
Environmental, Social and Governance Policy Manual (“ESG Policy”)



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CONTROL VERSION LOG

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			portfolio companies under clause 3.2 "ESG Due Diligence"
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1. Introduction

The aim of this ESG Policy that is adopted by ABBPE Capital Management Pte Ltd (“ABBPE”) is to ensure a “best practice” understanding at ABBPE level and to help the implementation of ESG guidelines and improvements in the portfolio companies of Asia Business Builders I and II (together and separately referred to as the “Fund”).

This ESG Policy or “Manual” sets out the overall ESG policy and process for the selection of investments, due diligence, and the ensuing action plan for ESG improvement at the portfolio companies.

Objectives

ABBPE and the Fund commit to the adoption of ESG principles throughout its portfolio and investment activities. ESG is essential to operations and seen as a key contributor to achieving superior investment returns in Vietnam.

The objective of the ESG Manual is to guide ABBPE’s intended support to SMEs in their path towards professionalization and sustainable growth and to implement best practice standards of governance.

ESG policies and understanding is often weak among the portfolio SMEs and ABBPE’s ESG Policy is based on the following objectives for ABBPE and for the portfolio companies:

- (i) Selected SMEs are often at the early stages of understanding the concept of ESG and there is strong value add from improving policies and procedures in a systematic way.
- (ii) Selected SMEs have strong Promoters/Owners/CEO, but the local staff & management base often requires additional training and knowledge to fully understand ESG issues and the aim is for ESG knowledge to properly ‘trickle down’ into all layers of the organization.
- (iii) There is a need for company-specific tailoring and optimization of the ESG improvement plans and early due diligence of issues is required in order to develop the plans.
- (iv) Exit returns for companies with good governance are higher and will contribute to higher IRRs.

Commitment

The Fund is committed to building innovative, transparent, and sustainable businesses in Vietnam with strong ESG policies:

- We believe that our business success has responsible investing and strong ESG standards at its core whilst improving ESG standards of our local SME portfolio companies is crucial for long-term value creation.
- An important part of our role as investors includes assisting management with the implementation of best practice processes in areas such as business conduct and environmentally sustainable practices.
- The Fund is committed to implement effective social and environmental practices described in an environmental social management system with all its activities consistent with the processes and procedures set out in this ESG Policy
- The Fund commitment is also set out in Schedule 5 to the LPA signed on 31 October 2023.

Applicable Standards and Guidelines

To support the above ESG commitment, the following are the standards at a minimum that will apply to all investments:

- Exclusion List (see **Section 3.1 below**);
- Applicable local, national, and international laws and regulations in the jurisdictions of operations; and
- International Finance Corporation (IFC) Performance Standards (2012) and World Bank Group (WBG) Environmental, Health & Safety (EHS) Guidelines (General and sector-specific as relevant). WBG EHS Guidelines which are set out in attached pdf:
<https://documents1.worldbank.org/curated/en/157871484635724258/pdf/112110-WP-Final-General-EHS-Guidelines.pdf>
- IFU's (Danish Investment Fund for Developing Countries) sustainability policy and adheres to its principles in its due diligence investments
(<https://www.ifu.dk/wp-content/uploads/Sustainability-policy-1.pdf>)
- DGGF ESG Policy and Principles for Intermediary Funds which are based on IFC's Performance Standards, and which are set out in attached pdf:
<https://english.dggf.nl/documents/publications/2022/08/04/esg-policy-financing-local-smes>
- DFAT's Prevention of Sexual Exploitation and Sexual Harassment Policy and Child Protection Policy which are set out in the attached file:
<https://www.dfat.gov.au/sites/default/files/pseah-policy.pdf>
<https://www.dfat.gov.au/sites/default/files/child-protection-policy.pdf>

The IFC Performance Standards are an international benchmark for identifying and managing environmental and social risk and have been adopted by many organizations as a key component of their environmental and social risk management.

The WBG EHS Guidelines provide technical guidelines with general and industry-specific examples of good international industry practice to meet IFC's Performance Standards. When host country's

regulations differ from the levels and measures presented in the IFC Performance Standards and WBG EHS Guidelines, the requirement is to apply whichever is stricter (unless otherwise indicated).

DFAT Aid Policies and Safeguards mean the following policies and guidelines, as amended, or replaced from time to time:

- DFAT Child Protection Policy (latest version dated January 2018), in all circumstances where activities of the General Partner or the Fund Advisor in connection with the Fund Agreements involves any contact with children;
- DFAT Environmental and social safeguard policy (latest version dated March 2019, version 1.4);
- DFAT Preventing sexual exploitation, abuse, and Harassment Policy (latest version dated 4 April 2019);
- DFAT Fraud Prevention Toolkit (latest version dated February 2019, version 1.3);

and such other policies as may be notified by ADI from time to time, to the extent such policies are applicable to the activities of the General Partner in connection with the Fund Agreements.

Management

The Board of Directors and Senior Management of ABBPE are responsible for setting the right tone and ensuring strong governance and sound ESG policies and implementation.

An ESG officer is appointed for the term of the Fund.

The designated ESG officer is Ms Nguyen Thi Ngoc Diep, a Key Person of the Fund.

ABBPE ensures that the ESG Officer is ultimately responsible for administration and implementation of the systems in place to monitor ESG. The ESG Officer's responsibilities include to identify ESG risks in the pipeline and portfolio and to co-ordinate with investment staff to ensure that the right ESG risk mitigation measures are put in place and monitored. To ensure an organization-wide level of knowledge of ESG, all investment staff will have adequate training to perform their roles in the implementation of the ESG procedures.

While certain responsibilities can be delegated to the investment team, final accountability rests with the Board of Directors and Senior Management.

- The oversight and management of the ESG Policy will be done by Peter Sorensen and Fred Ng, Directors of ABBPE Capital Management Pte Ltd
- The adequate integration of an ESG lens in all investment projects will be managed by the ESG Officer (Nguyen Thi Ngoc Diep)
- ESG issues are discussed at each Investment Committee (4 members including one independent member) and ESG remedy plans at portfolio company level are regularly reported to and tracked by the Portfolio Committee (3 members).

This ESG Policy will be communicated to the entire team who will be expected to adhere to it. If there is any change to the policy, an online training in the next month will be held among all team members

to update such changes. The team will also receive training on how to effectively translate the policy into practice. New employees will be requested to go through the Fund’s ESG policy, and any question will be directly addressed by ESG Officer.

2. ESG Requirements for Portfolio Companies

Portfolio companies are required to comply with the IFC Performance Standards with regards to environmental and social (E&S) matters. The IFC Performance Standards are a set of eight standards that provide guidance on how to identify, assess, and manage environmental and social risks and impacts associated with projects. The standards are designed to help businesses avoid, mitigate, and minimize negative E&S impacts, and to enhance positive impacts.

By complying or undertaking to comply with the standards, it is expected that portfolio companies shall operate in a sustainable manner and take steps to protect the environment, respect the rights of workers and affected communities, and promote sustainable development; and thus, shall work towards reducing the risk of environmental and social incidents, which can be costly and damaging to the reputation of the investees.

The IFC’s environmental and social sustainability performance standards are summarized in Annex IV.

In addition, there are some additional social and governance requirements with which portfolio companies are also required to comply as set out in the table below:

Principles	Goals	Investment Considerations / Tolerance level
1. Anti-corruption	Clean and transparent businesses	Corruption is not tolerated. All customary brokerage/selling payments have to be documented and formalized and companies should have an r action plan in place to work towards remedy.
2. Information privacy and data security	Personal data is collected and used in a responsible manner. Availability of protective measure against hackers and remedy plan in case of security hacking incidents happen.	Compliance with national regulations and international standards relating to information privacy and security at company level. Following OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data
3. Complaints mechanism	Complaint mechanism at both fund level and company level shall be implemented.	The mechanism should be in accordance with principles as follows:

Principles	Goals	Investment Considerations / Tolerance level
		<ul style="list-style-type: none"> - Submission: transparent and easily accessible, anonymous - Handling: complaints are recorded, assessed and given appropriate responses. - Communication: to all parties involved, appropriately and timely. - Governance: ensure safety of the person submitting complaints and also such complaints are satisfactorily resolved.
4. Politically exposed people (PEP)	Risks related to PEP shall be assessed and closely monitored.	<p>Material influence by PEPs at company level should be avoided.</p> <p>Risk mitigation measures should be aligned with FATF Guidance on PEPs.</p>
5. Non-discrimination (AI)	AI systems should not be biased in all terms including but not limited to gender, religions, races, etc.	<p>A technical expert should be consulted in this case.</p> <p>Degree of materiality to be assessed</p>
6. Responsible lending (Applied to fintech or financial services companies)	<p>Comply with national rules and regulations with regards to interest rate and debt collection measures.</p> <p>There is a system in place to assess customers' capabilities to pay back the loan</p>	<p>A credible and sustainable growth plan to be demonstrated by the Portfolio company owner.</p> <p>Mitigation measures (e.g., with regards to reputational and ethical risks) shall be discussed and agreed upfront.</p>
7. Preventing Sexual Exploitation Abuse and Harassment (PSEAH)	Risks related to SEAH (Sexual Exploitation, Abuse, and Harassment) shall be assessed and closely monitored. The SEAH risk level will be determined (dependent on likelihood and impact), and the minimum standards will be applied in line with the prescribed DFAT minimum	ABBPE has a zero-tolerance policy against discrimination, bullying, harassment, and any form of sexual exploitation and abuse, both among its portfolio company staff and within its contracted supply chain. Any suspected or alleged instances of SEAH, perpetrated by anyone in connection with official

Principles	Goals	Investment Considerations / Tolerance level
	standards. Ensure stronger reporting and accountability.	<p>duties or business, must be promptly reported and appropriately managed.</p> <p>The appropriate grievance and investigation mechanism should be in accordance with principles as follows:</p> <ul style="list-style-type: none"> - Submission: transparent and easily accessible, anonymous - Handling: complaints are recorded, assessed and given appropriate responses. - Communication: to all parties involved, appropriately and timely. - Governance: ensure safety of the person submitting complaints and also such complaints are satisfactorily resolved.
8. Child Protection	<p>Risks related to child protection shall be screened and appropriately managed. The risk levels shall be determined (dependent on likelihood and impact), and the minimum standards will be applied in line with the prescribed DFAT minimum standards. Management plan to be developed to mitigate any identified risks, and systems implemented to monitor and report any incidents or breaches.</p>	<p>ABBPE has a zero-tolerance approach to child exploitation and abuse, both among its portfolio company staff and within its contracted supply chain. Any suspected or alleged incidents of child exploitation, abuse, or policy non-compliance, perpetrated by anyone in connection with official duties or business, must be reported promptly and appropriately managed.</p> <p>The appropriate grievance and investigation mechanism should be in accordance with principles as follows:</p> <ul style="list-style-type: none"> - Submission: transparent and easily accessible, anonymous

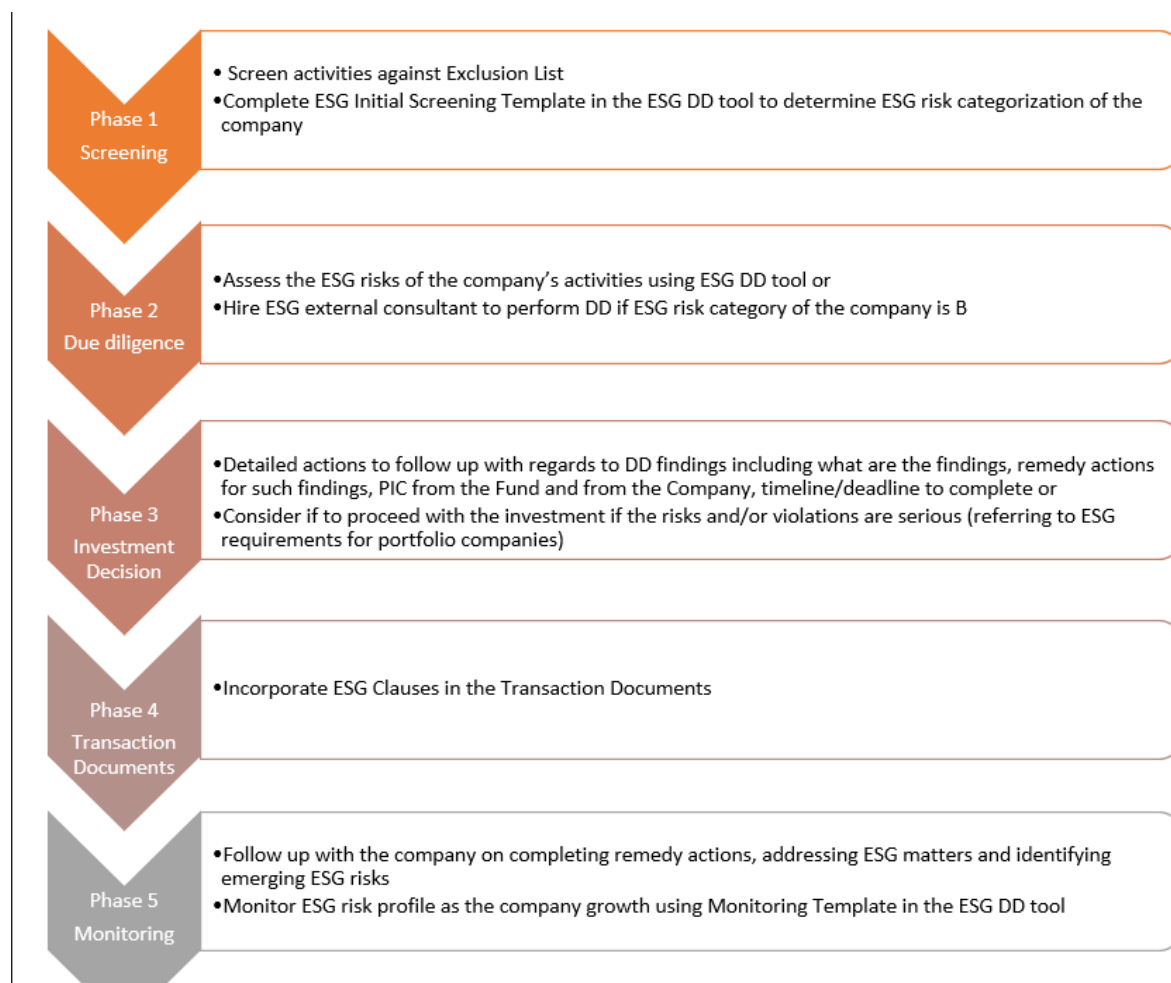
Principles	Goals	Investment Considerations / Tolerance level
		<ul style="list-style-type: none"> - Handling: complaints are recorded, assessed and given appropriate responses. - Communication: to all parties involved, appropriately and timely. - Governance: ensure safety of child and the person submitting complaints and also such complaints are satisfactorily resolved.

3. ESG in the Investment Process

In our investment process we seek to:

- Not finance excluded activities, as defined in this ESMS;
- Require the screening, identification and assessment of E&S risks associated with potential investments as part of the standard investment cycle and in line with accepted international practices, including IFC Performance Standards, in an integrated manner;
- Work together with our investees to put into practice applicable E&S requirements, and require that legal agreements have E&S aspects clearly incorporated;
- Regularly monitor and report on the E&S performance of our investments to our investors and stakeholders.

The overall summary of the process of E&S review is set out below:



Details are further set out on the five steps in the sections below.

3.1. INITIAL SCREENING

The following Initial screening procedures set out the detailed prescriptions for how ESG is incorporated into the investment process and shall be performed by ESG Officer in consultation with the investment team:

Entity	Responsibilities	Documents
ESG Officer / Investment Team	<ul style="list-style-type: none"> ▪ Review the proposed investment against the Exclusion List ▪ If an Exclusion List activity is identified, then do not proceed further with the transaction. ▪ On the basis of the sector and pre-screen information assign an initial category (see below categorization) ▪ The purpose of the initial categorization is to determine how much E&S attention the transaction should receive. The initial category will also assist in guiding the extent of the E&S Due Diligence (ESDD) required, those with 	<ul style="list-style-type: none"> ▪ ESG Initial Screening Template

	<p>Category B will require some additional review versus Category C.</p> <ul style="list-style-type: none"> ▪ Communicate with the potential investee on E&S aspects to ensure they are aware of the Fund’s requirements. 	
Investment Committee	<ul style="list-style-type: none"> ▪ Discuss the preliminary screening and categorization and the rationale and provide guidance as required (with support from the ESG Officer, as required). ▪ Agree next steps from an ESG perspective. 	ESG Initial Screening Template

▪ **Exclusion list check**

The Fund will not finance any of the activities found on the Exclusion List as referenced in the link in the footnote and set out below¹:

The Fund will also comply with all applicable E&S laws and regulations of the host country in which the projects are located and operated – in this case Vietnam. In addition, the fund will also ensure that these same projects are operated in a manner consistent with IFC’s Performance Standards on Environmental and Social Sustainability (<https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-performance-standards.pdf>). See Annex IV.

These eight standards establish clear requirements for investee performance and project outcomes. The Fund’s review of a prospective investment in relation to the IFC Performance Standards shall determine the scope of the E&S conditions of the Fund’s financing. Noting that under the scope of this ESMS, activities that trigger Performance Standards 5 to 8 are not permitted to be financed.

The exclusion list check of potential investments is undertaken to avoid the Fund having any direct exposure to the following activities, which are on the “Exclusion List”:

1. Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife, or products regulated under CITES
2. Production or trade in weapons and munitions
3. Production or trade in alcoholic beverages (excluding wine and beer) as main activity, taking into account more than 10% of the total revenue of the portfolio company
4. Production of trade in tobacco as main activity, taking into account more than 10% of the total revenue of the portfolio company
5. Gambling and casinos and equivalent enterprises

¹ [https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/ifc-exclusion-list-2007#:~:text=IFC%20does%20not%20finance%20the%20following%20projects%3A&text=Production%20or%20trade%20in%20weapons%20and%20munitions.&text=Production%20or%20trade%20in%20alcoholic%20beverages%20\(excluding%20beer%20and%20wine\).&text=Production%20or%20trade%20in%20tobacco.&text=Gambling%2C%20casinos%20and%20equivalent%20enterprises.](https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/ifc-exclusion-list-2007#:~:text=IFC%20does%20not%20finance%20the%20following%20projects%3A&text=Production%20or%20trade%20in%20weapons%20and%20munitions.&text=Production%20or%20trade%20in%20alcoholic%20beverages%20(excluding%20beer%20and%20wine).&text=Production%20or%20trade%20in%20tobacco.&text=Gambling%2C%20casinos%20and%20equivalent%20enterprises.)

6. Production or trade in radioactive materials. 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.
7. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
8. Commercial logging operations for use in primary tropical moist forest.
9. Production or trade in wood or other forestry products other than from sustainably managed forests.
10. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
11. Production or activities involving harmful or exploitative forms of forced labor and harmful child labor
12. Racist and anti-democratic media
13. Pornography or prostitution
14. Cross-border trade in waste and waste products, unless compliant with the Basel convention and the underlying regulations
15. Destruction of high conservation value areas
16. Coal prospection, exploration, mining, or processing
17. Oil exploration or production
18. Standalone fossil gas exploration and/or production
19. Transport and related infrastructure primarily used for coal for power generation
20. Crude Oil Pipelines
21. Oil Refineries
22. Construction of new or refurbishment of any existing coal-fired power plant (including dual)
23. Construction of new or refurbishment of any existing HFO-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO2 emissions.
24. Any business with planned expansion of captive coal used for power and/or heat generation.
25. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
26. Any project is categorized as having high ESG risk or Category A as defined in item 3.3 below.
27. Any business which is in violation or at risk of complying with the standards laid out by DFAT's [Prevention of Sexual Exploitation and Sexual Harassment Policy](#) and [Child Protection Policy](#). See Annex V for the Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) and Child Protection (CP) Exclusion list.

In addition to the above, when investing in microfinance activities, the additional following items will apply

- 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.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

The above Exclusion List is based on the EDFI’s harmonized Exclusion List, IFC Exclusion List/Negative List, DFAT’s Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) and Child Protection (CP) Exclusion list, and the DGGF Exclusion List.

- **Initial ESG risk identification**

The responsible officer should make an initial assessment against appropriate sector specific ESG issues and is captured in the Initial Screening (Step A).

- **Risk categorization**

Factors such as scale, location, sensitivity and magnitude of impacts of an investment target/project need to be considered on a case-by-case basis and categorized based on the guidelines agreed by EDFI as below:

Category	Definition	Follow On
A – Significant Impact	<p>Business activities with potential significant adverse environmental or social risks and/or impacts which are diverse, irreversible, or unprecedented. These impacts cannot be mitigated or remedied or only at significant costs.</p> <p>This includes, for the avoidance of doubt, activities involving (a) involuntary resettlement, (b) risk of adverse impacts on indigenous peoples, (c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or (d) significant occupational health and safety risks (risk of serious injury or fatality to workers), (e) risks related to Child Protection, including minimum age for employment, child abuse and exploitation, and conditions for engagement of young workers, (f) significant risks of any form of sexual exploitation as referenced in the Exclusion list and Appendix V. These are highly unlikely to be encountered and in any case are excluded.</p>	Excluded – do not proceed
B – Medium Impact	Business activities with potential limited adverse environmental or social	It is required to assess all transactions against the IFC

Category	Definition	Follow On
	<p>risks (including risks of child abuse and exploitation) and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.</p> <p>For example:</p> <ul style="list-style-type: none"> ▪ Businesses involved manufacturing activities (such as plastic packaging manufacturing, pharmaceutical manufacturing etc) ▪ Transportation and other logistics services (such as warehousing and storing chemicals) ▪ Ride hailing platform; ▪ Supply and delivery platform; ▪ Small-scale novel battery storage production; ▪ AI technology with manufacturing; ▪ Novel medical testing technologies; ▪ Agritech that also supplies materials such as feed; ▪ Businesses involved manufacturing or farming activities that may recruit child labor, and ▪ Edtech business involving direct engagement with children. 	<p>performance standards (and other requirements under the ESMS).</p> <p>Where there is a category B investment that includes any or all of the following an external consultant must be used to conduct the ESDD:</p> <ul style="list-style-type: none"> - Manufacturing operations - Handling, storing. Using or disposing of chemicals and fuels in excess of normal household amounts - Owning and operating a fleet of more than 25 vehicles as a delivery service etc. <p>There are potential E&S concerns/risks that warrant the use of external expertise</p> <p>Where an External Consultant is not required formally assess using the Low Cat B ESG DD Tool.</p>
C – Minimal/no impact	<p>Business activities with minimal or no adverse environmental or social risks and/or impacts.</p> <p>For example:</p> <ul style="list-style-type: none"> ▪ Software platform only; ▪ AI technology without manufacturing; and ▪ Small-scale office only based activities. 	<p>Formally assess ESG risks and impacts and record results internally using the due diligence template for Cat C as in the ESG DD Tool.</p>

If a potential investment is not on the Exclusion List, but still deemed to be risky in terms of possible ESG issues, the risk of such issues arising must be set out in the applicable Gate investment memo. All

investments need a formal E&S review (using external consultants where required) and all should have the results presented at relevant stages.

3.2. ESG due diligence

The higher the initial risk categorization on the investment opportunity, which is highlighted in the appropriate Investment Memo, the more extensive the due diligence needs are to be conducted. The focus of the due diligence will be on the risks that are recognized during the high/medium & low risk identification in initial screening. Site visits must be conducted to potential investees with a focus on review of the operations.

Investments will only be made after ESG due diligence is performed. ESG is integrated into the due diligence and investments are scored and analyzed according to ABBPE’s internal tools which are in line with and set out in Appendix I. If a potential investment has Category B, the Fund shall consider using external ESG consultants as appropriate in line with the guidance above. See Request for Proposal (RfP) for Environmental and Social Due Diligence Assessment template for reference “Annex III”.

Further, all potential investment opportunities must comply with DFAT’s Safeguarding requirements related to PSEAH (Prevention of Sexual Exploitation, Abuse, and Harassment) and CP (Child Protection). The DFAT Safeguarding Toolkit offers guidance on how to identify, assess, and manage the risks and impacts associated with PSEAH and CP in portfolio investments and projects. Please refer to Annex VI for details on how to assess PSEAH and CP risks, along with the necessary steps to meet the minimum standards outlined by DFAT.

Entity	Responsibilities	Documents
Investment Team	<p>A review of ESG aspects (including PSEAH and CP) should be undertaken based on the Category assigned in Phase 1. This should include nature of the operations, (and when operating at scale), the capacity of the company any track record on ESG issues will need to be assessed on the basis of representative operations.</p> <p>ESG DD Tool (as shown in Appendix I) & DFAT Safeguarding Tool (as shown in Appendix VII) provides guidance on the areas to cover and assess.</p> <p>The key outcome of this Phase will be a validation of the preliminary category from Phase 1 (or adjustment as necessary), identification of ESG risks and opportunities and the identification of actions required to address a risk/gap that has been identified.</p>	ESG DD Tool

Entity	Responsibilities	Documents
	<p>The input flows into a summary (with full ESDD information) that can be presented at the Investment Committee (IC)</p> <p>As part of this Phase there should be ongoing communication with the potential investee on ESG requirements and socialisation of any actions. The initial alignment should also be sought from the portfolio company (Owner, C-level, key managers) to adopt ESMS (if the portfolio company does not have ESMS in place yet), address ESG matters and improve ESG standards.</p> <p>Incorporate ESG findings and action/remedy plan in transaction documents and seek commitment from the portfolio company to realizing the plan.</p>	
E&S Officer	<p>The ESG Officer should provide input and support as needed, such as:</p> <ul style="list-style-type: none"> ▪ Obtain knowledge of the company business (including but not limited to business lines, supply chains, targeted customers, characteristics of the workforce, PSEAH and CP risks etc.) from the Investment team to identify relevant potential ESG matters to cover. ▪ Design and/or customize an exhaustive list of due diligence questionnaire based on the ESG DD Tool & DFAT Safeguarding Tool to suit the specific business operations of the Target Company to understand the current situation of the portfolio company with regards to the identified potential ESG risks and make assessment accordingly. ▪ Conduct interviews with relevant staff/managers of the portfolio company and obtain necessary supporting documents for their answers. ▪ Collaborate with the investment team to go through the provided answers and materials to confirm ESG risk categorization, identify key ESG risks to be addressed post investment and design action plan or remedy plan (with timeline and designated person in charge). ▪ Appoint, maintain oversight of, and review output from external ESDD. 	As above
Investment Committee	<ul style="list-style-type: none"> ▪ Discuss the categorisation and the key ESG risks (including as the company scales (with support from the ESG Officer, as required). 	Endorsement of the IC paper

Entity	Responsibilities	Documents
	<ul style="list-style-type: none"> ▪ Request/agree anything before closing or to be included in closing 	

Following the due diligence, an action plan is developed to address any gaps identified during due diligence.

The gaps can be categorized as either “**High**” (needs immediate attention), “**Medium**” (to be addressed in the first 100 days after closing) or “**Low**” (to the extent needed a remedy plan is prepared).

The Environmental and Social Action Plan (ESAP) at a minimum should:

- Diligently aggregate and describe the gaps identified against the standards in the ESMS
- Identify and describe measures to mitigate and manage the project's potential environmental and social impacts. These measures should be specific, measurable, achievable, relevant, and time-bound (SMART)
- Set realistic deadlines for the completion of the actions required (with the emphasis on achieving compliance as soon as possible)
- Indicate the documentation to be produced or how completion will be monitored.
- The ESAP should include a monitoring and evaluation plan to track the implementation of mitigation and management measures and assess their effectiveness.

3.3. Investment decision

ABBPE has a 3-stage investment process from Gate 1 to Gate 3. The Exclusion List applies at Gate 1 stage and the final ESG due diligence is reviewed at the Gate 3 process. At this stage, the Investment Committee has the discretion to reject an investment if it appears that ESG issues cannot be solved to an acceptable level during the investment horizon.

3.4. ESG in Investment Agreement

The Fund requires each of its portfolio companies to establish and maintain an environmental and social management system (ESMS) consistent with the requirements (in substance) set out in this ABB ESG policy. It is recommended to refer to the IFC’s ESMS Implementation Handbook² when establishing such system.

An important component of the ESMS is the incorporation of relevant E&S legal clauses in equity agreements with investees. These support clarity in the expectations and requirements and also flow through to meet the requirements of LPs (and may require certain aspects to be included).

In addition, any specific pre-closing conditions precedent for ESG compliance will be required as well as any post-completion requirements.

² [esms-handbook-general-v21.pdf \(ifc.org\)](https://www.ifc.org/~/media/IFC/ESMS-Handbook-General-v21.pdf)

Generally, ABBPE will have the following clause as a requirement in its investment agreements:

- *“The portfolio company shall implement an ESG improvement plan as required and approved by Investor (incorporating the findings from the ESG due diligence to be conducted by Investor and/or Investor’s appointed firm) within 12 months from Closing Date”*

In addition, ABBPE shall additionally seek to insert specific clauses relating the ESG matters for each particular investment. Aspects to incorporate are as follows:

- Definitions - with respect to ESG aspects.
- Excluded activities – Representations, warranties and covenants that the company is not and will not engage in excluded activities.
- ESG compliance – Representations and warranties of compliance with relevant ESG laws and regulations and requirements of the Fund and absence of any material ESG litigation or other proceedings against the company.
- ESAP - Implementing all actions provided in the environmental and social action plan
- Reportable ESG incidents – to notify the investor promptly (for example within three days) in the event of a material ESG incident occurring (and actions to be taken)
- Providing periodic reports to the Fund on ESG performance.
- Allowing access for the Fund (and its representatives acting legitimately on its behalf) to inspect the company’s places of business and its books and records to check compliance with the contractual ESG requirements.

As such, ABBPE will in the 12 months following investment seek to ensure that all investee companies are operated in a manner consistent with the ESG policy at the BOD meetings and as set out in the ESG Monitoring section below. Where gaps in such standards have been identified, actions will be taken to bring the investee companies into compliance within this period (or if extended with a clear path described).

3.5. ESG Monitoring

The ESG performance of portfolio companies is monitored by the Portfolio Committee which convenes quarterly. As such the progress will be monitored on an ongoing basis and any issues logged. The following sets out the template for comments/monitoring that is done and may be reported via email or otherwise. Key is that any issues are flagged and raised as early as possible with the BOD. External consultants will be used for review as necessary for monitoring of completed actions or when there is an expansion to new business locations or added production capacity of the portfolio companies (as the case may be).

Entity	Responsibilities	Documents
Investment Team	Monitoring should be scaled to the operations and the nature of the risks: <ul style="list-style-type: none"> ▪ Has the ESG risk profile significantly changed? 	Formally assess

Entity	Responsibilities	Documents
	<ul style="list-style-type: none"> ▪ Have action items required been addressed? ▪ Has the investee maintained compliance with the exclusion list and host-country ESG requirements? ▪ Have there been any material adverse ESG events ▪ Are ESG action items in legal agreements being addressed. <p>Monitoring should be captured in Monitoring Template in the ESG DD Tool.</p>	using the ESG Monitoring Tool (including review of the ESAP)
E&S Officer	<ul style="list-style-type: none"> ▪ The ESG Officer should provide input and support as needed. 	<ul style="list-style-type: none"> ▪ As above

4. Follow-on Investment

In case a follow-on investment is considered, it is expected that the Fund shall revisit and update the company's ESG risk profile:

Entity	Responsibilities	Documents
Investment Team	<p>As part of the assessment of the follow-on investment this is an opportunity to revisit the ESG risk profile and considers:</p> <ul style="list-style-type: none"> ▪ Has the ESG risk profile significantly changed e.g. additional employees, new physical operations, ESG complaints? Has the category changed? ▪ Has the company met the ESG requirements of the initial investment (including addressing ESAP items)? ▪ Have there been any material adverse ESG events? ▪ Is there a need for new additional ESG requirements? ▪ Is there now a need for external ESG Due Diligence (ESDD) using qualified external consultants? <p>If the risk profile continues to be low (Category C or not triggering the need for an external ESDD) then the Follow on or Cat C Investment template may be</p>	<p>If the risk profile continues to be low (Category C or not triggering the need for an external ESDD) then the Follow on or Cat C Investment template may be used. If the company has scaled and/or there are wider potential ESG risks present, e.g. a workforce, community health & safety from traffic, waste generation etc. then an external ESDD assessment</p>

Entity	Responsibilities	Documents
	used. If the company has scaled and/or there are wider potential ESG risks present, e.g. a workforce, community health & safety from traffic, waste generation etc. then an external ESDD assessment should be conducted.	should be conducted.
E&S Officer	The ESG Officer should provide input and support as needed.	As above
Investment Committee	<ul style="list-style-type: none"> ▪ Discuss the categorisation and the key ESG risks (including as the company scales (with support from the ESG Officer, as required)). ▪ Request/agree anything before closing or to be included in closing 	Endorsement of the IC paper

5. ESG Reporting

5.1. Routine Reporting to LPs

On an annual basis and subject to the timeline of each LPs, the Fund Manager will deliver copies of the ESG performance report(s) (subject to template as required by each LPs) at portfolio company level as part of the annual evaluation reporting to LPs of the fund:

Overall evaluation	Lessons learned
Qualitative Assessment on ESG issues and implementation	<p>Answering some of the following questions:</p> <ul style="list-style-type: none"> • What have been the major obstacles and deviations? • What would you do differently after carrying out the ESG due diligence and analyzing the action plan? • What are key thematic areas of concern for ESG? • What is the feedback from SMEs about the ESG plan?

5.2. Material adverse E&S events

For any serious incidents, those will be immediately raised at the portfolio company level and reported to LPs within three (3) working days using the attached form in Appendix II. Examples of serious incidents are:

- accidents causing major injuries or fatalities (of employees, the general public or contractors);
- serious violations of local environmental regulations resulting in immense, irreversible negative impact;
- serious violation of fraud and corruption resulting in criminal prosecution
- any incidents or complaints of any behaviour that is suspected of child exploitation or abuse (including possession of child exploitation material) Strikes or significant employee disputes;
- Regulator action in relation to E&S matters;
- Spills, pollution incidents, fires, explosions;

- any complaints or incidents of sexual harassment or gender-based violence and
- Etc.

6. Code of conduct

ABBPE's ESG Policy is based on the following Code of Conduct:

- (i) ABBPE shall exercise due diligence when dealing with consultants, customers and connected parties of the customers and consultants.
- (ii) ABBPE shall conduct its business in conformity with high ethical standards, and guard against establishing any business relations or undertake any transaction, that is or may be connected with or may facilitate money laundering or terrorism financing.
- (iii) ABBPE shall abide by all the terms as set out in the Limited Partnership Agreements dated 8 June 2018 and as amended from time to time
- (iv) ABBPE requires all employees to be competent in the role that they perform. Employees must ensure that they remain competent when continuing to undertake their roles for the Company. Each employee is responsible for the maintenance and upkeep of his/her own competency in his/her skill set.

In addition, since ABBPE is regulated by the Monetary Authority of Singapore ("MAS"), ABBPE is required to comply with the following rules and regulations in Singapore, including but not limited to:

- (i) MAS Notice and Guidelines on Prevention of Money Laundering and Countering the Financing of Terrorism (collectively known as the "MAS AML Notice"), which is aligned with the Financial Action Task Force ("FATF") Recommendations;
- (ii) Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act;
- (iii) Terrorism (Suppression of Financing Act) Chapter 325 ("TSOFA");
- (iv) United Nations (Anti-terrorism Measures) Regulations (Rg 1);
- (v) Information Paper On Environmental Risk Management (Asset Managers) issued in May 2022; and
- (vi) Any other MAS circulars.

The ESG Manual supplements these applicable laws and regulations and nothing in the ESG Manual conflicts with these laws.

7. External Communications Mechanism (ECM)

The ESG guidelines will be reviewed and revised accordingly on an annual basis. For any complaints and issues, ABBPE maintains throughout the lifetime of all its investments, a complaints mechanism to receive any public concerns related to the Fund's investments with respect to ESG or otherwise.

This is done through the public website and it is transparently and publicly available at the following link: <http://www.asiabusinessbuilders.com/talk-to-us/>.

The complaints and grievance mechanism is as set out in attached pdf:

<http://asiabusinessbuilders.com/wp-content/uploads/2018/10/grievance-mechanism-converted.pdf>

Where the grievance relates to ABB Fund's and/or its portfolio investment companies' Environmental & Social performance, the mechanism will request for specific information as follows:

1. Name of the portfolio company to which the concern relates;
2. Description of the concern and any supporting documentation;
3. Date of the incident or action giving rise to the complaint (if applicable);
4. Specific remedy sought (if applicable); and
5. Any other appropriate information.

The ESG Officer will provide a confirmation of receipt to the sender within 5 business days of receiving the written question or concern.

The ESG Officer will review the content of the communication and will decide if the response is necessary. If so, a response will be drafted with involvement from the relevant investment professional responsible for the portfolio company. A draft response will be submitted within 10 working days to the Investment Committee for approval.

If the Investment Committee approves the draft, the E&S Officer will forward the response to the sender. Any change to the draft response will be consulted with the relevant investment professional, and its final version will be sent to the sender no later than 15 business days from the receipt of the communication.

In case the ESG Officer, in consultation with relevant investment professional, considers that the communication from the sender raises serious Environmental and/or Social issue(s) for a portfolio company, the relevant investment professional will immediately contact the IFC [others if necessary] to inform them, in addition to seeking any relevant information, and may carry out additional investigation on the portfolio company.

If such investigation leads the Fund team to conclude that the portfolio company is not meeting the requirements of the ESMS and agreement with the portfolio company, an investment professional will inform the Investment Committee about this fact. The ESG Officer will prepare a Supplemental Corrective Action Plan (SCAP) to be discussed with and implemented by the portfolio company.

The ESG Officer may then send a second, follow up response to the sender about any steps requested from the portfolio company once the SCAP is ready and accepted by the portfolio company, provided it does not contradict any confidentiality agreements.

The ESG Officer will log and track all public inquiries received by way of this procedure including:

- Date received and issue raised;
- Dates of follow-up communication;
- Solution offered and if accepted; and

Follow-up actions with the company (and tracked to closure).

For the avoidance of doubt, please note that ABBPE undertakes that:

- Each complaint is recorded, assessed and the appropriate response determined if applicable.
- Involved parties are informed about the nature of the complaint and communication is appropriate and timely.
- All complaints are kept private and confidential.

As such, ABBPE will work with relevant parties to address the cause of any valid complaints and inform the complainant of any such actions taken.

8. Training

The E&S training programme comprises of a mix of regular and ad-hoc training sessions, which may be conducted either in-house or by external consultants and online or offline or via email/newsletters, depending on the requirement. The E&S training programme is mandatory for all employees who are involved with the Fund. The key points of the training schedule are as follows:

Training type	Conducted by	Frequency
New-Joiner ESMS training	ESG Officer	Ad-hoc basis: As and when there is a new employee
Refresher of ESMS training	ESG Officer	Annually
Explanation of updates to the E&S Policy/ESMS	ESG Officer	Ad-hoc basis: As and when there is a material update to these documents
General E&S workshop	ESG external consultant	Annually
IFC Sustainability Training e-Learning Programme (STEP)	Online e-Learning platform	One off for those with designated E&S roles

In addition to the above training schedule, the Fund will also seek guidance and support from an appropriately qualified external E&S Consultant where relevant. This may include review and update of the ESMS, and as required under the ESMS.

9. Review and Update of the ESMS

The ESMS will be updated and reviewed:

- In the first year after initial deployment of the update as required and where there are applicable changes in the operation of the fund manager/fund (including processes), whichever occurs earlier.
- If there are modifications in the Applicable Standards under the ESMS.
- Incorporation of requirements of LPs/stakeholders, if required and different/more stringent.
- Documentation of lessons learnt and/or good practice based on implementation of the ESMS.

Note that material revisions will need to be communicated to all relevant partners (such as co-investors) and may require approval from external parties, depending on legal agreements. Note that IFC will be required to be made aware of any changes to the ESMS.

APPENDIX I: ABBPE ESG TOOLKIT



ESG DD
tool_ABB_updatedOct

APPENDIX II: ABBPE SERIOUS INCIDENT REPORTING TEMPLATE



Serious Incident
Report Templates ABF

APPENDIX III: Request for Proposal Template Terms of Reference ESDD



Request for Proposal
Template Terms of Re

APPENDIX IV: IFC Performance Standards on Environmental and Social Sustainability

Introduction

The IFC Performance Standards³ are an international benchmark for identifying and managing environmental and social risk and has been adopted by many organisations as a key component of their environmental and social risk management.

This section describes IFC Performance Standards that are to be applied to Category B investments (in addition to the Exclusion List and meeting host country requirements).

In many countries, the scope and intent of the IFC Performance Standards is addressed or partially addressed in the country's environmental and social regulatory framework. The IFC Performance Standards encompass eight topics:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

They are further summarised below:

- **IFC Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts:** Commercial investees are required to manage the environmental and social performance of their business activity, which should also involve communication between the client/investee, its workers and the local communities directly affected by the business activity. This requires the development of a good management system, appropriate to the size and nature of the business activity, to promote sound and sustainable environmental and social performance as well as lead to improved financial outcomes.
- **IFC Performance Standard 2 Labor and Working Conditions:** For any business, its workforce is a valuable asset and a sound worker-management relationship is a key component of the overall success of the enterprise. By protecting the basic rights of workers, treating workers fairly and providing them with safe and healthy working conditions, commercial clients/investees can enhance the efficiency and productivity of their operations and strengthen worker commitment and retention.
- **IFC Performance Standard 3 Pollution Prevention and Abatement:** Increased industrial activity and urbanization often generate increased levels of pollution to air, water and land that may threaten people and the environment at the local, regional and global level. Commercial clients/investees are required to integrate pollution prevention and control

³ www.ifc.org/performancestandards

technologies and practices (as technically and financially feasible as well as cost-effective) into their business activities.

- **IFC Performance Standard 4 Community Health, Safety and Security:** Business activities can increase the potential for community exposure to risks and impacts arising from equipment accidents, structural failures and releases of hazardous materials as well as impacts on a community's natural resources, exposure to diseases and the use of security personnel. Commercial clients/investees are responsible for avoiding or minimizing the risks and impacts to community health, safety and security that may arise from their business activities.
- **IFC Performance Standard 5 Land Acquisition and Involuntary Resettlement:** Land acquisition due to the business activities of a commercial client/investees may result in the physical displacement (relocation or loss of shelter) and economic displacement (loss of access to resources necessary for income generation or as means of livelihood) of individuals or communities. Involuntary resettlement occurs when affected individuals or communities do not have the right to refuse land acquisition and are displaced, which may result to long-term hardship and impoverishment as well as environmental damage and social stress. Commercial clients/investees are required to avoid physical or economic displacement or minimize impacts on displaced individuals or communities through appropriate measures such as fair compensation and improving livelihoods and living conditions.
- **IFC Performance Standard 6 Biodiversity Conservation and Sustainable Natural Resource Management:** Protecting and conserving biodiversity (including genetic, species and ecosystem diversity) and its ability to change and evolve, is fundamental to sustainable development. Commercial clients/investees are required to avoid or mitigate threats to biodiversity arising from their business activities and to promote the use of renewable natural resources in their operations.
- **IFC Performance Standard 7 Indigenous Peoples:** Indigenous Peoples are recognized as social groups with identities that are distinct from other groups in national societies and are often among the marginalized and vulnerable. Their economic, social and legal status may limit their capacity to defend their interests and rights to lands and natural and cultural resources. Commercial clients/investees are required to ensure that their business activities respect the identity, culture and natural resource-based livelihoods of Indigenous Peoples and reduce exposure to impoverishment and disease.
- **IFC Performance Standard 8 Cultural Heritage:** Cultural heritage encompasses properties and sites of archaeological, historical, cultural, artistic and religious significance as well as unique environmental features and cultural knowledge, innovations and practices of communities embodying traditional lifestyles, which are protected for current and future generations. Commercial clients/investees are required to avoid significant damage to cultural heritage due to their business activities.



ifc-performance-standards.doc

<https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>

APPENDIX V: Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) and Child Protection (CP) Exclusion list

The Fund will not finance businesses which are in violation or at risk of complying with Prevention of Sexual Exploitation and Sexual Harassment Policy and Child Protection Policy guidelines.

The Fund will not finance businesses which are in violation or at risk of complying with the standards laid out for Child Protection comprising of but not limited to:

- Abuse (physically, emotionally or psychologically) or exploit any children or young people they interact with
- Engage in any activities that can be perceived as sexual, emotional, psychological and/or physical abuse of children or young people
- Engage a child in any form of sexual activity or acts, including paying for sexual services or acts, regardless of the local age of consent or majority
- Discriminate or offer unfavourable treatment to children or young people based on their response to abuse
- Exchange gifts (monetary or otherwise) with children or young people for sex or sexual favours or other forms of humiliating, degrading or exploitative behaviour or any other behaviour that could be deemed as abusive or exploitative
- Develop, encourage or fail to report relationships with children or young people which could in any way be deemed sexual, exploitative or abusive

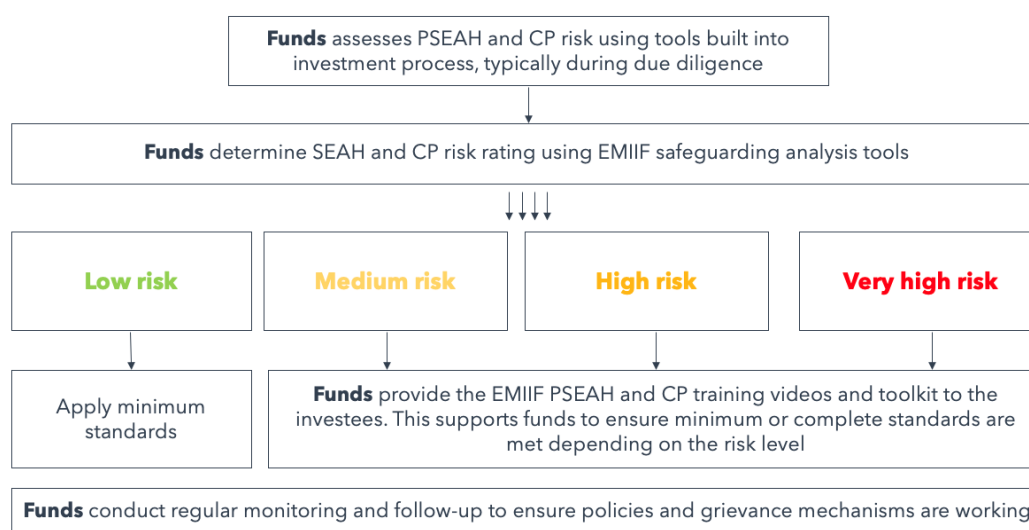
Further, the Fund will not finance projects which are in violation or at risk of complying with the standards laid out for PSEAH comprising of but not limited to:

- Engage in any activities that cause actual or potential risks or harm from abuse and exploitation to other staff
- Engage in any activities that can be perceived as sexual, emotional, psychological and physical abuse to staff
- Discriminate or offer unfavourable treatment to staff based on their response to abuse
- Exchange gifts/benefits (monetary or otherwise) with staff for sex or sexual favours or other forms of humiliating, degrading or exploitative behaviour or any other behaviour that could be deemed as abusive or exploitative with colleagues, partners or beneficiaries.
- Engage in any form of transactional sex while engaged in the direct delivery of business activities
- Develop, encourage or fail to take action on activities that can be deemed as harassment, exploitation or abuse
- Fail to report any suspected incidence of SEAH to a superior or through the appropriate reporting mechanisms

APPENDIX VI: Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) and Child Protection (CP) Risk Categorization and Minimum Standards for DFAT Compliance

This Annex is intended to provide general guidance on the identification of material and/or potentially significant E&S risks associated with an investment opportunity of ABBPE, specifically for PSEAH and CP. This guidance provides an overview to the risk categorizations and the actions which need to be taken to ensure that the risk management approach is appropriate. More details on DFAT safeguards and minimum standards can be found in the DFAT safeguards toolkit. During the due diligence stage, a risk-based approach should be taken to the identification of significant/potentially significant PSEAH and CP risks. Based on the risk level, the investees might be required to take some/all actions.

Assessing PSEAH and CP at the Investee Level- Process and Responsibilities



Minimum Standards for PSEAH and CP

Based on risk level, Investees might be required to take some/all actions:

- 1 Creation of a PSEAH and CP policy or integration of appropriate language into existing policies and procedures
- 2 PSEAH and CP concerns are built into a code of conduct, employee handbook and employee contracts with appropriate sanctions for breaches
- 3 PSEAH and CP reporting and investigation procedures are put in place
- 4 Reporting/grievance mechanism is available for internal staff and external individuals to report incidence of PSEAH or children's rights violations
- 5 Recruitment, screening and employment practices take into consideration CP best practice
- 6 Training for personnel related to child protection awareness and their obligations

Please note: For more details on the risk categorization and standards, please refer to the DFAT safeguards toolkit.

APPENDIX VII: ABBPE DFAT SAFEGUARDING TOOLKIT

1. Summary

DFAT PSEAH			
Rating	Medium	Low / Medium / High	
Key findings			
	Minimum Standards	required as per risk level	Action plan
	Have a PSEAH policy or other documented policies and procedures in place and clearly communicate expectations of this Policy.	yes	
	Have reporting and investigation procedures in place.	yes	
	Have risk management processes that include the risk of SEAH.	yes	
	Effective PSEAH training in place.	no	
	Recruitment and screening processes and employment practices address and manage the risk of SEAH.	no	
	Prohibit transactional sex for all personnel, while engaged in the direct delivery of DFAT business	no	
	Prohibit fraternisation for all non-national personnel, while engaged in the direct delivery of the DFAT business	no	

Child Protection			
Rating	Medium	Low / Medium / High	
Key findings			
	Minimum Standards	Requirements	Action plan
	The organisation has a child protection policy or language in an existing policy document that applies to all personnel, partner's downstream personnel and subcontractors that are engaged by the organisation to perform any part of a DFAT funded activity	yes	
	Individual contractors must sign a code of conduct that applies and builds on where appropriate DFAT's Child Protection Professional Behaviours and provide evidence of their commitment to child protection.	yes	
	Child protection concerns are built into a code of conduct or employee handbook with appropriate sanctions for breaches	yes	
	The organisation's employment contracts contain provisions for suspension or transfer to other duties of any employee who is under investigation and provisions to dismiss any employee after an investigation	yes	
	The organisation has a documented reporting procedure and grievance mechanism which includes child exploitation and abuse allegations	yes	
	Roles which explicitly require contact or working with children include robust recruitment screening processes for all personnel	yes	
	Roles which involve contact with children must include - Criminal record checks before engagement - Verbal referee checks	yes	
	Roles which involve working with children must include: - Additional screening measures (such as interview plans that incorporate behavioural-based interview questions) must be used when candidates are applying for positions that involve working with children. - In limited circumstances it may prove impossible to obtain a reliable criminal record check. A statutory declaration, or local legal equivalent, outlining efforts made to obtain a foreign police check, and disclosing any charges and spent convictions related to child exploitation, may be accepted instead - Checks must be conducted for each country in which the individual has lived for 12 months or longer over the last 5 years, and for the individual's countries of citizenship	yes	
	The organisation provides child protection training for personnel, including downstream partners	yes	
	The organisation undertakes a risk assessment to reduce the risk of any child being harmed as a result of operations or activities funded by DFAT. The assessment must identify risks, and document steps being taken to reduce or remove these risks	yes	

2. Key Safeguarding Questions

How to read this tab: This tab provides a list of priority questions (bolded) that can be asked as part of the due-diligence process for all the companies in the fund's deal pipeline. The list of questions included here aligns with DFAT's minimum requirements and best practices for understanding PSEAH, gender and child related risks. This will help SBK identify which companies are potentially at higher risk and might require a full assessment using the detailed safeguarding risk assessments. During this process, in case any risks are flagged, we would recommend doing a deeper analysis. For such a deeper analysis, please refer to questions under the tab 'Safeguarding Risk Assessment'.

Key Safeguarding Questions			
No.	Subcategory of assessment	Assessment questions	Response
1	Child Protection (CP)	Does the organization, its staff, or vendors provide services or directly engage with children? i.e., Provide activities or services to children, volunteerism, etc.	
2		Are children present in the workplace as result of childcare facilities?	
3		Are children ever employed in the workplace? i.e., Internships, work placements?	
4		Does the organisation have staff who travel to other workplaces or communities where they are likely to interact with children?	
5		Does the organisation have sub-contractors, or vendors which have direct engagement with children?	
6		If the company responds yes to any of the above, have any of the following taken place?	
6.1		<i>Does the company undertake its own risk assessment to ensure that it identifies and manages child protection-related risks appropriately?</i>	
6.2		<i>Does the company have a Child Protection Policy, or equivalent, in place to ensure that all of its staff understand their obligation to protect children when carrying out their work?</i>	
6.3		<i>Has the company's staff and downstream partners received any training for child protection awareness in the last 12 months?</i>	
6.4		<i>Does the company established clear reporting mechanism or procedure for all its personnel to report concerns, and immediately report any suspected or alleged instances of child abuse, exploitation, or harm?</i>	
6.5		<i>As part of the recruitment practices, does the company do a policy check on its staff to ensure there is no past history of child abuse, before commencing work?</i>	
7		Does the company interact with or have users/customers who are exposed to vulnerabilities? Examples include: young women, sex workers, victims/survivors of trafficking and/or other forms of sexual and gender based violence, displaced, refugees, migrants, or asylum seekers	
8		Does the company conduct business activities such as construction/infrastructure in developing country settings, humanitarian aid, disaster response, that may pose a risk of sexual exploitation, abuse, or harassment? For e.g., Construction/infrastructure in developing country settings – these can have a higher risk of SEAH given the construction industry is male dominated; and that construction in developing countries often involves the temporary movement of workers from other areas	
9		Does the company have a policy/process that addresses gender based violence and/or harassment issues in the workplace? Examples could include: - Code of conduct for employees - Zero tolerance policy (applicable internally and externally, e.g., suppliers, service providers) - No forced arbitration requirement/clause re: GBVH claims - Gender responsive grievance mechanism for GBVH claims (e.g., safe & confidential) - Gender responsive remediation process for GBVH issues (e.g., clear, survivor centered investigation procedures) - Risk management process(es) consider(s) GBVH a salient/material risk - Code of Conduct that prohibits all forms of GBVH - Mandatory training of all staff on GBVH and company policies/procedures - Regular monitoring processes - Dedicated, trained staff to identify and manage GBVH issues - Safe environment for all work related activities including physical work environment and transport	
10	Does the company have a grievance mechanism suitable for receiving sexual harassment and gender based violence complaints? (For e.g. as psychological support/contact with authorities, etc.?)		
11	Has the company received any complaints related to SEAH in the last 12 months? If yes, please indicate the number of complaints of sexual harassment and GBV received in the last 12 months.		
12	What are the most common penalties for employees who commit sexual harassment or gender based violence?		
13	Are there workforce trainings and awareness campaigns for GBV and prohibition of sexual exploitation of minors?		
14	Are there any previous, outstanding or future PSEAH/CP incidence or safeguarding issues that require further investigation and/or exploration? Conduct background research through internet searches (i.e. Google, LinkedIn, Facebook, Glassdoor reviews) on the company and senior leadership to identify any issues which may require further discussion or investigation.		

3. Detailed Safeguarding Risk Assessment

How to read this tab: The DFAT PSEAH Risk Assessment is a qualitative assessment of companies' risk factors regarding the potential for GBV and SEAH incidence. Each of the three main sub-categories (business risk, organizational risk, and reputational risk) have 4 different levels of risk. Depending on the findings from the initial risk assessments for Safeguarding (for SEAH and CP risks), a deeper assessment may be needed for the companies where risks are flagged. The below assessment will help the fund take into account key considerations to classify risks under each sub-category. Once the risk classification is complete, the fund must ensure that the necessary standards and requirements for PSEAH and CP are met and in line with the identified risk categories.

Business / Activity Risk Assessment Calculations for PSEAH					
PSEAH Risk Assessment	Subcategory of assessment	Assessment questions	Response (Yes / No) per category	Risk categorization	
<i>Low, medium, high, or very high is a based on a qualitative assessment based on how many of the questions respond with "yes"</i>					
PSEAH Business / Activity Risk Assessment	Personnel Deployed	Are personnel deployed away from their usual locations/country of residence?			
		Are personnel deployed to remote/rural locations?			
		Are personnel deployed to a humanitarian or emergence setting?			
		Are personnel deployed who are unaccompanied?			
		Are young adults			
		Have a disability			
		Interactions with individuals, especially women who:	Are of an ethnic, indigenous, religious or sexual minority		
			Are experiencing poverty		
			Are sex workers		
			Are part of families impacted by disasters		
	Are victims/survivors of trafficking and/or other forms of sexual and gender based violence				
	Are displaced, refugees, migrants, or asylum seekers				
	Are part of female headed households				
	Are in contact with the law				
	Circumstances where staff have access to sensitive/confidential personal information, such as:	Are accessing residential/shelter services			
		Health care providers			
		Counselling services			
		Medical personnel			
	Does the organization conduct high risk activities, such as	Humanitarian aide coordinators			
		Construction/infrastructure in developing country settings – these can have a higher risk of SEAH given the construction industry is male dominated; and that construction in developing countries often involves the temporary movement of workers from other areas			
		Humanitarian			
		Disaster response			
		Security in conflict or post conflict or disaster settings			
		Services for vulnerable groups of women (e.g. escaping trafficking or gender based violence)			
		Food distribution			
		Medical supplies			
		Emergency supplies following a disaster			
		Training			
	Provision of goods and/or services that may create a power imbalance, such as:	Residential/shelter services			
		Disability services			
Justice facilities					
Counselling and support services					
Community consultation (data collection, surveying, training)					
Health sector programs					
Parenting and child protection programs					
Security workers					
Police					
Teachers					
Staff or personnel who have an actual or perceived level of authority, such as	Aid workers				
	Humanitarian workers				
	Medical personnel				
	NGO personnel				
	Security services				
PSEAH Organizational Risk Assessment	Internal organizational potential for PSEAH incidents	Does the organization have poor leadership on PSEAH?			
		Does the organization have a historic lack of diversity in the workplace?			
		Does the organization fail to consider PSEAH in core organizational policies and procedures?			
		Does the organization have geographically isolated workspaces, with employees working in small groups and having fewer opportunities to interact with their Head Office?			
		Does the organization have primarily young workforces?			
		Does the organization normalize "sexualized banter"?			
		Does the organization tolerate/encourage alcohol consumption?			
		Does the organization have a very hierarchical structure i.e. are there both high-ranking (Executives) and low-ranking employees in the organizational hierarchy; are there gendered power disparities (e.g. most of the low-ranking employees are female)?			
		Does the organization have poor reporting mechanisms and transparency around SEAH incidents?			
		Does the organization show other instances of institutional or operational PSEAH risk?			
PSEAH Reputational Risk Assessment	Reputational considerations for potential investments	Does the investment activity, include significant DFAT / Fund branding?			
		Does the investment activity have media engagement or interest?			
		Does the investment activity include high profile individuals?			
		Does the investment activity have political interests?			

Business / Activity Risk Assessment Calculations			
Child Protection Risk Assessment	Subcategory of assessment	Assessment questions	Response (Yes / No) per category
<i>Low, medium, high, or very high is a based on a qualitative assessment based on how many of the questions respond with "yes"</i>			
General assessment - Activity risk	Forced labour	Are there any measures in place to ensure that all workers are hired according to international labor standards and applicable ILO conventions?	
		Are these measures applied to contractors and subcontractors? How does the company enforce and monitor its labor requirements and procedures?	
	Inherent risk	Personnel will be deployed internationally (outside their usual country of residence) to locations where children will be nominally present?	
		Personnel will be working in a remote and/or rural location and directly engaging with children in workplaces or communities	
	Degree of isolation	Involves being alone with children? (not frequently enough to be working with children)	
		Involves activities that are away from organisation location and are highly likely to engage with children?	
		Involves meeting one-on-one with children? (not frequently enough to be working with children)	
	Online contact or access to personal details	Involves unpredictable or remote settings where children are likely to be present?	
		Involves direct one-on-one or group access to children online?	
		Involves supervising child-to-child online contact?	
Involves online access to a child's or children's personal and/or confidential information?			
Inadequate/missing safe options for children to report unwanted attention or inappropriate behaviour by others?			
Working with Children Assessment - Activity risk	Vulnerability of child/children	Engages with children whose true or cognitive age impacts on their ability to protect themselves?	
		Engages with children who have challenges that contribute to their vulnerability? (e.g. psychological, situational)	
		Engages with children who do not have many support systems?	
	Degree of physical contact	Involves demonstrating a skill to children?	
		Position involves need for physical contact/touching children?	
	Degree of monopoly	Involves providing a personal service? (e.g. washing, dressing, toileting)	
		Monopoly on provision of goods and/or services (e.g. Medical, Food distribution, Career training - sports/musical)	
	Degree of supervision	Involves personnel having unsupervised contact with children?	
		Activities/engagement with children is not observed or monitored?	
		Insufficient number of trained staff to supervise activities/engagement with children?	
	Degree of trust	Involves developing close, personal, long term relationships with children?	
		Involves transporting children?	
		Involves one or more of the following: One-on-one supervision, overnight supervision, out of town activities, advising or offering guidance to children or spending extended periods of time with children e.g. camps? Contributes to important decisions regarding the future of children?	
	Access to Property	Has access to personal/confidential information?	
	Skills and knowledge required	Adult has a perceived or actual level of authority? (from child perspective) Requires specific skills, knowledge, qualifications or service eligibility requirements to undertake a child related position?	
Child labour	Possibility that activity will lead to the employment of children?		
	Possibility that activity will lead to children being employed in hazardous work?		
Vulnerability of parent/carer	Engages with parents whose true or cognitive age impacts on their ability to protect their children?		
	Engages with parents who have challenges that contribute to their ability to provide care? (e.g. psychological, situational)		
	Engages with parents who do not have many support systems?		
Vulnerability can include:	Physical and mental disabilities, homelessness, child sex workers or parents who are sex workers, children and families impacted by disasters, displaced, migrants, refugees and asylum seekers, children in contact with the law, children that have been subject to trafficking, orphans, unaccompanied minors and the very young?		
Child focused organisations - Organizational risk	Types of activities	Does the organisation across all of its operations provide any direct activities/services for children?	
		Does the organisation provide any humanitarian relief?	
	Business model/services provided by organisation	Organisation provides Residential/Orphanage/Shelter services?	
		Organisation uses a child sponsorship model? Organisation allows sponsors to visit with children? Organisation is part of a 'voluntourism' program?	
	* <i>Voluntourism is "Volunteer travel, volunteer vacations or voluntourism is travel which includes volunteering for a charitable cause" Voluntourism is a business model that has been shown to be very high risk to children.</i> Organisation requires technical experience/expertise to implement child related services? Organisation uses children and/or images of children as a 'product' for fundraising activities?		
Systems and control - Organizational risk	Child protection policy	Child Protection Policy in place that includes a commitment to preventing a person from working with children if they pose an unacceptable risk to children?	
		Risk management practices in place and include risks to children	
		Recruitment practices, screening completed for all staff, before commencing work?	
		Notifications/Incident reporting procedures in place?	
		Staff and downstream partners receive child protection training?	
		Boundaries for appropriate behaviour/code of conduct are implemented?	
		The organisation's employment contracts contain provisions for suspension or transfer to other duties of any employee who is under investigation and provisions to dismiss any employee after an investigation?	
		Record keeping procedures are in place (meetings, activities, incidents, reports, logs, record of complaints, staff performance)? The organisation ensures their downstream partners (organisations or individuals) comply with the relevant minimum child protection standards?	

4. Key GLI Questions

How to read this tab: This tab provides a list of quantitative and qualitative parameters against which potential investees can be assessed, to identify gender risks and opportunities and potential for gender value creation/risk mitigation should the fund decide to invest in the company.

Table 1: The purpose of the 2X Criteria outlined below is to support the the fund team in measuring gender considerations and the impact of investments using the prescribed indicators. The findings and analysis from this table should be included in the GLI considerations section of the Investment Memos. We have detailed the 2X Criterion and the applicable indicators and benchmarks, specifically aligned with the context of the fund.

Please note: The 2X Criteria Benchmarks have been determined via the 2X website by selecting the Country as 'Bangladesh', Entity Type as 'Fund', and Sector as 'Other'. The specific criteria benchmark may change depending on the sector within which the company falls. E.g. Education, Healthcare, and others. Please confirm the specific criteria benchmarks for assessment using the link: <https://www.2xchallenge.org/2xcriteria>

Table 2: Provides a list of qualitative parameters against which gender risks and opportunities can be assessed. Given the fund's focus on tech-first companies, we have provided a shortlist of questions. This list is non-exhaustive, and based on identified risks, a deeper dive assessment may sometimes be warranted.

Table 1: 2X Criteria Alignment: provides a quantitative assessment of the company against key gender metrics				
2X Direct Criterion	2X Sub-Criterion	2X Challenge Indicator (applied to Direct and Indirect Investments)	2X Criteria Benchmark	Response/Notes
1. Entrepreneurship	1A. Share of women ownership	1A. Percent of female ownership	51%	
	1B. Business founded by a woman	1B. Percent of company founder(s) who are female	At least 50%	
2. Leadership	2A. Share of women in senior management	2A. Percent of senior management who are female	At least 30%	
	2B(i). Share of women on the Board	2B(i). Percent of Board who are female	At least 30%	
	2B(ii). Share of women on the IC	2B(ii). Percent of IC who are female	At least 30%	
3. Employment	3A. Share of women in the workforce	3A. Percent of employees (FTE) who are female	At least 35%	
	3B. Quality indicator beyond compliance	3B. Investee has initiative in place to specifically advance women in the workforce (Y/N) Examples include: Gender wage equity, diverse representation policy, flexible working arrangements, Sexual Harassment Policy, Employment Benefits, Fair Career Advancement Policy, Anti-discrimination Policy etc.	Yes / No	
4. Supply Chain	4A. Commitment to women in supply chain	4A. Explicit commitment to women in the supply chain is demonstrated	Yes / No	
	4B. Quality indicator beyond compliance	4B. Investee has initiative in place to specifically advance women in the supply chain (Y/N)	Yes / No	
5. Products & Services		5. Product(s) or service(s) enhance(s) well being of women/girls and/or drive gender equity	Yes / No	

This below list comprises of a variety of gender risk and opportunity assessment questions that the fund could include as part of its due diligence process. This list should provide a reasonable overview of

Table 2: Gender risk and opportunity assessment questions				
	Subcategory of assessment	Gender Assessment Questions For Investment Team	Source of Information or Question prompts	Response
6	Identification and Management of Risks and Impacts (in addition to the PSEAH questions)	Does the company adhere to the national legislation on non-discrimination and anti-harassment via documented policies and practices?	Review of relevant policies. Background research into companies and leadership to investigate any potential incidence and/or risks Review company risk register/assessment and/or grievance mechanism.	
7		Does the company have internal competency and process to manage gender risks and impacts? If yes, how is this done and who is responsible for overseeing this function internally?	Does the company conduct risk assessments, maintain a risk register? How are identified risks managed/mitigated?	
8		Does the company have documented policies that support workplace equity?	Does the company have a grievance mechanism in place? Is it internal or externally accessible? This could include, for example Equal Pay Policy Parental Leave Policy Fair Compensation Policy Sexual Harassment Policy Anti-Discrimination Policy Diverse Representation Policy Others as relevant Has the company and/or senior leadership taken steps to create an inclusive workplace? <i>Do senior leadership demonstrate openness or intentionality toward talking about inclusion?</i> <i>Would you be willing to develop and implement relevant policies for your company?</i>	
9	Workplace policies and practices	Is the company currently implementing any practices to address barriers to gender equity? Please list all that apply: Hiring, such as: - Elimination of bias in recruitment - Targets for gender diversity in recruiting/hiring - Gender-balanced interview panels and recruiters - Anonymized resume screenings - Tracking sex-disaggregated HR data Workplace benefits, such as: - Wage/pay equity (with equal pay policy+monitoring of effectiveness) - Paid parental leave - Flexible working policies/conditions Performance management, such as: - Tracking of gendered outcomes for promotions or advancements - Equal career advancement practices in performance management/appraisals - Unconscious bias training for performance review - Mentoring, coaching or training tailored to women staff Facilities, such as: - Creche or day care for employees with new-born/infant children (on-site childcare support) - Equal care efforts to support employees with their care responsibilities	Review compensation packages across team (to assess pay parity) Discuss the hiring process to understand recruitment and selection. How and where does the company advertise positions? What does the recruitment process look like? Who decides candidates? Are standardized criteria used? Do you have a transparent pay scale at your organisation that informs recruitment and/promotions? What steps has the leadership taken to show their commitment to gender balance / women's advancement at the workplace? Does the organization promote the attraction and retention of women as employees? Ask other questions related to the areas named in column D.	
10		What is the percentage split (men/women) of contractual and part-time employees? Are benefits/policies applicable to contractual and part-time employees?	If most employees are contractual but do not have access to benefits/policies, please probe further to evaluate risks	
11	Supply chain considerations	What percentage of suppliers are women/women-led businesses? Are there businesses that significantly employ women in the company's supply chain?		
12		Is there a detailed and effective supplier code of conduct (e.g. labor practices and standards, environmental standards, etc.) with evidence that it is being implemented and communicated across all suppliers?		
13	Women and girls as customers	What is the percentage of women in the customer base?	What percentage of your customers or users are women or girls?	
14		Are special efforts undertaken for product/service design to be gender inclusive or responsive?	Do you have any specific products or approaches to reach women and girls?	
15		Is there a business opportunity to tailor the product/service to better serve women customers?		