

AFRICAN INFRASTRUCTURE INVESTMENT MANAGERS

INVESTING WITH SIGNIFICANCE

AIIM Sustainability Report 2021

www.aiimafrika.com

A MEMBER OF  **OLDMUTUAL** ALTERNATIVE INVESTMENTS

African Infrastructure Investment Managers Focus Area Highlights



Climate action

5.11

Million tons CO₂ equivalent offset

2021



Gender equality

21%

Female employees

As at December 2021



Decent work

11,271

Jobs

As at December 2021



Governance

30%

AIIM representation on boards

As at December 2021

AIIM is part of the Old Mutual Alternative Investments Group, one of the largest private alternative investment managers in Africa, with R 75.9 billion (USD 4.8 billion)* under management in infrastructure, private equity, impact investing assets and hybrid equity.

*as at 31 December 2021

Purpose of Report

The overall purpose of this report is to provide insights into our business and our investments beyond more than just financial returns. We have adopted various international ESG standards and frameworks, using the United Nations Sustainable Development Goals as the topline framework to drive positive outcomes. The report provides an overview of our ESG approach, our focus areas, ESG performance, and what ESG topics we think are important to take note of. We seek to understand our footprint, assess what is possible to change in that footprint, then drive and measure that positive outcome.

Report Structure

- INTRODUCTION
- LEADERSHIP MESSAGE
- ESG PERFORMANCE

Old Mutual Alternative Investments Overview

AIIM

African Infrastructure Investment Managers (AIIM) has 20 years of unmatched infrastructure investment experience across the African continent with investments throughout Sub-Saharan Africa and R37.45 billion (USD 2.36 billion)* AUM. AIIM's 36-member strong investment team are based out of five locally-staffed offices across the continent, providing local experience and expertise. The track record extends across seven funds with more than 60 investments across the transport, renewable energy, power generation, digital and communication infrastructure sectors in 19 countries.

AIIM's objective is to target investments with potential to produce strong long-term returns and simultaneously result in positive social and environmental impact. Our commitment to responsible investment is central to AIIM's investment objectives and to fulfilling our fiduciary duties towards our shareholders and beneficiaries. We believe that embedding environmental, social and governance thinking into our investment decision making is critical and is followed closely by seeking to unlock positive impacts for project stakeholders and communities.

*as at 31 December 2021



OMPE

Old Mutual Private Equity (OMPE) is a leading private equity manager in South Africa, founded in 2000 to source, negotiate and manage private equity investments in South Africa. OMPE is one of the most established and respected private equity managers in South Africa with more than 100 years of combined relevant experience. Over the last two decades, the team has collectively invested R9 billion in 31 private equity transactions and realised 19 exits. The team, which currently manages private equity assets of more than R 9.99 billion (USD 629 million)*, inclusive of its recently deployed OMPE Fund IV, has worked together for over 15 years.

OMPE recognises that the successful management of private equity investments must be cognisant of the needs and priorities of all stakeholders. OMPE views the commitment to ESG factors as part of its broader responsibility to clients, shareholders and the communities in which it operates. Implementing ESG standards is at the core of our integrated investment process. We focus on investing in a responsible manner to create long-term sustainable value.

*as at 31 December 2021

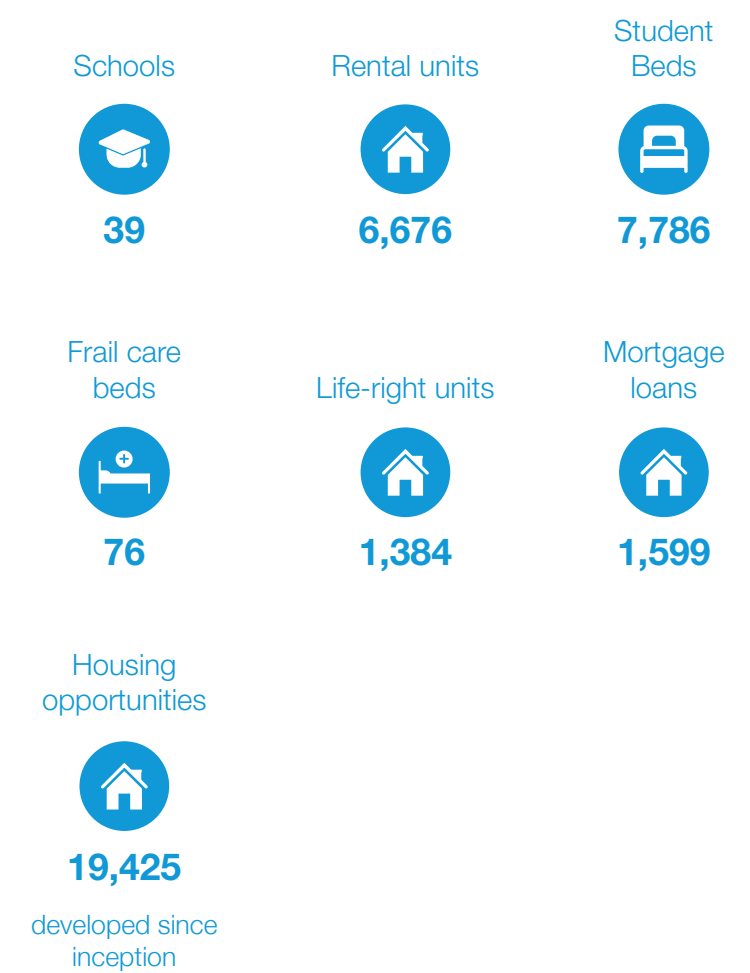


IMPACT INVESTING

The Impact Investing fund manager has been a leader in generating positive social and environmental impact alongside financial returns since 2007, identifying assets and regions where gaps or backlogs in social infrastructure have been identified. We seek to create commercially sustainable investments that provide large scale positive impact which benefit mainly lower to middle income communities, particularly in affordable housing and quality education. Our team manages in excess of R7.8 billion (USD489 million)* across a range of funds.

The team is committed to ensuring that all investment decision-making is grounded in the commitment to responsible investing. Environmental, social and governance (ESG) factors are at the forefront of our investment decisions. The commitment to create positive impact is evident in the housing portfolio where 43% of the greenfields rental portfolio achieved green building certification, conserving water and energy. The quality of education in the schools' portfolio is evident in the excellent matric results achieved year-on-year.

*as at 31 December 2021



AIIM Introduction

Our Approach

Our commitment to responsible investment is central to our investment objectives and to fulfilling our fiduciary duties towards our shareholders and beneficiaries. We believe that embedding environmental, social and governance (ESG) thinking into our investment decision-making is critical if we want to create positive futures and sustainable, superior, risk-adjusted returns for our clients. We have adopted an ESG and Impact Management Framework to achieve our vision of continual improvement in ESG performance.

We apply an equal focus on risk management and positive impact outcomes. We seek to deeply understand the trade-offs posed by investments, being thoughtful in our investment decisions, purposefully acting to be part of the solution in facing global ESG challenges.

Values & Drivers

Our ESG approach is underpinned by the following objectives:



CREATION OF POSITIVE FUTURES

We want to create positive futures for those affected by our investments, resulting in improved living standards, education, employment opportunities and stewardship of ecosystems in which we operate. To achieve this, we must move beyond a narrow focus on commercial/ financial returns and proactively seek investment opportunities that create value through positive sustainability outcomes.



SUSTAINABLE, RISK-ADJUSTED RETURNS

We undertake a holistic risk management approach by integrating ESG into our investment process. We strive for sustainable returns – returns that are achievable over the longer term, and we calibrate risk-adjusted returns – returns that have predicted and built in the cost of managing ESG risk and delivering improved ESG performance.



GREEN ECONOMY

‘Green economic growth’ refers to an economic growth path that is profit-driven but also socially inclusive, resource efficient and low carbon. The term has been adopted globally as a counter-concept to traditional industrial economic growth, which focuses on increasing Gross Domestic Product above all other goals. We actively support investments into this Green Economy.

Negative vs Positive

Management of negative and positive potential impacts is equally important. Management of potential negative impacts from our investments is undertaken through our ESG risk management practices.

Management of potential positive impacts is undertaken through our ESG value creation and positive impact practices. Both are managed throughout the investment lifecycle, with risk management (‘do no harm’) being the foundation of every investment. Each of our capabilities has a fit-for-purpose environmental and social management system (ESMS).

The ESMS is the system that drives the management of ESG risk and optimisation of positive impact. Impact measurement and management falls under the processes of the ESMS.

Four Focus Areas

To achieve meaningful, significant positive outcomes through our investment practices, AIIM has selected four key focus areas from a group-wide perspective. The four focus areas are:



CLIMATE CHANGE



DECENT WORK



DIVERSITY



GOVERNANCE

Under these broad focus areas, we find our asset classes provide opportunity for positive impact through the themes of energy, carbon, social aspects, infrastructure and governance. We align these themes with specific United Nations Sustainable Development Goals. Our investment professionals understand that each of these themes are critical in every investment.

UN SDGs - The top-line goals to drive toward



The United Nations Sustainable Development Goals (SDGs) is a set of 17 goals which act as a successor to the Millennium Development Goals. These goals were adopted at the Sustainable Development Summit on 25-27 September 2015 in New York, and are now considered the primary global benchmark for institutions seeking to achieve sustainable development in their business, activities and investments. From a portfolio company perspective, ESG metrics and information can be mapped to the broad goals of an SDG.

We have assessed the 17 SDGs in the context of our current and potential future set of portfolio assets. Including the four key themes, we have selected those SDGs which we believe we are able to influence in terms of outcomes across our broad portfolio and those that are also relevant within our context.

Our guiding philosophy here has been to focus on where we can practically make a difference and consequently target our efforts in these areas. Within each of the SDG categories selected, we have chosen specific metrics that we believe can best guide our efforts in these areas.

Our investments are particularly aligned with the following SDGs:



INDIRECTLY AIIM ALSO CONTRIBUTES TO
SDG: 01 NO POVERTY

SDG: 02 ZERO HUNGER

SDG: 05 GENDER EQUALITY

SDG: 07 AFFORDABLE & CLEAN ENERGY

SDG: 08 DECENT WORK AND ECONOMIC GROWTH



SDG: 09 INDUSTRY, INNOVATION, INFRASTRUCTURES

SDG: 11 SUSTAINABLE CITIES AND COMMUNITIES

SDG: 12 RESPONSIBLE CONSUMPTION & PRODUCTION

SDG: 13 CLIMATE ACTION

SDG: 17 TO REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Standards and Guidelines

We are committed to implementing best ESG international practice appropriate for the nature of our investments. Standards and guidelines that we adhere to include:

- Applicable country(s) ESG-related legislation
- United Nations Principles for Responsible Investment (participant status through Old Mutual Alternative Investments)
- United Nations Global Compact (participant status through Old Mutual Limited)
- United Nations Guiding Principles on Business and Human Rights
- United Nations Sustainable Development Goals
- Equator Principles
- International Finance Corporation Performance Standards
- International Finance Corporation / World Bank EHS Guidelines

- International Labour Organisation
- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB) Materiality
- 2x Challenge
- Institutional Limited Partners Association (ILPA) Diversity in Action
- King IV Code for Corporate Governance

Impact Investing and other identified impact investments across AIIM adhere to the following impact investing-related standards and guidelines:

- United Nations Sustainable Development Goals Impact Framework
- Global Impact Investing Network (GIIN) Framework (membership signatory through Old Mutual Alternative Investments)
- IFC Operating Principles for Impact Management (signatory status)

Approach to Impact Measurement



The adage of ‘you cannot manage what you do not measure’ also holds true in the ESG and impact investing practice. Investments that claim to result in positive outcomes require credible, robust measurement to evidence such impact.

The IFC has identified three dominant frameworks adopted for impact ‘measurement’ frameworks which they refer to as archetypes. These include:

- Impact target archetype (actual measurement of defined metrics against a target/goal)
- Impact rating archetype (a qualitative assessment of the significance of the impact)
- Impact monetisation archetype (a quantitative calculation of the degree of impact)

It is critical to identify that there is a difference between ‘measurement’ and ‘rating’, and that these are not mutually exclusive archetypes. Our

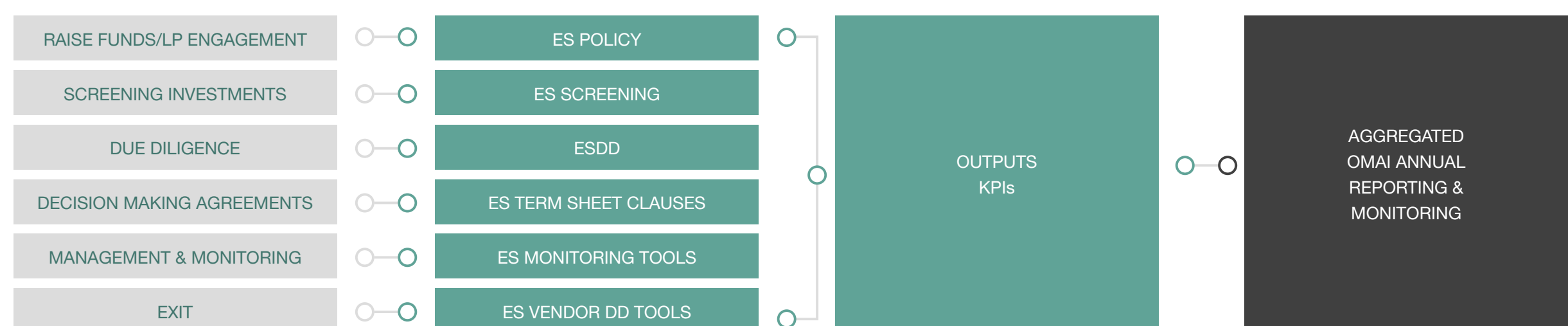
primary approach is the impact target archetype. Measurement of relevant metrics is undertaken to assess progress or lack thereof.

To understand which metrics should be measured for positive impact, AIIM uses a Theory of Change approach. The Theory of Change explains the process of change that is expected to occur as a result of the activities that are implemented by the investment.

It does this through outlining the change pathways toward a desired end impact, identifying the casual linkages along the pathways. We have mapped out Theories of Change at an asset class level for our impact investing activities.

AIIM also uses the dimensions of impact as defined by the Impact Management Project to establish the nature and extent of positive impact.

Our Environmental and Social Management System (ESMS)



We have developed and implemented an integrated ESMS as a robust and embedded approach to addressing environmental and social management requirements across our fund portfolios and a framework for more efficient and transparent ESG reporting to our stakeholders.

The ESMS is fit-for-purpose: it is made up of a set of policies, procedures, tools, and reporting guidance customised to help identify, assess, manage and report on ESG risks associated with our assets and portfolio companies, and identify opportunities for positive impact.

The ESMS is designed to fully integrate ESG into our investment lifecycle. The

ESMS allows us to:

- Integrate ESG issues directly into the investment decision-making processes
- Set clear requirements for its portfolio companies to develop and implement
- Provide a framework for reporting and disclosure on ESG aspects to AIIM by our portfolio companies; and
- Work in partnership with our portfolio companies to help them identify and implement ESG opportunities and create sustainable value-add to enhance their overall financial performance.

Climate Change

Our Climate Focus

AIIM's approach to tackle climate change is primarily driven by two themes, the transition to a cleaner, sustainable energy mix and the reduction of our carbon footprint. Ultimately, we aim to provide more renewable energy than our carbon footprint.



UN SDG 7: Affordable and clean energy

We directly contribute to climate action and UN SDG 7 through the Energy theme. Specifically, our investments provide access to affordable, reliable, and modern energy services (target 7.1) and increase the share of renewable energy in the energy mix (target 7.2).

AIIM has invested in and manages 31 renewables facilities with a total installed capacity of 2.76 gigawatts (GW). In 2021 alone, AIIM-managed facilities produced 4,748 gigawatt hours (GWh) of renewable energy, equivalent to powering over 1,400,000 middle-income homes with clean energy. Many of these facilities have been invested in through the highly successful Renewable Energy Independent Power Producer Procurement (REIPPP) program in South Africa, providing 31% of installed renewable energy capacity in South Africa.

For a detailed breakdown of our tracked progress please see the ESG performance under the Energy theme.

Lesedi and Letsatsi are two examples of the 31 renewable energy facilities achieving these outcomes. The two 69 megawatt (MW) solar photovoltaic plants have produced an average of 295,000 megawatt hours (MWhr) of renewable energy every year, resulting in annual emissions offset of about 297,000 tons of carbon dioxide equivalents (tCO₂e).

AIIM's investments into the off-grid power sector is also contributing to transitioning the energy mix.

Our investments into two portfolio companies focused on solar home systems (BBOX and DC Go) and two companies concentrating on providing reliable solar or hybrid solar/diesel power to small and medium-sized businesses (Orionis and Starsight Energy) have to date installed 209,844 active solar-home-systems and 76 MW of capacity, offsetting 57,162 tCO₂ equivalents.



UN SDG 13: Climate action

Through the implementation of the Task Force on Climate-Related Financial Disclosures (TCFD) framework, AIIM has sought to understand the carbon footprint of its portfolios and opportunities of reducing this footprint.

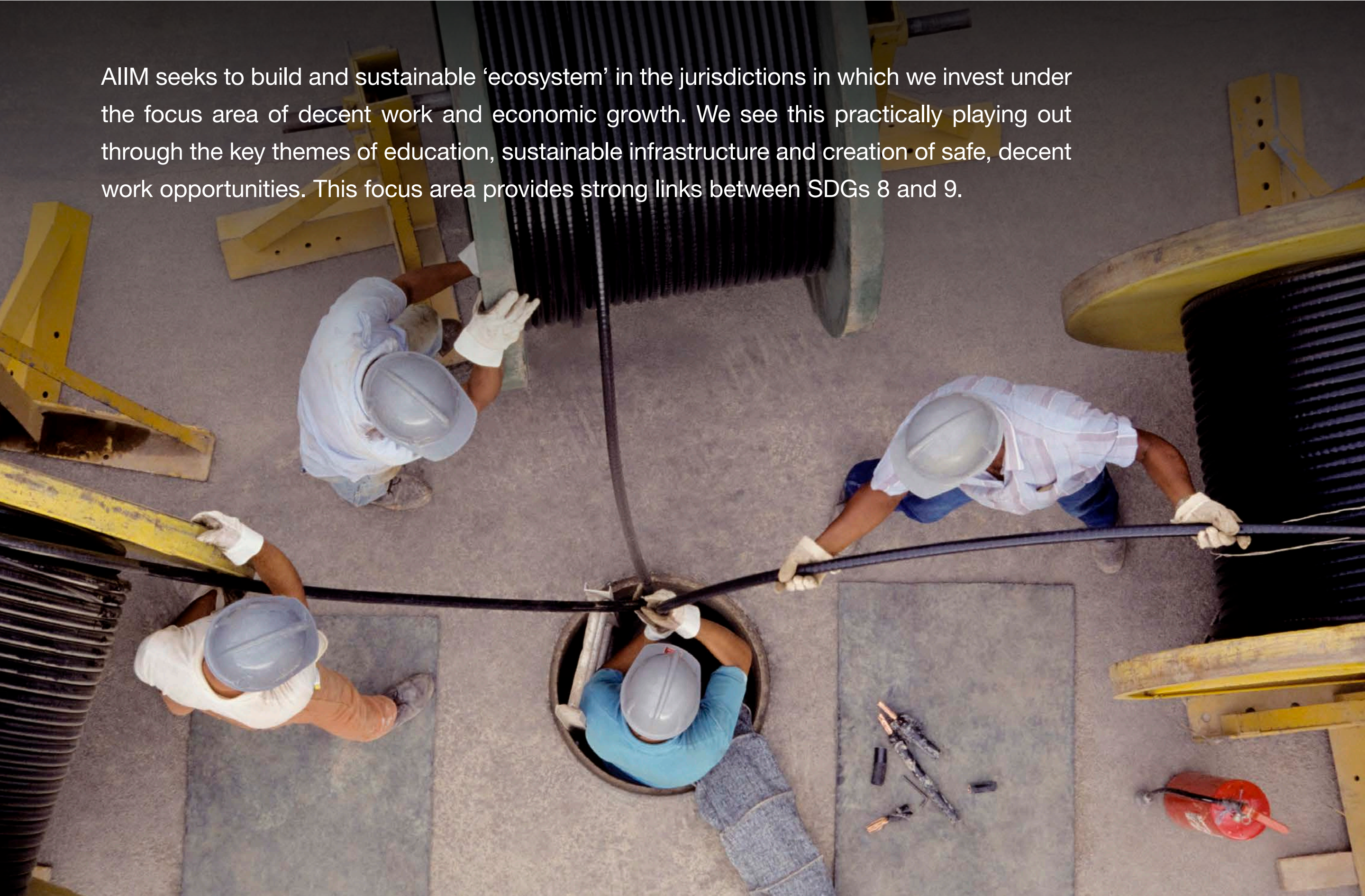
Although SDG 13 targets are pointed at country level action, AIIM is working on increasing the portfolio's resilience and adaptive capacity to climate-related hazards (target 13.1), integrating climate change measures into policies, strategies, and planning (target 13.2) and providing internal training on climate change mitigation, resilience, and adaptation (target 13.3). From coverage of c. 70% of investments in the three fund managers, the carbon footprint for 2021 was 1,420,920 tCO₂ equivalent. The carbon

footprint generated by AIIM's portfolio for 2021 was 1,295,925 million tCO₂ equivalent offset generated by renewable energy investments. For a detailed breakdown of our tracked progress please see the ESG performance under the Carbon theme.

Starsight Energy is an example of driving carbon efficiency and reductions. In 2021 Starsight Energy's systems produced 20 GWh (9.9 GWh non-renewable and 10.1 GWh renewable) of power, the equivalent of powering c. 6,000 households, with the majority of the power being produced from renewable energy. The carbon emissions savings for 2021 were 4,274 tCO₂ equivalents.

Decent work and economic growth

AllIM seeks to build and sustainable 'ecosystem' in the jurisdictions in which we invest under the focus area of decent work and economic growth. We see this practically playing out through the key themes of education, sustainable infrastructure and creation of safe, decent work opportunities. This focus area provides strong links between SDGs 8 and 9.



UN SDG 8: Decent work and economic growth

Across all our investment activities, AllIM drives the creation of inclusive, sustainable economic growth, providing safe and decent work opportunities. We contribute to gross domestic product growth (targets 8.1 and 8.2), sustainable resource consumption and efficiency (target 8.4) and increased inclusive employment (target 8.5).

By applying international standards, we seek to mitigate and manage the risks of forced labour, child labour, modern slavery and human trafficking (target 8.7) and protect labour rights, promoting a safe and secure working environment for all employees (target 8.8). For a detailed breakdown of our tracked progress please see the ESG performance under the Social and Health and Safety themes.



UN SDG 9: Industry, innovation and infrastructure

We strive to invest in sustainable infrastructure and industry. Current investments directly contribute to inclusive access to quality, reliable, sustainable, and resilient industry and infrastructure – including small-scale industrial and other enterprises and increasing the access to information and communications technology (SDG 9 targets 9.1, 9.2, 9.3 and 9.c).

For a detailed breakdown of our tracked progress please see the ESG performance under the Infrastructure theme.

Diversity

Within the focus area of diversity, AIIIM seeks to achieve positive outcomes for inclusive and gender-equal employment; and reduce inequalities, through the transformation of work forces and the representation of historically disadvantaged South Africans. We believe that businesses with diverse and inclusive workforces are more resilient, providing for a sustainable society and economy.

Our Diversity Focus



UN SDG 5: Gender equality

While some aspects of gender equality are more challenging to directly address in our professional capacity, we can as professionals drive the empowerment of women in our own business and in our portfolio companies. Across all our investments, AIIIM seeks to end all forms of discrimination against women (target 5.1), end all forms of violence against women and girls in our portfolio companies and supply chains (target 5.2) and ensure women's full and effective participation and equal opportunities for leadership (target 5.5).

We require the implementation of best practice gender equality, protection, and anti-discrimination policies across the portfolios. We actively track overall female representation in the workforce, and representation at management and board levels.

For a detailed breakdown of progress see the ESG performance under the Social theme.



UN SDG 10: Reduced inequalities

In all AIIIM's South African investments, we seek to promote the social, economic and political inclusion of all through tracking the representation of historically disadvantaged South Africans (HDSAs) (target 10.2).

We currently track overall HDSA representation in the portfolio company, representation at the management level and at board level. To further explore our progress on this please see the tracked data on HDSAs across our portfolios under the ESG performance Social theme.



Governance is a cornerstone of organisational sustainability. We believe that good governance lies at the heart of a sustainable business that delivers returns for all stakeholders, including shareholders, lenders, employees, suppliers, and the communities in which we invest. As a responsible investor, AIIM maintains a continual focus on governance aspects in our investment decision-making and active stewardship of assets. AIIM applies good governance practices in all portfolio companies, with adherence to local governance-related laws and a reference to the King IV Report on good corporate governance.

Our Governance Focus



UN SDG 16: Peace, justice and strong institutions

In terms of SDG 16 AIIM seeks to promote the rule of law (target 16.3), reduce illicit actions in portfolio companies (target 16.4), reduce corruption and bribery (target 16.5), increase transparency within portfolio companies (target 16.6) and promote inclusive, participatory and representative decision-making (target 16.7).

As part of the responsible stewardship commitment, AIIM investment professionals provide active input at the Board and Subcommittee levels in portfolio companies. From an ESG perspective AIIM strives to have portfolio companies either have a dedicated Subcommittee mandated to monitor ESG aspects, or ESG aspects included in another Subcommittee. AIIM

has also included technical specialists with sector-specific experience to join certain Boards as Independent non-executive directors, allowing for increased Board expertise and performance.

AIIM also supports portfolio companies in the implementation of robust environmental, social, health and safety management systems. The development and execution of such systems provide the functional governance aspects to the portfolio companies' policies and commitments to sound environmental, social, health and safety practices. For a breakdown of governance progress see the ESG performance Governance theme.

Leadership Message

A fundamental of sustainability still holds

We are witnessing our social and economic systems negatively impacting our planetary system, driving climatic change, while political systems seem unable to fully tackle the problem. While current crises today require difficult decisions and focused effort to solve them, we equally cannot lose focus that our social, economic and political systems must operate in a manner that promotes the overall health of the planet. This fundamental of sustainability, that the planet has boundaries and limits to its current favourable state for life, will not change.

I have found myself thinking on this more lately, given the disruptive world we have been experiencing over the last 2 years and continue to experience. Key disruptors of course being the Covid 19 pandemic, which hopefully most of the world is emerging from and the Ukraine – Russia war currently taking place. Such events have been instrumental in two follow-on crises, inflationary pressures seen globally and energy security with soaring fuel costs.

The United Kingdom hit a 40 year high for inflation in May 2022 of 9.1%, while the United States hit the same 40 year high of 9.1% in June 2022.¹ While there are still many uncertainties regarding global inflation, there may be indications that it has peaked. In South Africa inflation will likely increase from 6.5% in May to around 7.2% mid-year due to sharp increases in food and fuel prices.²

The Ukraine – Russia war has resulted in major disruption in the oil, gas and food markets, with Brent crude climbing to above USD100 a barrel and natural gas above USD8 per MMBtu³ around mid-year 2022. Energy and food security have become the immediate short-term challenge for many countries.

These crises are serious and need to be managed. However, there is an additional downside to such crises, they tend to drive short-term thinking and decision making while leaders grapple with these outsized challenges of today. While difficult decisions need to be made to manage such crises, the environmental and social challenges facing us globally and especially in more vulnerable countries on the African continent remain, and worsen. These environmental and social risks cannot be ignored or put on hold. An already Herculean job is just getting more difficult.

So what is this key ‘fundamental’ of sustainability? It is very common in the first lecture of an environmental resource economics course, for students to be presented with a graphic depicting a set of systems. The planetary system as the ultimate all encompassing system, the social system as a second level subsystem and the economic system as a third level subsystem. Some variations depict the biodiversity, social, political and economic subsystems as equal and on the same hierarchical level, but within the all encompassing planetary system. The concept trying to be driven home is that the planetary system is the ultimate boundary for sustaining life on Earth. A follow-on concept is that the subsystems, such as the economic system, is subject

to the overarching planetary system, i.e. in order to have a healthy economy ultimately one needs a healthy planet to live and work on. This is relatively obvious.

What is not always depicted in such graphics is that while social, economic and political systems are subject to the overarching planetary system, they can certainly affect and alter the planetary system. The field of Social-Ecological Systems explores how systems affect each other and may fall into different states after a period of disruption. The dinosaurs did not survive the shift in planetary state 65 million years ago. Venus has a planetary system, it just happens to be extremely unfavorable for life as we know it. Venus’ surface is hot, 393°C, enough to melt lead and even hotter than Mercury. The atmosphere is acidic and thick, with clouds containing concentrated sulfuric acid strong enough to dissolve most metals used to make spacecraft. The atmosphere is nearly as thick as liquid water due to an atmospheric pressure 93 times that of Earth. Interestingly, the latest evidence now shows that Venus once had enough water to form oceans, therefore being cooler and less acidic. Scientists are trying to understand why Venus got so hot and lost its oceans, why its climate changed.⁴ Venus may be the deadliest planet in our solar system, but it isn’t the deadliest we know of. Proxima b provides for some interesting reading. Our planet is miraculous in its system state to sustain life.

What we are witnessing are the social and economic systems negatively impacting our planetary system, driving climatic change, while political systems seem unable to fully tackle the problem. While current crises today require difficult decisions and focused effort to solve them, we equally cannot lose focus that our social, economic and political systems must operate in a manner that promote the overall health of the planet. This fundamental of sustainability, that the planet has boundaries and limits of its current favourable state for life, will not change.

What does this mean for us as investors? We need to invest thoughtfully from a social and biodiversity perspective while dealing with pressures of today, but also take advantage of a changing opportunity set. We need to ask ourselves each day if we are part of the solution, and are we acting fast enough? If we are not directly investing in social impact, we need to leverage the social benefit of our investments as much as possible, such as community development, to improve social resilience. While protecting biodiversity and habitats, we need to unlock the financial models allowing investment into biodiversity as an asset class. Clearly, we need to continue to invest in climate action. African Infrastructure Investment Managers (AIIM) continues to focus on climate change, provision of decent work, diversity and governance. While the macro-economic headwinds over the last 2 years have not made deal flow and execution easy, I am very encouraged by the positive impact AIIM has been able to achieve over such testing times. This is a testament of all our colleagues’ perseverance.

AIIM’s investments into renewable power, has generated 11,948 GWh of clean energy, powering an average of 1.2 million middle income households per annum with clean energy and offsetting more than 12.5 million tons CO₂ equivalent since 2019. We must continue to invest in climate action and drive the energy transition.



Dean Alborough
Head of ESG

While there is still much work to do, AIIM continues working to position itself as part of the solution. Given the fundamental sustainability needs of our planetary system, more than ever we need to keep our focus on the long-term time horizon and successfully steward our client’s capital entrusted to us.

¹ <https://www.rateinflation.com/>

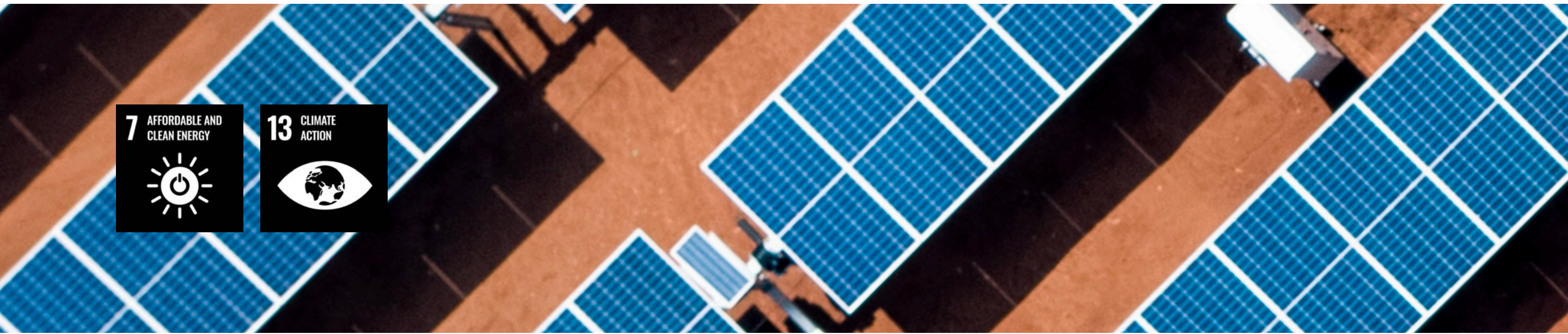
² <https://www.statssa.gov.za/publications/P0141/P0141May2022.pdf>

³ Metric Million British Thermal Unit

⁴ Lunar and Planetary Institute. 2019 (sources include Basilevsky and Head (2003). Reports on Progress in Physics, Vol. 66. and Bertaux et al. (2007). Nature, Vol. 450).

Energy Overview

ALLM continues to focus on the provision of energy as a key driver to economic development on the African continent, with an installed capacity of 2.8 GW and providing electricity to over 2 million households in 2021.



2,202,980




Equivalent households powered by total energy production

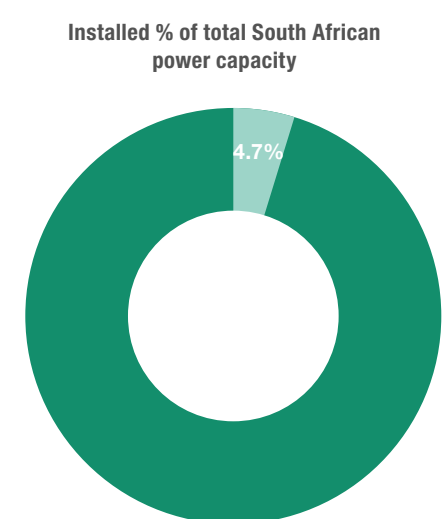
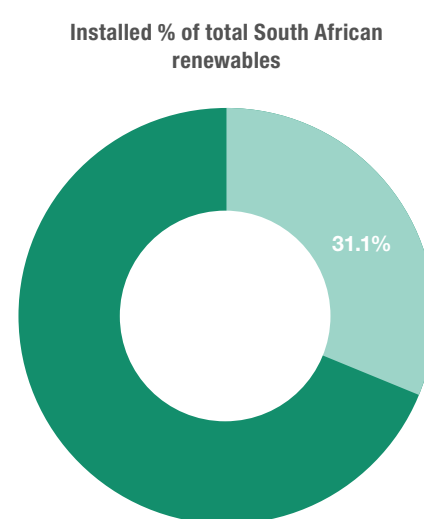
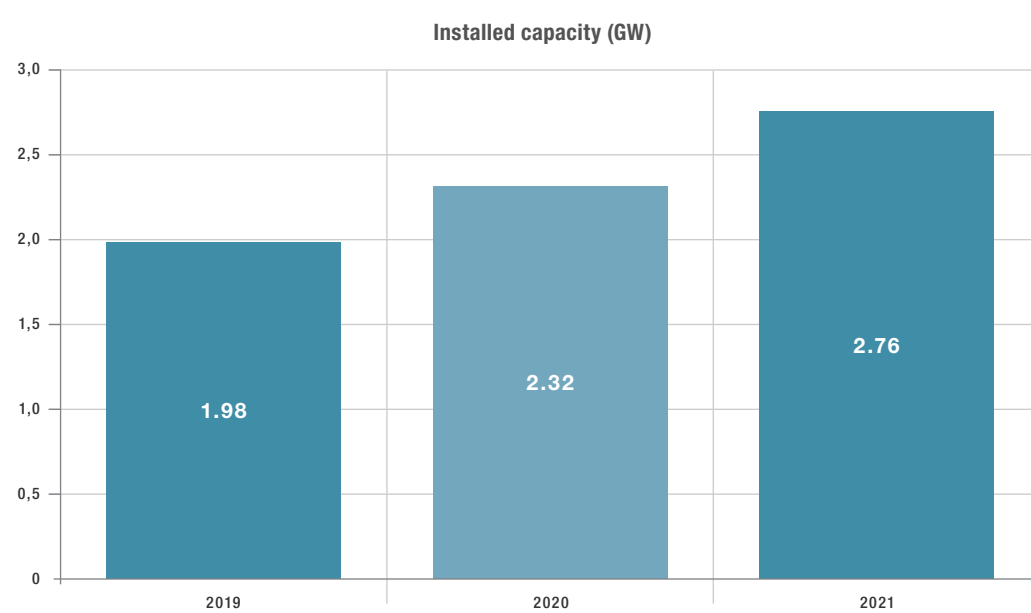
1,444,564

Equivalent households and active SHS users powered by renewable energy

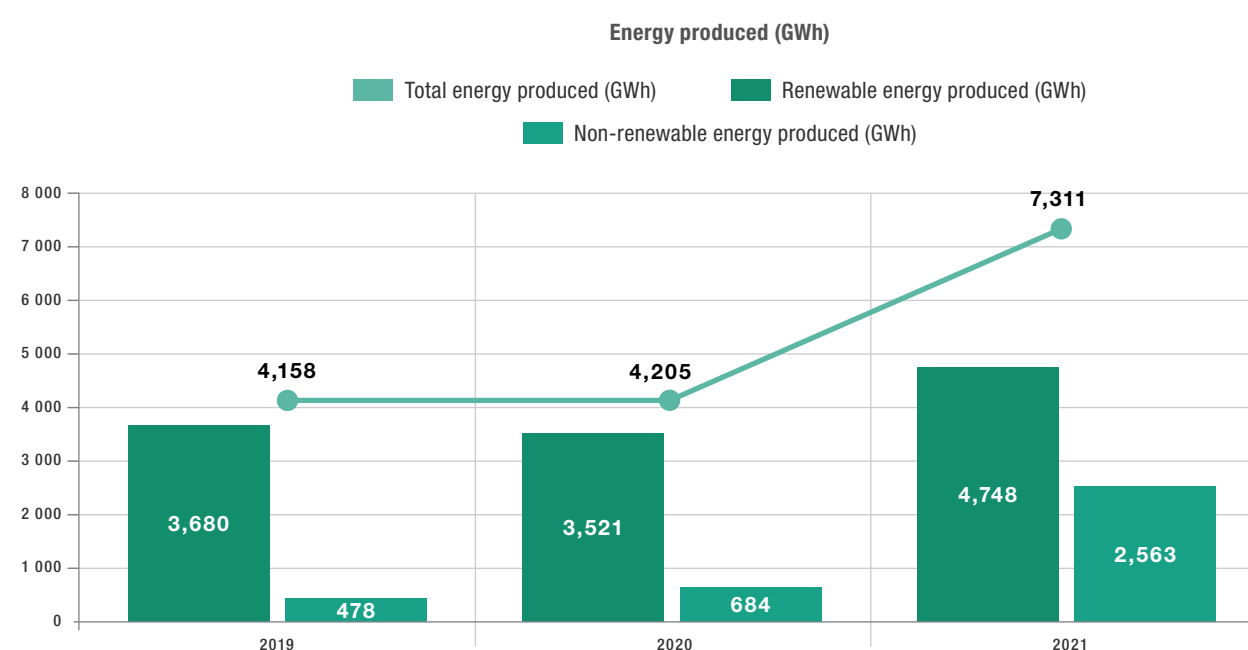
31

Renewable energy facilities

-  10 Wind facilities (1,126 MW)
-  20 Solar facilities (874 MW)
-  1 Hydro facility (10 MW)



Source: Statistics of utility-scale power generation in South Africa in 2021 CSIR Energy Centre v1.0 Apr 2022 PIERCE, W and FERREIRA, B (<https://www.csir.co.za/sites/default/files/Documents/20220503-Statistics%20of%20power%20in%20SA%20H2-2021-CSIR-%5BFINAL%5D%20%281%29.pdf>)



Energy Funds

AIIF2

The decrease in installed capacity in 2021 is attributed to exiting two renewable energy facilities (REISA solar PV plant and the Cookhouse wind farm). The increase in non-renewable energy production from 582 GWh in 2020 to 1,789 GWh is associated with increased production by Cenpower, a multi-fuel power station in Ghana.

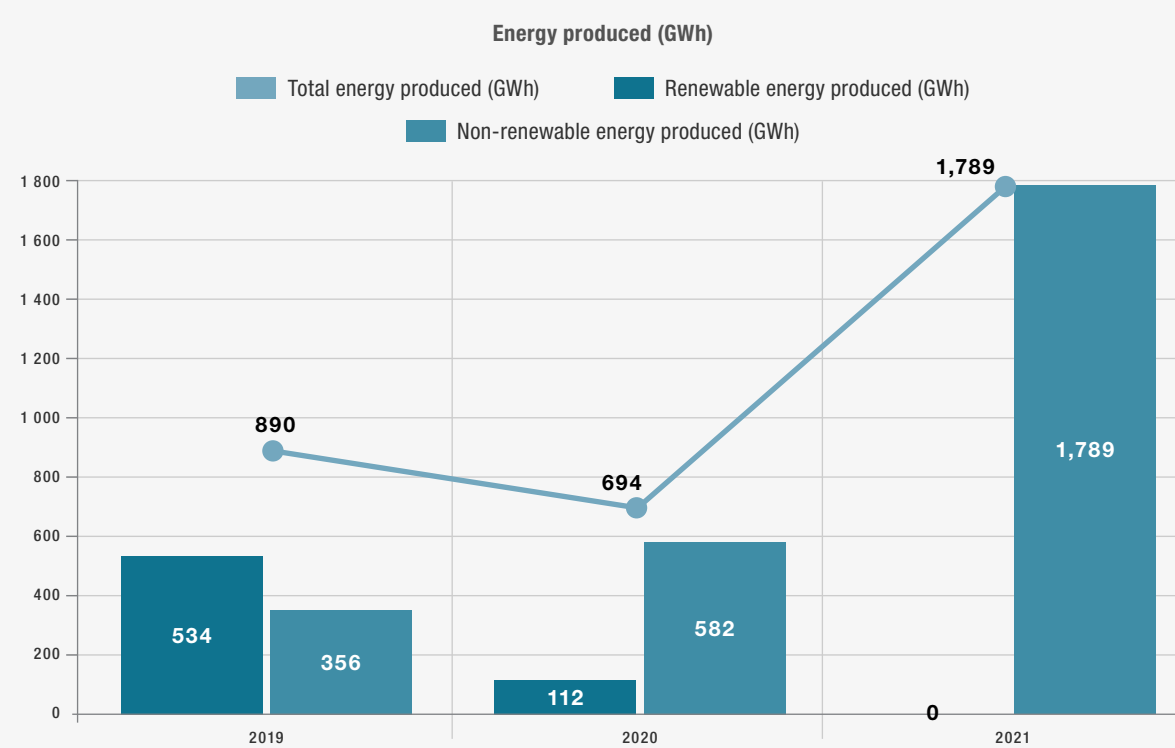
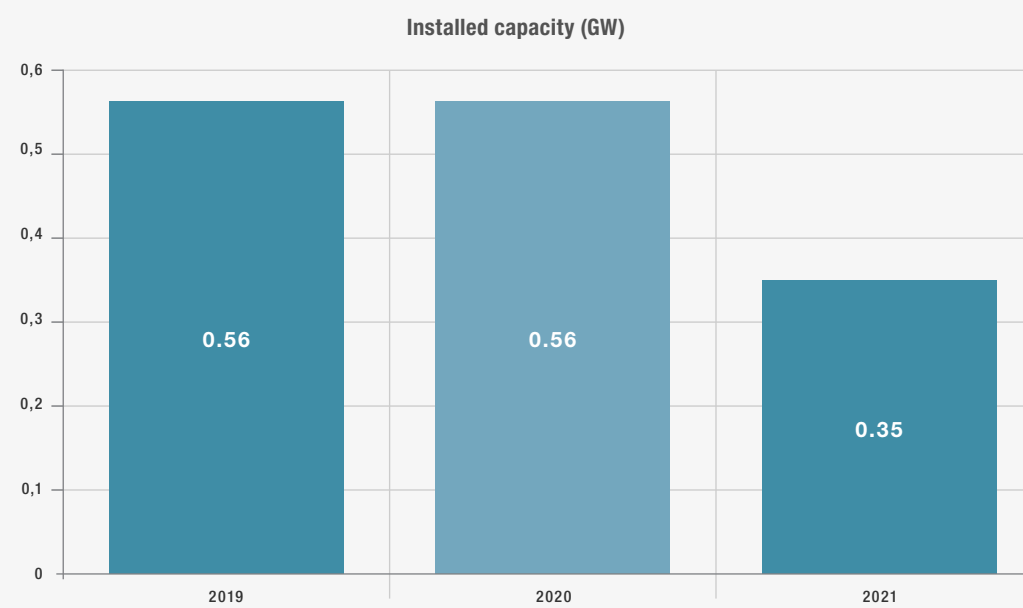


539,312

Equivalent households powered by total energy production

0

Renewable energy facilities



Energy Funds

AIIF3

Installed capacity has remained consistent across the three years although total energy production has increased significantly as a result of good performance at Amandi and Albatros, both overcoming constraints limiting production in previous years. The distributed solar businesses in the fund collectively have over 200,000 active solar home system (SHS) users.

236,344

Equivalent households powered by total energy production

209,365

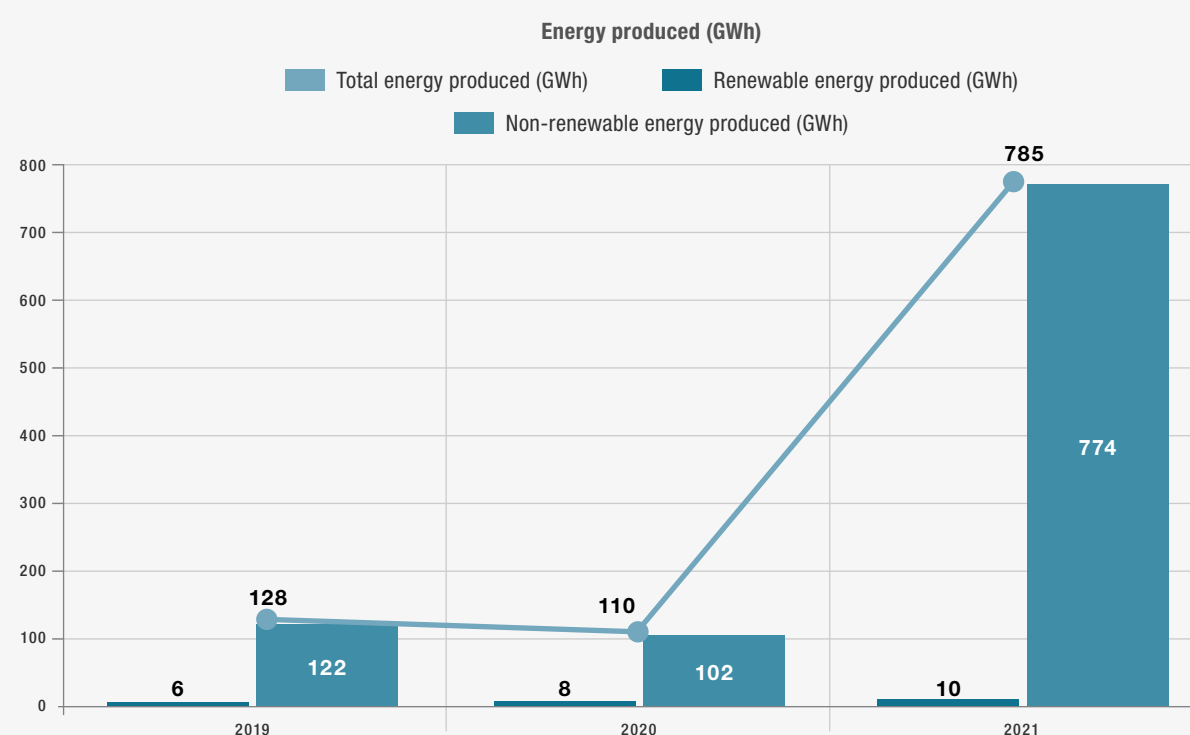
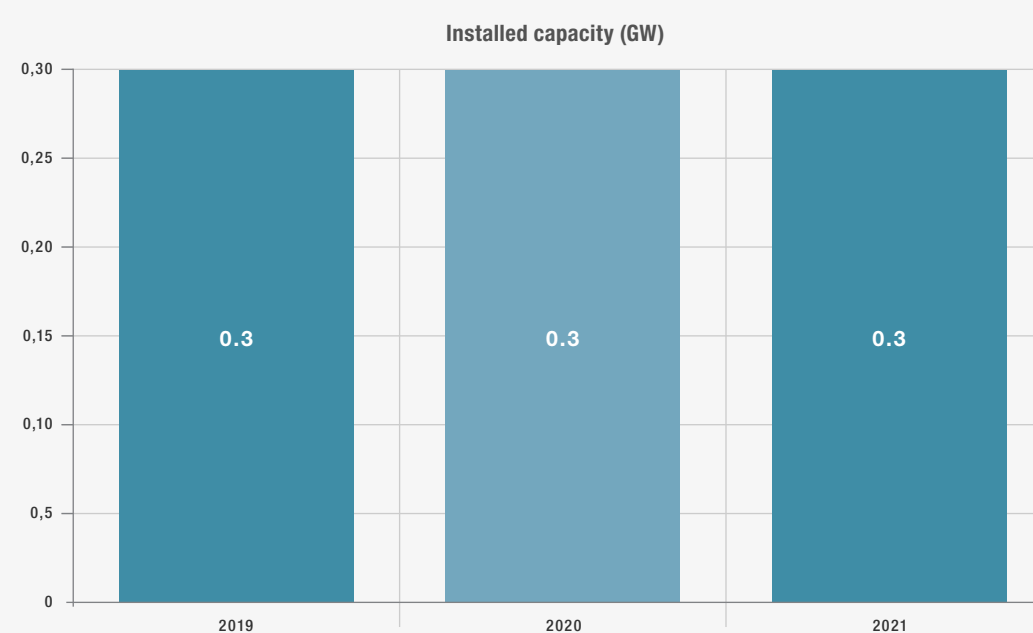
Equivalent households and active SHS users powered by renewable energy

2

Renewable energy facilities



2 Solar facilities (49 MW)

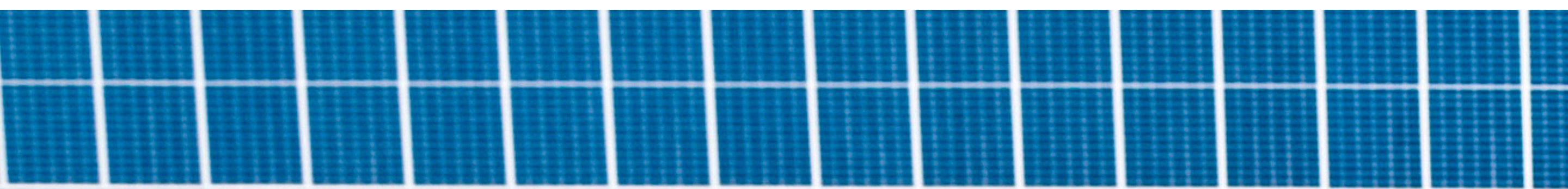


Energy Funds

IDEAS

Installed capacity has increased to 2.08 GW in 2021 as additional renewable energy projects in the IDEAS fund reached commercial operations. IDEAS contributed a third of the renewable power produced (excluding hydro) in South Africa in 2021.

Source: Statistics of utility-scale power generation in South Africa in 2021 CSIR Energy Centre v1.0 Apr 2022 PIERCE, W and FERREIRA, B (<https://www.csir.co.za/sites/default/files/Documents/20220503-Statistics%20of%20power%20in%20SA%20H2-2021-CSIR-%5BFINAL%5D%20%281%29.pdf>)






1,427,320

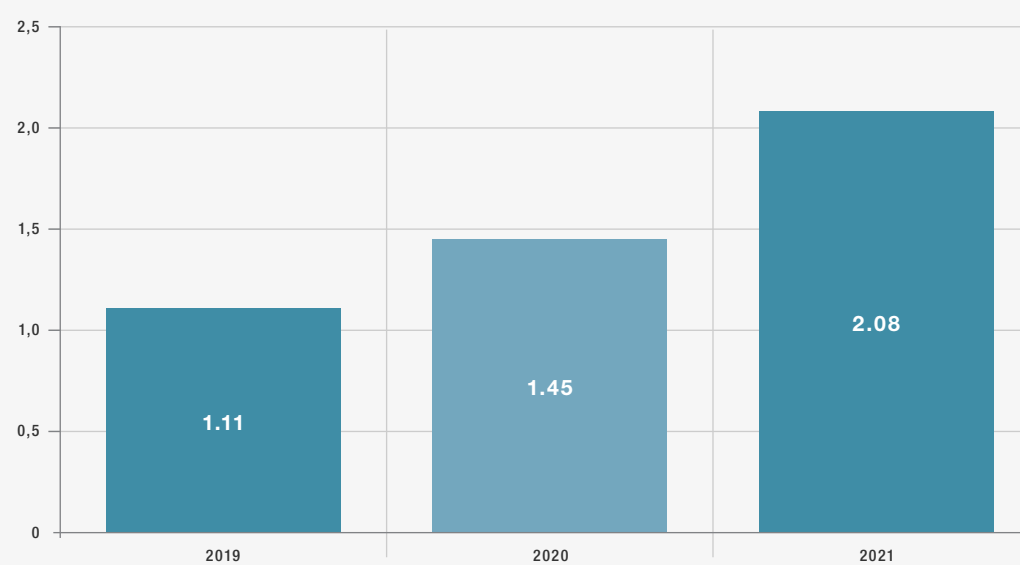
Equivalent households and active SHS users powered by renewable energy

29

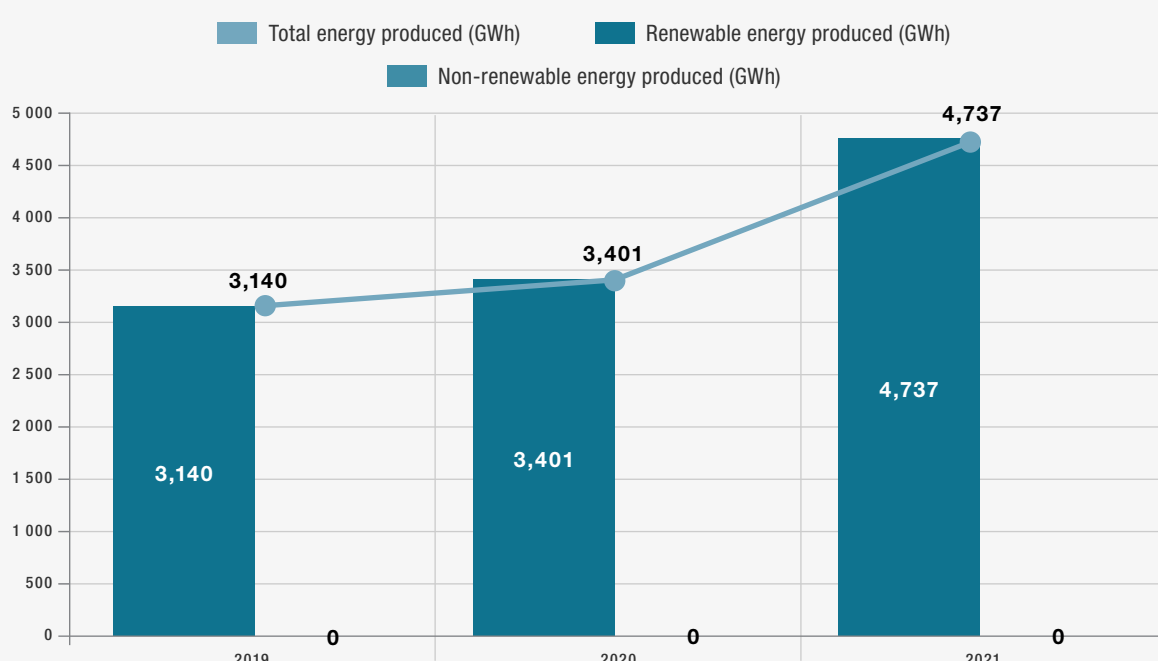
Renewable energy facilities

-  10 Wind facilities (1,126 MW)
-  18 Solar facilities (825 MW)
-  1 Hydro facility (10 MW)

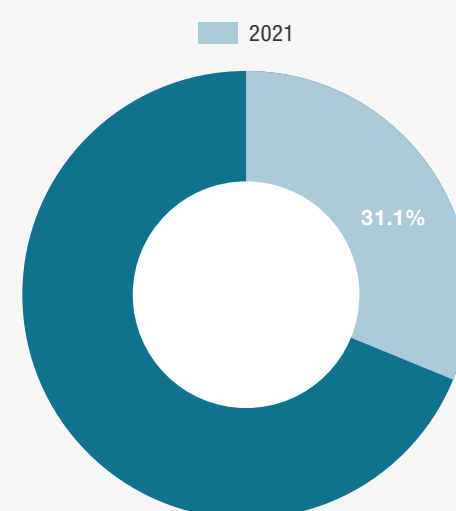
Installed capacity (GW)



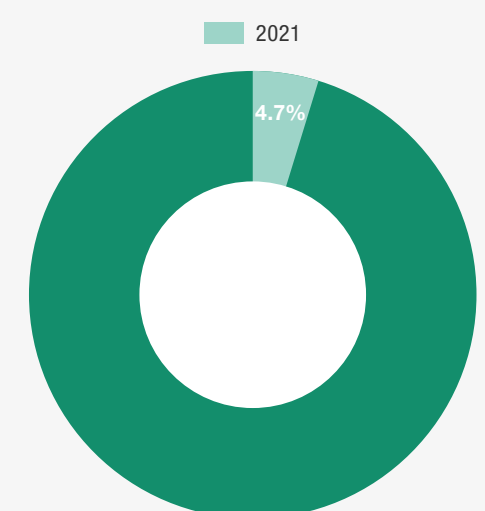
Energy produced (GWh)



Installed % of total South African renewables (% of capacity in MW)

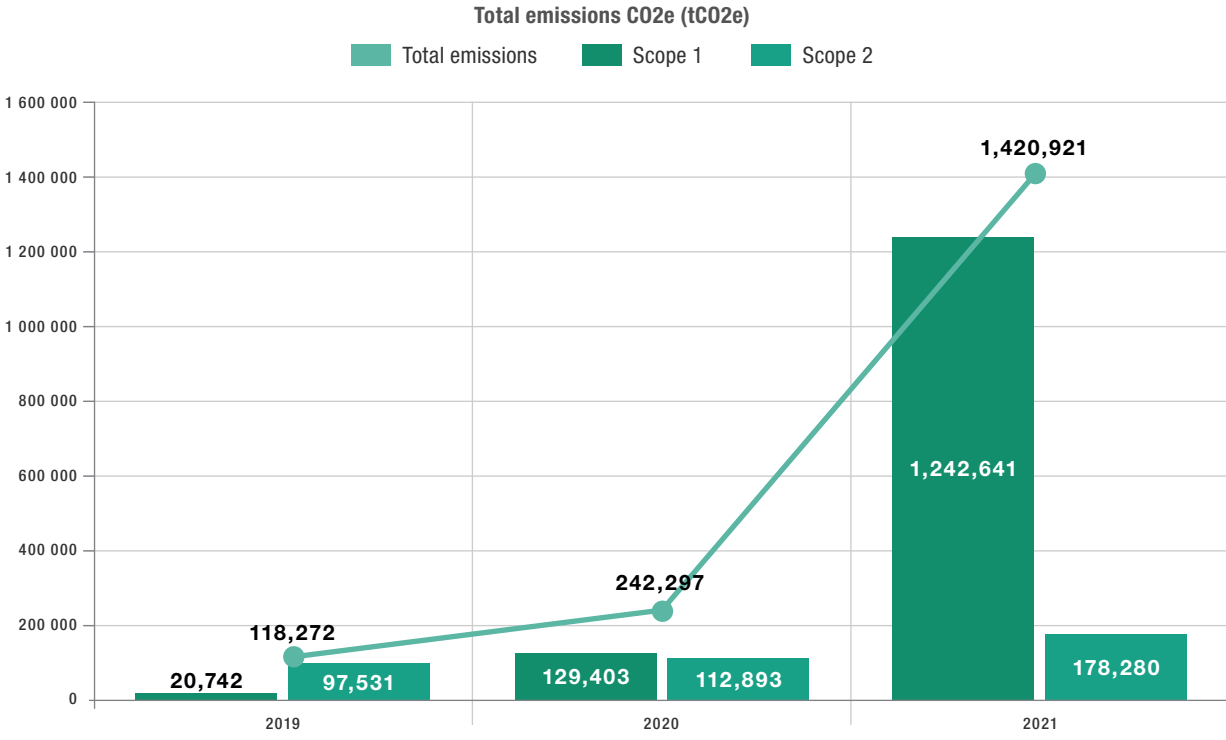
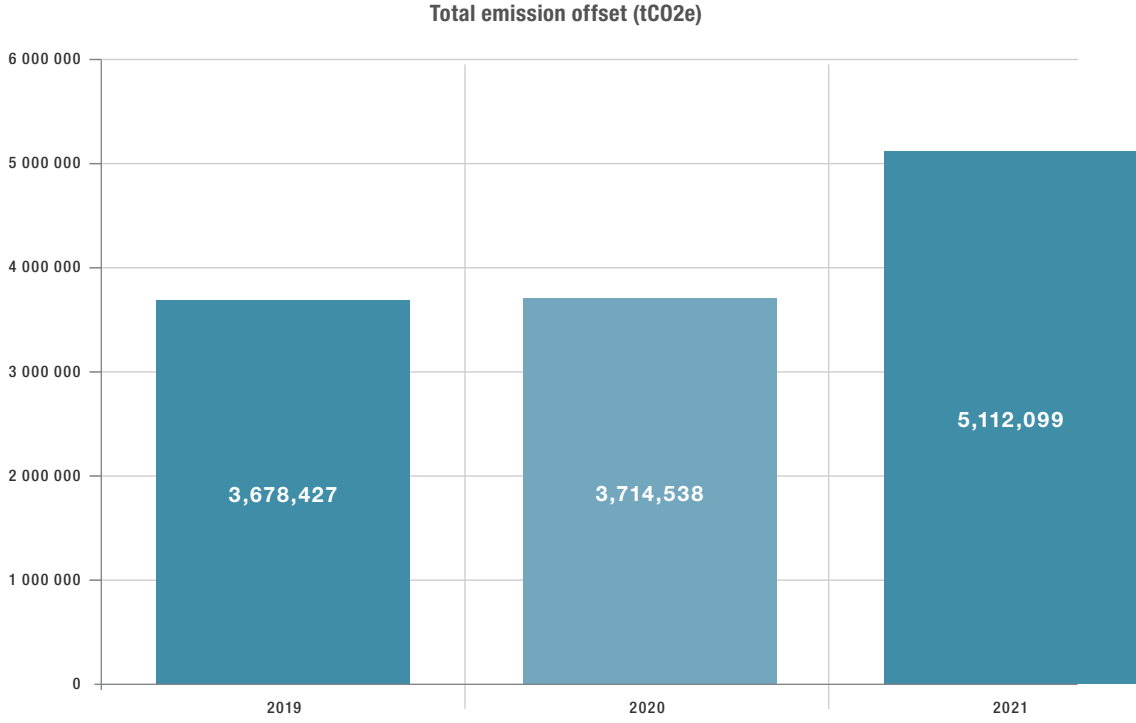


Installed % of total South African power capacity



Carbon Overview

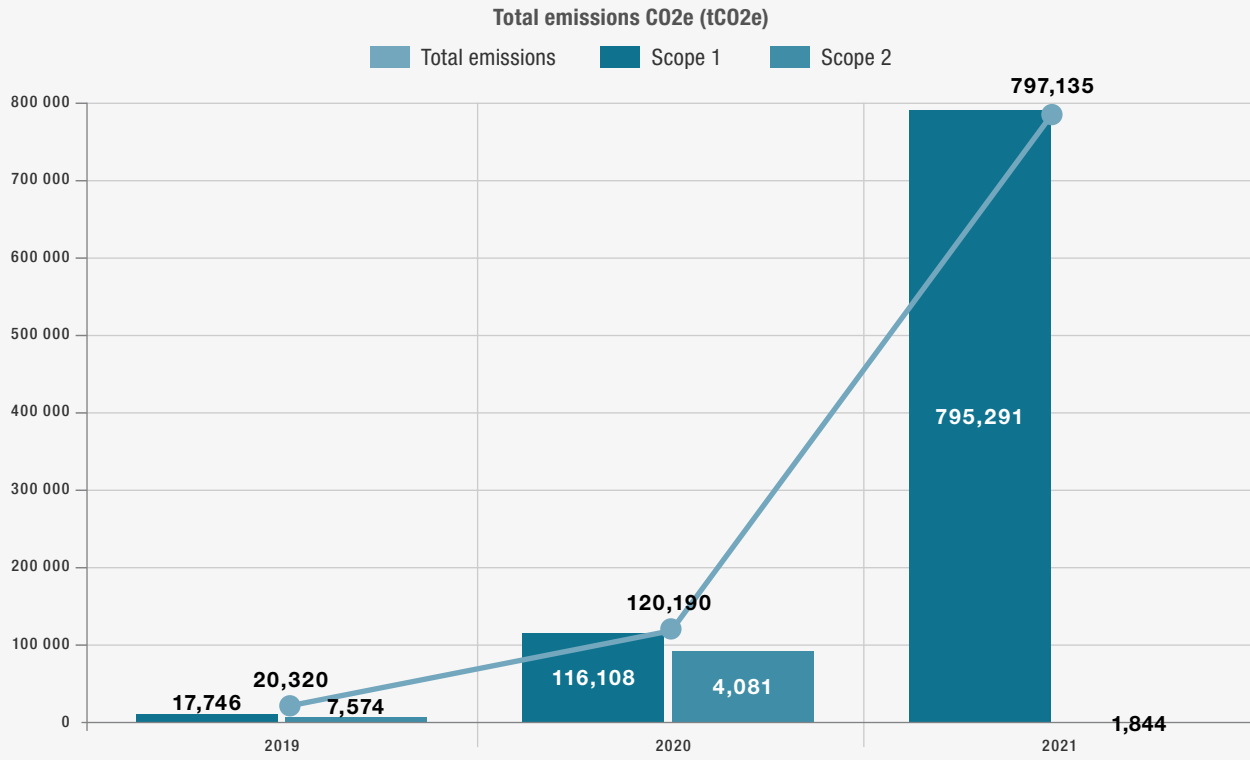
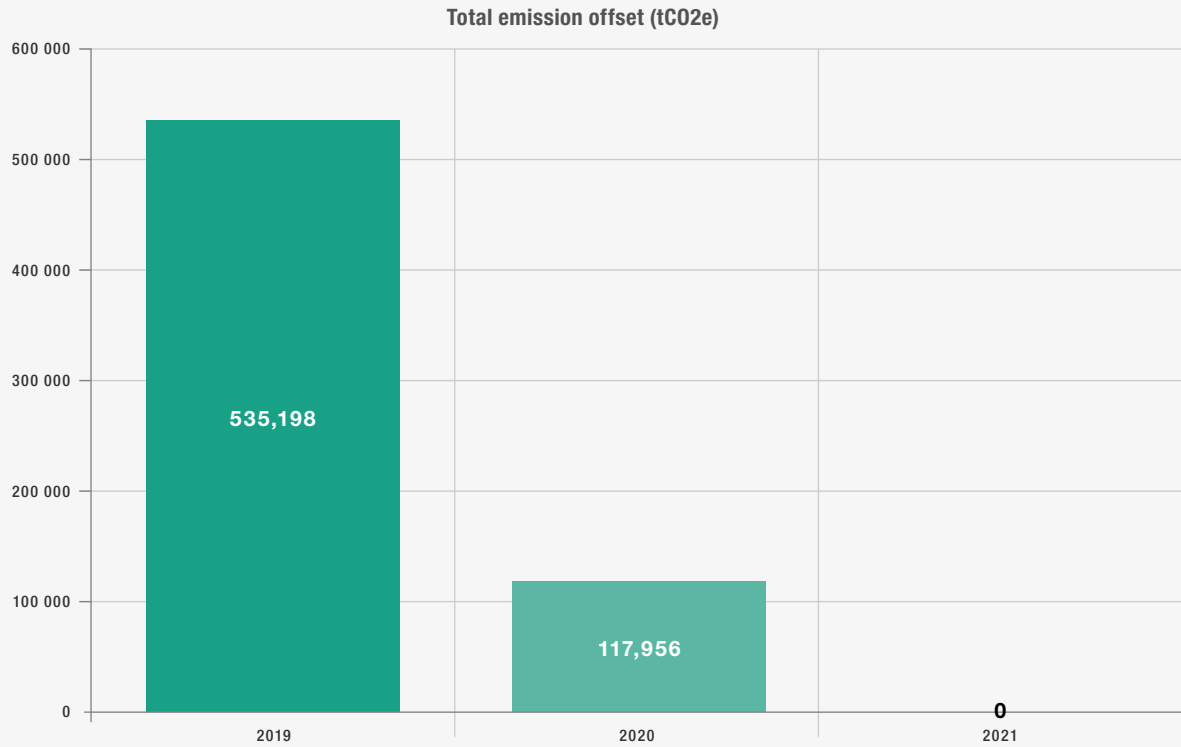
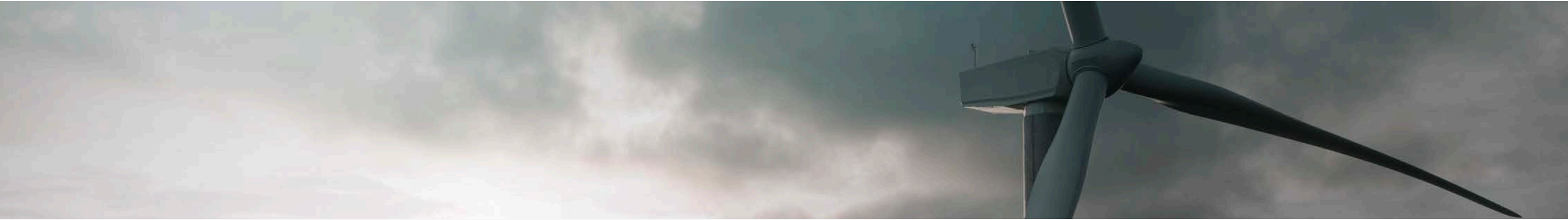
The emissions offset of 5.1 million tons of CO2 equivalent as a result of the renewable power investments is an outstanding achievement, driven by the IDEAS Fund, with an increase in this offset each year. The increase in Scope 1 direct emissions in 2021 is mainly due to the increased power production of Amandi, Albatros and Cenpower power plants as well as better reporting coverage.



Carbon Funds

AIF2

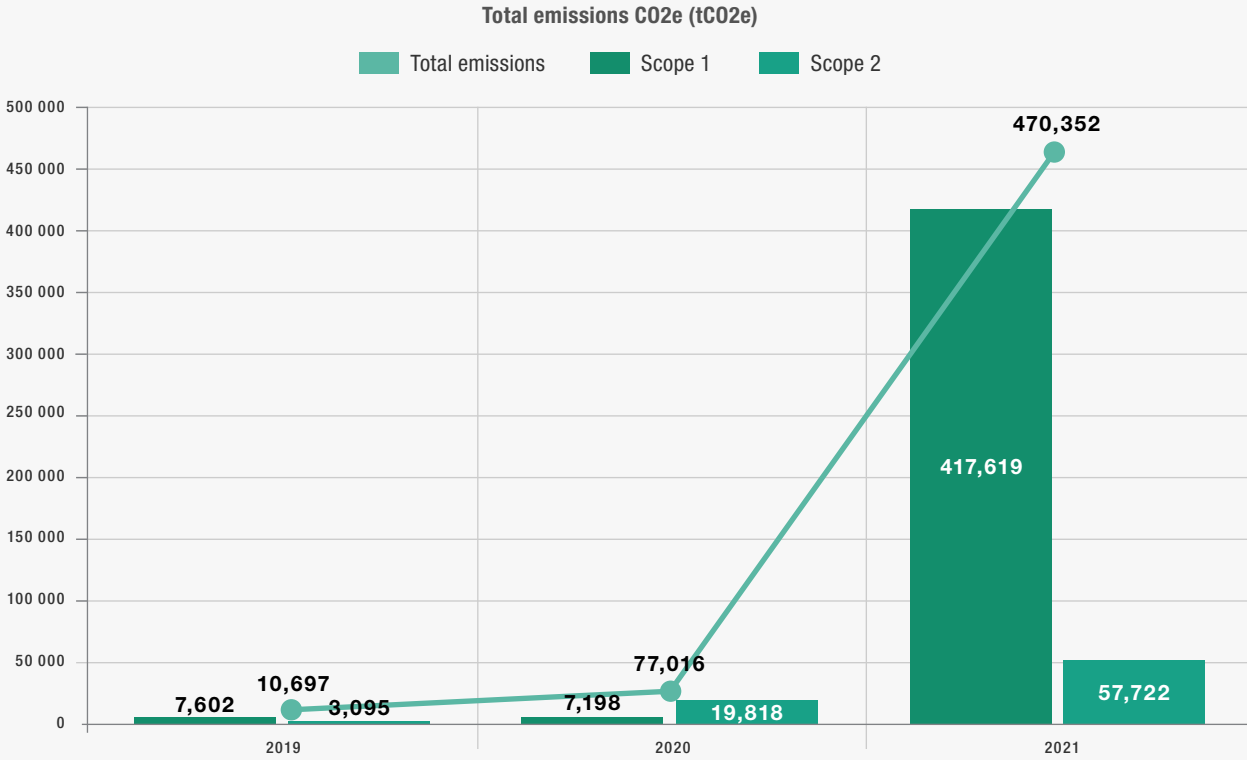
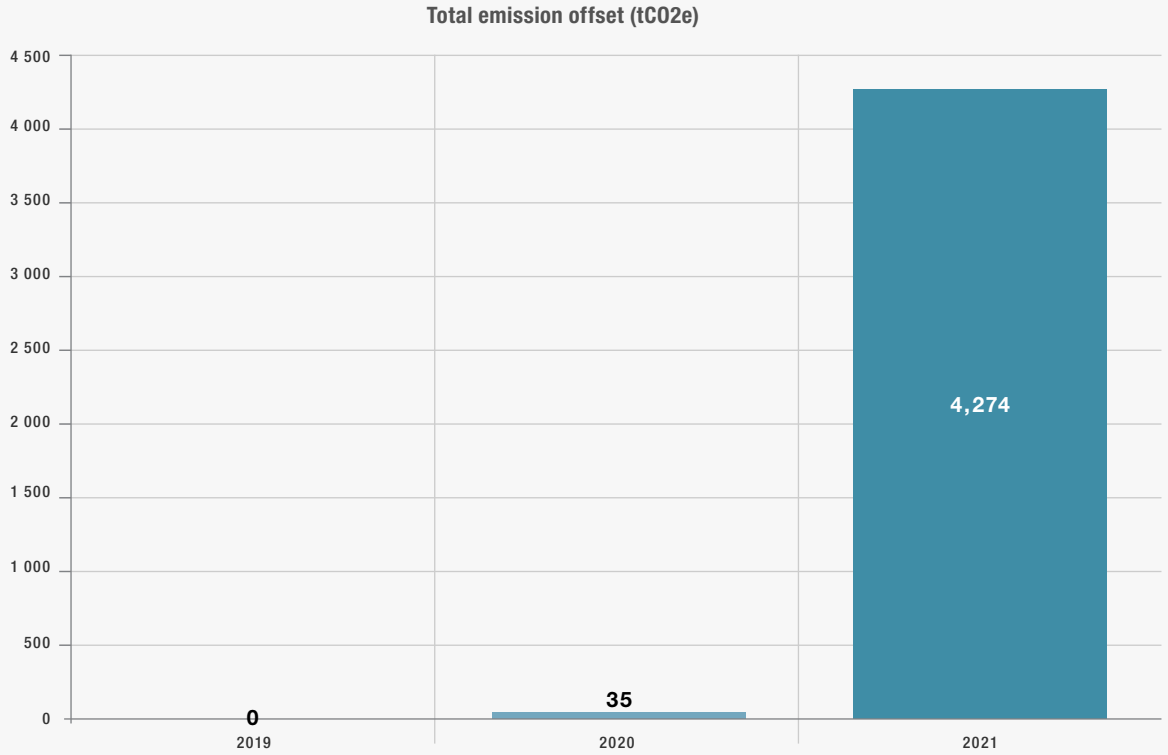
The increase in total CO2 equivalent emissions in the fund in 2021 is attributable to a substantial increase in power production by the Cenpower thermal power plant (Scope 1). The fund does not have an emissions offset mechanism.



Carbon Funds

AIF3

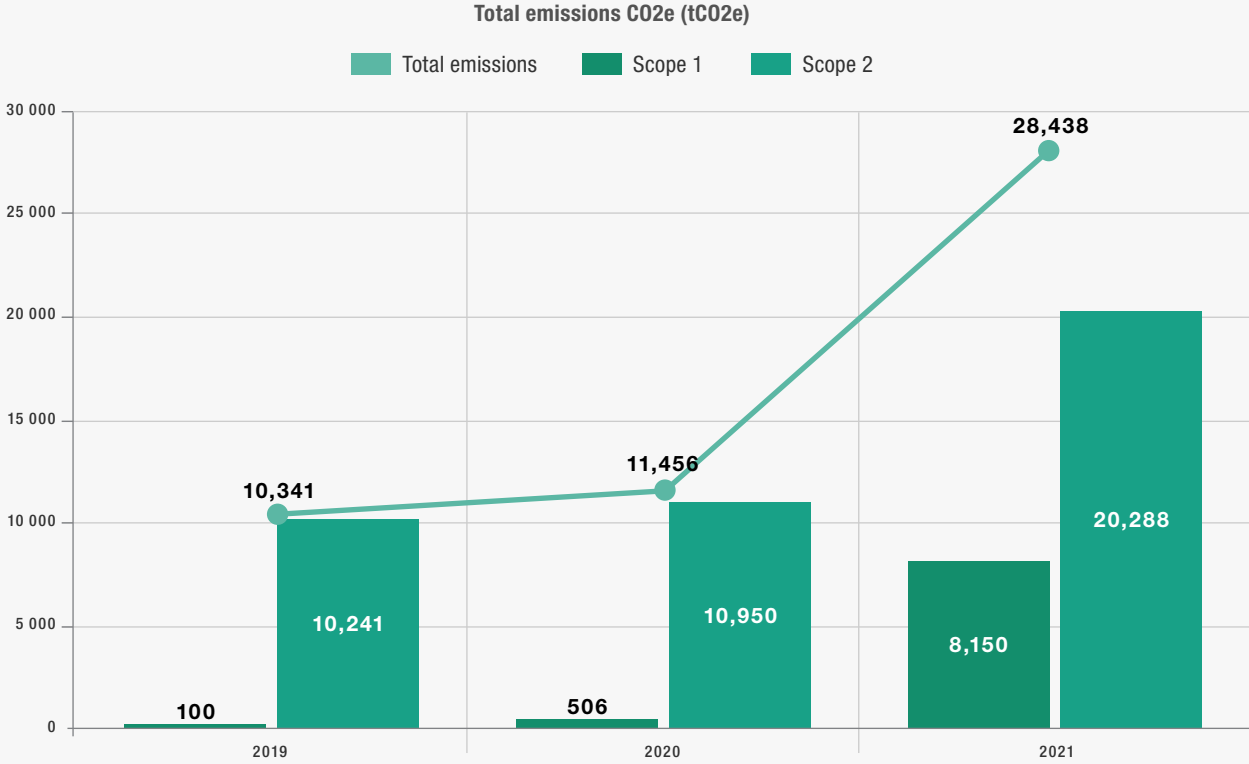
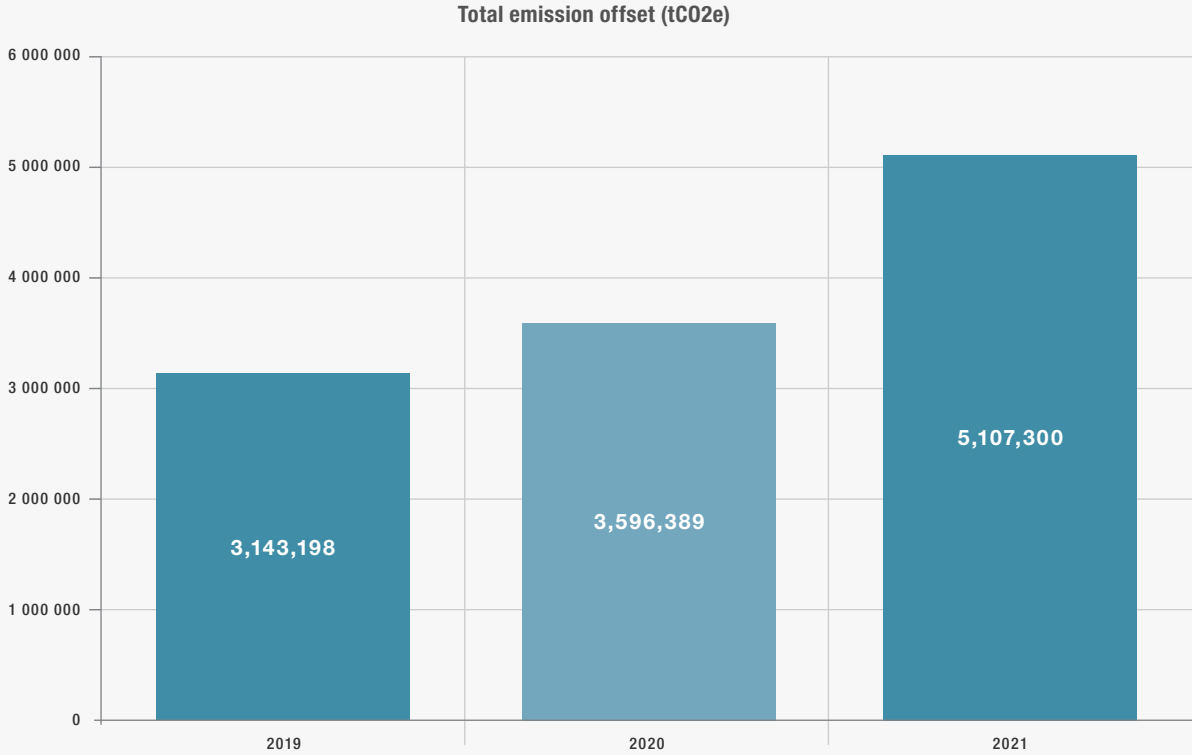
The increase in total CO2 equivalent emissions in the fund in 2021 is attributable to better reporting coverage and increased production by the thermal power plants, Amandi and Albatros. Carbon offsets are generated by the off-grid solar businesses in the Fund.



Carbon Funds

IDEAS

The net emissions offset of 5.1 million tons of CO2 equivalent as a result of the renewable power investments is an outstanding achievement by the IDEAS Fund, with an increase in this offset from 2020. Electricity usage (Scope 2) remains the major carbon emissions contributor in the Fund.



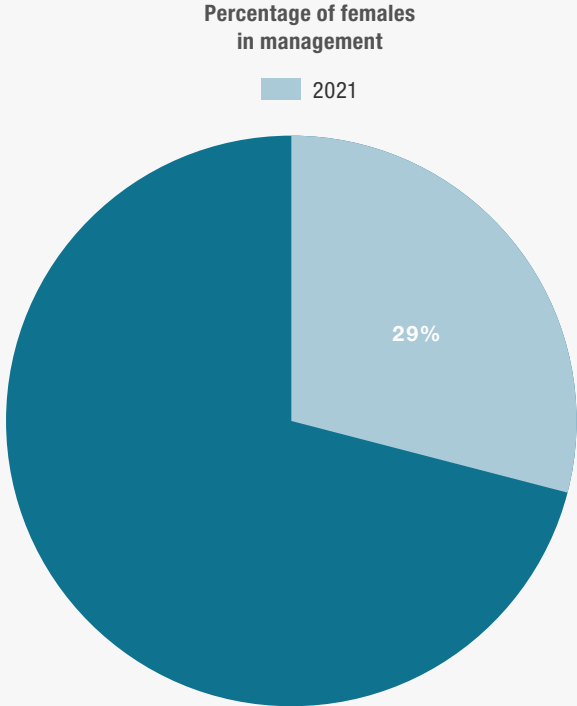
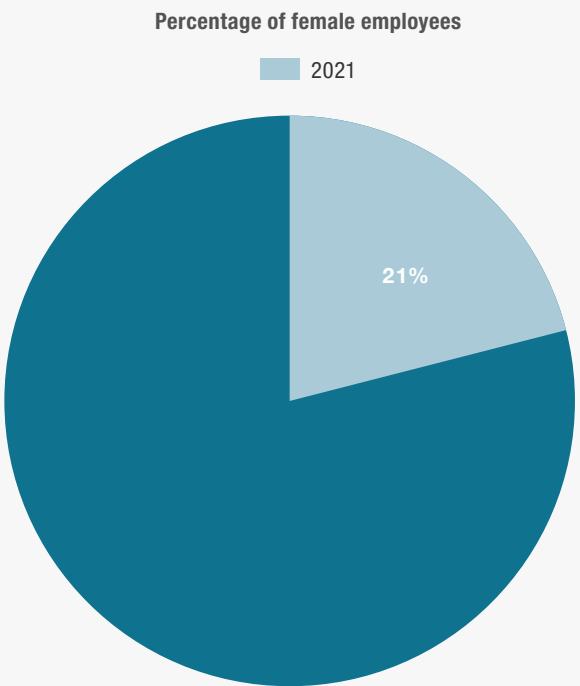
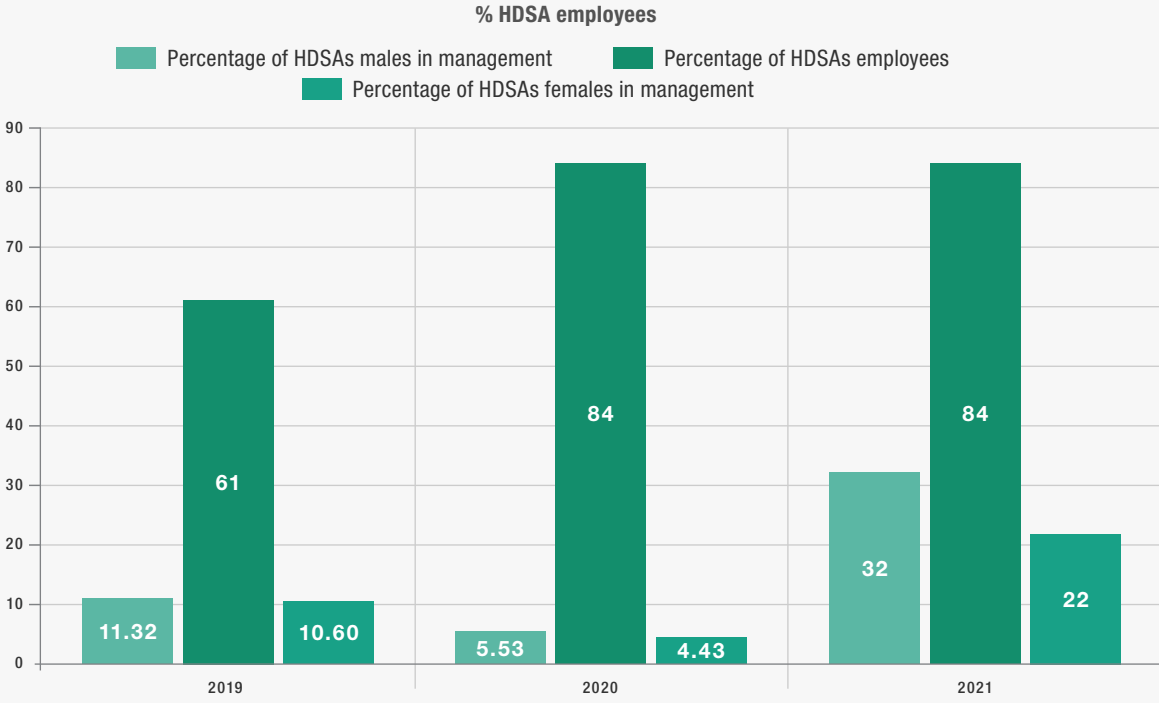
Social Capabilities

Total employment numbers have decreased slightly compared to 2020, as construction activities came to an end on a number of assets. AllIM continues to perform well in terms of transformation, with the percentage of historically disadvantaged South Africans (HDSAs) employed at 84%. Although overall representation of females in the workforce and management is above 20%, there is room for improvement.



11,271

Total employees as at Dec 2021



Social Funds

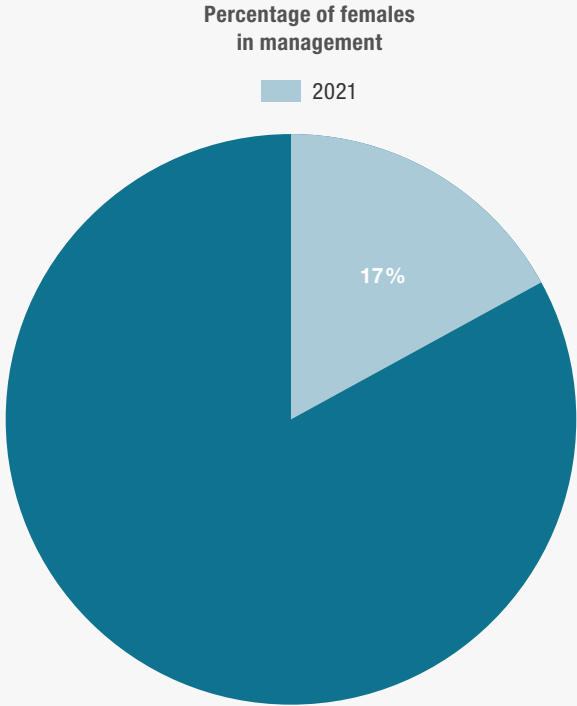
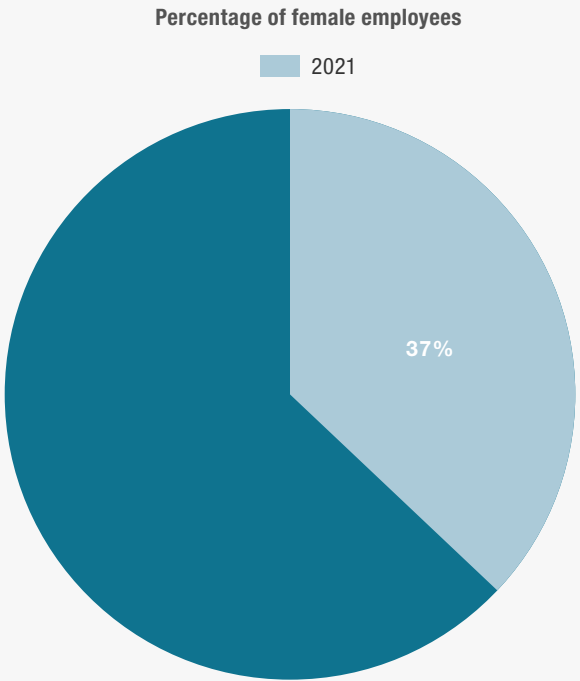
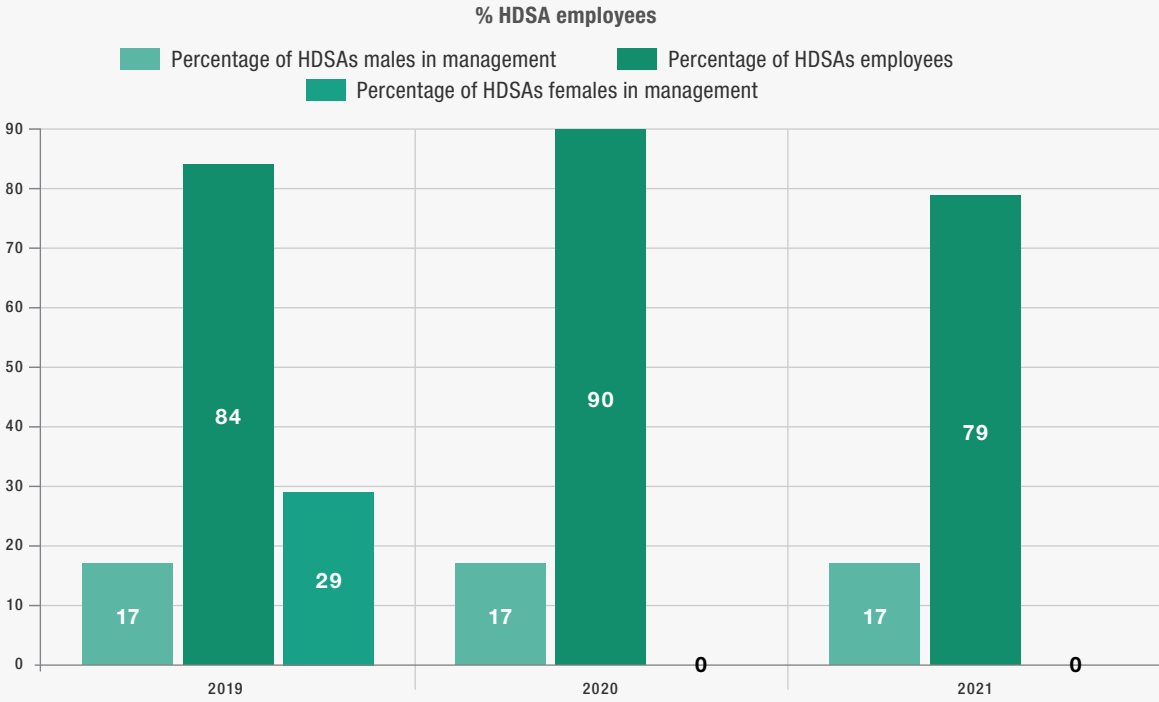
AIIF2

The overall number of employees and the proportion of female employees have both increased AIIF2 compared to 2020. The exit of two South African assets in 2020 saw the number of historically disadvantaged South African (HDSA) females in management drop to zero however the overall representation of HDSAs is at 79%.



3,096

Total employees as at Dec 2021



Social Funds

AIF3

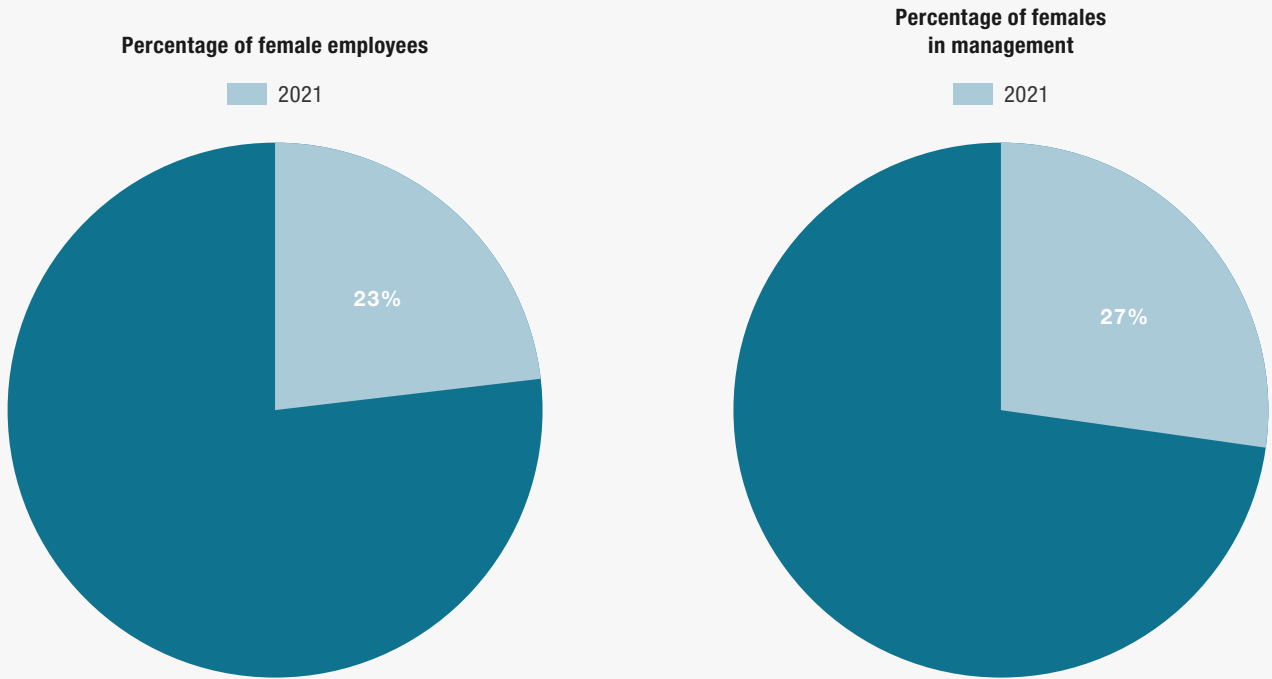
AIF3 supported 4,159 jobs by the end of December 2021. From a gender perspective, overall female representation was 23%, up from 17% in 2020 and female representation in management has also increased. AIFM continues to look for opportunities to drive greater gender equality.

**Note, because there are no South African assets, data related to historically disadvantaged South Africans is not applicable for this fund.*



4,159

Total employees as at Dec 2021



Social Funds

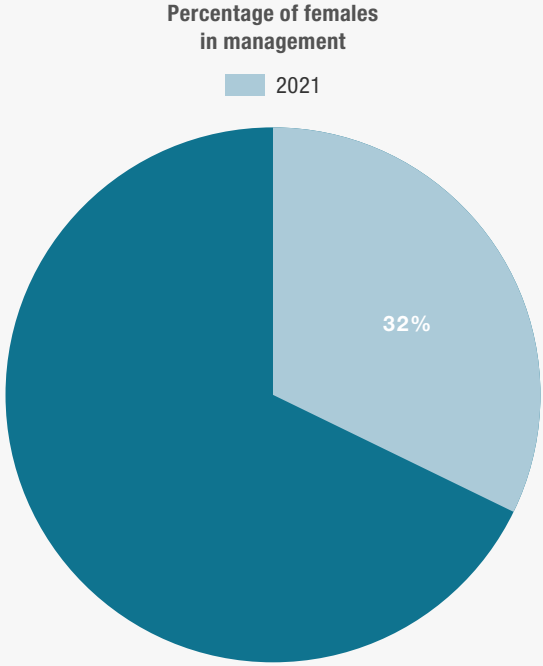
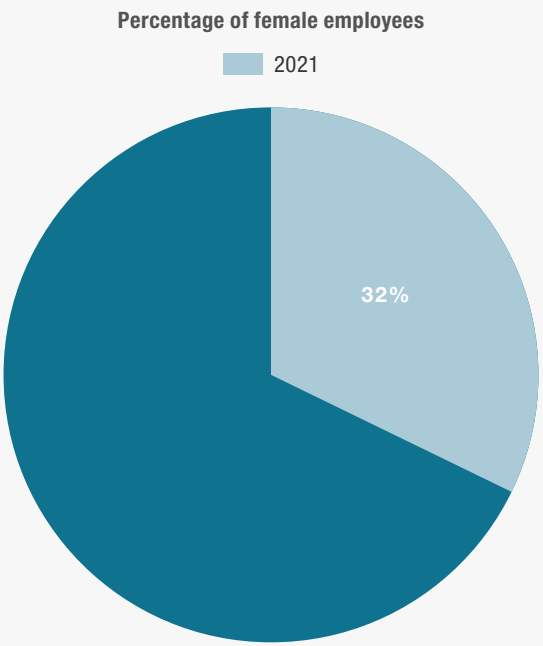
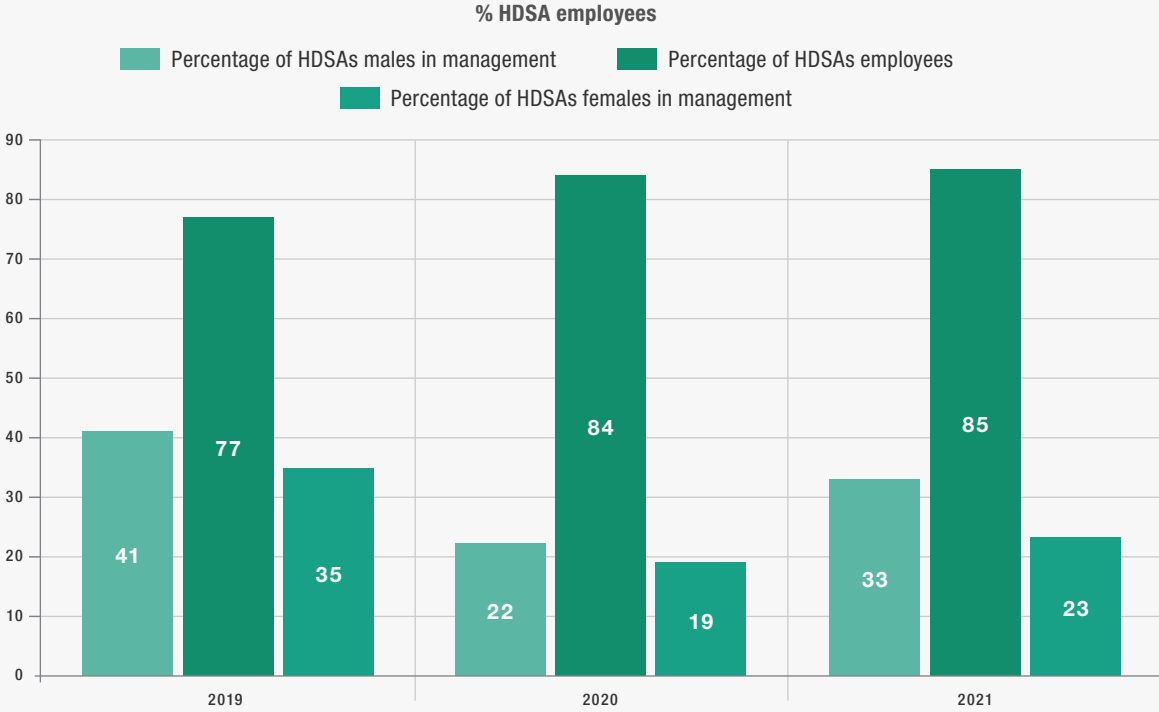
IDEAS

IDEAS supported 4,016 jobs by the end of December 2021. The fund has performed well from a diversity and transformation perspective showing improvements on female and HDSA representation in the workforce and at management level compared to the previous year.



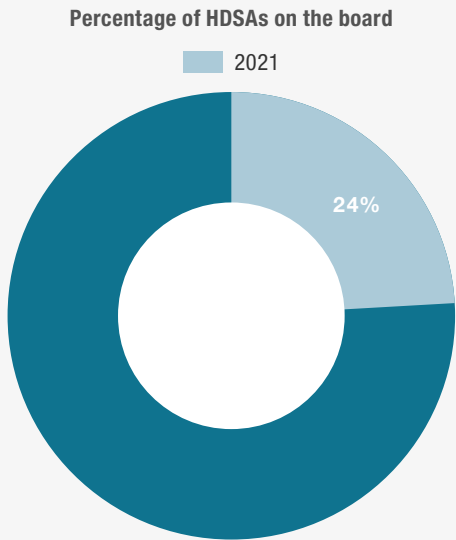
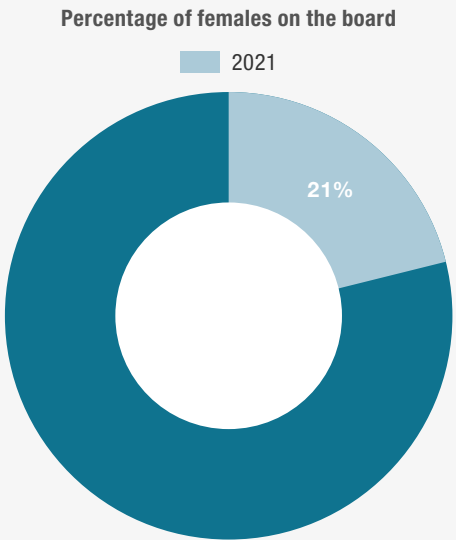
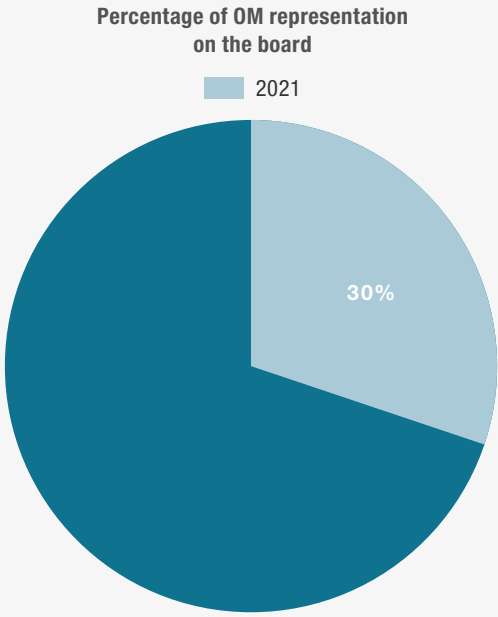
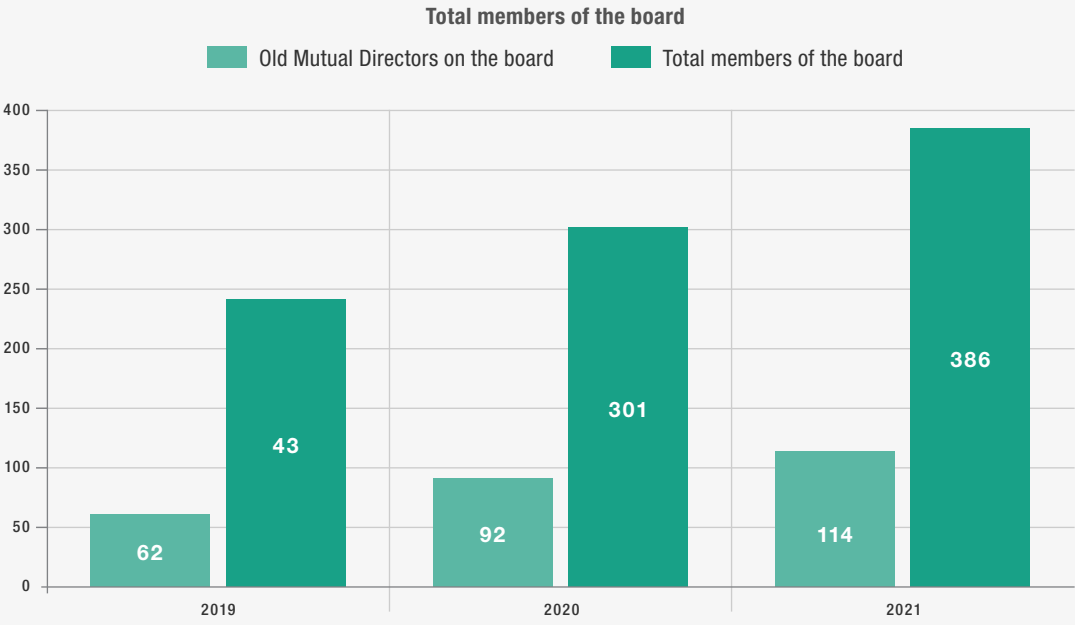
4,016

Total employees as at Dec 2021



Governance Overview

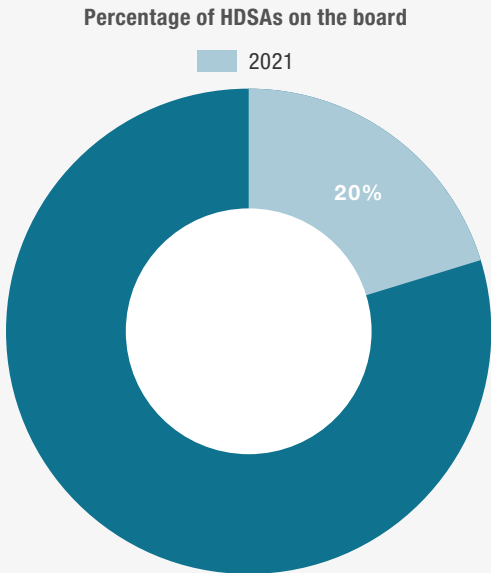
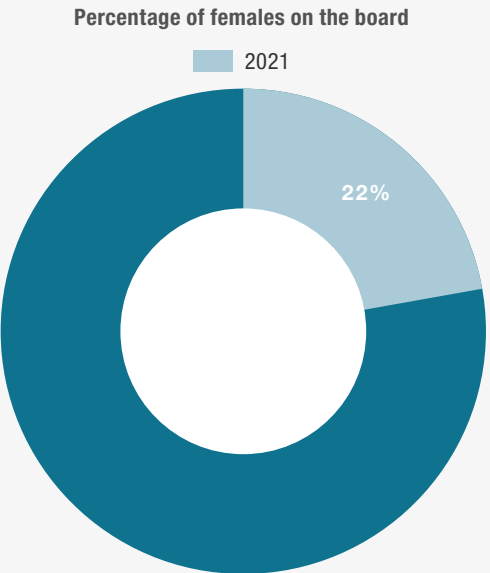
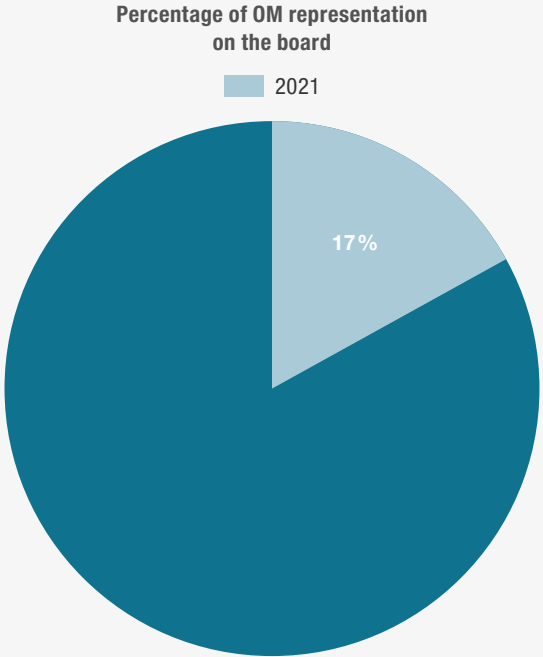
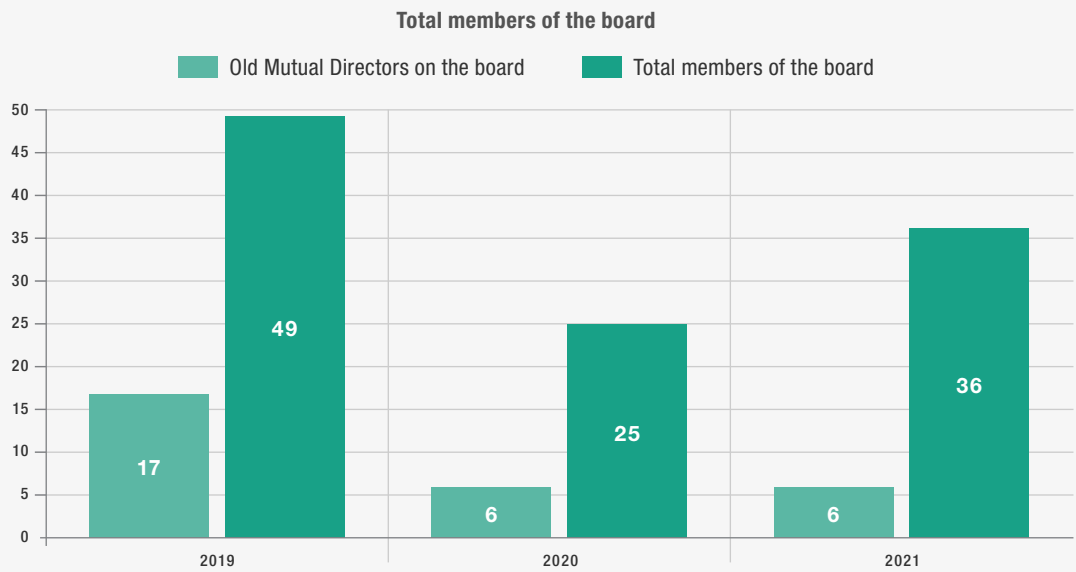
In 2021 our Board representation decreased slightly from 31% to 30%, maintaining active engagement. Our female Board representation also decreased by 1% compared to 2020, indicating there is still a way to go on gender equality at the Board level. AllM continues to work with Boardroom Africa and to develop internal talent by appointing females to alternate director seats in order to mentor them to take up Board seats in future. For South African portfolio companies, in our actions to reduce inequalities, we continue to track historically disadvantaged South African (HDSA) Board representation and this decreased slightly from 33% to 30%.



Governance Funds

AIF2

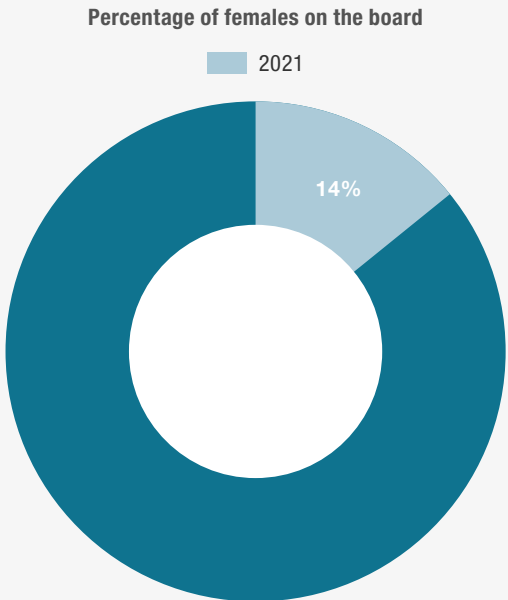
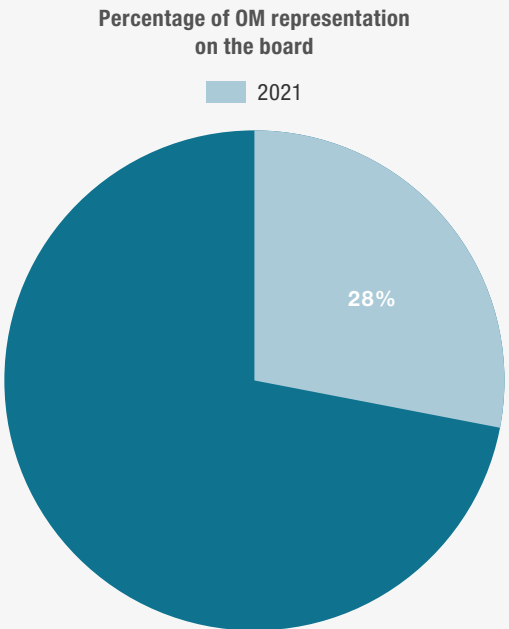
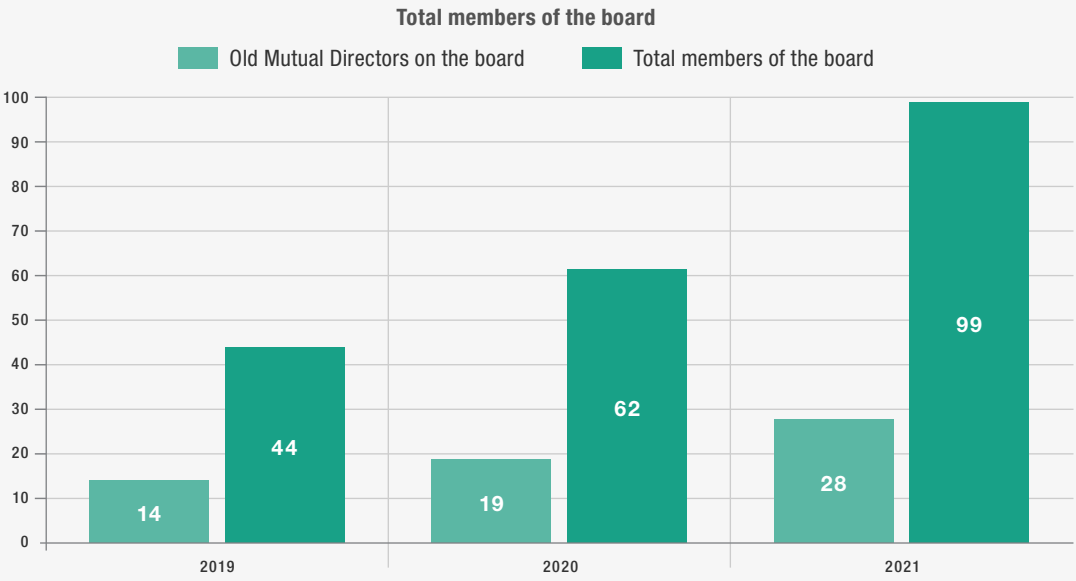
Governance metrics for AIF2 have remained fairly constant with a slight increase in board seats as vacant seats were filled to ensure the full complement at Board level.



Governance Funds

AIIF3

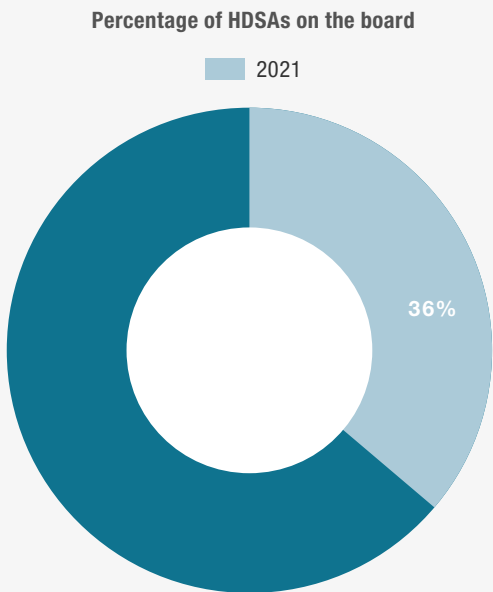
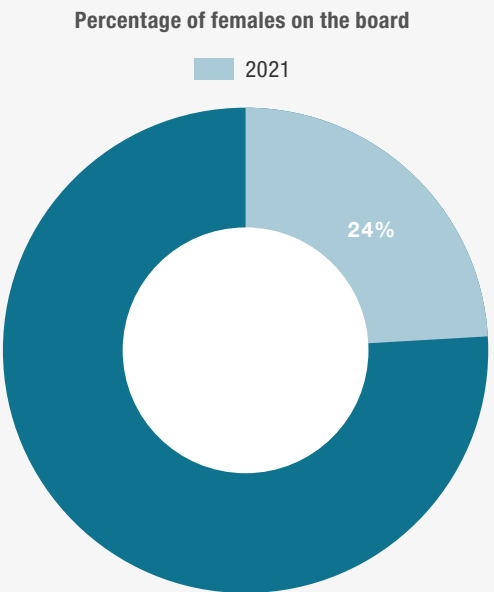
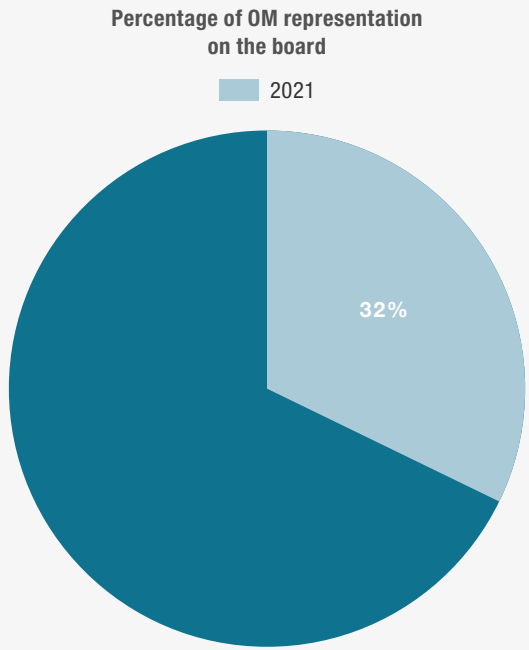
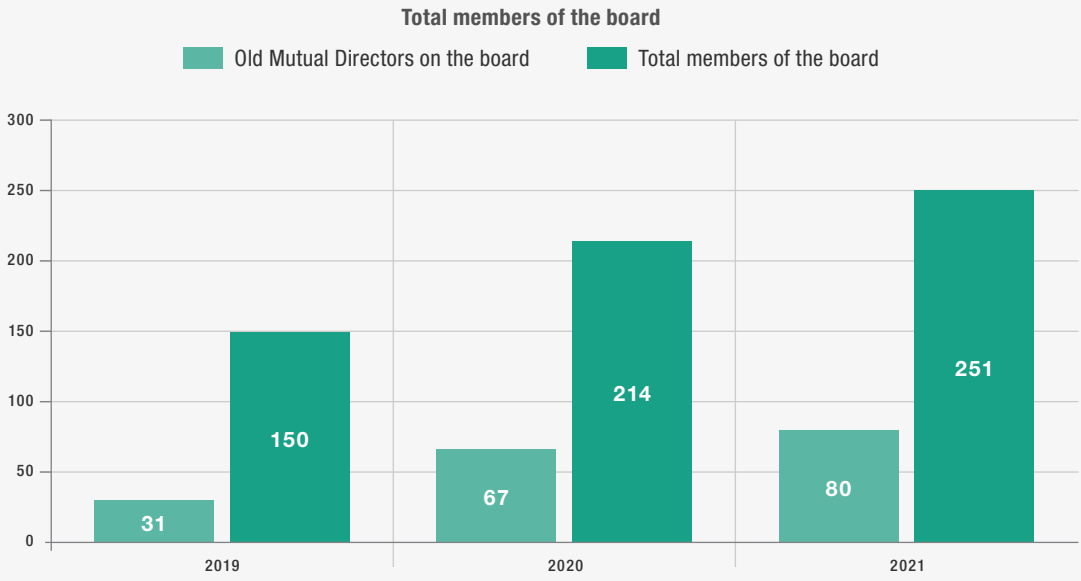
In 2021, the AIIF3 fund increased the number of portfolio companies under management and increased the number of OMAI representatives on Boards. Overall female representation at Board level increased slightly from 13% to 14%, showing some improvement on this front.



Governance Funds

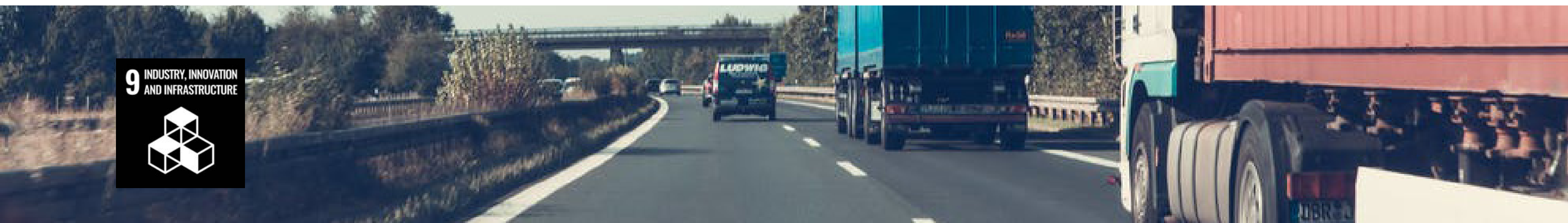
IDEAS

The IDEAS fund governance metrics have changed with an increase in the number of portfolio companies under management. Active Board engagement is at 32% OMAI representation with 24% female representation and 36% historically disadvantaged South African (HDSA) representation at Board level in 2021.



Infrastructure Overview

The infrastructure portfolio has demonstrated resilience through the Covid-19 pandemic, yielding strong returns while continuing to achieve positive outcomes. The portfolio was not untouched by Covid-19 but there has been good recovery of portfolio companies who faced challenges in 2020 as evidenced by the positive impacts reported below.



2,602,247

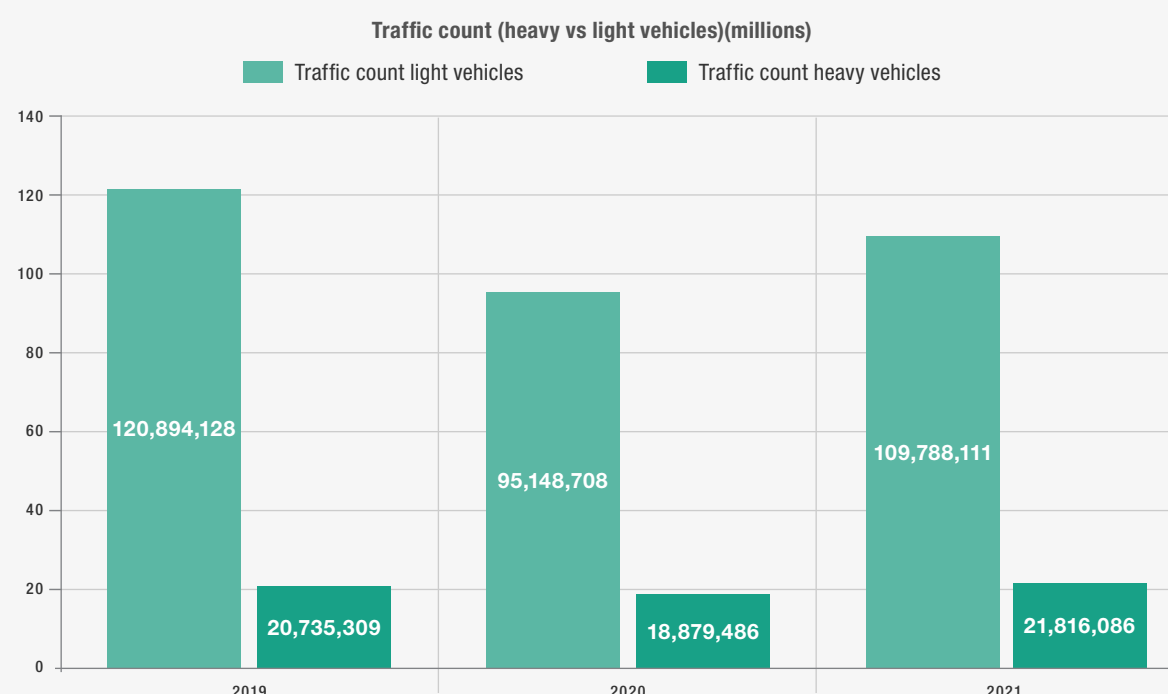
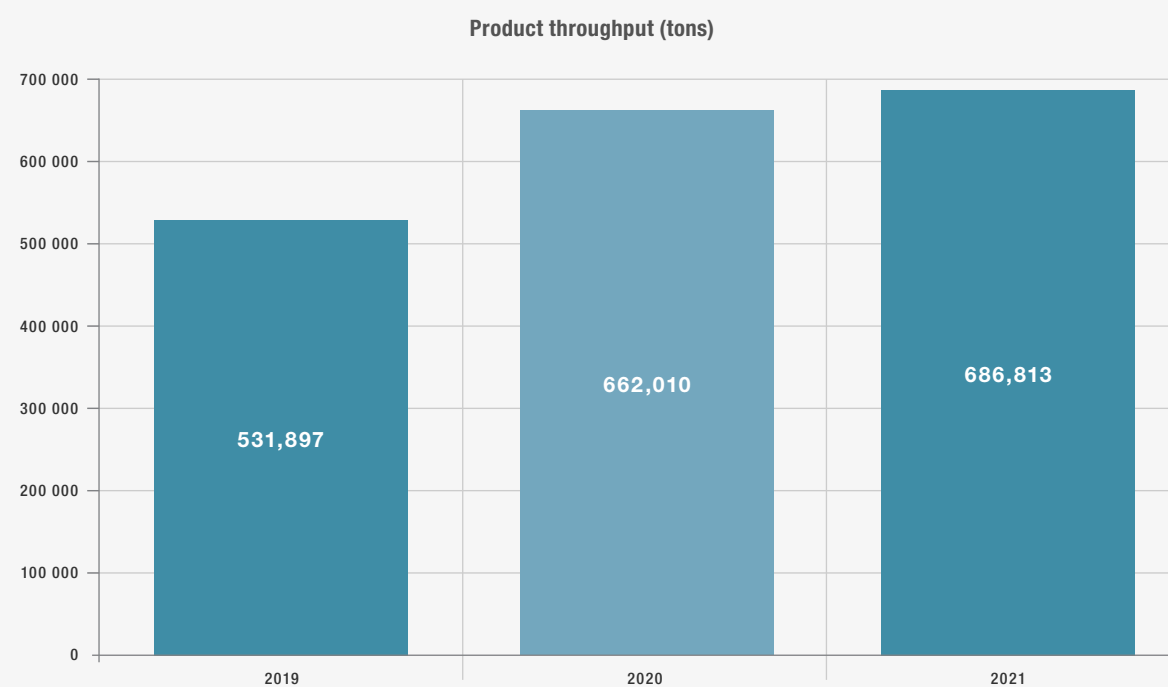
Number of passengers

30,207

Telecommunication towers owned

1,370

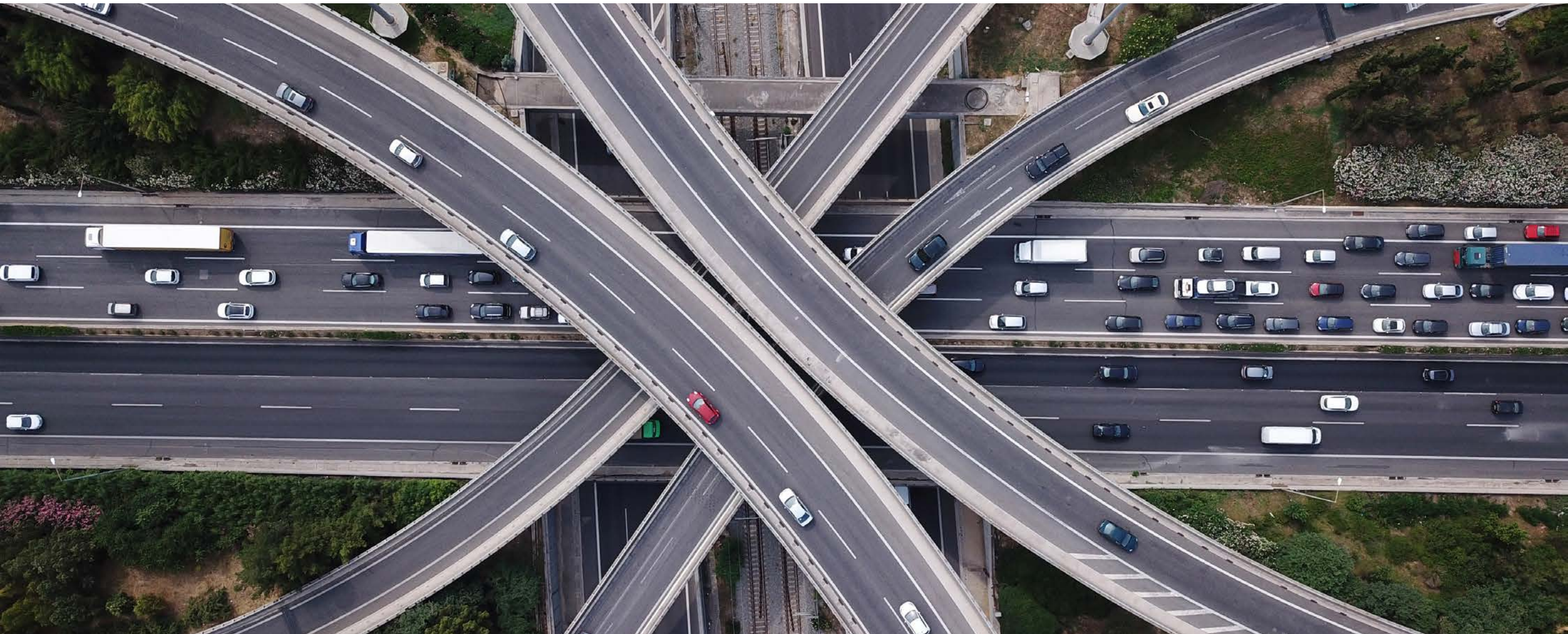
Total kilometres of road transport route



Infrastructure Funds

AIIF2

The total number of vehicles using the road network has increased to pre-Covid levels and the digital infrastructure business has grown.

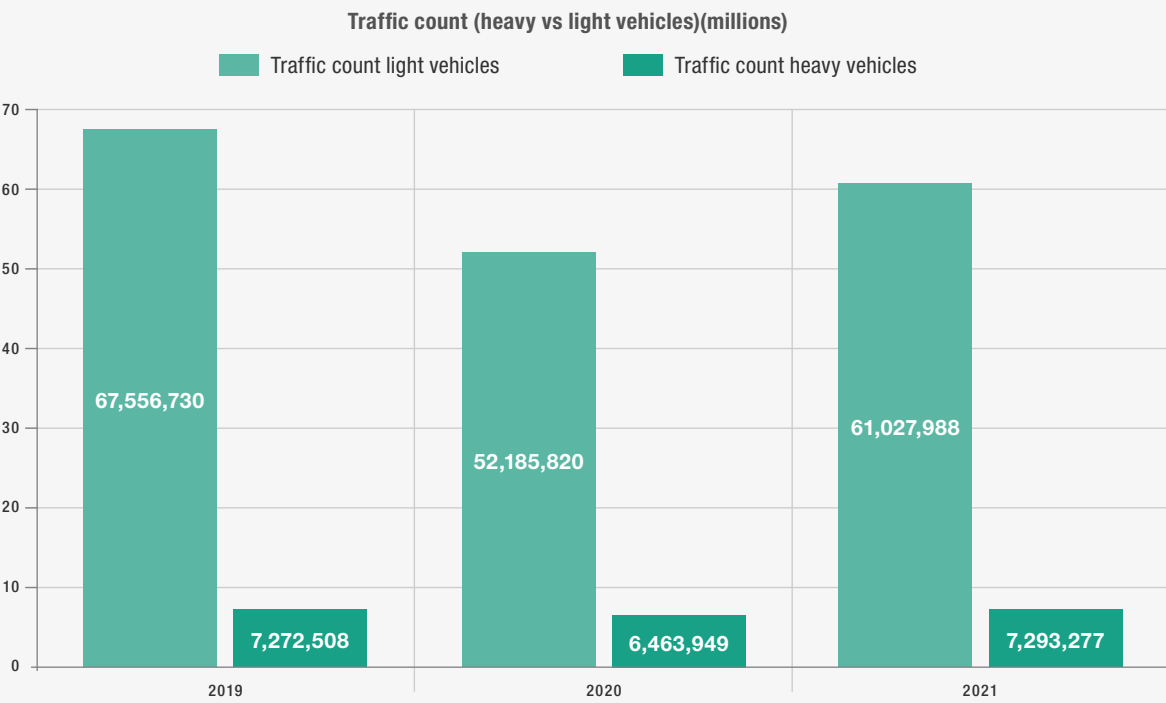


30,207

Telecommunication towers owned

385

Total kilometres of road transport route



Infrastructure Funds

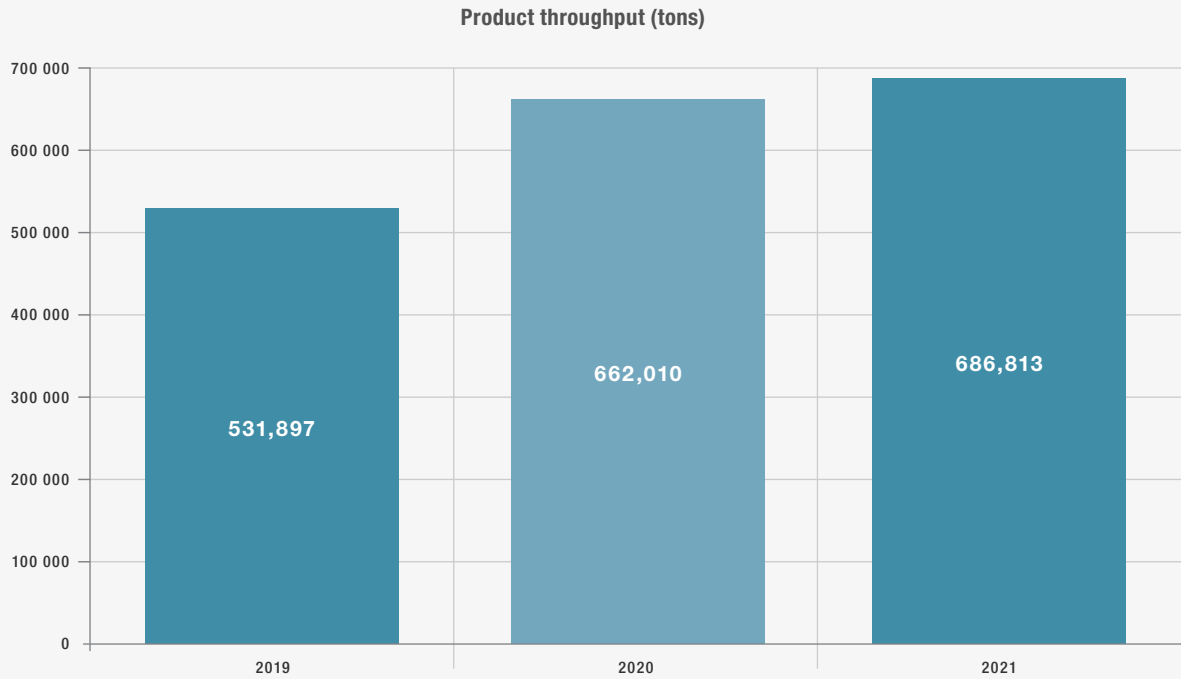
AIIF3

Globally, the air transport industry was severely impacted by the Covid-19 pandemic and passenger numbers have not yet reached 2019 levels. Fortunately, African Ports and Corridor Holdings saw a 24% increase in throughput tonnage in 2020 and has continued to grow.



2,602,247

Number of passengers



Infrastructure Funds

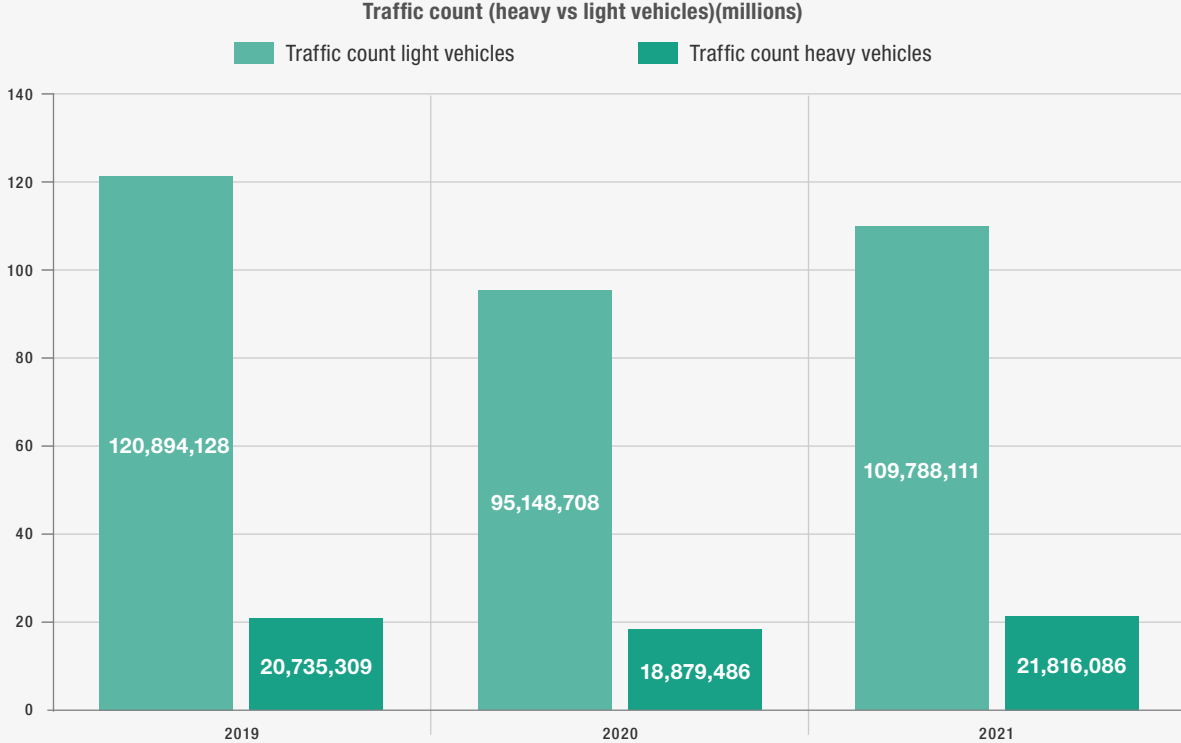
IDEAS

The renewable energy infrastructure contribution by IDEAS is significant, with 26 utility-scale renewable energy facilities and 2 off-grid solar portfolio companies. This is evidenced in the Energy section of this report. However, this fund also includes a gas-fired power station, 100km of gas pipeline, 1,370km of road network, 108,143m² of social infrastructure building area and over 86,000 active fibre connections in its growing digital infrastructure footprint. The road network was impacted by Covid-19 but they have recovered to 2019 levels for heavy vehicles and are almost at the same volumes for light vehicles.



1,370

Total kilometres of road transport route



Health and Safety Overview

Sadly, AIIM had 7 fatalities in 2021 associated with the telecommunications business in AIIF2 with none recorded for AIIF3 and IDEAS. The increase in the number of lost time injuries (LTI), days lost to injury and the associated LTI rate, is cause for concern and will be an area of focus. ESG Advisors are actively engaging portfolio companies on mitigating health and safety risks. Occupational health and safety training hours has increased relative to hours worked which is encouraging.



18,253,408

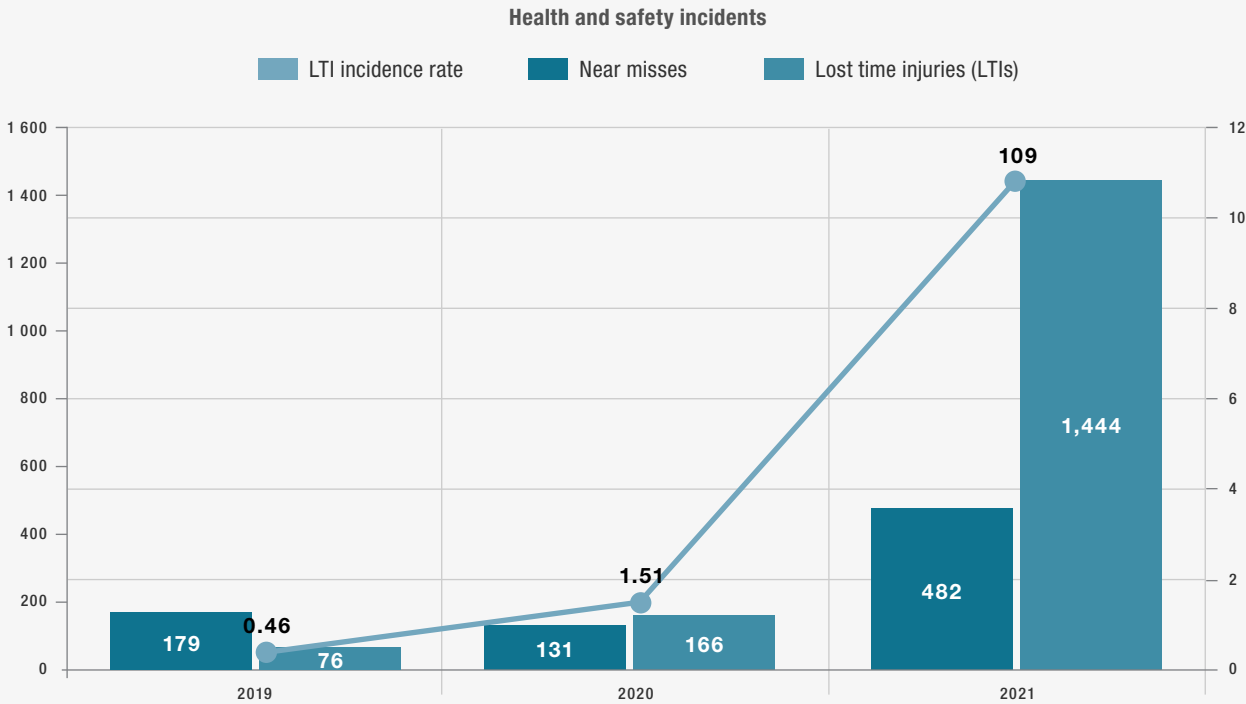
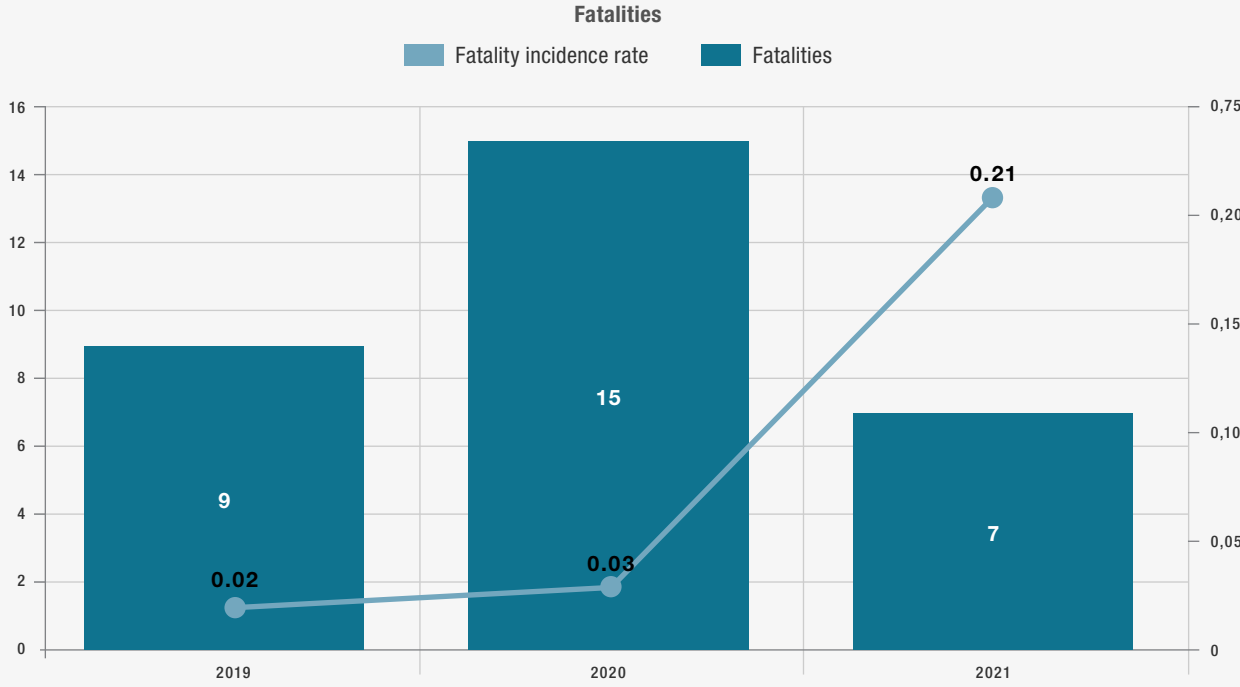
Total hours worked

750

Total days lost due to injury

58,265

Total OHS training hours



Health and Safety Funds

AIIF2

Sadly, AIIF2 had 7 fatalities in 2021 associated with IHS operations. Although the number of lost time injuries has decreased, the days lost to injury and lost time injury rate has increased for the fund. Note the only H&S data included for IHS is the number of fatalities as reported up to June 2021.



2,197,033

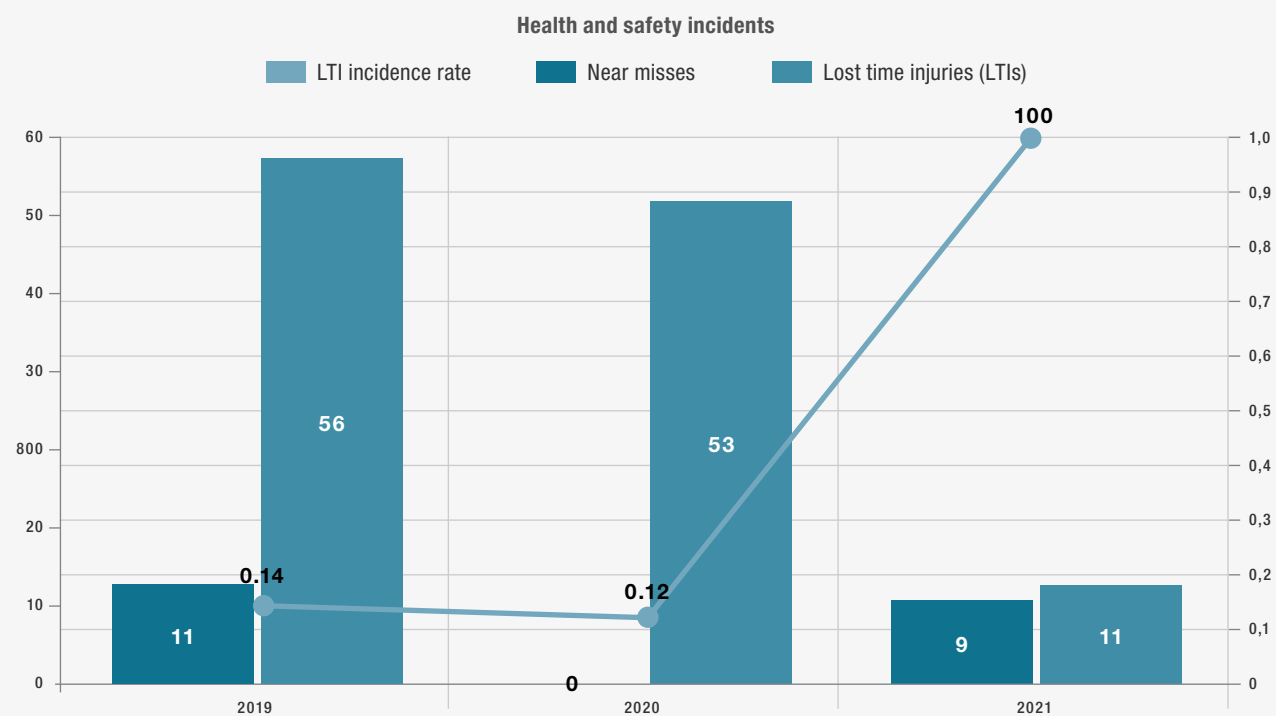
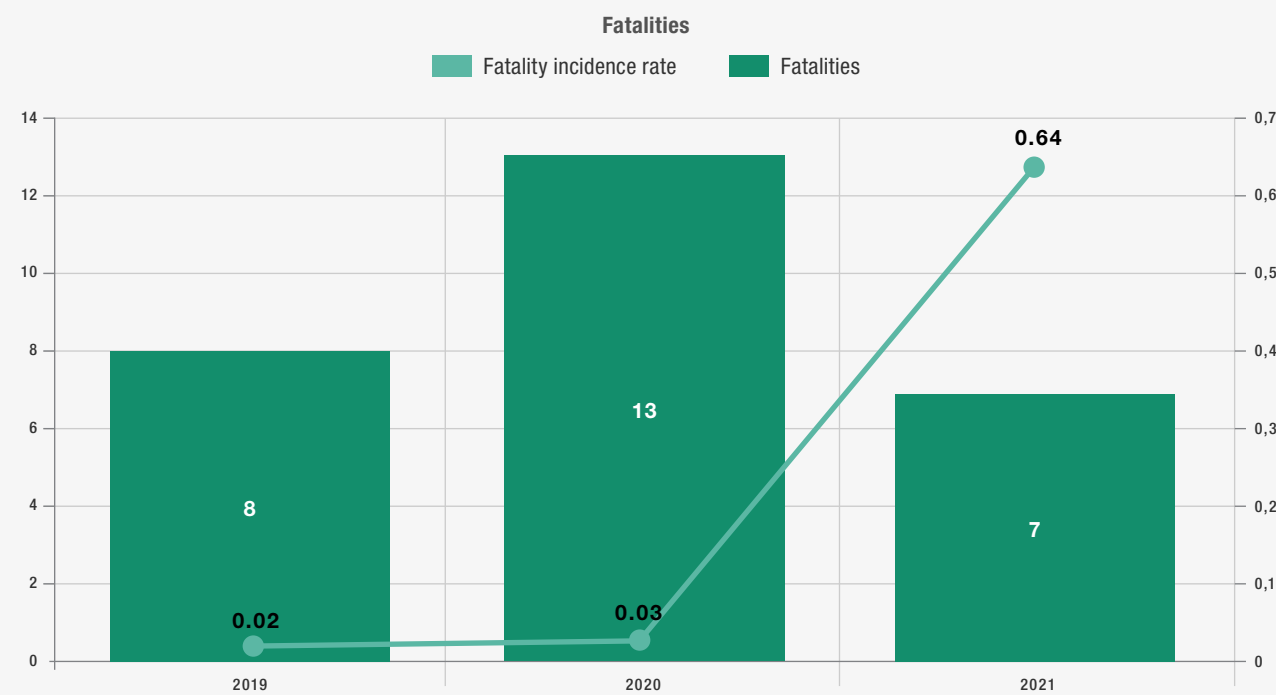
Total hours worked

78

Total days lost due to injury

2,397

Total OHS training hours



Health and Safety Funds

AIIF3

AIIF3 has had zero fatalities and although the number of LTIs has increased compared to 2020, the LTI rate has decreased and the OHS training hours has increased six-fold. This is an encouraging H&S performance.



6,871,963

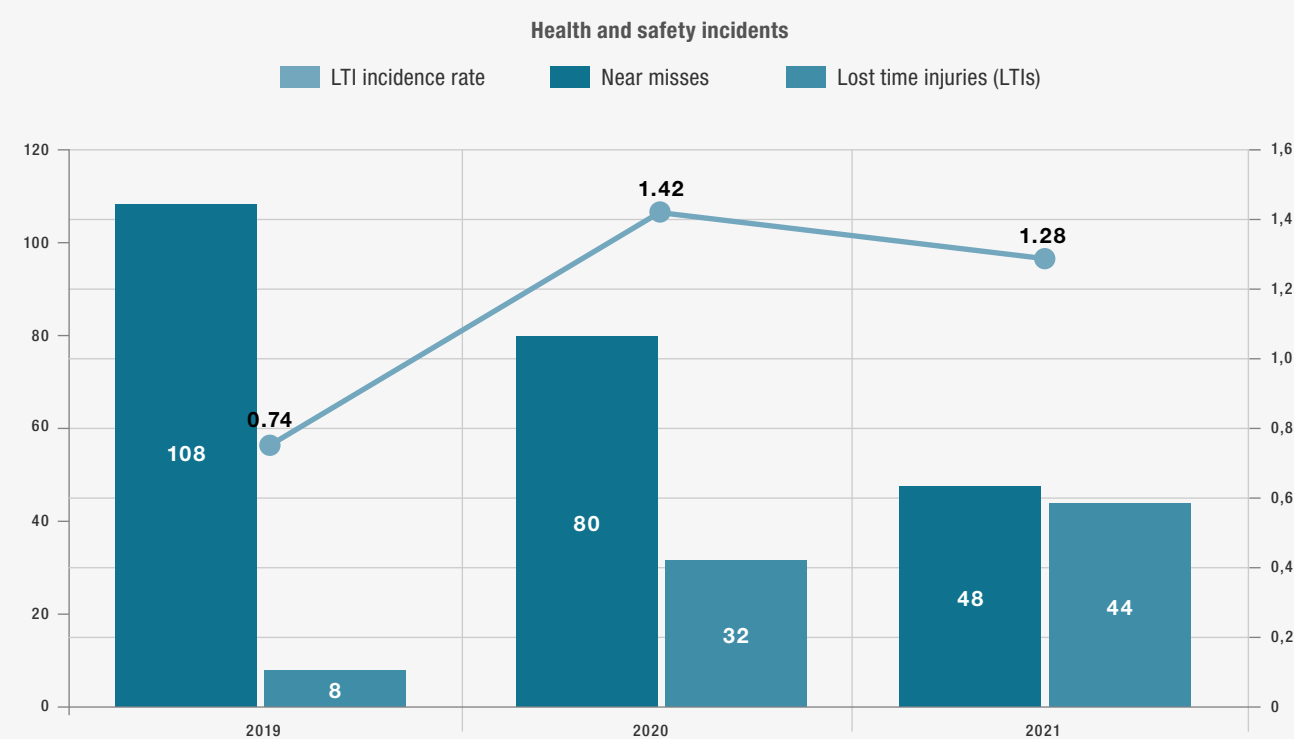
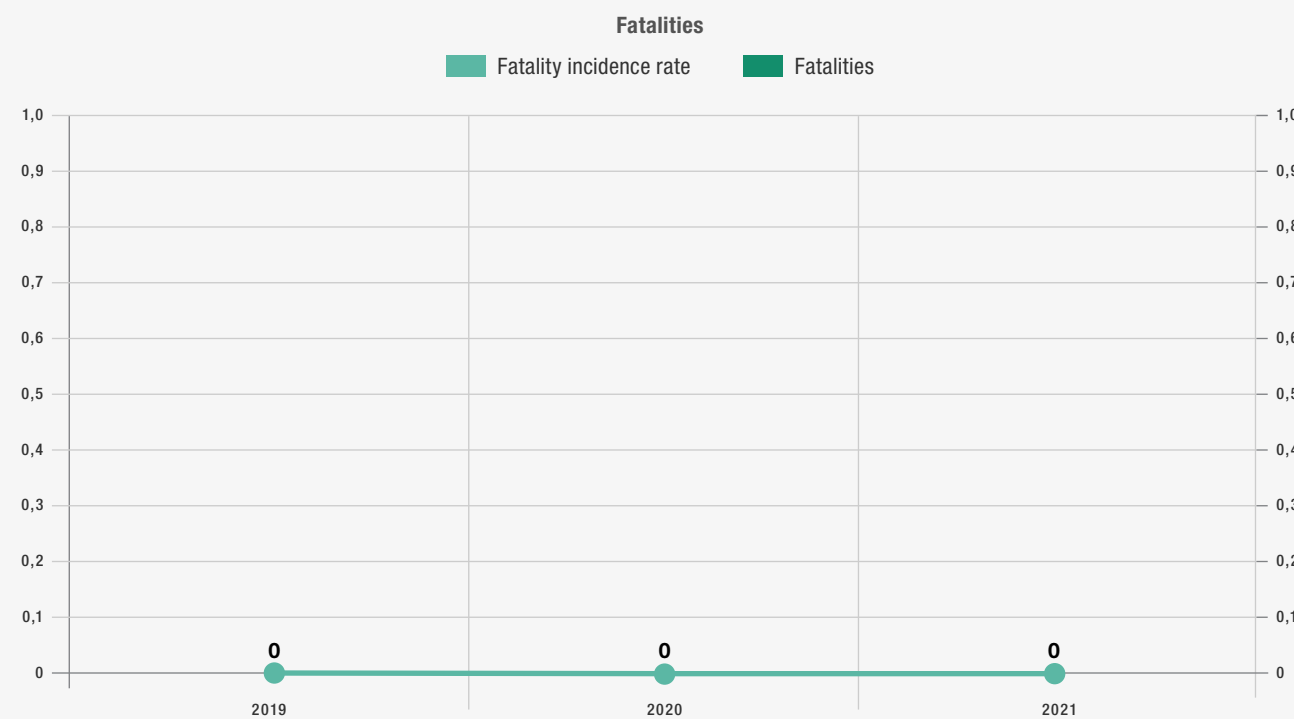
Total hours worked

159

Total days lost due to injury

24,838

Total OHS training hours



Health and Safety Funds

IDEAS

IDEAS has had zero fatalities however the significant increase in the lost time injury rate and days lost to injury requires focus and improvement. Unfortunately, there has also been a decrease in the number of OHS training hours recorded.



9,184,412

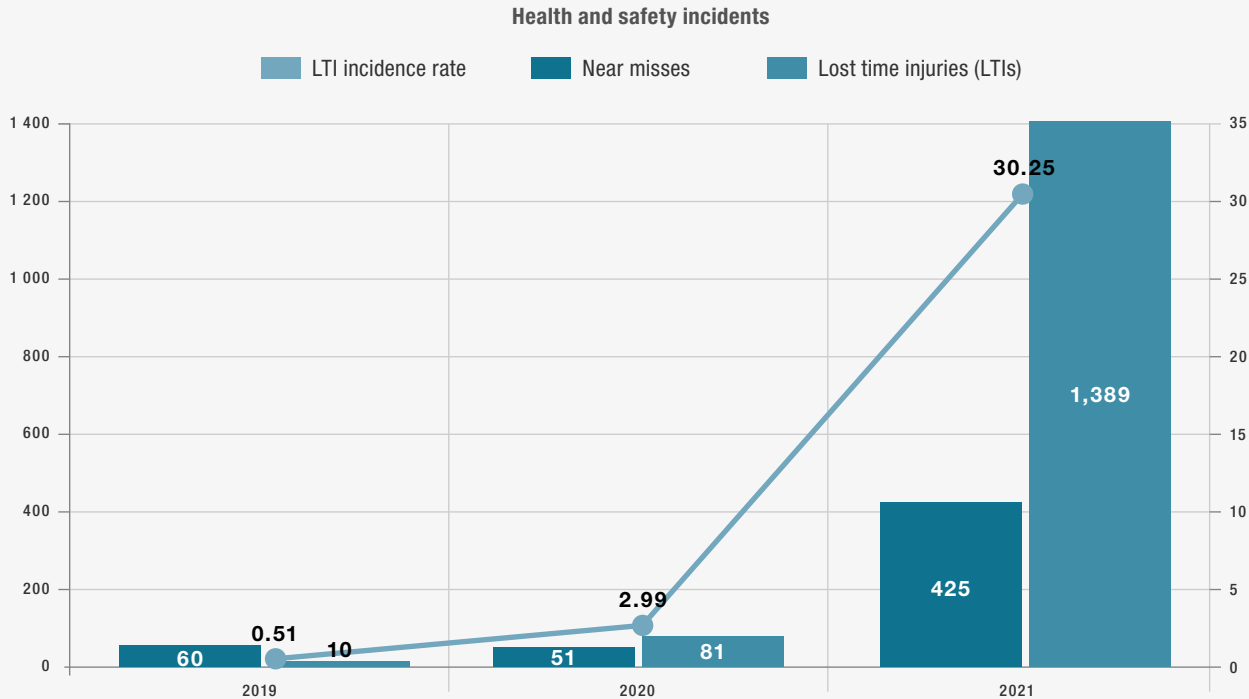
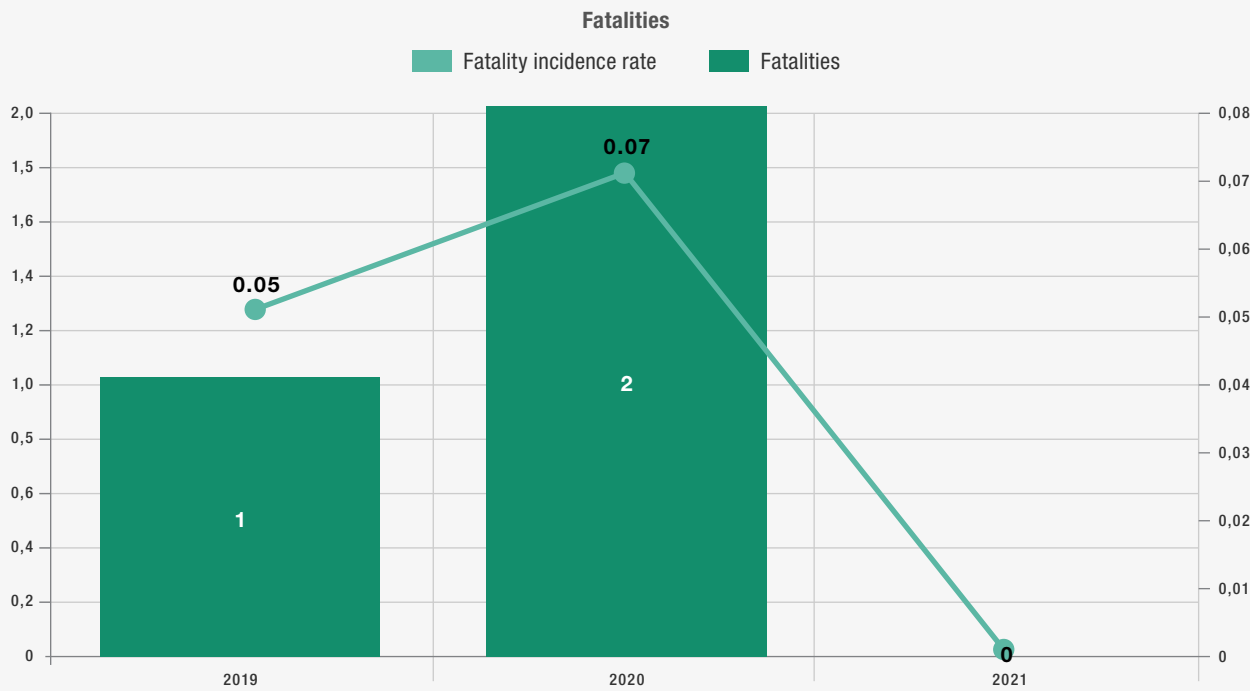
Total hours worked

513

Total days lost due to injury

31,030

Total OHS training hours



AIIM Disclaimer

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- Hybrid Equity;
- Private Equity; and
- International Private Equity.

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It should be noted that investments within funds may not be readily marketable. It may therefore be difficult for an investor to withdraw from the fund or to obtain precise information about its value and the extent of the risks to which it is exposed. Market fluctuations and changes in exchange rates as well as taxation may affect the value, price, or income of investments and capital contributions. Since financial markets fluctuate, an investor may not recover the full amount invested. Past performance is not necessarily a guide to future investment performance.

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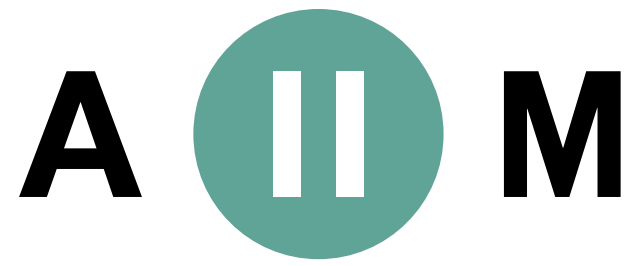
OMAI and AIIM have comprehensive crime and professional indemnity insurance which is part of the Old Mutual group cover.

The following table provides additional details of the Funds referred to in this document.

For further details, please visit <https://www.oldmutualalternatives.com/our-funds/> or <https://aiimafrica.com/our-funds/>

Fund Name	Legal nature	Domicile
Managed by African Infrastructure Investment Managers (Pty)Ltd		
• IDEAS Managed Fund (IDEAS)	Policy*	South Africa
• African Infrastructure Investment Fund 2 Partnership (AIIF2SA)	En commandite partnership	South Africa
• African Infrastructure Investment Fund 2 (Mauritius) (AIIF2M)	Company	Mauritius
• African Infrastructure Investment Fund 3 (AIIF3)	En commandite partnership	South Africa

* Policy issued by Old Mutual Life Assurance Company (South Africa) Limited



AFRICAN INFRASTRUCTURE INVESTMENT MANAGERS

