Manufacturing Africa

Understanding Impact Investors

Doing Well & Doing Good

March 2026

UK aid from the British people

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Objectives

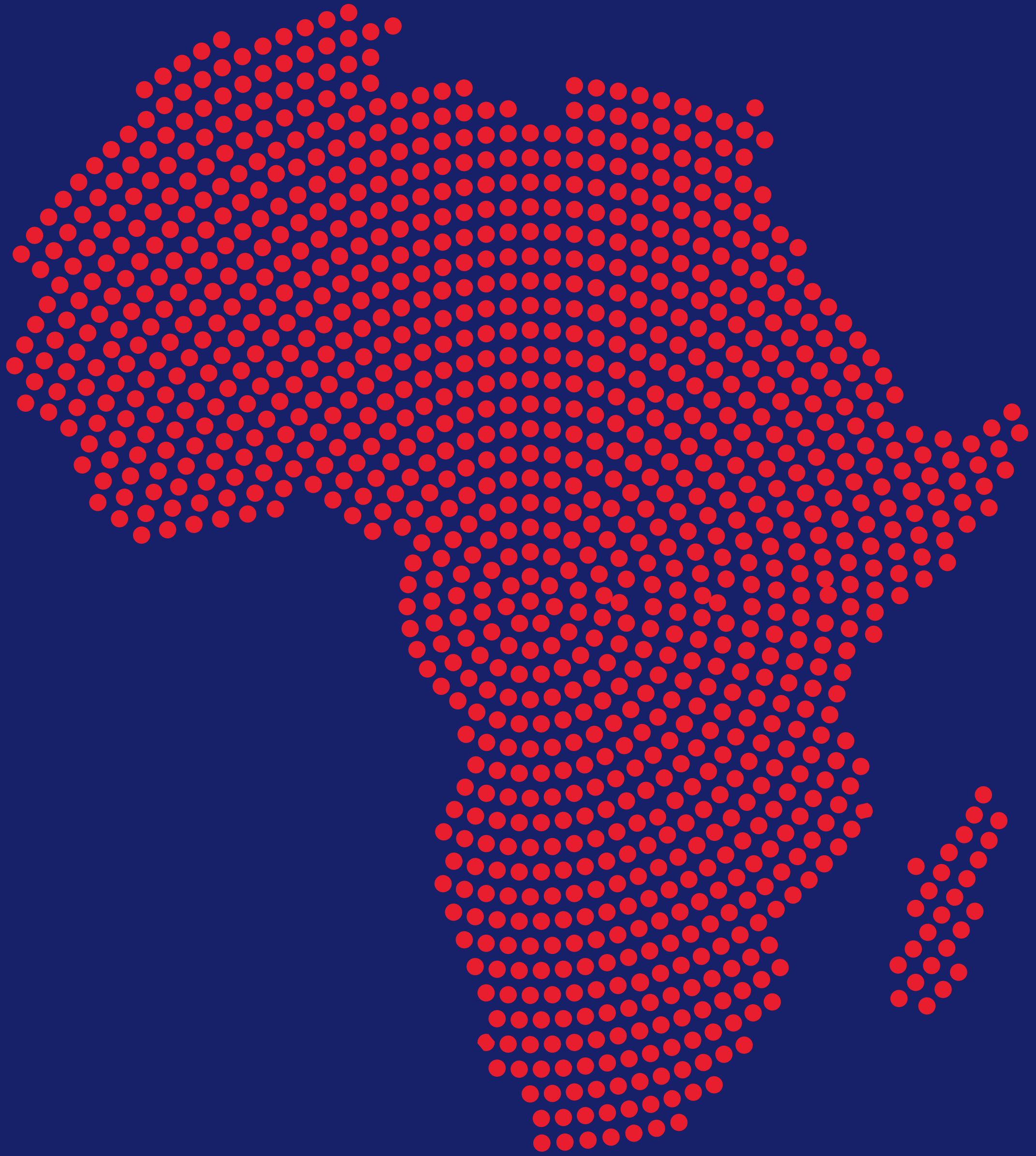
Understanding impact investing

Impact investment frameworks & archetypes

Your engagement process with impact investors

01.

Understanding Impact Investing



What "Doing Good" means to Investors

Impact investors are interested in companies that are 'doing good' as much as 'doing well'

Impact Investing

An investment strategy that seeks to generate financial returns while also creating a positive social or environmental impact.

Impact needs to be backed up by measurable evidence

- "We are women-owned."
- "We create products that protect the environment."
- "We support the community."
- "We align with the SDGs."

These are descriptors. Impact investors need evidence.

Key Takeaway

If you cannot measure it, investors cannot underwrite it.

Impact investing in the context of broader ESG

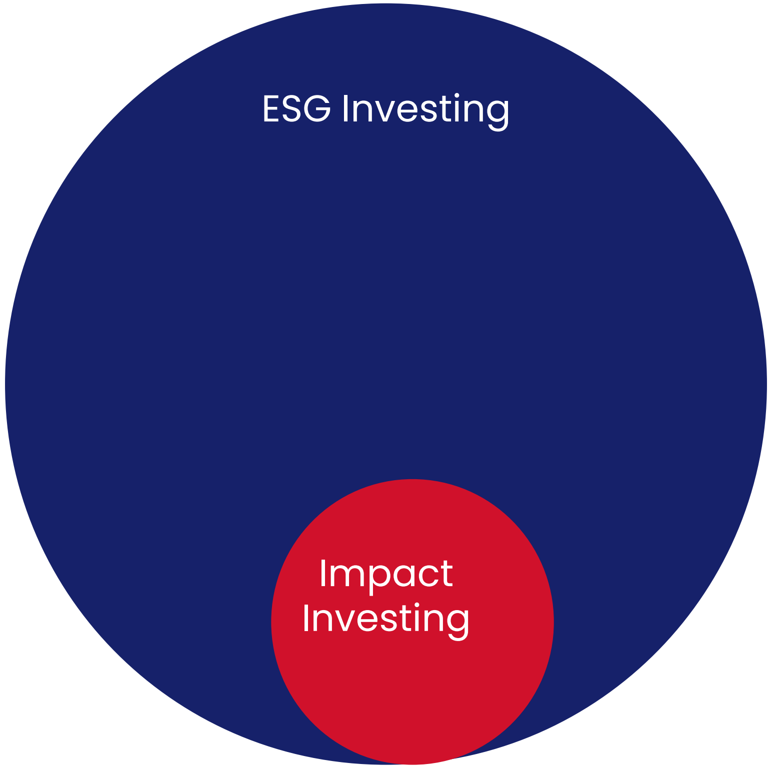
ESG compliance manages risks while impact is about creating value

ESG	Impact
Manages downside risk	Creates intentional upside
Protects valuation	Expands valuation
Prevents harm	Produces measurable benefit
Ensures operational discipline	Drives strategic differentiation
Often compliance-led	Capital-allocation-led

ESG answers: "Will I lose money?"

Impact answers: "Will this create measurable social or environmental value alongside returns?"

Impact Investing is a subset of ESG Investing



Impact is built on systems – not stories

Step 1

Systems

- Documented policies and procedures
- Clear roles and accountability
- Defined operational standards

Step 2

Controls

- Health and safety protocols
- Worker contracts and payroll systems
- Waste management processes
- Financial oversight

Step 3

Data

- Incident reporting
- Production quality metrics
- Supplier traceability records
- Workforce formalization data
- Environmental monitoring

Step 4

Then Scale Impact

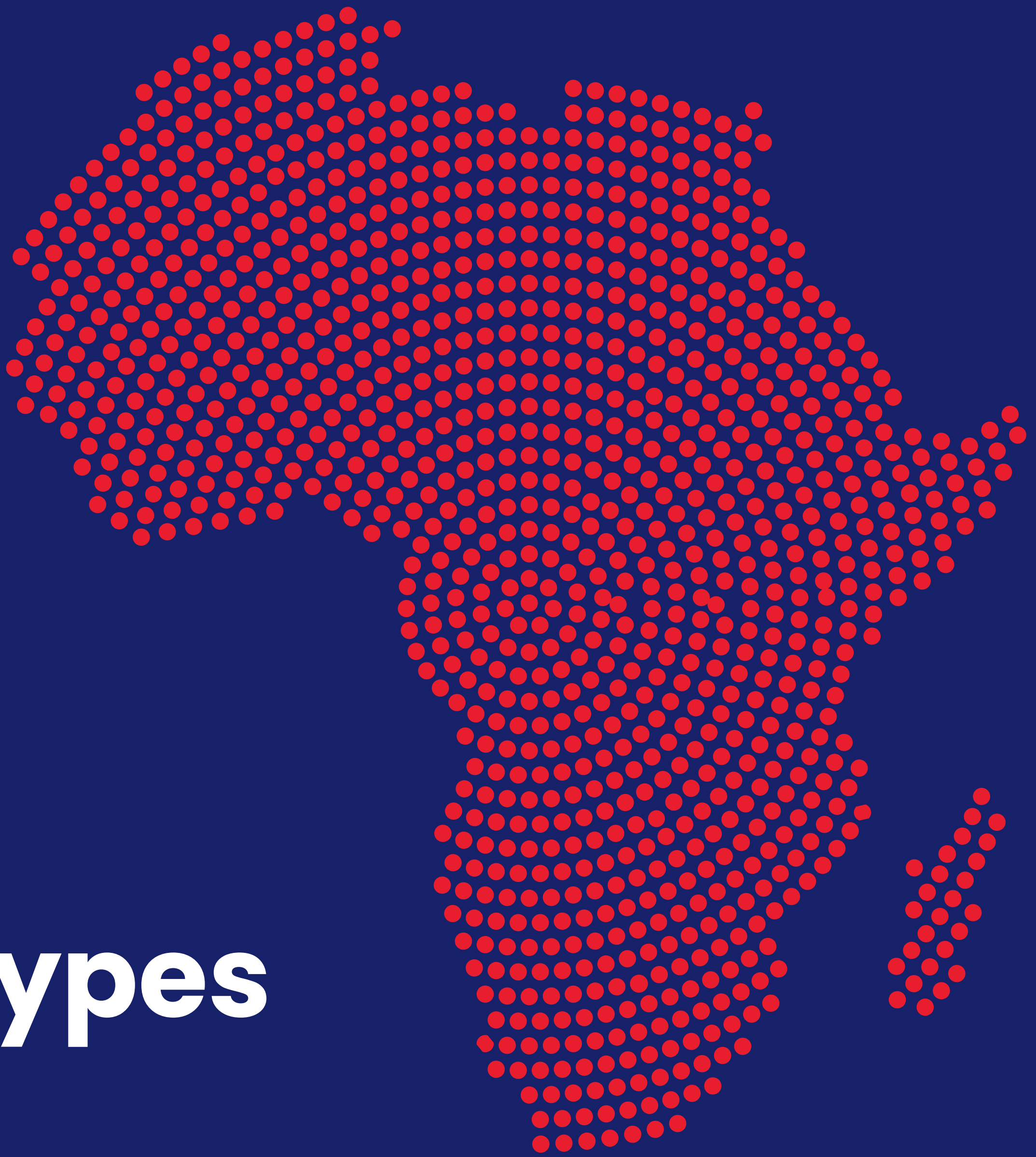
Only when STEP 1 – 3 are stable can you:

- Integrate more smallholder farmers
- Expand export markets
- Increase women employment
- Strengthen national value chains
- Attract impact capital

Impact amplifies what is stable. It does not stabilize what is broken.

02.

Impact Investment Frameworks & Archetypes



Why Frameworks Matter ?

Impact must Be comparable to be investable

Investors Compare Across

- Different sectors.
- Different operating models.
- Different impact claims.
- **But capital requires comparability**

Investors Must Answer

- Is this investable?
- Is this impactful?
- Is this measurable?
- Is this additional?
- Is this defensible?

Frameworks allow them to answer this consistently and turn ambition into investable structure.

Types of **Frameworks**

- ESG Frameworks
- Impact Frameworks

Key Takeaway

Frameworks make impact investable

ESG Frameworks

ESG Frameworks and Systems are used to manage risks in order to protect capital

Management Systems

- **Environmental & Social Management Systems (ESMS)**
- **Purpose:** Institutionalization of discipline.

Frameworks

- **IFC Performance Standards (IFC PS)**
- **Purpose:** Identify and mitigate environmental & social risks that threaten capital.
- **World Bank / DFI E&S Safeguards**
- **Purpose:** Prevent capital impairment.

Risk Screening

- **(A/B/C Risk Categories)**
- **Purpose:** Categories between low, medium or high risk.

Impact Management Frameworks

Impact measurement & management frameworks are used for value creation

Impact Management Project (IMP) – 5 Dimensions

Purpose: This turns impact into structured analysis.

IRIS+ (Global Impact Metrics System)

Purpose: Comparability across sectors and geographies.

SDG Alignment Frameworks

Purpose: Signal development relevance — especially to DFIs.

Additionality Frameworks

Purpose: Justify catalytic capital deployment.

Theory of Change

Purpose: Causal clarity.

Once risks are controlled, investors will evaluate impact

The 3 Impact Investor Archetypes

Not all impact investors think the same

Commercial Impact Funds

Core Driver:

Market-rate returns + scalable, defensible impact

They prioritise:

- Strong margins
- Clear unit economics
- Competitive advantage
- Exit pathway
- Scalable impact

Development Finance Institutions (DFIs)

Core Driver:

- Development mandate + financial sustainability

They prioritise:

- Job creation quality
- Value chain strengthening
- National industrial development
- Import substitution
- Additionality

Blended / Catalytic Capital

Core Driver:

- De-risking high-impact sectors & crowding in private capital

Often structured with:

- Concessional tranches
- Guarantees
- Technical assistance
- They priorities:
- High additionality
- Financing gaps
- Market-building
- System-level change

The 3 Impact Investor Archetypes

Comparison Summary Table

Archetype	Primary Focus	Return Expectation	Impact Depth	Risk Appetite
Commercial Impact	Profit + scale	Market-rate	Measurable & scalable	Moderate
DFI	Development mandate	Market / near-market	Structural & national	Moderate
Blended	Market-building	Flexible / layered	High additionality	Higher

Key Takeaway

The same business can look investable to one archetype and unattractive to another. Capital fit is strategy.

The 5 Impact Questions Investors Ask

Impact Is evaluated systematically

P&Z Corn Starch Processing (Nigeria)

01

What Outcome?

- Domestic starch production
- Import substitution
- Industrial supply chains strengthened

02

Who Benefits?

- Local communities
- Food manufacturers
- Supply chain

03

How Much?

- X tonnes starch/year
- X farmers supplied
- X industrial buyers served

04

Contribution (Additionality)

- $3M expansion capital
- New processing line
- Reduced starch imports

05

Risk to Impact

- Child labor risk
- No PPE on factory floor
- Untreated wastewater
- Diesel energy reliance

Key Takeaway

If you cannot answer all five questions clearly, you do not yet have an investment-grade impact thesis.

Gender Lens Investors – a subset of impact investors

Impact Investors are Increasingly prioritizing gender equality and women empowerment

Below is a sample of investors which have made a timebound commitment to invest $2 billion in GESI-aligned businesses

Nearly 73% of current gender investors plan to increase their allocations to sub-Saharan Africa, with a high% going to the infrastructure and energy sectors[4]

What Do Gender Lens Investors Measure?

Entrepreneurship: Women founder and/or ownership

Leadership: % of women in senior management and/or the board/IC

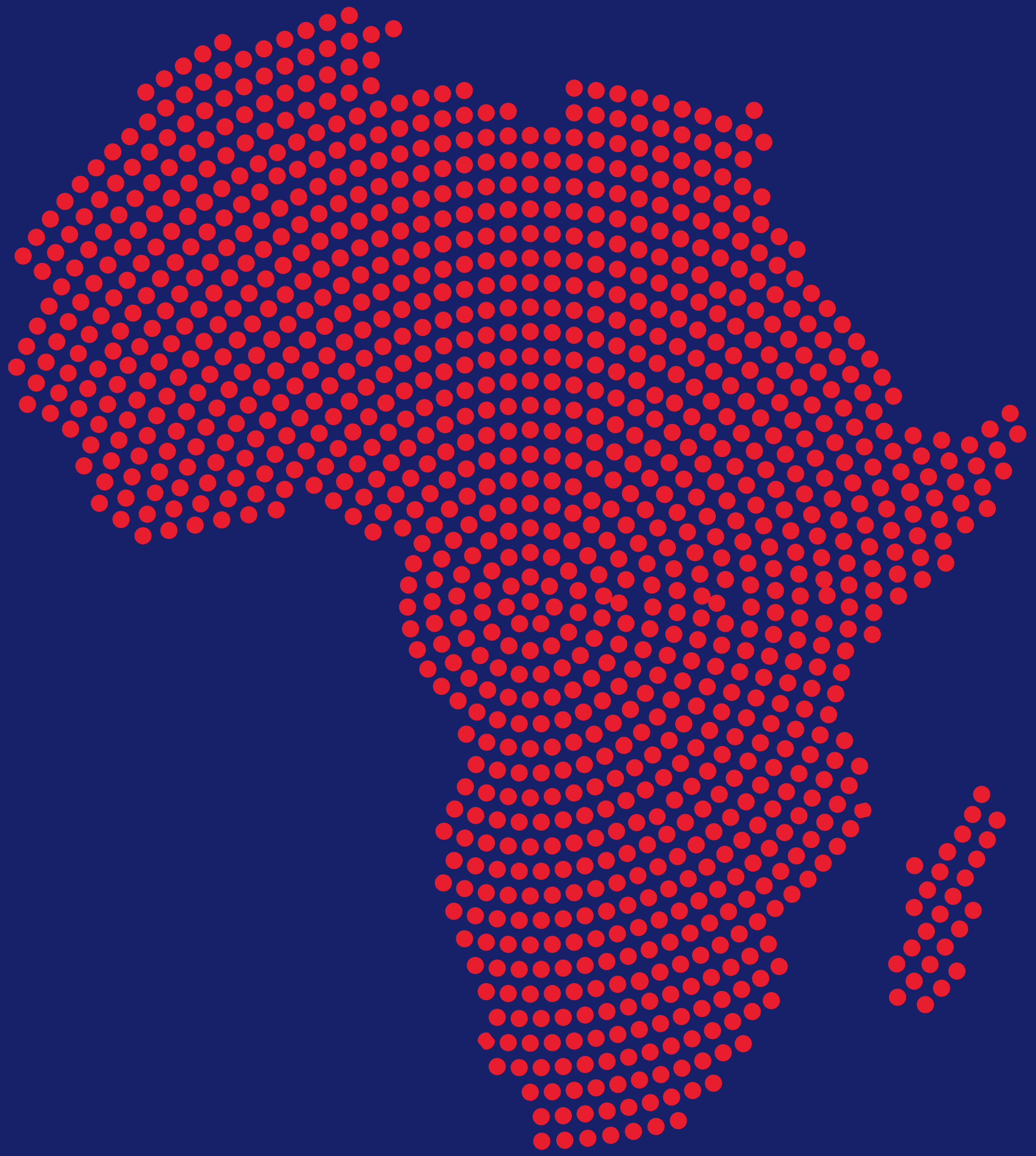
Employment at least 40% of women in the workforce

Consumption: Products or services designed for and/or aimed disproportionately at women

Supply Chain: Commitment to women in the supply chain

03.

Your Engagement Process With Impact Investors



Where Capital Meets Impact: The Investor's Lens

ESG

The Operational Lens

How you govern, manage risk, protect workers, and minimize environmental harm.

It tells investors how you run your business.

Impact Investing

The Capital Lens

Intentional capital to generate measurable social and environmental outcomes alongside returns.

It tells investors why they invest.

Nigerian Manufacturing

The Context

Jobs at scale, industrial transformation, supply chain localization, energy transition, gender inclusion.

It tells investors where the opportunity lives.

Your ESG performance is your impact story. Your impact story is your investment case.

Development Additionality

Capital must go where commercial markets won't or can't.

LP & Donor Accountability

Social returns must be evidenced, not assumed.

Policy Alignment

SDGs, Paris Agreement, Nigeria's industrial development agenda.

ESG as Risk Signal

Strong ESG is a proxy for governance quality and business resilience.

ESG Risks and Impact Opportunities in Manufacturing

Every ESG Risk Unmanaged Is A Discount On Your Valuation. Every ESG Opportunity Captured Is A Premium.

Environmental Sustainability

Risks	Opportunities
Energy intensity & diesel dependence	Solar & clean energy → lower opex
Waste generation & effluent discharge	Waste reduction → input cost efficiency
Water consumption & contamination	Recycling & by-product valorisation
Carbon exposure as supply chains tighten	Climate positioning → green finance access

Social Responsibility

Risks	Opportunities
High OHS incident rates & weak safety systems	OHS systems → reduced downtime & insurance costs
Informality, casualisation & hidden subcontracting	Formalising employment → productivity & retention
Gender exclusion in workforce & leadership	Women in workforce & leadership → gender lens capital
Community grievance & reputational exposure	Community investment → social licence & brand value

Ethical Governance

Risks	Opportunities
Ownership opacity & informal structures	Clean governance → faster due diligence
Weak financial controls & inconsistent reporting	Strong financials → better terms & faster close
Regulatory non-compliance & licensing risk	ESG reporting → competitive differentiation

Investors don't expect perfection — they expect awareness, structure, and a credible improvement trajectory.

The Investment Process: ESG at every stage

By the time an investor makes an offer, they have already formed a detailed view Of Your ESG posture. The process is the test.

01. Pipeline & Origination	02. Screening	03. ESG Due Diligence	04. Investment Committee	05. Legal & Close	06. Post-Investment
Activity	**Activity**	**Activity / Key Documents**	**Activity / Key Documents**	**Activity / Key Documents**	**Activity / Key Documents**
» Informal conversation & referral check » Website, press, reputation scan » Founder/leadership profile review	» Exclusion list review (sector, practice) » Fund thesis fit: jobs, gender, climate » Intro meeting / pitch deck review	» ESG questionnaire » Site visit & worker interviews » OHS records, contracts, licenses, permits	» IC memo with ESG risk rating & impact score » Proposed ESAP drafted » TA scope identified	» SHA / Facility Agreement » ESG covenants & reporting obligations » ESAP & TA provisions formalised	» Annual ESG report & KPI dashboard » Site visits & TA deployment » Grievance mechanism review

Beyond the Deal: Your Investor is now a stakeholder

The Term Sheet is signed. Now the real relationship begins — and it runs both ways.

Investors Are Watching — But Not To Catch You Out

- Board observer or board seat — investor sees decisions in real time
- Quarterly financials + annual ESG report are non-negotiable
- ESG covenant breaches trigger conversations before consequences

Governance & Oversight

Investors Are Invested In Your Growth

- Their returns depend on yours — misalignment is expensive for both
- They bring networks: buyers, co-investors, markets, talent
- Flag problems early — investors prefer disclosure over discovery

Shared Interests

What Investors Expect From You

- Proactive communication, not reactive updates
- Progress against your ESAP, not perfection
- An improving trajectory is worth more than a clean starting point

Your Obligations

TA: The most underused benefit in your investment agreement

Technical Assistance Is Non-dilutive, Funded Support — And Most Investees Never Fully Use It.

What TA Is

- Funded capacity-building support, separate from the investment
- Delivered by the investor, a TA facility, or a specialist provider they commission
- Tied to your ESAP and growth priorities — not generic
- Non-dilutive — it does not reduce your equity stake

Common TA Request Areas

01. ERP Implementation

02. Cost Accounting Systems

03. Energy Efficiency & Clean Energy Transition

04. Export Certifications (ISO, HACCP)

05. Governance & Board Structuring

06. Impact Measurement Systems

07. Carbon Accounting

08. Board Recruitment

Ask for TA early. Ask for it specifically. It is part of what you negotiated when you took the investment.

Metrics and Reporting: What Gets Measured, Gets Managed

Reporting is not paperwork. It is the Dashboard that tells you whether your business is healthy, efficient, and on track.

Why You Report

01. Operational Clarity

02. Management Credibility

03. Investor Readiness as a By-product

Build Before You Need It

- Track headcount, contract type & wages monthly — a spreadsheet is enough to start
- Log energy & diesel consumption per production unit
- Record OHS incidents & near-misses consistently
- 12–24 months of clean baseline data separates deals that close from those that stall

Why You Report

Monthly
Energy, OHS incidents, headcount changes

Quarterly
Financial + ESG KPI review vs targets

Annually
Full ESG report — internal first, then investor

Ad HOC
Material incidents, governance changes, covenant triggers

P&Z Corn Starch Processing

Impact Highlights

₦42M
Import Substitution Value
↑ 18% vs Q3 2025

14
New jobs created of which 20% are for women
Target: 80 by end 2026

70%
Local Procurement of Inputs
Target: 85% by end 2026

1000t
Animal feed diverted from waste
↑ 15% vs Q3 2025

- Ogun State, Nigeria
- Est. 2017
- Food Processing

ESG Performance Dashboard
Q4 2025

P&Z Corn Starch Manufacturing

People & Gender

247 Total employees • 68% permanent

+14 New jobs created this quarter

112% Avg wage vs living wage benchmark

Gender

32% Women in workforce

18% Women in management • Pay equity: 0.96

Environment

48,200 kWh energy consumed • 3,840L diesel

28.4 tCO_2e GHG emissions Scope 1 & 2 • ↓ 6% vs Q2

74% Waste diverted from landfill • Target: 80%

1,240 m^3 Water usage this quarter

ESAP Status

Solar feasibility study: **In progress (Q4 2024)**
Effluent management system: **Complete ✓**

OHS & Governance

0.8 Lost Time Injury Rate (LTIR) • Target: <1.0 ✓

3 Near-misses logged & reviewed

6.2 hrs OHS training per employee this quarter

Governance

Board meetings held: **4 of 4 scheduled ✓**
Independent advisors: **2 of 5 board seats**
ESG Policy: **Adopted & published ✓**
Grievance mechanism: **Active • 0 unresolved cases**

Prepared by: P&Z Corn Starch Manufacturing• Reporting period: Oct – November 2025• Framework alignment: IFC Performance Standards, GRI • Next report: Q1 2026 **For illustration purposes only**

- Ogun State, Nigeria
- Est. 2017
- Food Processing

Esg Performance Dashboard

Q4 2025

Thank you