



Corporate Social Responsibility Policy

March 2019

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## 1. Definition of Tell's Corporate and Social Responsibility ("CSR")

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Tell, as manager of the Tell Maghreb Fund ("TMF", "Fund"), invests in growth companies in the Maghreb region on behalf of its investors, who are primarily Development Finance Institutions (DFIs), institutional investors, family offices and Ultra High Net Worth Individuals (UHNWIs). As a fiduciary and stewards of our investors' capital, our aim is to protect and grow the value of our investors' capital through investments in Portfolio Companies that deliver long-term sustainable returns to our investors, the companies we invest in and their stakeholders, and the societies they live in.

As a responsible corporate citizen and Private Equity investor, Tell has a dual mandate to enable the full potential for value creation of each investment by contributing our knowhow, time and resources, and concurrently ensure that Tell and the Portfolio Companies embed into our ethos the requirements of community economic development, social progress, reduced environmental impacts and good governance.

In an increasingly complex and demanding environment, Tell and the TMF have adopted a practical approach which focuses on establishing fundamental and continuous improvement strategies that will enable best practices to take root and continue beyond the Fund's exit from its Portfolio Companies.

Tell believes an organization should be:

- Founded on the values of honesty, equity and integrity;
- Uphold the supremacy of the law (no individual or organization stands above the law);
- Accountable for the impact of its decisions on society, the economy and the environment;
- Transparent, and fully and promptly disclose, its decisions and activities that impact society and the environment so that all stakeholders can properly assess the impact of the organization's decisions and activities on their respective interests;
- Respectful, considerate and responsive to the interests of its stakeholders;
- Respectful of human rights and take prompt corrective measures when it recognizes failures.

Further, Tell believes that corporate and social responsibilities impact society and the environment by the manner in which ethical and transparency behaviors transpire, including by:

- Contributing to sustainable development and social responsibility, including health and well-being of society;
- Taking into account stakeholder expectations
- Complying with applicable laws and is in line with international standards of behavior
- Integrating throughout the organization and implemented in its relationships

Tell's Corporate Social Responsibility policy:

- Acknowledges Tell's responsibilities toward the environment in the widest sense. We recognize that Tell's existence is not lonely, instead that Tell is an integral member of a larger human eco-system of people, values, organizations and nature;
- Outlines Tell's efforts to give back to the world as it gives to us by deploying *Tell's CSR Fundamentals*:
  - Appointing a CSR manager;
  - Establish annual CSR reporting;
  - Table CSR issues on the agenda of Board meetings, at least annually.

## 2. Vision and Ambition of Tell's Corporate and Social Responsibility

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At Tell, we are convinced that by implanting CSR into everything we do, we enhance Tell's ability to add value to our mission as a responsible manager and corporate citizen.

Our vision revolves around the four pillars of our CSR strategy, which are to:

- Invest responsibly;
- Establish exemplary governance;
- Create sustainable value;
- Be an agent of change in society.

### **Invest responsibly**

Integrate and imbed CSR policies into the core principles of all the TMF Portfolio Companies, including:

- 100% of Portfolio Companies to perform CSR reporting;
- 100% of divestment operations to incorporate CSR information.

### **Establish exemplary governance**

To establish exemplary living and self-sustaining governance frameworks and processes, starting with:

- 100% of Portfolio Companies to have at least one independent board member;
- 100% of Portfolio Companies to have an Audit Committee.

### **Create sustainable value**

Ensure all TMF Portfolio Companies implement and adhere to CSR principles:

- 100% of Portfolio Companies to have deployed *Tell's CSR fundamentals*;
- 100% of Portfolio Companies to have quantified annual CSR progress targets and reports;
- 100% of Portfolio Companies to have a standing agenda item on CSR topics at least once a year.

### **Be an agent of change in society**

Tell's ambition is to improve the societal footprint of the companies we invest in and deploy the SO TMF (Share Our: Time, Means and Focus) program to support young entrepreneurs in the materialization of their business ideas into sustainable business models resulting in the creation of companies that will in turn create jobs and improve living standards for local communities and generate profits. Tell's objective in this respect is to have:

- 100% satisfaction rate for the beneficiaries of the SO TMF program;
- 100% of Portfolio Companies improve the protection and well-being of their employees.

### 3 Steps to Corporate Social Responsibility

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The TMF supports its Portfolio Companies with a long-term view and encourages them to act responsibly in the interest of all stakeholders, including its investors. Tell has formalized its commitment to Corporate Social Responsibility by incorporating environmental, social and governance criteria into its activity as a shareholder.

Companies today are expected to act as positive change agents in some of the most pressing social and environmental issues facing humanity by making sure that the impact of their activities has a both a less negative and a positive impact on society and the environment. Ethical and transparent conduct by companies is a necessary ingredient in their ability to achieving these objectives and contributing to sustainability and the well-being of the communities they operate in.

Tell has taken a precautionary approach to environmental challenges; to respect and promote environmental responsibility, as well as management of environmental risks. We appreciate the growing interests and concerns of our investors in relation to these issues and we will enhance our decision making and investment management processes to incorporate these factors, both as part of the acquisition process and through the life of the investment and incorporate best practices in these respects as an integral part of our standard investment strategy.

The TMF will also pay attention to identifying, measuring, recording, reporting, and assessing the handling of environmental, social and economic issues by its Portfolio Companies. Accordingly, TMF would consider its Portfolio Companies to develop their businesses with the approach of continuous improvement of their environmental, social and economic performance, preferably throughout their entire value chains.

Therefore, our investment philosophy will be based on “positive investment”, whereby we will preferentially invest in companies we believe have an aligned philosophy already, and thereby improve the probabilities of their having a positive impact socially and environmentally.

The TMF will have an investment strategy where we will apply a set of investment screens to select or exclude assets based on non-financial criteria, in addition to the financial criteria. These screens can be based on the activity of the companies (for example TMF will not invest in companies that produce or sell addictive substances or services such as alcohol, tobacco or gambling ...). The criteria applied will be based on best practice CSR principles or adopted from best-in-class ethically or environmentally friendly companies.

## 4 Commitment to Corporate Social Responsibility and Strategies

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The TMF is committed to setting the standard for CSR implementation in Portfolio Companies. in the Maghreb region.

Once invested, we will take an activist shareholder approach to positively influence the behavior of our Portfolio Companies and strive to implement the best-in-class actions of CSR.

The TMF will follow the recommendations of the United Nations' Global Compact and its ten principles based on human rights, labor and environmental standards and anti-corruption efforts. As a reminder these principles are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Additionally, the TMF will follow the 7 guidelines of the ISO 26000.

Tell will take a thoughtful, deliberate approach to how these standards and principles are implemented by choosing the most effective solutions appropriate to the issue, the company (including where it is in its development cycle), the sector, the community, and the local legal and regulatory conditions amongst others. Some of the strategies and steps Tell and the TMF could take in the invested Portfolio Companies are described next.

### Governance

Effective governance should be based on incorporating the principles of social responsibility into decision making and implementation.

- Put in place processes, systems, structures, or other mechanisms that make it possible to apply the principles and practices of social responsibility;
- Consultation: dialogue with stakeholders (eg: environmental associations, employees or shareholders).

### Human rights

Place human beings at the center of the social responsibility requirement. An organization should respect human rights and recognize both their importance and their universality.

- Protection of and respect for internationally recognized human rights: identification of actual adverse impacts on human rights, and prevention and or mitigation of such impacts. Take adequate steps to respect human rights and avoid taking advantage of these adverse situations;
- Elimination of child labor and discrimination in relation to employment and occupation;
- Take steps to ensure that the companies the TMF invests in are not complicit in human rights abuses.

### Labor practices

Labor practices have a major impact on respect for the rule of law and fairness in society (socially responsible labor practices are essential to social justice, stability and peace).

- Labor conditions: cap on weekly working hours, health and safety at work, wages, employment of local workforce and offering of education and skills development, the elimination of all forms of forced and compulsory labor;
- Quality of life at work: this involves not only the aspects of the work environment but also the organization of work in the company;
- Management: involvement of employees through participative management, employee commitment to CSR policies, and continual training of employees;
- Diversity: Actively encourage policies and procedures to promote different profiles and gender equality at all levels
- The abolition of child labor
- The elimination of discrimination of any kind in respect of employment and occupation.

### Environmental measures and actions

Each organization by its activity, its location and its structure has an impact on the environment. Businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

- Prevention of pollution: before putting in place actions, it is important to know what the company consumes (water, energy), what it emits (greenhouse gas emissions) over the entire design, manufacturing and if possible, the use of the product or service. This involves carrying out a carbon footprint and / or a life cycle analysis;
- Energy consumption: establish a plan to reduce energy consumption (ie: replacement of aging heating installations, better insulation of buildings, supply of the site with renewable energies);
- Water consumption: reduction of water consumption through a change in manufacturing processes, wastewater recovery and / or rainwater;
- Recycling: establish recycling policies with respect to paper and plastic products;
- Sustainable resourcing: replacement of toxic input products with less harmful or natural products (cleaning products, ink, etc.) This is a significant business risk and or cost for companies in the chemical sector but also textiles, for example;
- Environmental Management System: Encourage the adoption of environmental monitoring and management systems as appropriate;
- Education and training of employees on environmental issues to elevate their sensitivity and skills, and thereby enhance their ability to contribute to the Portfolio Companies' efforts in environmental issues.

### Fair ethical practices

An organization's behavior should be based on the values of honesty, equity and integrity. These values imply a concern for people, animals and the environment and a commitment to address the impact of its activities and decisions on stakeholders' interests.

- Promoting social responsibility in the value chain by promoting adoption and support of the principles and practices of social responsibility;

- Fair competition: respect for physical and intellectual property rights, fair pricing and eliminate predatory pricing if any exists;
- Corruption: businesses should work against corruption in all its forms, including extortion and bribery;
- Responsible political involvement: support public political processes and encourage the development of public policy that benefits society at large.

### Consumer rights

The principles of transparency and accountability become strong issues as the relationship between consumers and providers evolves.

- Ethical practices: consumer data protection, privacy and fair marketing;
- Protecting consumer rights and safety;
- Consumer service platform to be implemented as needed for specific companies;
- Education and awareness of the consumers.

### Community development

Tell has established offices in the three countries covered by the Tell Maghreb Fund's investment strategy, Algeria, Morocco and Tunisia, in order to have boots and brains on the ground. As a result of being close to our Portfolio Companies, and the range of stakeholders, we are able to have a deep and nuanced understanding of the environment in which the Portfolio Companies evolve in, and thereby adopt a more insightful and responsible attitude when decisions impacting the community are taken at the board or managerial level. Moreover, being local gives the TMF team easier access to other stakeholders, including the authorities, which reinforces expectations and dialogue.

Moreover, the deployment of the SO TMF program requires this local presence because entrepreneurs do not have the means to travel and can quickly get discouraged by their isolation.



## 5. Stakeholders Engagement

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Stakeholder engagement includes the formal and informal ways a company stays connected to its stakeholders (the individuals or parties that have an actual or potential interest in or impact on or are impacted by the company, its operations and financial results).

Companies influence, and are influenced by, at different levels by stakeholders such as employees, shareholders, customers, suppliers, governmental bodies, non-governmental organizations and international organizations.

A primary objective of the stakeholder engagement is to build robust relationships with stakeholders to better understand their perspectives and concerns on key CSR issues and to integrate those perspectives and concerns into the company's corporate strategy.

At Tell, we act in the best interests of our shareholders, clients, employees and wider stakeholders and build value for these groups, over the long term.

We have initiated a specific CSR initiative (the SO TMF Program described in more detail in the next section). The stakeholders could include the following:

- Portfolio Companies
- Entrepreneurs themselves
- Employees
- Suppliers
- Customers
- TMF investment professionals
- Financial sponsors (Angel investors, VC ...)
- Governmental entities
- Incubator organizations

## 6. Corporate and Social Responsibility Action Plan

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Guided by our vision to support initiatives fostering entrepreneurship in the Maghreb and Sahel regions, Tell's specific CSR strategy focuses on building sustainable communities of future successful socially responsible entrepreneurs by allocating Tell employees' time and the company's resources (including but not limited to, financial, infrastructure, business networks, experiences). Our engagement model is built around the concept of "Share Our Time, Means, and Focus" ("**SO TMF**").

As part of the SO TMF program, Tell will mentor and provide strategic support every year to approximately a dozen selected young entrepreneurs across the Maghreb and Sahel regions who are seeking to create their own businesses. Each investment professional of the Tell Maghreb Fund will mentor two entrepreneurs by allocating 5 working days per year with the objective of supporting the entrepreneurs in the definition of the right business model emanating from his or her business idea, formalizing a business plan to secure financing and identify financing pockets (such as grants, business angels, VC funds, public and multilateral programs for entrepreneurship), and being an advisory resource as these entrepreneurs develop their businesses. Tell will also, where possible, attempt to sponsor specialized short terms training and education efforts to enable these entrepreneurs to acquire the required skills and knowledge to succeed.

At the end of each year, a SO TMF annual event will be organized and financed by Tell during which the all the mentee entrepreneurs of the year will be invited to present their businesses in front of an audience of selected seed investors. Entrepreneur selection will be basis of published transparent criteria such as project innovation, local job creation expectations, revenue and tax generation potential, capacity building for the local community and regionalization / internationalization potential of the project. Tell will strive to enable this collective of entrepreneurs to be as diverse as possible, including from gender and ethnic perspectives.

It is estimated that the SO TMF program will cost circa US 50k per annum, of which US\$ 25k will be allocated to the organization of the SO TMF annual event.

We believe the SO TMF program is a significant give back to the community considering the strategic imperative of economic transformation in the Maghreb and Sahel region, marked by youth unemployment, lack of economic diversification and current account issues.

The SO TMF program will involve the local communities in order to develop and promote business modernization, integration in the regional and global value chains, and create regional ambitions and champions. As beneficiaries of the program are expected to provide assistance and leadership to the following generation of entrepreneurs, Tell expects to create a sustainable and virtuous cycle to support local entrepreneurs.

The SO TMF program will be prohibited from supporting entrepreneurs operating in (or associated with) the following activities:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;
- Production or trade in weapons and munitions<sup>1</sup>;
- Production of alcoholic beverages<sup>1</sup>;
- Production or trade in tobacco<sup>1</sup>;

<sup>1</sup> This only applies to the Tell Maghreb Fund

- Gambling, casinos and equivalent enterprises;
- Trade in wildlife or wildlife products regulated under CITES<sup>1</sup>;
- Production or trade in radioactive materials<sup>2</sup>;
- Production or trade in or use of unbonded asbestos fibers<sup>3</sup>;
- Production or trade in pharmaceuticals subject to international phase outs or bans;
- Production or trade in pesticides/herbicides subject to international phase outs or bans;
- Production or activities involving harmful or exploitative forms of forced labor / child labor<sup>4</sup>;
- Production or trade in products containing PCBs<sup>5</sup>;
- Production or trade in ozone depleting substances subject to international phase out<sup>6</sup>;
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals<sup>7</sup>;
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples;
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- Commercial logging operations for use in primary tropical forest;
- Production or trade in wood or other forestry products other than from sustainably managed forests.

<sup>1</sup> CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from the Environment Division.

<sup>2</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.

<sup>3</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%

<sup>4</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

<sup>5</sup> PCBs: Polychlorinated biphenyls - a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

<sup>6</sup> Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available from the Environment Division.

<sup>7</sup> Hazardous chemicals include gasoline, kerosene and other petroleum products.