attrition rates due to operational challenges and a tough macroeconomic environment.
- In 2023, 60% of the total FTE employees in IFHA-II portfolio companies were female. Additionally, women accounted for 60% of the total senior management team at the IFHA-II portfolio companies.
- Furthermore, on average, 35% of the board seats across the IFHA-II portfolio companies were held by women in 2023.

OUR DEVELOPMENT IMPACT ON HEALTH

Personal Development



- The 2020 and 2021 data includes Lagoon Hospitals and CLMC (IFHA-II exited Lagoon Hospitals and CLMC in 2021 and 2022 respectively).
- In 2023, 6.2K employees received training across our 7 active portfolio companies (data includes full-time and part-time employees). FTE data was unavailable.
- The trainings include internal and external programs offering medical continuous training (occupational health and safety, risk management framework, compliance) and non-medical training (customer relationship management, healthcare leadership, performance training among others).
- Amounts spent on external trainings increased from USD 15.8K in 2022 to USD 16.4K, demonstrating the commitment to continuous capacity improvement at portfolio level.

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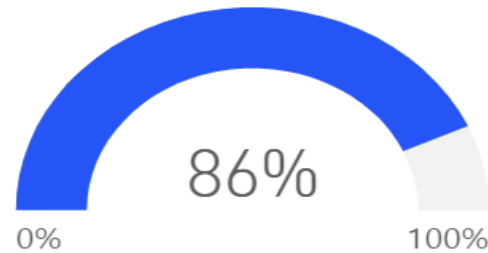
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IFHA-II Fund Overview: Ongoing ESAP Monitoring

% ESAP Completion Rate



ESAP Actions Complete or Waived



Portfolio Company	Complete	Outstanding	Waived
CarePay International B.V.	100%		
CarePay International B.V. (consolidated)	100%		
C-Care (International) Group	91%	9%	
C-Care (International) Group	91%	9%	
Chiromo Lane Medical Centre Ltd	100%		
Chiromo Lane Medical Centre Ltd	100%		
Hospital Holdings Investment B.V.	91%	9%	
AAR Hospital Ltd	90%	10%	
Kampala Hospital Ltd	95%	5%	
Nakasero Hospital Ltd	83%	17%	
Jersey Hygeia Investments Limited (Lagoon Hospitals)	92%		8%
Jersey Hygeia Investments Limited (Lagoon Hospitals)	92%		8%
Labotec Holdings (Pty) Ltd	100%		
Labotec Holdings (Pty) Ltd	100%		
Neuberg Global Laboratories SA (Pty) Ltd	29%	71%	
Neuberg Global Laboratories SA (Pty) Ltd	29%	71%	
Trivitron Healthcare Africa B.V.	33%	67%	
Trivitron Healthcare Africa B.V. (consolidated)	33%	67%	
Total	86%	14%	1%

ESAP Status

ESAP Items

Complete	126
IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts	38
IFC PS 2: Labor and Working Conditions	36
IFC PS 3: Resource Efficiency and Pollution Prevention	20
IFC PS 4: Community Health, Safety, and Security	32
Outstanding	20
IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts	8
IFC PS 2: Labor and Working Conditions	3
IFC PS 3: Resource Efficiency and Pollution Prevention	3
IFC PS 4: Community Health, Safety, and Security	6
Waived	1
IFC PS 4: Community Health, Safety, and Security	1
Total	147

- IFHA-II takes substantial consideration into making sure our portfolio companies are run responsibly and in line with the IFC Performance Standards. The Environmental & Social Action Plans (ESAPs) play a critical role in achieving this goal.
- It is important to realize that our investment focus is purely on healthcare companies in SSA, which are often not focused on E&S matters at the point of investment and require substantial changes to comply with the IFC Performance Standards.
- Our follow-up on these ESAP points is done in a determined manner, while trying to avoid disrupting the entire business operations. This means that action points are consistently being completed each year, but it also means that some action points may take longer than expected, depending on the complexity of the action point and external factors that impact the company.
- In 2023, we undertook a comprehensive internal audit of all ESAP items (including closed items) to allow for a review of completeness. This resulted in some ESAP matters being re-opened and follow-up conducted to ensure full satisfaction. 12 additional ESAP matters were closed in 2023.
- 127 out of 147 ESAP matters have been closed, representing an 86% completion rate.

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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-II 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-II 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-II is committed to improving the ESD impact of our portfolio companies. For this purpose, IFHA-II 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 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 our 7 active portfolio companies, 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-II	Explanation
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	n/a We had 1 out of 7 survey respondent able to report Scope 1 emissions. As such, we deem this sample too small to report a Fund-level average.
		Scope 2 GHG emissions	n/a We had 2 out of 7 survey respondent able to report Scope 2 emissions. As such, we deem this sample too small to report a Fund-level average.
		Scope 3 GHG emissions	n/a We had 0 out of 7 survey respondent able to report Scope 3 emissions.
		Total GHG emissions	n/a Equity stake per company times their total reported GHG emissions. However, total reported emissions were not sufficient to be able to provide a calculation.
	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, total reported 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, total reported 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 6 out of 7 companies all answered "NO"
	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	25% Based on a survey in which 6 out of 7 companies could report 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	0.41 Based on a survey in which 6 out of 7 companies could report 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 6 out of 7 companies 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 0 out of 7 companies could report 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	4.31 Based on a survey in which 6 out of 7 companies could report this data
	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	8.48 Based on a survey in which 6 out of 7 companies could report this data

SUSTAINABLE FINANCIAL DISCLOSURES

2023 SFDR Reporting

Adverse sustainability indicator		Metric	IFHA-II	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 and 6 out of 7 companies 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	43%	Based on a survey in which 3 out of 7 companies answered “YES”
	13. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.07%	Based on a survey in which 2 out of 7 companies reported this data
	14. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	25.6	Based on a survey in which and 6 out of 7 companies could report this data
	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 6 out of 7 companies 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 and 6 out of 7 companies 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	35%	Based on a survey in which 6 out of 7 companies could report this data
	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%	Based on a survey in which 6 out of 7 companies all answered “NO”

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

- IFHA-II 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.
- In 2023, only 2 companies were able to report on their greenhouse gas emissions (Scope 1, 2 or 3). This points to a need for capacity building for our portfolio companies to augment their data collection process and quality, especially on greenhouse gas emissions data. Several companies did report that they were working on a greenhouse gas emissions assessment and could share insights once completed.
- Given our investment focus (healthcare), waste and waste management continues to be a material issue in the sector; with some companies not recycling their waste and several others generating medical waste and using third party collectors for processing and disposal. However, several of our companies do undertake extensive due diligence and, in some cases, annual reviews on third party waste handlers to ensure adherence to best practice on waste handling and disposal.
- Our board gender diversity seems above long term reported trends in mature markets and companies, with female representation at 35%.
- In 2024, we intend to focus on assisting our existing portfolio companies with further maturing their data collection processes, calculation and quality of material PAI indicators, especially on greenhouse gas emissions data; and to continue to refine our own data collection and reporting processes for our investors.

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Environmental and Social Categorization

In IFHA-II'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