



Environmental, Social and Governance Management System (ESG-MS)

Introduction

Persistent is Africa's climate venture builder. We are leaders and pioneers in building climate-positive start-ups in Africa, driven by the belief that investing in and developing commercially successful businesses is the best approach to fighting climate change and achieving sustainable socio-economic impact in underserved emerging markets. As such, we strive to include environmental, social and governance (ESG) criteria in all our investment decisions.

This ESG MS implements and should be read together with Persistent's ESG Policy.

Document Owner: The ESG Officer, being the Persistent staff responsible for ESG matters.

Review: This ESG MS shall be reviewed every 2 years. Reviews will be carried out by the ESG Officer and the Chief Legal Officer (CLO). Any changes should be approved by the Management Committee (MC) and the Board.

Reporting: Our ESG reporting is normally carried out on a quarterly basis to our investors, or as may be determined. Our ESG performance data and metrics will be published on our website (www.persistent.energy) on an annual basis for the information of external stakeholders.

Contacts: Any information or queries relating to ESG and Impact should be addressed to: impact@persistent.energy.

Date: 17 October 2024

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Partner & Chief Legal Officer

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1. Purpose and Scope

This document represents Persistent's responsible investment (i.e. ESG and impact) management framework, which enshrines Persistent's commitment to managing its environmental and social (**E&S**) footprint. This includes addressing both the ultimate E&S positive impacts that represent the goals of our investment activities and the **ESG** issues that arise throughout Persistent's operations.

The framework is applicable to all companies in which Persistent substantially invests in and venture builds, and to all personnel contributing, part-time or full-time, to its operations.

Besides stating Persistent's commitments to responsible investment, this document highlights the specific topics relevant from an ESG and impact perspective. It outlines the international principles and standards that align with the mission and it summarises the ESG management systems that oversee the implementation of Persistent's approach.

Approach: Persistent establishes and implements an ESG-MS in an effort to ensure that all potential investments are:

- **Categorised** according to their potential ESG risk profile;
- **Evaluated** through ESG due diligence or similar form of robust assessment; and
- **Managed** in order to mitigate negative issues and to favour positive outcomes.

Following the approach outlined in its ESG Policy, Persistent require all prospective entrepreneurs and partner companies to undertake that their business is conducted in a way that:

- Complies with all applicable laws;
- Upholds high standards of business integrity and honesty;
- Excludes harmful ESG practices and commits to continuous improvement of ESG practices;
- Provides safe and healthy working conditions for all its employees and contractors;
- Upholds high standards of consumer protection;
- Seeks to enhance the sustainable economic development of the geographic area in which the company operates;
- Upholds high standards of consumer protection;
- Seeks to enhance the sustainable economic development of the geographic area in which the company operates; and
- Does not undermine climate change adaptation measures or weaken the ecosystem services that provide climate change resilience.

2. Our Commitment

As an impact investor and climate venture builder, we shall:

- Generate positive environmental, social and financial impact, while at the same time minimizing negative impact or ESG risks from our investments;

- Act in accordance with applicable laws and regulations, and require that our partner companies comply as well; and
- Act in accordance with the IFC Performance Standards (IFC PS) on Environmental and Social Sustainability, and align with other relevant requirements of international standards and principles such as the UN Principles of Responsible Investing and the GOGLA Consumer Protection Code.

Moreover, Persistent is committed to managing the ESG issues that arise during the course of our operations. In this regard Persistent is committed to:

- i. Incorporating ESG throughout our investment management process, through:
 - a. pre-investment ESG and legal due diligence (DD) in which we identify potential ESG risks and opportunities associated with each investee company;
 - b. including ESG obligations in our investment agreements;
 - c. requiring quarterly ESG reporting by portfolio companies; and
 - d. continuously working with the investee companies to mitigate the ESG risks identified to the extent reasonably possible.
- ii. Partnering only with companies that share Persistent's commitment to high ESG standards. This is identified in our DD process and in our quarterly reporting.
- iii. Ensuring compliance with our **Gender Strategy** and the **2X Challenge** across our portfolio.
- iv. Following best practices and laws on know-your-client (KYC) procedures under our **KYC Policy**.
- v. Ensuring compliance with anti-money laundering (**AML**) and anti-bribery and corruption (**ABC**) laws and best practices across our portfolio. In this regard, Persistent has an Anti-bribery & Anti-money Laundering Policy (**ABC & AML Policy**).
- vi. Seeking to continuously improve the ESG management of our portfolio companies, and support them with best practices to attract further impact and ESG-focused investors.
- vii. Ensuring the safeguarding of community and stakeholder rights under our **Safeguarding Policy**.
- viii. Providing appropriate whistleblowing mechanisms for Persistent staff and external third party stakeholders through our **Fraud & Whistleblowing Policy**.
- ix. Providing appropriate grievance mechanisms for external third party stakeholders outside of Persistent through our third party **Grievance Policy**.
- x. Ensuring compliance by Persistent staff with **all other Persistent Policies**, including those related to conflict of interest, anti-harrassment, drug-free workplace, among others.
- xi. Providing a **Portfolio ESG Policy Template** as guidance to our investee/portfolio companies.
- xii. Training our portfolio companies in ESG processes.
- xiii. Training all relevant Persistent employees in ESG processes.

xiv. Reporting serious ESG incidents to the Board and, where required, investors.

Persistent is cognisant of the reality that our investee companies are start-ups which do not have substantial human and financial resources to implement full-blown and detailed ESG policies. We therefore strive to have a portfolio ESG MS that is simple, unburdensome and easy to scale up through the various levels of a portfolio company’s growth.

Considering the climate sectors into which Persistent invests, the following high-level ESG topics are considered the most material to our activity, which can be linked to IFC PS on Environmental and Social Sustainability. They can also be linked to a number of UN Sustainable Development Goals (**SDGs**) which demonstrate their significance as outcomes in their own right, despite not representing the strategic impact objectives of Persistent.

	ESG Topic	Climate Specifics	Sector	IFC PS	SDG	SDG Details
E	Habitat and Biodiversity Loss	Larger-scale installations can require land clearing, resulting in habitat loss or land degradation.		6	11	Strengthen efforts to protect and safeguard the world’s cultural and natural heritage.
	Water Use	Water is an important part of the manufacturing process and, if used irresponsibly, can impact local supply and quality.		3	6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
	Carbon Emissions	Carbon emissions are an important issue because of the potential in avoiding future emissions due to the use of natural energy sources, but also because the manufacture and transport of the energy systems can be carbon intensive.		3	9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

	ESG Topic	Climate Specifics	Sector	IFC PS	SDG	SDG Details
	Resource Efficiency and Waste Prevention	E-waste is a growing problem in the off-grid energy sector and end-of-life programs are becoming increasingly important.		3	13	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
S	Labor Rights	The protection of labour rights, particularly in developing countries, are paramount in any industry.		2	8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
	Customer Rights	As the off-grid A2E sector caters to low-income individuals, there are issues associated with over-indebtedness, poor customer service, and affordability that need to be addressed.		n/a	10	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
	Community Rights	Larger-scale installations can require displacement or affect neighbouring communities.		4, 7		
	Land Acquisition and Involuntary Resettlement	Larger-scale installations can require displacement or affect neighbouring communities.		6	15	Take urgent action to reduce the loss of natural habitats and biodiversity which are part of our common heritage and support global food and water security, climate change mitigation and adaptation, and peace and security.

	ESG Topic	Climate Specifics	Sector	IFC PS	SDG	SDG Details
	Cultural Heritage	Larger-scale installations can affect or displace areas of cultural or natural significance.		8	11	Strengthen efforts to protect and safeguard the world's cultural and natural heritage.
G	E&S Management	As with all companies, strong corporate governance practices are critical. This includes the active management of E&S issues, having proper internal control mechanisms, transparency, and business integrity.		1	13	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
	Internal Control and Transparency			n/a	17	Substantially reduce corruption and bribery in all their forms.
	Business Integrity			n/a	16	Respect the rule of law at the national and international levels and ensure equal access to justice for all.

3. Principles and Standards

The following international principles and standards are integrated throughout the investment process and in the ESG and impact frameworks of Persistent:

i. [UN Sustainable Development Goals](#)

Our investments and venture building work are focused on ensuring adherence especially to the SDGs as follows:

- a. SDG 1 on Zero Poverty - through jobs created and entrepreneurship opportunities created.
- b. SDG 5 on Gender Equality -we have a Persistent Gender Strategy and subscribe to the [2X Challenge](#));
- c. SDG 6 on clean water and sanitation;

- d. SDG 7 on affordable and clean energy;
 - e. SDG 8 on decent work and economic growth;
 - f. SDG 9 on industry, innovation and infrastructure;
 - g. SDG 11 on sustainable cities and communities;
 - h. SDG 12 on responsible consumption and production;
 - i. SDG 13 on climate action; and
 - j. SDG 17 on partnership for the goals.
- ii. [UN Declaration on Human Rights](#)
- a. This is especially in relation to the “S” in ESG and our social and economic impact in creating employment and fostering higher standards of living.
- iii. [UN Principles for Responsible Investment:](#)
- a. Principle 1: We incorporate ESG issues into investment analysis and decision-making processes.
 - b. Principle 2: We are active owners and incorporate ESG issues into our ownership policies and practices.
 - c. Principle 3: We seek appropriate disclosure on ESG issues by the entities in which we invest.
 - d. Principle 4: We require implementation of these principles in our portfolio.
 - e. Principle 5: We work together to enhance our effectiveness in implementing ESG.
 - f. Principle 6: We report on our ESG activities and progress to our investors.
- iv. [ILO Conventions](#)
- a. Our ESG DD ascertains that investee companies comply with national laws and provide proper working conditions to their staff.
- v. [IFC Performance Standards](#)
- a. PS 1 on Risk Management: We are implementing this ESG-MS in our operations and investments.
 - b. PS 2 on Labor and Working Conditions: We treat our staff fairly and safe and healthy working conditions. We have a safeguarding policy and we require our portfolio companies to have one as well. We also have policies related to supply chain risks and forced labour.
 - c. PS 3 on Resource Efficiency: We invest in and venture build climate-positive companies that are innovating to reduce greenhouse emissions. We are conscious of our carbon footprint and work to reduce the same.
 - d. PS 4 on Community Health, Safety, and Security: We implement a safeguarding policy and require our portfolio companies to implement and report on safeguarding.



- e. PS 5 on Land Acquisition and Involuntary Resettlement: While this is not very relevant to our portfolio companies and investment areas, our ESG DD Questionnaire requests information on this.
 - f. PS 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources: we ascertain the risks and opportunities in DD.
 - g. PS 7 on Indigenous Peoples - We implement a safeguarding policy and require our portfolio companies to implement and report on safeguarding.
 - h. PS 8 on Cultural Heritage: While this is not very relevant to our portfolio companies and investment areas, our ESG DD Questionnaire requests information on this.
- vi. [GOGLA Consumer Protection Principles](#): We would assess the principles on screening and DD in looking at the business case, models and unit economics. We also have a safeguarding policy that we require portfolio companies to adhere to and quarterly reporting on safeguarding. The principles are:
- a. Transparency
 - b. Responsible sales and pricing
 - c. Good consumer service
 - d. Good product quality
 - e. Data privacy
 - f. Fair and respectful treatment

4. Implementation

In an effort to mitigate the risk of causing negative social or environmental impacts, Persistent implements a six-step ESG Management System.

i. Screening and Categorization

At the initial assessment stage, the Investment team begins to screen each proposed investment to determine whether it is in line with our ESG policy and then it is given a preliminary risk categorisation, based on identified ESG risks.

- a. **Compliance with ESG Exclusion List:** Prospective investees are screened against our ESG Exclusion List set out in Appendix A of this ESG-MS. The Persistent ESG Exclusion List is in line with international standards set forth by development finance institutions like the IFC or FMO and follows the requirements set by BII/FCDO, also adopted by Financial Sector Deepening Africa Investments (FSDAi). Potential investees are not considered for investment if falling into one or more of the 'no-go' sectors. In addition, the Exclusion List is part of the legal documentation for every transaction to ensure that investees continue to be in compliance with the exclusion list in the future.

Output: Record in Screening Memo. This memo is completed by the potential investee and shared with us.

b. **Identify ESG Exposure and Categorize Accordingly:** Given the high-level characteristics of a prospect, key ESG issues are identified based on a self-assessment questionnaire (as set out in Appendix C below) and supporting documentation to be submitted by the investee company and a risk exposure rating determined (as set out in Appendix D below). Where the investee company falls short of the policy guidelines, the Investment team, in liaison with the ESG Officer, will assess whether the company can bring its operations in line with the policy's standards after an investment, and thus whether to continue to due diligence (**DD**).

Factors that are considered include the company's sector, size, business model, customer demographic and geographic exposure. The result is one of three ratings assigned: A (high risk); B (medium risk); or C (low risk). The high and medium risk categories will warrant special attention at DD; low risk implies no additional action beyond the standard procedure.

Risk	Definition
A - High	Investments with significant, potentially adverse ESG impacts that are diverse, irreversible or unprecedented; impacts cannot be mitigated or inherent to supply chains (not company alone).
B- Medium	Investments with potential limited adverse E&S risks that are typically site-specific and can be addressed through technologies or changes in management or practices.
C- Low	Investments in companies with minimal or no adverse ESG impacts.

Each investment is checked for environmental and social risks and then categorised according to the following table:

Risk Category	Indicative Investments	Risks
A - High	<p>Companies or projects with potential negative impacts such as projects:</p> <ul style="list-style-type: none"> • having large geographic scale; involving large scale infrastructure; • located in valuable ecosystems and critical habitats (IFC PS 6); 	<p>The risks are <u>diversified</u> and the diversity of risks and impacts may affect the capacity of the entities to plan and implement measures to manage them.</p> <p>The risks are <u>unprecedented</u>, the activities and the identified risks and impacts may have not been experienced in the locality and would require mitigation measures with unique requirements.</p>

	<ul style="list-style-type: none"> • entailing adverse impacts to the rights, resources and lands of indigenous peoples (IFC PS7); • entailing significant resettlement of affected peoples (IFC PS5); or • entailing adverse impacts to Cultural heritage (IFC PS 8). 	<p><u>Irreversible</u>, where the activities may lead to permanent impairment of environmental quality, decline of ecosystem services, and adverse effects to the communities, including vulnerable groups.</p> <p><u>Other considerations</u> include the large-scale nature of the activities, impacts that may extend beyond the project’s footprint, complex implementation arrangements, duration of impacts, manageability of risks and impacts, and community involvement and support.</p> <p>Examples of Category A operations include large infrastructures or green mini-grids (>30MWp) that require the involuntary resettlement of people, activities in protected areas or within animal migratory corridors, or biomass IPPs that result in significant deforestation or habitat degradation.</p>
B- Medium	<p>Moderate risk activities, include those with risks and impacts that are less adverse than category A activities in terms of magnitude and likelihood of occurrence. For example, Ground mounted C&I projects of approx. 10MW.</p>	<p>Risks and impacts are considered limited, and the magnitude is expected to be low to moderate. The risks and impacts are few in number, contained within the footprint of the activities, largely reversible, and readily mitigated through generally accepted mitigation measures and good international industry practices.</p>
C- Low	<p>Considered as low-risk footprint, particularly where the activities are small-scale, undertaken within an already built environment, do not involve physical and economic displacement of people or have minimal or no</p>	<p>Low-risk activities, include those that have minimal to no adverse environmental or social risks and/or impacts. Examples are Solar home system companies (with limited manual works such as installation of SHS on the roof) and pico-solar providers or small Green mini-grids.</p>

	adverse impacts on indigenous peoples.	
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Output: ESG risk categorization and scope of ESG DD (as set out in Appendix D below) to be completed by the ESG Officer.

ii. Due Diligence (DD)

ESG management assessment of prospective investees is conducted by Persistent’s Venture Builders and the Legal team during the Due Diligence (DD) and involves an ESG DD questionnaire that forms part of the legal DD questions. The ESG DD Questionnaire Template is set out in Appendix E below. It provides for a review of the potential investee’s governance and policies. The potential investee completes the ESG DD Questionnaire and provides us with documents supporting their responses for purposes of our DD.

In the case of ESG risks being identified, we would assess the capacity of the investee company to mitigate these risks and build up its compliance over the course of the investment period.

The risks assessed include risk of fraud, corruption, or causing environmental damage, among others. Discussion points from an ESG perspective at the IC memo may include, but are not limited to:

- How much ESG risk is the company exposed to?
- Is the company in compliance with ESG regulations?
- Does the company seem well-equipped to manage the ESG risks and opportunities to which it is exposed?
- Are there opportunities to add value? What are the opportunities for cross-pollination with the rest of Persistent’s portfolio?
- Are there alternatives to achieve better impact results in light of the ESG risks?
- Is an Action Plan for ESG improvements required?
- Were there any limitations to the DD that could result in unmanaged risks?

Output: ESG assessment included in IC memo (indicating the potential level of ESG risk) by the Investment Team is confirmed by the ESG Officer.

iii. Investment Decision

The Investment Committee decides if a company receives final approval for investment based on the DD assessment and IC memo, approving the ESG Action Plan if required. The ESG Action Plan is prepared by the ESG Officer.

Output: Record of IC decision (minutes - ESG risk level) and ESG Action Plan if needed (as set out in Appendix F below).

iv. Investment Agreement

If final approval of an investment has taken place, it is critical that the shareholder's agreement, or other relevant investment documentation, reflects the interests of Persistent from an ESG perspective. This should address the following:

- **Compliance with ESG Requirements:** A covenant of compliance with Persistent's ESG Exclusion List and relevant laws.
- **Monitoring and Reporting:** A covenant for the portfolio company to report on ESG and Safeguarding on a quarterly basis, using our ESG and Safeguarding Reporting Template set out in Appendix G. Any ESG Action Plan prepared for the investee shall be integrated into the Investment Agreement and the investee will be required to implement this.
- **Mitigation:** A covenant for the investee to adopt or adapt the Template Portfolio ESG Policy.

Output: Contractual agreements include an ESG Action Plan, provisions on ESG and Safeguarding mitigation, monitoring, compliance and quarterly reporting; and the Template Portfolio ESG Policy (if required).

v. Ownership and Monitoring

Persistent's team will engage with investees to support them in the fulfilment of their ESG Action Plan. Engagement is an important component as Persistent's focus is on early-stage companies where it is rare that a company has every issue completely addressed. However, this does not detract from a company's potential to have a significant positive impact, given the right support.

After investments are made, Persistent monitors the ESG performance of its investees. This is done by the company's reporting material ESG changes, incidents, or grievances as they happen and through a quarterly reporting questionnaire. Furthermore, investees will report back on progress of implementing their respective ESG Action Plans, if required, according to the agreed-upon timelines. An overall reassessment may be done if there is a subsequent investment proposal, or if there are significant changes in its ESG performance, company operations and strategy to ensure continued compliance with the ESG Policy. The ESG Officer will report any serious ESG issues to the Board.

Output: Updated ESG Action Plan; Incidents reports to the Board.

vi. Exit

Persistent aims to ensure that ESG practices and improvements are continued after the investment comes to an end. This includes ensuring that ESG practices are integrated into an organization well before exit and that management is in support of such integration as well as ensuring that the ESG Action Plan is fully implemented. All the

documents and reports provided or generated in this section are saved in Persistent's virtual database for records and tracking purposes as well as future auditing of the ESG-MS.

5. Roles and Responsibilities

- i. The ESG Officer is a Persistent staff who is overall responsible for ESG matters. The ESG Officer works in close liaison with the Chief Legal Officer and the rest of the Legal Team and the investment teams, and directly reports to the Board, the Management Committee and the Investment Committee on ESG matters. Specifically, the ESG Officer is responsible for:
 - a. ESG framework definition and maintaining the ESG Policy and ESG-MS;
 - b. Overall implementation of the ESG process;
 - c. Reporting to the MC and Board on major concerns or incidents;
 - d. Monitoring and reporting ESG results to investors; and
 - e. Training of fellow staff.
- ii. The investment team is responsible for the:
 - a. Communications with the investee companies;
 - b. Initial screening, ESG assessment, ESG aspects of the IC memos;
 - c. Due Diligence; and
 - d. Presentation to the IC.
- iii. The IC is responsible for:
 - a. Determining if an Investment proposal submitted by the investment team receives final approval, or under which ESG risk mitigation conditions (if applicable); and
 - b. Deciding upon the course of action in extraordinary circumstances upon submission of IC memos by the investment team.
- iv. The MC is responsible for:
 - a. Review and approval of ESG related policies and decisions, and recommending the same for Board approval.
 - b. Generally, at management level, ensuring compliance with the ESG Policy and MS across the firm.
 - c. Review ESG issues reporting to the MC, recommend Board consideration, and recommend actions if needed.
- v. The Board is responsible for:
 - a. Approving the Environmental, Social and Governance Management System (ESGMS); and
 - b. Review ESG issues reporting to the Board and recommend actions if needed.



6. ESG Staff Training

Persistent's ESG Officer will conduct training for all relevant Persistent employees on ESG matters as part of the onboarding process of new joiners and with an annual refresher training to staff. Some of the topics which the staff are trained on include:

- i. Understanding ESG;
- ii. Environmental sustainability;
- iii. Social responsibility;
- iv. Governance and ethics;
- v. Integration into business strategy;
- vi. Stakeholder engagement;
- vii. Measuring and reporting ESG performance;
- viii. Case studies and best practices;
- ix. Employee engagement and empowerment; and
- x. Continuous learning and improvement.

7. ESG Portfolio Company Training

Persistent's ESG Officer will also conduct introductory sessions on ESG risk management with portfolio companies who require the same in order to ensure their alignment with Persistent's ESG Policy and ESG-MS. Some of the topics which the staff are trained on include:

- i. Introduction to ESG;
- ii. Understanding investor expectations;
- iii. Identifying material ESG issues;
- iv. Implementing ESG strategies;
- v. Environmental sustainability practices;
- vi. Social responsibility and stakeholder engagement;
- vii. Measuring and reporting ESG performance;
- viii. ESG reporting and disclosure;
- ix. ESG integration into business strategy; and
- x. Building a culture of sustainability; and
- xi. Training on use of the Portfolio ESG management system.

Appendix A: ESG Exclusion Policy & Exclusion List

Policy Statement

In an effort to mitigate the risk of causing negative social or environmental impacts, Persistent (the “Investor”) applies an exclusion list to all of its investments that defines the types of companies that the Investor does not finance. This list has been developed considering the exclusion lists of various international development finance institutions (DFIs) and of international financial institutions (IFIs).

Exclusion List

None of the Investor’s capital will be invested, directly or via intermediaries, in any of the following, activities (including production, use, distribution, business or trade):

1. production or activities involving harmful or exploitative forms of forced labor¹/harmful child labor²;
2. production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations, or subject to internationally agreed phase-outs or bans as defined in international conventions and agreements such as certain:
 - a. hazardous chemicals, pharmaceuticals, Polychlorinated Biphenyls (PCB's), pesticides/herbicides and wastes³;
 - b. ozone depleting substances⁴;
 - c. endangered or protected wildlife or wildlife or products regulated under Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES)⁵;
 - d. unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length;
 - e. activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage; and
 - f. shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirements;
3. production of, or trade in, arms (i.e., weapons, munitions or nuclear products, primarily designated for military purposes);

¹ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

² Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

³ As specified in the 2004 Stockholm Convention on Organic Pollutants (“POPs”), see www.pops.int; the 2004 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, see www.pic.int; and the 1992 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, see www.basel.int; as may be amended from time to time.

⁴ As specified in the 1999 Montreal Protocol on Substances that Deplete the Ozone Layer, see www.ozone.unep.org, as may be amended from time to time.

⁵ As specified in the 1975 Convention on International Trade in Endangered Species or Wild Flora and Fauna (“CITES”), see www.cites.org, as may be amended from time to time.



4. production of, use of, or trade in, unbonded asbestos fibers⁶;
5. production of, or trade in, radioactive materials⁷;
6. racist and/or anti-democratic media;
7. cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations;
8. destruction⁸ of High Conservation Value areas⁹;
9. prostitution;
10. commercial logging operations for use in primary tropical moist forest; or
11. production or trade in wood or other forestry products other than from sustainably managed forests.

None of the Investor's capital will be invested in any entity if any of the following activities represents a substantial portion¹⁰ of its business:

1. production or trade in alcoholic beverages (excluding beer and wine);
2. gambling, gaming casinos and equivalent enterprises;
3. tobacco or tobacco related products¹¹; or
4. pornography.

When investing in microfinance activities, the Investor will apply the following items in addition to the above:

1. production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. hazardous chemicals include gasoline, kerosene, and other petroleum products; or
2. production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

With regards to fossil fuels, none of the Investor's capital will be invested into any of the following:

1. coal prospection, exploration, mining or processing;
2. oil exploration or production;
3. standalone fossil gas exploration and/or production¹²;

⁶ This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

⁷ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded.

⁸ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁹ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

¹⁰ "Substantial portion" is defined as (i) for companies, more than 10% of its consolidated balance sheet or earnings and (ii) for financial institutions, more than 10% of its portfolio volumes.

¹¹ Except, in the case of tobacco production only, with an appropriate timeframe for phase out.

¹² Gas extraction from limnically active lakes is excepted from this exclusion.

4. transport and related infrastructure primarily¹³ used for coal for power generation;
5. crude oil pipelines;
6. oil refineries;
7. construction of new or refurbishment of any existing coal-fired power plant (including dual);
8. construction of new or refurbishment of any existing HFO-only or diesel-only power plant¹⁴ producing energy for the public grid and leading to an increase of absolute CO₂ emissions¹⁵;
9. any business with planned expansion of captive coal used for power and/or heat generation¹⁶;
10. extraction, production, transportation, refining and marketing of crude oil, natural gas or thermal coal¹⁷;
11. fossil-fuel fired power plants¹⁸; or
12. activities that increase use of fossil fuels and/or prolong the technical or economic lifetime of heat and power production using fossil fuels, except for back-up in power generation plants, for household cooking purposes and for processes where feasible alternatives do not exist.

None of the Investor's capital will be invested in biofuel projects if they are:

1. based on feedstock grown on land with high carbon content or biodiversity value, such as rainforests, wetlands, peat lands and grasslands, in reserves or on protected lands, or on lands with a high conservation value;
2. using a feedstock for production of liquid biofuels, where the overall climate and development benefits would be higher by using the same feedstock unprocessed for, e.g., direct combustion in a co-generation plant;
3. using solid biomass fuels from forests, planted or natural, having a carbon cycle incompatible with the Paris Agreement; or
4. first generation biofuel projects with production area over 75ha.

Screening:

Persistent screens each potential investee for these activities before making an investment, and does not invest in a company with any activities on the exclusion list, or any activities

¹³ "Primarily" means more than 50% of the infrastructure's handled tonnage.

¹⁴ For indirect equity through investment funds, investments (up to a maximum of 20% of the fund) in new or existing HFO-only or diesel-only power plants are allowed in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.

¹⁵ That is, where energy efficiency measures do not compensate any capacity or load factor increase.

¹⁶ This does not apply to coal used to initiate chemical reactions (e.g., metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.

¹⁷ As defined in the United Kingdom (UK) Department for Business, Energy and Industrial Strategy Guidance on Aligning UK International Support for the Clean Energy Transition (March 2021).

¹⁸ Ibid.

that are deemed illegal in the investee's country of operation. In addition, the exclusion list is part of the legal documentation for every transaction to prevent investees from engaging in these activities thereafter.



Appendix B: Summary of Potential E&S Risks and Impacts and Possible Mitigation Measures

Source: [ECREEE's ESRM Sector Guide on Off Grid Standalone Solar for Financial Service Providers](#)

Type of Risk	Description	Mitigation Measures
Waste management (electronic waste, chemical pollution)	<ul style="list-style-type: none"> • Used panels, used batteries and units (both lead acid and lithium ion) are hazardous waste. • Management of used batteries will be a significant risk. • Additional waste issues are related to plastic material, polystyrene residues, aluminium, copper, steel. 	<ul style="list-style-type: none"> • Encourage incorporating the cost of the responsible management of waste into the business budgeting and financial prospectations. Responsibly choose a waste management partner. • Engagement with industry, regulators, and NGOs to explore practical regional and country waste management solutions. • Communication and educational campaigns for end users and communities. • Internal training on waste management processes. • Promote reuse, recycling or energy recovery plastic treatment.
Worker/Occupational Health and Safety	<ul style="list-style-type: none"> • Slips and trips, falls • Manual handling issues • Hazards of musculoskeletal disorders Injuries, lack of protective equipment etc. 	<ul style="list-style-type: none"> • Workers shall wear protective gear and be trained in safe practices. • Assessment of workplace hazards. • Internal training on safe working procedures. • Supply appropriate Personal Protective Equipment (PPE) and train on its use and ensure that it is properly maintained. • Maintain a fully stocked and accessible first aid kit.
Labor Issues	<ul style="list-style-type: none"> • Child or forced labor. • Improper grievance redress for workers • Unfair terms of employment. 	<ul style="list-style-type: none"> • No child or forced labor can be employed by companies. • Develop and implement a proper grievance redress mechanism. • HR policies that articulate clear and fair terms of employment and provide for no discrimination and equal opportunity. • Proper training and record on the system or working procedure.

Type of Risk	Description	Mitigation Measures
		<ul style="list-style-type: none"> • Employing women (2X Challenge).
Land and Related Issues (Installation)	<ul style="list-style-type: none"> • If the installations need some on-the-ground space (as opposed to rooftops), ensure the areas are suitable for installation. • Key risks may be related to voluntary land donation in case of public/community buildings. 	<ul style="list-style-type: none"> • Photovoltaic installations on the ground must take into account the protection of existing agricultural and forestry areas. • Prioritize “degraded sites” (brownfield sites) Avoid areas subject to natural hazards.
Consumer/User Health and Safety	Safe installation and use of panels and batteries.	<ul style="list-style-type: none"> • Ensure safe installation. • Require consumer education about proper and safe practices for use of equipment. • Proper isolation of equipment. • Proper signalization of the solar power system. • E-waste generation and management raising awareness.
Water Consumption and Resource Efficiency	Solar irrigation: Water scarcity; social conflicts between community users.	<ul style="list-style-type: none"> • Measures for resource efficiency. • Communication campaigns and raising awareness on sustainable water management (especially for productive end users).
Gender-related Risks	<ul style="list-style-type: none"> • Women are disproportionately affected by lack of reliable access to energy. • Gender-based violence • Underserved female-headed households. • Social tension and decrease social cohesion. 	<ul style="list-style-type: none"> • Comply to the 2X Challenge within 2 years from the date of Persistent’s investment. • Expect active participation of women entrepreneurs, women's organizations, civil society and non-governmental organizations working on gender and energy issues Ensure that women entrepreneurs in the energy sector will have equal access to finance.

Type of Risk	Description	Mitigation Measures
Supply Chain	Awareness raising on E&S risks (e.g. child labor) in supply chains of solar equipment.	Awareness of CFIs, solar companies of supply chain E&S risks.



Appendix C: ESG Screening – Self-Assessment Questionnaire Template

(To be completed by the potential investee and shared with Persistent for review)

	ESG Screening Questions	Comments
1.	Industry sector of operation	
2.	Type of business	
3.	Countries of operation	
4.	Main markets (Domestic/Export -Urban/Rural)	
5.	Total number of employees/contractors	
6.	Does the company have in place an ESG policy or if not in one document, related environmental social and governance policies? Does the company have a designated person responsible for ESG matters?	
7.	Material ESG risks in relation to the business (Key risks such as environmental pollution, e-waste management, land acquisition, biodiversity, safeguarding issues, labour and working conditions, gender equality, indigenous peoples, supply chain risks, anti-bribery and corruption, anti-money laundering, politically exposed persons).	
8.	What do you assess as the overall ESG risks of the company? Rate this as High, Medium or Low.	
9.	What factors have you considered in assessing the level of risk?	
10.	If the risk is rated insignificant or low explain/clarify why you think so?	
11.	If the risk is rated high, what do you think are the contributing factors?	
12.	If the risk is high, what mitigation measures/action plans have been put in place to mitigate the risks?	
13.	If the risk is high, are there any activities that have the potential to undermine climate change adaptation measures of others and/or weaken existing ecosystem services that provide resilience to climate change?	

	ESG Screening Questions	Comments
14.	Please provide details of climate change adaptation activities which the company is involved in.	
15.	What are the Material ESG opportunities in relation to the business (potential positive ESG impact/outcomes generated)?	
16.	Confirm that the Company's and its subsidiaries' activities are in compliance with the Persistent ESG Exclusion List.	
17.	Confirm that the company is fully compliant with all relevant environmental permits/licences/ consents and that there have been no regulatory issues/cases of non-compliance/enforcement action in the last three years.	

Appendix D: ESG Screening – Initial ESG Categorization Template

(To be completed by the Persistent ESG Team)

	Questions	Comments
1.	Recommended ESG Categorisation	High/Medium/Low.
2.	ESG Categorisation Rationale	Based on sector of activity and exposure to ESG risks.
3.	Initial Determination of ESG Impacts	ESG risks identified.
4.	Recommended Mitigations	Potential mitigation measures.
5.	Climate Change Adaptation	Implemented/potential climate change adaptation activities.

Appendix E: ESG DD Questionnaire Template

(To be completed by the potential investee and shared with Persistent for review)

Area	Topic	Questions	Answers
General	Business Overview	Industry sector of operation.	
		Type of business.	
		Countries of operation.	
		Main markets (Domestic/Export - Urban/Rural).	
		Total number of employees/contractors.	
		Material ESG risks in relation to the business (Key risks such as e-waste management, land acquisition, stakeholder engagement, gender equality, complaints or grievances, indigenous peoples and biodiversity).	
		Material ESG opportunities in relation to the business (potential positive ESG impact/outcomes generated).	
	ESG Systems Maturity	Do you have an ESG policy in place systems and processes implemented? If not, do you have other similar policies or processes that provide for ESG such as E&S policies or HSE policies?	
	Resources (Roles and Responsibilities)	Is there a designated person responsible and trained for ESG matters?	
	Competence and Training	Is there any ESG training to staff? If so please provide details of the type of training and how often?	
Exclusion List	Are the company's and its subsidiaries' activities in compliance with the Persistent ESG Exclusion List (see attachment)?		

Area	Topic	Questions	Answers
	Monitoring and Reporting	Are there arrangements in place for monitoring and reporting ESG issues and performance to senior management/the Board?	
	Compliance with Laws	Confirm that the company is not in violation of any national laws or international laws (applicable to the company) that would be material to the company and have all licenses, permits and authorizations necessary to conduct their business.	
	Government Proceedings	Does the company or its subsidiaries have any government proceedings (current, pending or threatened) in relation to any of the above? If yes, please provide the details of said proceedings.	
	Permits/Licences/Consents	Confirm that the company is fully compliant with all relevant environmental permits/licenses/consents and that there have been no regulatory issues/cases of non-compliance/enforcement action in the last three years.	
Environmental	Carbon Emissions/Climate Change	Does the company monitor and report its carbon emissions savings from its operations?	
		Does the company monitor and report the carbon dioxide and greenhouse gases avoided by its business e.g. CO2 avoided by goods supplied?	
		Does the company carry out any activities that have the potential to undermine climate change adaptation measures of others and/or weaken existing ecosystem services that provide resilience to climate change?	

Area	Topic	Questions	Answers
		<p>Is the company involved in any climate change adaptation activities?</p> <p>“Climate Change Adaptation Activities” means actions, strategies, and measures implemented to reduce the vulnerability of societies, economies, and ecosystems to the impacts of climate change designed to help individuals, communities, businesses, and governments adjust to changing climate conditions and minimize the adverse effects on human health, infrastructure, agriculture, water resources, biodiversity and other aspects of the environment.</p>	
	Resource Efficiency/Management	What are the Company’s primary energy (e.g. gas, coal, diesel, heating oil, electricity) and water sources (river/lake, groundwater extraction, public mains) and what efficiency initiatives have been put in place?	
	Waste Management	Provide details waste management initiatives that have been implemented to minimise or reuse/ recycle waste. (E.g recycling and disposal policies, e-waste management plan, etc).	
	Chemicals/Hazardous Substances Handling & Supply Chain	Describe any chemicals/hazardous substances used or present on site, including storage and handling arrangements (drums, tanks, aboveground/underground storage etc.).	
Social	Human Resources - Health and Safety (H&S) Policy	Does the company have an HR Policy or Health & Safety policy?	
		Does the company have formal processes for undertaking workplace risk assessments,	

Area	Topic	Questions	Answers
		providing communication and training to employees?	
	Anti-discrimination	Does the company have an anti-discrimination policy	
	Diversity	Does the company subscribe to the 2X Challenge on gender diversity?	
		Does the company support diversity and equal opportunity?	



Area	Topic	Questions	Answers
	Safeguarding	<p>Is the Company and its subsidiaries in compliance with Human Rights and Safeguarding laws and best practices?</p> <p>“Safeguarding Violation” means any action or series of actions, undertaken by the company, or any of its contractors or subcontractors, or its or their employees or agents, that:</p> <ul style="list-style-type: none"> i. Involves any work or service which is exacted from any person under the menace of any penalty and for which that person has not offered themselves voluntarily, or that otherwise contravenes the requirements of the ILO Conventions; ii. Contravenes the requirements of the ILO Core Labour Convention 190 (Violence and Harassment), or that otherwise involves the exploitation, abuse or harassment (being any form of unwanted verbal, non-verbal or physical conduct, whether by force or under unequal or coercive conditions) of any person that is directed at such person because of their perceived or real sex or gender, or that disproportionately affects people of a particular sex or gender; or iii. Involves the exploitation or abuse of a child. 	
	Human Resources	<p>Do all employees have a formal contract of employment?</p> <p>Please provide a copy of your template employment contract.</p> <p>Confirm that the company does not employ children.</p>	

Area	Topic	Questions	Answers
	Grievances	Does the Company have a grievance policy or grievance mechanisms for staff? Please provide details.	
		Does the Company have a grievance policy or mechanisms for customers and third parties? Please provide details.	
	Social Related Claims	Have you had any serious social related complaints/claims/enforcement actions over the last three years, associated with employees or key stakeholders such as customers or suppliers?	
	Whistleblower Policy & Claims	Does the company have a whistleblower policy or processes that allow for confidential reporting of claims?	
		Has the company had any whistleblower claims in the past 3 years?	
	Data Privacy and Security	Has the company implemented a data privacy policy and IT security management that is compliant with local laws? Have there been any breaches in cyber security within the last three years?	
Exposure to Forced Labour Regime from the Industry Supply Chain i.e. Solar-Grade Polysilicon	Confirm that the company has and will continue to minimise supply chain risks and it or its subsidiaries has not purchased any materials that are restricted by 2021 US Uyghur Forced Labour Prevention Act (UFLPA) and including goods manufactured in the Xinjiang Uyghur Autonomous Region of China (XUAR) or goods produced by companies that are in the UFLPA Entity List or generally, goods produced by companies that		

Area	Topic	Questions	Answers
		are in the US Department of Commerce Entity List .	
	Land Acquisition and Involuntary Resettlement	Has the company been involved in any involuntary resettlement (e.g relocation and loss of shelter or livelihoods for communities or individual households) during the process of acquisition of land for its business? Please include mitigation measures taken by the company where involuntary settlement has occurred.	
	Cultural Heritage	Do any of the projects or activities carried out by the company have an adverse impact on cultural heritage (properties and sites of archaeological, historical, cultural, artistic, and religious significance, as well as unique environmental features and cultural knowledge) of a community? If yes to the above, how has the company ensured that the development benefits accruing from the commercial use of cultural heritage flow equitably to the affected communities?	
Governance	Board Structure and Role	Does the Company have an existing Board Structure?	
		Who are the members of your current Board?	
		How many times a year does your board meet?	
		How is the composition of the Board determined? E.g. founder reps, investor reps, gender diversity?	

Area	Topic	Questions	Answers
	Anti-Bribery and Corruption (ABC)	<p>Is the company and its subsidiaries in compliance with, and not in violation of, any anti-bribery and anti-corruption laws, including national laws, the UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA)?</p> <p>Has the company had any issues of corrupt practices and ABC in the past? How has this been dealt with?</p> <p>“<i>Corrupt Practice</i>” means the promise, offering, giving, receiving, and/or solicitation or acceptance by, any person, directly or indirectly, of anything of value, in order to improperly induce or influence any person to take action or refrain from action in connection with any business or public function. For the avoidance of doubt, “<i>Corrupt Practice</i>” as defined herein includes, inter alia, any act that would constitute a violation of the UK Bribery Act 2010, if performed by a person subject to the jurisdiction of such Act, or a violation of any other anti-corruption law of any jurisdiction that is applicable to the company, any person acting on its behalf, or any affiliate of the foregoing.</p>	
	Anti-Money Laundering (AML)	<p>Is the company and its subsidiaries, investors and beneficial owners in compliance with, and not in violation of, any anti-money laundering and anti-terrorism financing laws and regulations?</p> <p>“<i>Money Laundering</i>” means: (a) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any Person who is involved in the</p>	

Area	Topic	Questions	Answers
		<p>commission of the crime to evade the legal consequences of its actions; (b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offence; or (c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence; and</p> <p><i>“Financing of Terrorism”</i> means the act of providing or collecting funds with the intention that they be used, or in the knowledge that they are to be used, in order to carry out terrorist acts.</p>	
	<p>Politically Exposed Persons (PEPs)</p>	<p>Is the company, its subsidiaries or any of their directors are PEPs.</p> <p>A <i>“Politically Exposed Person (PEP)”</i> is an individual who holds or has held, a prominent public function in the past year, or someone who has a close family member (spouse, children, spouses of children, parents, etc.) or close business relationship with a PEP.</p> <p>Examples of a PEP are:</p> <ul style="list-style-type: none"> i. Heads of State or Government, (assistant) Ministers, Deputies and senior politicians; ii. Members of Parliament; ii. Members of high level judicial bodies; v. Members of the board of central banks; v. Ambassadors, Chargés d'Affairs and high-ranking officers in the armed forces; and vi. Members of the administrative, executive or supervisory bodies of state-owned enterprises. 	

Area	Topic	Questions	Answers
		The definition is not intended to cover lower ranking individuals in the aforementioned categories. If in doubt, please tick any of the following boxes as needed and, where necessary, provide a description.	
	Breaches/Enforcement	Please provide details of any corporate governance and/or ethical related employee claims/breaches/ enforcement/litigation action relating to issues such as anti-bribery and corruption, cases of unfair labour practices, human rights abuses, and other malpractices. Please provide details of any prosecution (fines, imprisonment) and corrective/improvement action post the event(s).	

Appendix F: ESG Action Plan Template

(To be completed by the portfolio company and shared with Persistent for review)

Activity/Risks	Mitigation/Adaptation Measures/Action	Responsible Party/Person	Issues/Parameters to Monitor	Monitoring Schedule	Expected Results
<i>Description of risks derived from the DDQ responses.</i>	<i>Options to avoid, reduce, mitigate risks and impact.</i>	<i>Individual person, unit, or entity tasked to carry out the mitigation measures.</i>	<i>List of reported/recorded incidents.</i>	<i>Timeline for implementation of the measures.</i>	<i>Expected outputs of the measures.</i>
ESG Management Systems (Generally)					
Environmental Risks					
Social Risks (Including labour and diversity)					
Governance Risks					
Supply Chain Risks					
Other Issues					

Appendix G: ESG & Safeguarding Reporting Template

(To be completed by the portfolio company and shared with Persistent for review)

ESG Reporting		
1.	What is your compliance status to local and/or applicable environmental, social and governance laws, standards or regulations?	If non-compliant, please explain.
2.	What is the compliance status in relation to Anti Money Laundering and Financing of Terrorism laws since the last report?	If there's a change in status, please explain.
3.	What is the compliance status in relation to Anti-Bribery and Corruption laws, since the last report?	If there's a change in status, please explain.
4.	What is the compliance status to Persistent's Exclusion List since the last report?	If there's a change in status, please explain.
	What is the status of implementation and compliance with the ESG Action Plan since the last report?	If there's a change in status, please explain. Include a list of incidents (e.g. include environmental or grievances/complaints in general) which have been reported.
6.	What do you assess the overall environmental risks of the Company (leak, pollution, waste, ecosystem degradation)?	Rate this as High, Medium or Low.
7.	Have you had any environmental incidents or complaints since the last report?	Please give details.
8.	What do you assess the overall social risks of the Company (labour, H&S, community, safeguarding)?	Rate this as High, Medium or Low.
9.	Have you had any social incidents or complaints since the last report?	Please give details.

10.	What do you assess the overall Governance risks of the Company (ethics, finance, AML, ABC)?	Rate this as High, Medium or Low.
11.	Have you had any governance incidents or complaints since the last report?	Please give details.
12.	If any risk is rated insignificant or low explain/clarify why you think so? Explain for each risk.	E.g. the investment is likely to have minimal or no adverse environmental impacts.
13.	If any risk is rated high, what do you think are the contributing factors? Explain for each risk.	E.g. the investment is likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented.
14.	If any risk is high, what mitigation and monitoring measures/action plans have been put in place to mitigate the risks? Explain for each risk.	E.g. staff training on ESG Policy.
15.	If the risk is high, what climate change adaptation actions has the company taken to avoid the risks?	E.g. water management, crop diversification, ecosystem restoration, healthcare preparedness, community planning and land-use management, climate smart agriculture, economic diversification, etc.
16.	Is there any other point on ESG in relation to the investment that needs to be highlighted?	E.g. material ESG incidents or opportunities.
17.	Exposure to forced labour regime from the solar industry supply chain i.e. solar-grade polysilicon. What is the level of exposure by downstream operators to supply chain risks arising from links to polysilicon	E.g. number of operators whose products are obtained from flagged manufacturers.

	<p>manufacturers operating in forced labour regimes such as China?</p>	
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Safeguarding Reporting		
1.	<p>Have there been any safeguarding concerns/incidents that have been escalated to the Board, designated officer or the investors in the current reporting period?</p>	<p>If yes, please explain.</p>
2.	<p>On a scale of 1-5, what do you assess the risk of safeguarding in the Company?</p>	<p>Rate this from 1-5 with 1 being insignificant and 5 being catastrophic relating to the project.</p>
3.	<p>What factors have you considered in assessing the level of risk?</p>	<p>Factors to consider include children, vulnerable adults, young people.</p>
4.	<p>If the risk is rated insignificant or low explain/clarify why you think so?</p>	<p>E.g. no direct exposure to vulnerable groups.</p>
5.	<p>If the risk is rated high, what do you think are the contributing factors?</p>	<p>E.g. exposure to vulnerable groups.</p>
6.	<p>If the risk is high, what mitigation and monitoring measures/action plans have been put in place to mitigate the risks?</p>	<p>E.g. adopt whistle-blowing policy.</p>
	<p>If the risk is high, what climate change adaptation actions has the company taken to avoid the risks?</p>	<p>E.g. water management, crop diversification, ecosystem restoration, healthcare preparedness, community planning and land-use management, climate smart agriculture, economic diversification, etc.</p>

8.	Is there any other point on safeguarding that needs to be highlighted?	E.g. safeguarding incidents (including health and safety incidents or grievances/complaints in general), safeguarding training provided or undertaken since the last report.
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Appendix H: Portfolio Template ESG Policy

[PORTFOLIO COMPANY NAME]

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) POLICY

Date of Last Update: [Date]

1. Purpose and Scope

This policy represents [Portfolio Company]'s (the “Company”) commitment to responsibly manage its environmental and social (E&S) responsibilities. This policy covers not only the positive E&S impacts stemming from our actions but also the challenges that surface during the operations of the Company.

The content of this policy applies universally to all employees, part-time or full-time, involved in the Company's undertakings and has been approved by the Company's Board.

We undertake to ensure that our operations:

- Comply with all applicable laws and international standards;
- Upholds high standards of business integrity and honesty;
- Excludes harmful ESG practices and commits to continuous improvement of ESG practices;
- Provides safe and healthy working conditions for all its employees and contractors;
- Upholds high standards of consumer protection;
- Seeks to enhance the sustainable economic development of the geographic area in which the Company operates; and
- Does not undermine climate change adaptation measures or weaken the ecosystem services that provide climate change resilience..

2. Our Commitment

The Company commits to:

- Generate positive environmental, social, and economic impacts minimizing the negative impact from our operations.
- Act in accordance with applicable laws and regulations and require that our partner companies comply as well.
- Comply with relevant requirements of international standards and principles such as IFC Performance Standards, GOGLA Consumer Protection Code and the UN Principles for Responsible Investment.

Additionally, we:

- Collaborate only with companies that reflect the Company's high ESG values.
- Embrace gender diversity and ensure compliance with the 2X Challenge across our operations.
- Comply with anti-money laundering (AML) and anti-bribery and corruption (ABC) laws and best practices across our operations.

- Have established appropriate whistleblowing or grievances mechanisms for the Company staff and external stakeholders to report misconduct.
- Follow best practices and laws related to know-your-client (KYC) procedures, anti-money laundering, anti-corruption, and anti-bribery.
- Regularly train the Company's employees on ESG processes.
- Report serious ESG incidents to our Board and our investors.

3. Principles and Standards

The Company complies the following international standards and principles into its operations:

a. UN Sustainable Development Goals (SDGs):

- Our current operations are focused on promoting especially SDG Nos: 5 on Gender Equality (we aim to comply with the 2X Challenge); 7 on affordable and clean energy; 8 on decent work and economic growth; 11 on sustainable cities and communities; 13 on climate action; and 17 on partnership for the goals.
- [the Company to identify other specific UN SDG goals that are relevant to their operations and specify here]]

b. UN Declaration on Human Rights:

This is especially in relation to the "S" in ESG and our social and economic impact in creating employment and fostering higher standards of living.

c. ILO Conventions: Ensuring our partners comply with national laws and provide proper working conditions to their staff.

d. IFC Performance Standards:

- PS 1 on Risk Management: We are implementing this ESG Policy in our operations.
- PS 2 on Labor and Working Conditions: We treat our staff fairly and in safe and healthy working conditions. We have in place processes to prevent to supply chain risks and forced labour.
- PS 3 on Resource Efficiency: We are innovating to reduce greenhouse emissions. We are conscious of our carbon footprint and work to reduce the same.
- PS 4 on Community Health, Safety, and Security: We are committed to upholding the highest standards of health, safety, and security in our operations for our staff and community around us.
- PS 5 on Land Acquisition and Involuntary Resettlement: We are committed to fostering good relationships and respecting rights of communities affected by our operations. In the event of our operations requiring land acquisition, we would follow applicable laws and international standards.
- PS 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. We are committed to biodiversity conservation. We ascertain the risks and opportunities in our operations and we would follow applicable laws and international standards.

- PS 7 on Indigenous Peoples - We are dedicated to respecting the rights and cultures of communities in the areas of our operations.
 - PS 8 on Cultural Heritage: We value the cultural heritage of the communities around us and we follow applicable laws and international standards.
- e. GOGLA Consumer Protection Principles: The principles are:
- Transparency
 - Responsible sales and pricing
 - Good consumer service
 - Good product quality
 - Data privacy
 - Fair and respectful treatment

4. Compliance and Reporting

In an effort to mitigate the risk of causing negative social or environmental impacts, the Company:

- a. Has a designated ESG responsible in the Company;
- b. Complies with the ESG Exclusion List set out in **Appendix A** herein, which is in line with international standards set forth by development finance institutions. The Company does not partner with companies, or suppliers if they fall into one or more of the 'no-go' sectors;
- c. Has in place measures for grievance and whistleblower reporting by employees and third parties; and
- d. Regularly reports on ESG and Safeguarding as required by its investors. The Company has adopted the ESG and Safeguarding Reporting Template set out in **Appendix B** herein;
- e. Regularly reports on financial results and impact as set out in **Appendix C** herein.

5. Roles and Responsibilities

The [CEO/COO], is responsible for:

- Overseeing the Company's ESG Policy.
- Overall end-to-end implementation of the ESG process.
- Reporting significant concerns or events to the Board.
- Documenting results for stakeholders.
- Coordinating staff training initiatives.

6. ESG Staff Training

Recognizing the critical role of training, the Company carries out periodic training on ESG for all relevant staff. This is not only a cornerstone of our onboarding regimen but also an annual refresher, ensuring alignment with our ESG philosophy. Some of the topics which the staff should be trained on include:

- i. Understanding ESG;
- ii. Environmental sustainability;

- iii. Social responsibility;
- iv. Governance and ethics;
- v. Integration into business strategy;
- vi. Stakeholder engagement;
- vii. Measuring and reporting ESG performance;
- viii. Case studies and best practices;
- ix. Employee engagement and empowerment; and
- x. Continuous learning and improvement.

Appendices:

Appendix A - ESG Exclusion List

Appendix B - ESG & Safeguarding Reporting Templates

Appendix C – Finance & Impact Reporting Template



Policy Document Version Control

Draft & Amendment History						
Version	Description of Amendments	Prepared By	Approved By	Approval Date	Effective Date	
1.0	First Version	BD Manager/CLO	CLO	05.02.2023	05.02.2023	
			The MC & Board	05.02.2023		
2.0	Amends relating to the ACV Fund Legal & ESG Associate/CLO		CLO	16.10.2024	17.10.2024	
			The MC	16.10.2024		
			The Board	17.10.2024		