

ARCH Emerging Markets Partners Limited Sustainability Policy

Overview

ARCH Emerging Markets Partners Limited (“ARCH”) aims to contribute towards sustainable development and is committed to act in an environmentally sustainable, socially responsible, and ethical manner. Accordingly, our investment approach incorporates environmental, social and governance (ESG) considerations throughout the full investment cycle, from initial investment decision through to exit.

We are committed to an ongoing and long-term process of improving our approach to integrating ESG considerations into the investment process for the funds that we advise since we firmly believe this contributes to positive development outcomes in the investments made by the funds. Consequently, this Sustainability Policy reflects ARCH’s current approach and will evolve over time to reflect changes in business practices, business structures, technology and the law.

The Board of ARCH is responsible for the implementation of this Policy and it is communicated to all staff, including funds advised by ARCH and their portfolio companies.

Scope of this Policy

This Policy applies to all ARCH wholly-owned companies, and majority-owned companies where ARCH has management control and any private equity funds advised by ARCH. This policy is intended to apply to all asset classes as far as is practical. Where there is no conflict with this policy, ARCH may adopt additional policies in order to meet local regulatory, lender or co-investor, customer or other stakeholder requirements.

Objectives

We will continually endeavour to enhance effective ESG management practices in all our activities, products, and services with a special focus on the following considerations:

- Ensuring that applicable ESG requirements are met for all investments;
- Integrating environmental and social risk assessments into our investment due diligence processes;
- Ensuring appropriate consultation and transparency in our activities;
- Working together with the portfolio companies to put into practice applicable ESG requirements; and
- Actively seek investments with positive development benefits.

Policy Statement

Globally, we will:

- Comply with or exceed all applicable legislation and regulations in our investment jurisdictions;
- At minimum, exclude investment activities listed on the International Finance Corporation’s (IFC) Exclusion List (2007) across all funds¹;
- Apply the IFC Environmental and Social Performance Standards to assess and manage the risks of our investments;
- Measure and report on ESG performance at regular intervals to our stakeholders, including to fund limited partners; and
- Follow good international industry practice (GIIP) for the sectors and technologies in which we invest.

Environment

- Implement bespoke environmental and social management system (ESMS) for each fund meeting the requirements of this Policy and relevant to the fund’s investment activities;
- Ensure the sustainable and efficient use of resources;
- Prevent, or where this is not feasible minimise and mitigate, the release of pollutants to air, water and land;

¹ IFC Exclusion List (2007): <http://www.ifc.org/exclusionlist>

- Avoid or otherwise minimise and mitigate degradation of natural habitats, biodiversity and ecosystem services; and
- Promote a culture of environmental stewardship by employees, portfolio companies, local partners and contractors.

Social

- Provide a safe and healthy work environment for all ARCH employees and require the same of our portfolio companies;
- Treat all ARCH employees fairly and respect their dignity, well-being and diversity and require the same of our portfolio companies;
- Work towards full compliance of our investments with the International Labour Organisation's Fundamental Conventions and the UN Declaration of Human Rights;
- Protect neighbouring communities from the impacts of our investment activities and prioritise them in the distribution of project benefits, e.g. employment, community investment;
- Provide additional support to vulnerable groups from our investment activities and identify and manage differing impacts on women and men, youth and elderly;
- Careful review and consideration of investments that require any form of economic and/or physical displacement. Where it is unavoidable, restore and improve livelihoods and living conditions of those that are displaced; and
- Identify and manage local and cultural community sensitivities through comprehensive stakeholder engagement.

Engagement and Disclosure

- Ensure that our interactions with stakeholders are inclusive, transparent and are relationship building driven;
- Ensure that planning of investment activities is done in consultation with affected communities;
- Provide mechanisms for stakeholders to raise issues and grievances; and
- Publicly disclose this Policy and ensure that it is communicated to key stakeholders;

Governance and Business Integrity

- Conduct all of our business dealings with honesty, integrity, fairness, diligence and respect;
- Have zero tolerance for bribery, corruption, fraud and unethical behaviour, whether under UK law or the law of any other country in which we operate;
- Seek to invest in businesses that commit to these values.

Policy Oversight and Implementation

This Policy has been adopted by the board of ARCH and is subject to frequent reviews and updates. ARCH's Policy Committee, comprising of nominated ARCH employees including the ESG Director, is responsible for the oversight of this Policy.

The implementation of this Policy is the responsibility of the Board and all of ARCH's staff will contribute to its success.

Date:

10th April 2020