

Profile: Shami Nissan, Actis

by Krystal Scanlon

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The Drawdown (TDD): You're the head of responsible investment at Actis. Can you describe how you got here and what your role entails?

Shami Nissan (SN): I did my first degree in biology followed by a master's in environmental technology. Shortly after that I worked with the UN development programme in Central America, which was very focused on sustainability and social aspects of communities. Those foundations gave me an understanding of the environmental and social aspects in a developing world. I then worked at PwC for 10 years as a consultant focused on sustainability advice to corporates including the financial services sector. That brought commercial rationale and the expertise of working at policy level with companies. Working with lots of banks was my segue way into Actis.

Joining a PE firm wasn't something I planned after completing my masters. PE was seen as the shady side of financial services, so to speak. When I looked into Actis and understood the investment philosophy and genuine commitment to investing responsibly, I realised this was a really attractive opportunity to work in a company which had an enabling framework to address the sustainability agenda and where ambition levels were high.

I joined Actis as head of responsible investment. Recently I joined the executive committee and am also a member of the D&I working group. Those strategic roles are really helpful in enabling me to take the sustainability and responsible investing agenda further across Actis.

TDD: Responsible investing is at the heart of Actis' investment strategy. As head of responsible investment, what does this mean for your role?

SN: There are several critical functions which the responsible investing team fulfils. One of these is ESG due diligence. It is really important to identify and assess the ESG or reputational issues which are material and could impact value. Such issues could be risks requiring mitigation, or an opportunity for value creation.

During the ownership phase, my team and I get involved directly with the portfolio company management to help on specific ESG related work streams we've identified and want to make progress on, or corrective actions. By addressing ESG issues we build high quality companies that are well run, have strong governance, high environmental and social standards and license to operate with communities. That's why we have this strapline, "values drive value", because we believe this isn't just about doing the right thing, it's commercially the right thing to do as well.

TDD: Responsible investment has become more trendy in recent years - how do you ensure it is carried out to high and meaningful standards?

SN: It comes down to our process. It's really important to have checks, balances and monitoring in place so you can be confident of progress. For example, in our energy business every portfolio company has a full-time head of ESG, who is a dedicated member of management focused solely on this agenda.

Secondly, every portfolio company has an ESG subcommittee to the board which meets quarterly to discuss all relevant material ESG issues. With that level of governance and scrutiny, it's very difficult for something material or negative to fall between the cracks. Actis colleagues sit on the board and ESG committees so we are able to monitor and stay close to the developments.

TDD: Do you have to be more sophisticated with regards to ESG? In what ways?

SN: The ESG sub-committee and ESG team within the portfolio companies have vast experience in the field and also rely on consultants and external auditors. I think we have a level of sophistication in the companies and at Actis, which enables us to meet high standards.

Without the ESG heads, they would be highly reliant on Actis' central ESG team and that's not a workable model. You have to commit resources to create the best model and for us a key part of it is inserting expertise within the company itself. Even after the Actis relationship is over, the in-house ESG teams are still there to build that future-proofing and resilience for the company to face whatever ESG issue lies down the road.

TDD: Currently, ESG and impact investing lack standardisation and harmonisation. Do you think there should be more regulations and in what ways would this help the private equity industry?

SN: If we can encourage more collaboration and convergence of standards, I think that would be the preferred route.

There is regulation on the horizon; the EU Sustainable Finance Disclosure Regulation (SFDR) is going live in March 2021. That's the EU's attempt to combat greenwashing by telling financial services there are now definitions and requirements if firms want to issue a product to market and credentialise it as sustainable.

TDD: Do you have concerns about greenwashing?

SN: I do think there is a level of greenwashing, but I don't think it's always cynical. There are a lack of definitions/common standards which genuinely leads to lots of space for people to decide how they want to classify their products/offering.

I'm optimistic about deliberate greenwashing because the investment community is becoming much more aware of sustainability risks and opportunities. LPs are far more sophisticated with the questions they ask, the due diligence questionnaires we receive; the conversations we have with them have moved on a huge amount in three to five years. Originally it was very binary, do you have a policy - yes/no, do you sign up to the UNPRI - yes/no, now it's very much about how; how do you make these decisions, how have you integrated this into your IC process. As investors become more discerning, I think the risk of someone cynically doing greenwashing diminishes.

TDD: Actis invests in emerging markets. What are the general challenges operationally with these markets?

SN: From an ESG perspective, there are certain challenges due to heightened risks. Aspects like health and safety during construction, labour practices, working conditions, treatment of workers and land use are all important issues to assess.

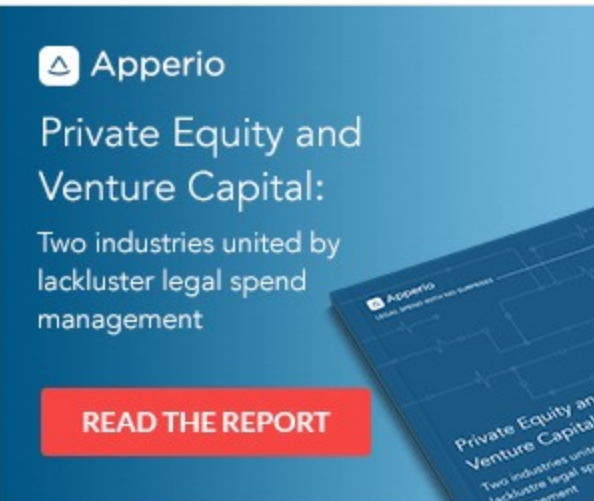
There are also environmental issues such as resource use, emissions and biodiversity. And the G of ESG - business integrity and anti-corruption issues.

To successfully invest in these markets with a responsible investing lens requires a solid amount of ESG internal expertise. If you have the knowledge, experience and tools, you can navigate those risks and it's very doable.

Nissan Bio

Shami started out with a bachelor's degree in biology followed by a master's in environmental technology.

After this, she joined the United Nation's development programme in Central America as monitoring officer. She then spent three years as an MD at Innovest Strategic Value Advisors before moving on to PwC for 10 years, where she focused on providing sustainability advice to corporates. Having this varied experience under her belt, Shami then joined Actis in 2014 as head of responsible investment.



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