

Company Alignment with the U.N.'s Sustainable Development Goals

A Case Study

Provided by Actis in Association with the EMPEA ESG Community

Integrated Diagnostics Holdings | GP: Actis



IDH's Story

Demand for diagnostic services in Africa and the Middle East is rising due to increased awareness of health issues, higher incidence of chronic diseases and an aging population. However, diagnostic services across emerging markets have varying quality standards and regulatory requirements. As an investor in growth markets, Actis saw opportunity to not only build and grow a profitable business within the diagnostic space, but also provide equitable access to safe, effective, high-quality and affordable health care products and services.

Founded in 2012 as a result of the merger of Al Mokhtabar and Al Borg Laboratories, Integrated Diagnostics Holdings (IDH) is a medical diagnostics group based in Egypt, with operations in Jordan, Nigeria and Sudan. It provides diagnostic services to patients and other laboratories, including pathology and molecular diagnostics genetics testing and basic radiology. In 2015, IDH listed on the London Stock Exchange (LSE). Actis remains the largest shareholder after the CEO.

The Role Played by Private Capital

While Actis' investment in 2014 predates the U.N. Sustainable Development Goals (SDGs), IDH operations make a significant contribution to SDG 3 (Good Health and Well-being), in particular in the area of diagnostic services for non-communicable (chronic) diseases and infectious diseases. Accessible and accurate testing is the first line of defense against infectious disease, allowing doctors to properly diagnose and medicate patients before the disease can spread to others in the community. IDH operates in Africa and the Middle East, regions with some of the highest burdens of disease and limited access to diagnostic

testing. IDH's services directly address the shortage of affordable, high-quality testing in these regions. Through the Al Borg, Al Mokhtabar, Biolab, Ultralab and Al Mokhtabar Sudan brands, IDH offers more than 1,400 internationally accredited diagnostic tests, including diabetes, hematology/coagulation, clinical chemistry, parasitology, microbiology/infectious disease, toxicology, cytology, surgical pathology, flow cytometry, molecular biology and genetic testing. Additionally, Al Borg and Al Mokhtabar are accredited by the Swedish Board for Accreditation and Conformity Assessment and the College of American Pathologists, respectively.

As a private sector health care service, IDH fills the gap where public health systems struggle to meet scale of demand due to limited resources. Since Actis' investment in 2014, IDH has increased the number of tests it performs annually, reaching an additional 200,000 patients per year. Furthermore, IDH has played a crucial role in bringing innovative services and treatments to market, options which are often out of reach for those living in developing countries. For instance, IDH has incorporated 'workcell' automation technology, which helps eliminate human errors, into its medical lab process.

Apart from the company's direct contribution to SDG 3, Actis has supported other IDH initiatives and improvements that have contributed to additional SDGs. Since Actis' investment, IDH has provided employment opportunities for an additional 400 people, including 100 women, thus supporting SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). Furthermore, Actis has helped IDH implement a comprehensive upgrade to the company's anti-bribery and anti-corruption systems and processes. This initiative directly contributes to SDG 16 (Peace, Justice and Strong Institutions), which explicitly targets the substantial reduction of corruption and bribery in all their forms. These efforts ensured that IDH was able to

meet the U.K.'s anti-bribery legal requirements and successfully list on the London Stock Exchange in 2015.

THE COMPANY



Essentials

- Year Founded:** 2012
- Website:** idhcorp.com
- Countries of Operation:** Egypt, Jordan, Sudan and Nigeria
- Sector:** Health care
- Business Focus:** Medical diagnostic services
- Size:** US\$700 million
- GP:** Actis, an investor in growth markets across Africa, Asia and Latin America (act.is)
- Date of Investment:** December 2014
- Investment Amount:** US\$113 million

Highlights

- Since Actis' investment in 2014, IDH has increased the number of tests it performs annually, reaching an additional 200,000 patients per year.
- Actis has helped IDH implement a comprehensive upgrade to the company's anti-bribery and anti-corruption systems and processes, directly contributing to SDG 16 (Peace, Justice and Strong Institutions).
- Actis relied on its existing internal ESG measurement system and datasets to align with the SDGs—all companies report quarterly on a core set of ESG indicators.

Measuring Impact

In 2017, Actis undertook an exercise to assess how portfolio companies align with the SDGs. In order to do this, the firm considered each investment against each of the 17 SDGs, the 169 underlying goals and the associated SDG indicators. The objectives of the exercise were twofold: to understand how the current portfolio aligns with SDGs (at the individual portfolio company level and in aggregate at the fund level) and to track progress over time (from the date of investment to exit or present day).

Actis relied on its existing internal ESG measurement system and datasets—all companies report quarterly on a core set of ESG indicators (spanning health and safety, business ethics, community issues, job creation, governance and employment/labor).

In the case of IDH, by viewing the investment through the SDG lens, Actis concluded that IDH's most material contributions to the SDGs were in three areas: directly contributing to SDG 3 (Health and Well-being) and to SDG 8 (Decent Work and Economic Growth) via creation of new and high quality jobs, including increasing the number of females in the workforce. Finally, IDH scored highly on the 'accountable institutions' domain of SDG 16 (Peace, Justice and Strong Institutions) as a result of Actis leading an effort to transform the anti-bribery and anti-corruption program at the company.

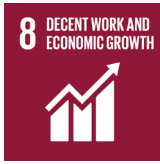
SDG Contribution(s) to the SDGs



- The number of tests performed per year has increased by 15% from 22.3 million to 25.7 million (2014-2017).
- The number of laboratories has increased by 33% from 288 to 383 (2014-2017).
- The number of patients served per year has increased by 14% from 5.6 million to 6.4 million (2014-2017).



- The number of women employed increased from 1,200 to 1,560 (2014-2017).



- Full-time employees have increased approximately 22%—from 3,900 to 4,739 employees (2014-2017).



- Actis helped transform the company's anti-bribery and anti-corruption systems to international best practice, including upgrading of policies, procedures, training, controls and reporting. These efforts ensured that IDH was able to meet the U.K.'s anti-bribery legal requirements and successfully list on the London Stock Exchange in 2015.



Membership in the EMPEA ESG Community is open to all individuals at EMPEA member firms who have an active interest in ESG in the emerging markets space. This Community provides a platform to share resources and advice for EMPEA members considering how to build and/or expand their ESG management strategy, as well as offers practitioners and experts a forum to advance the development of ESG best practices through information exchange, research and the aggregation and development of innovative resources.

Find out more and get involved at EMPEA.org

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