

abc IMPACT

Responsible Investment and Environmental, Social & Governance (ESG) Policy

May 2025

ABC Impact Responsible Investment and ESG Policy

ABC Impact is committed to investing in companies that not only aim to generate a positive environmental and/or social impact but also deliver compelling returns to our investors. We regard Environmental, Social, and Governance (“ESG”) monitoring and management as integral components of our investment process. We believe that companies focused on driving positive impact must also exhibit robust ESG and sustainability practices throughout their operations. Effective and responsible ESG management can mitigate risks to employees, customers, the environment, affected communities, and other stakeholders. Our investment strategy aims to address both climate change and inequality in order to maximise impact, mitigate risk, and foster resilience.

ABC Impact is committed to:

- Avoiding or minimising adverse ESG risks and impacts and enhancing ESG value creation opportunities;
- Systematically managing ESG issues through the implementation and continual improvement of an ESG management system;
- Managing ESG risks and realising ESG opportunities at key stages within the investment cycle (i.e. Sourcing/Screening, Preliminary Investment Review, Due Diligence, Final Investment Review, Ownership & Monitoring and Divestment);
- Working with our investors and portfolio companies to apply relevant international good practice standards, with appropriate targets and timelines for achieving them;
- In doing so, complying with Applicable ESG Requirements, including local, national, and international laws and regulations in the jurisdictions of operation and environmental and social standards for the international finance sector such as the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and Asian Development Bank (ADB) Safeguard Policy Statement (2009) (see Annex for list of the Applicable ESG Requirements);
- Being accessible to, and engaging with, relevant stakeholders either directly or through representatives of our portfolio companies, as appropriate;
- Reporting to investors on the ESG performance of the Fund and our portfolio companies; and
- Encouraging portfolio companies to advance these same principles in a way that is consistent with their fiduciary duties.

ABC Impact’s Board is responsible for the approval and review of this policy. As part of our overall compliance framework, this policy shall be reviewed on a periodic basis, at a minimum, within two years of the last change or amendment. The Board delegates the responsibility of overseeing this policy’s implementation to ABC Impact’s Management Committee (MC). At the operational level, the Investment Team, which includes the Impact Team, is responsible for assessing ESG risks during due diligence and monitoring them throughout the investment period.

The policy will be communicated to our team and all our stakeholders to ensure understanding of and adherence to the policy goals, and is publicly available on the ABC Impact website.



Signed _____ [David Heng, CEO]

Dated 14 May 2025

Annex

Applicable ESG Requirements

ABC Impact is committed to adhering to all standards and guidelines which are applicable to its related investment activities. The following are the standards at a minimum that the firm will apply to all investments:

- ABC Impact Exclusion List;
- Applicable local, national, and international laws and regulations in the jurisdictions of operation;
- International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (IFC PS, 2012)¹;
- World Bank Group Environmental, Health and Safety (EHS) Guidelines²;
- Asian Development Bank (ADB) Safeguard Policy Statement (2009)³;
- ADB's Social Protection Strategy (2001)⁴;
- ADB's Gender and Development Policy (1998)⁵; and
- International Labour Organisation (ILO) Core Labour Conventions⁶.

In addition, ABC Impact has adopted the following principles / standards as broad guidelines and reference frameworks for its approach:

- Global Reporting Initiative (GRI)⁷;
- Sustainability Accounting Standards Board (SASB)⁸;
- British International Investment (BII) ESG Toolkit⁹;
- United Nations Principles for Responsible Investment (PRI)¹⁰; and
- G20/OECD Principles of Corporate Governance, 2023¹¹.

¹ See IFC's Performance Standards on Environmental and Social Sustainability (dated Jan 2012): <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>

² See World Bank Group's Environmental, Health and Safety (EHS) Guidelines (dated Apr 2007): <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/157871484635724258/environmental-health-and-safety-general-guidelines>

³ See ADB's Safeguard Policy Statement (2009): <https://www.adb.org/who-we-are/environmental-social-requirements/safeguard-policy-statement>

⁴ See ADB's Social Protection Strategy (2001): <https://www.adb.org/sites/default/files/institutional-document/32100/social-protection.pdf>

⁵ See ADB's Gender and Development Policy (1998): <https://www.adb.org/sites/default/files/institutional-document/32035/gender-policy.pdf>

⁶ ILO Conventions available at <https://www.ilo.org/resource/ilo-conventions>

⁷ See GRI standards: <https://www.globalreporting.org/standards/>

⁸ SASB standards available at <https://sasb.ifrs.org/>

⁹ See BII's ESG toolkit: <https://toolkit.bii.co.uk/>

¹⁰ Aligned to PRI's principles and recommended guidance for practice – see: <https://www.unpri.org/investment-tools>

¹¹ See G20/OECD Principles of Corporate Governance: https://www.oecd.org/en/publications/g20-oecd-principles-of-corporate-governance-2023_ed750b30-en.html

ABC Impact Exclusion List

Product-based exclusion of companies:

(1) ABC Impact will not invest in companies which themselves, or through entities:

- a. control prostitution or produce pornography,
- b. produce or trade in weapons and munitions, including paramilitary materials
- c. produce or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (i) pharmaceuticals¹², pesticides, and herbicides¹³, (ii) ozone-depleting substances¹⁴, (iii) polychlorinated biphenyls¹⁵ and other hazardous chemicals¹⁶, (iv) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora¹⁷, and (v) transboundary trade in waste or waste products¹⁸,
- d. produce or trade in tobacco or tobacco products,
- e. produce or trade in narcotics, harmful drugs & substances,
- f. produce or trade in alcoholic beverages (excluding beer and wine)¹⁹,
- g. produce or trade in palm oil²⁰,
- h. produce or trade in fur,
- i. produce or trade in radioactive materials²¹ including nuclear reactors and components thereof,
- j. engage in marine and coastal fishing practices, such as large-scale pelagic drift net fishing (using nets in excess of 2.5 km in length) and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats,
- k. produce or sell drift net fishing in the marine environment using nets in excess of 2.5 km in length,
- l. engage in commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests,
- m. produce coal (mining) or power generated from coal,
- n. produce, trade in, or use unbonded asbestos fibers²²,
- o. own and operate gambling establishments.

¹² A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

¹³ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

¹⁴ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

¹⁵ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

¹⁶ A list of hazardous chemicals is available at <http://www.pic.int>.

¹⁷ A list is available at <http://www.cites.org>.

¹⁸ As defined by the Basel Convention; see <http://www.basel.int>.

¹⁹ This does not apply to companies who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a company's primary operations.

²⁰ Exclusion is applied to companies that have less than 20% of their plantations Roundtable on Sustainable Palm Oil (RSPO) certified or have ownership in companies that derive 20 per cent or more of their income from palm oil revenues.

²¹ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC / ADB considers the radioactive source to be trivial and/or adequately shielded.

²² This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

ABC Impact will consider investments in technologies and solutions that support the transition and help mitigate the negative environmental and social impacts of ABCs exclusion sectors (for example, technologies that result in cleaner coal or those that may bring supply chain traceability).

Conduct-based exclusion of companies:

(2) Companies will be excluded if the company contributes to or is responsible for:

- a. serious or systematic human rights violations, such as harmful or exploitative forms of forced labour²³ or child labour²⁴,
- b. destruction of high conservation value areas²⁵,
- c. severe environmental damage,
- d. systemic corruption,
- e. other particularly serious violations of fundamental ethical norms such as gender discrimination.

(3) Companies or individuals subject to UN sanctions.

²³ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

²⁴ Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

²⁵ 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>).