

FINDEV CANADA TRANSACTION SUMMARY

AF III

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

Amethis Fund III ("AF III" or the "Fund") is a generalist private-equity fund that will seek growth equity investments in 9 to 12 mid-sized scalable businesses in Sub-Saharan Africa. This transaction is for a FinDev Canada equity commitment of EUR 20 million in the Fund. AF III is part of the wider Amethis Platform ("Amethis"), which has more than EUR 1 billion in assets under management since 2012.

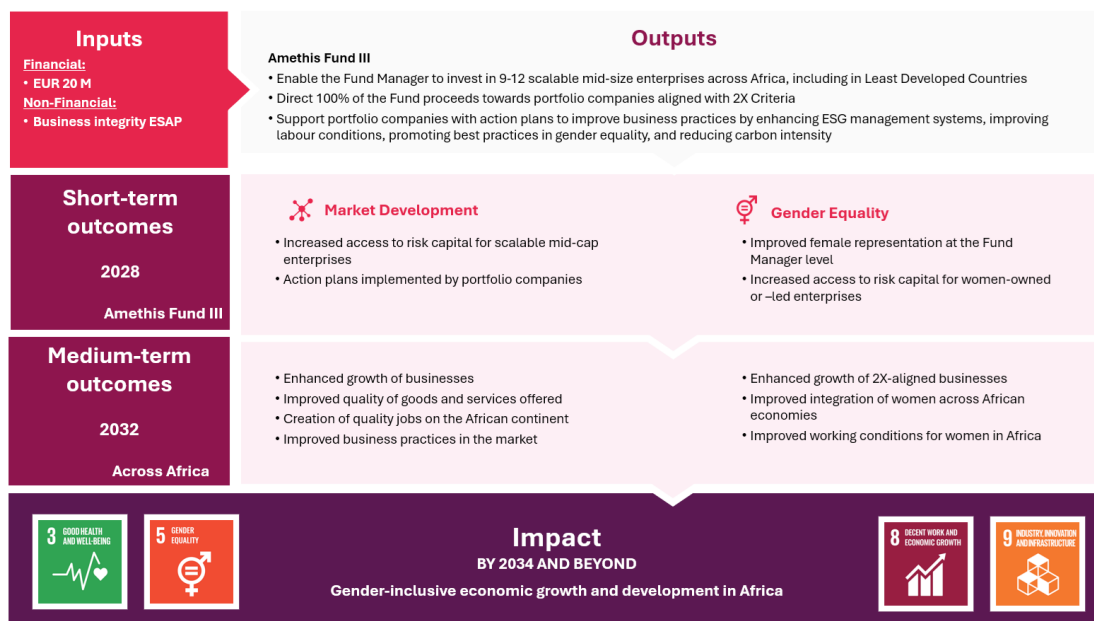
Transaction Details

COUNTERPARTY	Amethis Fund III ("AF III" or the "Fund")
DOMICILE	Luxembourg
COUNTRY(IES) OF OPERATION	Multiple countries across Africa
TERM OF FINANCING	10 years
SECTOR	Financial Industry
E&S CATEGORY	FI-2
FINANCING PRODUCT	Equity
FINDEV CANADA TRANSACTION AMOUNT	EUR 20 million
DATE OF TRANSACTION DISCLOSURE	28 November 2024
DATE OF TRANSACTION SIGNING	28 March 2025
DATE OF TRANSACTION SUMMARY PUBLICATION	26 June 2025
<u>2X ALIGNMENT</u>	Yes, under the Employment and Portfolio criteria

Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to contribute to the advancement of a sustainable and inclusive private sector in Africa. The Fund strives to generate attractive financial returns while simultaneously fulfilling the need for quality goods, services and employment in the region. In addition, AF III aims to integrate a gender lens into its capital allocation strategy to promote gender action.

The impact theory of change below illustrates how this transaction will contribute to FinDev Canada's long-term development impact goals and the UN Sustainable Development Goals (SDGs), particularly SDG 3, Good Health and Well-being; SDG 5, Gender Equality; SDG 8, Decent Work and Economic Growth; and SDG 9, Industry, Innovation and Infrastructure.



MARKET DEVELOPMENT

- **Driving development on the African continent:** Access to private capital is critical for local enterprises that face challenges obtaining risk capital. The continent will require an estimated USD 1.6T by 2030¹ in financing to achieve significant sustainable development progress². AF III empowers African companies with the capital they need to scale their operations and improve local goods and services provision, thus fostering economic development in the region.
- **Supporting inclusive and sustainable business operations:** In addition to capital extension, Amethis provides tailored action plans to portfolio companies, enabling them to improve their ESG management systems, optimize their governance, promote gender equality, and reduce their carbon footprint.
- **Supporting formal employment opportunities across Africa:** The Fund's value-creation strategy emphasizes the need for the formalization of the African labour market. Through its client-level action plans, Amethis promotes job creation, fair wages, training opportunities, and the provision of health insurance to all employees across portfolio companies. Through predecessor funds, Amethis has supported over 40,000 jobs since inception, of which 9,000 have been net direct jobs created. In 2022 alone, it enabled over 79,000 hours of training and improved the provision of health insurance to 1.1 million African employees.

¹ Africa's Development Dynamics 2023 | African Union Commission

² *Agenda 2063: The Africa We Want*, is Africa's blueprint and strategic framework to deliver on its goal for inclusive and sustainable development towards the attainment of the Pan African Vision of *An integrated, prosperous and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena*.



GENDER EQUALITY:

- **Supporting women's economic empowerment in Africa:** Amethis encourages all its investees to set objectives in line with the 2X Criteria, through action plans focusing on greater targets for women's representation in the workforce and leadership; and on establishment of gender-inclusive employment policies. Additionally, AF III commits to at least 30% of the fund's portfolio companies being 2X-aligned at origination.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's Environmental and Social (E&S) Risk Policy. The transaction is rated Category FI2, given the nature and size of its investment portfolio. The proposed pipeline of medium risk sectors, which could be exposed to adverse E&S risks that are few in number, typically site-specific, generally reversible, and readily addressed through mitigation measures. This is the client's first transaction with FinDev Canada; Amethis has worked with several development finance institutions (DFIs) in previous funds.

FinDev Canada's E&S risk due diligence was undertaken between May 14, 2024, and July 30, 2024, through track record searches, direct engagement with the client's representatives and E&S personnel, and a review of E&S documentation.

The primary risks associated with the Fund's future portfolio companies will be project- and sector-specific. These include risks generally associated with the healthcare sector, non-banking financial institutions and services industry, business services industry (including logistics & IT), manufacturing and distribution in Kenya, Côte d'Ivoire, Egypt, Morocco, and other countries of the West Africa region. These risks typically include issues around occupational health and safety, pollution prevention, wastewater, labour and working conditions, stakeholder engagement, and community impacts, among others. Other risks may include gender-based violence and harassment (GBVH) and supply chain risks associated with manufacturing activities.

These risks are mitigated by the Fund's Environmental & Social Risk Management System (ESMS) and related policies and procedures, which are aligned with local regulation and follow the requirements of the IFC Performance Standards (PS). The FinDev Canada E&S Risk Management Team concludes that adverse environmental and social risks associated with the Fund's investment portfolio will be mitigated in a manner that aligns with the FinDev Canada E&S Risk Policy, IFC PS, and relevant international standards. Gaps have been captured in FinDev Canada Environmental and Social Action Plan (ESAP).

FinDev Canada's assessment applied the following IFC PS, in addition to host country requirements and the IFC Interpretation Note on Financial Intermediaries:

- IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts; and
- IFC PS 2: Labor and Working Conditions.

For further information on Amethis' impact commitments and E&S Policies and reports, visit <https://amethis.com/en/impact/investing-with-impact-in-africa/>.