ACTIS DISCLOSURE STATEMENT
OPERATING PRINCIPLES FOR IMPACT MANAGEMENT
30.04.2023
PRINCIPLE 1
Define strategic impact objectives, consistent with the investment strategy

PRINCIPLE 2
Manage strategic impact on a portfolio basis

PRINCIPLE 3
Establish the Manager’s contribution to the achievement of impact

PRINCIPLE 4
Assess the expected impact of each investment, based on a systematic approach

PRINCIPLE 5
Assess, address, monitor, and manage potential negative impacts of each investment

PRINCIPLE 6
Monitor the progress of each investment in achieving impact against expectations and respond appropriately

PRINCIPLE 7
Conduct exits considering the effect on sustained impact

PRINCIPLE 8
Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

PRINCIPLE 9
Publicly disclose alignment with the Operating Principles for Impact Management and provide regular independent verification of the alignment
Actis is a founding signatory of the Operating Principles for Impact Management ("the Impact Principles").

This Disclosure Statement serves to fulfil Actis’ obligations pursuant to Principle 9 of the Impact Principles.

This Disclosure Statement affirms that all of Actis’ investments, including (i) policies and practices and (ii) impact management systems, have been managed in alignment with the applicable Principles since January 2019.

The reporting period for the purposes of this disclosure runs from 1 January 2022 through to 31 December 2022.

Shami Nissan

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30 April 2023

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Important information

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1 Investments refer to new deals that have reached Final Actis’ Investment Committee during the 2019-2022 calendar years. The value of each new deal stated in the accompanying Final Investment Committee papers summed is approximately USD 3.813 billion.
PRINCIPLE 1

DEFINE STRATEGIC IMPACT OBJECTIVES, CONSISTENT WITH THE INVESTMENT STRATEGY

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Actis has been investing in sustainable infrastructure globally since 2004, delivering competitive returns for institutional investors and measurable positive impact for countries, cities, and communities in which it operates. Actis' global experience, operational know-how and strong culture allow the firm to create sustainability leaders.
- Since inception, Actis has raised US $25 billion to invest in a better tomorrow. Actis has a growing portfolio of investments and assets under management with a focus in:
  - Energy Infrastructure
  - Long Life Infrastructure
  - Digital Infrastructure
  - Real Estate
  - Private Equity
- Actis builds sustainable value creation into the core operation of the businesses in which it invests. Sustainability is fully integrated into every investment decision that is made, the approach taken is, to invest in sectors which deliver sustainability solutions; and to drive value at asset level through active ownership. From inception, Actis' dedicated Sustainability team ensures investments focus on protecting downside, adding value to enhance returns, as well as improving lives and livelihoods.
- Actis actively seeks opportunities to create long-term, sustainable value, and applies international Environmental, Social and Governance (ESG) standards to all of their investments, regardless of the local regulatory environment.
- Actis pursues specific impact objectives within each of its investment verticals, aligning with the UN Sustainable Development Goals. In 2022 Actis published articles on the delivery of impact through their sustainable infrastructure growth strategy and through the delivery of digital infrastructure. Actis also developed an Energy Transition tool with consultants Systemiq to assess the alignment of transactions with local net zero pathways, and support the definition of decarbonisation objectives and positive climate impacts.
- As investors in sustainable infrastructure, Actis sees a significant investment opportunity in addressing global sustainability goals and delivering impact. The investment process considers the risks and opportunities arising out of the transition to a net zero future. The focus is on building resilient, future-proofed companies and communities that deliver a just transition which is equitable and inclusive. Actis have committed to reaching Net Zero for both direct emissions and emissions from their investment portfolio by 2050. In addition Actis has committed to aligning 60% of our total assets under management (AUM) with Net Zero by 2030, and set a target for 50% of our AUM to be invested in climate solutions by 2030. For more information see 1.
- For all new funds raised, the Private Placement Memorandum sets out the investment strategy at portfolio level that is applied in capital deployment for achieving impact objectives aligned with Actis' Sustainability team and Sustainability Policy.
- Delivering positive impacts, which are meaningful and measurable is a key consideration in Actis' investment strategy and decision-making process. The Actis Impact Score (AIS), which has been applied to all new investments since January 2019, is a framework that supports Actis in the identification up to five strategic impact objectives for each portfolio business, and subsequent measurement and monitoring of intended and actual impact performance. The AIS methodology and approach were developed in consultation with the Impact Measurement Project, and with EY London to ensure a robust framework.
- Given that the AIS is calculated for all investments, the aggregation of AIS scores enables assessment against strategic fund objectives including alignment with targeted SDGs, and also comparison across funds, asset classes and geographies.
- Impact metrics for certain asset classes are predefined in order to bring even more clarity to Actis’ desired impact objectives. For example, renewable energy investments are evaluated on three predefined impacts including greenhouse gas avoidance through clean energy generation, job creation and generating power to support economic development.

1 https://www.act.is/media-centre/insights/infrastructure-and-sustainable-growth/
2 https://www.act.is/media-centre/white-papers/global-digital-infrastructure-enabling-a-just-transition/
3 https://www.act.is/sustainability/net-zero/
4 https://impactmanagementproject.com/
5 https://www.eey.com/en.uk

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT | PRINCIPLE 1
EXHIBIT 1: ACTIS’ INVESTMENTS MOST FREQUENTLY ALIGN WITH THE FOLLOWING SDGS

SDG 17
- We are members of industry bodies, partnering to deliver impact against the goals.
- This includes: PRI Infrastructure Advisory Committee, ILPA Diversity in ILGCC, GIIN, ESG Data Convergence Initiative, PRI, Global Private Capital Markets, G7 Impact Taskforce, Net Zero Asset Management Initiative.

SDG 3
- Our community investment includes healthcare solutions and programs in underserved communities.
- Through our investments, we have delivered significant community support, including provision of sanitation/hygiene equipment and water in African communities, PPE and medical equipment, and logistics support to local authorities.
- Our focus on Health and safety ensures working conditions and safety practices meet international standards, with a dedicated inhouse Operations and Sustainability team meeting regularly with investee companies to track progress.

SDG 11
- We identify best technically and commercially feasible low carbon power solutions for our digital infrastructure investments.
- We believe that Digital Infrastructure (DI) has the potential to transform communities. Increasing internet penetration from 35% to 75% in underserved regions could create 140 million jobs.
- We have developed 13 certified green buildings across Africa and Asia including to IFC EDGE standards.

SDG 13
- We obtain local sustainability certification at a minimum and often meet international standards, such as EDGE, LEED Silver.
- We conduct a sustainable design review to identify opportunities for value-accretive sustainability initiatives.
- Actis has set a portfolio wide net zero target by 2050 and has committed to aligning 60% of its total assets under management (AUM) with Net Zero by 2030. Actis has completed carbon footprinting for scope 1-3 emissions of all of its investments – Actis is a signatory to NZAMI.

SDG 4
- Actis implements skills training programs in the local market in which it is invested.
- Over 5000 people have been trained through local partners delivering programmes from constructions skills to digital literacy to solar panel installation. The objective is always to boost skills for employability and improve job prospects.

SDG 5
- We review inclusion & diversity at our platform boards annually.
- We delivered I&D masterclasses for board members across our portfolio including unconscious bias training.
- We run a portfolio company mentoring program for diverse talent, with 50% female representation.

SDG 7
- We have over 19 GW of clean renewable power generation capacity planned across our business’s pipelines. In 2022, our Energy Fund produced 4,135 GWh of renewable power, representing 1,258,068 tonnes of avoided CO₂ emissions.

SDG 8
- We indirectly accelerate economic growth through provision of critical infrastructure such as power generation, distribution, cooling, toll roads.
- A significant indirect impact of all of our investments is the support of employment through our portfolio. There are over 23,697 FTE employed across our companies.

1 https://www.act.is/media-centre/white-papers/global-digital-infrastructure-enabling-a-just-transition/
3 https://www.act.is/2023/03/15/actis-announces-a-portfolio-wide-2030-net-zero-target/
PRINCIPLE 2

MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Shami Nissan, Partner and Head of Sustainability, Actis, provides strategic input.
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ESTABLISH THE MANAGER’S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

• The AIS incorporates an assessment of Actis’ contribution towards the impact outcomes of an investment. The guiding question which is applied is ‘Would this impact outcome have happened anyway with another investor?’ Actis considers the circumstances that led to a particular positive outcome and whether or not this outcome was the result of specific decision-making and stewardship by Actis and/or the Company management team. For example, considering whether an investment was won through a competitive bidding process or via a bilateral agreement involving only Actis.

• During 2022 Actis undertook Exit interviews with buyers’ advisors to better understand the contribution that sustainability and impact performance had on the asset valuation and sale process.

• Actis measures contribution for each key positive impact outcome identified in AIS on a scale ranging from Low to Moderate to High. Each impact is considered on a case-by-case basis by the Deal team and Sustainability team, in consultation with the business management team where required, recognising that contribution levels to any particular impact can differ. Investments receive a higher contribution score if the impact was unlikely to be achieved without Actis’ investment, and the lowest contribution rating is assigned if the positive impact was likely to have manifested regardless.

• Impact performance is reviewed annually for each investment, and at exit the AIS is recalculated to create a final Impact Multiple score indicating the increase in positive impacts created by Actis during the investment. Actis also re-assesses the contribution score forecasted at baseline, so that it accurately reflects Actis’ contribution at the end of the investment-holding period.
PRINCIPLE 4

ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- These scores are developed by the Investment Teams and Sustainability team ahead of the Final Investment Committee to determine: the intended impact of the proposed investment; the beneficiaries; and the magnitude of impact that can be targeted.
- The approach is based on the widely accepted impact dimensions established by IMP. The approach incorporates assessment of the fundamental questions:
  1. What is the intended impact?
  2. Who experiences the intended impact?
  3. How significant is the intended impact?
- Actis’ approach includes consideration of the relative need of the country, market or local context of an impact, to understand how well-served or under-served the beneficiaries of the outcome are. To assist in determining relevant need in the appropriate geographical context, Actis seeks to rely on credible up-to-date global data sources (e.g. International Labour Organisation, World Bank, World Health Organization, Central Intelligence Agency Factbook). The types of datasets that might be considered are investment specific but may include GDP, unemployment, female participation in the labour force, electrification rates, proportion of citizens unbanked etc.
- Where possible Actis uses monitoring indicators that are aligned with industry standards such as the UN SDG indicators.

Actis Impact Score

Watch our explainer video on our proprietary impact measurement framework. The Actis Impact Score™ demonstrates how all of our investments are made with the intention to generate measurable positive environmental and social impact. https://www.act.is/sustainability/.
As a GIIN member, Actis has access to IRIS+ metrics and also draws on associations such as HIPSO and the Joint Impact Indicators across Gender, Jobs, and Climate to identify relevant indicators used across the market.

As part of the AIS, Actis assesses the likelihood of achieving the investment’s expected impact by considering the risk of the investment failing to achieve its intended impact as set out in the ex-ante projections. Risk is assessed at baseline and supports the investment decision-making process and portfolio-monitoring plan.

As part of ongoing tracking of impact performance, the Sustainability team is in regular dialogue with the business management teams to identify risk mitigation and to evaluate the likelihood of delivering on intended impacts. Actis equally engages with its companies to consider opportunities for increasing the delivery of core impacts and identifying additional indirect or peripheral and ancillary impacts.

The AIS framework maps Actis’ ex-ante projections using predetermined indicators to track impact during year-on-year implementation. As established in the AIS Manual, this enables Actis to measure progress against the projected impact outcomes.

EXHIBIT 2: ACTIS IMPACT SCORE: A VISUAL OVERVIEW OF THE METHODOLOGY

**THE BEGINNING**

**FOR EACH INDIVIDUAL IMPACT**

**TOTAL IMPACT SCORE**

**IMPACT MULTIPLE**

1. Identify the impacts\(^{1}\)
2. Score the DEPTH of the impact
3. Score WHO is impacted
4. Score Actis’ CONTRIBUTION\(^{2}\)
5. Apply CAP factor\(^{3}\)

Qs: What are the top 3 to 5 positive impacts to people/planet of the business? Which UN SDG do they help to achieve?

Q: How deep and enduring is the impact generated, or is it marginal and short-term?

Q: How many beneficiaries & how under-served are / were they prior to the impact?

Q: Would the impact have happened anyway? What is the investor’s contribution?

Impact Score for Impact #1

**STEP 6**

STEP 6 TOTAL Impact Score

**STEP 7**

Calculate the IMPACT MULTIPLE

IMPACT MULTIPLE is a measure of the additionality of an investment

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1. Theory of Change model will help identify impacts
2. Contribution is not scored at baseline
3. The CAP Factor seeks to distinguish impacts generated by core, ancillary or peripheral activities of the business, with a multiple of 5x applied to a core activity, a multiple of 3x applied to an ancillary activity, and a multiple of 1x applied to a peripheral activity
ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- Actis’ Responsible Investment and Sustainability Policy (the RI Policy), last updated in March 2021, articulates Actis’ overall approach to integrating Sustainability issues into investment decision-making. The policy covers the following areas: Exclusions, Investing with Impact, Environment, Climate Change Social Impact and Human Capital and Business Integrity. In support of the policy, Actis’ internal Environmental and Social Management System includes guidance and procedures for implementation.

- The RI Policy cross-references Good International Industry Practice (GIIP) including the IFC’s Environmental and Social Performance Standards, and defines the responsibilities of Actis alongside its investee companies in managing the environmental and social (E&S) risks of their operations.

- Actis is a signatory to the UN-backed Principles for Responsible Investment (PRI). In 2021, the PRI assessed Actis’ adherence to the PRI Principles and Actis was awarded an A+, which is the highest grade achievable, for the fifth consecutive year.

- The Sustainability team at Actis has increased from 2 to 6 members in the past 3 years, with a Business Integrity Manager brought on in 2021 to manage Governance aspects.

Due diligence

- Actis undertakes ESG due diligence on its investments, assessing the potential investee company’s ability and commitment to uphold ESG standards consistent with Actis’ Sustainability approach over a reasonable period. Actis systematically reviews the implementation capacity of the potential management team as well as the quality of their ESG management system. The review of Environmental and Social Impact Assessment (ESIA) studies forms an important part of Actis’ due diligence assessment.

- Actis uses a categorisation system to reflect the potential magnitude of ESG risks of all new investments, and to allocate resources and approval levels accordingly. As appropriate and dependent on the ESG risk profile of the transaction, Actis appoints external specialist advisors to support ESG due diligence. Actis has a panel of preferred providers for undertaking such work.

Ownership period

- One of Actis’ core objectives is the creation of sustainability leaders. In 2021 Sustainalytics, a Morningstar Company, and a leading ESG research, ratings and data firm, rated Lekela (Actis’ pan-African renewable energy platform) as one of the highest performing companies globally under its ESG Risk Rating assessment process.

- Investee company management teams are required to commit to operating in accordance with the RI Policy. The ESG due diligence results form part of the post-investment plan. This may include an ESG Corrective Action Plan and/or Impact Action Plan to address any gaps between the company’s performance and Actis’ requirements.

- Through ongoing monitoring, ESG Committees, and site visits, Actis works alongside investee companies to ensure the management and mitigation of ESG risks.

- Actis receives direct reporting of ESG data on a quarterly basis, and rapid notifications of any serious matters arising at investee companies.

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1 Responsible Investment & Sustainability Policy
2 Our Sustainability team
3 Sustainalytics Rates Lekela In The Top 1% Of ESG-Rated Companies Globally

10 OPERATING PRINCIPLES FOR IMPACT MANAGEMENT | PRINCIPLE 5
PRINCIPLE 6

MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- Positive impacts generated by Actis investments are monitored by the Sustainability team during the investment-holding period.
- Data collection occurs through ongoing regular dialogue with the business management team, through site visits and as part of data submitted by portfolio companies and reviewed by Actis during quarterly portfolio reviews and annual reporting. Procedures are in place for AIS to be recalculated annually when annual data submission is received, to track progress against the forecast score, and again at exit to create a final score.
- The AIS operating manual outlines data collection roles, responsibilities and sources.
- The Sustainability team collects ESG data from investee companies through the internal investment database; a portion of the data is gathered quarterly, and a separate more comprehensive dataset is gathered on an annual basis.
- For those companies which have ESG sub-committees to the Board, the Actis team receives ESG and impact data through the Committee meetings as standing agenda items.
- As referred to in the AIS Operating Manual, through dialogue with the management team and periodic site visits, Actis assesses progress against impact outcomes and works with investee companies to take action in cases where impact outcomes may be at risk.
- Certain AIS metrics draw on publicly available data sources such as World Bank Development indicators, which are used in AIS monitoring and score calculation.

EXHIBIT 3: CENTRO B IMPACT VALUE BRIDGE

Centro B is a joint venture which Actis established in 2020 to develop a prime logistics project in Beijing, China.
PRINCIPLE 7

CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

• Actis works with investee companies throughout the holding period to embed and integrate ESG practices and impact delivery. These elements become part of the business that is considered by prospective buyers at Exit.

• The Actis process comprises an Exit checklist, which includes questions designed to assess whether positive ESG and impact performance would be at risk of discontinuing or becoming diluted as a result of the proposed exit (including based on the identity of the prospective buyer). The exit checklist is consulted by the Deal team, discussed at the Exit Committee and signed off by the Sustainability team.

• The long-term sustainability of impact outcomes is considered during the initial investment phase by considering whether the impact is core to the business and likely to yield long-term impact. Investments receive a higher score if positive impact is achieved as a result of the core operations of the business. This is defined as a business activity generating greater than 5% of the total revenue. By investing in businesses which are inherently impactful due to the nature of their core business, Actis reduces the likelihood that a sale will threaten the longevity of that impact.

• The first investment scored with the AIS exited in 2022. This was the exit of Isen from Actis Asia Real Estate Fund and Centro B from the Actis Asia Real Estate 2 Fund. The AIS was recalculated at exit to consider realised performance in relation to the forecast, and the exit checklist was followed to screen the buyer.

• Actis prepares Exit Briefings as part of its routine exit documentation to review lessons learnt and key achievements, including impact and sustainability performance.
PRINCIPLE 8

REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- The Actis Sustainability team review the impact performance of each investment to compare the expected and actual impact returns on an annual basis. This is captured in the AIS scorecards held for each investment. The review occurs annually through the lifetime of the investment and at exit. As outlined in the AIS Operating Manual, AIS scores are aggregated across funds, and these findings will feed into strategic investment decision making and the management process more broadly.
- Actis has retrospectively applied the AIS framework to investments exited prior to 2019 to gain insights regarding actual impacts.
- In line with Principle 9, Actis undertook an external verification of Actis’ practice and procedures against the Impact Principles in 2022 using BlueMark consultants. The results of the verification process fed into the ongoing review of the AIS in supporting the achievement of positive impact outcomes.

- A member of the Sustainability team attends portfolio review meetings, at which each investment is reviewed. This is an important opportunity to update the firm on impact performance and to draw on lessons learned. Findings from the quarterly and annual reviews are used to improve operational and investment decisions in the delivery of positive impact outcomes.
- An Impact Champion in the Sustainability team has been appointed to support cross-portfolio comparison and highlight key takeaways on performance, to align required adjustments to the impact assessment process, including scoring criteria.
PRINCIPLE 9

PUBLICLY DISCLOSE ALIGNMENT WITH THE OPERATING PRINCIPLES FOR IMPACT MANAGEMENT AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNMENT

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This Disclosure Statement re-affirms the alignment of Actis procedures with the Impact Principles and will be updated annually (April 2024).
- The independent assurance report, dated 27 April 2023, on the alignment of Actis with the Impact Principles is posted under https://www.act.is/media-centre/white-papers/bluemark- verifier-statement/.
- Actis intends to undertake the next independent assurance in 2025. In addition to this, Actis will continue to undertake an external assurance of AIS annually as part of the impact-linked financing terms secured by Actis in February 2022.

- Shortlisted

14 OPERATING PRINCIPLES FOR IMPACT MANAGEMENT | PRINCIPLE 9
ACTIS IS A LEADING GLOBAL INVESTOR IN SUSTAINABLE INFRASTRUCTURE

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