



abc IMPACT

**Environmental, Social &
Governance (ESG) Approach**

Introduction

At ABC Impact, we are committed to investing in companies that aim to generate positive environmental and/or social impact while delivering compelling returns to our investors. Accordingly, we view Environmental, Social, and Governance (ESG) measurement and management not as an afterthought but as an integral component of our investment process. We firmly believe that companies striving for a positive impact must demonstrate robust ESG and sustainability practices across their operations. Effective and responsible ESG management can minimize risks to employees, customers, the environment, affected communities, and other stakeholders.

Furthermore, sound ESG practices can unlock a wide range of long-term value creation opportunities, including improved cost efficiency, enhanced business performance, increased worker engagement and productivity, and strengthened stakeholder relations.

This document outlines our comprehensive approach to integrating ESG into our business and investment activities, which applies to all current and future investments, ensuring alignment with our objectives, standards, and values.

ABC Impact's ESG Approach

ABC Impact maintains a comprehensive Responsible Investment & ESG policy that encompasses our commitment to avoiding harm and benefiting stakeholders. In our approach to avoiding harm, we have established an exclusion list, provided in Annex A, to ensure that our investments align with our values and do not compromise ethical standards. Additionally, our intent to drive benefits for stakeholders is evident in how we integrate ESG considerations throughout the investment process, supplemented with specific guidelines on systematic sustainability issues, provided in Annex B, ensuring that ESG principles are not merely a checkbox exercise but are ingrained in our decision-making. ABC Impact has a dedicated team focused on ESG evaluation and monitoring.

We are resolute in our mission to promote the enhancement of ESG performance among our investee companies. While our influence may vary across investments, we, as equity investors, actively encourage all investee companies to incorporate relevant ESG elements into their practices.

Our commitment to ESG principles goes beyond our investments. We believe in “walking the talk” and “leading by example”, striving to maintain high standards of ESG practices within our organization. We have implemented practices and policies within our own corporate operations, prioritising matters most material to our stakeholders and investors. Fostering a workplace that champions diversity, equity, and inclusion is not just a societal imperative but a key driver of our own

success. ABC Impact has an equal opportunity policy and an anti-harassment policy, ensuring workplace safety and non-discrimination.

B Corporation™ Certification

ABC Impact has achieved the internationally recognised B Corporation™ (“B Corp”) certification since June 2023. This certification designates our fund as meeting high standards of social and environmental impact and attests to our commitment to integrate ESG and SDG considerations into our policies and practices.

The B Corp certification comes after a rigorous assessment administered by the non-profit B Lab. The exercise evaluated the impact of our operations and business model on workers, customers, communities, and the environment. Our governance processes, including ethical standards and transparency practices, were also assessed.

As a firm believer that finance can be a force for good, we are proud to join the community of over 7,800 B Corp businesses worldwide who are helping to create a more inclusive, equitable, and sustainable world. We encourage all our portfolio companies to be certified B Corporations.

Integration of ESG into Investment Process

Incorporating Environmental, Social, and Governance considerations into our investment management and ownership practices is not only a responsibility but a strategic requisite for us. ESG principles are fundamental to building resilient businesses and more stable portfolios that perform better in the long-term.

From pre-investment evaluation to ownership to exit, we systematically employ / embed assessment and management systems to effectively address ESG risks and realise ESG opportunities.

The analysis conducted throughout the process is referenced from various international standards such as the SASB Standards, IFC Performance Standards on Environmental and Social Sustainability, and the UN Sustainable Development Goals.

We consider a range of ESG factors, including but not limited to:

Environmental	Climate risk, Greenhouse Gas (GHG) emissions, Resource availability, Waste management, Energy and water management, Biodiversity impacts
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Social	Labour standards and practices, Occupational health and safety, Human rights, Diversity, equity and inclusion, Social license to operate, Supply chain management
Governance	Corporate governance and business ethics, Anti-bribery and corruption, Information management, Data privacy and security, Product design and safety, Regulatory requirements

**Pre-
Investment
Screening &
Due Diligence**

- We conduct comprehensive screenings on potential investments, adhering to ABC Impact's exclusion list and relevant international standards. This involves the identification of key issues, including sector-specific concerns, thematic trends, and macro sustainability trends.
- Our assessment includes the evaluation of material ESG risks and opportunities, determining the level of ESG risk, and assessing the preparedness and capacity of investee companies.
- For certain investments as deemed appropriate, ABC Impact engages external counsel or advisor when conducting ESG due diligence.

**Post-
Investment
Active
Ownership**

- We actively engage with investee companies to embed sustainable business practices and support the improvement of their ESG performance.
- We closely monitor impact and ESG metrics and provide regular updates to our management committee.

**Responsible
Exit**

Private exit:

- We review the investee company's ESG progress from the point of investment to the exit stage. When legally permissible, we disclose relevant ESG information collected during the pre-acquisition and ABC's fund ownership period to potential buyers.

Public flotation:

- We encourage investee companies to include ESG information in their offering memorandum. This should encompass a summary of risks, impacts, opportunities, management measures, and improvements over the investment period.

Continuous Improvement

The dedicated ESG team at ABC Impact regularly receives training and internal knowledge management resources to stay abreast of industry trends and developments. Additionally, we offer training sessions to our portfolio companies, ensuring they continuously enhance their knowledge and understanding of ESG practices and principles.

We are committed to the continuous improvement, transparency, and collaboration, and will periodically update this document to reflect our evolving approach to responsible investing. Our dedication lies in driving positive impact while delivering financial returns to our investors.

Annex A: Exclusion List

Product-based exclusion of companies

- (1) ABC will not invest in companies which themselves or through entities:
- a. control prostitution or produce pornography
 - b. develop, produce, maintain, trade or stockpile weapons of mass destruction,
 - i. produce or sell weapons that violate fundamental humanitarian principles through their normal use
 - ii. or anti-personnel mines, cluster munitions, chemical, biological weapons, depleted uranium weapons and nuclear weapons to be controversial weapons
 - c. produce tobacco or tobacco products
 - d. produce narcotics, harmful drugs & substances,
 - e. produce alcoholic beverages (excluding beer and wine),
 - f. produce or sell palm oil¹,
 - g. produce or sell fur,
 - h. produce or sell radioactive materials²,
 - i. produce or sell drift net fishing in the marine environment using nets in excess of 2.5 km in length,
 - j. produce coal (mining) or power generation from coal.
 - k. own and operate gambling establishments.

ABC 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 may be excluded if the company contributes to or is responsible for:
- a. serious or systematic human rights violations,
 - b. child labour,
 - c. destruction of high conservation value areas³,
 - d. severe environmental damage,
 - e. systemic corruption,

¹ 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.

² This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.

³ 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>).

- f. other particularly serious violations of fundamental ethical norms such as gender discrimination.

(3) Companies or individuals subject to UN sanctions.

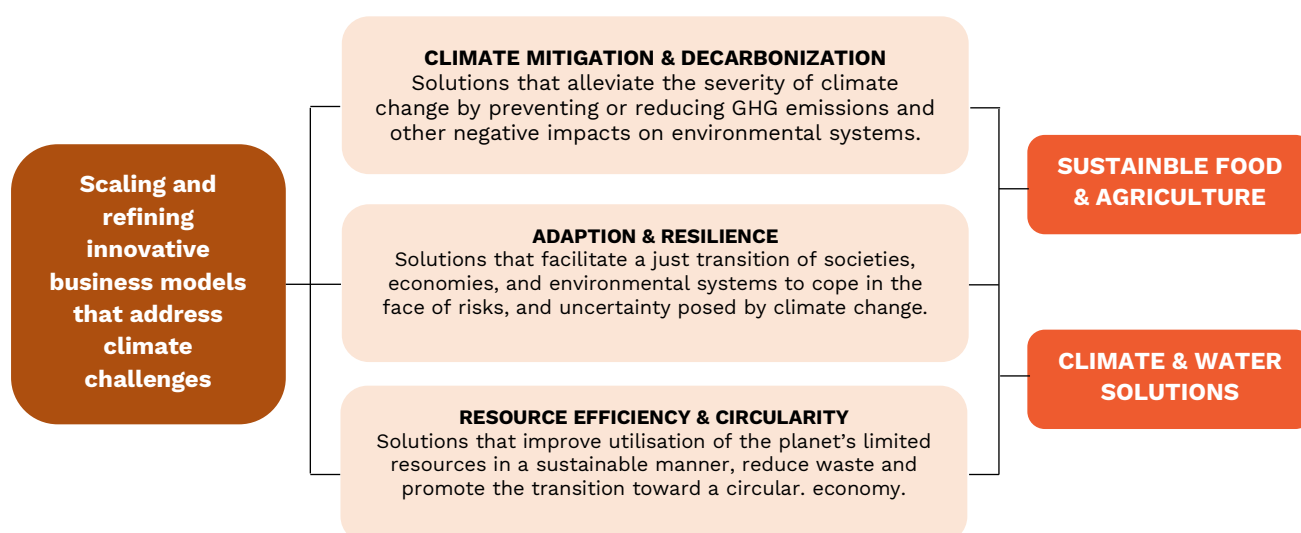
Annex B: Guidelines on Systematic Sustainability Issues

1. Climate Change Guidelines

The growing recognition of climate change's severity has become increasingly apparent, with the heatwave in the region underscoring the urgency of climate action. Asia, responsible for half of the world's emissions and about 85% of fossil fuel-based energy⁴, plays a pivotal role in mitigating climate change.

At ABC Impact, our objective is to invest in climate and broader environmental solutions that pave pathways to climate mitigation, adaptation, and resilience in the region. In pursuit of opportunities within our identified environmental themes, we are looking at pioneering technologies or services, across sectors, that selectively disrupt and transform systems that are currently putting pressure on our planet and its resources. ABC Impact is an investor in late-stage venture and growth ventures aimed at combating climate change in the region.

Investment Themes



Acknowledging that many of these breakthrough technologies originate from developed countries today, our strategic goal is to find relevant, applicable technologies and business models for the Asia context, and help them achieve scale and deliver meaningful impact in the region. We believe that Asia is in a prime position to address climate-related priorities and capture opportunities that come from effectively managing climate risks. Countries in the region are building infrastructure and undergoing urbanization, spotlighting the chance to deliver sustainable development and improved climate resilience for their societies.

⁴ [Asia and Pacific \(International Renewable Energy Agency - irena.org\)](https://www.irena.org/)

Environmental Questionnaire

Climate change is a key focus area embedded within our proprietary ESG framework, which is used to assess and evaluate all potential target companies during the pre-investment screening and due diligence phases. Environmental topics covered include, but are not limited to:

- Climate risk,
- Emissions and ambient air quality,
- Energy and water management,
- Waste management,
- Protected areas,
- Biodiversity and land use,
- Natural disasters.

Carbon Emissions Reporting

ABC Impact maintains an online GHG reporting portal for Portfolio Companies. The portal features an 'Emissions Wizard' that enables companies to calculate their carbon footprint across Scope 1, 2, and 3 emissions through a step-by-step process. Portfolio Companies are required to submit their GHG emissions annually.

2. Inequality Guidelines

In Asia, despite significant economic growth, social inequality remains a pressing issue. Millions of people lack access to basic necessities. According to the Asian Development Bank, there are 1.7 billion people who are living on less than US\$2 a day⁵. ABC Impact recognises the urgency of addressing these critical needs among underserved populations.

Investment Themes

Our investment strategy focuses on social solutions such as healthcare, education, and financial inclusion, which demonstrate consistent demand even during economic downturns. We have identified two social investment themes: financial and digital inclusion, and better healthcare and education.

Under the better healthcare and education theme, we seek companies that enhance access, affordability, and quality of healthcare and education services, while also strengthening healthcare and education systems. This approach aims to improve health, learning outcomes, and social mobility, particularly for marginalized populations.

For financial and digital inclusion, we strive to provide capital to companies that enhance access to safe and affordable financial and digital tools for MSMEs and individuals, while also increasing access to markets. We believe that this will

⁵ [Poverty Reduction | Asian Development Bank \(adb.org\)](https://www.adb.org/)

contribute to improving livelihoods and financial resilience for MSMEs and individuals.

Social Framework

The topic of inequality is integral to our screening and due diligence process. Our ESG framework incorporates key inequality issues, under social questionnaire, enabling us to assess risks and opportunities related to each portfolio company. Examples of topics covered in social questionnaire can be found below.

3. Human Rights Guidelines

In Asia, human rights continue to be a complex and multifaceted issue, with various challenges persisting across the region. While economic growth has lifted millions out of poverty, discrimination persists, particularly among marginalized communities. Gender inequality, child labour, and human trafficking continue to pose significant challenges. Despite efforts by some governments to address these issues, gaps in enforcement and accountability remain, highlighting the need for continued advocacy and action to protect and promote human rights for all individuals in Asia.

Social Framework

ABC Impact believes in integrating human rights practices into the everyday operations of our portfolio companies, irrespective of sector, geography, size, or stage of business. Our proprietary ESG framework screens for important human rights issues commonly found in the region, helping us understand the target company's current practices, risks, and identify opportunities for future initiatives – see examples below.

Social Questionnaire

Topics covered include:

- Human rights,
- Labour standards,
- Migrant workers,
- Gender diversity and anti-discrimination,
- Recruitment, retention and engagement,
- Access to medical services,
- Security risks,
- Conflict areas,
- Resettlement,
- Indigenous peoples,
- Land acquisition and tenure,
- Social license to operate,
- Cultural and heritage knowledge.