



**IMPACT
SUMMARY
REPORT**
2022

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ABOUT GAIA

Diverse team with relevant skills, experience, and execution ability

WHO IS GAIA?

Gaia was formed and incorporated in Cape Town, South Africa, in 2012, for the purpose of facilitating the investment of long-term capital in renewable energy infrastructure projects in Southern Africa, with an initial focus on the Renewable Energy Independent Power Producer Procurement Programme (“REIPPPP”).

Gaia has since expanded its focus to other infrastructure, agriculture, and related private equity investments with an impact focus, core to our mission.

Gaia is considered a leading impact specialist secondary infrastructure transaction team in Southern African and as a first mover and brand leader has concluded infrastructure transactions in excess of US\$250 million.

OUR MISSION

To catalyse green transition through a sustainable project development cycle in Sub-Saharan Africa by making secondary investments in climate infrastructure and agriculture projects, demonstrating one can profit with a purpose.

LEADERSHIP

Mich Nieuwoudt

Executive Chairman [51]

Pr.Eng, BEng (Electrical), MBA

Role: Director, Investment Committee Member, Business Development

Industry Experience: 23 Years

Previous: PSG Investment Bank, SAGIT Renewable Energy, CIO of Gaia Infrastructure Capital (JSE), Siemens
11 Years with Gaia

Renier de Wit

Managing Director [40]

BCom (Actuarial Science), Fellow of the Institute of Actuaries (UK)

Role: Investment Committee Member, Fund Raising, Investor Relations

Industry Experience: 17 Years

Previous: Sanlam Emerging Markets – M & A
6 Years with Gaia

Hendrik Snyman

Chief Investment Officer [37]

PhD (Eng), MCom, (Fin. Man), MEng (Eng. Man), BEng (Industrial Mechanical)

Role: Investment Committee Member, Strategy and Special projects

Industry Experience: 12 Years

Previous: Basileus Capital (Private Equity)
6 Years with Gaia



Tersia Lister

Chief Impact and Risk Officer [42]

CA(SA), MBA

Role: Investment Committee Member, Impact, ESG

Industry Experience: 16 Years

Previous: Cape Town Stock Exchange (Capital Markets)
2 Years with Gaia

Why Impact?

“My impact investing journey started in 2015 during my MBA studies, where I completed my research report on the Perspectives on positioning impact investing within the paradigm of South African pension funds. I am passionate about harnessing the power of markets and finance to address the world's most pressing social and environmental challenges, such as poverty, inequality, and climate change.”

ESG AND IMPACT

Impact team scope

The Impact and ESG team oversees the development and implementation of the Gaia Impact and net zero strategy, impact measurement and management frameworks, risk assessment and mitigation strategies, ESG integration, and stakeholder engagement and communication plans for the Gaia investments.



Kilian Schabort

Impact and Deal Associate [28]

BEng (Industrial), BCom Hons (FAPM), MCom (Fin. Man), CFA Charterholder

Tersia Lister

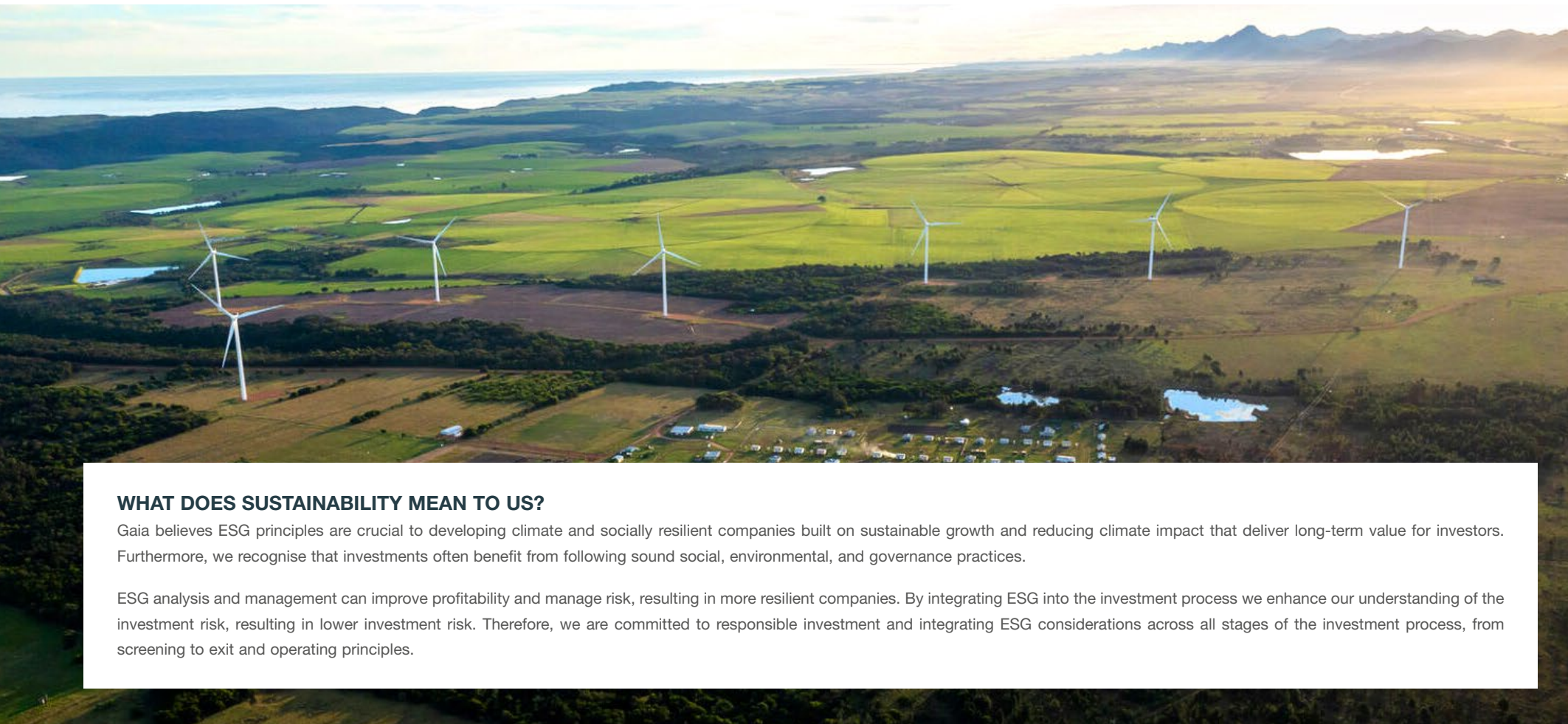
See above

IMPACT AND PARTNERSHIPS

OVERVIEW

Gaia is the Greek word for Earth and Gaia's mission is to drive positive change for the planet and its people by mobilising investments into impactful catalytic and systemic solutions unique to the market, identified through a systems mapping process. As an advocate for climate action, Gaia takes centre stage, playing our part in reshaping the global energy paradigm, focusing on Africa.

Gaia supports the Paris Agreement objectives through unwavering dedication to climate mitigation. By addressing core UN Sustainable Development Goals (SDGs), Gaia is dedicated to aid in the provision of *clean energy* (SDG 7), *innovation, and infrastructure* (SDG 9) with a focus on *climate action* (SDG 13). Gaia aims to help shape a future marked by *equality* (SDG 5) and *sustainable economic growth* (SDG 8).



WHAT DOES SUSTAINABILITY MEAN TO US?

Gaia believes ESG principles are crucial to developing climate and socially resilient companies built on sustainable growth and reducing climate impact that deliver long-term value for investors. Furthermore, we recognise that investments often benefit from following sound social, environmental, and governance practices.

ESG analysis and management can improve profitability and manage risk, resulting in more resilient companies. By integrating ESG into the investment process we enhance our understanding of the investment risk, resulting in lower investment risk. Therefore, we are committed to responsible investment and integrating ESG considerations across all stages of the investment process, from screening to exit and operating principles.

IMPACT AND PARTNERSHIPS CONTINUED

GAIA'S IMPACT AND MANAGEMENT FRAMEWORK

Gaia uses best practices in our impact management and measurement ("IMM") framework to evaluate and report on impact. Gaia is in the process of adopting Environmental, Social, and Management Systems ("ESMS") for all our funds. The IMM framework is based on international industry conventions, including SFDR, EU Taxonomy, UNSDGs, Impact Frontier's Impact Management Project, and the 2X Challenge.

MANAGER ADDITIONALITY

As shareholder and through investor stewardship, Gaia seeks to partner with our investee companies to provide financial, catalytic and strategic benefits. Through engagement, we help them implement best practices by offering tools, training, and expertise, managing ESG risk factors, ensuring minimum safeguards, implementing good governance practices, and measuring progress.

Gaia has identified four priority ESG topics, that we believe can most affect our ability to build strong companies of enduring value. Engagement includes practices like an ESG action plan, road map and board representation.

Priority ESG topics are shown on page 5.

FINANCIAL ADDITIONALITY

Core to the reason why Gaia was founded in 2012 to provide growth capital in the sustainable infrastructure industry, filling a funding gap by pioneering structures where funding would not have existed. An active and efficient funding ecosystem is required to accelerate sustainable infrastructure project development on the African continent. A vibrant secondary market would attract asset owners with products that match their risk and return requirements.

Gaia is a pioneer in strategically activating these previously excluded investors, crowding in more financial capital for African sustainable infrastructure. Gaia's strategy for financial additionality is to be a thought leader in the sustainable infrastructure and agriculture sectors, to crowd in private capital, especially long-term asset owners. So far, we have succeeded in attracting capital from pension funds, insurance companies, collective investment schemes and family offices. We aim to scale and fast-track our financial additionality through field building, engagement, education, demonstration effect, and collaboration with long-term asset owners and managers.



IMPACT AND PARTNERSHIPS CONTINUED

UNSDGs

We have used the United Nations (“UN”) Sustainable Development Goals (“SDGs”) to identify where we are best positioned to contribute by virtue of our operating model and core geographics.



The core SDG we focus on is SDG 13 *Climate Action*. Urgent climate action is needed to mitigate the devastating impacts of climate change on the environment, economy, public health, and the well-being of current and future generations. It involves reducing greenhouse gas emissions, transitioning to clean energy sources, and adopting sustainable practices to create a more sustainable and resilient world.

Gaia believes climate action cannot be selective and that, with only 2% of capital flowing to Africa to address climate change, the impact will be global if Africa is energised by fossil fuel and is not included in the climate change solution.

In support of our core SDG, we have seven fundamental SDGs: SDG 2 *Zero Hunger*, SDG 5 *Gender Equality*, SDG 6 *Clean Water and Sanitation*, SDG 7 *Affordable and Clean Energy*, SDG 8 *Decent Work and Economic Growth*, SDG 9 *Industry, Innovation and Infrastructure*, and SDG 11 *Sustainable Cities and Communities*.

These are relevant to our growth strategy and product and service offerings as they contribute to a stable, resilient, and sustainable economy.

RECENT INDUSTRY COLLABORATIONS

As a recognition of the Gaia secondary market innovative initiative, Gaia was invited in February 2023 by the One Planet Council in Paris and ADF and ADIA to contribute to the working group towards the New Global Financing Pact Summit in June 2023, delivering our recommendations to the Head of States in Paris.*

During this process, Gaia was co-chairing a sub-group for sourcing action points to increase investments in sustainable infrastructure in developing and emerging markets.

IMPACT LINKED COMPENSATION

Gaia supports the movement to link impact to asset manager compensation. We believe that an Impact Linked Compensation (“ILC”) structure holds fund managers accountable to their stated impact goals, mitigate impact risks and puts impact first in fund decisions.

Gaia has adopted an ILC structure for our latest fund, which will incentivise financial and impact performance by applying a two-part carried interest mechanism.



* [Link to full report here.](#)

IMPACT AND PARTNERSHIPS CONTINUED

GAIA'S FOUR PRIORITY ESG TOPICS



CLIMATE CHANGE MITIGATION, RESILIENCE, AND ADAPTATION

We recognise that climate change is a systemic issue affecting all sectors and geographies. Our goal is to partner with our investees to help them reduce carbon emissions through our engagement, assess their climate physical and transition risks, and support investees in introducing mitigants.



NET ZERO COMMITMENT

We engage with investee companies to make net zero commitments and improve net zero data transparency and reporting as part of Gaia's net zero commitment strategy.



DIVERSITY, EQUITY AND INCLUSION

Gaia has a five year Diversity, Equity and Inclusion (“DEI”) strategy at asset manager level, focusing on diversity in future recruiting practices and employee share ownership on the firm level and within the investment team. Gaia aims to adopt a DEI policy at the firm level in the next 12 months.

Gaia further drives diversity by setting a broad target for our investee companies. We also work to foster employment opportunities through skills transfer and training programmes specifically focusing on women for our investee companies.

We support 2X Global's 2X Challenge to provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.



GOOD GOVERNANCE

We believe good governance is essential for financially sound companies. Therefore, we support our investees at various stages of their life cycle to implement good governance practices covering board governance and controls.

IMPACT AND PARTNERSHIPS CONTINUED



PARTNERSHIP, SIGNATORIES AND CERTIFICATIONS

Cape Town Stock Exchange (“CTSE”)

Gaia has three funds listed on the CTSE, with one fund on the CTSE Impact Board.



UN PRI

Gaia is a signatory of the Principles of Responsible Investment.

Signatory of:



ICFA

Gaia was selected as part of the 2021 ICFA cohort to be accelerated by ICFA. The ICFA Luxembourg is a public-private partnership set up by 10 private entities from the Luxembourg financial sector together with the duchy's Ministry of Finance and Ministry of the Environment, Climate and Sustainable Development. The ICFA Luxembourg receives support from the European Investment Bank.



Proof

Gaia partnered with Proof of Impact to verify our investees ESG and Impact Data.

NEXT STEPS FOR THE FUTURE

BCorp certification and GIIN membership are being considered in the next 12 months as next steps on our Impact journey.

INVESTMENT STRATEGY

Diversification into high-quality real assets with an immediate, tangible impact

INVESTMENT STRATEGY

Gaia primarily seeks long-term investment opportunities in the equity of high-quality real assets. These projects must adhere to Gaia's risk-return, ESG and impact requirements whereupon Gaia can apply our unique skill set to improve and optimise all aspects of the project.

INVESTMENT CASE

Pure secondary | Brownfields | Primary (Greenfield)

GEOGRAPHY



Republic of South Africa

Expanding into Sub-Saharan Africa

GAIA'S INVESTMENT LANDSCAPE



	Investment category	Type of investee and instrument	Geographies	Fund structure
Infrastructure	South African Renewable Energy Infrastructure	Equity in renewable energy projects (C&I and PPP)	South Africa	Listed company and preference shares
	African Renewable Energy Infrastructure	Equity in renewable energy projects	Sub-Saharan Africa	Luxembourg RAIF
	Road Infrastructure	Equity in toll road concessions	South Africa	Private Company
	Digital Infrastructure	Equity in fibre networks in urban and peri-urban areas	South Africa	Listed REIT
Agriculture	Primary Agriculture Projects	Equity in primary agriculture projects and farming groups	South Africa	Company – Private Equity
	Agricultural Processing	Equity in agricultural processing companies	South Africa	Company – Private Equity
Impact Ventures	Impact Ventures	Private equity investments into business ventures and expansions	South Africa	Company – Private Equity

IMPACT BACKGROUND

GAIA'S PERSPECTIVE ON CREATING A POSITIVE IMPACT

Due to the looming threat of **climate change** and rising global inequality, it is **critical** for businesses to consider the sustainability and impact their actions, beyond profits. As part of our investment strategy, Gaia seeks projects and businesses that have an overall positive impact on stakeholders and the environment as well as screening for a strong investment case with good ESG (environmental, social, and governance) criteria.

As the Company's name, Gaia, in Greek mythology is the ancestral mother of all life, demonstrating Gaia's purpose for existence in

doing business with **the goal of protecting the Earth**. In terms of the well-established UN Sustainable Development Goals ("SDGs"), Gaia was founded with a **core mission** most aligned with the Climate Action SDG. The Climate Action goal description is to "take urgent action to **combat climate change** and its impacts". All of Gaia's investments are based around making some form of climate change impact.

The **fundamental goals** relevant to Gaia and their investment selection criteria are illustrated alongside. These are the SDGs in

which Gaia makes a material impact, where each investee company's core business relates to **at least one** of the fundamental goals. At least one of these SDGs must be addressed by potential investments for it to be considered. The remaining eight SDGs are all **elective focuses** of Gaia. Gaia addresses these through second order effects, be it through the investee's business or through actions beyond the ordinary course of business.

OUR IMPACT OBJECTIVES

Core



Fundamental



Signatory of:



The Gaia Group is a UN PRI signatory and is beginning the process of ESG reporting, selecting an appropriate framework, as well as integrating this with the applicable IRIS+ Core Metric Sets and UNSDGs.

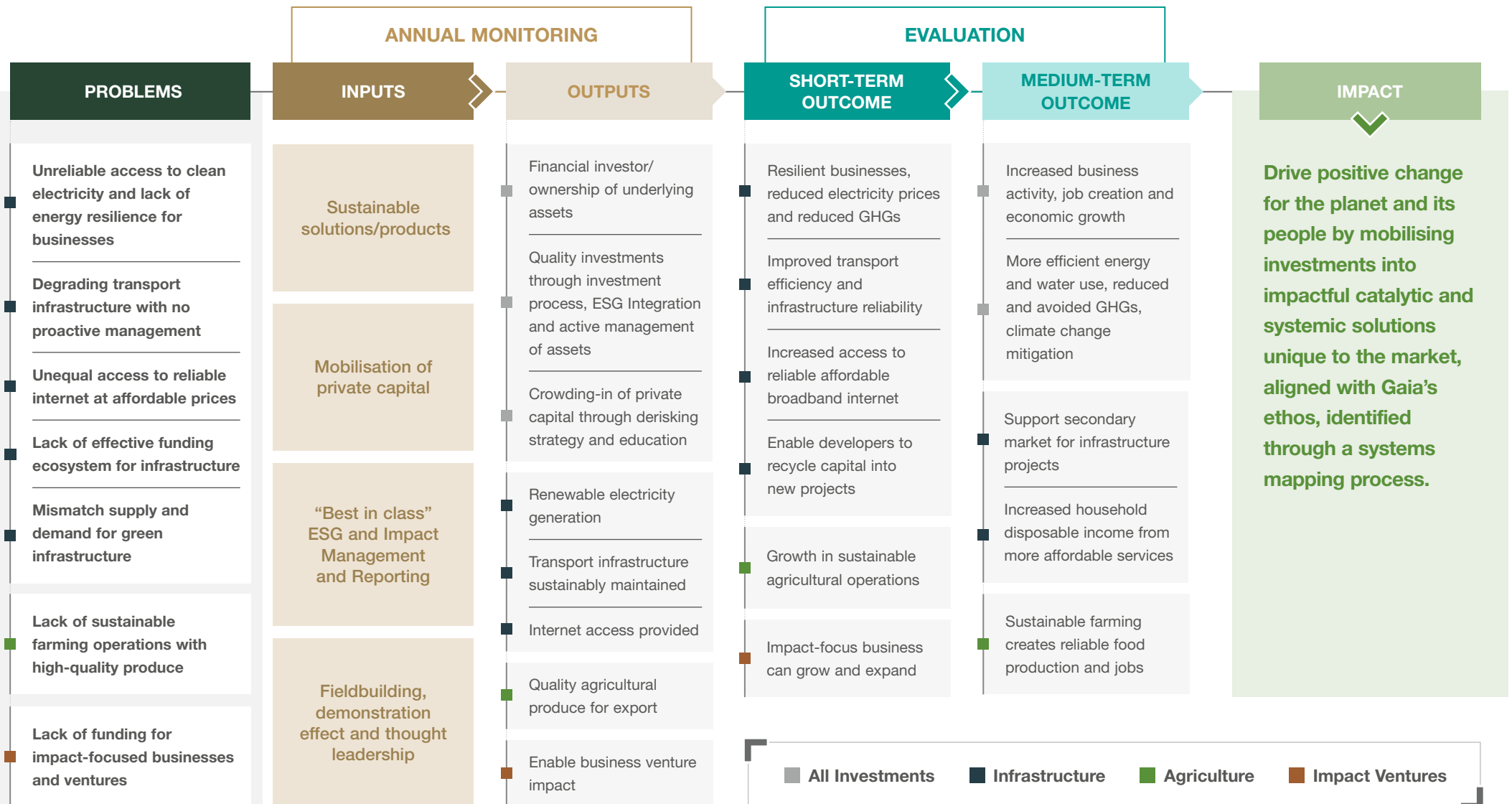
INVESTMENT PROCESS

DISCIPLINED APPROACH WHERE ESG AND IMPACT IS FUNDAMENTAL TO THE INVESTMENT PROCESS



GAIA GROUP: THEORY OF CHANGE

UNDERSTANDING GAIA'S TARGET IMPACT AND ALIGNMENT WITH THE UNSDGs



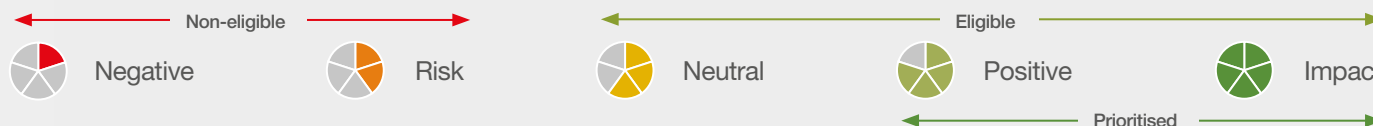
KEY IMPACTS AND ALIGNMENT

FOCUS ON IMPACT GOALS AND ENSURING THEIR ACHIEVEMENT

The table below shows a breakdown of the investment silos along with impact objectives of each. The key impact metrics and target beneficiaries have been derived from the objectives based on the IRIS+ Core Metric Sets. The key impact metrics are detailed per investment category starting from page 25.

The detailed investment categories also consider the potential negative impact SDGs for each investment category. These potential negative impacts give a basis on which to assess the impact risks of our investments and allows us to consider the holistic net impact of our portfolio, not merely focusing on the positive impact. These risks are considered further in conjunction with the SASB Materiality mapping shown for each investment category starting on page 25.

GAIA'S ESG ALIGNMENT COMPASS



The full list of SDGs are given in Appendix A.

Primary impact SDGs	Investment category	Impact objectives	ESG Alignment	2X Challenge Compliance*
	Renewable Energy Infrastructure	Clean electricity production and job creation		
	Transport Infrastructure	Reliable transport infrastructure		
	Digital Infrastructure	Providing reliable internet connectivity and job creation		
	Primary Agriculture	Producing food sustainably, job creation, and generating economic growth		
	Agricultural Processing	Enabling sustainable food production, job creation, and economic growth		
	Impact Ventures	Supporting ventures and small business expansions that have positive overall ESG impact		

* All compliant investment funds are achieved through employment criteria 3.A Women in the Workforce.

* These investments meet Employment Criteria but fail to meet "quality" indicator requirement.

** Plan to become compliant. Includes new ventures. All portfolio companies currently have very few or no employees.

OVERVIEW

In 2022, Gaia was successful in continuing to deploy impact capital and grow AUM with impact-oriented investments. While we are in the continuous process of monitoring and aligning ourselves with the various reporting frameworks, we believe our investments inherently have a high degree of positive impact.

Gaia takes an active investor role, ensuring that the investees are aligned in terms of their sustainability and ESG practices. Based on our Alignment Compass, we believe 89% of our investments have a Positive or Impact level of alignment with none of our investments in the Negative of Risk levels.

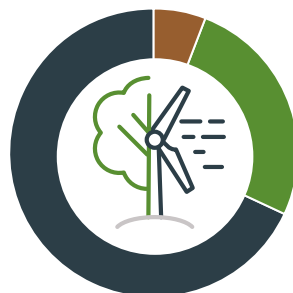
Gaia is actively encouraging our investees to discuss ESG and improve their impact whether through ordinary business or through SED initiatives by assisting them in monitoring and measuring their key metrics.

The metrics used for impact monitoring in this report are from the GIIN IRIS+ catalogue where possible. The IRIS+ Core Metric Sets are still being developed, especially in the infrastructure space and reporting for projects falling under Infrastructure, Transport, and Information, Communication, and Connectivity will become more standardised in the future.

ZAR 1.11 billion

2021: ZAR 750 million

AUM COMPOSITION IN 2022



Impact Ventures
ZAR 68 million
 2021: ZAR 16 million

Agriculture
ZAR 286 million
 2021: ZAR 227 million

Infrastructure
ZAR 760 million
 2021: ZAR 500 million

INVESTEE ESG ALIGNMENT COMPASS



2/18 = **Neutral**
 11/18 = **Positive**
 5/18 = **Impact**

ZAR 3.9 billion

Total capital invested

18

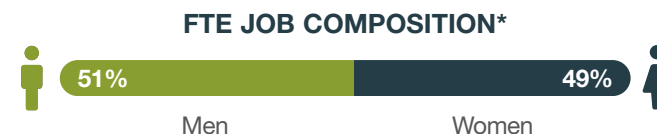
Number of current portfolio investments

7

Number of investments made in 2022

1 727

Direct and FTE jobs maintained



2X Challenge

Portfolio companies aligned **42%****

* Full Time Equivalent.

** See Methodological Approach for explanation and calculation (page 26).

ESG HIGHLIGHTS



ENVIRONMENTAL IMPACT

Gaia has a mission primarily focused around a positive impact on the environment and to invest in businesses that are sustainable. Historically, this was achieved through investments solely in renewable energy generation. While renewable energy is still a focus of the company, our scope has expanded to include investments in other infrastructure and agriculture that have positive environmental impacts on energy and water or enable more sustainable communities and consumption.

SUSTAINABLE INVESTMENTS AND CLIMATE CHANGE MITIGATION

As climate change continues to be exacerbated, Gaia supports sustainable solutions in production and consumption to mitigate and adapt to the repercussions thereof. This means building resilience through solutions maximising efficiency of inputs and reducing energy, water, and new materials requirements and reliance through, for example, personal renewable energy production, rainwater storage, and recycling of materials. Gaia encourages all its investees to support its vision by using all resources efficiently and responsibly. For example, in primary agriculture this entails implementing water saving irrigation technology to minimise the water use as well as constructing dams, berms, swales, and other earthworks to retain as much rainwater as possible. This reduces the need to draw water from other sources leaving more for the community in these water-stressed areas.

> **Primary Agriculture**
Water intensity
9 202 m³ per Ha

> **Agricultural Processing**
Recyclability score
47%

> **Renewable Energy**
Clean energy produced
300 GWh

> **Transport Infrastructure**
Reuse of asphalt

> **Oasis Water Investment**
Material reuse
84%

> **Atom Operations Investment**
Client water and energy saving
5%

> **DataYield Investment** Energy consumption from own renewable energy production **100%**

ENERGY AND STRIVING FOR NET ZERO EMISSIONS

The transition from wasteful energy usage from non-renewable sources to the responsible use of green energy is well underway. The provision of clean energy is an important part of climate action and combating climate change and heading towards a net zero future. We support businesses that produce renewable energy to offset GHG emissions as well as encourage them to reduce non-renewable fuel usage and reliance on the coal-power based national electricity grid through renewable energy and improved energy efficiency.

> **GHG Emissions Avoided** **317 500 tCO₂e**

> **GHG Emissions** **10 660 tCO₂e produced**

ESG HIGHLIGHTS CONTINUED



SOCIAL IMPACT

OUR PEOPLE AND PARTNERSHIPS

People are the core reason Gaia aims to create a positive impact: to create a healthy environment and a better standard of living for all to enjoy. We enable this by investing in businesses and creating strategic partnerships that create positive impact for our people and the communities in which we have a presence. As such, we only invest in businesses that have a positive overall impact on people, whether that impact is direct or indirect with an aim for equal opportunity, supporting women in the workplace, permanent employment, hiring locally, and upskilling employees. Gaia aims to go beyond employment, impacting communities through supporting SED, ED, and community upliftment projects. This ranges from providing creches to supporting female-led start-ups to providing schools with free, reliable, high-speed internet.

> **2X Challenge – Gaia Group**
Aligned

> **Employee Gender Split**
51% **49%**

> **Total Employment**
2 574

> **SED and Community Spending**
ZAR 10.7 million
(from TCWF investment)



GOVERNANCE

BUILDING GOOD GOVERNANCE

Gaia strongly encourages robust management at the board of director-level of investees. This includes formally discussing risk and sustainability as well as transformation on portfolio companies' board of directors to ensure balanced representation. Due to the nature of family and small-businesses regarding shareholding and board seats, the average board composition is lagging with a small percentage held by women. We continue to engage our investees to set goals to address this.

> **Formal Risk Management Policy**
80%
of investees

> **Female Board members**
13%

> **ESG and Sustainability discussed at Board level 80% of investees**

SUMMARY AND OUTLOOK

■ Infrastructure ■ Agriculture ■ Impact Ventures

SETTING IMPACT GOALS BASED ON WHAT CAN BE ACHIEVED

RESULTS SUMMARY

Gaia is in the early stages of streamlining its impact reporting. The 2022 results are the second year of Gaia's impact reporting and shows comparison to 2021 with strong performances all around.

Gaia was able to grow AUM from ZAR 750 million in 11 projects to ZAR 1.11 billion in 2022, all with keen attention to ESG. We are continuously looking for ways to enhance our impact and reduce negative impacts through engaging our investees and other stakeholders. In the coming year we will look to take this further and to find ways to incentivise our investees to seek ways to improve their overall impact.

2023 GOALS

Based on the selected key impact metrics reported alongside, we have selected goals for the coming year. The goals are based on maximising the key metrics which have the greatest positive impact. This will be achieved through further investment in various categories as well as growing and improving the impact of our current investments.

INTO THE FUTURE

We aim to give the most holistic and fair picture of our set of impact investments. Going forward, we are looking to select more impact metrics including those identifying our potential negative impacts as well as potentially removing those which do not add to the picture.

Category	Key impact metric	2021 Achieved	2022 Achieved	Goal for 2022 met ✓/not met ✗	2023 Goal	Comment
Group	Value of new equity investments	ZAR 125 million	ZAR 364 million 49% AUM growth	ZAR 250 million ✓	ZAR 386 million	33% growth in priority ESG alignment AUM
	Full-time jobs (FTE) created in year	NA*	352 No comparison value	41* ✓	87	5% FTE job creation from current investments
General	Full-time jobs (FTE) maintained	812*	1 730 113% FTE growth	853* ✓	1 903	10% growth in FTE jobs maintained from all investments
	Energy generated for sale	264 GWh	300.5GWh 6% below P50 production	320 GWh ✗	320GWh	Expect P50 level while maximising long-term availability
Transport Infrastructure	Average daily traffic	59 692* vehicles	62 591 0.1% below target	62 676* vehicles ✗	65 721	5% (inflation) increase in traffic
Digital Infrastructure	Number of household connections (home passes)	4 231*	34 855 8.2x increase in house	9 000* ✓	52 500	50% increase through expanding networks
Impact Ventures: Atom Operations	Number of clients	1 001	2 000 100% growth in number of clients	1 201 ✓	2 400	20% increase as businesses are in early growth stage
Agriculture	Land area sustainably managed	476 Ha	872 84% growth in land area being farmed	750 Ha ✓	960	Expand land area being farmed through expansion investment by 10%

* Data restated based on updated metrics.

PRIMARY AGRICULTURE

INVESTMENT CATEGORY

DESCRIPTION

Gaia has been investing into primary agricultural projects for five years, initially through its venture capital vehicle. Gaia currently has eight active investments into primary agricultural projects and companies with two investments being added in 2022. The investments made to date include joint ventures with and direct investment into commercial and family farming groups in South Africa.

Number of Investments – 8
AUM of category – ZAR 250 million

The primary impact of these investments is to provide reliable food production and agricultural jobs in a sustainable way. A sustainable farm means the agricultural practices do not deplete or poison the soil and implement measures to minimise water use and the impact of fertiliser and pesticides on the ecosystem.

The companies in which Gaia has invested export most of their produce overseas although there is a significant portion that is sold locally which helps serve an underserved market. South Africa has a very high unemployment rate meaning the jobs that are created through these ventures have a deep impact to an underserved population segment.

KPIs

Jobs maintained

489

Full-time
Equivalents

Land area

872

Ha sustainably
managed

GHG Scope 2

Emissions

38.44

tCO₂e/ZAR million
revenue

Water usage

9 202

m³ per Ha

Organic

fertiliser

62.4%

Fertiliser usage

1.84

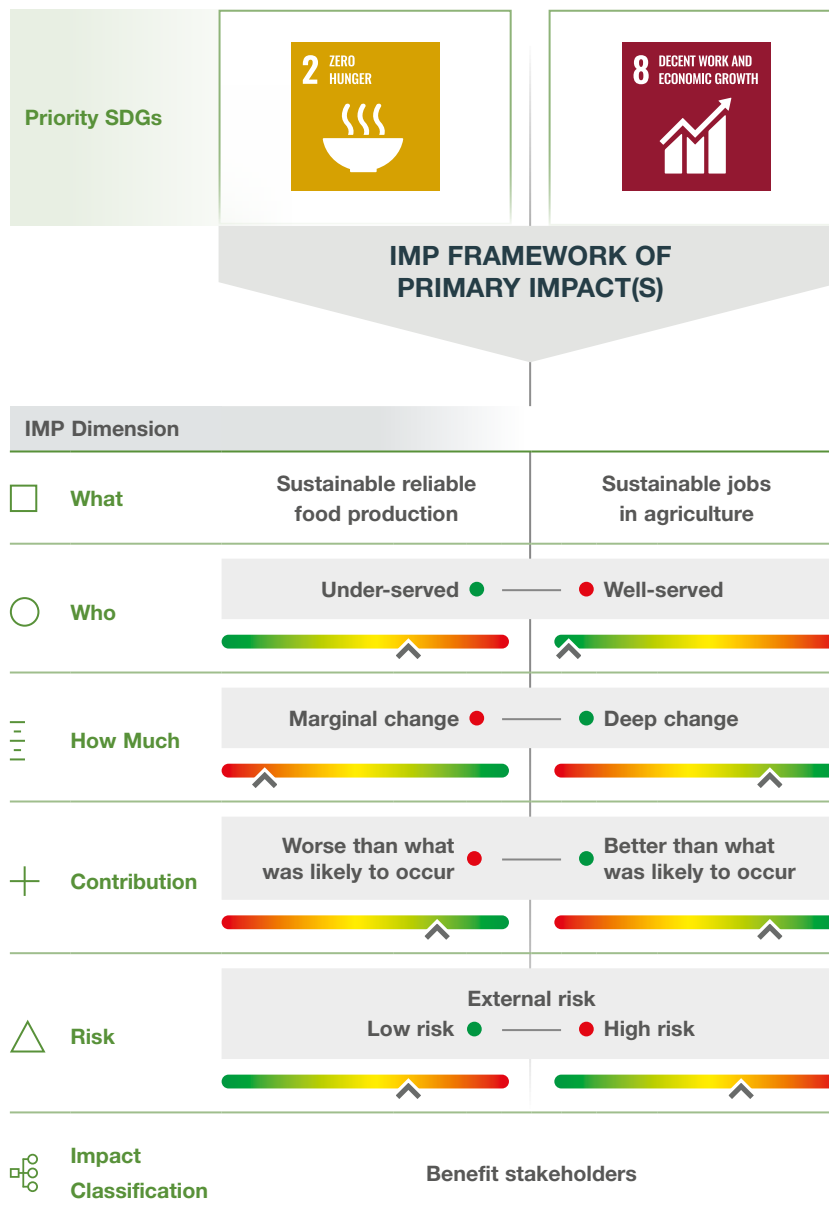
tonnes per Ha

2X Challenge

alignment

40%

of portfolio
companies



Principal Adverse Impact SDGs



Material Impact SDGs



MATERIALITY

SASB Industry:

- Agricultural products

SASB Material Topics

Environment:

- GHG Emissions
- Energy Management
- Water and Wastewater Management

Social Capital:

- Product Quality and Safety

Human Capital:

- Employee Health and Safety

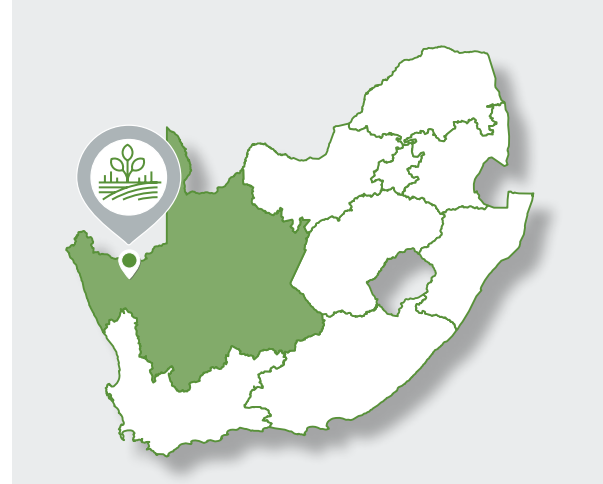
Business Model and Innovation:

- Supply Chain Management
- Materials Sourcing and Efficiency

Leadership and Governance



CASE STUDY – RK OOSTHUIZEN HOLDINGS



RK Oosthuizen (“RKO”) is a farming group in the Northern Cape Province of South Africa, situated on the Orange River. RKO is vertically integrated in the farming, processing and packaging, and export of table grapes and grapefruit. Gaia is invested in the RKO group as well as into RKO’s new packaging and processing facility.

Fundamentally, RKO is a food producer with a focus on sustainability. They aim to achieve resilient agricultural production by continuously adapting and implementing best practices that ensure persistent production into the future through the sustainable use of resources. One of the ways RKO ensures long-term sustainable production of the farms is through effective water management using the latest technology to optimise and reduce water usage. RKO minimises the use of fertilisers (using OFOS) and employs field monitoring for pests and disease to minimise water pollution as well as other environmental impact.

Another sustainability focus for RKO is their human capital. They address this through job creation, specifically aimed at jobs for disadvantaged local communities, supporting economic growth. RKO also aims to upskill their employees through external training programmes. RKO undergoes annual social audits to comply with both local and international standards. In supporting community upliftment, RKO offers free transport to employees as well as free day care for pre-school children. RKO is adapting to the green transition. Annually, the company reviews the materials they use to determine how they can replace them with more sustainable alternatives. They work with their customers to minimise their packaging as much as possible as well as have transitioned to recyclable materials where possible.

ESG Alignment  **Impact**

Land area sustainably farmed
110 Ha

GHG Scope 2 Emissions
28.6
tCO₂e per ZAR million revenue

Fertiliser usage
200 kg/Ha

Fertiliser Organic %
10%

2X Challenge
Employment – ✓

> **43%**
women in Agribusiness

> **127** **94** (FTE)

Quality indicator – ✗

- > Free creche and free transport for employees
- > Detailed employment equity plan
- > Anti-discrimination, diversity and equal opportunity policies

Jobs
221

Full time equivalents

33 > **23** **10**
Full time

375 > **207** **168**
Seasonal

Water usage
17 045 m³ per Ha

Pesticide usage
127 L/Ha

The Group is also aiming to transition to renewable energy in the near future to reduce energy costs as well as offset the emissions related to their energy and fuel usage in the business. Other practices that RKO implements to support the sustainability of the business include the use of all cuttings for mulching to make fertiliser, regular pest monitoring and intervention with pesticides only implemented when necessary.

The main sustainability risk to this operation is climate change which would impact weather and specifically heat, rainfall, and river levels. Gaia is working with RKO to ensure local climate trends are being followed and mitigation measures are considered when necessary.

RKO’s principal adverse impacts at this stage relate to the environmental impact of the resource intensive nature of the business. There is a great deal of water, electricity, materials, and fuel needed to support the agricultural production and export; however, RKO continuously seeks to optimise and improve on this negative impact. These relate to SDG 6, 14 and 15 primarily.

Gaia is confident that RKO is and will continue to implement the best practices for the quality of their products as well as for the environment and their impact upon it.

THE FUTURE

While RKO prides itself on using the most sustainable large-scale farming methods, they continue to seek improvements. RKO is looking to implement renewable energy solutions in the short term and has quotations to begin implementing solutions. They are discussing implementing regenerative agriculture practices on new developments and potentially applying it to current developments, depending on its success.

AGRICULTURAL PROCESSING

INVESTMENT CATEGORY

DESCRIPTION

Gaia has very recently begun expanding its sustainable agricultural investments into secondary agriculture, focusing on agri-processing. The first of these investments was made in 2021 and two were made this year. The two agri-processing investments made this year were with two joint venture partners in our primary agriculture to expand each of their processing capabilities, improving efficiencies and reducing costs.

Number of Investments – 3
AUM of category – ZAR 52 million

The impact of agri-processing investments is similar to primary agriculture's impact but is concerned with supporting sustainable jobs while optimising the efficiency of the processes, ensuring that losses of food are kept to absolute minimums, and that the materials used are as sustainable as possible.

The environmental external risk to the desired impact is mitigated to some extent at secondary agriculture level but the external risks are nonetheless significant.

KPIs

Jobs maintained
846

Full-time equivalents

Average processing efficiency
88.04%

Output kg/input kg

Packaging recyclability score*
47%

GHG Scope 2 Emissions
25.6

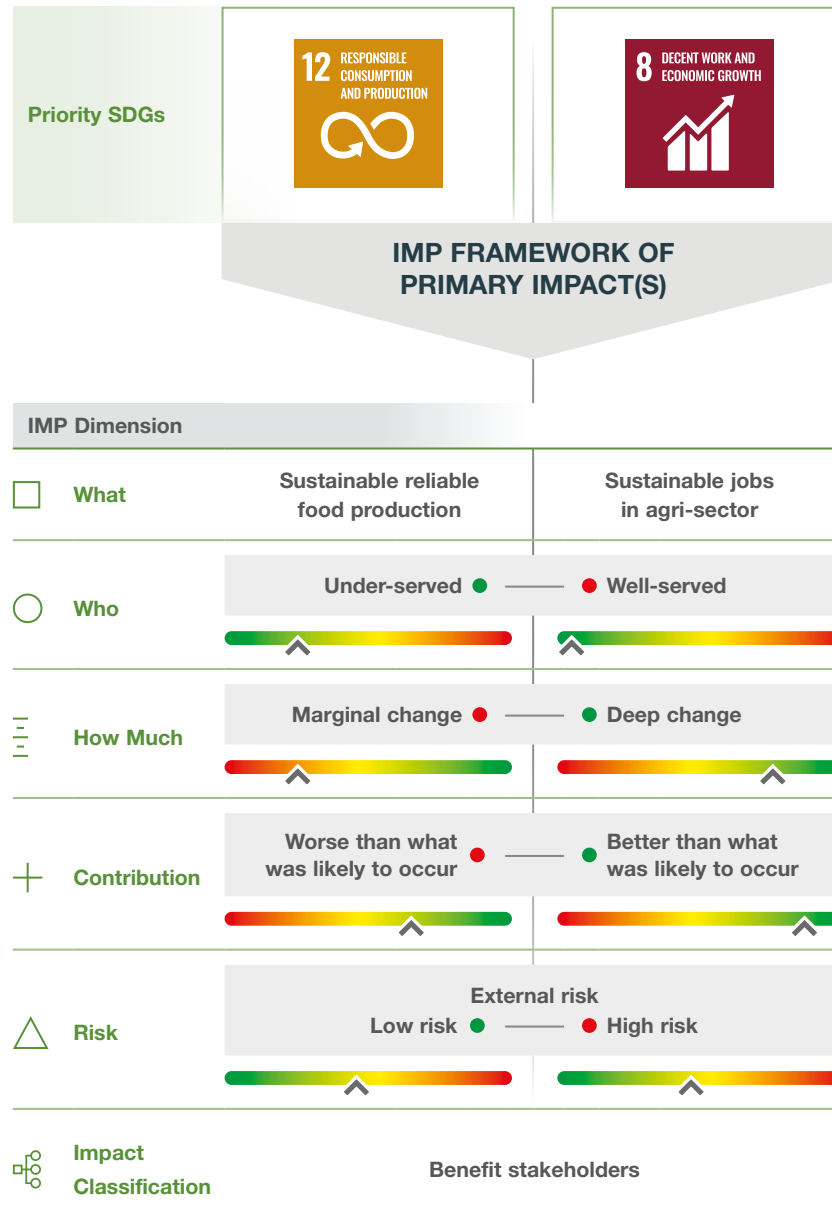
tCO₂e/ZAR million revenue

Water usage
194.5

m³ per ZAR million revenue

2X Challenge compliance
100%

of portfolio companies



Principal Adverse Impact SDGs



Material Impact SDGs



MATERIALITY

SASB Industry:

- Agricultural products

SASB Material Topics

Environment:

- GHG Emissions
- Energy Management
- Water and Wastewater Management

Social Capital:

- Product Quality and Safety

Human Capital:

- Employee Health and Safety

Business Model and Innovation:

- Supply Chain Management
- Materials Sourcing and Efficiency

Leadership and Governance

* Recyclability Score in Methodological Approach (page 27).

RENEWABLE ENERGY

INVESTMENT CATEGORY

DESCRIPTION

Renewable energy project investment is the reason for which Gaia was founded: secondary investment in renewable energy infrastructure to recycle development capital and catalyse further development.

Gaia currently has one active, listed fund investing into utility scale renewable energy infrastructure focusing on South Africa. We are in the process of closing a similar fund based in Luxembourg focusing on Sub-Saharan Africa and a listed commercial and industrial (“C&I”) fund in South Africa.

Number of Investments – 1
AUM of category – ZAR 135 million

Clean and affordable energy is in huge demand in South Africa. In fact, the lack of supply for any power for that matter is a big issue and investment in this space is incredibly impactful. The only risk to the impact of providing access to clean, affordable energy for these investments is the grid instability which can prevent these facilities from evacuating power out and to grid users.

KPIs

Clean energy produced

300

GWh

GHG Scope 2 Emissions avoided

317 500

tCO₂e

Effective households powered

115 000

Jobs maintained

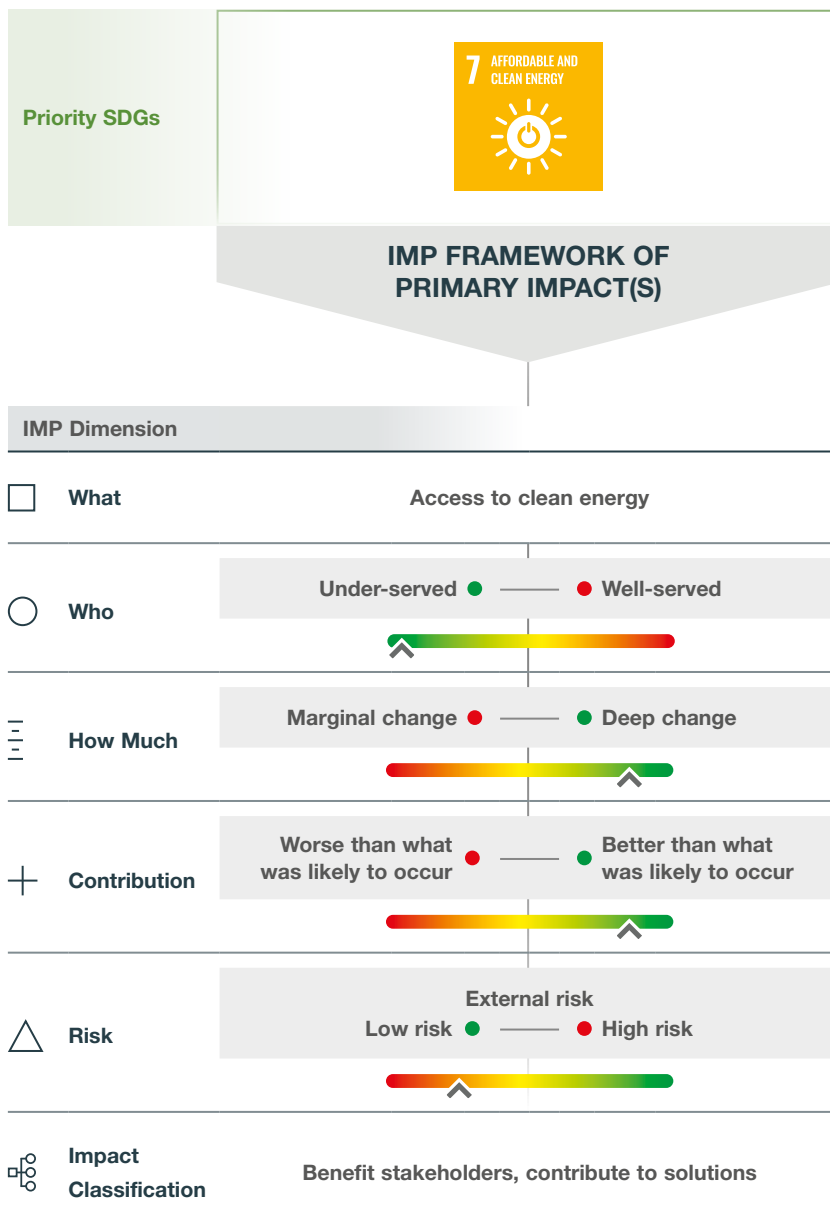
52

Full time Equivalents

2X Challenge alignment

0%

of portfolio companies*



Principal Adverse Impact SDGs



Material Impact SDGs



MATERIALITY

SASB Industry:

- Electric Utilities and Power Generators



SASB Material Topics

Environment:

- GHG Emissions
- Energy Management
- Water and Wastewater Management

Social Capital:

- Product Quality and Safety

Human Capital:

- Employee Health and Safety

Business Model and Innovation:

- Supply Chain Management
- Materials Sourcing and Efficiency

Leadership and Governance

* Meet women employment threshold but no information on a “quality indicator” currently.

CASE STUDY – TSITSIKAMA COMMUNITY WIND FARM

TCWF is a wind energy facility in the Eastern Cape of South Africa. Built as part of the South African government's Renewable Energy Independent Power Producer Procurement Programme, TCWF provides desperately needed electricity for the constrained grid. Furthermore, TCWF produces renewable, clean energy and reduces the reliance on coal power stations at a cost equivalent to that of merely operating current coal-burning facilities.

Through green energy infrastructure, TCWF promotes sustainable communities as well as providing energy to support a growing number of households as well as industry demands. By investing in TCWF, Gaia is **supporting the green transition in energy** and avoids the production of CO₂ and other greenhouse gases ("GHGs"). TCWF has a 20-year Power Purchase Agreement ("PPA") with the South African power utility to ensure long-term sustainable energy supply.

Beyond the overwhelming positive impact of its core operations TCWF aims to create further positive impact through its many initiatives. This includes supporting the economic development of community through projects such as the Wittekleibosch Community Gardens and the NNT Women Poultry Project run by women in the community. TCWF has supported six early childhood development centres accommodating 185 children and creating 26 jobs, and the complete restoration and improvements to the Oliver Tambo Community Hall, training unemployed youth in carpentry and construction, creating 70 temporary jobs. The overhauled hall creates a safe space for the benefit of 177 families with a kitchen, boardroom, media room, outdoor gym and free Wi-Fi. TCWF in partnership with a local ISP provides free Wi-Fi to over 650 households in the four local communities to access online procurement platforms, SMME funding, jobs, entrepreneurship workshops and seminars, among other opportunities. In partnership with SAICA Enterprise Development, TCWF supported incubation programmes providing mentoring and coaching as well as training.

ESG Alignment  Impact

Renewable Energy Generated

300.5

GWh

GHG Scope 2 Emissions Avoided

317 500 tonnes

Net CO₂e avoided

**2X Challenge
Employment – ✓**

> 38%

women in power, infrastructure

Quality indicator – x

➤ More research into 2X Challenge's quality indicator and correspondence with TCWF required

Jobs

52

Full time equivalents

32 **20**

Full time

SED, ED and community project investment

ZAR 10.7 million

Employee Safety

8

Safety incidents

0

Serious injury/death



In terms of education, TCWF has a bursary programme that provides 20 students with bursaries for their studies and provided funding for five teachers to fill vacancies at two local high schools. In 2022, helped provide coding and computer literacy training for 404 learners.

Overall, TCWF's social programmes have a deep social impact and help towards achieving SDGs 1 to 5 in particular.

The sustainability risks for the TCWF project include those environmental, social, and governance which may impact the performance of the investment. The primary concern for this, and any other wind energy facility is the risk of climate change impacting the ability for the plant to generate power consistently.

Should the changes result in drastic changes, too little or too much wind relative to what the turbines were constructed for, the effectiveness of the plant could be significantly impacted. The trends in wind speeds over time are being monitored so that risk mitigation can be performed if necessary.

The negative impacts of the TCWF project are few but are nonetheless important to monitor and aim to reduce. The most material of the PAIs is to bird life, captured in SDG 15: *Life on Land*. As is a problem with nearly all wind turbines as well as tall structures in general, bird strikes are an issue. This risk is constantly being monitored and curtailment and any other relevant measures will be implemented if bird and bat impact exceeds that expected in the EIA. Overall this risk has been independently assessed to be very low in comparison to most South African wind farms and, with monitoring and mitigation options in place, is a relatively small negative impact.

THE FUTURE

TCWF's business is strictly confined by its PPA so it will continue to make its impact of producing affordable renewable energy at least for the remainder of its PPA. The impact TCWF makes outside of its operational impact is also enduring and TCWF is committed to spending 2.1% of revenue on upliftment initiatives for the duration of the PPA.

DIGITAL INFRASTRUCTURE

INVESTMENT CATEGORY

DESCRIPTION

The importance of access to reliable broadband internet cannot be overstated. In today's world, a sustainable and inclusive community requires internet access. What was previously a luxury has become near to a necessity, especially in order to reduce inequalities and eliminate poverty.

Gaia is helping to catalyse the development cycle by investing into secondary and brownfields broadband fibre networks and the related digital infrastructure to improve high-speed internet access in South Africa with a focus on lower LSM* urban and peri-urban neighbourhoods.

Number of Funds – 2

AUM of category – ZAR 365 million

The impact case for investment in digital infrastructure comes from providing affordable broadband internet access with a focus on lower LSMs. For many South Africans, capped mobile internet is their only form of internet access which tends to be expensive. Rolling out broadband fibre to these individuals can create a deep impact.

KPIs

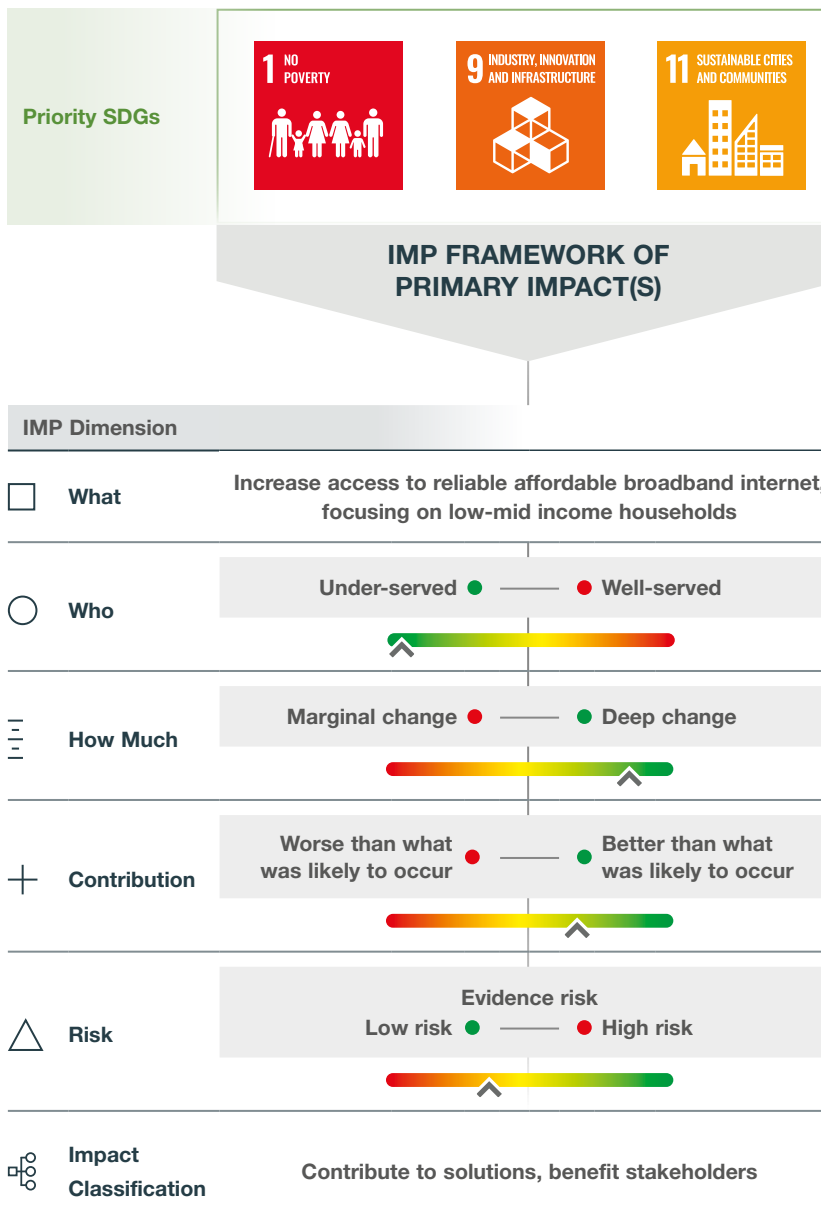
Household fibre internet connections
34 855

LSM Split

Low – **25%**
Low-Mid – **32%**
Mid – **31%**
High – **11%**

2X Challenge alignment

0%
of portfolio companies**



Principal Adverse Impact SDG



Material Impact SDGs



MATERIALITY

SASB Industry:

- Telecommunication
- Services



SASB Material Topics

Environment:

- Energy Management

Social Capital:

- Customer Privacy
- Data Security

Human Capital

Business Model and Innovation:

- Materials Sourcing and Efficiency

Leadership and Governance:

- Competitive Behaviour
- Systemic Risk Management

* ("LSM") Living Standards Measure. ** Meet women employment threshold but no information on a "quality indicator" currently.

CASE STUDY – GAIA FIBONACCI FIBRE REIT

Gaia Fibonacci Fibre REIT (“GFFR”) is a listed entity investing in fibre optic networks with a focus on providing affordable broadband access low to middle LSMs*. Through the partnership with a fibre network developer, GFFR supports and indirectly creates decent work and economic growth by enabling the recycling of capital and allowing the developer to continue building networks, increasing access to the internet.

Fibre infrastructure is more resilient and sustainable than the alternatives: wireless technologies or copper wires. The design of these networks allows them to require approximately half the maintenance of alternative technologies and last up to 20 years and beyond. Made primarily from silicon, the second most abundant element on Earth’s surface, optic fibre is more sustainable than the materials required for alternative technologies which require mining and chemical pollution. This makes fibre internet the most climate-conscious manner of achieving connectivity, reducing the impact that internet connection needs to have on the environment.

GFFR’s fundamental business enables the green transition in communications infrastructure without significant impact on ecosystems or increasing emissions of pollutants. For these reasons, this investment aligns with the principal of Do No Significant Harm (“DNSH”) while also creating positive impact.

In its core business, GFFR aims to create positive impact in the community beyond providing internet access. Our partners aim to hire exclusively from local communities for network construction. GFFR selects locations such as local education centres to partner to house their active equipment. This allows these centres to generate rental income without any cost. GFFR also provides these locations with free, high-speed, reliable internet where applicable.

ESG Alignment  Positive

Total fibre connections added in 2022
26 437

Fibre connections by LSM

Low LSM – **30%**
Low-Mid LSM – **39%**
Mid LSM – **29%**
High LSM – **2%**

2X Challenge

Employment – ✓

> 33%

women in infrastructure

Quality indicator – x

> More research into 2X Challenge’s quality indicator and correspondence with GFFR required

Jobs (indirect)

33

Full time equivalents

Full time

**GHG Scope 2 CO₂e Emissions –
N/A, not significant**



While optimising positive impact is important, the potential risks to the investment’s financial performance as well as the risks of negative impact need to be monitored. Specific sustainability risks that are important to GFFR include social risks to the communities in which the services are being provided. In some cases, it results in GFFR not becoming involved in these communities as GFFR’s view is that some communities are not sustainable and would result in the construction and materials to become wasted.

In terms of the principal adverse impacts of GFFR, the impact on life on land was recognised as a potential negative impact. By its nature, installing fibre infrastructure in communities requires laying fibre in the ground. While these communities are residential and are not the main focus of SDG 15: *Life on Land*, we recognise there is still some degradation of the soil and disruption of ecosystems. To mitigate this risk, we work with our partners in using the least intrusive construction methods that require the least amount of material to be put into the ground.

While Gaia believes the impact of this investment is strongly positive, the nature of the investment is that the REIT uses partners to manage the operations of the networks. This interface risk does potentially lead to evidence risk that there is insufficient quality data to show what impact is taking place. Gaia is aware of this and is implementing measures to minimise this risk. Overall, the total impact of this investment is expected to be remain positive with better quality data.

THE FUTURE

GFFR is expected to grow significantly into the future and we aim to deploy more capital here based on the strong case it makes financially as well as in terms of ESG. To improve the impact, one of the main issues facing the business is the rolling blackouts in South Africa causing downtime on the networks. To continue to address this, GFFR is implementing solar-battery solutions as quickly as possible. GFFR is aiming to have 90% of networks be able to handle four hours without power by the end of 2023.

* (“LSM”) Living Standards Measure.

TRANSPORT INFRASTRUCTURE

INVESTMENT CATEGORY

DESCRIPTION

Transport infrastructure is crucial for the economic development and societal functioning of a country. Supporting this, Gaia has invested in a toll road concession in South Africa which operates and maintains one of the primary transport routes in South Africa. In South Africa, land transport is primarily through road transport as rail transport is currently inefficient for most use-cases.

The road in which Gaia has invested is a critical link for the South African economy and people. The safe operation and maintenance of the roadway is critical. While road maintenance is carbon intensive, it is necessary for a resilient transport infrastructure network. Measures can, however, be taken to use methods that minimise adverse ecological and environmental impact of this maintenance. One such measure is the processing and reuse of old asphalt, reducing waste and requiring less new material.

Number of Investments – 1

AUM of category – ZAR 260 million

Reliable road infrastructure and its maintenance is clearly necessary in South Africa; however, the positive impact of this investment is limited in comparison to Gaia's other investments. The catalytic effect on the development cycle of this type of brownfield investment is far less as opportunities like these are very rare. Nevertheless, Gaia aims to support the economy with this critical infrastructure and support the numerous non-operational initiatives of the project to support employees and the community at large.

KPIs

Length of road maintained

415
km

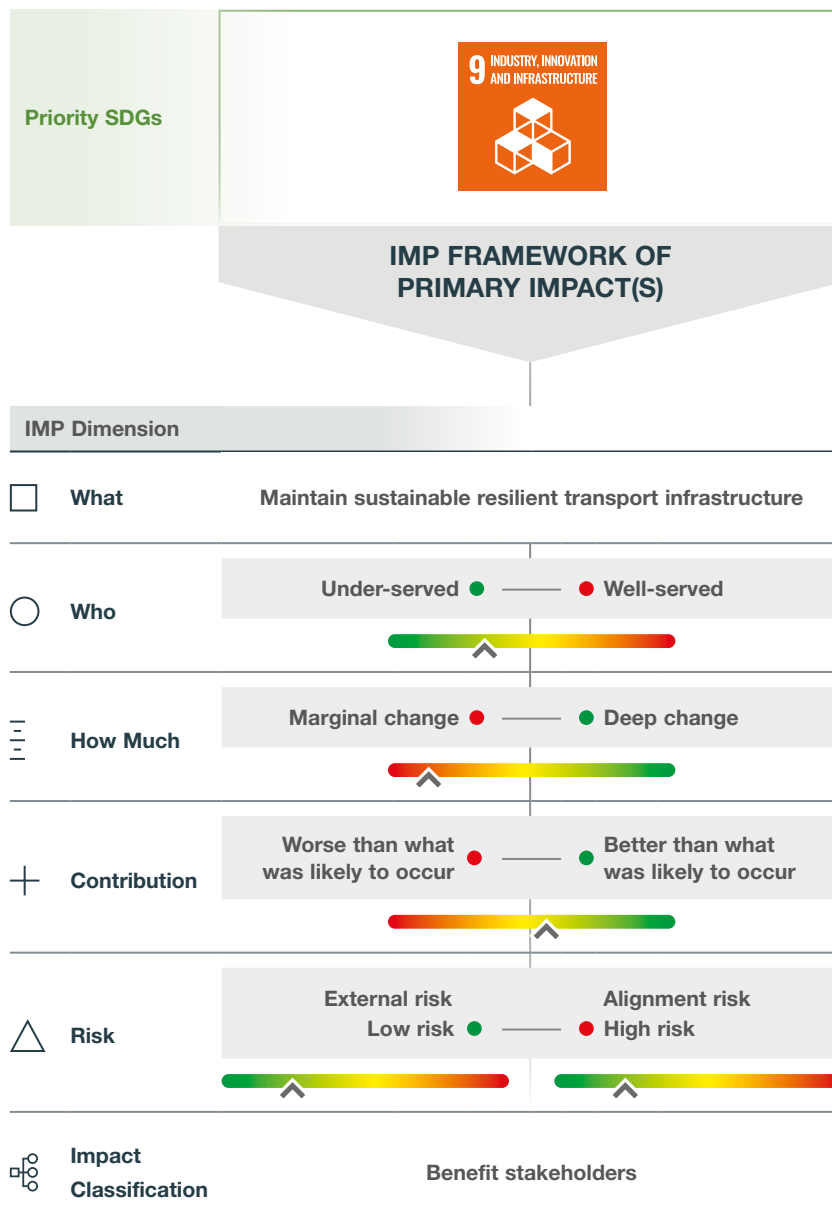
Vehicles

62 591

Average daily traffic

2X Challenge alignment

100%
of portfolio companies



Priority SDGs

Principal Adverse Impact SDGs



Material Impact SDGs



MATERIALITY

SASB Industry:

- Engineering and
- Construction Services



SASB Material Topics

Environment:

- Ecological Impacts

Social Capital:

- Product Quality and Safety

Human Capital:

- Employee Health and Safety

Business Model and Innovation:

- Product Design and Lifecycle
- Management

Leadership and Governance:

- Business Ethics

IMPACT VENTURES

INVESTMENT CATEGORY

DESCRIPTION

Gaia began investing in small impactful businesses in 2018 through its venture capital company. These include businesses that have a positive impact in the sectors in which Gaia has some expertise. Currently these include ventures relating to impacting agriculture, energy, and water.

Out of the four current investments, three were more traditional venture capital, financially aiding start-ups. The final investment was to provide expansion capital to an operating business.

Number of Investments – 4
AUM of category – ZAR 70 million

The positive impact of the ventures differs in area and degree. The Afcann investment helped to build a tissue culture laboratory for cannabis, promoting agri-tech innovation and economic growth. Atom Operations provides technology and services to businesses and households that save water and electricity. Funding provided to DataYield helped establish their green blockchain mining business, supporting technological innovation through green energy. Finally, Oasis Water's expansion allows them to offer potable water sales and refill services, especially in areas without adequate drinking water supply.

GENERAL			IMPACT			MATERIALITY		
Company	Business description	Capital Type	Primary Impact	Primary Impact SDGs	KPI	SASB Most relevant Categories	Impact Relevant SDGs	PAIs
Afcann	Tissue culture nursery for South African agriculture/ cannabis industry	Venture	Promote economic growth, innovation, and development of high-tech industry	 	Plant sales N/A*	<ul style="list-style-type: none"> GHG Emissions Energy Management Water and Wastewater Management Product Quality and Safety 	    	 health impact is unclear
Atom Operations	Energy and water saving technology and services for households	Venture	Help households be more sustainable, saving water and electricity	 	Water and electricity saving for clients 5% saving on electricity usage and water usage on average	<ul style="list-style-type: none"> Energy Management + Water and Wastewater Management Product Design and Lifecycle Management Product Safety and Quality 	   	 potentially supports wealthier more than poorer
DataYield	Green blockchain mining powered by renewable energy	Venture	Support technological innovation through clean energy	 	Percentage of consumption from renewable energy 100%	<ul style="list-style-type: none"> Energy Management Business Model Resilience 	  	 potentially supports wealthier more than poorer
Oasis Water	Potable water bottling and sales in recycled plastic containers	Expansion	Providing affordable drinking water with a focus on areas without access to safe drinking water	 	Water volume sold 242.7 ML Packaging material reused 84%	<ul style="list-style-type: none"> Energy Management Water and Wastewater Management Access and Affordability Product Design and Lifecycle Management Materials Sourcing and Efficiency 	      	  potential plastic pollution

* Investment in last three months, insufficient data to report.

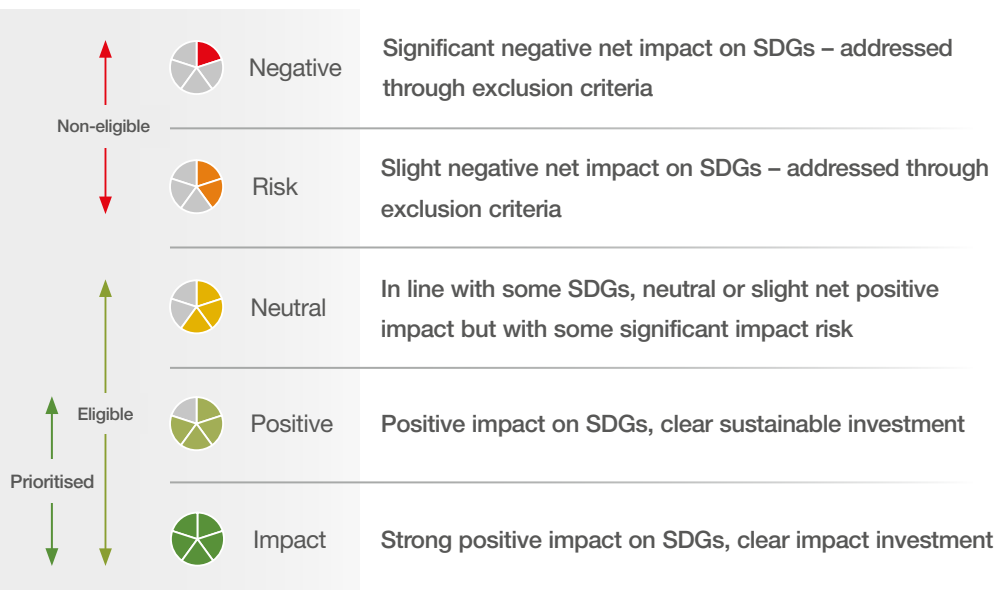
METHODOLOGICAL APPROACH

INTRODUCTION

This page outlines the systematic framework and techniques employed to assess and measure the social, environmental, and financial outcomes of Gaia's investments. This is crucial in providing transparency and rigour to the evaluation process, ensuring stakeholders have a clear understanding of how impact was assessed and quantified. By detailing these methods, data sources, and analytical tools utilised, this section establishes the foundation for the credibility and reliability of the impact assessment. Furthermore, it serves as a roadmap for replicability of similar evaluations in future investments.

ESG ALIGNMENT COMPASS

Gaia uses the UN SDGs with the IMP framework as a measure of assessing its impact objectives. Through the alignment compass, Gaia can express its opinion of each investment and investment category with regards to the degree of impact possible or being achieved based on the understanding of the business or project. The compass is composed of five levels, shown below, from Negative impact to Impact meaning a strong positive Impact ranging based on the strength, width and depth of impact possible or achieved. Gaia will not invest in the Negative or Risk levels and will prioritise the Positive and Impact levels.



MATERIALITY MAPPING – SASB AND SDGs

The method used to identify the material impact topics of investments needs to be unbiased to ensure Gaia does not fail to recognise any adverse impacts or positive impacts. The method used aims to be as rigorous and objective as possible.

The process followed for each investment is detailed below:

- Using the SASB Standard's Materiality Finder, the most relevant SASB Industry was selected for each category.¹ The Relevant Issues for the linked Industry are then identified using the SASB tool.
- The mapping of Relevant Issues to the material SDGs was performed using Betti et al. (2018) study on the alignment between the SASB Materiality and the SDGs.²
- Due to slight misalignment between SASB Industries and actual portfolio company or investment category, clearly irrelevant Material Topics and SDGs were excluded, and clearly applicable Material Topics and SDGs were added. These adjustments are limited and based on knowledge of underlying portfolio company, industry, and investment category.
- The results is a set of SDGs that are relevant in the investment category and against which each investment is assessed.

PRINCIPAL ADVERSE IMPACTS (“PAIS”)

Identifying the PAIs of an investment ensures there is a more balanced view of portfolio companies and projects. Moreover, this provides a starting point from which improvements and risk reduction processes can be implemented to reduce this negative impact. The PAIs are based on the material SDGs identified in the materiality mapping above where any SDGs in which the investments could have a significant adverse impact were noted. Any other relevant potential adverse impact SDGs, based on SDG targets and indicators and understand of the investments, were then also included.³

IMP FRAMEWORK IMPACT BREAKDOWN

Gaia used Impact Frontier's Impact Management Project (“IMP”) framework to break down the impact of each investment category.⁴ The IMP breaks impact down into five dimension to detail the impact, the stakeholders, the degree of change, the depth, and the risks to achieving the desired impact. Gaia used the IMP template to assess the various impacts which are summarised in this report.

¹ Link: <https://sasb.org/standards/materiality-finder/find/>.

² Betti, Gianni and Consolandi, Costanza and Eccles, Robert. (2018). *The Relationship between Investor Materiality and the Sustainable Development Goals: A Methodological Framework. Sustainability. 10. 10.3390/su10072248.*

³ Link: <https://sdgs.un.org/goals>.

⁴ Link: <https://impactfrontiers.org/norms/>.

METHODOLOGICAL APPROACH CONTINUED

2X CHALLENGE

Forming part of the DEI, one of four priority ESG topics of Gaia, Gaia supports empowering women in our portfolio companies. This impact was measured against the 2X Challenge of 2X Global.⁵ The criteria of the 2X Challenge details what is required at the portfolio company level and at the fund level to claim compliance.⁶

At the portfolio company level, Gaia assessed alignment based on the Employment criteria. This includes the share of women in the workforce criteria, depending on the industry, as well as a quality indicator.

Women in the workforce categorisation was as follows:

- “Infrastructure and Power” sector for all infrastructure investments (30% employment requirement).
- “Agribusiness and Food” sector for all agri-related investments (40% employment requirement).

The impact ventures are all newly acquired or have a single employee and for that reason were not assessed at this stage. The 2X Challenge reporting on these investments will begin in 2023.

Regarding the quality indicator: in instances where there was no clear quality indicator or it was not available at the time of publication, the investments were designated as not aligned to the Challenge.

The alignment to 2X Challenge criteria of Gaia’s funds according to 5B of the Challenge was a simple average of the number of compliant investments divided by the total investments within the fund.

HOUSEHOLD ENERGY CONSUMPTION

Used for the calculation of household equivalents powered the average annual South African household electricity usage used was 2 614 kWh.⁹

GHG SCOPE 2 EMISSIONS

The scope 2 emissions assessment of portfolio companies included the fuel and electricity used by each investee. The GHG emissions assessment of certain investments was measured using the tonnes of CO₂ equivalent metric, tCO₂e. This is a standard unit for measuring all greenhouse gas emissions.

The GHG emissions equivalent of one GWh of electricity purchased was obtained from the South African power utility’s, Eskom, Carbon Footprint Report 2021.⁷ The constant used was 1 058.2478 tCO₂e/GWh consumed. The carbon equivalent intensity constants used per volume of diesel and petrol fuel used were 2.606 kgCO₂e/L and 2.305 kgCO₂e/L, respectively.⁸

JOB CREATION

Job creation is an important impact in the context of the unemployment levels in South Africa. The measurement thereof is therefore to make transparent. Gaia categorised direct jobs as within the portfolio company or employed by a parent company of the investee. Indirect jobs, conversely, were outsourced jobs but were fully committed to the portfolio company in the reporting period. In terms of measuring like with like, Gaia used full time equivalent (“FTE”) jobs for which the calculation is shown below.

$$\text{FULL TIME EQUIVALENT} = \text{FULL TIME JOBS} + \text{PART-TIME JOBS} * 0.5 + \text{SEASONAL JOBS} * 0.5$$



⁵ Link: <https://www.2xchallenge.org>.

⁶ Link: <https://www.2xchallenge.org/s/2X-Challenge-Criteria-Final-June-2021.pdf>.

⁷ Link: <https://www.eskom.co.za/wp-content/uploads/2022/09/2021-Carbon-Footprint-Report.pdf>.

⁸ Link: <https://carbonfootprinting.org/wp-content/uploads/2022/02/4-Fuel.pdf>.

⁹ Link: <https://shrinkthatfootprint.com/average-household-electricity-consumption/>.

METHODOLOGICAL APPROACH CONTINUED

RECYCLABILITY SCORE

The materials used by a business are a potential risk depending on the materials used. Gaia wants to support its investees use more sustainable materials by creating a percentage score that captures the recyclability. This includes two equal-weighted components: using materials that are recycled and using materials that are recyclable. The calculation of the score, given below, was performed on a mass basis and scored on a scale from 0% to 100%, with 100% meaning all the materials used were recycled and were recyclable in the hands of the consumer.

RECYCLABILITY SCORE % =

$0.5 * \text{MATERIALS USED ARE RECYCLABLE \%} + 0.5 * \text{RECYCLED MATERIALS USED \%}$

VOLUMES EFFICIENCY

Food scarcity is a global issue so reducing food waste is crucial. In secondary agriculture, it is important to have processes that are efficient and do not damage edible products such that they can no longer be sold. To measure this and ensure the entire supply chain has a focus on quality, a metric used was the volumes efficiency. This is calculated as the mass percentage of inputs that were put out as sellable product. This calculation was performed per product line and averaged for each company and for the investment category.

GENERAL REPORTING AND METRICS

IRIS+ metrics were used where available but other metrics that were deemed necessary to capture the business's impact were included and are described on this page.

Portfolio companies acquired in the final three months of 2022 or with less than three months of operating history were excluded from calculations and statistics. If data was missing or clearly wrong and could not be corrected before the publication of this report, the data point was omitted from the statistic. Data from investees was linearly annualised if data was provided on a different time scale. When aggregating data from multiple portfolio companies, the final statistic was calculated per portfolio company and then a simple average or sum was taken. In the case of percentages, a denominator weighted average was used.

AUM of investment category means the total assets under management of investments as at 31 December 2022 whose primary business is within the relevant investment category. Gaia invests in alternative assets with many investments not having an actively traded price. For this reason, the nearest valuation dates were used and rolled at the investment IRR to the year-end date.



INVESTEE QUESTIONNAIRE

INTRODUCTION

Gaia is a long-term investor and aims to drive positive change in the investment landscape through financial additionality and manager additionality. The additionality Gaia brings as a manager is through its investee engagement and stewardship. One of the tools we use in engaging our investees is our ESG and impact questionnaire.

PURPOSE

As stated above, the primary purpose of our investee questionnaire is to engage our investees, to monitor management's focus and alignment in views on sustainability, impact, and our priority ESG topics. Furthermore, surveying investee management allows us to gain insight into their strategy going forward and how ESG is integrated into that plan where possible.

This formalised data collection allows Gaia to perform a gap analysis and assess where Gaia can aid portfolio companies beyond traditional operational and financial assistance.

The second purpose of the investee questionnaire is to standardise the data collection on ESG and impact-related topics including questions specific to the portfolio company or industry. This ensures there is consistency and transparency in how Gaia obtains our investee data in a way that is replicable and comparable. This data is then used for reporting on the portfolio companies and Gaia's impact.

STRUCTURE

The questionnaire presented to investees begins by introducing the investees to Gaia's current positioning and views on impact and ESG and where Gaia is focusing on creating positive impact.

The first set of questions check the policies that investees have implemented and their priorities with regards to broad ESG topics such as sustainability as well as their alignment with Gaia's priorities: DEI, good governance, climate action, and net zero commitments.

The ability of a portfolio company to create impact on the same topics that Gaia prioritises is, to some degree, dependent on the business. However, Gaia does aim to engage the investees on these topics and maximise the positive impact on those priorities as well as the natural impact potential of the investee.

The remainder of the questions are more specific. First are questions related to environmental impact, on water and energy usage, awareness, and savings as well as carbon footprint. Following those, questions on social impact, specifically job creation and employee remuneration as well as SED, community upliftment, and employee benefits. Next, we assess governance practices including director composition, diversity, and risk management. Finally, specific questions are asked to each company based on investment category and KPIs relevant to the investee.

RESULTS

The results of the questionnaire are summarised in this report annually. This is being revised and will be a quarterly survey of investees in the next 12 months. The full set of questionnaire results can be made available on request.



APPENDIX A: UN SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

Core and fundamental impact SDGs of the Gaia Group

<p>2 ZERO HUNGER</p> 	<p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p>	<p>5 GENDER EQUALITY</p> 	<p>Achieve gender equality and empower all women and girls.</p>	<p>6 CLEAN WATER AND SANITATION</p> 	<p>Ensure availability and sustainable management of water and sanitation for all.</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Ensure sustainable consumption and production patterns.</p>	<p>13 CLIMATE ACTION</p> 	<p>Take urgent action to combat climate change and its impacts.</p>

Elective impact SDGs of the Gaia Group

<p>1 NO POVERTY</p> 	<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>4 QUALITY EDUCATION</p> 	<p>10 REDUCED INEQUALITIES</p> 	<p>14 LIFE BELOW WATER</p> 	<p>15 LIFE ON LAND</p> 	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 
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APPENDIX B: LIST OF ABBREVIATIONS

AUM	Assets Under Management	ISP	Internet Service Provider
C&I	Commercial & Industrial	KfW	A German state-owned investment and development bank
CSI	Corporate Social Investment	LSM	Living Standard Measure
CSR	Corporate Social Responsibility	OECD	Organisation for Economic Cooperation and Development
DEI	Diversity Equity and Inclusion	OFOS	Omnia Fertigation Optimisation System
DNSH	Do No Significant Harm	P50	Expected outcome, 50% probability of exceeding this value
ED	Economic Development	PAIS	The Principal Adverse Impact, the potential negative impacts are similar to the SFDR PASIs (Principal Adverse Sustainability Impacts)
EDFI	European Development Finance Institutions	PPA	Power Purchase Agreement
EIA	Environmental Impact Assessment	PPP	Public-Private Partnership
ESG	Environmental, Social, and Governance	PRI	Principles for Responsible Investment
EU Taxonomy	A classification system clarifying which investments are environmentally sustainable	REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
FTE	Full Time Equivalents	REIT	Real Estate Investment Trust
GHGs	Greenhouse Gases	RKO	RK Oosthuizen
GIIN	Global Impact Investing Network	SASB	Sustainability Accounting Standards Board
Global GAP	Global Good Agricultural Practice	SDGs	Sustainable Development Goals
IFC	International Finance Corporation	SED	Socio-Economic Development
IMP	Impact Management Project	SFDR	Sustainable Finance Disclosure Regulation
IRIS+	Created by the GIIN, a system for impact investors to measure, manage, and optimise their impact	UN	United Nations
		ZAR	South African Rands



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