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## **Environmental, social and governance policy**



March, 2018

This document is for information purposes only.

# Environmental, social and governance policy (ESG)

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## 1. Purpose

The purpose of this policy is to describe the method by which Investean manages its interests as well as those of its corporate partners (sponsors, consultants and investors) with consideration of environmental, social, and governance (ESG) issues and the attending risks and value creation opportunities.

## 2. Overture

For us, an ESG position is not a token gesture used to appease host communities and project stakeholders. We believe paying lip service to ESG not only erodes the environmental and social value for us and stakeholders but also has a direct substantial impact on our ability to create and preserve economic value. As such we view the impact of our actions in a wider context than purely economical and explicitly include the consideration of a series of risks and opportunities related to ESG drivers. Past experience has produced evidence that this approach produces real value and sustainable economic activity as it includes all stakeholders in the process of value creation and offers, not just feel-good experiences, but a sound model upon which future generations can build. This policy is not an option for us, it is our responsibility.

## 3. Scope

This policy is applied to Investean and all subsidiary companies and hirees acting on its behalf. It is wholly enforceable and will be interpreted in accordance with the local laws and regulations where we operate. Due to the nature of our business with regard to third party or joint venture arrangements to which we are party, there may arise cases where we have limited ability to control or influence the adoption or integration of ESG considerations in projects.

Such limitations may exist in cases where Investean is a minority shareholder, or where other circumstances limit our ability to implement or monitor ESG-related targets and performance goals. In instances where we consider it to be appropriate, reasonable efforts will be made to encourage our counterparts to adopt appropriate ESG-related principles and where possible we may attempt to make these a condition of doing business with us.

#### 4. **Responsibility and limitations**

This Policy does not raise an ethical bar to Investean's participating in selected projects on ethical grounds. Rather, it guides our actions and those of our partners and stakeholders to integrate ESG considerations into our processes and challenges all stakeholders to include ESG issues on the onset of projects and investments.

We believe that ESG issues are material and it is the responsibility of Investean's board and management to ensure that they are always considered as part of our business activities and processes. Consideration of ESG issues is also to be integrated into the initial review and evaluation phases before embarking on new ventures. Our management team will take proactive steps to ensure that ESG-related programs are developed and applied over the life of each project.

#### 5. **Guiding policies**

A large part of our business involves working with stakeholders with autonomous structures that are independent of ours. While these stakeholders utilize our shared-service platform, we lack the jurisdiction to directly enforce ESG policies. Therefore we provide access to specialized ESG research and guidelines for implementing policies. It is left to these stakeholders to determine how best to leverage this information to help manage their investment risks. With regard to our internal application, we have set out to achieve certain goals by the integration of ESG into our primary decision making and performance measures. We use the United Nations Sustainable Development Goals (SDGs) to a large measure as a framework for our ESG-focused policies which we apply on a project-by-project basis:

- 5.1. **Policy 1- How our actions impact on climate change.** The impact of climate change-related risks and opportunities on a project will often extend beyond our involvement in them. We therefore seek to address the very long-term issues that influence these and seek to understand the physical consequences and explore opportunities in the shift to a low-carbon global economy. As many projects involve significant landholding arrangements with stakeholder, we will encourage the integration of ESG and climate change risks into real estate activity.

As a stakeholder in the implementation of the Paris Agreement, we recognize our fiduciary duty to understand and actively manage ESG and climate-related risks as a regular component of our business strategy,

practices and management processes to help curb energy consumption and carbon pollution. These actions provide opportunities to improve returns and future-proof the value of real estate assets.

- 5.2. **Policy 2- Pollution and disposal of waste products.** In the process of selecting suppliers and other stakeholders, we monitor the impact that a company and its operations have on the local environment. We consider such current and future risks and liabilities as may arise from disposal or spillage of toxic substances, or from contamination of areas or populations. These findings guide whether we engage in business with a particular company or entity.
- 5.3. **Policy 3- Human rights, employment and labor relations.** We respect the human rights of everyone affected by our projects. We adhere to international conventions (such as those fostered by the International Labour Organisation, the UN Declaration of Human Rights, and the OECD Guidelines for Multinationals) and implement and maintain sound human rights policies and seek to constructively manage labor relations with our workforce in a transparent manner. We encourage workforce diversity, including gender diversity at senior levels within the company and at the board levels. We support the payment of competitive wages and benefits to employees, provide a safe and healthy workplace in conformity with local laws, and respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.
- 5.4. **Policy 4- Local content and capacity building.** The technological complexity of sectors such as the extractive industries often limits the possibility of meeting targeted Local Content Policies (LCP) targets in developing countries. While we work within the policy framework of host governments to meet the goals of local sustainable growth through instruments like LCP, we take further steps to ensure that adequate training and exchange programs are made available to build the local capacity and generate further benefits to the domestic economy through productive linkages with other sectors
- 5.5. **Policy 5- Relationship with the community and civil society.** We take a careful approach to matters pertaining to the relationship with our host community and particularly the socially disadvantaged. Our experience with corporate social responsibility (CSR) has led us to adopt approaches that are

less hand out-driven and more developmental. While handouts spark media attention and provide a short-term benefit they ultimately deliver a far superior return by way of chronic dependency and a longer spanning erosion of the economic vitality, environmental character and quality of life within the host community.

A goal of our CSR mission is to ensure that local communities never lag behind foreign-based interests as they succeed. We therefore go beyond the sponsorship of cricket tournaments to work in partnership with local agencies to attract technology, know-how and equity capital to improve local access to meaningful opportunities.

Our interest takes us beyond policy and into program development. We achieve our goals by offering a free service to communities to develop resident ownership mechanisms (ROM) aimed at identifying resources from unusual assets, leveraging these resources to strengthen organizations, and discovering new sources of revenue for the creation of community wealth.

For example, our ROM program helps host communities in the areas of: 1) education and corresponding training needed in the primary sectors; 2) set-up of scalable resident-owned and community-based businesses that feed into the industrial activity; 3) the establishment of land and building trusts, resident stock ownership plans for resident shareholdings, and co-ops for limited equity housing, leasing, agriculture and craft producers.

Our efforts on the investor-side involve the management of an initiative called Profit with Purpose in which businesses combine segments (or percentages) of their CSR resources to achieve comprehensive and more impactful work identified by communities.

- 5.6. **Policy 6- Code of business conduct and ethics.** We ensure that there is transparency about the company's operations, and we support a governance structure that demonstrates accountabilities and strict policies that prohibit bribery and other improper payments to public officials consistent with the OECD Anti-Bribery Convention and the U.S. Foreign Corrupt Practices Act, as well as similar local laws. Where there are grey areas in the rule of law, we encourage our members and stakeholders to err on the side of caution and to always operate transparently and responsibly as good values support the long-term health of the company and ultimately increase shareholder value.

## 6. ESG and stakeholders

Much of our business activity is intertwined with our members' businesses and processes and as such we are aware that things that affect them may also have an impact on us. We therefore encourage and support our members to navigate the social and environmental issues in their industries so that the implementation of ESG is widely applied and provide positive results for stakeholders and the community at large. Occasions may arise where we feel the need to engage a stakeholder on ESG-related matters to the extent that third-party actions impact on ours. In such cases, our purpose will be to seek a broader understanding of matters and, where necessary, to encourage change and adherence to sound ESG practices. We will encourage parties to understand that sound practices secure long-term asset value and enhance community relationships.

## **7. ESG integration**

Investean will ensure the adoption and integration of ESG issues at every stage of our business dealings. We will achieve the integration of ESG considerations differently at various stages of a project. In the planning phase we will undertake a standard ESG due diligence by competent subject matter experts who will evaluate the ESG value creation opportunities or potential risks. When substantial ESG-related issues are uncovered, further due diligence may be required with external specialists in specific fields as needed to bring a corrective action or the determination of a project.

Where there are material issues identified during the planning phase, these will be recorded and monitored in a project plan. In cases where there is a need to improve the performance on an ESG issue or to bring a corrective action, we will do so decisively while seeking a broad-based understanding of how such issues affect stakeholders across the community.

## **8. Performance and standards**

In cases where our stakeholders do not maintain ESG policies or where local laws and regulations are considered to be inadequate to guide ESG standards, we will apply best practices and utilize our judgment and expertise in assessing risks and opportunities related to material ESG issues.