



actis

Acting to address inequality: The key to unlocking human capital

The Street View

Actis Macro Forum

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Macro Forum members

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How Actis measures up - the big numbers

65%

of Actis
workforce is
racially diverse

37%

of Actis total
workforce is
female

35

Actis workforce
comprises over 35
different nationalities

27%

of management
at Actis are
female



27%

of Actis portfolio
companies employees
are female

> 120k

people employed
by Actis portfolio
companies

15%

of Board members
at Actis companies
are female

25%

of women in management
roles across our energy
portfolio companies

People drive Performance

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I am delighted to introduce this special edition of the Macro Forum Street View publication.

Amidst the disruption of a global pandemic, we are finally having meaningful conversations on some hugely important themes around diversity, inclusion, equality and sustainability.

These discussions have in no small way been catalysed by the momentum of movements like Black Lives Matter and #MeToo.

They are sometimes challenging, uncomfortable conversations, but I think we must have the courage to continue them and the conviction to act.

The pandemic is first and foremost a human crisis. As investors, we are responsible not only for keeping the lights on in the countries, cities, and communities in which we operate, but we have a moral duty to protect the welfare of our 120,000 portfolio company employees. We have been able to make positive interventions that mitigate the risk for the local community, whilst safeguarding the interests of employees and other stakeholders who have entrusted us with their capital.

I believe that at Actis and for the businesses we invest in, a diverse team operating in an inclusive culture makes better decisions.

These sort of interventions have elevated the 'S' of ESG – something which comes up time and again as we communicate with our LPs about how COVID-19 is affecting their investments and the actions we have been able to take.

I think this focus on "Social" will be recognised at a macro level – as the world rebuilds, we need to recognise that human capital (people) will be the greatest driver of recovery and that building equitable and inclusive societies will help to drive prosperity and wealth creation. This only achieves full potential through inclusion, partnership and development.

In the report we provide our Street View on how some of these issues are panning out – both at a macro and micro levels – through the eyes of our investee companies and investment teams. We also focus on the actions and interventions we are making together to engender and facilitate inclusive cultures within our investee companies.

I wanted to leave you with my own take on why inclusion and diversity matters.

Quite simply it's about people, decisions and a stimulating, challenging and enjoyable working environment.

I believe that at Actis and for the businesses we invest in, a diverse team operating in an inclusive culture makes better decisions.

The decisions we make and the actions we take mean we deliver superior financial performance for our investors and positive impacts for the countries, cities and communities in which we operate.

Diverse groups make better decisions and create a more enjoyable working environment. We lead with inclusion at Actis because we recognise it is the best way to attract and retain the best people.

Acting in partnership and mutual support drives better outcomes for all.

There is so much evidence that points to this and for Actis the benefit is clear – it is not only the right thing to do but it's obvious that having multiple perspectives around the table ensures that every angle is covered in a discussion, that we don't avoid the tricky subjects, risks and

scenarios are properly considered, and value creation is as creative as it can be. We want Actis to be an enjoyable, stimulating place to work.

Inclusion and Diversity are important to the people who work at Actis and within our portfolio today, important to the people we want to work with in the future and important to our investors.

The decisions we make and the actions we take mean we deliver superior financial performance for our investors and positive impacts for the countries, cities and communities in which we operate.

We are focused on ensuring that we improve representation at all levels, that our people feel proud of where they work, feel that they belong, and are able to realise their potential as part of Actis. We are applying this approach to the thousands employed throughout our portfolio and we are already witnessing how a thoughtful approach to inclusion and diversity efforts can be amplified.

Inclusion and Diversity at Actis is a work in progress, but we're not at a standing start and there is a huge amount of activity taking place.

I'm delighted that this special edition captures some of that and provides an important platform to continue to celebrate success and share learnings as we continue the journey.

Please do read the report, watch the podcasts and we welcome your comments, questions and insights.



Atlas' Solar Plant, Sertao Solar, State of Bahia, Brazil.

From left to right: María José Cortés – Head of ESG, Luciana Gérez – HSE Specialist, Raquel Azevedo – Social Innovation and Marcela Pizzi – Head of People.



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Harnessing human capital

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Inequality levels are high and rising. Even prior to the pandemic, income inequality was growing across the world. The virus has accelerated, hitting certain groups disproportionately, including least developed countries, the poor, women, the disenfranchised and marginalised. This is not just a health crisis (physical and mental) but also an economic one. There will be long lasting, multi-year impacts during the economic recovery to come.

In parallel, we've witnessed an unprecedented focus on themes of racial and social justice (the former is more prominent in certain markets than others) and diversity and inclusion, fuelled by #MeToo and the Black Lives Matter movements.

These macro trends, in combination with the pandemic, have catapulted social issues – the 'S' of ESG into sharp and immediate focus. The results are visible, led by action from policymakers, business leaders, investors, and civil society. We see this at Actis through greater urgency in how it matters to our LPs, portfolio companies and our colleagues.

Sustained recovery from the 'deep ditch' of the pandemic requires harnessing all human capital. It is only through inclusion of all voices and talents that stable societies and prosperous economies can be rebuilt.

Companies

Companies must adapt, respond and innovate to these trends to deliver value to shareholders and stakeholders and to remain competitive.

It is mission-critical to understand that millennials – who will hold leadership roles over the coming decade – have a razor sharp focus on diversity and overwhelmingly choose to work for organisations with authentic commitments to equality, inclusion, sustainability and purpose.

One clear value creation lever is talent. Attracting, retaining and nurturing the best talent will deliver outperformance. There is ample evidence now of a link between diverse teams and higher quality decision making across multiple industries. The smartest companies will look for 'culture add' not 'culture fit' in the understanding that it is our differences which drive value – the 'diversity bonus'.

As you will see from the stories told by our portfolio companies, there are multiple ways to tackle inequality and deliver value. Like Actis, our businesses are on a journey but many have made important strides, and those who are tackling this area do so on the basis of sound business strategy, not solely moral imperative. To us this is an exercise in partnership with purpose.

Their initiatives include diverse talent attraction through scholarships and internships (Zuma), empowerment of women in their local communities (Atlas); vocational skills training to build livelihoods and increase income generating capabilities (Biotherm), and fair and equal inclusion across supply chains (Big Basket).

Applying the right lens, companies make significant contributions to more equitable and inclusive societies and position themselves for sustainable long term success.

Actis addresses

Actis has increased its focus on human capital in recent years – recruiting more diverse talent through our long-running Associate Programme, increased attention to talent development, and establishing a Talent Executive, to oversee and contribute to our talent strategy. We also focus on developing talent in our investee companies and for the last few years have built a growing expertise in this area, encompassing management selection, retention, board evaluation, talent development, leadership training. We launched our inclusion and diversity journey in 2018, resulting in 19 different initiatives including female networks, open door initiatives, unconscious bias and inclusive leadership training.

In 2020 we have focused heavily on inclusion and diversity. While we are humbly a 'work in progress', our long term objective is authentic leadership – to create the environments within Actis and our portfolio companies to attract diverse talent and to enable it to flourish to full potential. For us this means the full integration of inclusion and diversity into our daily activity of making, managing and delivering investments; working with management teams, boards, industrial advisers; engaging with communities and other stakeholders. You can find more information on our [website](#), including profiles of diverse talent inside Actis and our portfolio.

You can find more information about our Associate Programme here: [Associate Programme Video](#)

The Actis portfolio mentoring program: Promoting development

With a strategic focus within our own organisation of creating a diverse and inclusive workplace for our employees, Actis is in a great position to support our portfolio companies in building environments that value the different viewpoints and contribution of employees drawn from a variety of backgrounds, beliefs and ethnicities.

The Actis portfolio mentoring program is designed specifically for diverse talent in our portfolio companies – we are enabling diverse, talented employees to have the benefit of a mentor, which we know can be a powerful support tool in helping people reach their full potential. It is about investing in talent in our sectors and in our markets and building that pipeline of future leaders.

Running initially for 12 months, the programme offers mentees the opportunity to gain guidance and support from experienced professionals through regular, monthly face-to-face or video meetings focused on raising ambitions and developing leadership skills. Mentors are experienced senior leaders from Actis, Board members, senior advisers and management from other portfolio companies.

So far, the results have been encouraging. Having completed our first check-in with the programme's 18 mentor/mentee pairs (all African and over half women), mentees are reporting significant benefits and many have expressed the value of having a trusted sounding board from outside of their organisations. We are also seeing reverse mentoring coming through. We made a deliberate attempt to establish the programme so that mentors could really understand the perspectives of junior members of staff at our portfolio companies. The feedback we've had suggests this is really happening – it is offering real insight into what it's like to walk in another person's shoes. Building on the success of the programme, we are now looking to roll it out across other Actis regions.

For individuals – both mentors and mentees – it provides a learning experience that they can take through their professional life. For portfolio companies, it helps them harness talent and for us, it creates ambassadors for our firm. It may even be that we bring in one or more of the mentees as a CEO in future deals.

We have developed a short film where mentees and mentors describe their experiences in the programme

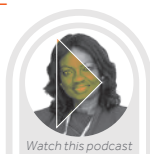


The regional view

Equality in Africa

Rosalind Kainyah MBE

Founder and
Managing Director
Kina Advisory Limited,
Accra and London



If you're a woman, you're nearly twice as likely as a man to lose your job as a result of the COVID-19 pandemic. If you're Black in either America or Britain, you are almost three times more likely to die from COVID-19 than white Americans or Britons. Throughout the pandemic, the disabled have been 'abandoned, forgotten and ignored'. And the gap that exists between the rich and the poor will almost certainly be widened. This is a relatively narrow conceptualisation of inequality, but it nevertheless acts as a stark reminder that we live in a staggeringly unequal world, which only seems to be getting more so.

Across Africa, inequality is pervasive, complex but often obvious. This is more than income inequality but includes more ingrained inequalities. Inequality based on race, ethnicity, tribe and gender often exacerbate economic inequality.

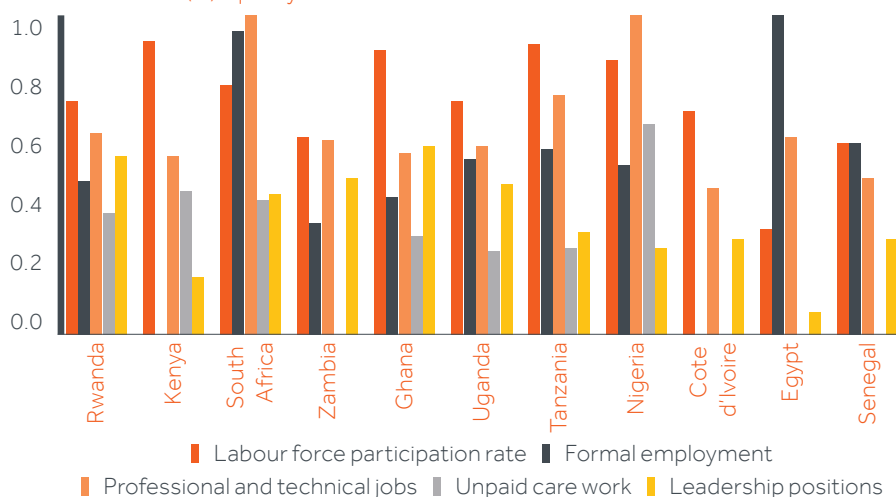
The 2016/2018 Afrobarometer opinion poll suggests that 55% of Kenyans, 51% of Nigerians and 26.4% of Ghanaians feel that their tribal group is sometimes, often or always treated unfairly by the Government. In all three countries, ethnic inequality manifests itself in differences in health, education, income and social security, and regional imbalance. Despite apartheid ending in South Africa more than two decades ago, the racial divide in wealth and opportunity remains largely intact. [Drone images](#) show the contrast between the well-off gated white suburbs and black townships.

Gender (In)Equality in Africa

Gender inequality affects every country in the world, so African countries are certainly not the odd ones out.

Gender inequality manifests itself in multiple ways. In Kenya, access to land and therefore to livelihoods is a major issue. It is estimated that around 32% of Kenyan households are headed by

Exhibit 1: Gender (in)equality at work



Source: Statistics taken from McKinsey & Company, *The Power for parity: Advancing women's equality in Africa* (2019)

women, but women only hold 1% of land titles on their own. In Uganda, around 50% of girls between the ages of 15 to 24 are illiterate and four in five girls do not attend high school. In Côte d'Ivoire, women are 45 percent less likely than men to have a mobile money account which has major implications for their financial inclusion. These inequalities are further entrenched though cultural and traditional norms which prioritise education for boys over that for girls or job opportunities for men over those for women.

The different views into the business sector

The continent's progress towards gender equality in the workplace looks relatively positive at first glance. In the formal economy, Africa is performing well on getting more women onto executive and board positions. The Boardroom Africa's 2019 study on boardroom gender diversity shows that among Africa's top 10 fastest-growing economies, Rwanda has the highest percentage of women on boards at 27%. This is followed closely by Kenya at 24% and South Africa at 22%. The global average is 17%.

These positive developments tend to be success stories for women at the top of the pyramid and not for most African women who work in low-quality and low-paid

jobs in the informal economy. In around one-third of countries in sub-Saharan African, the share of women in non-agricultural employment in the informal economy is over 90 per cent. This is partly because unpaid care work continues to fall disproportionately on women, leaving them with fewer opportunities to find jobs in the formal economy. In Kenya's formal economy, women get paid 32% less than men according to the gender pay gap. Worldwide, this figure is reduced to 23 percent. According to the 2019 McKinsey report '*Advancing women's equality in Africa*', at the current rate of progress, it would take Africa more than 140 years to reach gender parity.

Expanding Job Opportunities – quantity and quality

While increasing the number of women in leadership positions is essential, we must also focus on women further down the pyramid. Even then it should not simply be about numbers but also about improving access to *better-paid* and more *fulfilling* jobs. Women often have to accept exploitative jobs where they are underpaid and overworked. Even in sectors, such as banking, where there is gender parity at entry point, this parity diminishes as women take time off to have and care for children and then find it difficult to re-enter the workforce.

Impact of COVID-19

The COVID-19 pandemic has and will continue to disproportionately affect women and girls. In Africa evidence from the Ebola outbreak shows that women found it harder to regain employment or earn an income and that their positions as unpaid caregivers was reinforced as a result of the epidemic. Even more alarmingly, the United Nations Population Fund estimates that an additional 31 million cases of gender-based violence occurred in the first six months of the COVID-19 pandemic. To address the underlying power dynamics of gender-based violence, women must be economically empowered – this means protecting women’s jobs now and promoting women’s employment in the future.

The Business Case for Gender Equality

Advancing women’s equality could add \$12 trillion to global growth by 2025. In Africa, this translates to an additional \$316 billion. These gains are partly due to the addition of more workers to the labour force but are also a reflection of the positive effect that gender diversity has on productivity.

The benefits of investing in women throughout all levels of business is wide-reaching – reduced costs associated with high turnover; improved productivity; new and improved access to markets; improved community relations and brand value; and access to capital.

The benefit of female leaders

There is evidence that companies perform better financially by advancing gender equality and diversity in the workplace and particularly where there is a greater share of women on their boards and executive committees. In 2019, S&P Global found that firms with female CEOs experienced a 20% increase in stock price momentum and firms with female CFOs saw a 6% increase in profitability and 8% larger stock returns. African companies are no different. McKinsey’s *Women Matter: Africa* 2016 report found that African companies with at least a quarter share of women on their boards achieved 20% higher earnings before taxes and interest.



Ladybird Logistics

Zen Petroleum in Ghana, a company that among other things transports fuel across the country, found that its male lorry drivers were siphoning off fuel – sometimes worth up to \$50,000 a month. Zen decided to hire women truckers instead, so both invested in and contracted a woman-owned, all-female truck driving company, Ladybird Logistics. The siphoning and the loss stopped, and Ladybird Logistics now has grown significantly.

Ladybird Logistics Limited ©

The “street view” of the business case

Across Africa, businesses – regardless of their size or sector – have experienced the benefits of investing in women employees and establishing gender-sensitive practices. Red Land Roses, a floriculture business in Kenya, found that women’s unplanned leave declined by 25% and productivity improved within one year of opening childcare facilities. The microfinance institution FINCA in the Democratic Republic of Congo developed a network of online agents to provide FINCA’s banking services to low-income customers. They found that women agents were more successful than male agents in connecting with prospective customers, recording on average 12% more transactions a month and 16% higher net profits.

Empowering women as business owners

However, we must not only empower women within businesses, but also to become business owners. This requires improving access to finance for women entrepreneurs. Around one third of African SMEs are owned by women, but they face much greater challenges in building up their businesses. This is partly because women are less likely to obtain formal financing and are often required to pay higher interest rates on loans due to the false perception that businesses run by women are higher risk. Additionally, social and cultural norms often discourage women from embarking on independent business ventures, and when they do, they often lack supportive networks and mentors.

Conquering gender inequality

We need to go beyond quotas and targets and focus on women as decision-makers and active agents in the global economy. Business leaders can help drive change by:

- Understanding and building their own business case for improving their current level of gender diversity – engaging with women in their workforce throughout the process;
- Ensuring that women are not disproportionately affected by retrenchments resulting from the COVID-19 pandemic;
- Creating gender-sensitive workplaces and practices – for example childcare options and flexible working arrangements. As a side note, there may well be an opportunity to invest in building a reliable and trustworthy care sector (for children and the elderly) – not just as a social good but as profitable businesses.
- Improving women’s access to better quality jobs through education – in-house and sponsoring young women’s education to develop a pipeline of future skilled workers and leaders.
- Investing in women-owned businesses by incorporating them into their supply chain

Women who are already in leadership or other influential roles, should mentor and sponsor those in the earlier stages of their career and build strong networks, such as WimBiz in Nigeria, to leave a strong legacy of female talent.

And so...

In the words of the late Justice of the Supreme Court of the United States Ruth Bader Ginsburg: “Women belong in all places where decisions are being made” and it is everyone’s responsibility to ensure that happens. It goes without saying, that this also applies to all groups that experience discrimination and unequal treatment. Countries will only realise the full potential of their human capital when everyone is equipped with the skills, resources and support they need – this will go a long way in enabling Africa to capitalise on its demographic dividend to drive sustained economic growth.





The regional view

Equality in Latin America

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Putting D&I into practice in Latin America: "A team that allows people to have different ideas...will always have better and more creative results".

There is a growing consensus that having a substantive commitment to policies around diversity and inclusion (D&I) is good both for society and for the businesses that operate within it. Having a broader range of contrasting views from people with diverse backgrounds should, the theory goes, mean better decision making, a healthier working environment and a greater understanding of a company's role in the community. Actis is a firm supporter of this trend towards greater D&I in the companies we invest in: we believe such policies mean improved financial performance and more positive impacts in the countries and communities where we operate.

only 58% of companies in Latin America had at least one woman on the board, compared with a global average of 85%

Studies back this belief with hard numbers. A 2015 report by the McKinsey Global Institute entitled *"The Power of Parity"* suggested that advancing women's equality could add \$12 trillion to global Gross Domestic Product (GDP) in 2025 if all countries matched their best-in-region country in progress toward gender parity. Latin America was one of the regions with the highest relative potential gains in this scenario: the report found its GDP would be higher by 14% in 2025 compared to the situation if nothing changed.

Observers say the region has seen a significant growth in D&I awareness among businesses in recent years, driven in part by a new generation of younger leaders who embrace such policies to a greater degree than their predecessors. However, research backs up the assertion that Latin America has lagged behind others when it comes to implementing such policies. Santiago-based Cristina Manterola, a Principal and Member of leadership advisory firm Egon Zehnder's

D&I council, noted that only 58% of companies in Latin America had at least one woman on the board, compared with a global average of 85%. "Things have improved in the last few years," she said, "but not as fast as in the US or Europe."

"That is partly down to culture: many people have traditionally viewed the role of women as being to stay at home. But it's also down to the way our economies have been structured. Compared to elsewhere, there are many strong families that still control a lot of the businesses: in these cases, the boards are run by family members and do not have advanced corporate boards. These families still tend to promote their own, male, successors. Things are changing, but we still have a lot to do."

Cecilia Milesi, the founder and CEO of Global Change, a social enterprise providing advisory services to multilateral and global organizations, believes such changes are necessary because D&I is a basic human right. She too has noticed a difference in attitudes in recent years. "There has been a cultural and political shift in the region," she said. "It began with a shift in politics - in countries like Argentina and Bolivia there are now gender parity laws in Government and parliament, and in most Latin American countries there are strong feminist and women's rights movements - these cultural and political shifts in public life that have been happening in the last few years are having an impact in the corporate sector. So I am quite positive."

We believe that as well as being the right thing to do, having a diverse range of perspectives at all levels means policies are more rigorously analysed and decisions more broadly assessed for their overall impact before they are taken. In the long run, this means a more sustainable economy, as well as improved financial returns for investors. And it is as true for Latin America as it is for elsewhere. Indeed many of Actis' portfolio companies in the region are in the vanguard of efforts to demonstrate the value greater D&I can bring: - to their employees, to the businesses themselves and to the communities they operate in.

Mexico's renewable energy platform Zuma Energía, for example, believes having a strong D&I policy means being able to employ the best talent from the most

diverse group of people. Chief Executive Adrián Katzew said: "We are a genuinely local company in an environment where most businesses are international, and we want to provide a working environment where people from all backgrounds can develop their skills and contribute fully to growing our company."

When building D&I policies, Actis also believes it is vital that they are applied throughout the firm and are consistent across all the markets a company operates in. Atlas Renewable Energy for example has operations across Chile, Mexico and Brazil, so has created a standard compensation and benefits structure across all levels to ensure the commitment is clear everywhere.

"There has been a cultural and political shift in the region," she said. "It began with a shift in politics - in countries like Argentina and Bolivia there are now gender parity laws in Government and parliament, and in most Latin American countries there are strong feminist and women's rights movements - these cultural and political shifts in public life that have been happening in the last few years are having an impact in the corporate sector."

However, D&I doesn't just begin and end with the individual company: it is just as important to put greater emphasis on ensuring it extends to helping local indigenous communities. Chilean renewable energy business Aela Energía has run community projects aimed at generating economic development and increasing empowerment since 2013. After noticing that 65% of the attendees at Aela's community meetings were female, it decided to focus on enhancing the skills of local women to improve their economic prospects and foster entrepreneurship. Constanza Correa, Aela's Head of Communications said: "Many had already started complementary activities to supplement their incomes, such as making and repairing clothes and selling

cosmetics. But they wanted to develop their knowledge further so they could get jobs or establish their own businesses."

Cecilia Milesi believes part of the process towards greater D&I has been driven by a new cohort of leaders. "That generational shift here in Latin America is being felt hugely," she said. "People are more open minded than perhaps they were in the past, and concepts such as sustainability and diversity are more integrated in their thinking. It is more real for them. This new generation – business people perhaps in their 30s or 40s - has very clear principles, and they will be very straightforward in terms of setting boundaries against discrimination and promoting clear environmental standards. I hope they will do things differently"

A strong commitment to Diversity and Inclusion, therefore, can benefit all company's stakeholders. Aela's Constanza Correa said: "We want to build capacity so that the communities we work with do not depend on us. We want to help them build the skills, knowledge, resources and links to continue growing without us."

Egon Zehnder's Cristina Manterola added: "What I am completely sure about is that a team that allows people to have different ideas - to let people speak up - will always have better and more creative results compared with a team where you can only speak if you have the same view as the rest."

"It's about fairness for all, but I am also sure that businesses will achieve better performance if they work in this way."

"What I am completely sure about is that a team that allows people to have different ideas - to let people speak up - will always have better and more creative results compared with a team where you can only speak if you have the same view as the rest."

You can find out more about the way Zuma and Atlas are implementing D&I policies elsewhere in this edition



The regional view

Inequality in Asia: Education, productivity and the female contribution to economic growth

Simon Ogus

CEO

DSG Asia Ltd,
Hong Kong



Economic growth is a function of both the supply of factor inputs – land, labour and capital – and the productivity of these factors. By mobilising inputs, it is theoretically relatively simple to produce a growth spurt in a poor economy with a rapidly growing population and a low initial capital stock. Yet maintaining growth spurts beyond middle income status has historically been rather harder, requiring institutional changes conducive to sustainably boosting factor productivity.

This paper will restrict itself to a gender-specific discussion of the labour productivity puzzle across (east and south) Asia. Intuitively, improved female access to education leading to higher rates of female participation in the labour force should be meaningfully growth and income enhancing. Indeed, numerous studies

including McKinsey's "The power of parity: How advancing women's equality can add \$12 trillion to global growth" concur.¹

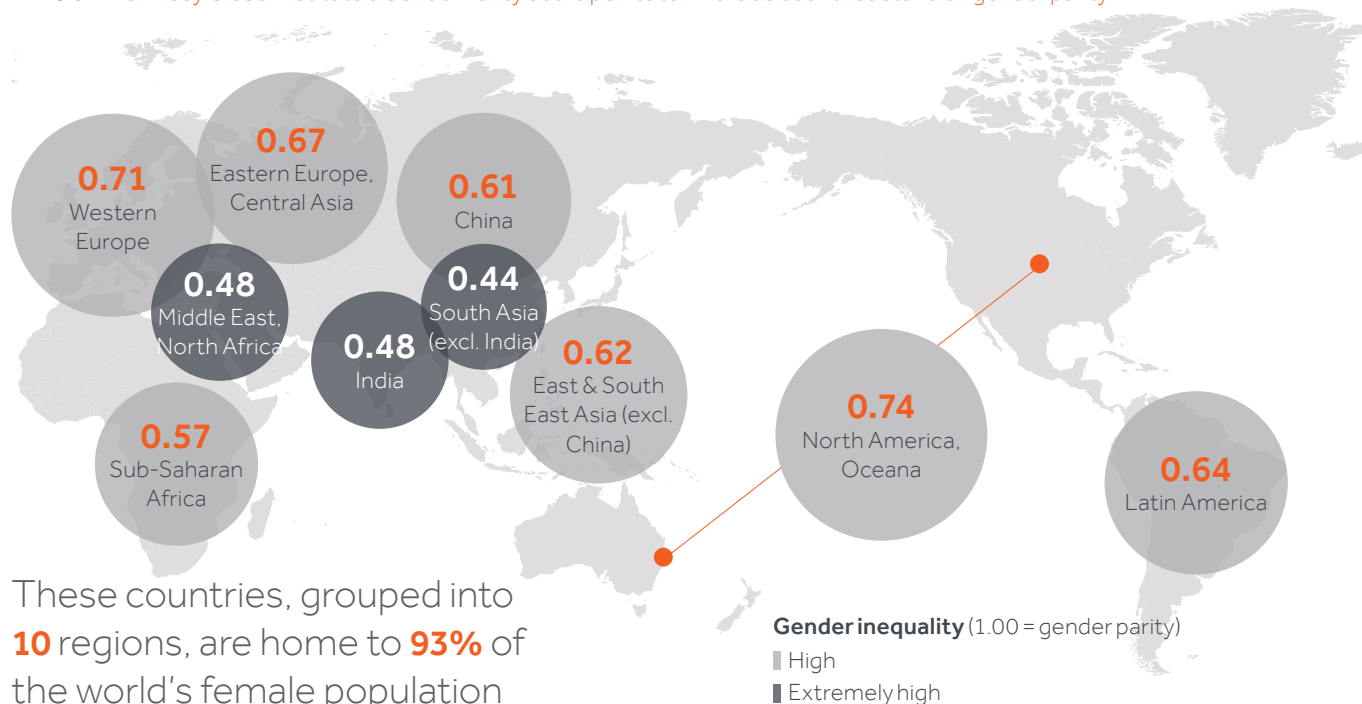
Asia achieved universal primary education enrolment at least three decades ago. Meanwhile secondary enrolment rates, which are strongly related to higher rates of labour productivity, have also continued to rise.²

According to the official data, Asian women, with the exception of those in Pakistan and Cambodia (where overall secondary education enrolment is, in any case, low), appear to have more than equal access to secondary schooling. Moreover, female enrolment rates have improved markedly since the 1980s from an average of 40% for China, Malaysia, Thailand, Indonesia and the Philippines, and sub-10% for the poorer countries sampled here. Equal access to education has failed to fully translate into equal access to employment though, especially in south Asia. Indian and Pakistani female participation rates have remained risibly low while those in Bangladesh have improved but still lag well behind their east

Asian competitors. By contrast, the more developed ASEAN-4 have recorded an average 12% improvement over the past four decades while even the traditionally misogynist north Asian economies – driven doubtless by demographic necessity – have seen female participation rates rise by around six percentage points in more recent times.

South Asia, along with poorer ASEAN (and Africa) have strong underlying demographics in terms of young and growing labour forces and low dependency rates – the ratio of the non-working age population compared to that of working age. Their greater challenge is to further develop human capital and to mobilise investment, both domestic and foreign, in order to create better-paid and more productive, formal employment opportunities for those entering the labour force. Of the countries sampled here, only Vietnam appears to be delivering across a broad range of industries though Bangladesh and Cambodia have seen narrower success mainly in clothing and apparel.

Exhibit 1: McKinsey Global Institute's Gender Parity Score points to where 95 countries stand on gender parity



These countries, grouped into **10** regions, are home to **93%** of the world's female population

1 McKinsey Global Institute, September 2015. The broader MGI study maps 15 gender equality indicators for 95 countries. Its "full-potential" scenario of equal female participation in the economy adds up to \$28 trillion to annual global GDP in 2025 compared with a business-as-usual scenario. The alternative "best-in-region" scenario in which all countries match the rate of improvement of the best-performing country in their region adds as much as \$12 trillion by 2025.

2 Since Actis is an emerging market investor, our focus here will be on secondary enrolment.

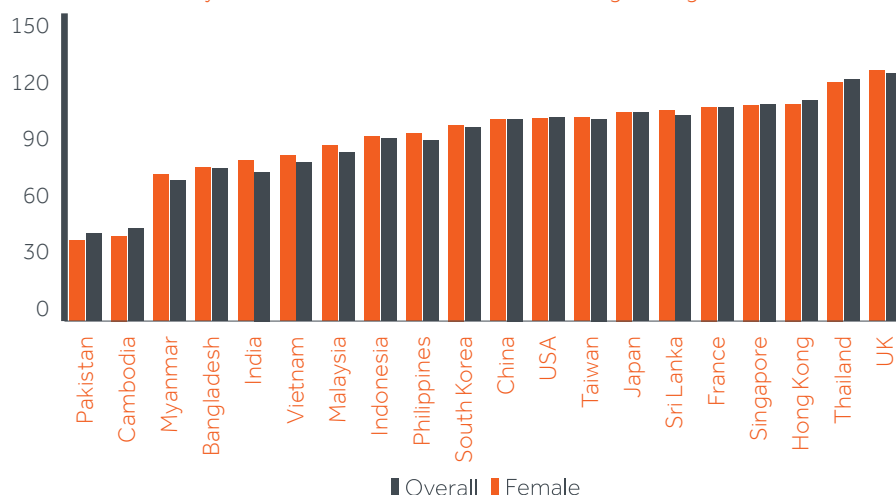
In the more developed parts of the region, birth rates have been steadily falling over recent decades and, according to International Labour Organization projections, working age populations have already begun to shrink or will begin to do so by 2030. Interestingly, somewhat richer Vietnam and Sri Lanka have also moved into this bucket in recent years. Increased female education and workplace empowerment would appear to go hand in hand with falling birth rates. Hence the need to further enhance human capital endowments and provide equal opportunity to productive employment to all those who seek it regardless of gender (and other discriminatory factors).

As posited earlier, the greatest marginal returns would seem to be generated by improved access to secondary schooling. Returns to tertiary education are still positive but diminish. A subjective cynic might seek to argue that at college level and above, institutional quality and subject "usefulness" play a far greater role in separating the wheat from the chaff.

At least 80% of the eligible cohort in developed Asia now enrolls in tertiary education with no discernible difference in enrolment rates across the sexes. In China (now 47%) and the ASEAN-4 (today 40% on average) tertiary enrolment rates have also risen sharply from less than 10% 3-4 decades ago. Nevertheless, given the demographic challenges outlined above, there seems to be a disappointingly weak relationship between a significantly rising supply of highly educated females and a rather more tepid increase in female labour participation rates.

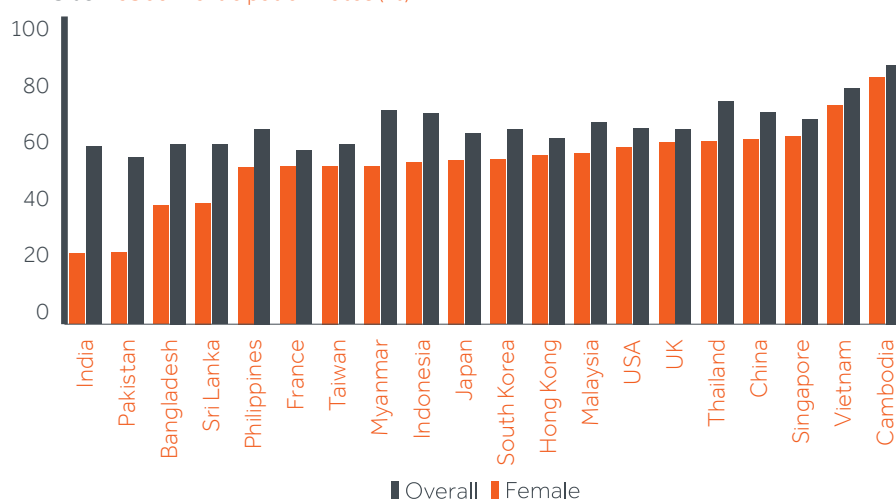
Why should this be so? This is perhaps attributable to as much economic as to cultural/chauvinistic explanations for throughout the world, the burden of care for both children and the aged continues to fall primarily on working age women. It can be argued, therefore, that if countries wish to endogenously boost their labour supplies in the face of slowing (or even shrinking) overall working population growth, there is a requirement to promote policies that alleviate the burdens of the principal carers' cohort.

Exhibit 2: Secondary Education Enrolment Rate as Percentage of Eligible Cohort



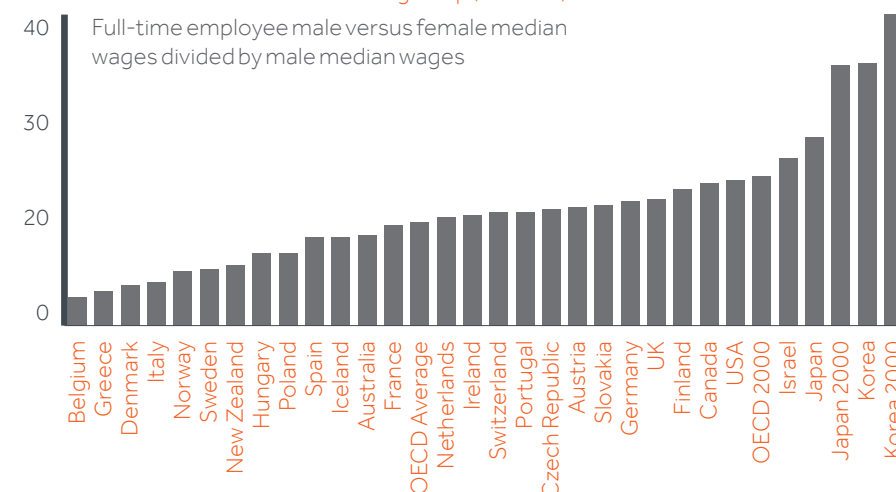
Source: DSG Asia Ltd, International Labour Organization, CEIC

Exhibit 3: Labour Participation Rates (%)



Source: DSG Asia Ltd, International Labour Organization, CEIC

Exhibit 4: OECD Countries Gender-Wage Gap (2017-18)



Source: OECD data www.oecd.org/gender/

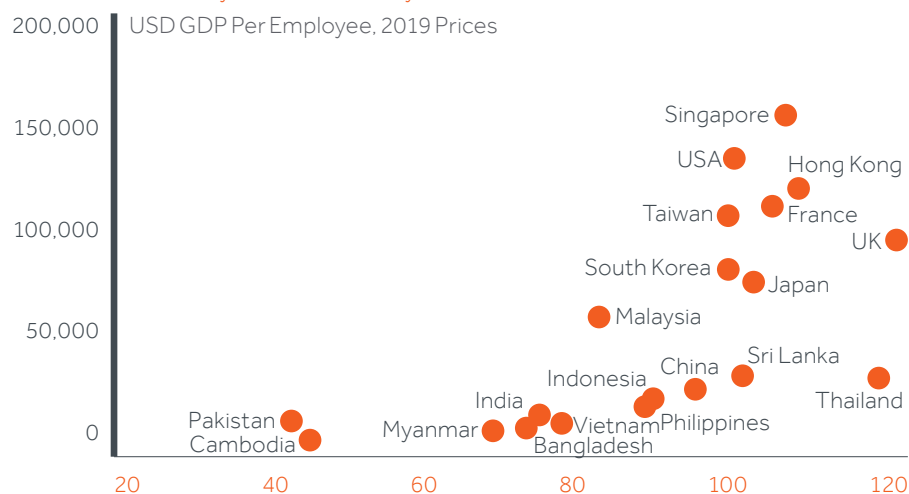
Nevertheless, the cultural/chauvinistic minefield cannot be completely avoided. OECD data suggest that the average gender-wage gap has narrowed from 19.4% in 2000 to 13.5% today. The absolute improvement in the only two Asian countries surveyed – Japan and Korea – has been even greater yet still today, females are paid considerably less than their male peers in comparison to the gaps registered across the rest of the developed economies cohort.

In conclusion, Asia, with a few notable exceptions, generally deserves credit for expanding educational opportunity for both sexes in recent decades. However, the region's record of creating well-paid employment opportunities for increasingly better-qualified potential female employees is rather more mixed.

For the poorer Asian economies with still relatively young and rapidly growing populations, the challenge is to improve educational access and standards, especially for women. In turn this requires the nurturing of investment environments that will encourage both capital deepening and more productive employment opportunities.

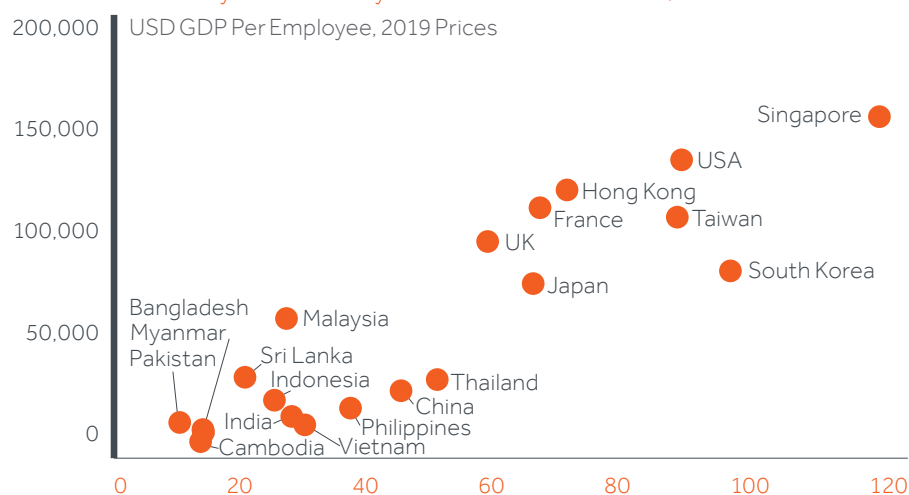
As for Asia's middle income and more developed economies, demographic dividends have already been harvested. Hence creating institutional structures that better utilise their increasingly well-educated female cohorts is an ever-growing necessity. Demography and culture are not destiny.

Exhibit 5: Productivity versus Secondary Education Enrolment Rates, Latest Year



Source: DSG Asia Ltd, International Labour Organization, CEIC

Exhibit 6: Productivity versus Tertiary Education Enrolment Rates, Latest Year



Source: DSG Asia Ltd, International Labour Organization, CEIC

Actis addresses

One 2020 goal that we are particularly proud of is the portfolio mentoring programme, of which details and a video can be found [here](#). This has taken our talent in investee companies focus to the next level. It is one example of our belief that inclusion and diversity are central to building long term successful and sustainable businesses. We are in partnership with our investee companies, learning from each other, exchanging ideas, building best practice, together.



The corporate view

Kipeto: Partnering with Maasai landowners

Libby Hirshon

Environmental Social and Governance Director
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South Africa



Nikhath Zigmund

Business Development Director
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Africa has a storied history of projects which failed to establish the necessary social licence to operate. Overlooking the marginalised and under-represented groups who often live near projects, is a temptation for many developers. However winning the support of these groups is critical to ensuring any project's success. The Kipeto Wind farm in Kenya is an example of how respectfully working with such stakeholders is fundamental to our origination and investment approach.

The 100MW wind farm is located on the Kajiado plains some 50km south of Nairobi and was the foundation investment of Actis Energy 4's pan-African renewable energy platform BioTherm Energy. The project is situated within a Maasai community, members of which are predominantly pastoralist farmers. The site is also foraging ground for two species of critically endangered vulture.

In 2017, Actis won a select sale process for the development stage asset in large part due to our reputation as being a reliable custodian with on the ground presence well suited to take the complex project forward.

Actis' Archer Kilpatrick discussed Kipeto with two members of the BioTherm team who have been critical to its success so far, Libby Hirshon, Environment Social and Governance Director at BioTherm and Nikhath Zigmund, Business Development Director:

Libby, you've worked on the management of complex social impact issues across Africa for nearly 20 years, what made Kipeto different?



Libby: What makes our Kipeto wind farm project different is the real partnership approach we have adopted with the Maasai landowners in the project area and broader community. The wind farm occupies land that is owned by over 90 families, and we've always seen these families and broader clan members, as our **partners** in the project, not just "affected parties". From the early development phase, consultation was highly inclusive and respectful of the Maasai culture and institutions, with a clear intent to achieve a positive outcome for all. Engagement is now formalised via a Community Implementation Committee (CIC), whereby all stakeholder groups including women, elders and youth are represented, supplemented by informal, direct consultation with individuals and households. This inclusive engagement approach, based on mutual respect and trust, is led by our team of Community Liaison Officers (CLOs); recruited from the local community to establish a constructive two-way dialogue between our project and all of our local partners.

Another important aspect of the project is the vocational skills training program for the youth, which we introduced pre-construction. The programme provides the Maasai community with the opportunity to obtain the skills and experience that enables them to gain further paid employment, once our project construction is complete. Over 200 young men and women have now received this training and we have many wonderful stories of people who have gone on to employment and whose lives have genuinely transformed as a result of this opportunity.

Nikhath, you had the task of finalising legal agreements with Maasai land owners, how did that go?



Nikhath: Finalising lease agreements involved everything from identifying plot boundaries, facilitating the registration of title deeds for families – some of whom had never had any official legal paperwork before – and even mediating family land disputes. I think we were only able to achieve this because our local partner, Craftsills, and our social team plus CLOs, had formed a really strong relationship with the land owners, and there was a huge amount of mutual trust and respect built up over time. We made sure that the landowners received proper legal representations and understood the nature of the agreements. We had a formal dispute resolution process in place, so that when issues arose, they were escalated and addressed. We also introduced a local firm to deliver financial literacy training, as the Maasai land owners received lease payments during construction, and once the plant is operational, they will receive a portion of the revenues from the turbines on their land.

Another key aspect of our engagement with the landowners was the house building initiative. We had to ensure that landowners' homes were safely outside of the turbine buffer zones. This meant working with the landowners to identify locations within their land where we could build new houses for them. In total, we built 83 new homes for the landowners. The houses were carefully designed in consultation with the families to ensure they were culturally appropriate and in accordance with Maasai family structures. The houses consist of 3 to 4 bedrooms, with solar panels and water tanks, and families also received stipends to help furnish the homes. These new houses have been extremely well received by the community and have gone a tremendous way towards fostering further goodwill and trust in the project.

Libby, how did the presence of critically endangered species interact with our community discussions?



Libby: We also applied an inclusive approach to biodiversity and conservation management in our project area and beyond. In the project area and across East Africa, livestock predation has driven Maasai pastoralists to resort to poisoning animal carcasses to kill off their predators. Tragically, this has led to the unintentional poisoning and severe decline of vultures; pushing the species to the brink of extinction.

To try and reverse this decline, we are working with conservation experts and have made significant investment in a broad anti-poisoning programme, alongside a comprehensive mitigation programme to avoid vulture collisions with our turbines and transmission line. The success of these conservation and mitigation programmes has required inclusive community buy-in, as our ornithology team are a continuous presence in the Maasai communities. Initially the team was viewed as a somewhat curious foreign concept, but through inclusive consultation we have not only achieved acceptance but have engendered strong interest in the issue of vulture conservation to the extent that, as of today, 16 of our team of 30 professional ornithologists have been recruited and trained from the local Maasai community. We are also working with international conservation experts, local Kenya NGOs, the Kenyan Wildlife Service and community representatives to strengthen the pastoralist's wildlife protection enclosures ('Bomas') and provide training on enhanced livestock protection measures throughout the broader region.

Average age of
people trained is
23 years old

31% of those trained
were female



Archer: Thank you both—it's clear that our sensitive community involvement has been critical to the success of the project so far.

I had the pleasure last year of attending the graduation ceremony for community members who had passed through Actis funded training programmes for masonry and catering and who would shortly be taking up jobs on the project. It was a genuine privilege to be welcomed into the community of such a culturally rich people as the Maasai, not as a tourist but as a partner who was playing a role in improving the lives of community members. Having worked on the Investment Committee paper for the project whilst being a Summer Associate and now being part of the Investment Management team BioTherm, being connected to a project which is not just making a difference in terms of statistics at a national level but in tangible, physical and personal ways on the ground, is an extremely rewarding aspect of working for Actis.



Maasai
community near
Kipeto wind farm

The corporate view

Brazil: Empowering local communities with land titles

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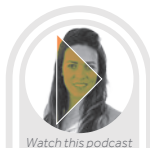
Watch this podcast

Marina Johnson

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Watch this podcast

In 2017, Echoenergia acquired Sao Clemente (233MW), our largest asset within Echo's portfolio (1.2GW), from a local developer. The project has 126 wind turbines and is spread across four municipalities in the State of Pernambuco, Brazil. Since then, we have worked with Echoenergia on several initiatives supporting local communities.

Noise mitigation and improved housing

During the acquisition, our due diligence highlighted elevated noise levels and the need to implement noise mitigation measures to residential properties. The socio-economic studies indicated that families were lacking basic facilities, such as toilets, within their homes. This presented a risk particularly to women at night, who were left no choice but to use informal settings outside their homes in the dark. Poor sanitation and sewage treatment also caused issues, contaminating the environment and spreading diseases.

To address the noise level issue, Echo initiated a robust community engagement programme, including liaison with public authorities and several public hearings where community members could discuss their concerns with the mitigation plan proposed. These initiatives surpassed local legislative requirements, to meet global best practice. The plan included building a pilot house for those relocating to a high specification design of two bedrooms, a living room, a kitchen and a bathroom.

To date, 79% of the 147 households impacted by WTG noise are in the process of being relocated or having their properties retrofitted, with 95% of families providing positive feedback. Despite the challenge of the COVID-19 outbreak for the construction schedule, 60 new homes are nearing completion.

Securing land rights

Prior to construction, Echo also discovered that between 15-20% of the families didn't have any formal proof of land ownership, or necessary support to obtain the legal documentation required to formalise ownership and secure their household title.

Whilst many companies could have seen this as a challenge too costly and complex to navigate, Echoenergia decided to put in place a team of five including a dedicated lawyer, a social field assistant, and a community relationship coordinator to implement the land formalisation process and paid for all associated legal fees required.

Within Brazil, building one's own house - Casa Propria - is a significant cultural asset and sign of accomplishment among peers, even without formal documented status. This was reflected by the previous administrations' Governmental social programme - Minha Casa, Minha Vida (My house, My life). Echoenergia is offering and enabling the ownership of a new house with all associated legal titles, which is seen by much of the community as a pipeline dream only accessible to middle-income families.

Whilst Echo had already secured land lease agreements for 25 families, the noise-related relocation and retrofit program reached an additional 50 households outside of the leased area. Echo was therefore able to expand the positive impact on community relations beyond its existing stakeholders. The civil works involved in this ambitious program employed around 200 local workers, from four different contractors, thereby contributing to local economic development in the region.

Echoenergia continues to raise awareness on the benefits of formalising land ownership - a benefit that will last for generations.

Within Brazil, building one's own house - Casa Propria - is a significant cultural asset and sign of accomplishment among peers, even without formal documented status. This was reflected by the previous administrations' Governmental social programme - Minha Casa, Minha Vida (My house, My life). Echoenergia is offering and enabling the ownership of a new house with all associated legal titles, which is seen by much of the community as a pipeline dream only accessible to middle-income families.

Empowering women

Echoenergia has built on the Casa Propria cultural ambition and pushed to empower local women through its noise mitigation programme. As the Company continues to formalise additional agreements with families, they are including female heads of households on the land title ownership documents. In a sign of real progress of the 74 agreements executed so far 95% include women on the ownership documents.

Echoenergia continues to progress the noise mitigation program, providing dignity and security to families and women who could not previously afford the costs associated with formalising ownership of their land and assets. As a result, their relationship with the community continues to strengthen.



Former home of family living close to Sao Clemente wind farm, Echoenergia's project, located on the Pernambuco, Brazil



New home of family living close to Sao Clemente wind farm, Echoenergia's project, located on the Pernambuco, Brazil

The corporate view

Atlas Renewable Energy: Tackling inclusion through female empowerment



Marcela Pizzi

Head of People and Communications

Atlas Renewable Energy



María José Córtes

Head of ESG

Atlas Renewable Energy, Mexico



Since Actis' investment in Atlas Renewable Energy in 2017, the management team – including the female Heads of HR and ESG – have shared a commitment and enthusiasm for pushing cultural norms and standards to raise the bar on female empowerment. Their vision is to create an inclusive culture that values employees for what they can bring to the business. Similarly to Actis, Atlas recognises that diverse teams and an open environment where diverse viewpoints can be expressed, simply creates better and more resilient businesses. We spoke to Marcela Pizzi and María José Córtes about what this looks like in practice.

Atlas now provides staff with unconscious bias training, focused particularly on gender distinctions for example. It also insists that there is at least one female candidate in every recruitment shortlist to attract more women to the company. Such measures have proved successful in building a more gender balanced team; women now make up 38% of their headcount, up 11% from 2017.

With an internal culture embracing inclusiveness and diversity, Atlas is in a strong position to work with the local communities to promote similar values in female economic empowerment. The economic repercussions of the C-19 pandemic on local communities, combined with Atlas' corporate drive to improve inclusion and diversity (I&D) initiatives, led to the established of its ambitious Women Workforce Programme (WWP) "We are all part of the same Energy".

WWP aims to improve local women's access to employment, entrepreneurial opportunities, and leadership positions in their corporate value chain. Atlas view this as an opportunity not only to fulfil its part in

addressing inequalities and cultural biases as a Company, but also a way to contribute to wider local economic development. The suggestion, supported by independent studies, is that where women are developed and supported to access better jobs; communities as a whole can be lifted, as additional income is invested back into key areas such as food, healthcare and education.

Atlas is focusing its programmes on training and hiring women in engineering, electricity, mechanics, Health, Safety, Environment and Quality and environmental management. The initiative has been rolled out across Atlas's current projects in Brazil, Mexico and Chile, taking into account local contexts to ensure the sustainability of initiatives. The program has been funded in collaboration with the Interamerican Development Bank (IDB), in the projects where the IDB acts as the senior lender.

The vocational programs aim to upskill at least 870 women into qualified positions from nearby communities at their assets: La Pimienta, Sol del Desierto, Casa Blanca and Jacarandá. The programme is the largest of its kind in Actis' portfolio and has three main aims: to boost permanent technical skills among local women; to create employment vacancies during plant construction and operation; and to understand the economic development potential of areas where Atlas has completed construction. The latter, supported by a market study run in parallel to the training, enables Atlas to identify job opportunities and skills that can be used during O&M, or in other related industries to continue contributing to growth. Where possible, Atlas strives to include a proportion of the women trained, back into its own operational supply chains, or facilitate linkages with other industries in their area of influence.

Specific global I&D targets do not play much of a role in global best practice. Atlas however, has decided to build on its 2-4% baseline for female inclusion at its projects, to an ambitious but feasible target of between 10-15% female representation in its construction workforce.

At the Jacarandá Project in Brazil Atlas works alongside four other strategic partners to: summon women interested in the training program from

local educational institutions; to raise awareness of female careers in STEM; and to deliver the WWP training. Atlas is clear that women 'cannot be what they cannot see' and therefore promotion of the Energy sector starts at high school, profiling successful women in the sector as a key strand of the programme.

These partnering organisations include local university groups, NGOs, SME support services, labour and value chain specialists, and the EPC who interfaces between the training provider and third party Community Manager. The EPC then hires female candidates who have successfully been evaluated after completion of the training. Alongside these partners Atlas has involved local Governmental players, Project Finance institutions lending to its projects such as IDB (resulting in additional commercial benefits such as tax relief), and included non-negotiable standards for hiring and training women in the contractual requirements of EPC appointments.

Atlas is striving for additional targets at the Jacarandá project, such as 50% of the women hired being from Afro-descent and at least 30% of the male workforce being of Afro-descent.

The Women Workforce Programme is being implemented in an environment historically dominated by male labour. For women to have equal access to professional development there is also a need to provide supporting initiatives such as a harassment complaints mechanism; sensibilisation within the construction workforce; manufacturing of appropriate uniforms; provision of sufficient bathroom facilities; and safe accommodation and transportation.

Atlas has also identified further mitigation measures to barriers facing female enrolment such as: provision of childcare during EPC training; educational benefits for the children of female construction workers; and gender worker committees to provide a safe space to share experiences and improvement opportunities for the WWP.

We look forward to following the progress indicators tracked at each of the four sites as the WWP empowers more local women.



5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Upskilling

870
women

422
received
training to date

38%
female workforce

Up **11%**
from 2017

10-15%
target for female
representation in
construction workforce

The corporate view

India: Focusing on fairness for farmers

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It is an understatement to say that agriculture is the life of the Indian economy. It contributes over 16% of India's Gross Value Added and is the primary source of livelihood for almost 58% of India's population. Yet there continues to be a clear and urgent need for the agriculture sector in India to be reformed. Big Basket – a leading online grocery retailer and Actis managed investment in India – has been leading this change from the front through its farm-to-fork program.

Big Basket delivers fresh fruits and vegetables, meat and dairy, groceries, personal care and household items via its website and mobile applications. It delivers over 5 million orders per month, offering 50,000+ SKUs. Fresh fruit and vegetables make up about 18-20% of its overall sales.

Leveraging innovation and technology, Big Basket is driving a transformation in the lives of the thousands of farmers, which in turn has helped it build a formidable supply chain for its core products.

Improving agricultural productivity and helping to boost farmer incomes have long been priorities for India's path to inclusive growth. However, a host of structural challenges in the sector continue to affect the livelihood of the agricultural workforce. Farm sizes remain highly fragmented with average farm size of 1.1 ha, which in turn has led to inadequate income for most farmers. Farmers are often amongst the poorest members of society and worker productivity in the sector is low.

As a result of these factors, retailers who rely on such farmers' produce often face challenges building a reliable supply chain and ensuring the quantity and quality of produce needed for their customers.

Big Basket is directly addressing some of these challenges by helping farmers access timely information and transparent advice; providing visibility on pricing and sales; ensuring more reliable payments through digital channels and; enabling cost

Exhibit 1: In fruits and vegetables, Big Basket's highly differentiated "Farm-to-Fork" strategy addresses core customer needs and drives higher efficiency



Source: Supermarket Grocery Supplies Private Limited

savings and better terms. As a direct result of these efforts, the Company has been able to build a highly robust and reliable supply chain, significantly strengthening its competitive positioning whilst assisting small scale farmers, in a win-win solution.

From the beginning, Big Basket took the approach of investing significant time and resources to cultivate a reliable supply chain and build trusted relationships with its farmer-suppliers, in order to build a differentiated supply chain.

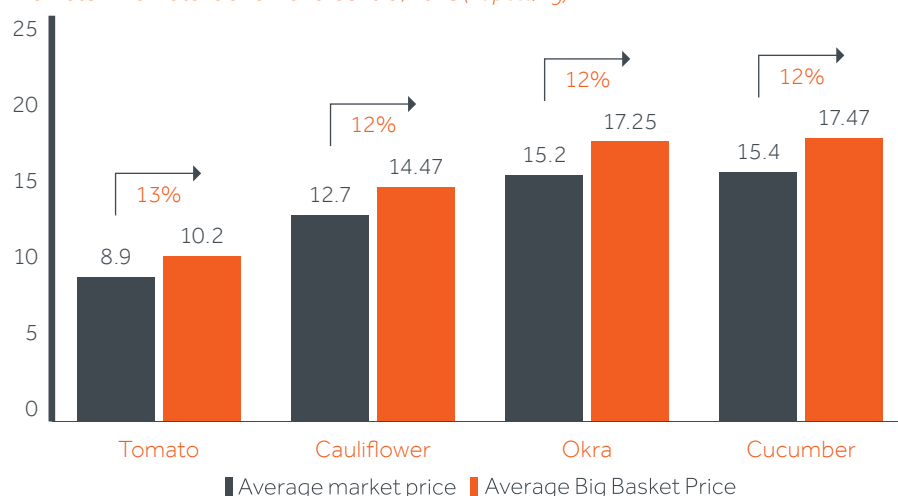
Leveraging innovation and technology, Big Basket is driving a transformation in the lives of the thousands of farmers

"Diversity and Inclusion are part of our business goals and strategic to us at Big Basket. It consists of three parts, namely, ensuring no gender bias and increased focus on **Employment of women** (at white and blue collar levels), increased focus on hiring **Differently-Abled** people and our well established **Farmer Connect** programme which ensures transparency on pricing, better returns to farmers and increased savings through timely, direct transfers to their bank accounts."

Hari Menon, CEO, Big Basket

The backbone of Big Basket's supply chain is the Company's innovative approach to building rural collection centres at the farm gates (Exhibit 1). These act as service centres for farmers allowing them to drop off their produce daily, where it gets sorted, graded and shipped to several metro and tier II cities. The end-to-end supply chain allows significant cost savings by eliminating intermediaries while also enabling Big Basket and its farmer suppliers to adjust their produce supply more flexibly in response to consumer demands and preferences. Big Basket can directly monitor and drive the quality of produce it offers under the platform.

Exhibit 2: Price difference between Big Basket and local markets Rupees/kg for four markets in Karnataka and Maharashtra, 2018 (Rupees/kg)



Source: CDC Group plc (<https://www.cdcgroup.com/en/news-insight/insight/articles/how-does-an-online-supermarket-in-india-impact-farmers/?fl=true>)

Exhibit 3: Stylised example of potential savings by farmers from selling to Big Basket

Item	Big Basket farmers	Other farmers
Price for 10kg tomatoes	100	87
Market commission	0	8.7
Weighing cost	0	5
Labour cost	0	5
Transportation cost	7	10
Profit	93	58.3

Source: CDC Group plc (<https://www.cdcgroup.com/en/news-insight/insight/articles/how-does-an-online-supermarket-in-india-impact-farmers/?fl=true>)

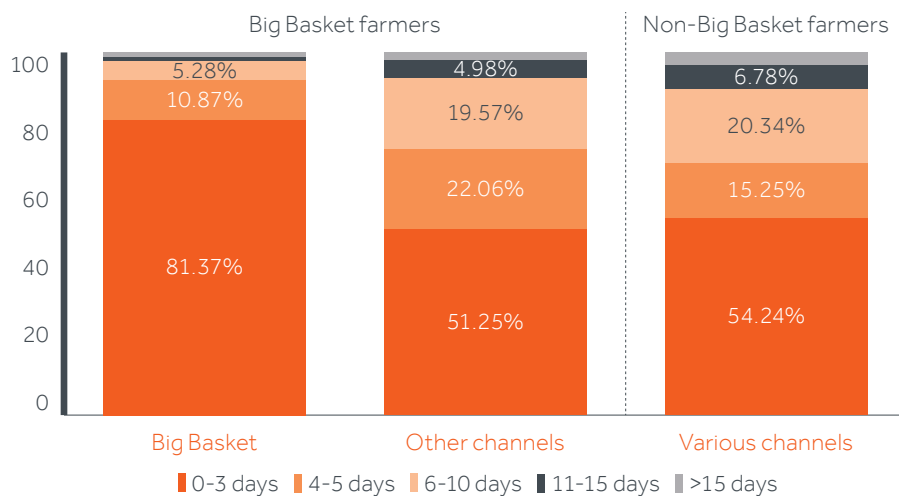
Sattva Consulting in partnership with CDC Group and Big Basket conducted a recent study covering 400 farmers across six states ("Insight Study"). As per this study, almost 83% of farmers surveyed reported that Big Basket gives them the best price for their produce. On average it indicated that the prices Big Basket offers to farmers are 10%–14% higher than local market prices. This is due to Big Basket's daily dynamic price-setting policy, where regional buying heads find the midpoint between the price offered in local markets and the price that Big Basket can charge to customers in the large cities (Exhibit 2). The study also indicated that more than

half (52%) of Big Basket farmers can sell more than 75% of their produce to Big Basket, leading to large income gains.

Higher prices and cost savings through selling to Big Basket can translate into a significant improvement in farmers' daily income. Farmers selling to Big Basket save on several costs that would otherwise be incurred from selling in the local market, such as the Government-mandated market commission, labour charges for unloading produce and charges incurred for weighing produce. These savings directly translate into higher profits for Big Basket's farmers (Exhibit 3).

Exhibit 4: Farmers' waiting time to get payment for produce

How many days will it take for you to get the money after selling your produce?



Source: CDC Group plc (<https://www.cdcgroup.com/en/news-insight/insight/articles/how-does-an-online-supermarket-in-india-impact-farmers/?fl=true>)

One of the other key benefits that farmers have been able to achieve through their association with Big Basket is the convenience of prompt electronic payments. With Big Basket's electronic payment methods and efficient processing cycle, farmers can manage their operational costs more efficiently. The Insight Study indicated that a vast majority (82 %) of Big Basket farmers receive payment within three days of the sale of their produce, compared with only half of non-Big Basket farmers (Exhibit 4). Other retail companies also process the payments directly through the bank, but their payment cycle is usually once a week or fortnight. Intermediaries and traders at the local market pay mostly in cash which takes 7–15 days.

To improve productivity and quality, Big Basket has placed a full-time qualified agronomist at each of its collection centres, dedicated to supporting local

farmers. These agronomists first onboard each farmer through a personal visit, where their farm is geotagged and the required farmer details and data are entered in the 'Smartfarm' platform. They provide ongoing advice on inputs and crop schedules to ensure supply meets demand.

These efforts not only positively impact the farmers but also allow Big Basket to improve its competitive positioning. The Company is able to closely monitor and control the quality of supply which is key for its customers.

All of these measures have enabled Big Basket to build a sourcing model which improves farmers livelihoods and adds real value to their business. The security of knowing what to plant, who to sell to and for how much helps enable farmers to plan their lives, make savings, pay their workers and invest for their futures.

Actis addresses

Knowing what success looks like and the initiatives that will create cultural and behavioural changes plays a role here. During 2020 we have focused on ten inclusion and diversity goals, ranging from policies, cultural inclusion initiatives, an engagement and inclusion survey - to establishing initial recruitment targets, starting a series of courageous conversations about race and ethnicity and integrating inclusion and diversity metrics and tools into our investment and portfolio management processes.



The corporate view

Zuma Energía: Deliberate action

Nina Denisse Gutierrez

Leadership Strategy Consultant

Zuma Energía, Mexico



Adrián Katzew

CEO

Zuma Energía, Mexico



Created in 2014 with investment from Actis and Mesoamerica, Mexican renewable energy platform Zuma Energía (Zuma) has placed attracting and retaining the best talent from a diverse pool of people at the heart of its recruitment and training processes from the outset.

"My purpose and philosophy in building the team for Zuma has always been centred around sustainability and social mobility," says company CEO Adrián Katzew. "We are a genuinely local company in an environment where most businesses are international and we want to provide a working environment where people from all backgrounds can develop their skills and contribute fully to growing our company."

In addition to being a focus for Actis, it's a philosophy drawn from Adrián's personal experience. Adrian was determined to attend the best private university in Mexico and worked his way through the course. "I worked in the library alongside a colleague who helped me out but couldn't afford the university fees," says Adrián. "It was there that I developed a strong desire to contribute to ensure that gaps and inequalities were fixed."

With a view that creating a diverse organisation required deliberate action on two main fronts – gender and social background (including the dimension of racial income and opportunity inequality), Adrián set about building the team. One of Zuma's early employees, CFO Hélène Dimitracopoulos, joined after Adrián had spent a year in discussions with her. "We agreed to support Hélène so she could leave the office and work from home later. That way she could manage her family set up as well as take on responsibilities at Zuma," says Adrián. "There is an incredible talent pool in women who want to get back

to work after having a family, but there is not often enough flexibility to allow them to do so – companies that don't recognise this are missing out on highly valuable leadership qualities."

With an ambition to do more to bring outstanding talent to Zuma, Adrián believes there is an arbitrage opportunity. "If you want to bring in the best talent, you have to make an exchange – flexibility," he says. "Otherwise, you won't have access to a deep and broad pool."

Helping women transition to a new way of life after starting a family is another way Zuma seeks to support female staff. The company offers maternity coaching to women through pregnancy and beyond, providing them with the information and skills they need to plan for personal and professional objectives as their circumstances change.

Adrián also believes that the business needs to be proactive when it comes to developing talent across the socio-economic spectrum. As a result, Zuma has worked in partnership since 2015 with Inroads de México, an organisation that helps identify and train young people from public universities. Zuma has so far taken on 8 Inroads, offering experience, training and work opportunities. Zuma also provides scholarships to promising young students to help them pay their way through their studies. "We have to tackle social discrimination," says Adrián. "We can help achieve this by giving people from low income backgrounds the confidence and personal skills that a top university education often confers – there is a cultural gap that needs to be bridged here."

However, efforts to build an inclusive organisation can become more challenging as a business grows, an issue Adrián recognises. From a small team in 2014, Zuma now has 50 employees, plus contractors working on constructing new assets. "We've gone from zero assets to 1.2GW of capacity," he says. "We have to ensure that diversity and inclusion continues to cut through as we grow."

Having brought in Nina Denisse Gutierrez as a Leadership Strategy Consultant to work on a number of diversity and training

projects, Zuma hired her as Head of HR to ensure the company continues to develop inclusion policies and initiatives. Tellingly, Zuma agreed that Nina could undertake the role on a part-time basis. "It's rare for employers to allow part-time working for senior positions," she says. "But it was the only way I could keep a work-life balance and join the company."

For Nina, it's vital that Zuma builds on its culture of ensuring people feel a sense of belonging in the company. "Everyone wants to feel as though they belong," she says. "If people feel they don't belong in a team or culture, that creates barriers and they won't contribute their best – people need to feel comfortable to perform. And, as an organisation, you want to ensure you are capturing different views and outlooks so you can build better projects; if you just hire clones, you don't have a full set of skills or opinions."

Zuma already has an open door policy that enables employees to talk to others, including the management team, to share ideas and air concerns and issues. The company has also carried out assessments on potential and new employees to ensure recruits are suitable or adaptable to team working. "One of the issues we have faced," says Nina, "is that people are sometimes more used to hierarchical structures and the work I've carried out suggests that this can be a block to openness and a culture in which all ideas are valued. Given that there is a scarcity of talent in renewables, we can't always filter out people that don't exactly fit our culture; sometimes have to work with people to help change behaviour."

As Zuma continues to grow, it is also putting in place leadership development programmes and unconscious bias training to create more institutionalised frameworks around which the company culture can develop. "We need to have honest and open conversations about our prejudices," says Nina. "We all have them, but we need to recognise what they are and learn how to work through them. At Zuma, we want to ensure that communication around this remains open – we want to promote an environment of psychological safety."

*Zuma Energia's integration offsite:
discussing human rights, diversity and
inclusion and respecting differences*



The corporate view

Garden City: Building for the future

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In 2011 Actis commenced construction of the Garden City mixed-use development, East Africa's first integrated residential, retail, office and hospitality development. The aim was to establish a new commercial hub serving the north of Nairobi. In this article we discuss three key aspects of the Garden City development programme that are providing inclusive, equitable benefits to a broad demographic from across Nairobi.

Equitable and Inclusive Design

SDG 11:
Make cities
inclusive, safe,
resilient and
sustainable.



Target 11.3: By 2030, enhance **inclusive and sustainable urbanisation** and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Actis' first step was to define a masterplan for Garden City adhering to the principles of inclusive and sustainable design. Too often retail-led mixed use developments prioritise access for the wealthier car owners, while deprioritising or in some cases disregarding the access requirements of others. By contrast, Garden City continues to ensure convenient, safe access for a broad demographic from across Nairobi. The Garden City site was selected because it

is strategically located with easy access from the major residential areas of Nairobi, including public transport routes from the lower-income regions of Garden Estate, Ngara, Pangani and Parklands. Public taxi stands are located adjacent to a pedestrian access gate, ensuring safe access for the non-car owning middle income groups and a pedestrian footbridge is under construction across the Thika highway, which separates the development from residential areas to the north. To further encourage a diverse range of visitors, Garden City set aside three acres (10% of the retail and residential land parcel) for public open space, which houses an open park area, amphitheatre and children's park and water-play area. Of course, these measures to ensure safe, easy access and equitable use of the facilities have the associated benefit of increased footfall in the shopping mall. The breadth of demographic that visit Garden City mall in turn attracts a wide range of potential tenants, such as the affordable dining options available in the food court. A virtuous win-win for Actis, the 450,000 people that visit the mall each month and the 1,500 people whose livelihoods depend on the employment opportunities provided at the mall!

Vocational Skills Training Programme

SDG 8:
Promote
sustained,
inclusive and
sustainable economic
growth, full and
productive employment
and decent work for all.



Target 8.6: By 2020, substantially **reduce the proportion of youth not in employment, education or training**

After the shopping mall, the next phases around the Garden City Precinct comprised residential and office developments

During the development and construction phases, Actis sought to contribute towards the growth and quality of the construction industry by partnering with Arc Skills to offer internationally accredited training to young people selected from different community based organizations in the informal settlements around Garden City. The training was practical and continues to take place on live construction sites at the Garden City Residences and Business Park developments.

Kenya's construction industry output has risen on average 13% year on year since 2014. There is an estimated gap of over 500,000 mid-level technicians, hampering the country's economic growth prospects.

Actis and the Garden City team are helping to bridge this skills-gap by partnering with Arc Skills to offer international, accredited construction training to previously unemployed individuals.

300 trainees enrolled for the programme at Garden City Residences and a further 150 have enrolled for the programme at the Business Park. The training focuses on construction-related trade – formwork, carpentry, masonry, plastering and plumbing – and with 35% female enrolment – the programmes are providing significant opportunities for women in the construction industry.

With a pass rate to date of 93%, and 71% moving straight into employed work, the Garden City vocation skills training programme is making a meaningful difference to the lives of underprivileged young people living in the vicinity of the development. The programme not only provides a route to paid work for young men and women, as a construction worker with an internationally recognised qualification, the earning potential of the graduates is boosted.

Importantly, the training programme has also delivered material benefits to the contractors and the development. Since the initial pilot phase, all subsequent phases have been funded from the development budget. The high quality of work and strict adherence to safety protocols demonstrated by the graduates, has meant that, in the words of our Project Manager "the programme pays for itself, many times over".

Meeting Housing Needs

SDG 11:
Make cities
inclusive, safe,
resilient and
sustainable.



Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing.

Globally, the investment required to reduce the housing affordability gap has been estimated to be as high as US\$650 billion per year, or 1% of global GDP. In rapidly urbanising economies, such as Kenya, there is an immense shortage of quality housing units that are affordable for middle-income households. Housing is a key area where investors can have a social and developmental impact in our markets. Housing is fundamental to achieving SDG 11, aimed at creating sustainable cities and communities, which targets adequate, safe and affordable housing for all by 2030.

With this in mind, the next phase in the Garden City development plan was launched in 2019. In partnership with Shapoorji Pallonji Real Estate (SPRE), Actis is seeking to address the shortage of middle-income housing that families can afford in Nairobi. At present, 600 affordable residential units are being developed at the Garden City site, built in three phases.

Garden City has been designed to offer users a genuine 'live-work-play' lifestyle destination for a broad demographic across Nairobi, with the principles of inclusive and sustainable development embedded across the development. Whether that's access to public open space, retail, dining and residential establishments catering to a broad demographic, or a business park providing office space as well as critical training opportunities to a gender-balanced group of young people, Garden City offers 'the perfect example' of inclusive, safe, resilient and sustainable urbanisation.



The corporate view

The Chayora Way

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Oliver Jones

Chief Executive
Chayora, Hong Kong



Chayora enables access to world-class digital infrastructure in China: for both international businesses and domestic sector leaders. Actis' Shami Nissan speaks to its Chief Executive, Oliver Jones about how he is driving a diverse and inclusive culture at all levels of the firm.

Do you believe it is important to the success of Chayora to have local / regional talent on the management team? And gender balanced teams? In what way?

To ensure we can be credible and demonstrate our capabilities, it was particularly important for us to draw on the best talent and experience available worldwide. This requires a diverse mix of genders, nationalities and regional experts overlaid on the technical and managerial skills at the heart of our business. The technology sector is particularly poor in gender balance terms. Through Chayora's involvement with Infrastructure Masons, an organisation that helps technology professionals to connect, grow and give back, we have been very active in supporting the IM initiative to improve gender diversity in the sector. We currently have relatively strong female representation across the executive team (one third currently being female against a technology sector norm of just 10%).

How did you go about securing the diverse talent we see in Chayora management team today? What benefits have you seen as a result of this?

Aside from gender, a nationality mix that shows prospective customers we are 'Chinese in China' whilst very international in our dealings has led to us having an executive team mix that is now one third mainland Chinese, one third international Chinese, and one third non-Chinese. We needed to have individuals who had experience with many of our targeted

customers from the global cloud players and importantly had in-China direct experience with an international filter. This recruitment specification led us to the current team structure – which reflects a natural evolution from our initial (some years ago) much more internationally dominated team structure. The team is powerful on paper and is starting to show great cultural alignment around the Chayora goals and objectives – leveraging the best of our respective backgrounds to genuinely demonstrate the 'whole is greater than the sum of its parts'.

In the context of China, do you see more attention and value being placed on diversity by business leaders? How do leaders of international businesses in China think about diversity and which dimensions of diversity feature most prominently?

I am not sure that China is particularly focused on driving diversity per se as it often seems more of a Western construct and concern today. For example, historically women in China have featured much more widely and strongly in senior management teams since the days of Chairman Mao whose noted 'Women Hold up Half the Sky' proclamation led to China being far more advanced in gender equality terms and ahead of the West's more recent initiatives. Ethnically China itself also has dimensions that are often missed by outsiders: while Han Chinese is the dominant group, over 50 other ethnic groups within China are recognised, and in languages, there are 8 major dialect group and over 300(!) different languages spoken by the huge 1.4 billion population. In China therefore, being aware of these factors and ensuring we do not convey the wholly wrong message that either domestic or international solutions are 'better' is essential, and emphasising 'the best of Chinese with the best of the rest of the world' is our focus – imposing latest Western thinking regardless of context is something we strive not to do.

As a CEO, how do you drive an inclusive culture at Chayora?

An early lesson I learned was to seek out and recruit, retain and try to inspire the best to support great ideas ... often tough in pioneering ventures and entrepreneurial firms. Another important lesson was to avoid recruiting in one's own image

... and from direct personal experience, these lessons have delivered far better outcomes for me – so I know they work! Accordingly we work hard to have the mix of the best: whether younger or older, male or female, local or international, and of whatever national or ethnic background makes sense to build a balanced and strong team. We are now working hard to enhance alignment across these spectrums with our core corporate values centred on the Chayora Way in which being part of the Chayora team is the ultimate aspect, where we each respect the contributions of others – regardless of seniority or history – and strive to see team performance as the measure of us all.

Tell us about the Chayora Academy – what are its objectives and what was behind your decision to launch the academy?

The Chayora Academy is a core training and development concept designed to enable sustainable, superior service performance through everyone understanding their roles and overall business objectives and underpinning them with skills addition and coaching. Whether a frontline engineer, or a member of our administration team or a team leader, we need all to appreciate and understand how their individual contribution makes a difference to the fulfilment of our corporate goals. Everyone matters, as otherwise they wouldn't be part of the team. This internal focus of the Chayora Academy is being extended by establishing relationships with local universities through which we can contribute knowledge to their curriculum and in exchange gain access to smart, young, talented interns, sponsorship programmes and graduate recruits – something we value and our prospective customers also appreciate as demonstrable and sensible corporate social and community engagement. Overlaying our values on gender balances can also then be demonstrated – as we did with a recent group of interns by underlining that we wanted 50/50 balance to show our commitment. We have a long way to go, but we are committed to doing the right thing as well as be a contributor to both the success of the Chinese leadership's goals and also the dimensions we know to be important at a more local community level.

天津職業大學
Tianjin Vocational Institute

Chayora 朝亞

Oliver Jones with Professor Bin Liu, President of Tianjin Vocational Institute and Chayora's sponsored guest speaker Dean Nelson, of Infrastructure Masons and Uber, and colleagues for the inaugural international guest lecture in late 2018.

2018

國際數據中心洞察



Actis addresses

At the same time our portfolio companies are not standing still, and the stories on these pages stem from the shared conviction that investing in human capital at multiple levels – through skills development, enterprise and livelihood transformation – is critical to long term shared value with our communities and stakeholders. Community license to operate is so much more than football shirts and playgrounds – and long term partnership is fundamental to reputation, contribution to solutions and business success at the country level.

Actis Acts

Supporting Senegalese communities through COVID-19

COVID-19 is an unprecedented global challenge but, like many crises, the most impoverished are disproportionately affected. The communities around Azura Power's Tobene power plant in Taiba N'Diaye are highly vulnerable and ill equipped to cope with an outbreak. Prevention is essential as controlling the spread and treating patients is an enormous challenge alongside other associated problems, such as famine in an agriculturally dependent community.

Actis Acts in partnership with Azura is supporting these communities in Taiba N'Diaye in this fight against COVID-19 and to build greater resilience to deal with future crises. The project is raising awareness about the virus and good hygienic practices as well as empowering women and young people, providing skills and tools to increase their revenue and diversify beyond agriculture.

Some of the initiatives Actis Acts and Azura Power are working on together include:

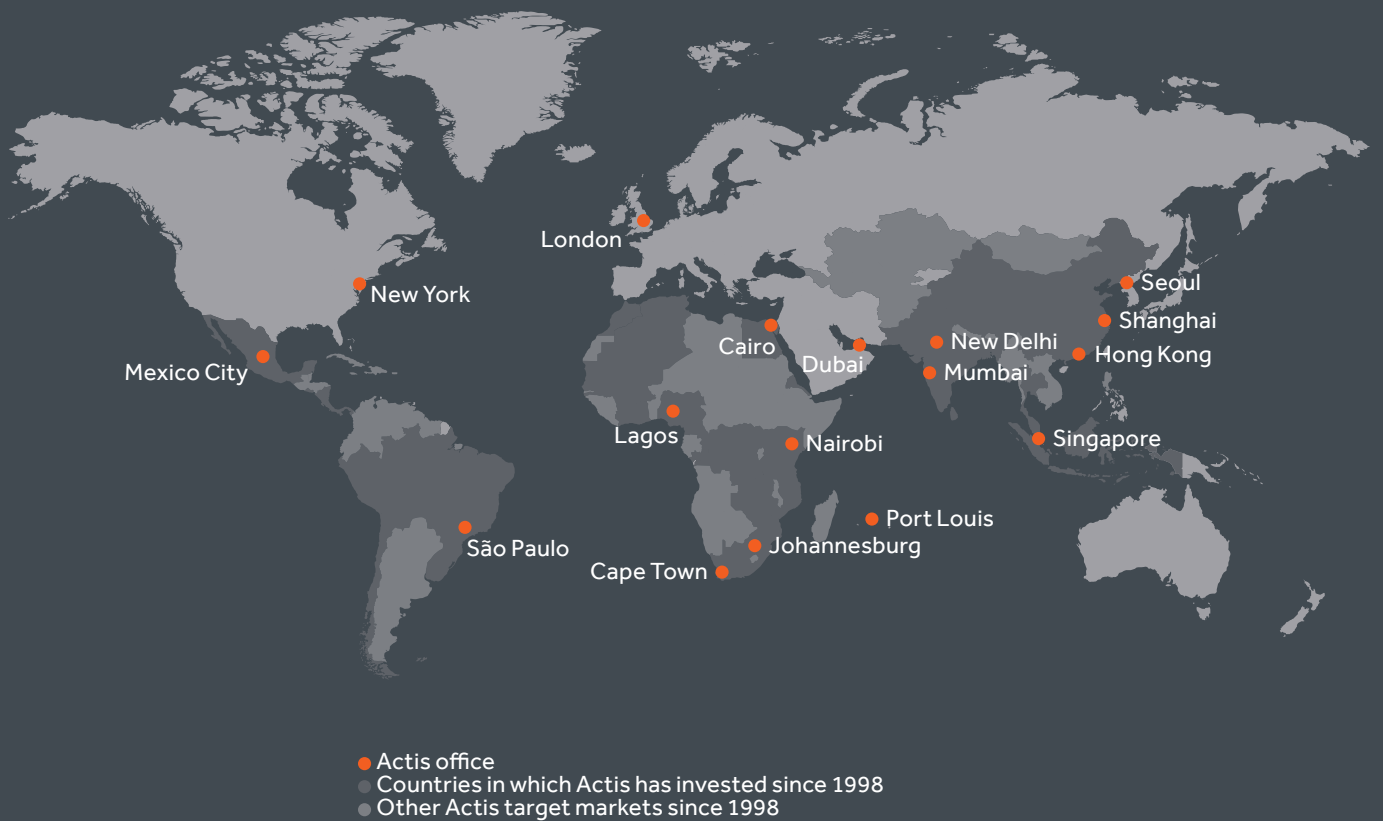
- Teaching women and young people how to manufacture soap using local products, and then to package, market and sell it, skills that will endure beyond the project
- Providing income generating activities all year long, for example selling products such as body cream
- Raising awareness of the importance of hygiene and health through radio and print campaigns
- Installing soap washing stations with thermometers in key public areas, such as markets, health centres and schools and in front of houses
- Establishing a tailor association for the local community to make masks for local communities and the fire brigade. There were previously 3,500 masks (of which only 500 are regulated) for a community of over 28,000 people. There is also potential to make uniforms for Tobene Power employees instead of importing them
- Providing food supplies for 350 of the most highly vulnerable households
- Involving young people and women in the fight against COVID-19 by including them in decision making and a strategic stakeholder engagement



We are also collaborating with Lekela's Taiba wind farm (another Actis energy platform) on community initiatives, further scaling our impact.

www.actisacts.org

Actis Acts is Actis' foundation supporting charitable activities linked to Actis investee companies, local charities and humanitarian crises affecting regions where Actis operates. It embodies our values by seeking to leave a positive and sustainable impact on the communities surrounding our investments. To date, we have committed c.US\$700,000 into 11 projects.



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www.act.is/inclusion-and-diversity/

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