

ENVIRONMENTAL, SOCIAL RESPONSIBILITY AND GOVERNANCE POLICY

Version	2
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1. Introduction

- 1.1 GIF is committed to generating innovations that will collectively open up opportunities and improve lives for hundreds of millions of people across multiple developing countries. GIF aims to relieve poverty of millions of people in the developing world through the investments we make in social innovations. We aim to maximise the impact of the funds that we invest, and demand high ethical standards of ourselves and those we invest in.
- 1.2 GIF and its trustees are committed to proactively safeguarding and promoting the welfare of the charity's beneficiaries, and to taking reasonable steps to ensure that beneficiaries and others who come into contact with GIF-funded programmes do not, as a result, come to harm.
- 1.3 GIF recognises that development activities may carry varying degrees of risk in relation to children and vulnerable adults, and that organisations have a responsibility to ensure that risks are minimised as far as possible.
- 1.4 The GIF Environmental, Social Responsibility and Governance (**ESG**) Policy is designed to ensure that high standards of environmental and social responsibility, including safeguarding, and of corporate governance are applied in the activities of organisations that receive (or may receive) funding from GIF (**Recipients**).
- 1.5 This policy has been developed with reference to GIF's Investment Policy, donor agreements (for example, those with DFID, Omidyar, USAID, SIDA), Recipient Code of Conduct, Data Protection Policy, Whistleblowing Policy, Safeguarding Policy and Risk Management Policy.
- 1.6 Questions in relation to this policy should be directed to the Environment, Social Responsibility and Governance team.

2. Definitions for the purposes of this policy

- 2.1 **Abuse and neglect** are forms of maltreatment of a child or vulnerable adult. Somebody may abuse or neglect a child or vulnerable adult by inflicting harm, or by failing to act to prevent harm. Children may be abused in a family, in an institutional or in a community setting; by those known to them or, more rarely, by others (e.g. via the internet). They may be abused by an adult or adults or another child or children. Abuse of children can be physical, sexual, emotional, financial or due to neglect. Abuse of vulnerable adults can vary from treating someone with disrespect in a way which significantly affects the person's quality of life, to causing actual physical suffering. Abuse can be a single or repeated act or omission, which causes harm or distress. Abuse of vulnerable adults can be physical, financial, discriminatory, due to neglect or omission, psychological, sexual, organisational or as a result of self-neglect, modern slavery, or domestic violence.
- 2.2 **Adult Safeguarding** is defined in the Care Act 2014 (UK) statutory guidance. It means protecting an adult's right to live in safety, free from abuse and neglect. It is about people and organisations working together to prevent and stop both the risks and experience of abuse or neglect, while at the same time making sure that the adult's

wellbeing is promoted including, where appropriate, having regard to their views, wishes, feelings and beliefs in deciding on any action. This must recognise that adults sometimes have complex interpersonal relationships and may be ambivalent, unclear or unrealistic about their personal circumstances.

- 2.3 **Child** - anyone under the age of 18 irrespective of the age of majority in the country where a child is located, or in their home country.
- 2.4 **Child Protection** is part of safeguarding and promoting welfare and is the activity undertaken to protect specific children who are suffering or likely to suffer significant harm.
- 2.5 **Child Safeguarding** is a term which is broader than ‘child protection’ and relates to the action taken to promote the welfare of children and protect them from harm. Safeguarding and promoting the welfare of children is defined in *Working together to safeguard children* (2015, updated in February 2017)¹ as:
- protecting children from maltreatment;
 - preventing impairment of children’s health or development;
 - ensuring that children grow up in circumstances consistent with the provision of safe and effective care; and
 - taking action to enable all children to have the best outcomes.
- 2.6 **Safeguard** and **Safeguarding** means actions taken to promote the welfare of, and prevent abuse and maltreatment of any kind, of children, vulnerable adults and all other people in contact with the Recipient, including staff, volunteers and all beneficiaries.
- 2.7 **Vulnerable adult** - any person aged 18 or over who is or may be in need of care and support (e.g. health care, relevant personal care or social care) and is experiencing or is at risk of abuse or neglect and, as a result of this, is unable to protect themselves from either the risk or experience of neglect or abuse. (It should be noted that whereas the methods of planning for the protection and safety of vulnerable adults are very similar to that of children, the legislative framework in England is very different. This particularly applies to such matters as reporting abuse when the adult has a legal status quite different from that of a child.)

3. Approach

- 3.1 In general, GIF’s work is guided by the following principles that underpin its due diligence and safety management approach:
- Zero tolerance of harm to any children and vulnerable adults of work funded by GIF or to wider communities
 - Recognition of the ‘best interests’ of children and vulnerable adults as the paramount consideration in any decision-making that affects them
 - Identifying, assessing and managing risk, especially to vulnerable groups, as an integral part of all key business processes
 - Safeguarding vulnerable groups is everyone’s responsibility.

¹ Available at: <https://www.gov.uk/government/publications/working-together-to-safeguard-children--2>

- 3.2 GIF will identify, assess and manage risk, especially to vulnerable groups, as an integral part of all key business processes. Taking into account what sector and geography Recipients operate in.
- 3.3 Where risks are identified they will be reviewed in line with local regulations and international best practice, particularly the IFC Performance Standards, taking into account the size of the proposed investment and Recipient profile.
- 3.4 All recipients of GIF funding will be required to sign GIF's Recipient Code of Conduct. Compliance with the Code of Conduct will be a condition to funding.
- 3.5 GIF will assess all Recipients to evaluate the extent to which they will be working with or in contact with children and vulnerable adults as part of the GIF-funded activities, and, must comply with GIF's Safeguarding Policy if this is considered to be the case.
- 3.6 If an ESG risk is discovered in pre-investment due diligence that is assessed as having a potential gross risk rating of Medium or above, it must be discussed with the General Counsel.
- 3.7 Following this assessment if GIF identifies risks arising from ESG concerns or risks that give rise to reputational or business integrity issues, GIF will work with the Recipient to mitigate them through action before GIF provides its funding, or through an ESG Action Plan that will form part of the contractual agreement.
- 3.8 Where possible, GIF will take into account relevant ESG risks in estimating the Practical Impact of an investment.
- 3.9 If a new ESG risk emerges following GIF's investment, it must be included in GIF's Portfolio Risk Register. If it reaches a gross risk rating of Medium or above, the deal team must notify the relevant Senior Managing Director and General Counsel to determine action GIF can or should take, if any.
- 3.10 If GIF co-invests, GIF may elect to apply requirements differing from, but those substantially similar, to those in this Policy and the Recipient Code of Conduct.

4. Environmental Policy

- 4.1 GIF requires all Recipients to sign a Code of Conduct which outlines some activities excluded from eligibility for GIF funding because of the damage they do to the environment.
- 4.2 GIF will assess all environmental risks as part of the investment process and will take appropriate action to mitigate those risks. Where a Recipient is in a pilot phase, it is likely that its size and the limited nature of its activities will entail only limited environmental risk. However, GIF will have procedures in place to understand and mitigate any risks that might occur in the pilot phase as well as to identify risks that could emerge if the Recipient's activities were scaled up.
- 4.3 GIF will also monitor environmental risk over the period of its involvement with the Recipient and, will require the Recipient to report on any environmental issues that

arise. Recipients are also required to disclose immediately to GIF any suspected breach of the GIF Recipient Code of Conduct and to take steps to remedy any non-compliance as soon as reasonably practical. GIF will seek to encourage good environmental performance in proportion to the capacity of the Recipient and the influence of GIF.

4.4 In particular, GIF will:

- ensure that the Recipient is not involved in any of the environmentally-damaging activities explicitly excluded from GIF investment, which are:
 - production of, trade in or use of hazardous chemicals, pharmaceuticals, pesticides, wastes and ozone-depleting substances;
 - trade in endangered or protected wildlife or wildlife products; and
 - unsustainable fishing methods,
- consider whether the Recipient will have any significant environmental impacts during the current phase of GIF funding, assessing in particular but not limited to the Recipient's potential impact through its:
 - use of water;
 - generation of waste;
 - emissions of substances into the air;
 - emissions of effluents;
 - effects on biodiversity, habitats or ecosystem services;
 - land clearance; and
 - sourcing of inputs from major suppliers, who may have an impact on the above,
- seek expert input for the environmental risk assessment where needed and commission an environmental impact assessment where the risks are high;
- avoid all investments where there is a risk of extreme environmental damage, unless the risks are mitigated through action taken before GIF provides its funding, including confirmation from an external expert that the risks have been addressed;
- put in place an Action Plan, agreed with the Recipient, to address any environmental risks identified;
- require the Recipient to have its own policy, procedures and personnel in place to manage the environmental risks, if any are identified, and for ensuring compliance with local laws; and

- where environmental risks are identified but are only likely to become material as the Recipient moves to ‘test and transition’ or to ‘scale’, record these concerns, monitor them and ensure that they are addressed before the Recipient seeks funding for a follow-on phase.

5. Social Responsibility Policy

5.1 GIF requires all of its Recipients to provide a safe and trusted environment which Safeguards anyone who they have contact with, including beneficiaries, staff and volunteers.

5.2 GIF requires all of its Recipients to sign a Code of Conduct which outlines the fundamental standards on social issues that GIF expects to see in place.

5.3 GIF will assess all social risks as part of the investment process. Even at pilot phase, social risks may arise both for employees and for the community at large. GIF will have procedures in place to understand and mitigate any social risks that might occur in the pilot phase as well as to identify risks that could emerge if the Recipient’s activities were scaled up.

5.4 GIF will also monitor social risk over the period of its involvement with the Recipient through requiring the Recipient to report on any labour or community issues arising. Recipients are also required to disclose immediately to GIF any suspected breach of the GIF Recipient Code of Conduct and to take steps to remedy any non-compliance as soon as reasonably practical. GIF recognises that the overall social impact of an investment depends not only on the core social impact of the intervention defined in the organisation’s mission, but also on the quality of the employment provided and the impacts on the local community. GIF will expect Recipients to have (and be able to demonstrate) high standards in the way they treat their employees and address the concerns of local communities, but the extent to which they have formal systems in place will depend on the size and maturity of the Recipient.

5.5 In particular, GIF will:

- ensure that GIF funds will not be used by the Recipient in the production of, use of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans,
- ensure that the Recipient is not involved in any of the areas explicitly excluded from GIF investment for social or health and safety reasons, which are:
 - production of, use of, or trade in unbonded asbestos fibres;
 - equipment of a military nature or for a military use;
 - production of, or trade in, arms (i.e. weapons, munitions or nuclear products, primarily designated for military purposes);
 - production of, or trade in, radioactive materials;
 - soliciting prostitution or engaging in human trafficking;
 - terrorist activity;
 - production of, use of, or trade in use of drugs not on the World Health Organisation Essential Drugs List;

- production of, use of, or trade in luxury goods;
 - engage in a substantial portion in or with gambling and gaming casinos;
 - engage in a substantial portion in or with tobacco or tobacco related products;
 - engage in a substantial portion in or with pornography,
- ensure that the Recipient will:
 - not employ or make use of child labour;
 - not employ or make use of forced labour;
 - pay wages that meet or exceed national or industry legal minimum requirements;
 - not discriminating in terms of recruitment, progression, terms and conditions of work and representation, on the basis of personal characteristics unrelated to inherent job requirements, including gender, ethnic origin, marital status, membership of workers' organisations, legal migrants, or HIV status;
 - not exploit labour and provide reasonable working conditions including a safe and healthy work environment, working hours that are not excessive and clearly documented terms of employment;
 - not use harsh or inhumane treatment, including corporal punishment, mental or physical coercion or verbal abuse towards its employees;
 - adopt an open attitude towards workers' organisations and respect the rights of all workers to join or form workers' organisations of their own choosing, to bargain collectively and to carry out their representative functions in the workplace;
 - provide appropriate grievance mechanisms for all workers and other appropriate stakeholders,
- consider whether the Recipient will have any significant social impacts during the current phase of GIF funding, assessing in particular the Recipient's potential impact through:
 - safety of the work-place (particularly where the Recipient is involved in manufacturing, construction, transport of heavy loads or application of pesticides, or has workplaces requiring evacuation procedures);
 - restricted opportunities for women and girls or otherwise increased gender inequality;
 - use of non-local workers;
 - use of security forces to protect people or property;
 - Relocation of people, both employees and beneficiaries, particularly taking into account any risk of trafficking and involuntary resettlement;
 - sourcing of input from major suppliers, who may have weak approaches on the above labour and community issues;
 - safety of the organisation's products for consumers,
- seek expert input for the social risk assessment where needed and commission a social impact assessment where the risks are high;
- avoid all investments where there is a risk of exploitation of labour, where workers are put at risk or where the local community is adversely affected, unless these risks are mitigated through action taken before GIF provides its

funding, including confirmation from an external expert that the risks have been addressed;

- require the Recipient to have its own policy, procedures and personnel in place, appropriate to its size and stage of development, to manage human resources and community issues, including adequate Safeguarding policies, procedures and measures to protect people, and to ensure compliance with all local laws;
- require the Recipient to set a work culture that prioritises Safeguarding ensuring that it is safe for those affected to come forward and report incidents and concerns with the assurance they will be handled sensitively and properly in accordance with the process set out in section 6 of this Policy;
- put in place an Action Plan, agreed with the Recipient, to address any social risks identified; and
- where social risks are identified but only likely to become material as the Recipient moves to ‘test and transition’ or to ‘scale’, record these concerns, monitor them and ensure that they are addressed before the Recipient seeks funding for a follow-on phase.

6. Child and Vulnerable Adult Safeguarding Policy

6.1 GIF is committed to the safety and protection of all children and vulnerable adults and intends that their welfare will at all time be the paramount consideration. It recognises that children and vulnerable adults may be vulnerable and at risk of harm in a variety of ways, and they have equal rights to protection. GIF will do all it reasonably can to make sure that any child or vulnerable adult that is in contact with Recipients are kept safe from harm. GIF recognises that:

- All people, regardless of age, disability, gender, racial heritage, religious belief, sexual orientation or identity, have the right to equal protection from all types of harm or abuse;
- No child or vulnerable adult or group of children or vulnerable adults should be treated any less favourably than others in being able to access services which meet their particular needs;
- Where applicable, working in partnership with children, young people, vulnerable adults, their carers and relevant agencies is essential to promoting their welfare;
- Positive action must be taken where reasonably possible to promote safe practices and protect children and vulnerable adults from all forms of harm, abuse, neglect and exploitation.

6.2 GIF requires all Recipients to work in ways that are consistent with best practice, relevant local laws and with the safeguarding principles in this policy.

6.3 All Recipients in contact with children and/or vulnerable adults will be required to have in place child protection and vulnerable adult safeguarding policies and/or procedures that are proportionate, tailored to their work and which reflect local laws.

- 6.4 For Recipients deemed by GIF to be higher risk in relation to children and vulnerable adults, contracts and/or funding agreements will detail specific safeguarding requirements to be met, commensurate with levels of risk identified.
- 6.5 Extent of safeguarding measures required in the contracts will be determined based on factors such as risk profile, nature of the work, nature of the Recipient, extent of existing safeguards in place, and experience.
- 6.6 Where the work is evaluated as 'higher risk' Recipients will be expected to meet the minimum standards detailed in Appendix A.
- 6.7 GIF will establish clear lines of communication with Recipients to ensure that safeguarding issues and/or concerns are reported back to GIF and requires GIF staff and contractors to report any concerns they may have regarding the safety and welfare of a child or vulnerable adult immediately including anything in connection with a GIF-funded project.
- 6.8 GIF is committed to responding effectively and sensitively to all allegations and suspicions of abuse in line with its 'zero tolerance' policy
- 6.9 GIF will publish contact details of GIF's Designated Safeguarding Officer on its website for third parties to report any concerns about the treatment of a child or vulnerable adult in connection with GIF or a GIF-funded project.
- 6.10 An allegation of abuse is a serious issue. In following this policy, it is essential all parties maintain confidentiality. Sharing of information, which could identify a child, vulnerable adult or an alleged perpetrator, should be purely on a 'need to know' basis.
- 6.11 A reporting form should be completed and provided to the GIF Designated Safeguarding Officer or other relevant person as soon as possible and, in any event, within 24 hours. An example reporting form is contained at Appendix B.
- 6.12 Reporting forms should be signed, dated and as detailed and precise as possible, giving an exact account of what was said. All subsequent action should also be documented. Records must be kept securely in a locked place to which access is restricted.

7. Governance Policy

- 7.1 GIF requires all of its Recipients to sign a Code of Conduct which outlines the fundamental standards of business integrity and corporate governance that GIF expects to see in place. Recipients are required to disclose immediately to GIF any suspected breach of the GIF Recipient Code of Conduct and to take steps to remedy any non-compliance as soon as reasonably practical. GIF will also monitor governance risk over the period of its involvement with the Recipient through requiring the Recipient to report at least annually on any governance issues arising.
- 7.2 GIF will assess all governance risks as part of the investment process. Even at pilot phase, governance risks will arise. GIF will have procedures in place to understand any governance risks that might occur in the pilot phase as well as to identify risks that could emerge if the organisation's activities were scaled up.

7.3 In particular, GIF will:

- undertake appropriate checks to determine whether the Recipient or its major sub-contractors are at risk of involvement in any of the following areas:
 - fraud;
 - conduct or support of terrorist activity;
 - support for persons or organisations listed on sanctions lists maintained by the US, EU or UK governments or otherwise the target of economic or trade sanctions as administered by US, EU or UK government agencies;
 - conduct or support of money-laundering;
 - corrupt payments to government officials or other forms of bribery (including commercial bribery),
- avoid investment in any organisation where these checks raise concerns which cannot be addressed through further detailed investigation;
- consider the appropriate governance system for the organisation, appropriate to its size and its activities. This system will cover, at a minimum:
 - policies and procedures to manage the risk of the organisation becoming involved with any of the above;
 - a charter or articles of association or incorporation which clearly states the mission of the Recipient, how the rights of shareholders will be protected, and the role of the board of directors in the Recipient's governance;
 - accounting policies and practices;
 - a procurement policy that promotes the use of resources in an efficient and ethical manner, in accordance with principles of non-discrimination, equal treatment, transparency and proportionality and that takes into account procedures that mitigate risks arising from conflicts of interest or loyalty;
 - a risk register to record all risks identified by the Recipient and how they are being mitigated;
 - arrangements for board oversight;
 - the Recipient's approach to disclosure of its reports and accounts.

8. Other Sectoral Guidelines

8.1 GIF is a signatory of the Responsible Investing for Digital Financial Services Guidelines. All investments in this sector will be in accordance with these Investor Guidelines.²

9. Compliance and Review

² Guidelines accessed at <https://responsiblefinanceforum.org/investor-guidelines/>

- 9.1 Compliance with this policy will be periodically monitored by the Legal & ESG Team and the COO.
- 9.2 Every year, this policy is reviewed by the ESG team with General Counsel sign off.
- 9.3 Every two years, this policy will be reapproved by the Board.
- 9.4 This policy is required under paragraph 23.1 and Part B of the Schedule of GIF's Byelaws.

Appendix A. GIF Safeguarding Requirements for ‘Higher Risk’ Recipients

1. The Recipient (and any partners/sub-contractors working with children) have a written, comprehensive Child & Vulnerable Adult Safeguarding Policy or equivalent (that includes a Code of Conduct), to which all relevant staff and associates and must review, sign and adhere.
2. The consequences of breaching the Policy are clear and linked to organisational disciplinary procedures.
3. There are clear, well-publicised reporting procedures in place that allow staff, children, vulnerable adults and their families to raise concerns, confidentially if necessary, about poor practice, unacceptable behaviour or actual/potential abuse by staff or contractors and that provide step-by-step guidance on what action to take.
4. There are policies and procedures or agreed ways of recruiting staff and associates to GIF-funded work that include assessing their suitability to work with children and vulnerable adults, and that where necessary and possible, police and reference checks are undertaken.
5. All relevant members of staff and partners working on GIF-funded project/s receive information/briefing or training as appropriate on child and vulnerable adult protection when they join the project, which includes an introduction to the Recipient’s Safeguarding Policy and procedures covering the project.
6. Children, vulnerable adults and their families are made aware of their right to be safe from exploitation and abuse at the hands of staff and associates and how to make complaints, including via a child-friendly mechanism, should any issues or incidents arise.
7. Everyone involved or associated with GIF-funded work is informed of which named staff member/s have special responsibilities under the Policy and how to contact them.
8. All concerns, incidents or allegations of abuse and complaints are taken seriously, responded to appropriately, recorded, followed up and monitored.
9. There is guidance on confidentiality and information sharing, legislation compliant, and which clearly states that the protection of the child/vulnerable adult is the most important consideration.
10. All concerns, incidents or allegations of abuse and complaints relating to GIF funded or affiliated projects are reported to the GIF Designated Safeguarding Lead (or their deputy or other reasonable alternative contact).
Contractors/Consultants working with children and vulnerable adults must meet the above standards and make sure that their sub-contractors working with children and vulnerable adults also have in place measures that mean they are in compliance with the standards.

Appendix B. Reporting Format

Part One: About You	
Name	
Your role in or relationship to GIF	
Details of any other organisation involved	
Your relationship to the child/children or vulnerable adult(s) concerned	
Part Two: About the Child/Children or Vulnerable Adult(s)	
Name(s)	
Male/female?	
Age	
Address	
Who does the child or vulnerable adult live with?	
Part Three: About Your Concern	
How did you come to have a concern - was abuse observed, suspected or disclosed? Was an allegation made?	
Date, time and place of any incident(s)	
Details of any alleged offender, i.e. name, nationality, occupation	
Nature of	

concern/allegation	
Observations made by you (e.g. reporter's emotional state, any physical evidence)	
Write down exactly what the child or vulnerable adult said and what you said. Continue on a separate sheet if necessary	
Any other relevant information? (E.g. disability? Language?)	
Were other children or vulnerable adults involved or aware?	
Have you reported to parents or carers or any other staff or Agencies, e.g. police?	
<i>If yes:-</i>	
Time and date of reporting	
Person(s) to whom report was made	
Advice given	
Action taken	
Official: To be completed by the DSO or deputy	
Action taken (e.g. reports to relevant authorities; parent/carer informed)	
Date reported to [CEO] and/or Safeguarding Lead Trustee (if appropriate)	
Any follow up actions required	