

THE
ABRAAJ
GROUP

A DRIVER OF VALUE / SUSTAINABILITY REPORT 2014/15

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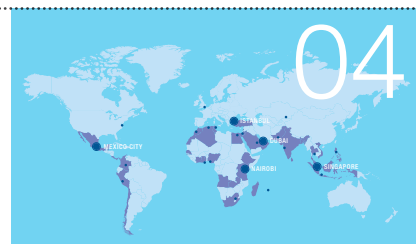
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ABOUT THE ABRAAJ GROUP

The Abraaj Group ('Abraaj' or the 'Group') is a global institution with deep local reach and extensive operating capabilities investing in select markets across Africa, Asia, Latin America, the Middle East and Turkey for more than a decade.

c. \$9bn

AuM¹

c. \$5.1bn

realized²

140+

investments²

70+

full and partial exits²

Our local presence in over 25 offices across five regional hubs gives us unmatched expertise, proprietary transactional access and the ability to grow partner businesses across borders.

Our Strategy

Abraaj focuses on global growth markets characterized by consumption-driven economies, pro-business institutions, rapid urbanization, favorable demographics, and growing middle classes. In these markets, Abraaj makes growth capital private equity investments in mid-market companies in a wide range of consumer-facing sectors including consumer discretionary, consumer staples, education, financial services, and healthcare. Abraaj also invests in energy infrastructure and real estate for which there is growing demand.

Sustainable Value Creation

The Group has a dedicated team of operating professionals in our Abraaj Performance Acceleration Group who work hand-in-hand with our investment teams to actively drive value creation in partner companies, helping them institutionalize and

grow. Furthermore, integrating environmental, social and governance (ESG) decisions into our investment management process and our partner companies have helped to manage risks and enhance their underlying value. Approximately 87% of Abraaj's returns have come from the underlying business growth of its partner companies³.

Stakeholder Engagement

We are committed to engaging with external stakeholders to help us achieve the highest environmental, social and corporate governance standards. We are a signatory to the UN-backed Principles for Responsible

Investment and the United Nations Global Compact, and work with a range of external advisors, thought leadership platforms and community partners. Through our social investing program, we support organizations focused on art and innovation, entrepreneurship, and developing next generation leaders, aiming to have a deep-rooted and sustainable impact in the economies and communities where we operate.

Leadership Commitment

The management group of Abraaj are responsible for our sustainability performance. In addition, our Partners and the senior executive team are encouraged to play active leadership roles in engaging with our external stakeholders. Abraaj's Founder and Group Chief Executive, Arif Naqvi, was invited to join the Board of the United Nations Global Compact by UN Secretary General Ban Ki-moon in 2012 and to the Interpol Foundation Board in 2014. In 2013, he was awarded the Oslo Business for Peace Award, one of the highest forms of recognition given to global business leaders for fostering peace and stability.

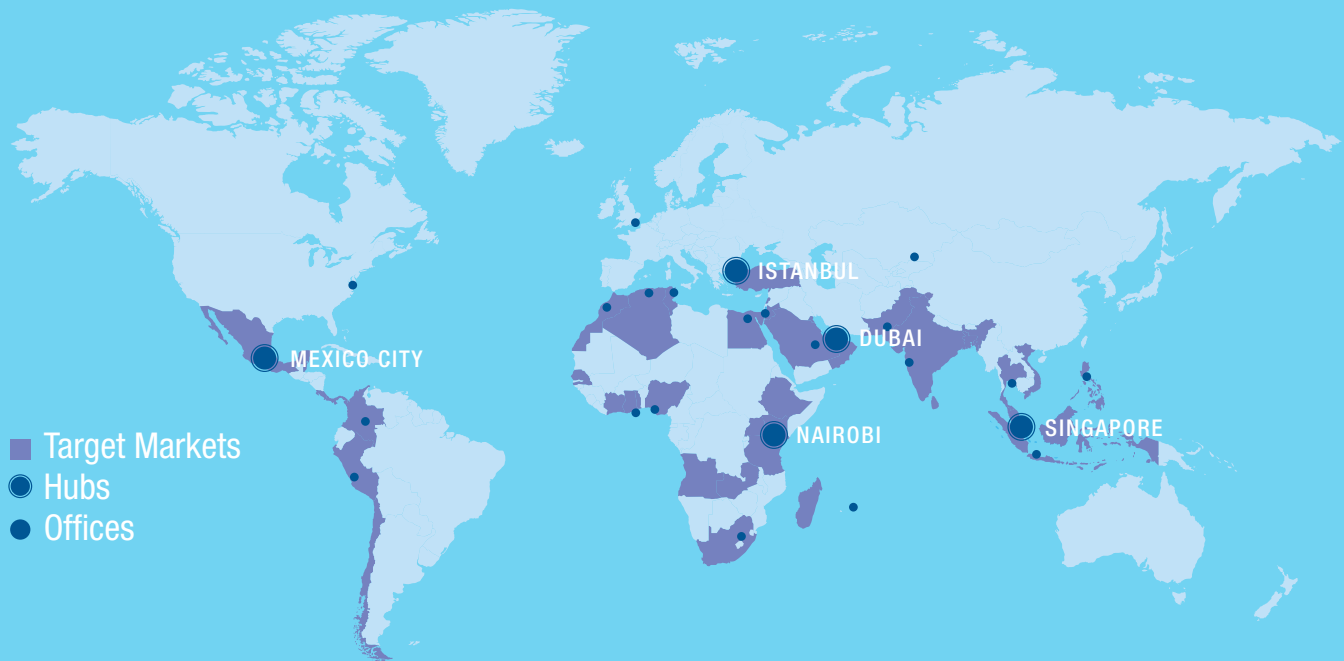
c. 87%
returns generated
from business
growth³

4 ¹ Assets under Management (AuM) as of 31 December 2014 based on NAV of private equity funds; real estate funds; undrawn capital; and NAV of co-investments and other investments managed by The Abraaj Group.

² Information presented here is as of 31 December 2014 for Core Funds, Co-Investments and Arranged Investments. Please refer to performance notes on page 49.

³ Information presented here is as of 30 June 2014 for fully realized investments for Core Funds.

1 Firm | 5 Regions | 25 Offices | 300+ Employees



Africa

US\$ 2,716mn deployed
9 sectors
80 partner companies (ParCo)
67,193 ParCo employees
8 offices: Kenya (hub),
Ghana, Nigeria, South Africa, Egypt,
Morocco, Algeria, Tunisia,
Mauritius

Middle East

US\$ 1,314mn deployed
6 sectors
17 partner companies
10,170 ParCo employees
3 offices: Dubai (hub), Palestine,
Saudi Arabia

Asia

US\$ 1,008mn deployed
9 sectors
45 partner companies
26,916 ParCo employees
6 offices: Singapore (hub), Indonesia,
Philippines, Thailand, India, Pakistan

Latin America

US\$ 149mn deployed
6 sectors
13 partner companies
7,269 ParCo employees
3 offices: Mexico (hub), Colombia,
Peru

Turkey and Central Asia

US\$ 959mn deployed
4 sectors
6 partner companies
2,401 ParCo employees
2 offices: Turkey (hub),
Kazakhstan

Note: Unless otherwise stated, information presented here is as of 15 June 2015. All data is for Core Funds and Early J-Curve Funds. Employees referred here only include those employed by Abraaj's partner companies as of 31 December 2014.

MESSAGE FROM THE FOUNDER AND GROUP CHIEF EXECUTIVE ARIF NAQVI

The Abraaj Group was established based on a strong belief in the unparalleled opportunity in growth markets and the strong fundamentals that underpinned it. More than a decade later, this belief has been borne out as we have seen tens of millions of people join the middle class, watch an urbanization story unfold where cities in our markets are growing four times faster than those in developed markets, and engage with a young and aspirational population that seek everything from consumer products to healthcare, education, and quality infrastructure.

While we as the private sector invest in the tremendous opportunity this presents, we believe it is imperative not to lose sight of the gaps that remain. For the fundamental fact remains that society continues to face enormous challenges in terms of infrastructure, sustainable growth, employment, and human development outcomes. Business cannot abdicate its responsibility in working for a more just, equitable and prosperous society for a simple practical reason in addition to the many ethical arguments we could make: it is a pre-requisite to a sustainable, vibrant, market-oriented private sector.

This philosophy has guided our thinking since inception as we see our role as going beyond only delivering strong risk-adjusted returns to our investors. Rather, we have consciously and deliberately worked towards pioneering a private equity model where, although shareholder

and investor returns are the primary goal, the ability to create long-term, sustainable and systemic change in the economic and social landscape of our markets is a critical benchmark as well. In fact, our view is that delivering this type of impact will enhance our financial returns – both because of how it informs the sectors we invest into and the type of companies we back.

Trust is today the cornerstone of any business. And trust needs to be maintained at multiple levels and with multiple stakeholders: from regulators to investors to civil society and finally to consumers. Today, consumers' purchasing decisions in a supermarket are increasingly being determined, among other things, by the social and ethical value of the products they purchase and the manufacturers' role in making a positive impact in the community. This is why in its simplest form, sustainability for a business is not a nice to do but rather a 'have-to-do'.

At Abraaj, we see this as an opportunity, a growth driver and at the core of value creation. It is why we have embraced sustainability in its most holistic sense and integrated environmental, social and governance considerations into our investment process from the time of due diligence to operational management and through to exit, leaving a legacy imprint on all the companies that we have invested in.

Our **2014/2015 Sustainability Report** shares this thinking with

you. It highlights our approach to sustainability but, more importantly, demonstrates how sustainability works in action across our partner companies. It illustrates how our relentless focus on instilling good corporate governance in our partner companies enabled a leading Egyptian diagnostics business to successfully list on the London Stock Exchange in an initial public offering that was more than 11 times oversubscribed; it validates the strong health and safety practices that our Indonesian partner company, ODG, developed among its staff which saw it achieve more than 3 million accident free work hours; and it reinforces how a rise in female employment across our partner companies strengthened the diversity and working culture of those businesses.

We live and work in a constantly evolving environment and one that is increasingly shaped by collaboration and partnership. Successful engagement with our stakeholders across multiple geographies, sectors and interests will be critical in ensuring that society and business flourish in parallel. It is the reason we have developed longstanding partnerships around entrepreneurship, youth, art and innovation and helped foster entrepreneurial eco-systems across our markets.

We have likewise sought to build valuable partnerships with our industry peers to promote the relevance and importance of responsible investing. We are active members of the United Nations

Global Compact, the UN-backed Principles for Responsible Investment and the Global Impact Investing Network where we, along with our peers, have encouraged the adoption of greater transparency around ESG and promoted the role of the private sector in achieving long-term sustainable solutions that our planet and communities need. In this vein, I would like to draw attention to the 10 principles of the United Nations Global Compact and Abraaj's progress in achieving them in our business. Further details on our support of the UNGC principles can be found at the end of this report.

More than 40 years ago, one of the leading thinkers and economists of his time proclaimed that the one and only social responsibility of business was to increase profits for itself and its shareholders. Things have moved on since then and as investors, partners and agents of change, it is clear to me that business's role in society has to be one that requires us to invest responsibly, to act collaboratively, and to align our long-term success with the interests of the communities, shareholders and stakeholders we serve.

We would like to thank our investors, partner companies, employees, external advisors and our thought leadership and community partners who have contributed to our efforts in sustainability and stakeholder engagement. We look forward to your ongoing support in this journey.



As investors, partners and agents of change, we are committed to investing responsibly, acting collaboratively, and aligning our long-term success with the interests of the communities, shareholders and stakeholders we serve.

Arif Naqvi



2014 SUSTAINABILITY AND INVESTMENT HIGHLIGHTS FROM AROUND THE GROUP, AROUND THE WORLD

Abraaj Partner Companies

PROMOTING JOB CREATION



113,949

Total Number of Employees



20,466

Total Number of Female Employees



4,639

Number of New Jobs Created



1,682

Number of New Jobs Filled by Women

SUPPORTING PRIVATE SECTOR DEVELOPMENT



c.\$5.9million

Annual Expenditure on Training (US\$)

\$418.5million

Taxes Paid (US\$)

c.\$11billion

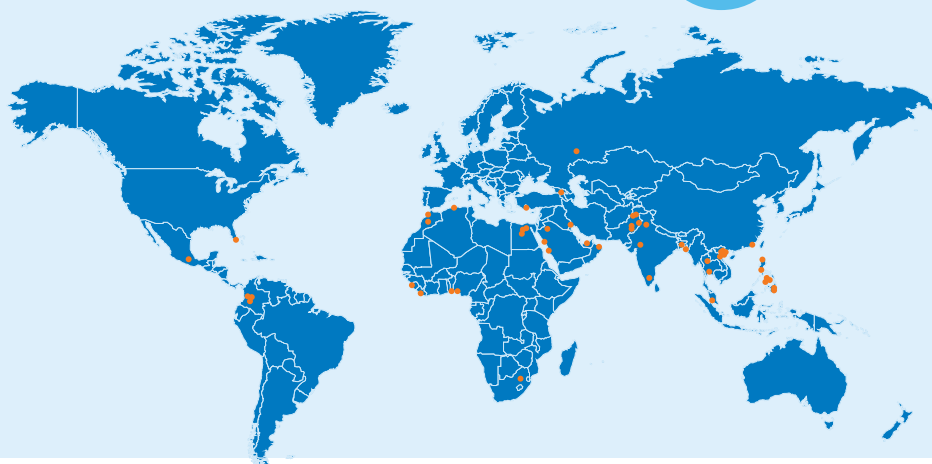
Revenue (US\$)

DEVELOPING LOCAL ECONOMIES AND COMMUNITIES



52

Number of New Cities Reached



AWARDS AND RECOGNITION

**Astrid y Gaston**

Astrid y Gaston, part of the Acurio Restaurantes Group, is ranked 14th in the World's 50 Best Restaurant Awards

K Electric

K Electric won the FT/IFC Transformational Business Award for the category of Achievement in Project Finance – Energy

ODG

ODG won the East Kalimantan Government Award for achieving 3.99 million hours of zero accident from July 1999 to December 2014.



The Abraaj Group Recent Activity



⁴ Information presented here is from 1 July 2014 to 15 June 2015 for Core Funds and Early J-Curve Funds.



HEALTH RETURNS SAFETY PROFIT POSITIVE
DIGNITY ESG PARTNERSHIP HUMANITY
INVESTMENT BUSINESS STRATEGY CHANGE
SERVICE ETHICS



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The Role of Business
in Society: A Conversation
with Jane Nelson and
Frederic Sicre

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Jane Nelson



Jane Nelson is Director of the Corporate Social Responsibility Initiative at the Kennedy School of Government, Harvard University, and a non-resident senior fellow at the Brookings Institution.

Ms. Nelson currently serves on the boards of Newmont, FSG and the Niger Delta Partnership Initiative and on Advisory Councils for the IFC, ExxonMobil, GE, Abbott, Bank of America, Merck Vaccines, Initiative for Global Development, Center for Global Development, and the Rockefeller Foundation's Bellagio Center.

Ms. Nelson has co-authored five books, more than 80 reports and articles on corporate responsibility and sustainability, and five of the World Economic Forum's Global Corporate Citizenship reports.

Frederic Sicre



Frederic Sicre has over 20 years of experience in engaging the private sector on global issues, regional development agendas, and community building. He is a Managing Director at The Abraaj Group and leads global stakeholder engagement, working with leaders from all fields, including governments, private sector, media and culture.

Prior to joining the Group, Mr. Sicre spent 16 years as Managing Director and Member of the Executive Board at the World Economic Forum.

Mr. Sicre is the Chairman of the Mustaqbali Foundation and is on the board of Dubai Cares, Education for Employment and Junior Achievement's MENA Board. He is also a member of the United Nations Global Compact Business for Peace Steering Committee.

In conversation
Abraaj Board Member
Jane Nelson and Managing Director
Frederic Sicre explain why sustainability
principles must be put into practice



In two decades, sustainability in business has moved from being a “nice to have” to being integral to success. More than at any other time in the history of private enterprise, embedding ESG practices into core operations is crucial to businesses - because it is the competitive thing to do, not only because it is the responsible thing to do.

Some might still see the business of business as maximizing profit for shareholders alone. But while ignoring sustainability and other stakeholders might not undermine short-term performance, it will almost certainly weaken long-term resilience and lessen the likelihood of sustained business success.

1. Why does sustainability matter in business?

Jane Nelson: Embedding sustainability principles into business strategies and operations enhances the rigor and quality of management, strengthens and diversifies market intelligence, and improves business planning and execution. It has become essential for successfully identifying and managing both risks and opportunities.

Combined with sound metrics, incentives, and independent evaluation, sustainability can also be vital to building credibility and accountability with stakeholders.

Trust is the foundation on which sustained competitive advantage and business success are built. By implementing sustainable business practices, companies can help to build

public trust in private enterprise.

2. How have attitudes towards sustainability changed among investors?

Frederic Sicre: There is a transformational shift happening today among the allocators of capital. Investors are increasingly looking to collaborate with General Partners that have strong ethical and sustainability practices within their investment processes and management.

JN: There is growing understanding among the investment community that ESG issues present material risks as well as strategic opportunities for their investments.

This includes, but is no longer restricted to, “socially responsible” investment and negative screening strategies. It is becoming a more

SUSTAINABILITY AS A BUSINESS PRINCIPLE

◀ important part of the broader risk-management and value-creation theses of most major institutional investors.

3. How is new talent in the industry driving this change?

FS: Being responsible investors is no longer optional for the private equity industry – especially as a Millennial generation takes on positions of influence in terms of investment decisions and communicates via non-traditional channels.

The next generation is calling for a better world. By making the right investment decisions, the private equity industry can have an enormous impact through the development of hard and soft infrastructure, the prevention of corruption through strong governance, the creation of jobs, and the strengthening of non-governmental organizations through partnerships that are founded on volunteering, strategic guidance, and philanthropy.

JN: In an increasingly competitive environment, private equity firms need to be able to attract and retain the best global talent, especially among the Millennial generation.

Demonstrating a commitment to sustainability and a strong values-based culture, alongside opportunities for personal growth, development, and financial success, is increasingly important for recruiting and managing world-class talent. Without such talent, it will not be possible for private equity firms to create value for their investors.



4. How can sustainability be integrated effectively into the investment process?

JN: The implementation of effective sustainability policies, standards, targets, and metrics can help to protect existing value, create new value, and demonstrate leadership.

Take the investment cycle. Robust ESG strategies, tools, and accountability help to improve the rigor and quality of deal identification, screening, due diligence, legal documentation and disbursement, and the important process of post-acquisition value acceleration and governance. They can also help to enhance the quality and value of exits, and overall to increase returns to investors and keep loss ratios low.

FS: And at Abraaj we haven't just

integrated sustainability into our business. We have been measuring it for many years through our bespoke Abraaj Sustainability Index, which integrates over 70 indicators that are each aligned to creating sustainable businesses.

It is important to highlight that financial performance is one of those metrics, but equally we can measure many other aspects, such as environmental impact, labor standards, and the role of diversity in our partner companies. By doing this, we can see where value is created, and how value can be enhanced across the investment spectrum.

5. Why should private equity firms operate by a set of values?

FS: Being a responsible investor cannot come only from rules,



Abraaj's commitment to sustainability and responsible investing plays an important part in attracting world-class young talent



Being a responsible investor cannot come only from rules, regulations, and procedure manuals. Responsibility comes from your DNA: it emanates from your values

regulations, and procedure manuals. Responsibility comes from your DNA: it emanates from your values.

JN: Values matter. They determine the behavior and attitudes of individuals, the integrity and respect with which they interact with others, and the collective culture and norms of people, including businesses.

Beyond serving as the basis to “do no harm,” ethical values help to drive a sense of shared purpose, mutual respect, and effective collaboration within a company. They enable us to be the best we can be – both individually and collectively.

6. And how can businesses ensure that their core values are put into practice?

JN: Values have to be lived and demonstrated day in and day out. All of the top-level policies and standards in the world won't lead to a positive corporate culture if operational incentives and behaviors are inconsistent with them.

Leadership and role models at all levels of a firm are absolutely essential to instilling good values. Leaders who “walk the talk” on values, and who demand that their teams do the same, inspire integrity and mutual accountability, which underpin a positive corporate culture, trusted relationships with stakeholders, and sustained success. At the end of the day, good values are fundamentally synonymous with good business.





HEALTH RETURNS SAFETY PROFIT POSITIVE
DIGNITY ESG PARTNERSHIP HUMANITY
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SUSTAINABILITY AT
THE ABRAAJ GROUP

Our approach to sustainability has always been governed by a simple principle - the integration of environmental, social, and governance considerations into our investment management process. It is simply the right thing to do.

Our Approach to Sustainability

Based on over ten years of experience across our 140 investments, we recognize that effectively addressing issues of sustainability will both protect value and enhance long-term returns for our shareholders, investors, partner companies and other stakeholders.

Against this backdrop, we are of the view that unlocking the value of businesses in growth markets will play a central role in promoting development across the entrepreneurial ecosystem. For more than a decade now, the Group has made this belief one of the cornerstones of its investment strategy. We recognize that resilient, long-term financial value – which is what we, along with our investors and partner company management, seek to achieve – can be attained not only through good governance, effective corporate strategies and strong business performance but also through reduced environmental impact, positive social change and inclusive business models that are adaptive to the operating context around them.

Our approach to sustainability is aimed at improving investment results, building for the long-term, strengthening stakeholder engagement and enhancing measurement and transparency.

Improving Investment Results

We have developed a set of guiding Business Principles, policies and management processes to ensure that environmental, social and governance (ESG) criteria are considered at each stage of our investment cycle. We believe this improves our ability to identify and manage risks and to work with our partner companies to enhance their performance and create value. The Group's guiding Business Principles also provide a clear statement of our shared values and a framework for responsible business practices that all our employees are required to adhere to.

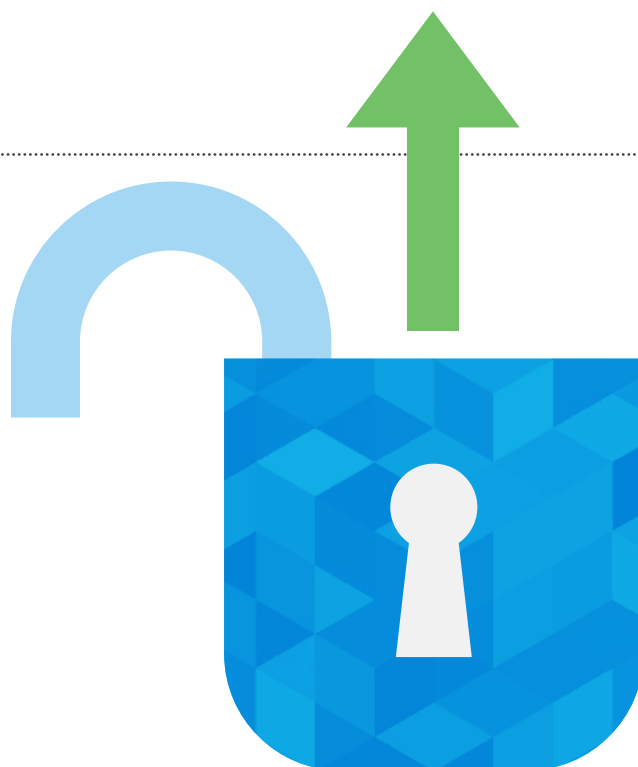
As detailed in the next chapter of the report, our internal policies and processes are aligned with relevant international standards. Ongoing assessments and training are undertaken to ensure that our investment teams and operating

professionals have the necessary capabilities to integrate ESG criteria into deal identification, screening, due diligence, post acquisition value acceleration and governance, and exit. The management group of Abraaj are responsible for our sustainability performance.

Building for the Long-Term

As private equity investors making growth capital investments in mid-size businesses, we are ideally placed to drive the integration of sustainability into our partner companies. We invest in well-managed businesses where we have the clear ability and mandate to influence corporate governance and drive the growth agenda. One of the critical elements of that growth agenda is a shared focus on value creation, which commences at the time of pre-investment and continues through to the time of exit.

Due to the nature of the private equity asset class, we are able to take a long-term view and focus on tangible improvements spread over a number of years - as opposed to quarters - thereby ensuring that we are considered and focused on the



Unlocking the value of businesses in growth markets will play a central role in promoting development across the entrepreneurial ecosystem

value that we bring to our partner companies.

We believe that the private equity model, which is focused on preserving and building value, is therefore well aligned with the integration of ESG practices into partner companies. As such, we view our approach to sustainability as one of the key levers of value creation because it communicates to our investors, partner companies, employees, management, and stakeholder community that we are as committed to achieving a strong impact as we are to delivering high economic returns.

Strengthening Stakeholder Engagement

Since inception, we have always considered it vital to learn from external perspectives and be a part of the broader ecosystem in which we operate. Simply put, that has meant engaging with industry peers and stakeholders to enhance our own performance and to advance the causes that we jointly believe are critical to the maturation of the private equity industry in growth markets.

A key element of this engagement has been to work in collaboration with a wide range of industry partners, external advisors, bilateral and multilateral institutions, governments, academics, and thought leaders to further promote the relevance of sustainability in business and investment, and in the private equity sector more specifically.

This engagement started as early as 2009 when we were one of the first private equity firms in growth markets to join the UN-backed Principles for Responsible Investment (PRI). Since then, we have worked closely with the PRI around the core issue of integrating ESG considerations into our investment process and are active members of the PRI Private Equity Committee.

Our engagement with the industry has been further strengthened through our membership and participation in forums such as the Global Impact Investing Network's Investors' Council; the United Nations Global Compact and the Interpol Foundation,

where our Founder and Group Chief Executive, Arif Naqvi, is the only representative of the private equity industry; to strategic partnerships like the World Economic Forum, where our colleagues are represented on Global Agenda Councils focusing on sustainable development, the future of the healthcare sector, and the rise of new growth models.

In 2013 and 2014, we also benefited from engagement with an external Sustainability Council, composed of experts in a range of social, environmental and development issues. The Council members, who included Jane Nelson, Jose Maria Figueres, Helene Gayle, Professor Ian Goldin, Dr. Nathalie von Siemens, Dr. Joseph B. Wanjui, Wahid Hamid and Frederic Sicre, encouraged us to establish a more comprehensive sustainability strategy for the Group. The members provided valuable input to our work on updating the Abraaj Sustainability Index and other management tools, and gave guidance on a range of Group-wide issues from gender diversity to stakeholder engagement.

SUSTAINABILITY AT THE ABRAAJ GROUP

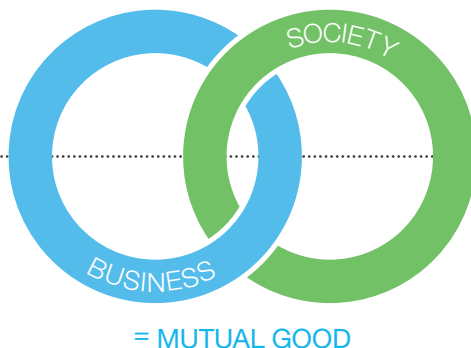
Going forward, we will continue to draw on external expertise in key aspects of sustainability, taking a more targeted approach focused on specific sectors, geographies and challenges. To this end, we have recently established an external Health Impact Committee, which will help us to enhance and monitor the impact of our future health investments focusing on criteria such as accessibility, affordability and quality. Our approach to healthcare is described in a later chapter of the report.

Additionally, we have sought to make our voice heard on the broader need for businesses to play a more active role in society and to be effective agents of change. Through our participation in forums such as the Oslo Business for Peace Roundtable, held in partnership with the United Nations Development Program and the Oslo Business for Peace in 2014 and 2015, we were able to convene the private, public, and non-profit sectors around important themes of responsible investing, the role of sustainability in business, and the need for corporate leadership around sustainability.

Over the course of the past 12 months, our team has participated in more than 15 different speaking engagements and roundtables to highlight the importance of sustainable investing to stakeholders in cities as diverse as New York, Dubai, Oslo, Geneva, Cape Town, Singapore, Los Angeles, Chicago, London, Addis Ababa, Istanbul, and Washington, DC.

Enhancing Measurement and Transparency

Our approach to sustainability is marked by an ongoing commitment to improve our ability to measure performance and enhance transparency. We recognize the



We seek to make our voice heard on the broader need for businesses to play a more active role in society and to be effective agents of change

complexity of measuring sustainability impact and, indeed, it is an issue that others in our industry, including the investor community, have voiced. We sought to address this issue early in 2008 through the development of the Abraaj Sustainability Index, a proprietary development index that was the first of its kind in the industry and seeks to track and capture the sustainability progress of our partner companies.

Through the Abraaj Sustainability Index, we have been able to measure the performance of our partner companies across 79 quantitative and qualitative indicators that focus on segments such as financial performance, socio-economic impact, economic linkages, private sector development and health, safety and environment. The Abraaj Sustainability Index has given us the discipline to manage our engagement with our partner companies; first, by

benchmarking against their previous performance and second, against their sector peers.

This has been a unique approach in our industry where there has typically been a robust practice of rigorous financial valuation but not much by way of measuring sustainability impact. It is an approach that we seek to further enhance and improve, and our work to update the Abraaj Sustainability Index is outlined in a later chapter in the report.

The results of the Abraaj Sustainability Index are important: for example, data that we collected tells us that between 2008 and 2014 our partner companies organically created more than 10,000 jobs, and that the number of female employees over the same period increased by 16%.

The Abraaj Sustainability Index data further revealed that cumulative expenditure on training and workforce development for employees in our partner companies amounted to US\$ 39 million from 2008 to 2014. Not only do such activities create accretive value for the business and its shareholders, but they also create value for the employees, for the community and for the broader economy in which the company operates.

Our focus on sustainability as risk mitigating and value generating has been a guiding framework for the Group since inception. We continue to identify, develop, and measure quantifiable ESG risks and value-added opportunities in each of the companies and sectors we invest in to ensure that we realize the mutual and inextricably linked goals of being commercially successful and sustainable.

Savvy investors demand ESG as an integral part of the investment process - from investment identification, screening, operational management and through to exit.

Integrating ESG into our Investments

Limited Partners and General Partners alike understand the potential of ESG considerations in reducing operational and reputational risk. However, embedding ESG in the investment process goes beyond value protection. At Abraaj, we have always considered ESG to be a value-creation opportunity that ultimately builds stronger, more sustainable, and profitable businesses. ESG is, therefore, a fundamental value driver that is included alongside financial, commercial, and strategic considerations.

For us, this is not a new concept. Our investment professionals are aware that financial returns are merely one part of a bigger value-creation story. This stems from our belief that to create long-term sustainable businesses and a thriving ecosystem, we need to look beyond the short-term. This thinking is particularly relevant in the markets in which we invest and operate.

How We Do It

Creating sustainable value is at the core of our investment philosophy, and ESG considerations are an important element of every partner company's value creation plan. Early in the investment cycle our investment teams, along with our portfolio management arm, the Abraaj Performance Acceleration Group (APAG), actively consider ESG matters in the development of the value creation plan and 100-day plans.

As part of the investment cycle, Abraaj's ESG evaluation framework requires investments to be screened for ESG issues and opportunities at every stage prior to investment. Corrective or improvement action plans are generated to address gaps and add value – with critical matters included in the 100-day plan. The framework is informed by the Group's guiding Business Principles, which leverages the IFC Performance Standards, ILO Core Labor Standards and ILO Basic terms and Conditions of Employment. This is

further supported by the Group's ESG policies which includes compliance with the UN Declaration of Human Rights and the World Bank Group Environmental, Health and Safety Guidelines. This framework enables us to ensure alignment between Abraaj and the management of our partner companies. When this alignment is not possible, our values and the framework enable us to walk away from an investment.

During the due-diligence stage, our investment teams verify if potential partner companies meet national regulations at a minimum. After investment, they work with these businesses to achieve international standards. Where relevant, our investment professionals also encourage the adoption of international certifications such as the ISO 14001 or OHSAS 18001⁵.

For example, as part of the value creation plan, our investment teams in Egypt and Tunisia are currently working with a third party expert

⁵ ISO 14001: An internationally recognized framework for the development of an environmental management system (EMS) to reduce the impact of operations; OHSAS 18001: An internationally applied British standard for occupational health and safety management systems.

SUSTAINABILITY AT THE ABRAAJ GROUP

and four partner companies within our North Africa Hospital Holdings Group to develop and implement a best-in-class environmental and social management system (ESMS). Once implemented, the ESMS will enable our partner companies to manage ESG-related operational risk and regulatory obligations effectively to continually enhance the environmental and social performance of the company.

Post-investment, our rigorous application of ESG deepens through execution of the value creation plan; the reassessment of environmental, social, health and safety, and governance risks; development of new corrective and improvement action plans; tracking of ESG impact; and annual ESG reporting.

To augment our ESG capacity, Abraaj has integrated ESG capabilities into each of the investment teams. The teams are provided with both external and internal ESG and sustainability-related training annually. In the past year, investment teams have received training on governance, risk, and compliance delivered by PwC; a refresher on Abraaj's ESG processes and procedures; and training sessions on ESG strategy and Board Director duties delivered by APAG.

Along with the in-house-developed tools and processes, this bespoke training enhances internal capabilities and empowers investment teams to be rigorous in their due diligence.

Establishing Robust Corporate Governance

Good corporate governance and board representation is critical in

protecting and driving value within our partner companies. Abraaj has developed a series of bespoke corporate governance tools based on the South African King III Code of Corporate Governance to assist investment teams - a code which is highly relevant for building sustainable private sector businesses within growth markets.

Abraaj's corporate governance diagnostic tool enables investment teams to assess the maturity and complexity of corporate governance structures within partner companies across four levels and seven key areas which include Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and Rights of Minority Shareholders. This is run during the due-diligence stage and then once a year after

ESG is Systemically Embedded in Our Investment Cycle





ESG considerations are an important element of every partner company's value creation plan

investment, and is leveraged by investment teams to raise corporate governance standards and practices within partner companies.

In addition, Abraaj has developed *The Abraaj Guide to Good Corporate Governance* to support Abraaj board representatives with their duties and responsibilities based on the King III Code and our longstanding experience on boards. The guide also provides direction on the development of processes and supporting committees to enhance corporate governance within our partner companies.

Working with our partner companies to augment their governance structures and policies through formalized board meetings, appointments of independent board directors, and creation of tailored committees to accelerate the growth of a company, increases the confidence of institutional investors.

This enhancement in our partner companies' governance has enabled us to raise additional financial resources amounting to 5.6 times our investment in Latin America, and resulted in one of our North African partner companies being oversubscribed by 11.2 times when it listed on the London Stock Exchange earlier this year.

La Mar by Gastón Acurio



ENHANCING BUSINESSES THROUGH ESG PRACTICES AND POLICIES

The opportunities for ESG to enhance the investment value of partner companies are numerous within our portfolio. Peru-based Acurio Restaurantes (Acurio), an international restaurant group built on a multi-brand concept promoting Peruvian cuisine, is one such example. The restaurant group was founded by Chef Gastón Acurio, who is widely acknowledged as a pioneer in the revival of Peruvian cuisine.

As part of our value creation plan, we helped Acurio to identify growth drivers which included a focus on strengthening its corporate governance. Measures included the appointment of two independent directors with expertise in the sector, the establishment of a management and opening committee, and a detailed review of business practices to align with the growing needs of the business.

Abraaj further augmented Acurio's management capacity by sourcing and hiring a new Chief Financial Officer and creating the position of Chief Operating Officer. Reporting standards were subsequently raised, allowing for accurate financial analysis and better decision-making towards

the achievement of long-term strategic goals.

As a strong supporter of the local economy with an emphasis on the environment, Acurio has forged a strategic alliance named 'Chef-Fisher, Chef-Farmer' to help raise the profile and distribution base of farmers by enabling them to promote their native, high-quality products across Peru. Acurio is seen as a leader in promoting sustainable fishing by implementing good practices in its procurement process through strict compliance with closed seasons, minimum sizes and engaging with stakeholders to promote the consumption of less pressured species.

Acurio is focused on expanding internationally and sharing its unique cuisine in other markets. As a result, Acurio has not only seen its revenues grow 1.49x, but its footprint has expanded from 31 to 45 restaurants in local and international markets, including new openings in Chicago, Miami and Buenos Aires. In 2015, Astrid & Gaston, part of the Acurio Restaurantes Group, was ranked 14th in the *World's 50 Best Restaurants*.

Sustainability in Practice

Doing business in a holistic way creates value for both the companies we invest in and for society as a whole. When shareholder profits and societal benefits are in sync, long-term sustainable growth is achieved, adding value for all stakeholders.



Fan Milk

Established in 1960, Fan Milk International is West Africa's leading manufacturer and distributor of frozen dairy and non-dairy products.

With a presence in six West African countries, the company complements a unique outdoor on-the-go vending business model with organized indoor retail sales. The Abraaj Group invested in Fan Milk, through its Funds, alongside Danone in November 2013, to capitalize on growth opportunities in the local West African dairy and beverage markets.

Sustainability Credentials

Abraaj invested in a company with strong sustainability credentials. Fan Milk has been a member of the UN Global Compact since 2010 and has achieved commendable progress over the past four years. The company communicates its commitment to the Global Compact across its value chain, from suppliers to street vendors and tests for conformance; it conducted five external sustainability audits of its suppliers in 2014 with no adverse findings. Local quality-assurance teams in the different markets also conduct spot checks of agent and retailer premises against company ESG and Global Compact standards.

Fan Milk's production facilities have received several ISO certifications over the years, including ISO 9001:2008 (Togo and Ghana), ISO 22000:2005 (Nigeria and Ghana), ISO 14001:2004 and OHSAS 18001:2007 (Ghana).

Adopting world-class standards for health and safety, environmental standards, and management processes has improved business performance and efficiency, enabled staff to up-skill their technical knowledge, and reinforced the brand's reputation for product quality in the markets in which it operates.

Value Creation

As part of our investment process, all four of Fan Milk's operating companies were comprehensively assessed against Abraaj's ESG standards. Following this, country-level action plans were established to create value by enhancing environment, health, and safety processes within the company and boosting external social impact.

A key focus in 2014 for the company was on improving energy efficiency. Fan Milk Nigeria commissioned an independent power plant in 2014. It is powered by natural gas which is a cleaner and less expensive alternative to diesel and is an effective and sustainable solution due to reduced stoppage during production.

An energy-efficiency study was completed in Ghana in August 2014 with recommended changes to the heating and cooling systems scheduled to be implemented in 2015. The study estimates a reduction in energy usage by up to 15%, with a 10% savings in energy costs. Similar

energy studies are scheduled for Nigeria and Togo for August 2015.

Fan Milk employs approximately 1,600 people and engages with over 23,000 vendors and agents. It actively empowers members of its value chain through the Fan Academy's capacity-building sessions, which promote entrepreneurship, health and safety. Since the beginning of 2014, approximately 6,700 vendors, agents, and shop assistants have been trained in Ghana and Nigeria. An additional 7,000 are expected to be trained in 2015.

Our initiatives in ESG form part of a larger set of value-creation initiatives which include optimizing Route-to-Market in Ghana and Nigeria and product portfolio expansions across the market, which will drive market-share growth and improve profitability.

As Fan Milk expands its footprint and product portfolio, we expect that continuously setting and delivering world-class standards across its value chain will deliver sustainable value for all its stakeholders - the community will benefit from safer food, reduced environmental impact of our operations, and an improved health and safety culture for employees and related parties. Fan Milk is committed to delivering societal value, while sustainably increasing market share and profitability.

“

Fan Milk has been a member of the UN Global Compact since 2010 and has achieved commendable progress over the past four years

In Focus

1,600
employees

23,000+
vendors and agents

6,700
vendors and agents trained

Fan Milk expects to train 7,000 new vendors, agents and shop assistants in Ghana and Nigeria over the course of 2015



Integrated Diagnostics Holdings (IDH)

Established in 2012 through the merger of Al Borg and Al Mokhtabar Laboratories, IDH is the largest fully integrated private-sector diagnostics services provider in Egypt.

The Abraaj Group invested in Al Borg Laboratories in 2008 via its Funds. IDH is the largest fully integrated private-sector diagnostics services provider, including pathology and molecular diagnostics, genetics testing, and basic radiology, in Egypt. In 2013, the company had a private chain market share in Egypt by revenue of 55%. In 2014, the company operated six different brands with 288 laboratories and performed 22.3 million tests for more than five million patients.

In May 2015, Abraaj exited 80% of its stake in IDH through an initial public offering (IPO) on the London Stock Exchange (LSE). IDH's debut on the LSE marked the first ever primary listing of an Egyptian healthcare business in London.

Value Creation

In order to prepare IDH for the LSE listing, Abraaj focused its efforts on improving the company's governance framework. An independent non-executive board was convened, composed of industry-specific and financial experts with the capacity to support the company's strategic

direction and value-creation plans. Board committees with dedicated mandates were created including an audit committee, a nomination committee and a remuneration committee to oversee progress on specific initiatives and ensure key issues in the company were addressed objectively and effectively.

Abraaj's sustained support to IDH has been instrumental in the company's regional expansion, institutionalization and strategic monetization discussions leading to the successful sale of a 21% stake to Actis in December 2014 and the subsequent IPO on the LSE. Over the course of its investment, Abraaj enabled a strong local brand to grow into a regional leader, encouraged the introduction of the highest accreditation standards, augmented the talent pool of the company by recruiting experienced senior management, and significantly improved IDH's environmental, social, and governance initiatives.

In addition, IDH developed an Employee Code of Conduct Manual, Anti-Bribery and Corruption policy, and a Whistleblowing Policy to comply with stringent global anti-

bribery and corruption regulations. To focus on best-in-class quality standards, IDH developed a doctor consultancy program in Egypt and Sudan for referrals to labs by physicians, becoming a market leader with this system and encouraging the adoption of similar programs by peers. Moreover, through a feedback system for continual improvement, this program allowed the local medical community, and specifically physicians, to become more engaged with IDH and improve the service standards of relevant laboratories, enhance the patients' experience, and improve the quality of the test results.

IDH is a strong example of the positive benefits that enhanced sustainability management can bring to growth businesses. By working alongside a highly skilled management team led by Chief Executive Officer Dr Hend El Sherbini, Abraaj was able to develop two leading Egyptian diagnostics service providers into a fast-growing regional leader providing critical, world-class medical diagnostics as well as a more diverse range of new service offerings in line with market demand.

A woman with dark hair, wearing a white lab coat and white gloves, is focused on using a pipette to transfer liquid into a small vial. She is in a laboratory setting, with other people and equipment visible in the background. The entire image has a blue color overlay.

“

IDH's debut on the LSE marked the first ever primary listing of an Egyptian healthcare business in London

In Focus

22.3mn
laboratory tests conducted

5mn+
patients served

IDH is the largest fully integrated private-sector diagnostics services provider in Egypt



ODG

Established in 1990, ODG is a leading mechanical, electrical and fire-equipment design and installation provider to the Indonesian mining and construction sectors.

In 2011, Abraaj backed ODG's executive team in a management buyout and acquired a majority stake in the company. ODG, headquartered in Jakarta, is present in seven locations throughout Indonesia and Papua New Guinea.

Sustainability Credentials

Pre-investment analysis indicated that ODG could realize significant growth opportunities with the right partner. ODG's management, after learning about Abraaj's uncompromising focus on ESG, felt confident that Abraaj would not only support but also enhance ODG's strong ESG standards and processes inherited from its parent company.

ODG's key competitive advantage lies in its high health and safety standards and its relentless focus on quality. Core to its health and safety system are two initiatives: daily on-site morning training sessions and weekly "safety toolbox" presentations. In the morning training "kick-off" sessions, all staff run through and discuss the required tasks for the day and the associated Job Work Plans. These Job Work Plans describe in detail each job task, the associated risks and hazards, and the risk-mitigating factors to be taken to ensure the tasks' successful completion.

The sessions feed into and form an integral component of ODG's safety documentation, which has been meticulously collated and updated since the company's inception. In the weekly "safety toolbox" presentations, the team comes together for a detailed discussion of and knowledge sharing about a pertinent topic of worker safety.

ODG places importance on staff retention and employee development. It has a clear career path for all employees, allowing for continuous upward mobility and is committed to an annual salary assessment where staff receive increases based on merit. This has resulted in a very low staff turnover rate (3% per year since 2011) and retention of experienced staff who are critical for delivering high-quality work.

ODG has also established highly effective project management processes, which have enabled the Group to deliver projects in a timely fashion. This focus on quality, people, and project management has enabled ODG to build its brand equity in the market and to be viewed as a preferred supplier to blue chip clients.

Value Creation

In partnership with Abraaj, ODG has refocused attention on its corporate governance and board functions. It has established an Audit Committee and quarterly board meetings in which business strategy, expansion plans, ESG-related issues, and site accidents/incidences are discussed.

Due to its strong focus on health and safety, ODG has an enviable track record of having zero fatalities throughout its existence. It also maintains a converted zero accident rate for many of its projects. As a testament to its track record, ODG has been awarded many public and private sector awards, including an award for achieving 3.99 million hours of zero accident from July 1999 to December 2014 from the East Kalimantan Government; an award for achieving 3.4 million hours of zero accident from July 1999 to December 2012 from the Ministry of Manpower and Transmigration of Indonesia; and, from its clients, a Silver Award for Best Contractor for its Sanggata Project and one for Best HSE Contractor for its Kaltim Prima Coal Project.



“

As a testament to its track record, ODG has been awarded many public and private sector awards

In Focus

3.99mn

hours of zero accident from July 1999 to December 2014

ODG's commitment to effective project management and to its people have made it a preferred supplier to blue chip clients

SUSTAINABILITY AT
THE ABRAAJ GROUP

Our hub-and-spoke model gives us a unique vantage point, allowing us to simultaneously source local knowledge from growth markets and use global best practices to create shared value.

The Power of Partnership

This model enables us to develop a nuanced approach to our markets which, though rich in opportunities, are equally in need of investment in critical areas if they are to reach their full potential. Through our extensive network we aim to partner with institutions whose goals are aligned with ours, tackle critical challenges, create long-term value, and be a true catalyst for deep-rooted change and sustainable positive impact.

Our efforts in building ecosystems always consist of a combination of human and financial commitments, and aspire to drive sustainable growth in the markets in which we operate. As of 2014, Abraaj has invested 10,000 hours of volunteering time and over US\$ 100 million in support of more than 100 initiatives and organizations worldwide. Our

focus has revolved around three core areas: entrepreneurship, the next generation, and art and innovation. We have driven the creation of an entrepreneurship ecosystem and invested in emerging sector leaders through distinct platforms, and our impact has been significant in creating the conditions for entrepreneurs, young leaders, and artists to grow and thrive.

[Empowering Next Generation Entrepreneurs](#)

Given the essential role entrepreneurship plays in growth markets, we believe enabling tomorrow's leaders to fulfill their potential will ultimately ensure sustainable growth. Our staff-led initiatives and global partnerships allow us to support these individuals at different stages of the entrepreneurial journey so that they can be positive contributors in their communities.

Our partnership with Junior Achievement allows us to encourage entrepreneurs early in their development. Several senior representatives of the Group advise the organization at a global level while regional staff help implement initiatives on the ground. This year, we aim to have empowered 3,000 students in Kenya and Nigeria through Junior Achievement's bespoke programs.

We are also actively involved with the Global Shapers Community, a network of more than 5,000 young change-makers under the age of 30 who are on the ground in more than 400 cities. To date, we have personally met hundreds of them and led knowledge-sharing sessions in over 20 cities worldwide⁶. This global network's dynamism has inspired us to establish the Abraaj Growth Markets Grant, an initiative dedicated to addressing key challenges across our regions through

HELP FOR NEPAL

Recently, US\$ 100,000 was raised across the Group and its partner companies to support emergency relief operations in Nepal following the devastating earthquake in April 2015. The funds were channeled through the Himalayan Trust, a UK-registered charity established in 1989 by Sir Edmund Hillary, which is well equipped to coordinate efforts on the ground, especially in mountainous areas.

We decided our funds would be best put to use in rebuilding critical and sustainable infrastructure to ensure continued education for the younger generation in the Khumbu and Pharak regions of Nepal. The Trust ran a field assessment and identified key areas that needed interventions, which include rebuilding schools and longer-term educational goals such as increasing participation, training teachers, monitoring performance, and reducing drop-out rates.



The Abraaj Growth Markets Grant is dedicated to addressing key challenges across our regions and is funded entirely by employee bonuses

concrete and actionable solutions led by Global Shapers, who are familiar with the challenges and opportunities that shape the cities they call home. The Grant is funded in its entirety by employee bonuses, as part of the Group's stakeholder engagement model that allocates five percent of the Group's gross management fees, five percent of employees' annual bonus on a voluntary basis and five volunteering days per year per employee towards community impact.

Internal regional selection committees comprising designated Abraaj teams worked in close collaboration with the World Economic Forum to select the winners. More than 170 submissions were judged on quality, efficiency, sustainability, scale of impact, consistency of measurement, and replicability: the nine winning projects included two from Sub-Saharan

Africa (Lagos in Nigeria and Nairobi in Kenya), two from South Asia (Indore and Kolkata in India), two from Latin America (Puebla in Mexico and Lima in Peru), one from Turkey (Ankara), one from South East Asia (Phnom Penh in Cambodia), and one from the Middle East and North Africa (Rabat in Morocco). These projects address a range of issues such as empowering youth and women in Phnom Penh, Ankara, and Rabat; developing myoelectric prosthetic limbs for disabled women and children living in rural areas of Kolkata; tracking crime patterns for a safer culture in Puebla; and generating electricity through solar power in Nairobi.

Encouraging Art and Innovation

Abraaj is committed to fostering artistic expression, cutting-edge creativity and innovation globally to give a voice to regional champions, through a variety of initiatives.

SUSTAINABILITY AT THE ABRAAJ GROUP

Abraaj RCA Innovation Scholarship

To further our mission of empowering artists' potential, we launched this groundbreaking scholarship, in partnership with the Royal College of Art (RCA) in London, in 2014. Each year, Abraaj supports five outstanding scholars from 23 eligible countries in their quest to study in the RCA Master's program. The RCA is one of the world's most influential postgraduate university institutions in art and design, and this scholarship is the largest of its kind in the creative sector.

The Abraaj scholars are named each year by a world-class selection panel including Tim Brown, CEO of IDEO; Dame Marjorie Scardino, former CEO of Pearson; Paola Antonelli, Senior Curator, Department of Architecture and Design, Museum of Modern Art; Dale Harrow, Dean of the School of Design, RCA; Hilde Schwab, Chairperson and Co-Founder of the Schwab Foundation for Social Entrepreneurship; Juan Cruz, Dean of the School of Fine Art, RCA; Savita Apte, former Chair of the Abraaj Group Art Prize; and artist Yinka Shonibare, MBE.

The current scholars are from Turkey, Kazakhstan, India, Mexico, Colombia, the Philippines, and Thailand, and their expertise ranges from textiles to ceramics, all the way to industrial design and sculpture. These creative leaders will, in turn, use their innovations and learnings to positively impact the life and culture of their home countries.

Abraaj Group Art Prize

Established in 2008, the Abraaj Group Art Prize (AGAP) annually rewards artists from across the Middle East, North Africa, and South Asia (MENASA) region on the basis of proposals rather than completed works of art. AGAP submissions are not confined to a specific media,



1.



2.



3.

1. *China* by Raed Yassin: Abraaj Group Art Prize recipient 2012

2. Abraaj RCA Innovation Scholars (2014 cohort) with Rt Hon Sajid Javid MP, UK Secretary of State for Business, Innovation and Skills, and Arif

Naqvi, Founder and Group Chief Executive, The Abraaj Group

3. Led by the World Economic Forum Global Shapers Community, the Abraaj Growth Markets Grant addresses key challenges

format, or subject matter and, therefore, exemplify contemporary art from across the region. The winning artist's work is unveiled every year to an audience of leading figures from the art and design communities, and financial, political, and philanthropic arenas. The aim of the prize is to give often under-represented contemporary artists the resources to further develop their talent. The prize is awarded at Art Dubai, a leading fair that we have supported for the last nine years. Art Dubai is today considered one of the most globalized art gatherings in the world with 92 galleries from 40 countries and more than 500 artists exhibiting in the 2015 edition.

The selection committee for AGAP is chaired by Dana Farouki and composed of leading experts in the field of visual arts. To date, AGAP has rewarded 30 artists and 11 curators from across the MENASA region. The winning works are regularly exhibited in major international biennials and leading museums – such as the Victoria and Albert Museum (London), Singapore Art Museum (Singapore) and the Smithsonian Museum of Asian Art (Washington, DC).

Championing Inclusive Growth through Global Platforms

As a representative of the private sector, we actively participate in the dialogue around sustainability both regionally and globally. This is because we recognize business's central role in addressing critical global issues.



4. Arif Naqvi, Founder and Group Chief Executive of The Abraaj Group, and Erna Solberg, Prime Minister of Norway, at the Oslo Business for Peace Summit, May 6, 2015

the SDGs, and was invited to share its perspectives at a high-level gathering convened by Bank of America Merrill Lynch and PRI, as well as several UN hearings on Financing for Development. Our innovative models of blended finance were also recognized at the 2015 World Economic Forum event in Davos, where we shared our strategy for delivering high-quality, affordable healthcare to the low- and middle-income populations in Sub-Saharan Africa and South Asia.

Modeling Best Practice

The Group also adheres to the highest levels of accountability and transparency, through our commitment to various initiatives in the markets where we operate, as one of the 100 signatory companies to the WEF's Partnering Against Corruption Initiative, and as members of the PRI and the Global Impact Investing Network.



5. Frederic Sicre, Managing Director at The Abraaj Group, on leveraging markets and private sector ingenuity as a key component of poverty alleviation, at the Global Philanthropy Forum 2014

Compact) and Dominic Barton (Global Managing Director, McKinsey) on sustainability as a business imperative.

We actively participate and speak at leading gatherings such as the Global Philanthropy and Shared Value Forums, to share our insights on global trends affecting growth markets from a sustainability perspective, the evolving role of philanthropy, and the growing need for a multi-stakeholder approach in solving some of the world's most pressing issues.

This year is a critical period in the transition from the UN Millennium Development Goals to the SDGs. Abraaj has taken an active part in articulating the role of the private sector, and the financial services industry more specifically, in meeting

In the last year, we convened high-level roundtable discussions at the Business for Peace Summit in Oslo, which brings together leaders to focus on the role of the private sector in achieving the UN Sustainable Development Goals (SDGs). On this occasion, Arif Naqvi, our Founder and Group Chief Executive, spoke on a panel alongside Erna Solberg (Prime Minister of Norway), Sir Mark Moody-Stuart (Chairman, UN Global

Most recently, the Pacific Pension Institute in Los Angeles invited us to share best practices in terms of responsible investing and its impact on value creation. This represented an important opportunity for us to share strong case studies from our partner companies that have achieved measurable impact across a range of financial and non-financial metrics, which we have tracked through the Abraaj Sustainability Index.

In the context of the private equity industry, we know our stakeholder engagement model to be unique. It goes to the heart of our original ambitions to be different and to create our own path for the development of our global operations. Embedding holistic engagement into business models will increasingly be the norm for any firm operating in developed or growth markets and we take pride in having paved the way in the industry.



HEALTH RETURNS SAFETY PROFIT POSITIVE
DIGNITY ESG PARTNERSHIP HUMANITY
INVESTMENT BUSINESS STRATEGY CHANGE
SERVICE ETHICS



Responsibility and Innovation

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RESPONSIBILITY
AND INNOVATION

We hold a strong conviction that the relationship between business and society should be mutually beneficial and value accretive. Ultimately, it is a performance story - backed by values.

Strengthening Impact Measurement - The Abraaj Sustainability Index 2.0

Empirical evidence shows that a sustainable investing approach can lead to better risk adjusted financial returns. However, while Limited and General

Partners alike are converging on the understanding that ESG integration in investment practices is the new normal, the need to have greater accountability and reporting is stronger than ever.

The Abraaj Sustainability Index, a bespoke index which measures the developmental impact of Abraaj's global investments, was developed in 2008 as the first sustainability index suitable for private equity investing in global growth markets. In developing this index, Abraaj incorporated global best practice standards following rigorous research and analysis. The Abraaj Sustainability Index enables the Group's partner companies to chart and monitor their own performance through an online system. The aim

of the Abraaj Sustainability Index is to improve the index score (which is calculated as a percentage annually) for each of our partner companies year-on-year.

Developing the Next Generation of the Abraaj Sustainability Index


In the course of the last year, we have updated the Abraaj Sustainability Index through a process of re-designing the scenarios on which the index is based. The index is now based on four key pillars, reflecting the risks and opportunities of the next decade:



Financial Performance - Critical for business success, focused on measures of growth



Private Sector Development and Governance - Recognition of development impact, investing in entrepreneurship and governance

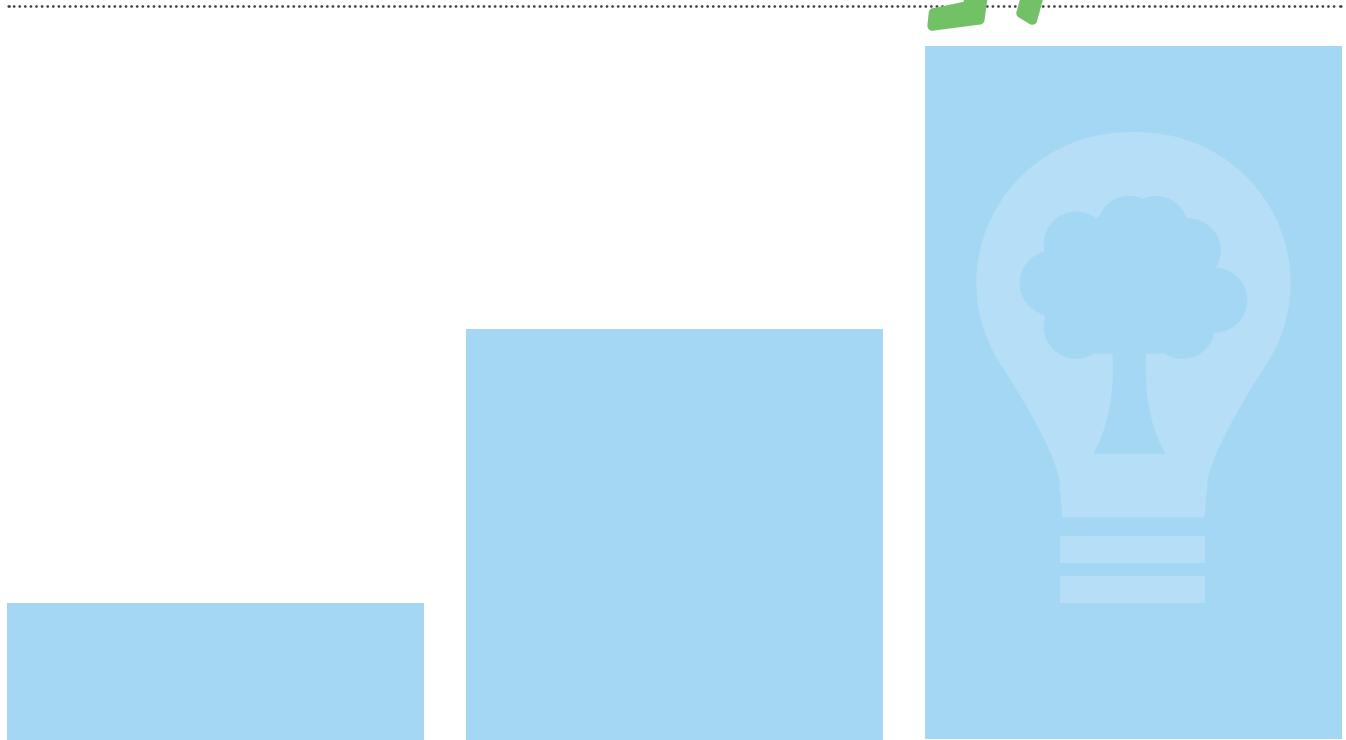
A smiling man in traditional Peruvian attire, including a colorful knitted hat and a large woven backpack, sits on a rock. He wears a red t-shirt with the Condor Travel logo and dark pants. The background shows a vast, hilly landscape under a clear sky.

Condor Travel, Peru's leading inbound tourism operator, now offers packages that come with carbon credits

THE BENEFITS

The Abraaj Sustainability Index has consistently sought to look beyond solely financial metrics and focus on critical elements such as good governance, employee engagement, health and safety, benefit to the community and social responsibility. This holistic focus provides the Group with the ability to identify specific areas for improvement, gain valuable insight into the relationship between financial performance and 'intangibles', and develop a robust framework for engaging with partner companies on non-financial issues.

RESPONSIBILITY AND INNOVATION



Environmental Impact -
Relevance for business in
an increasingly resource
constrained world



Human Development - Focus
on job creation, occupational
safety and staff development

In a rapidly changing world, the meaning of impact and sustainability can be challenging to elucidate. We took a lateral approach to defining impact by utilizing a scenario planning approach. The scenarios ascertained:

- The key global political, economic, social, technological, and environmental levers and how they affect various groups of markets.
- The two extremes in the scenarios relevant to investing sustainably in global growth markets.

- Impact over time to be able to address current concerns and to foresee future issues.

The framework underpinning the Abraaj Sustainability Index has been based on the consideration of the trends driving sustainability and our markets globally. Based on scenarios with assumptions of the expansion and contraction of our markets, and the variable levels of human development occurring as a result, we ascertained the key themes of sustainable development that are relevant for investing in growing companies in these markets.

The development of the scenarios provided the fundamental basis of the sustainability lens against which any company should hold itself accountable. The critical building blocks established within the four pillars address matters like profitability, waste, resources, employment, skills,



The aim of the
Abraaj Sustainability
Index is to improve
the index score for
each of our partner
companies year
on year



The Abraaj Sustainability Index is a bespoke index which measures the developmental impact of Abraaj's global investments



development, economic linkages and inclusive business.

Smart Data

A key innovation of the system has been the technology overlay, an online system which partner companies, Abraaj employees and Limited Partners can access easily to view the results of the data reported. We have built a bespoke analysis engine linked to the World Bank Database of indicators which will allow for geographic and sector analysis.

The output of this process is a system which is customized for both growth market companies and investors in these companies to understand and monitor the broad developmental impact of the private sector in growth markets. The benefits are tremendous:

- For partner companies, the system provides a new way in which they can directly record

and analyze their impact. They can represent the outcomes to their stakeholders in an integrated manner, showing the socio-economic value of growing companies.

- For General Partners, the tool represents a step change in the consistent measuring of impact across portfolios. Given some concerns about the positive contribution of private equity investing to society and the crisis of market trust, the Abraaj Sustainability Index is unique in capturing the holistic impact of this asset class.
- For Limited Partners, the positive externality impact of the capital being deployed has thus far been mostly captured as a narrative with limited data points. The value of investment is better

described with innovations such as the Abraaj Sustainability Index as it simultaneously illustrates the wide ranging positive impact of investments made while also providing a mechanism of deep accountability on the sustainability agenda.

The next generation of the Abraaj Sustainability Index will be launched later this year. We look forward to reporting on the progress of our partner companies and the enhanced benefit of the index to our stakeholders in the following year.

RESPONSIBILITY
AND INNOVATION

Healthcare in growth markets is witnessing an increase in investor interest as a result of substantial demand.

Investing for Impact in Healthcare

Historic underinvestment, complemented by a growing middle class and urbanization in growth markets, is driving a need for infrastructure and innovation that can deliver quality healthcare that is accessible and affordable. As Abraaj continues to expand its healthcare portfolio, a focus on ESG remains paramount: a sustainability-driven approach with an emphasis on long-term impact is fundamental to our healthcare strategy.

Challenges and Opportunities

The recent Ebola crisis illustrated the urgent need for the continued strengthening of health systems, not just in West Africa but also in other growth markets where fragmented health systems are strained. These challenges are not just restricted to infectious diseases. The additional disease burden of non-communicable diseases (NCDs) such as diabetes and heart disease are of particular concern in growth markets, given their dramatic rise.

Many of these illnesses can have a profound effect on patients and their families. It is estimated that every year nearly one million Kenyans fall below the poverty line because of healthcare-related expenditure. Factors limiting improvements in healthcare delivery across growth markets range from inadequate health system reform, to a lack of financial protection from the catastrophic health expenses that can force people into poverty.

Today, we find ourselves at an inflection point where there is a fundamental opportunity to advance healthcare systems in growth markets. The numbers speak for themselves. Between 1995 and 2012, growth markets' healthcare expenditure grew 5.9 times, from US\$ 0.2 trillion to US\$ 1.3 trillion. By 2022, healthcare expenditure in growth markets will be growing over 10% annually, around three times faster than in developed markets, driven by growing populations, rising income levels, urbanization, and changing lifestyles. By 2030, the population in our core healthcare operating markets in South Asia and Sub-Saharan Africa



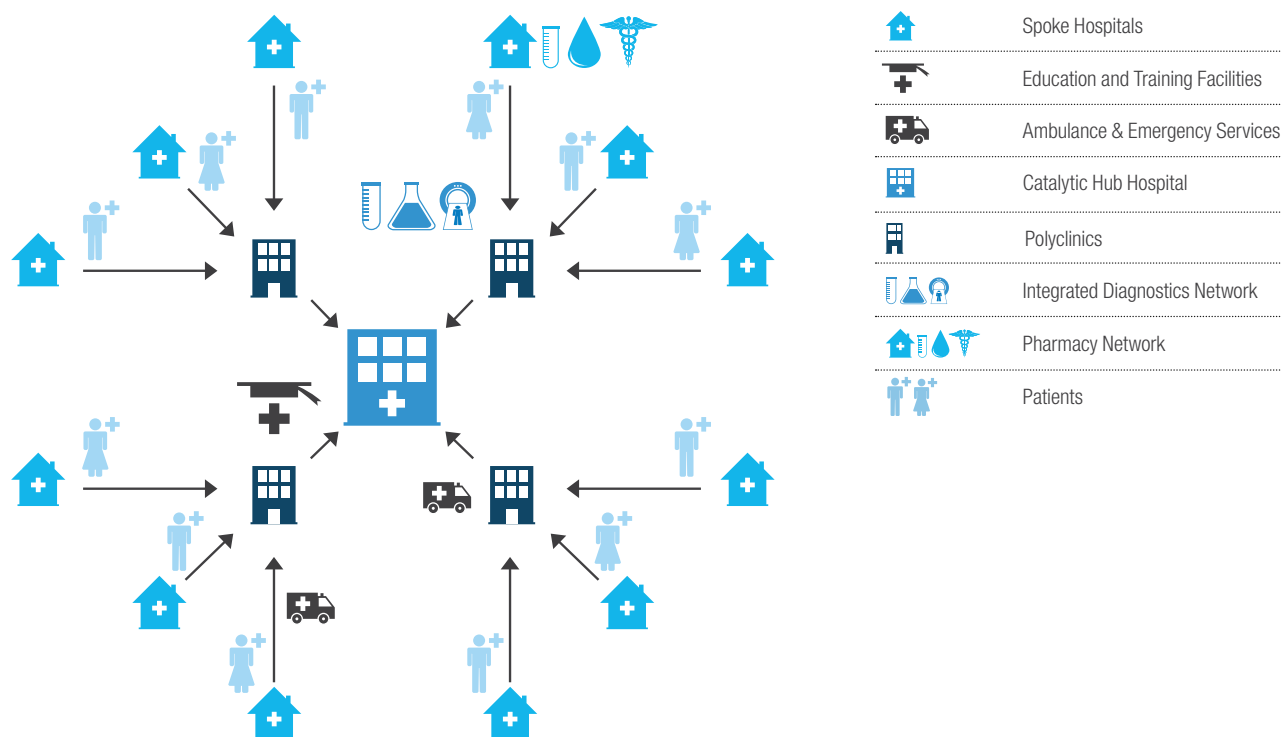
Sustainability will be at the very core of Abraaj's healthcare strategy, given its focus on impact measurement and innovation



Abraaj continues to expand its investment in its healthcare portfolio, which includes Nairobi Women's Hospital, a leading private healthcare provider for women and their families

RESPONSIBILITY AND INNOVATION

Healthcare ecosystem in growth markets (illustrative example)



is estimated to increase by more than 480 million people⁷. In parallel, the middle-income segment is growing rapidly in these markets, comprising both new entrants and those moving up the pyramid.

Abraaj's Strategy

The implications of this demographic shift are profound. The public sector, which was traditionally seen as the natural provider of healthcare in most growth markets, has typically been resource-constrained and more often than not has struggled to deliver results, even when adequate funds are available. In order to create genuine and long-term impact, we believe that the private sector, governments, and NGOs must work closely together in a "new compact," complementing each other to deliver effective healthcare systems. This can only be achieved via a realignment with broader government health strategy; a focus on the priority

needs of the underserved population segments; and an ability to contribute to overall system capacity, capability, and quality.

In order to meet these challenges, Abraaj will establish affordable high-quality health systems for low- and middle-income groups predominantly in Africa and South Asia, while creating maximum impact. Our focus will be on major urban environments, creating city-based multispecialty "hub and spoke" healthcare ecosystems and super-specialty networks that provide a co-ordinated set of healthcare facilities and capabilities. We believe that in order to achieve sustained impact, it will be critical to implement an innovative approach to diagnostics, clinical delivery and therapy, clinical and workforce training, logistics and operational knowledge. Innovation and best-in-class practice in these

fields will have the potential to address capital efficiency and the availability of medical expertise.

Partnership and Sustainability

The integration of environmental, social and governance considerations into our private equity investments is a critical success driver. Likewise, sustainability will be at the very core of Abraaj's healthcare strategy, given its focus on impact measurement and innovation.

Our healthcare strategy envisages a close partnership with governments and NGOs to ensure opportunities for clinical skill development can be shared across the platform for doctors, nurses, and allied health providers. Through dedicated partnerships in our target cities, we will deliver healthcare at an affordable cost without compromising quality and establish strategic relationships



A pioneering combination of clinical and health systems impact measurement, supplemented by impact creation represents the core of our unique value proposition

By 2030

The population in our core healthcare operating markets in South Asia and Sub-Saharan Africa is estimated to increase by more than 480 million people

3x growth

By 2022, healthcare expenditure in growth markets will be growing over 10% annually, around three times faster, than in developed markets

with key stakeholders in the healthcare value chain to develop world-class businesses.

In order to achieve this, we will invest in scalable and sustainable healthcare services models in growth economies that provide measurable improvements. We will focus on creating impact along three dimensions: accessibility, affordability, and quality. A pioneering combination of diligence and monitoring mechanisms in these markets will allow clinical and health-systems impact measurement, supplemented by impact creation for the underserved population. This represents the core of our unique value proposition.

Long-term value creation will be achieved through capacity building and training of health workers. This will be combined with innovative ways of health care delivery, use of low

cost medical devices and strategic partnerships that simultaneously encourage both quality and economies of scale. Embedding and empowering our health workers with the right tools and framework will significantly improve health outcomes. Furthermore, it is our hope that these ecosystems will provide a sustainable platform for skills and career progression that can be used within public, private or non-governmental organizations.

The underlying premise of the “new compact” is about getting the government, NGOs, and private sector to work together to broaden access to those who have low financial resources. In conclusion, we believe there is a fundamental need for a partnership-driven approach among all the different stakeholders in order to ensure the successful delivery of this ambitious strategy.

RESPONSIBILITY AND INNOVATION

Tom Speechley,
Partner,
The Abraaj Group



Tom Speechley is a Partner at The Abraaj Group and Head of Global Markets, responsible for stakeholder engagement, fundraising and investor relations. He is a member of the Group's Management Executive Committee and is the Chief Executive Officer of Abraaj North America, LLC.

The Final Word

Responsible Investing - In Growth Markets, It's Common Sense

To judge from recent surveys, private equity funds and Limited Partners increasingly agree that environmental, social and governance considerations are a crucial component of their investment process and practices. To borrow from the title of a recent PwC study, however, fund managers and investors have yet to “bridge the gap” in understanding how to achieve their responsible investment objectives. Amid a confusion of acronyms and divergent definitions, PwC found that expectations and approaches have yet to align.

In the growth markets we operate in, seeing eye-to-eye on defining “impact” matters a lot less than the simple truth that responsible investing boils down to common sense. For Limited

Partners and General Partners alike, applying the policies and procedures that companies and investors in their home markets take for granted not only protects against reputational and financial risk, but also creates value. And, in the absence of codified governance, labor and environmental standards in many of these markets, private equity becomes an important driver of positive change in businesses that are as a result both profitable and sustainable. Success with a social purpose.

We have learned through more than 140 investments since 2002 that to deliver robust returns, ESG must be an integral element of the investment process, from screening and due diligence, to operational management and oversight, through to exit. Our experience has taken us from regarding ESG as a tool to

reduce risk and liabilities to embracing it as an opportunity to increase business performance and strengthen valuations.

We see this at play across several of our partner companies. Take Southey Holdings, a partner company that we successfully exited through a management buyout in 2014. It is one of the largest privately owned groups in South Africa where we, along with the management team, insisted that “service with safety” was to be at the core of the company's ship and oil rig repair business. Through enhanced staff training, equipment upgrades and rigorous monitoring, Southey was able to further improve its accident record and win significant assignments from oil majors that had shied away from local contractors because of safety concerns. Health and safety or good business practice?



Responsible investing is not just the right thing to do, it's the sensible business choice

At Condor Travel, Peru's leading inbound tourism operator, the business provides market opportunities for a large number of local micro-enterprises that would not otherwise be able to reach customers and promote their services. It also now offers U.S. and European eco-tourists travel packages that come with carbon credits to mitigate deforestation in the Tambopata National Reserve in the Amazon Basin. Saving the planet or smart marketing?

And at ODG which is referenced earlier in this report, the executive team has built a clear career path for all employees. The firm's commitment to upward mobility and merit-based salary raises has resulted in an

exceptionally low staff turnover rate of 3% per year since 2011. The high rate of retention of experienced staff has helped to enhance brand equity in the market and make ODG a preferred supplier to blue chip clients. Worker protections or superior client service?

Taken from this perspective, responsible investing is not a trade-off, as in "the cost of doing business." It is a long-term investment imperative that time and again creates healthier businesses and healthier societies.

While the anecdotal benefits of infusing ESG principles into investments are clear, Limited Partners understandably seek proof in data. This remains a "frontier market" for the private equity industry, where measuring the impact of responsible investing practices is a complex and far from uniform undertaking.

There are, as yet, no agreed standards for data needs, reporting requirements or quantifiable measures of the value that ESG creates. So, in 2008 we invented our own approach and have continued to improve it over time. The Abraaj Sustainability Index measures the development impact

of portfolio companies across 79 indicators of financial performance; socio-economic impact; economic linkages; private sector development; management and governance; and health, safety and environment. It shows, for example, that as of 2014, the number of female employees at our partner companies increased by 16% during our holding period. The revenue growth of our partner companies during the same period was over 100%. Such data allows us to measure sustainability across our investments, across the world. As importantly, individual companies can improve their own index score through specific actions.

Will there be uniform benchmarks and shared approaches to responsible investing across private equity? ESG factors are crucial to business now more than at any time in the history of private enterprise – and all indications point to a move towards a common understanding of the reasons why ESG protects and enhances value. Until that time comes, let's agree on two things. Responsible investing is not just the right thing to do, it's the sensible business choice.

ABRAAJ IS COMMITTED TO MEETING THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT (UNGC)

The table below directs readers to relevant sections of the Abraaj Sustainability Report 2014/15.

Principle	Definition	Chapter	Page
01.	Businesses should support and respect the protection of internationally proclaimed human rights; and	Our Approach to Sustainability Integrating ESG into Our Investments	18-20
02.	make sure that they are not complicit in human rights abuses.		
03.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;		
04.	the elimination of all forms of forced and compulsory labour;		
05.	the effective abolition of child labour; and		
06.	the elimination of discrimination in respect of employment and occupation.	Sustainability and Investment Highlights	08-09
		Our Approach to Sustainability	18-20
		Strengthening Impact Measurement - The Abraaj Sustainability Index 2.0	38-41
07.	Businesses should support a precautionary approach to environmental challenges;	Integrating ESG into Our Investments Sustainability in Practice (ODG)	21-23
08.	undertake initiatives to promote greater environmental responsibility; and		
09.	encourage the development and diffusion of environmentally friendly technologies.		
10.	Businesses should work against corruption in all its forms, including extortion and bribery.	The Role of Business in Society: A Conversation with Jane Nelson and Frederic Sicre	12-15
		Integrating ESG into Our Investments	21-23
		The Power of Partnership	32-35

PERFORMANCE NOTE AND DISCLAIMER

Performance Note

Core Funds: The Core Funds include The Abraaj Buyout Fund I, The Abraaj Buyout Fund II, The Infrastructure & Growth Capital Fund, Aureos West Africa Fund, Aureos East Africa Fund, Aureos Southern Africa Fund, Aureos Africa Fund, Aureos South East Asia Fund, Aureos South Asia Fund, Kantara and Aureos Latin America Fund I (including such funds' parallel and alternative investment vehicles, if any). Core Funds exclude investments made by The Abraaj Group private equity funds which (i) have an investment strategy substantially different from the investment strategy of the Core Funds (such as risk/return parameters and/or which are thematic in nature), (ii) have invested capital of less than US\$ 25 million and/or (iii) have invested 75% or more of their total invested capital in the last 36 months.

Co-Investments: Co-Investments refers to co-investments made and managed by The Abraaj Group and co-investment capital made available by Abraaj Holdings, which is the ultimate parent company of the general partners managing the various funds, alongside The Abraaj Buyout Fund I, The Abraaj Buyout Fund II and The Infrastructure & Growth Capital Fund.

Arranged Investments: Arranged Investments refers to other stand-alone private equity investments arranged by The Abraaj Group but that were not made through a Core Fund or a Co-Investment.

Early J-Curve Funds: Early J-Curve Funds includes funds which are still in their deployment phase and have invested 75% or more of their total invested capital in the last 36 months.

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