EPHESUS INVESTMENTS AND ASSETS LTD

ESG and Environmental and Social Commitment

The environmental, social and governance standards we apply to the projects we prepare and facilitate

Version	1.0	**Date**	9 October 2026	**Next review**	October 2027
Owner	Compliance Officer (Dr Adiele Onyeze, Chairman & CEO, acting as Compliance Officer until a separate appointment is made)				
Approval	Approved by the Board of Directors			**Status**	Subject to review by Kenyan counsel

1. Purpose and scope

This document sets out the environmental, social and governance (ESG) standards we apply when we select, prepare and facilitate projects. It applies to every project we develop, co-sponsor, structure or introduce, in every country in which we work.

2. Our commitment

We work on infrastructure, urban-development, energy and related projects in Africa. These projects can bring lasting benefit. They can also cause lasting harm to people and to the environment if they are badly conceived or badly managed. We will not facilitate a project that we believe cannot be delivered to an acceptable environmental and social standard. We will not present a project to a capital partner as bankable without telling that partner what we know of its environmental and social risks.

3. Standards we apply

3.1 The IFC Performance Standards

We screen and prepare projects against the International Finance Corporation's Performance Standards on Environmental and Social Sustainability:

PS1	Assessment and Management of Environmental and Social Risks and Impacts
PS2	Labour and Working Conditions
PS3	Resource Efficiency and Pollution Prevention
PS4	Community Health, Safety and Security
PS5	Land Acquisition and Involuntary Resettlement
PS6	Biodiversity Conservation and Sustainable Management of Living Natural Resources
PS7	Indigenous Peoples
PS8	Cultural Heritage

We apply the Performance Standards because the development finance institutions and institutional investors we introduce apply them, and because a project prepared to that standard is a better project.

3.2 Host-country law

We apply the environmental and social law of each host country, including:

- in Kenya, the Environmental Management and Co-ordination Act 1999 (EMCA) and the requirements of the National Environment Management Authority (NEMA) for environmental and social impact assessment and licensing;
- in Tanzania, the Environmental Management Act 2004 and the requirements of the National Environment Management Council (NEMC);
- in Zimbabwe, the Environmental Management Act [Chapter 20:27] and the requirements of the Environmental Management Agency; and
- in every country, the laws on land, labour, health and safety, cultural heritage and community consultation.

3.3 Counterparty standards

Where a counterparty applies additional standards, such as the World Bank Environmental and Social Framework, the Equator Principles or a development finance institution's own exclusion list, we apply those standards to that counterparty's project.

4. Exclusion list

We do not develop, co-sponsor, structure, introduce or otherwise facilitate any project or business that involves:

- production or trade in any product or activity that is illegal under host-country law or international conventions, or that is subject to international bans, including certain pharmaceuticals, pesticides and herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), and wildlife or wildlife products regulated under CITES;
- production or trade in weapons and munitions;
- production or trade in tobacco;
- gambling, casinos and equivalent enterprises;
- production or trade in radioactive materials, other than medical, quality-control and similar equipment where the radioactive source is trivial and adequately shielded;
- production or trade in unbonded asbestos fibres;
- drift-net fishing in the marine environment using nets over 2.5 km in length, and other destructive fishing practices;
- forced labour or harmful child labour in any form;
- cross-border trade in waste and waste products, except where compliant with the Basel Convention and its regulations;
- commercial logging in primary tropical moist forest, or production or trade in wood or forest products other than from sustainably managed forests;
- production, trade, storage or transport of significant volumes of hazardous chemicals, or commercial-scale use of hazardous chemicals, other than as an incidental part of a project that manages them to recognised standards; and
- new thermal coal mining or new coal-fired power generation.

This list is modelled on the IFC Exclusion List. Where we are uncertain whether an activity falls within it, we ask the Compliance Officer and, where appropriate, the counterparty's own ESG team before we proceed.

5. How we screen

Our screening is proportionate to our size and to our role. We are a small advisory firm, not an environmental consultancy or a lender. We do not conduct environmental and social impact assessments ourselves. What we do is:

- **Initial screen.** Before we take on a project, we check it against the exclusion list, we identify its likely environmental and social risk category (high, substantial, moderate or low, following the IFC and World Bank approach) and we record the main risks we can see: land and resettlement, biodiversity, pollution, labour, community health and safety, indigenous peoples, cultural heritage and climate.
- **Gap review.** We review the sponsor's existing studies, permits and plans against the Performance Standards and host-country law, and we identify what is missing. We record the gaps and we tell the sponsor what a development finance institution or an institutional investor will expect.
- **Preparation.** We help the sponsor plan and commission the studies, assessments and management plans that are needed, from qualified independent consultants, and we build their cost and time into the project programme.
- **Disclosure.** We disclose our screening findings and the known gaps to every capital partner we introduce, before the introduction, so that no partner is surprised.
- **Follow-up.** For projects in which we remain involved, we track whether the agreed studies, permits and plans are delivered.

6. Climate considerations

We consider climate change in every project. We ask whether the project is consistent with the host country's commitments under the Paris Agreement and its nationally determined contribution, and with the Climate Change Act 2016 of Kenya where it applies. We identify physical climate risks to the project, such as flooding, drought and heat, and transition risks, such as the risk that a fossil-fuel asset becomes stranded. We favour projects that reduce or avoid greenhouse-gas emissions, improve resilience or support adaptation, and we say so in our screening. We do not describe a project as "green", "climate-aligned" or "sustainable" without evidence.

7. Community engagement

Projects affect people. We expect every sponsor to identify affected communities early, to consult them in a form and language they understand, to disclose project information to them, to establish a grievance mechanism and to record and respond to what they hear. Where a project will displace people or affect their land or livelihoods, we expect a resettlement or livelihood-restoration plan consistent with Performance Standard 5 and host-country law. Where indigenous peoples are affected, we expect the process of free, prior and informed consent that Performance Standard 7 requires. We do not substitute our own engagement for the sponsor's, but we check that it is happening and we report where it is not.

8. Labour, health and safety, and human rights

We expect every project and every consortium partner to respect workers' rights, to provide safe and healthy working conditions, to prohibit forced labour, child labour and discrimination, and to apply the same standards to contractors and supply chains. We respect the United Nations Guiding Principles on Business and Human Rights. We apply the same standards to ourselves as an employer.

9. Reporting to counterparties

We provide each capital partner, public body and consortium partner with a written environmental and social screening note for the project before engagement or introduction. We update it when material information arises. We answer counterparties' ESG questionnaires and due-diligence requests fully and promptly. We do not withhold adverse findings.

10. Proportionality

We apply this commitment in proportion to the size and risk of the project and to our role in it. A moderate-risk urban building with a complete NEMA licence needs less of our attention than a greenfield road through farmland. We focus our effort where the risk is. Where a project needs expertise we do not have, we say so and we recommend that the sponsor engage it.

11. Responsibilities and review

The Board owns this commitment. The Compliance Officer is responsible for the exclusion-list check and the screening record for every project, and reports to the Board at least annually. The Board reviews this document every year and whenever the IFC Performance Standards or host-country law change materially.

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