



Ezdehar Management Responsible Investment Code (ERIC)

ERIC defines the firm's approach to integrating ESG criteria into investment activities, including value creation opportunities in Ezdehar's Portfolio Companies. Moreover, it refers to the management commitment, delineation of roles and responsibilities, procedures, administration, and oversight that will govern the management of E&S risks associated with Ezdehar's operations and investment activities. This document provides only an overview on the ERIC. It is a live document that will be updated periodically, please feel free to share and discuss any suggestions for changes or enhancement with management.

EZDEHAR[®]

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Purpose & Objectives

Ultimately, the Ezdehar Responsible Investment Code (“ERIC”) aims to:

- Remain committed to compliance with applicable national, state, and local labour laws.
- Consider environmental, health and safety, social matters and governance issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.
- Grow, improve and create shared value for companies in which Ezdehar invests.
- Use governance structures to (1) provide appropriate levels of oversight in the areas of compliance, audit, risk management, and conflict of interest; (2) implement compensation and other policies that align the interests of owners and management; (3) support the payment of competitive wages and benefits to employees; (4) respect human rights of those affected by Ezdehar’s investment activities; (5) provide a safe and healthy workplace; (6) preserve the employees’ right to engage in collective bargaining; (7) seek to abolish child or forced labour; and (8) drive the ESG integration.
- Provide timely information including annual reporting to Ezdehar’s limited partners on the matters addressed herein, and work to foster transparency about Ezdehar’s activities.
- Encourage Ezdehar Portfolio Companies to advance and integrate ESG principles in a way that is consistent with their fiduciary duties.

One of the key pillars of ERIC is a comprehensive E&S management system (“ESMS”), a policy, procedures and workflow that will be followed for investments made by Ezdehar under the management and administration of firm’s ESG Principal.

ERIC shall be applicable on all Portfolio Companies in Fund I (to the greatest extent feasible) and Fund II and shall be maintained throughout the lifetime of the funds and will be communicated to all staff and operational employees of the firm to ensure that it is integrated as part of the Ezdehar’s policies standard operating procedures.

Ezdehar’s E&S Policy

Ezdehar has differentiated itself by being committed to implementing and promoting value enhancing Environmental Social and Governance (“ESG”) criteria in all its Portfolio Companies. Socially responsible, and environmentally sustainable investments are key dimensions of Ezdehar’s commitment to its value enhancing portfolio management. We believe that negative impacts on ecosystems, communities, and climate should be avoided where possible and, in the cases where these impacts are unavoidable, they should be minimized. As such, our investment decisions and policies also consider Environmental and Social (“E&S”) risks and impacts given businesses that produce economic value can be sustainable only if they do not simultaneously destroy environmental or social value.

ESG topics are broad in nature and entangled with multiple business considerations. At Ezdehar, based on our first-hand experience, we have broken down ESG criteria into five categories:

1. Environment – environmental issues are identified via a rigorous E&S due diligence process and managed by each Portfolio Company’s ESG Officer and underlying management systems in close collaboration with Ezdehar.
2. Workplace – workplace improvements driven by Ezdehar in Portfolio Companies include talent attraction and retention; employee training and development; welfare; and occupational health



and safety. Moreover, continuous enhancements to Ezdehar’s approach to identifying and reducing gender-based violence and harassment risks.

3. Community – community engagement measures supported by Ezdehar include community investment and local economic development.
4. Marketplace – marketplace development measures undertaken by Ezdehar in portfolio companies include raising awareness about responsible and sustainable practices among suppliers and responsible product development and marketing.
5. Governance – governance is the key underpinning pillar of Ezdehar’s investment approach, driving and institutionalizing decision-making processes through establishing corporate boards, assisting HR in developing codes of conduct and environmental and social management systems, and pushing for development of grievance mechanisms.

Applicable E&S Requirements

Ezdehar shall ensure that all projects are reviewed and evaluated against the following E&S Applicable Requirements:

- Applicable national laws on environment, health, safety and social issues and any standards established therein
- The IFC [Exclusion List](#), [E&S Categorization](#), [Performance Standards](#), and [Environmental Health and Safety Guidelines](#).
- EAEF’s [Restricted Activities](#).
- EIB’s [Excluded Activities](#) and [E&S Standards](#).
- BII’s [Code for Responsible Investing; Excluded Activities; General Requirements; Additional E&S Requirements for Specific Circumstances; and Excluded Fossil Fuel Policy and Excluded Fossil Fuel Activities](#).
- EBRD’s [Performance Requirements and Environmental and Social Policy Guidelines](#).
- Subjects covered by the ILO [conventions on human rights, employment, labour standards, wages, occupational health and safety, child labour, and others](#).
- The European Development Financing Institutions’ (EDFI) [Harmonized Fossil Fuel Exclusion List](#) published in October 2020 and [the Fossil Fuel Policy of CDC published on 12 December 2020](#).

Ezdehar shall continually endeavour to ensure effective E&S management practices with a special focus on the following:

- Ensuring that all projects are reviewed against the Applicable Requirements
- Financing projects only when they are expected to be designed, built operated and maintained in a manner consistent with the Applicable Requirements
- Making best efforts to ensure that all projects are operated in compliance with the Applicable Requirements on an ongoing basis

When it becomes aware of any (i) material existing or threatened complaint, order, directive, claim, citation or notice from any authority; or (ii) written communication concerning the non-compliance of a Portfolio Company with E&S Applicable Requirements requiring the Portfolio Company, Ezdehar will take corrective actions and to mitigate and/or remedy the risk within a specified timeframe if required.

ERIC shall be applicable on all Portfolio Companies and shall be maintained throughout the lifetime of the funds. Ezdehar shall not amend, waive the application of, or otherwise materially restrict the scope or effect of the ERIC without LPs’ prior written consent.



E&S Risk Factor and Categorization

As part of the review of E&S risks and impacts of a proposed investment, Ezdehar uses the below E&S categorization process to reflect the magnitude of risks and impacts associated with the investment. The resulting category drives the level of ESG planning, management, monitoring and required disclosure if Ezdehar decides to make the investment.

E&S risks are categorized as follows:

- Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- Category C: Business activities with minimal or no adverse environmental or social risks and/or impacts.
- Category FI: Business activities involving investments in financial institutions (FIs) or through delivery mechanisms involving financial intermediation. This category is further divided into FI-1, FI-2 and FI-3.

More on E&S categorization is available at https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/es-categorization.

Procedures

The ERIC is seamlessly incorporated throughout Ezdehar's investment process and the firm's investment professionals ensure that the ERIC is integrated into all investment decisions and throughout the journey of each Portfolio Company.

In line with Ezdehar's Operational Framework, an ESDD is the record of Ezdehar's review of a project pre-investment and ensures that a project is meeting and is expected to continue to meet the Applicable Requirements. An ESDD is based on all or some of the following:

- Review of information in the public domain to check for any social and/or environmental controversies/news related to the project
- Review of project and social and environmental documents of the project
- Discussions with the project officials
- Site visit and discussions there
- Knowledge of the technical issues in the project's industrial sector
- Advice from an external consultant if the project is large and complex.

Every investment's E&S performance shall be evaluated on an annual basis, including status of implementation of the corrective E&S action plan.

All investment agreements will contain appropriate E&S representations, warranties, and covenants requiring that projects comply in all material respects with host country labor, environmental, health, safety and social requirements embodied by state general laws and implementing agencies and conducted in accordance with any Applicable Requirements. Ezdehar's Legal Counsel shall ensure that



appropriate E&S representations, warranties, and covenants are incorporated in each stock purchase agreement.

The ESG Principal shall have oversight for E&S issues, ensure resources are made available for E&S management, and share Ezdehar's annual E&S performance report with its LPs.

The responsibilities of the ESG Principal shall include:

- Preparing internal ESDD due diligence assessments and E&S categorization for companies during the pre-investment phase.
- Selecting and monitoring the ESDD for category B projects conducted by external consultants.
- Monitoring the E&S performance of Portfolio Company.
- The preparation of an annual E&S performance report, based on the annual performance reports prepared by the Portfolio Companies.
- Ensuring these procedures are implemented, and that records of E&S reviews are maintained.

The ESG Principal shall ensure that adequate resources have been committed to allow for the effective implementation of ERIC. Ezdehar shall continuously build and develop the awareness and capacity for identifying, monitoring, and managing E&S risks and impacts among its employees via dedicated E&S training modules tailored to suit the needs of all members of staff.

External Grievance Mechanism

The mechanism for addressing external queries and concerns we receive via email laid out in Ezdehar's "External Grievance Mechanism Procedure" ("Grievance Mechanism").

The Grievance Mechanism applies to all external stakeholders of Ezdehar and its investments' operations and business activities. It does not cover grievances raised by internal stakeholders. In some Portfolio Companies specific grievance mechanisms are implemented, while in others grievance mechanisms may need to be put in place. In case we receive a concern of whistle-blowing nature, we shall refer the concern to the relevant function in Ezdehar to investigate and handle.

It shall:

- Provide a means by which individuals or communities affected by Ezdehar and its investments' operations and business activities can raise questions, concerns, and problems and get them addressed in a prompt and consistent manner (<https://ezdehar.com/contact/>).
- Help provide remedy where Ezdehar has directly or indirectly caused or contributed to negative impact to any of its stakeholders.
- Function as an early warning system for Ezdehar and its Portfolio Companies by providing critical information for broader due diligence processes.
- Reduce reputational risks to the Ezdehar and its Portfolio Companies.

This procedure gives transparency on how grievances shall be managed internally. The grievance mechanism does not replace judicial or other non-judicial forms of remedy.

If you have any questions, comments or suggestions email us on esg@ezdehar.com