

Actis

The Environmental, Social and Governance (ESG) Code

Introduction

In accordance with current best practice, Actis has decided to re-emphasize the strength of its commitment to Responsible Investment (RI), with particular focus upon the Environmental, Social and Governance (ESG) processes.

Actis' commitment to Responsible Investment comprises of:

1. Procedures to deliver the ESG approach
2. The Investee Company Undertaking
3. Policies (Environmental, Climate Change, Health and Safety, Business Integrity, Social)
4. Guiding Principles

1. Procedures to deliver the ESG approach

In order to implement its ESG approach, Actis has developed and implemented a Responsible Investment Management System comprising of Policies, Organisation, Planning and Implementation, Monitoring, Reviewing and Auditing.

1.1 Policies

- Actis has developed policies in the areas of Environmental, Climate Change, Health and Safety, Business Integrity and Social issues (the “Actis Five Policies”) which include commitments to international best practice.
- Actis has determined specific sectors which are excluded from investment.

1.2 Organisation

- Actis has internal specialists competent in the areas of the Actis Five Policies. Each specialist’s role is to provide advice within the organisation and to investee companies, both during the initial investment process and afterwards during the portfolio management of investee companies through to exit.

1.3 Planning and Implementing

- Actis assesses the impact of all new investments in each of the Actis Five Policies as an integral part of the appraisal process.
- Actis gives new investments a risk rating in environmental, climate change, health & safety, business integrity and social issues to determine the appropriate level of management and monitoring required.
- Actis requires the management of investee companies to sign an undertaking confirming that it will operate in line with the Actis Five Policies.
- Actis assists investee companies in developing action plans to address areas of non-compliance with the Actis Five Policies.
- Actis encourages the managers of investee businesses to adopt and implement policies relating to the areas of the Actis Five Policies particularly where the business entails specific risks.
- Actis encourages the managers of investee businesses to work towards continuous improvement in these areas.

1.4 Monitoring

- Actis ensures RI is an integral part of Actis’s Investment Review (IR) process.

1.5 Reviewing

- Actis reports annually on the implementation of its procedures.
- Actis provides a summary of the development impact of each fund in the regions in which it is investing (including a statement relating to each fund's carbon footprint).

1.6 Auditing

- Actis audits the implementation of the Actis Five Policies and related procedures on an ongoing basis.

2. The investee company undertaking

Actis will request every potential investee company to undertake that the business of such company will be carried out in a manner that:

- a) encourages the efficient use of natural resources and promotes the protection of the environment;
- b) ensures investee companies (in high carbon intensity sectors) determine their greenhouse gas footprint and make this data available on an annual basis to Actis;
- c) provides safe and healthy working conditions for its employees and contractors;
- d) treats all employees fairly in terms of recruitment, progression, remuneration and conditions of work, irrespective of gender, race, colour, language, disability, political opinion, age, religion, or national/social origin;
- e) allows consultative work-place structures and associations which provide employees with an opportunity to present their views to management;
- f) upholds high standards of business integrity and honesty, complies with local laws and international good practice and does not directly or indirectly offer, pay, solicit or accept bribes in any form;
- g) takes account of the impact of its operations on the local community and seeks to ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed and monitored; and
- h) provides for i) the reporting as soon as practicably possible to Actis of any incident involving the Company [or any member of the Group] that results in any loss of life or any material effect on the environment; and ii) the reporting of the Company's [and each member of the Group's] compliance with the ESG Principles in an annual report by the Company to its Board in a manner which allows a reader to make an informed assessment of the Company and, to the extent relevant, each member of the Group as against the requirements of the ESG Principles.
- i) implements a social and environmental management system which enables effective identification, management and monitoring of any risks and provides a framework for action.

3. Policies

Policy	Objective	Operational approaches	Investment aims
Environmental Policy	<ul style="list-style-type: none"> – to protect the environment; – to encourage the efficient use of natural resources; and <p>to promote the improvement of the environment wherever possible.</p>	<p>Actis seeks to assess and minimise any negative environmental impact arising from its operations.</p>	<p>Actis will only invest in businesses which:</p> <ul style="list-style-type: none"> – take account of the environmental impact of their operations (through a formal “environmental assessment” in cases involving loss of biodiversity or habitat, climate change, water or air quality, substantial solid waste and other issues where the negative impact could be significant) and take steps to mitigate any risks; – are designed and operated in compliance with local law; – are designed and operated according to relevant World Bank standards for the activity concerned if these are more stringent than local legislation, unless there is a clear reason for accepting a different standard in which case this will be formally recorded; or <p>take account of relevant international environmental agreements.</p>

Policy	Objective	Operational approaches	Investment aims
Climate Change Policy	<ul style="list-style-type: none"> – to minimise Actis’s contribution to climate change, both from its own direct operational emissions and the indirect emissions of its investee companies; and – to encourage investment in climate change related sectors. 	<ul style="list-style-type: none"> – Actis is cutting the amount of energy it consumes by continuing to use energy-saving measures and by following recognised climate change/ environment guidelines and codes of practice in its property management; – Actis is reviewing its use of transport, especially air travel, with a view to cutting emissions and setting lower targets in the future; and – Actis is calculating how best to offset its direct emissions with a view to the ultimate goal of becoming carbon neutral. – Actis is starting to include in its annual reports: (i) an estimate of carbon emissions in tonnes of CO2 equivalent units for all high carbon intensity investments; and (ii) the number of tonnes of CO2 emitted per gigawatt hour of power generation per year for all power generating assets. 	<p>When identifying suitable prospective investments, Actis will:</p> <ul style="list-style-type: none"> – seek investment opportunities that have a positive impact on climate change; – ensure that for each investment the impact on climate change is taken into consideration by the Investment Committee preinvestment; and – categorise the carbon impact of each investment that is made by Actis and take appropriate action based on the degree of impact upon the climate.

Policy	Objective	Operational approaches	Investment aims
Health and Safety Policy	<ul style="list-style-type: none"> – to provide safe and healthy working conditions for Actis employees; – to attain safe and healthy working conditions for employees and contractors of all businesses in which Actis invests; and – to safeguard the health and safety of any person who has dealings with the businesses in which Actis invests. 	<ul style="list-style-type: none"> – Actis requires the managers of its worldwide offices to apply the local legally enforceable standards in its offices and to aim for the standards of the UK Health and Safety at Work etc Act 1974 and associated UK legislation, if higher in any respect. Actis requires all of its staff to follow stated/ published best practice in relation to health and safety. 	<ul style="list-style-type: none"> Actis only invests in businesses which: <ul style="list-style-type: none"> – comply with local health and safety law as a minimum; – in the absence of a local health and safety legal framework, act in accordance with the recommendations of the relevant World Bank Standards; and – assess the specific risks arising from work activities and introduce measures to eliminate or reduce those risks.

Policy	Objective	Operational approaches	Investment aims
Business Integrity Policy	<ul style="list-style-type: none"> – to exhibit honesty, integrity, fairness and respect in all Actis business dealings; – to enhance the good reputation of Actis; and – to manage Actis' affairs prudently and with due skill, care and diligence. 	<ul style="list-style-type: none"> – Actis currently operates so as to: <ul style="list-style-type: none"> – comply with all applicable laws; – deal with regulators in an open and cooperative manner; – prohibit all employees from making or receiving gifts of substance in the course of business; – prohibit the making of payments as improper inducement to confer preferential treatment on the company, its agents or advisers; – properly record, report and review financial and tax information; – clearly define responsibilities, procedures and controls; – only use information received from its partners in the best interests of the business relationship and not for personal financial gain by any employee; and – prohibit contributions to political parties or political candidates. 	<ul style="list-style-type: none"> – Actis seeks to invest in businesses which uphold high standards of business integrity and honesty and operate in accordance with local and international laws and good practice, including those intended to prevent extortion, bribery and financial crime.

Policy	Objective	Operational approaches	Investment aims
Social Policy	<ul style="list-style-type: none"> – to treat all Actis employees fairly and to respect their dignity, well-being and diversity; – to require the businesses in which Actis invests to treat all of their employees and contractors fairly, and to respect their dignity, wellbeing and diversity; – to be objective, consistent and fair with all Actis stakeholders; – to work towards full compliance of Actis investments with the International Labour Organisation Fundamental Conventions, the UN Declaration of Human Rights and IFC Performance Standard 2: Labour and Working Conditions – to comply with the UK Modern Slavery Act 2015 	<p>– Actis follows principles of good practice in all aspects of its own employee relations and it welcomes a constructive dialogue with its wider stakeholders.</p>	<p>Actis aims only to invest in businesses which:</p> <ul style="list-style-type: none"> – comply with local law (as a minimum); – take account of their impact on employees, contractors, the local community and all others affected by their operations (through appropriate consultation, and through a formal Social Impact Assessment in cases involving resettlement, cultural property, indigenous peoples, nonlocal labour or other issues where the negative impact could be significant) and take steps to mitigate any risks; – do not employ forced labour of any kind, either directly or via their primary supply chain; – do not allow children to form part of their workforce, either directly or via their primary supply chain; – pay wages which meet or exceed industry or national minima and are sufficient to meet basic needs; – treat their employees fairly in terms of recruitment, progression, terms and conditions of work and representation, without prejudice to and irrespective of gender, race, colour, disability, political opinion, sexual orientation, age, religion, or social or ethnic origin; and – allow consultative work-place structures and associations which provide employees with an opportunity to present their views to management.

4. Guiding principles

The Actis ESG approach to business is founded upon five key behavioural principles. In its approach to business, Actis aims to:

- respect the dignity and well-being of all its people and those with whom the business brings it into contact;
- operate professionally in a performance-orientated culture and be committed to continuous improvement;
- be open and honest in all its dealings, while respecting commercial and personal confidentiality;
- be good corporate citizens, demonstrating integrity in each business and community in which it operates; and
- be objective, consistent and fair with all its stakeholders.