

# MOOLU VENTURE CAPITAL



## Impact and ESG Outlook

2022

Moolu VC Impact and ESG outlook x-rays our standpoints on the environmental, social, and governance (ESG) issues that matter most to our business and our stakeholders—including employees, portfolios companies, regulators, and investors. This outlook is intended to provide a high-level overview of Moolu's views on and approach to key ESG issues.

The narratives in the outlook may cover issues through July 2023.

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## Moolu ESG Vision

Unified embedding of ESG principles into business decision-making to guarantee long-term value for our stakeholders.

# Our Business

## **Our Approach**

Moolu VC embeds ESG considerations into all steps of the investment process from prescreening to exit. In assessing opportunities, we screen out investee companies based on the International Finance Corporation (IFC) Exclusion List. We then categorize each investment according to its potential ESG risk profile at an early stage in the decision making process, incorporating the IFC's Performance Standards as well as CDC guidance on corporate governance and business integrity as key parts of our ESG evaluation. Based on this categorization, we assign the proper level of ESG due diligence and internal resource allocation.

Moolu VC integrates ESG considerations into relevant investment agreements, prioritizing risk management and value-addition strategies. Throughout the life of an investment, Moolu VC will evaluate a portfolio company's ESG performance on an on-going basis. We will also conduct periodic monitoring visits when necessary.

As a matter of commitment, Moolu VC will provide reports to our investors on ESG-related issues quarterly and annually. Through effective monitoring of our companies and their investments, we will be able to identify areas of concern that require attention, as well as ways to achieve continued improvement and excellence in the companies' processes.

# Our Business

## Our Commitment

Moolu management believes that ESG principles are a core part of responsible investing in emerging economies. In May 2010, Moolu's founder with other professionals committed the United Nations' Principles for Responsible Investment (UNPRI), which provides a framework for investment professionals who believe ESG considerations affect the performance of investment portfolios and who seek the incorporation of sustainability within the investment process. At Moolu, we view our commitment to ESG as a continual process of assessment and evaluation, and we are committed to updating our policies and procedures accordingly.

# Moolu approach to ESG Review and Risk Rating

Moolu fully integrates ESG considerations into its investment processes from early review to exit, providing a framework and guidance for our investment professional as well as our portfolio companies.

Moolu's approach to safety and risk focuses on 5 key pillars:

## 01

### Early Review

Are there emerging reputational risk issues?

Is the investment sector prohibited by the IFC/CDC exclusion list?

Has the company been reviewed and assigned a preliminary ESG risk categorization?

## 02

### ESG Due Diligence

Has ESG-relevant information been gathered through, site visits, interviews, questionnaires?

Does the proposed investment operate in accordance with local laws and international good practice?

Has a gap analysis been performed to identify a corrective action plan for ESG improvements with which portfolio company management can agree?

Has an evaluation occurred leading to the assignment of an ESG category to the investment?

## 03

### Investment Decision

Have ESG-related covenants been included in relevant investment documents?

Have ESG-related items been considered before disbursement?

Has the total cost of the ESG corrective action plan been considered?

## 04

### Monitoring Procedure

Have regular portfolio company updates been held?

Was follow-up conducted for incidents, accidents, contract clauses, and/or corrective action plans?

Have ESG-related items been considered before any follow-ons?

## 05

### Exit

Has the fund reviewed the development impact of the investment?

Have appropriate background and reputational risk checks been conducted on potential buyers?

# Moolu approach to ESG Review and Risk Rating

## **Risk Rating**

Risk rating is as much an art as it is a science and requires sound judgment as well as expertise. Moolu's initial step is to rate the inherent ESG risks for the company, considering the sector, size of operations, country, and any other relevant factors. Companies will be given an overall risk category rating of A, B, C, or FI (Financial Institution) based on the IFC and CDC rating system<sup>1</sup> for environmental, social, and governance management.

The Environmental and Social Management System (ESMS) rating is a measurement of the quality of the company's ESG systems which is rated excellent, good, poor, or in progress based on the company's policies and processes, reporting, stakeholder management, and ESG performance management.



# Moolu and the SDGs

The United Nations Sustainable Development Goals (UN SDGs).

In 2015, all United Nations (UN) member states adopted 17 goals to achieve sustainable global economic, social, and environmental development as part of a shared 2030 Agenda. Focused on people, planet, and prosperity, the SDGs set out an ambitious agenda to eradicate poverty, strengthen institutions, eliminate inequality, and protect the planet. Inspired by the goals, Moolu has identified ways in which our core business and operations can contribute to building a better future for everyone. We proudly contribute to the achievement of many of the 17 goals, and due to the nature of our business and operations we primarily focus on 6.

## 3 GOOD HEALTH AND WELL-BEING



Good health and well-being:

Ensure healthy lives and promote well-being for all at all ages.

## 5 GENDER EQUALITY



Gender equality:

Achieve gender equality and empower all women and girls.

## 8 DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth:

Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all

## 10 REDUCED INEQUALITIES



Reduced inequalities:

Reduce inequality within and among countries.

## 11 SUSTAINABLE CITIES AND COMMUNITIES



Sustainable cities and communities:

Make cities and human settlements inclusive, safe, resilient, and sustainable.

## 13 CLIMATE ACTION



Climate action:

Take urgent action to combat climate change and its impacts

# Governance

Our Board is dedicated to bringing in the best-in-class corporate governance to all corporate issues.

# People and culture

## Anti-discrimination

We do not entertain any iota of discrimination or racism in our workforce or in of our business decisions.

Anti-discrimination education for Staff and Portfolio companies:

Together with an expert, we're developing new anti-discrimination education for our stakeholders. First, We kicked off our content development in terms of developing unique anti-racial and anti-discriminatory videos and we hope to embed these rules in our policy document for our staff and portfolio companies.

We'll leverage these learnings to further shape our educational strategy for our staff and companies going forward.

## Our commitments on People and Culture.

- Promoting more female participation in our programs
- To further expand the pipeline of female founders and other underrepresented communities, we're broadening our internship and accelerators programs in partnership with MOLI Academy to promote the emergence of more female founders and female participation in responsible investing.

## Pay equity

We will strive to achieve pay equity on the basis of race and gender in our workforce and we will continue to analyze annually to see pay parity across board.

# People and culture

## Transparency

Transparency on our progress:

With strong commitments, it's important to hold ourselves accountable and keep our audiences engaged with the work we're accomplishing. Transparency clarifies our biggest opportunities as well as enables the sharing of our wins. Training on cultural management:

We understand it's our responsibility as an organization to help our staff to create an inclusive environment where portfolio companies can thrive. Training for all Moolu workforce is mandatory on inclusive management and ethical competency.

## Attracting and Retaining Talent.

Attracting by Diverse hiring,

At Moolu, we're committed to bringing in and developing diverse talent at all levels of our organization because it introduces new ways of thinking and brings unique perspectives to decision making and problem-solving.

Retention

Our goal is to help employees be their best selves by providing programs and resources that promote team cooperation and productivity.

# Integrity and trust

We always ensure to do what is right.  
– Moolu Ethos.

# Moolu's Ethics & Compliance mission

Moolu's Ethics & Compliance mission is to

- Foster and enable a culture of ethical decision-making.
- Promote compliance with applicable laws, regulations, internal policies, and best practices.

Moolu's compliance policies and procedures address specific risk areas.

- Competitive Intelligence Policy
- Corporate Policy on Conflicts of Interest
- Responsible investing Policy
- Lobbying Policy
- Policy Against Bribery and Corruption
- Third Party Anti-Corruption Due Diligence Policy

## Training

A key element of our comprehensive program is our risk-based ethics and compliance training curriculum that assigns training to employees based on the risk level of their role, location, and management responsibility, resulting in higher, medium, lower and no risk categorizations. We are committed to improving our corporate compliance level by continues re-education and reaffirming global best principles in our investment decisions.

## Risk assessments

To continually improve our compliance mission and to align our investment priorities to critical risks facing the company, we will conduct periodic, independent external assessments as well as internal risk assessments for our team and our portfolio companies.

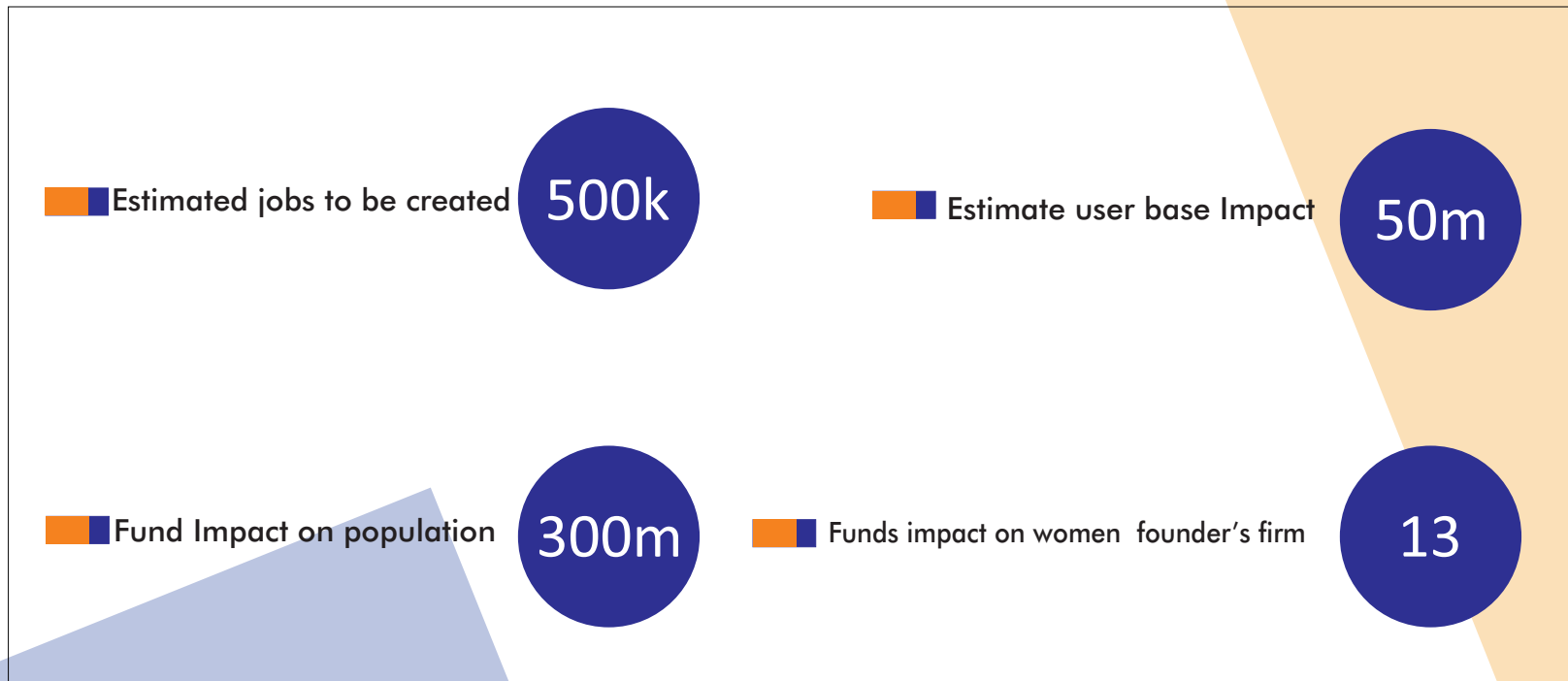
Moolu encourages its employees to act like owners and take an active role in protecting the company from risks.

## Anti-corruption

We oppose corruption in all its forms. Corruption corrodes the fabric of society and undermines people's trust in institutionalized systems.

# Estimated Impact Index

Moolu Fintech Fund 1 embeds ESG considerations into all steps of the investment process.



We believe that the deployment of the investments will make tremendous impact on the continent of Africa.

From agreed key performance indexes from expert, we have estimated the the following impact of the fund on these metrics.

# Climate Change and Environmental Sustainability.

Moolu is fully committed to achieving the global net-zero emissions agenda by 2040.



# Moolu's Green financing approach

we see an opportunity to be more aggressive in tackling the challenge of climate change through responsible investing.

To reach our goals, we are taking 5 Steps to reduce carbon emissions in the environment.

## 01

### Greening Corporate

Greening corporate activities by switching to renewable electricity and transitioning to healthy, efficient workplace, launching energy savings initiatives.

## 02

### Expand investment efforts

Expand investment efforts to provide sustainable alternatives in green economy adoptions.

## 03

### Low-emission Products

Invest in convenient and affordable low-emission products in portfolio companies.

## 04

### Fair Transition

Support portfolio companies' fair transition to greener solutions.

## 05

### Accountability

Being transparent and accountable to the public by reporting on emissions and other environmental impacts

# Forward looking statements

This outlook may contain forward-looking statements regarding our future business expectations, which involve risks and uncertainties. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “hope,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

# Moolu

[www.moolu.fund](http://www.moolu.fund)