



Vital Capital Fund – Investment Process Overview

Introduction

The purpose of this document is to outline Vital Capital's investment process, in order to facilitate better alignment with 3rd parties interested in potentially collaborating with Vital Capital on various investment opportunities, by providing a better understanding of Vital's internal investment assessment processes.

Vital's Investment Screening Process - Outline

1. **Inception** – submission of Vital's standard screening form, fully filled out and containing all relevant information regarding the investment proposal in question, including an updated detailed business plan, to one of Vital's investment team.
2. **Preliminary Review** – based on the self-reported information provided by the promoters:
 - A. **Financial review of the proposal** - verification that the project in question appears to generate the type of returns sought by Vital.
 - B. **S&E and Impact review of the proposal** – verification that the proposed project –
 - i. Does not include prohibited/excluded activities;
 - ii. Falls into a social & environmental (S&E) category acceptable to Vital;
 - iii. Has the potential to generate significant and sustainable social and/or environmental impact.
 - iv. Preferably, includes an ESIA

! **Decision point** – at the end of this phase the investment team may decide to turn down the proposed project, or possibly present it to Vital's Investment Committee for guidance if there are any specific issues
3. **Initial Term-Sheet** – engaging in discussions with the project promoters with the aim to agree and sign a term-sheet outlining the terms for a possible investment by Vital in the project in broad terms.
4. **Due Diligence** - execution of a thorough due-diligence (DD) process, including typically aspects such as –
 - A. Commercial DD (CDD)
 - B. Social & Environmental DD (SEDD) based on IFC sustainability standards and EHS guidelines, detailed impact assessment (using third party rating) and impact targets definition. The outcome of the SEDD process is a set of mitigation, management, monitoring, and institutional measures to be undertaken during project implementation and operation to address any gaps found between the operation's current state and Vital's S&E Policy requirements.. These corrective actions, required to close the identified gaps, will be detailed in a Corrective Action Plan (CAP), which will be integrated as a binding part of the ultimate Investment Agreement. The target company will be asked to create an appropriate implementation and reporting plan along with reasonable timelines.
 - C. Legal DD (LDD)
 - D. On-site visit(s) as appropriate, with the aid of professional external consultants as needed, covering all relevant aspects of the proposed investment.

! **Decision Point** - at the end of this phase, and based on its outcomes, the investment team may decide to turn down the proposed project without presenting it to its Investment Committee.



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5. **Investment Committee Review** – presentation of the proposed investment by the investment team to Vital's Investment Committee, including the relevant terms and the results of the DD process, for review, discussion and guidance on whether or not to submit a firm offer.
 - ! **Decision Point** - At the end of this phase Vital's Investment Committee may decide to turn-down the proposed project.
6. **Submission of Firm Offer** – submission of a firm investment offer by Vital Capital to the relevant counterparties, including the terms underlying the offer.
7. **Deal Finalization** – negotiations with the relevant counterparties to agree on the final deal structure and terms.
 - ! **Decision Point** - during this phase Vital may decide to terminate the potential investment, e.g. in case negotiations with the relevant counterparties fail to arrive at a set of mutually agreeable terms for deal execution. If negotiations succeed, final investment approval will be given by Vital's Investment Committee.
8. **Closing** – finalization of the investment, appropriate documentation and execution of investment
9. **Post-Investment Monitoring** - all investment conditions are periodically monitored, explicitly, and where appropriate the disbursement of funds is also linked to the actual fulfillment of these conditions.