

2X Ignite Africa Warehousing Facility SCSp

Sustainability-related disclosures

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Table of Contents

a) Summary	2
b) No sustainable investment objective.....	2
c) Environmental or social characteristics of the financial product	2
d) Investment strategy	3
e) Proportion of investments	4
f) Monitoring of environmental or social characteristics.....	4
g) Methodologies	5
h) Data sources and processing	6
i) Limitations to methodologies and data	6
j) Due diligence.....	7
k) Engagement policies	7
l) Where an index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product: 'Designated reference benchmark'	8

a) Summary

The 2X Ignite Africa Warehousing Facility **SCSp** (hereafter referred to as the “**Fund**” or “**Facility**”) aims to unlock capital for first-time female-led and gender-balanced fund managers (FMs) on the African continent by providing loans to warehouse deals (investments in Small and Medium Enterprises (SMEs)) that enable them to create a track record and catalyse capital for a first close.

The Facility is established as a Luxembourg alternative investment fund under the form of a special limited partnership (*société en commandite spéciale*). The Facility is managed by 2X Ignite Luxembourg General Partner, general partner of the Facility, acting as the Luxembourg registered Alternative Investment Fund Manager (the “AIFM”) supervised by the Commission de Surveillance du Secteur Financier and subject to any Luxembourg laws and regulations applicable to it. The AIFM is governed by and operate in accordance with Luxembourg Law and is responsible for the SFDR disclosure obligations of the Facility, in its capacity of Luxembourg registered AIFM oof the Fund.

The Facility promotes social characteristics within the meaning of Article 8(1) of the Sustainable Finance Disclosure Regulation (“**SFDR**”).

The Facility promotes the following social characteristics:

- Empowerment and elevation of women-led and diverse-led fund managers.
- Promotion of capital flow to gender-lens investing.
- Increase of capital flow to businesses in Africa that align with the [2X Criteria](#), the global industry standard for assessing and structuring investments that provide women with leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.

The Facility does not explicitly seek to promote environmental characteristics nor have sustainable investments as its objective.

b) No sustainable investment objective

This financial product promotes social characteristics but does not have as its objective sustainable investments.

c) Environmental or social characteristics of the financial product

The Fund promotes the following social characteristics:

- Empowerment and elevation of women-led and diverse-led fund managers.
- Promotion of capital flow to gender-lens investing.
- Increase of capital flow to businesses in Africa that align with the 2X Criteria, the global industry standard for assessing and structuring investments that provide women with leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.

As a result of its mission and social characteristics promoted, the investments made by the Fund contributes to the following UN Sustainable Development Goals:

- SDG 1 “No Poverty”
- SDG 5 “Gender Equality”
- SDG 8 “Decent Work and Economic Growth”

d) Investment strategy

The Facility aims to unlock capital for first-time, female-led, and gender-balanced fund managers by providing them with loans and warehousing their proposed deals, helping them build a track record to attract capital for a first close. It targets fund managers (**FMs**) implementing a gender lens both within their entity and across their investment portfolio, evaluated during screening and due diligence using the [2X Criteria](#).

The Facility focuses on FMs with a strong likelihood of reaching a first close, assessed on their fund model, investment strategy, team expertise, internal processes, and pipeline. Priority is given to those who have:

- finalized their investment strategy and thesis
- possibly already raised some capital (anchor and/or soft commitments) which cannot currently be deployed
- built a pipeline of investable deals but are yet to close a critical number of deals with the investment strategy they are implementing or with the team they are raising with

Additionally, the Facility considers experienced FMs transitioning to a Gender Lens Investing (GLI) strategy for the first time. All selected FMs must have an on-the-ground presence in Africa.

Moreover, the Fund:

- Excludes investments as per its exclusion list based on the [Harmonized EDFI Exclusion List](#), [KfW Group exclusion list](#), [IFC exclusion list](#) and [DFC Exclusion List](#) (**Exclusion List**).
- Excludes investments in accordance with its country exclusion list (**Country Exclusion List**), which includes any country that is currently undergoing a military coup or has recently gone through a coup.
- Undertakes its due diligence of proposed investments, proportionate to the nature as well as potential significance of the ESG & gender risks related to those investments. If gaps are identified during the due diligence phase, a tailored ESG and gender action plan is developed to address these gaps.¹
- Monitors its investment and engages continuously with the FMs, offering technical assistance support to the FMs and the SMEs.

¹ An ESG and gender action plan is a strategic framework that outlines specific measures, timelines, and responsibilities to mitigate identified risks and improve the investment’s alignment with environmental, social, and governance (ESG) standards, as well as gender equality objectives.

- Commits to respect human rights across the value chain by assessing compliance of Investees with gender-based violence and harassment (GBVH) safeguarding and minimum safeguards principles highlighted in the following:
 - International Labor Organization (**ILO**) to promote fair treatment, equal opportunity for workers and decent work conditions,
 - International Bill of Human Rights
 - Guiding Principles on Business and Human Rights, and
 - the OECD Guidelines for Multinational Enterprises

All prospective Fund Managers will have their policies and procedures evaluated to ensure they possess the necessary expertise and resources to verify that the underlying SMEs comply with the aforementioned Minimum Safeguards.²

Regarding the assessment of good governance practices of FMs, the Facility evaluates these during the due diligence phase in alignment with the [IFC's Corporate Governance Methodology](#), a widely recognized framework for assessing and improving corporate governance practices, available on the IFC website. If material issues are identified during this phase, the Fund will outline corrective actions (if any) within the ESG and gender action plan, to be implemented post-investment by the FM and included as a covenant in the legal documentation. In such cases, the Fund will conduct annual monitoring of progress against the ESG and gender action plan.

e) Proportion of investments

The Facility intends that after the investment period as defined in the Limited Partnership Agreement (LPA) at least 80% of the investments made by the Fund will be aligned with social characteristics. The remaining 20% of investments are classified under "Other" as they relate to the Fund's cash position.

The investment advisor may also implement natural hedging techniques designed to protect the Fund against material fluctuations in the exchange rate between the currency of the Fund and the currency in which the guarantees are made. As these are not sustainable investments, they do not follow any environmental or social safeguards.

f) Monitoring of environmental or social characteristics

² Minimum Safeguards, as referenced in Article 18 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) and aligned with the Sustainable Finance Disclosure Regulation (SFDR) (Regulation (EU) 2019/2088), ensure that investments comply with fundamental standards on human rights, labor rights, and good governance practices. These safeguards are grounded in international frameworks, including the United Nations Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights (UDHR).

The achievement of the social characteristics promoted by the Facility is tracked through the monitoring and reporting of the following outcome KPIs:

Outcome	Performance Indicator	Unit
Deployment of concessional loans to female Fund Managers	# of female fund managers in portfolio	#
Female Fund Managers have more access to investable capital	\$ of concessional lending provided to female fund managers	Δ%
Increased investments in 2X-aligned SMEs	Δ# of female employees in portfolio companies of fund managers	Δ#
Increased investments in 2X-aligned SMEs	Δ# of female leadership positions in portfolio companies of fund managers	Δ#
More funds are closed by female Fund Managers	# of portfolio funds that reach first close	#
Female Fund Managers develop their impact management principles and capabilities	# of FMs with an ESMS integrating ESG and gender management practices, including a management system for safeguarding with a gender lens	#

g) Methodologies

To measure the attainment of the social characteristics promoted and track the KPIs, the Fund utilizes the following methodologies:

1. Portfolio Monitoring and Reporting Framework:
 - The Fund collects and tracks quantitative data directly from FMs through periodic reporting.
 - The Fund establishes baseline values during the initial investment period. Progress is measured over time, analyzing changes (Δ# or Δ%) to assess impact.

2. ESG and Gender Lens Integration:
 - The Fund evaluates the development of environmental and social management systems (ESMS) that integrate ESG and gender management practices among fund managers. These systems are assessed through a structured framework, ensuring they include safeguarding mechanisms with a gender lens.

3. Alignment with the 2X Criteria: The 2X Criteria methodology, developed by 2X Global, is designed to promote gender equality through investments. It evaluates the gender impact of investments using clear and measurable criteria, aiming to channel capital toward projects

that support women as entrepreneurs, employees, leaders, and beneficiaries. A detailed explanation of the methodology is available on the [2X Global website](#).

h) Data sources and processing

To ensure **data quality**, the Facility relies on a comprehensive monitoring and reporting framework managed by the Fund Managers. Fund Managers are responsible for **collecting** and reporting accurate information on ESG and gender performance, as well as ESG and GBVH risks of the underlying SMEs. This data is periodically reviewed and **processed** by the Investment Adviser (IA) to verify its consistency and reliability. Additionally, the IA reserves the right to conduct site visits to SMEs to ensure compliance with the ESG and gender requirements outlined in the Facility's documents. Site visits are triggered in cases of serious incidents or significant concerns raised by the IA, providing an additional layer of oversight to maintain data integrity.

The majority of the data collected is expected to be **directly reported by Fund Managers** based on actual performance metrics of the SMEs. However, some proportion of the data may involve estimations, particularly for metrics where real-time or comprehensive reporting is not feasible. For example, projections or assumptions may be used in the absence of complete information or when assessing potential improvements in ESG or gender performance. Any estimated data is clearly identified and reviewed to ensure alignment with the Fund's characteristics and the Facility's requirements.

i) Limitations to methodologies and data

The main limitations include:

1. Reliance on self-reported data: Fund Managers are responsible for providing accurate data, which may be subject to inaccuracies.
2. Estimated data: Some data points are estimated, particularly when full or real-time data is unavailable.
3. Limited site visits: Site visits for verification are conducted only in cases of serious incidents or significant concerns, limiting their routine application.

These limitations are mitigated through:

1. Binding reporting obligations: Fund Managers are contractually required to report on KPIs, ensuring consistency.
2. Robust review processes: The Investment Adviser regularly reviews and validates reported data.
3. Structured methodologies: The ESG and gender lens frameworks and alignment with [2X Criteria](#) ensure reliable impact measurement.
4. Safeguards: Site visits, though selective, provide additional oversight when necessary.

These measures ensure the methodologies and data sources remain effective, allowing the Fund to achieve its sustainable investment objectives despite these limitations.

j) Due diligence

The Investment Adviser will conduct due diligence on all prospective investees as part of the Fund's investment process. In conducting the due diligence, the Investment Adviser will verify the alignment of the objectives of the Fund Managers with at least one of the [UN SDGs](#) targeted by the Facility, which is later during the lifetime of the loan monitored and reported on. The Investment Adviser will also identify any ESG or GBVH incidents in the past that have resulted in loss of life, severe permanent injury or damage to health, or breach of law relating to ESG and business integrity.

The Investment Adviser will assess each Fund Manager's investment thesis and its alignment with the Facility's impact thesis, policies and practices and their alignment with the requirements of the Facility. Additionally, the Investment Adviser will ensure that each Fund Manager has an ESMS in place or can demonstrate internal capacity to manage ESG risks of their investments and to achieve compliance with the Facility's ESG requirements/objectives. The IA will also collect information from the Fund Managers on the impact thesis and performance of the proposed deals to confirm their alignment with the Facility's objectives.

The Investment Adviser will also assess FMs' compliance with the principles and requirements outlined in the Fund's ESG Policy³ and Gender Policy⁴.

Prospective investees and proposed deals are assessed for the following criteria during this stage :

- Materiality of ESG and GBVH Risks,
- Alignment with the Minimum Safeguards of EU 2019/2088 SFDR regulation, and
- Alignment with IFC's Corporate Governance Methodology.

k) Engagement policies

It is the responsibility of the Fund Managers to monitor and report to the Investment Adviser the ESG and gender performance as well as ESG and GBVH risks of the underlying SMEs. The Investment Adviser reserves the right to conduct site visits to SMEs to ensure the adherence to the ESG and gender requirements stated in the Facility's documents. Site visits will be conducted in the event of serious incidents or significant concerns raised by the IA.

In terms of investee grievance mechanism, if the Investment Adviser determines any gaps in the Fund Managers' grievance mechanism (internal and/or external) and stakeholder engagement plan developed by the Fund Managers, it will address them through the ESG and gender action plan. The Fund Managers shall report any stakeholder-related issues (e.g., social protests and relevant

³ The Fund's ESG Policy is its formal commitment to integrating Environmental, Social, and Governance considerations into its operations, decision-making processes, and investments.

⁴ This is the Fund's policy articulating how it integrates gender considerations into its decision-making and operations to manage negative impact and achieve targeted positive impact.

grievances, sexual harassment, fatalities, etc.) and the status of relationships with key stakeholders, such as local communities. The Investment Adviser will monitor the resolution of the grievance by the Fund Managers.

l) Where an index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product:
'Designated reference benchmark'

No index has been designated as a reference benchmark.