

INDEPENDENT SECOND PARTY OPINION TO THE MANAGEMENT OF LHN ON THE ALIGNMENT OF ITS SOCIAL FINANCING FRAMEWORK WITH THE REQUIREMENTS OF THE ICMA SOCIAL BOND PRINCIPLES AND LMA SOCIAL LOAN PRINCIPLES

Introduction

IBIS ESG Consulting Africa (Pty) Ltd (“IBIS”) has been engaged by Letshego Holdings Namibia (“LHN”) (“the Issuer or Borrower”) to perform a pre-issuance Second Party Opinion (“SPO”) assurance engagement to determine the alignment of the Letshego Social Financing Framework dated August 2023 (referenced to as the Framework) with the International Capital Markets Association (“ICMA”) Social Bond Principles of June 2023 (the “Social Bond Principles” or “SBPs”) and the Loan Market Association’s (“LMA”), the Loan Syndications and Trading Association’s, the Asia Pacific Loan Market Association’s Social Loan Principles of 2023 (the “Social Loan Principles” or “SLPs”). This report is produced in accordance with the signed proposal dated 27 July 2023.

LHN is a financial services company that provides accessible consumer finance, micro-finance, savings and transactional banking solutions to the traditionally financially underserved populations through its 17 outlets and its network of direct sales agents, across Namibia. LHN is a subsidiary of Letshego Holding Limited (LHL) (the group or holding company) a Botswana-based listed diversified financial services group operating in Botswana, Namibia, Mozambique, Lesotho, Eswatini, Kenya, Rwanda, Uganda, Nigeria, Ghana, and Tanzania.

LHN strives to create a positive societal impact by increasing access to essential services (more specifically financial services) for financially underserved low to middle-income customers. These efforts align with Namibia’s national efforts to encourage access to productive capital, increasing employment and wealth creation which ultimately results in economic and sustainable development. Furthermore, through LHN’s wide range of financial services focused on the Namibian consumer, LHN also aims to advance the achievement of various Sustainable Development Goals (“SDGs”), namely SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 3: Good Health and Wellbeing, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 8: Decent Work, and SDG 11: Sustainable Cities and Communities.

IBIS Independence and Quality Control

IBIS is an independent provider of non-financial assurance services. This engagement was conducted by a multidisciplinary team of non-financial assurance specialists led by Petrus Gildenhuys, who has more than 25 years of experience in non-financial performance measurement involving both advisory and independent assurance work and supported by assurance consultants, Seko Mbatha, Adila Cassim and Chelsea Markowitz. IBIS conducted the engagement based on the *International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information*, issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

Scope and Objectives

The objective of this assurance engagement is to verify the Social Financing Framework’s alignment with the SBPs and SLPs core component requirements in terms of:

- Use of Proceeds;
- Process for the Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

IBIS' responsibilities do not extend to any other disclosures or assertions.

LHN's and IBIS' Responsibilities

The management of LHN is responsible for generating and maintaining accurate and reliable information provided to IBIS for this assessment. IBIS shall not be held liable if any of the information provided by LHN management were not accurate or complete.

IBIS' responsibilities are to conduct a limited assurance engagement and to issue a SPO to the Directors of LHN in accordance with the assurance procedures followed.

Inherent Limitations

The evidence-gathering procedures performed in a limited assurance engagement vary in nature, form, and are less in extent, than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. No limitations to information access were experienced by the assurance team.

Restriction of Liability

Our work has been undertaken to enable us to express a conclusion on the specified scope and objectives of the engagement to the Directors of LHN in accordance with the terms of our engagement, which include the publication of this assurance statement, and for no other purpose. We do not accept or assume responsibility to any third parties i.e., other than to the Directors of LHN, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

Summary of Work Performed

LHN provided IBIS with the Social Financing Framework document and other supplementary information to support the assessment process. IBIS's limited assurance procedures were based on our professional judgement and consisted of:

- Management enquiry;
- Inspection and corroboration of the publicly available market documentation and information; and
- Evaluation of the components of the Social Financing Framework against the SBP and SLP requirements related to the
 - Use of Proceeds,
 - Process for the Project Evaluation and Selection,
 - Management of Proceeds, and
 - Reporting.

Summary of Findings

LHN intends to issue programmatically social bonds/loans focused on access to essential services, employment generation, socioeconomic advancement and empowerment, affordable housing, food security and sustainable food systems while ensuring alignment with its social objectives and achieving dedicated SDG targets. LHN is well positioned to support Namibia in improving the well-being of the Namibian society through its efforts and provision of financial services and products to underserved individuals and MSEs.

The following is the summary of IBIS' findings during the review of the Framework in line with the requirements of the four pillars of SBPs and SLPs:

Use of Proceeds: IBIS has assessed the Social Financing Framework and confirms that the Use of Proceeds aligns with the requirements of the SBPs and SLPs. The eligibility criteria are clearly defined within the Framework. LHN commits to only allocate the amount equivalent to the net proceeds of the bond to projects that meet the requirements of the eligibility criteria. The project categories as defined in the Framework (access to essential services, employment generation, socioeconomic advancement and empowerment, affordable housing and food security and sustainable food systems), and the target population as defined in the Framework aligns with the requirements of the ICMA SBPs and LMA SLPs.

Process for Evaluation and Selection of Projects and Assets: The Process for Project Evaluation and Selection as presented within the Framework as assessed by IBIS, is considered consistent with the SBPs and SLPs. LHN has a Sustainability Committee that exercises oversight in ensuring that the eligibility criteria as defined in the Framework is adhered to during project evaluation. The Asset and Liability Committee (ALCO) is responsible for governance related to the Framework.

Management of Proceeds: The Management of Proceeds proposed as presented within the Framework and as assessed by IBIS, is aligned with the requirements of the SBPs and SLPs. The issuer commits to appropriately tracking the allocation of the social bonds/loans net proceeds and has disclosed the intended types of temporary investment instruments for unallocated proceeds within the Framework.

Reporting: LHN has committed in the Framework to reporting on the allocation of proceeds of the social bond/loans. The Framework outlines a transparent process on the level of expected reporting in terms of allocation and impact of the net proceeds. In addition, LHN has committed to reporting on the quantitative and qualitative indicators as indicated within the Framework, where data permits.

Second Party Opinion Conclusion

This Second Party Opinion prepared by IBIS is such an opinion as described in the guidelines on external reviews, and the appointment and preparation of the opinion was with reference to the guidelines on external reviews. Specifically, our review was prepared with reference to the ICMA guidelines for external reviews June 2022 and the ICMA Pre-issuance checklist for Social Bonds June 2023, and aligned to the ICMA SBP June 2023 and LMA SLP February 2023.

We believe that the information provided by LHN, and the assessment performed by IBIS are sufficient and appropriate to form a basis for our limited assurance conclusion.

In our opinion, and based on our limited assurance procedures conducted, nothing has come to our attention that causes us to believe that LHN's Social Financing Framework does not conform

in all material respects to the ICMA SBPs of June 2023 and LMA SLPs of February 2023, with regard to:

- Use of Proceeds;
- Process for the Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.



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Johannesburg

11 September 2023

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