

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS POLICY FOR THE RH GROUP

POLICY DETAILS

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COMPILED BY:	Corporate Vision Consulting (Pty) Ltd
SIGNATURE	
POSITION	Company Secretary
APPROVED BY:	David Sekete
SIGNATURE	
POSITION	Chairman of the Board

DEFINITIONS AND INTERPRETATIONS

Applicable Requirements	International Finance Corporation’s Performance Standards on Environmental and Social Sustainability, United Nations Principles for Responsible Investment, The Companies Act, No. 71 of 2008, as amended, The King IV Report on Corporate Governance for South Africa 2016 and other local environmental and labour laws and regulations applicable to the company and the country in which our investments are based.
Board	Board of directors of RH Managers Proprietary Limited
Company	RH Managers Proprietary Limited
Companies Act	Companies Act 71 of 2008
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
Fund	Razorite Healthcare and Rehabilitation Fund
IFC	International Finance Corporation’s
Investee Company	A company into which RH Managers holds an investment
King IV	The King IV Report on Corporate Governance for South Africa 2016
RHM	RH Managers Proprietary Limited
RH Group	Razorite Healthcare and Rehabilitation Fund I and Fund II, RH Bophelo Limited, RH Africa Fund
UNPRI	United Nations Principles for Responsible Investment

1. Summary

RH Managers Proprietary Limited (RHM or the Company or RH Managers) is the Fund Manager for the Razorite Healthcare and Rehabilitation Fund I and Fund II, RH Bophelo Limited and the RH Africa Fund.

The following summary is based on RH Managers Proprietary Limited Environmental, Social and Governance (ESG) Policy.

The Environmental and Social Management System (ESMS) is the framework that integrates environmental and social risk management into the Company's business processes. The policy sets out the actions and procedures that are to be implemented concurrently with the Company's existing risk management procedures. The ESG policy has been implemented to ensure that the investment activities of the companies that the Fund invests into are in compliance with the Company's environmental and social standards.

RHM shall review all investment opportunities against its Investment Policy and ESG Policy which is in line the International Finance Corporation's (IFC's) Performance Standards on Environmental and Social Sustainability, United Nations Principles for Responsible Investment ("UNPRI"), The Companies Act, No. 71 of 2008, as amended ("the Companies Act"), The King IV Report on Corporate Governance for South Africa 2016 ("King IV") and other local environmental and labour laws and regulations applicable to the company and the country in which our investments are based.

2. Introduction

The purpose of the Company's ESMS policy is to assist the Company in avoiding and managing loans with potential environmental and social risks by conducting an environmental and social due diligence prior to loan disbursement and adequate supervision of the projects during the term of the loan agreement, through to the exit process. The Company's loan agreements contain appropriate covenants requiring that projects are in compliance with the Company's environmental and social requirements as stipulated in the ESMS.

3. RHM Environmental and Social Policies and Management Commitment

RH Managers commits to ensure that:

- all activities undertaken by the Company are consistent with its own environmental and social standards, as well as Applicable Requirements.
- All projects are reviewed against the Applicable Requirements.
- Projects are financed only when they are expected to be designed, built, operated and maintained in a manner consistent with the Applicable Requirements.
- Efforts are made to ensure that all projects are operated in compliance with the with the Applicable requirements on an ongoing basis, while being financed by the Company.
- Clients understand the policy commitments made by the Company in this area.
- The Company's ESG policies includes measures and actions to access identified impacts and risks as well as proposed mitigation measures.
- The Company shall favour the avoidance and prevention of impacts over minimization, mitigation, or compensation, wherever technically and financially feasible.

It is RHM policy to integrate ESG considerations and manage effectively ESG issues at all stages in the investment process. RHM incorporates the IFC Performance Standards, the King IV Report for corporate governance and all relevant legislation as these are key components of a proper and responsible framework for ESG evaluation.

RHM shall review all investment opportunities against its ESG Policy as well as any additional requirements imposed by funders. In addition to this the Fund shall review the compliance of all investments against the respective local social and environmental requirements. Where investments are undertaken within Africa, the Company will take into account the respective legislations of the country in which it is invested and apply all relevant local legislation to that country.

The approach to the management of ESG issues consists of assessment and plans for the avoidance and mitigation of ESG risks for proposed investments. At the pre-investment screening phase, an ESG due diligence shall be done on potential opportunities. Based on this outcome, a suitable level of ESG due diligence shall be assigned, together with the appropriate internal/external resources to support the process. Where investment opportunities have a high ESG risk profile, RHM will utilize independent experts and consultants, for an impact assessment and recommendations on avoidance and mitigation. All the outcomes of this process will be included in the transaction documentation and investment plan, which is fundamental to post investment implementation strategy.

At the post investment phase, RHM will use controlling stakes across the portfolio, to standardize and codify ESG requirements and guidelines, and thereby assist the investee companies to effectively and pro-actively avoid and mitigate all ESG risk. Where complete avoidance of adverse effects is not feasible, RHM will put in the necessary controls and management thereof, to reduce to the absolute minimum the possibility and magnitude of such adverse effects.

In cases where the Fund is not a majority shareholder, RHM will seek alignment with shareholders and management at the transaction structuring phase. In addition, every reasonable effort will be made to encourage the other shareholders to give full consideration of ESG issues and best practice.

RHM shall monitor every investment's ESG performance on an on-going basis, throughout the period the investment is held. As such, RHM will receive every quarter the required reporting on ESG issues, implementation, and improvements, which will in turn be reported onto RHM's investors on a periodical basis.

4. Description of proposed operations – nature and scale

The Fund's investment criteria are aligned with the overall Fund strategy. Accordingly, the primary criteria for investment is:

- Developing the South African and Africa healthcare infrastructure
- Generating investor returns
- Creating employment
- Supporting Broad Based Black Economic Empowerment
- Making a contribution towards South Africa's and Africa's economic growth.

The objective of the Fund is to build an integrated and developed asset base in the health care industry of South Africa and in other parts of the continent, thereby developing a footprint in Africa. For this, the RHM Fund will provide growth capital to established healthcare companies as well as startups and acquire or develop greenfield healthcare assets. The target locations of the investments are selected based on development potential, market and demographic functions, and the need for impactful healthcare, within the RHM strategy framework.

5. Potential environmental and social risks associated with the Fund's operations

The Social issues associated with healthcare facilities include the following:

- Providing a safe and healthy working condition for employees and contractors and promoting the use of quantified targets for occupational health and safety, environment and social issues and continuous improvement in relation to the business.
- All employees are to be treated fairly in terms of recruitment, progression, remuneration and conditions of work, irrespective of gender, race, colour, language, disability, political opinion, age, religion or national/social origin.
- Allowing consultative workplace structures and associations which provide employees with an opportunity to present their views to management.
- Adopting the following minimum employment standards in accordance with internationally accepted good practice: -
 - (i) not to employ forced labour of any kind;
 - (ii) not to employ children under the age of 14; and
 - (iii) to provide wages that meet or exceed industry or legal national minima and are sufficient to meet basic needs.
- Compliance with regulations and international standards.

SOCIAL	
1	Labour and working conditions
	<p>The pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a Company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention and can jeopardize the hospital. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, the Company will create tangible benefits, such as enhancement of the efficiency and productivity of their operations.</p> <p>The social objectives of the Company are to:</p> <ul style="list-style-type: none"> - To promote the fair treatment, non-discrimination, and equal opportunity of workers. - To establish, maintain, and improve the worker-management relationship. - To promote compliance with national employment and labour laws. - To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the Company's supply chain. - To promote safe and healthy working.
2	Broad-Based Black Employment Equity
	<p>The economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:</p> <ul style="list-style-type: none"> - increasing the number of black people that manage, own and control enterprises and productive assets; - facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises; - human resource and skills development; - achieving equitable representation in the workforce; - preferential procurement; and - investment in enterprises that are owned or managed by black people
3	Occupational health and safety
	<p>The operating Company will provide a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the operating Company's work areas, including physical, chemical, biological, and radiological hazards, and specific threats to women. The operating Company will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with best industry practice, as well as the Occupation Health and Safety Act, the Basic Conditions of Employment Act, the Constitution of South Africa and other relevant legislation.</p>

	The operating Company will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements.
4	Community health and safety
	Community hazards associated with health care facility environments, particularly related to hazardous health care waste, necessitate that members of the public receive adequate information regarding potential infection hazards within the facility, and at associated waste disposal sites (e.g. landfills).
5	Construction and decommissioning
	<p>Environment</p> <p>During construction and decommissioning activities, the contractor should manage the risks associated with: noise and vibration; soil erosion; solid waste; hazardous materials; wastewater discharges; contaminated land; structural stability; disturbance to water bodies; road design; air quality; clean runoff management; sediment mobilisation and transport.</p> <p>Occupational health and safety</p> <p>Contractor to handle risks associated with: over-exertion; slips and falls; work in heights; struck by objects; moving machinery; dust; confined spaces and excavations; other site hazards.</p> <p>Community health and safety</p> <p>Contractors should implement risk management strategies to protect the community from physical, chemical, or other hazards associated with sites under construction and decommissioning. Risks may arise from inadvertent or intentional trespassing, including potential contact with hazardous materials, contaminated soils and other environmental media, buildings that are vacant or under construction, or excavations and structures which may pose falling and entrapment hazards.</p>
6	Stakeholder relations
	A community liaison officer will be appointed to manage the expectations of local community in relation to sub-contractors that will be utilised in during the construction of the hospital. The hospital operator will be required to manage the community's expectations post operation of the hospital. Should the required skills be available within the community, the local community will have priority for the staff vacancies within the hospital. The hospital operator will endeavour to utilise the skilled SME's from within the community for services that will be sub-contracted.

The Environmental issues associated with healthcare facilities include the following:

- Encouraging the efficient use of natural resources and promoting the protection of the environment.
- Taking account of the impact of its operations on the local community and seeking to ensure that potentially harmful environmental and social effects are properly assessed, addressed and monitored.

ENVIRONMENTAL	
1	Resource efficiency and pollution prevention
	<p>The Company to consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention principles and techniques that are best suited to avoid, or where avoidance is not possible, minimise adverse impacts on the environment.</p> <p>The objectives of the Company are to:</p> <ul style="list-style-type: none"> • avoid or minimize adverse impacts on the environment by avoiding or minimizing pollution from the hospital's activities; • promote more sustainable use of resources, including energy and water; and reduce industry-related greenhouse gas emissions.
2	Air emissions
	Sources of air emissions at the hospital may include exhaust air from heating, ventilation, and air conditioning (HVAC) systems, ventilation of medical gases and fugitive emissions released from sources such as medical waste storage areas, medical technology areas, and isolation wards.

	<p>Emissions may include exhaust from medical waste incineration if this waste management option is selected by the hospital. In addition, air emissions may result from combustion related to power generation. The hospital should follow the recommended prevention and control for power generation combustion source emissions.</p> <p>Exhaust air (e.g. from medical technology areas [MTAs], including isolation wards, laboratories, and waste storage and treatment facilities) may be potentially contaminated with biological agents, pathogens, or other toxic materials, and should be treated by conveying the exhaust air to combustion air to render it non-toxic and non-contagious before discharge. Condensate and blowdown liquids should be classified as health care wastewater and treated accordingly as 'Wastewater'. A stack sufficiently tall to eliminate odour nuisances and optimize dispersion should be used. Stack heights for all waste treatment facilities should be determined in accordance with environmental health guideline.</p>
3	Waste water
	<p>Contaminated wastewater may result from discharges from medical wards and operating theatres (e.g. body fluids and excreta, anatomical waste), laboratories (e.g. microbiological cultures, stocks of infectious agents), pharmaceutical and chemical stores; cleaning activities (e.g. waste storage rooms), and x-ray development facilities. Wastewater may also result from treatment disposal technologies and techniques, including autoclaving, microwave irradiation, chemical disinfection, and incineration (e.g. treatment of flue gas using wet scrubbers which may contain suspended solids, mercury, other heavy metals, chlorides, and sulphates).</p> <p>Depending on the effectiveness of hazardous waste management practices (in particular waste segregation strategies described above), hazardous health care wastes may enter the wastewater stream, including microbiological pathogens (wastewater with a high content of enteric pathogens, including bacteria, viruses, and helminths / parasitic worms), hazardous chemicals, pharmaceuticals, and radioactive isotopes. Pollution prevention measures to minimize the generation of wastewater include the following:</p> <p>Waste segregation measures should be employed to minimize entry of solid waste into the wastewater stream, including:</p> <ul style="list-style-type: none"> • Procedures and mechanisms for separate collection of urine, faeces, blood, and vomit from patients treated with genotoxic drugs to avoid their entry into the wastewater stream (as described above under waste segregation for hazardous and other wastes); <p>Collection of large quantities of pharmaceuticals for separate treatment or return to manufacturer. Small quantities of mild, liquid pharmaceuticals, excluding antibiotics or cytotoxic drugs, may be discharged to sewer systems with a large water flow.</p>
4	Waste management
	<p>The Company will avoid the generation of hazardous and non-hazardous waste materials. Where waste generation cannot be avoided, the Company will reduce the generation of waste, and recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, the Company will treat, destroy, or dispose of it in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. If the generated waste is considered hazardous, the Company will adopt good practice alternatives for its environmentally sound disposal while adhering to the limitations applicable to its transboundary movement.</p> <p>When hazardous waste disposal is conducted by third parties, the Company will use contractors that are reputable and legitimate enterprises licensed by the relevant government regulatory agencies and obtain chain of custody documentation to the final destination. The Company will ascertain whether licensed disposal sites are being operated to acceptable standards and where they are located. Where this is not the case, the Company should reduce waste sent to such sites and consider alternative disposal options, including the possibility of developing their own recovery or disposal facilities at the project site.</p> <p>The waste from hospital consists of 2 categories:</p> <ol style="list-style-type: none"> i) general waste, generated during the administrative, housekeeping and maintenance functions; and ii) hazardous healthcare waste

	The hospital should establish, operate and maintain a Health Care Waste Management System (HWMS) adequate for the scale and type of activities and identified hazards. Hospital operator should undertake regular assessment of waste generation quantities and categories to facilitate waste management planning and investigate opportunities for waste minimization on a continuous basis. In addition to the guidance provided on solid and hazardous waste management
5	Biodiversity conservation and sustainable management of living natural resources
	<p>The Company will sustainably manage and mitigate impacts on the biodiversity and ecosystem services throughout its operations in order to:</p> <ul style="list-style-type: none"> i) to protect and conserve biodiversity; ii) to maintain the benefits from ecosystem services; and iii) To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities. <p>The risks and impacts identification process should consider direct and indirect project-related impacts on biodiversity and ecosystem services and identify any significant residual impacts. This process will consider relevant threats to biodiversity and ecosystem services, especially focusing on habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, and pollution. It will also take into account the differing values attached to biodiversity and ecosystem services by Affected Communities and, where appropriate, other stakeholders.</p> <p>As a matter of priority, the Company should seek to avoid impacts on biodiversity and ecosystem services. When avoidance of impacts is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be implemented. Given the complexity in predicting project impacts on biodiversity and ecosystem services over the long term, the Company should adopt a practice of adaptive management in which the implementation of mitigation and management measures are responsive to changing conditions and the results of monitoring throughout the hospital's lifecycle.</p> <p>If applicable, the Company will retain competent professionals to assist in conducting the risks and impacts identification process.</p>

6. Proposed environmental and social risk management process

The Company will establish and maintain an ESMS system that is appropriate to the nature of the healthcare industry and that will assist the Company in identifying and evaluating the environmental and social impacts of its operations. A mitigation hierarchy to be adopted to anticipate and avoid, or where avoidance is not possible, minimise, and, where residual impacts remain, compensate/offset the risks and its impacts to the environment and society. The management process shall comprise the following:

a) Screening:

At initial screening of potential investment opportunities, RHM Fund shall assess whether the investment proposals are in line with its ESG policies and guidelines, and in addition ensure that the investments and their activities do not appear on the Fund's exclusion list. If an investment includes any business or activity listed, the investment will not proceed to due diligence phase.

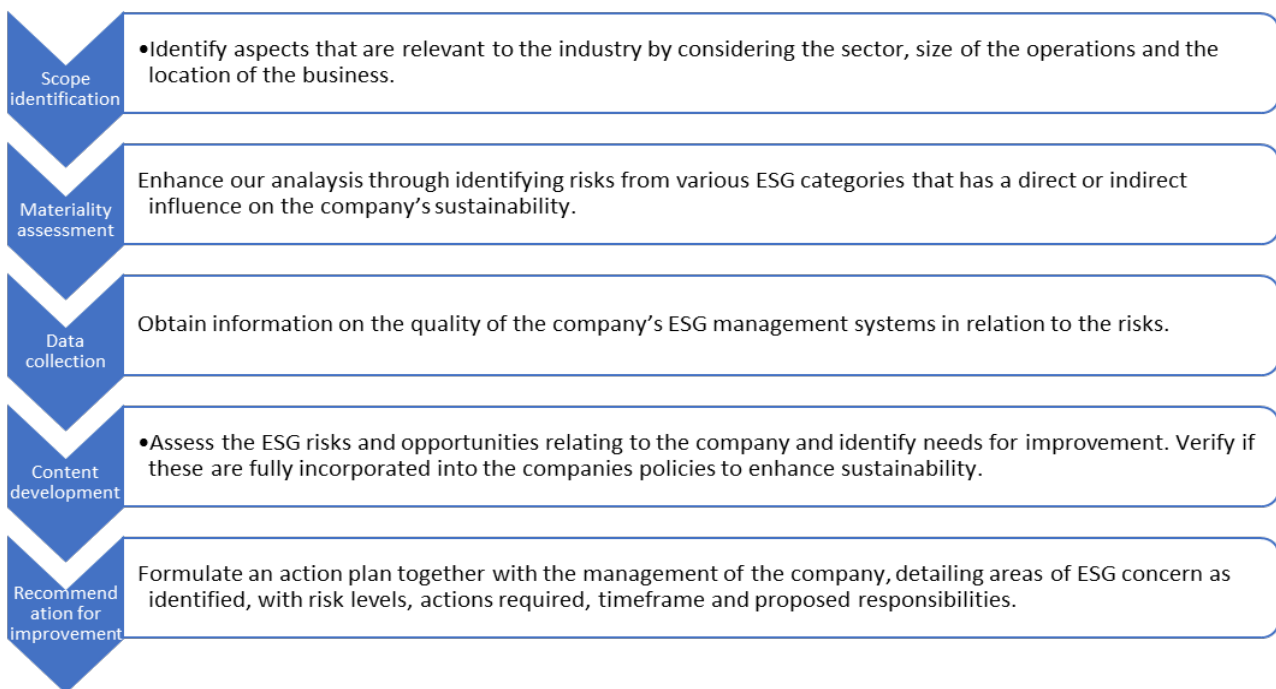
b) Environmental and social assessment:

During the due diligence phase the fund manager will effectively assesses the ESG credentials of a potential investee company and all the risks involved with a particular investment. During the due diligence, the fund manager shall conduct a thorough check of the company's compliance with all relevant laws and regulations (local and international), and with the standards stipulated in the fund's ESG policy.

A detailed due diligence questionnaire on ESG matters shall be requested to be answered honestly by the management of potential investee entity to establish the key ESG issues. If the investment involves significant risks, an environmental and social impact assessment, conducted by specialists, would be utilized as part of the due diligence. The fund manager will also assess the investee company's management structure and systems, in relation to the identified ESG risks and opportunities for improvement.

At the conclusion of this phase, the fund manager will formulate an action plan together with the management of the investment company, detailing the areas of ESG concern as identified in the pre-screening and due diligence phases, with the risk levels, actions required, timeframe required, proposed responsibilities and costs involved. This will be based on the outcome of the due diligence.

ESG Due Diligence Process



c) Implementation

The fund Manager will identify specific mitigation measures and actions necessary for the investee company to comply with applicable national laws and regulations. The Fund shall prepare an action plan that is technically feasible in order to implement the mitigation and enhancement measures identified.

The action plan will include:

- Corrective actions to be taken;
- Prioritize these actions;
- Include a time frame for their implementation;
- Disclose to the affected communities if necessary;
- Include a mechanism for external reporting on the client's implementation of the action plan.

During the investment negotiations with respect to a potential investment, the Fund Manager shall undertake the following:

- Present its ESG policies and guidelines to the management of the potential investee company,

- Establish that the potential investee company has ESG policies which are in line with the Fund Manager's ESG policies and guidelines,
- The action plan for improvements to be discussed and agreed upon with the Fund Manager and management of the potential investee company,
- Prior to making the investment, the Fund Manager shall seek a formal legal commitment in the transaction document from the potential investee company to adhere to the Fund Manager's ESG policies.

d) Monitoring and supervision

During the investment period, in addition to regular investment monitoring activities, the fund manager shall also focus on effectively monitoring investments from an ESG perspective, with an emphasis on:

- Monitoring and ensuring the investment entity's on-going compliance with all laws and regulations relating to ESG considerations and with the standards stipulated in the Fund's ESG policy.
- Implementation of action plans for ESG improvements in a timely manner.
- Promoting and encouraging continuous improvements.
- Ensuring that any new risks, issues or opportunities for improvement that may emerge are dealt with in a timely and appropriate manner.
- Monitoring and recording any serious incidents involving investment entities that result in loss of life, serious injury, material effect on the environment, or material breach of law, and promoting appropriate corrective actions.
- Recording and reporting key performance indicators to the Fund's investment committee, advisory board, investors, and other stakeholders.

All ESG issues and considerations will be monitored at the investee company's board level and reported to the Fund's investors in line with their reporting requirements. RHM is committed to being transparent about its businesses. This is to help broaden the public understanding of its activities and how its investments promote private sector development and economic growth.

RHM Reports, to their best efforts and knowledge, will provide a balanced and complete picture of the investments, highlighting Environmental, Social and Developmental milestones as well as any ESG concerns, serious incidents and corrective actions undertaken or underway.

7. ESMS implementation

a) Capacity

RHM's senior management is dedicated to the effective achievement and implementation of its Environmental and Social Management System (ESMS). In light of that, the Funds senior management team shall work to ensure required support and commitment and top management leadership and commitment to ESG policy and ESMS implementation. RHM will also ensure that the required organizational framework and capacity is in place for the effective implementation of the Fund's ESMS. The Fund shall within its organizational framework assign a dedicated external ESG officer to properly support its internal organizational capacity to monitor and implement the Fund's ESG policy and ESMS framework.

b) Resources: The Fund will allocate the necessary financial resources in order to support its external ESMS implementation. This will be done as follows:

- Allocating financial resources within the funds budget. This will include funds to hire external ESG consultants.
- Cover the Fund team's training costs.
- Allocate due diligence costs, as part of the overall transaction cost of the investments.

c) **Expertise:**

RHM acknowledges the importance of incorporating into its organizational structure, the required organization capacities, especially human capital, to effectively implement its environmental and social management systems. RHM will therefore recruit or outsource to qualified ESG personnel with the required skills and knowledge, and have them as dedicated officers, for implementing and monitoring the ESG framework across the fund's portfolio and activities as per the implementation plan.

8. Conclusion

RHM is dedicated to the identifying, investigating and mitigation of all ESG risks and considerations at every point in the investment cycle. Processes of initial screening, due diligence and the investment decision, in terms of ESG have been outlined and incorporated into the overall investment decision and investment monitoring. Additionally, a resource strategy, in terms of human and financial capital, as well as overall organizational capacity has been outlined, to facilitate and support ESG and ESMS promotion and implementation. These initiatives will be pursued so that there is maximum ESG Compliance and consideration as well as transparency and accountability.

Approved by the board of directors:

Chairman of the board

Date

