

Environmental and Social Management System Policy

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1. Introduction

RDG Collective Ltd (hereafter referred to as “RDG”) is a company based in Lusaka, Zambia. RDG’s vision is to ‘Empower the Future’ by facilitating economic and social development through access to clean energy systems and appliances, as well as financial inclusion.

RDG is committed to generating a positive impact on society. As a responsible corporate citizen, RDG recognizes that economic performance is intrinsically linked to integrating the environmental and social concerns of its stakeholders (employees, clients, communities, investors, sub-contractors, and government partners) in its business operations. It has therefore adopted a long-term approach in which the identification, minimization and compensation of its environmental and social impacts are expected to minimize potential material risks and drive positive outcomes for itself and its stakeholders. RDG aims to operationalize this approach through an effective Environmental and Social Management System (ESMS).

The ESMS establishes a dynamic process to manage environmental and social risks and impacts in a structured way on an ongoing basis. It enables the identification and evaluation of environmental and social risks and impacts; establishes a mitigation hierarchy for said risks and impacts through a dedicated action plan; improves the social and environmental performance of RDG’s activities; and establishes the means for appropriate grievance mechanisms and engagement with stakeholders, including affected communities. Among potential identified risks is the environmental impact of end-of-life management, human rights abuses within RDG’s supply chain, or the application of internationally recognised labour practices. These potential risks are addressed in a number of existing internal policy documents referenced below. The process for risk identification, and the range of risks and impacts that remain to be identified will be appropriately referenced within the ESMS Policy, described in the ESMS Plan, and within RDG’s other internal policies on an ongoing basis.

2. Purpose and Scope

The purpose of the ESMS Policy is to define the environmental and social objectives and principles (Section 3.1) that enable RDG Collective Ltd to achieve sound environmental and social performance while pursuing its mission. This ESMS Policy document specifies the company’s compliance to all applicable laws and regulations of the jurisdictions in which it operates; commits to developing an Environmental and Social Management Plan (ESMS); provides the defining procedural elements of the ESMS to be developed; provides an overview of the key internal policies that relate to RDG’s environmental and social principles and its ESMS; and finally outlines the ESMS’ monitoring, reporting processes and execution accountability.

This Policy applies to all RDG Employees, and all Business Partners including Contractors, Subcontractors and their employees actively engaged with RDG or contracted by RDG. An annual meeting will be held to identify the alignment of RDG’s ESMS targets and the activities of relevant external stakeholders. Should there be discrepancies, RDG will provide feedback on how these can be addressed by external stakeholders.



3. ESMS Policy

3.1 Environmental, Social and Governance Principles

3.1.1 Environment

RDG is committed to adopting and promoting a business approach that anticipates, avoids, minimizes, and offsets the impacts of its operations on the environment. While achieving its intended purpose to facilitate economic and social development through access to clean energy systems and appliances, and financial inclusion, RDG will strive to improve the environmental performance of its operations both up and downstream, including but not limited to impacts on the GHG emissions, biodiversity, pollution on land, in water and air.

3.1.2 Social and Governance

As a responsible business operator, RDG values its people, respects human rights and is committed to proactively prevent and, if nevertheless found, combat, and eliminate all forms of child labour prohibited by the two ILO Conventions (C 138 and C 182). This includes active measures to eradicate child labour and realize labour rights in its operations, through its supply chain, and across subcontracted operations. RDG recognizes the fundamental workers' rights pertaining to the freedom of association and collective bargaining, and the elimination of all forms of forced or compulsory labour. RDG provides equal opportunities and has zero-tolerance for any forms of discrimination and harassment based on race, gender, sexual orientation, HIV status, disability, age and political affiliation. RDG is also committed to ensuring a safe and healthy workplace where work-related injuries and illnesses are prevented by proactively driving a safety culture within the organization.

RDG Collective Ltd complies with all relevant national and international environmental and social legislation, and aims to align its internal policies with international best practice (in particular, the IFC's Performance Standards (1 - 8), World Bank (WB) Environmental Health and Safety (EHS) Guidelines, ILO's Declaration on Fundamental Principles and Rights at Work and the United Nations Sustainable Development Goals).

3.2 ESMS Framework

Building on the Environmental and Social Principles (Section 3.1), and RDG's existing and policies to be developed (Section 4), the Environment and Social Management System Plan (ESMS) will cover all of RDG's operations and activities. The ESMS to be developed by Q3 2022, will include:

- A process to identify environmental and social risks, impacts and opportunities (value creation) throughout its operations;
- A process to pass on RDG's ESMS obligations to its suppliers and clients (certification for products distributed) (where relevant);
- The definition of ESMS Key Progress Indicators (KPIs) and their monitoring framework operationalised through an ESMS action plan;
- The definition of roles and responsibilities concerning ESMS matters within RDG;



- A framework to proactively respond to emergency situations at RDG’s Head Office, Warehouse or Sales & Service Centers (SSCs);
- A framework to identify, categorize, manage and report on incidents and non-compliance;
- Procedures allowing for internal and external stakeholders to express their grievances;

RDG Collective will furthermore:

- Establish a focused training programme on environmental and social impacts for executive management and employees;
- Maintain an open and transparent communication system with employees, clients, suppliers, shareholders and other stakeholders regarding environmental and social impact issues;
- Communicate annually on ESMS performance to employees, clients, shareholders and investors, particularly in the reduction of risk and value creation;
- Measure and evaluate its environmental and social impacts periodically in a transparent and non-biased manner; and
- Allocate the necessary human and financial resources towards the implementation and monitoring of the ESMS Policy.

4. RDG Thematic Policies

Thematic internal policies play a fundamental role in operationalising the ESMS’ objectives. Consequentially, RDG will implement, or is in the process of developing the following policies, and action plans where relevant:

- **E-Waste Management Policy**
 - RDG’s E-Waste Management Policy outlines the company’s commitment and processes (internal and external) developed to assess and manage the company’s environmental impact. In particular, the policy identifies the process to ensure that E-waste is responsibly disposed of in-line with National laws and international standards. Implementing the E-Waste policy throughout the supply chain will ensure that resource efficiency is maximized (by eliminating waste and its potential for environmental impact).
 - A corresponding action plan is expected to be drafted by Q4 2022, outlining performance indicators, monitoring processes, and ownership to ensure stakeholders are informed of the implementation process.
- **Grievance Mechanism**
 - RDG is aware of the risks associated to its supply chain and business operations worldwide. To ensure its commitment to maintain responsible activities and supply chain, RDG has developed a grievance procedure to address any stakeholders’ grievances relating to its operations and its supply chain
 - The mechanism is outlined in RDG’s WhistleBlower, SEAH and grievance procedure policies, defining the processes for stakeholders to submit their grievances which have



occurred during RDG operations (on and off site).

- To support the Grievance mechanism, the Whistleblower Policy ensures that grievances can be submitted without fear and intimidation (including submitting anonymously).
- All above mentioned policies outline performance indicators, monitoring processes, and ownership to ensure stakeholders are informed of its significance and implementation process.

- **Bribery, Corruption and Fraud Policy**

- The policy outlines RDG's commitment to conducting business in an ethical and honest manner and its commitment to implementing and enforcing systems that ensure all forms of bribery, corruption, and fraud are prevented.
- The policy outlines performance indicators, monitoring processes, and ownership to ensure stakeholders are informed of its significance and implementation process.

- **Labour and Working Conditions**

The Policies listed below support the maintenance of an equitable, safe and progressive work environment for all stakeholders:

- RDG General Conditions of Service defines the parameters which all stakeholders should operate within
- Manual of HR Policies outlines the scope and nature of RDG policies that are applicable to all Stakeholders
- Ministry of Labor approved Employment contract provides clear guidance on the expected conditions and obligations for all RDG employees and the company.
- All above mentioned policies outline performance indicators, monitoring processes, and ownership to ensure stakeholders are informed of its importance and implementation process.

- **Gender Policy**

RDG is committed to providing an equal, secure and enabling work environment for all stakeholders, a place of work that is gender sensitive with fair treatment and recognizes the role of men and women as equal players with equal access to opportunities in the workplace.

The objectives of this gender policy are:

- a) To support the right to gender equality and right to dignified livelihood.
- b) To foster a social, physical, and psychological environment that will enable all stakeholders to work and corporate productively.
- c) To strive for gender justice at both the institutional and programmatic level.



- **SEAH Policy**

RDG is committed to providing a safe environment for all stakeholders (employees, agents, customers, members of media, sub-contractors, suppliers, government bodies etc.) free from discrimination on any ground and from harassment at work, including sexual harassment. RDG will operate a zero-tolerance policy for any form of sexual exploitation, sexual abuse, and sexual harassment in the workplace, treat all incidents seriously, and promptly investigate all allegations of sexual harassment. Any person found to have sexually harassed another will face disciplinary action, up to and including termination of employment.

All complaints of sexual harassment will be taken seriously and treated with respect and in confidence. No one will be victimized for making such a complaint.

This policy covers incidents which occur on both RDG premises and outside, by all related stakeholders (employees, agents, customers, members of media, sub-contractors, suppliers, government bodies etc).

- **Vehicle Policy**

RDG is committed to ensuring conditions which seek to maintain a safe-driving culture, by ensuring that all safety rules are followed and that passengers are safe. It will also ensure that vehicles are well maintained and have their interior/exterior appearances kept clean to appropriately represent the company.

- **Manual of HR Policies (including Emergency Preparedness and Response)**

This manual is intended to provide policy guidelines to all employees of RDG Collective Limited in respect of their conditions of service, rights and privileges as well as their commitments and responsibilities to the Company. These policies are subject to regular review and change to better meet the needs of RDG. Employees are encouraged to read this manual to familiarize themselves with their rights and responsibilities.

The policies are aimed at the maximization of human resources and their contribution to RDG's overall business objectives. For this purpose, adherence to the policies is essential, although it may be necessary for certain decisions to be taken with slight deviations from policy. For example, in the case an employee is granted additional leave for reasons not covered by the policy. However, any deviation from policy requires the consultation with and prior approval of the Chief Executive at all times.



5. Monitoring & Reporting

RDG is committed to establishing procedures to monitor and measure the effectiveness of the ESMS as well as specific policy action plans. Specific methodologies will be developed to collect relevant data as per each Policy area, and specific KPIs outlined in standardized action plans per Policy document as relevant. RDG will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended action plans. RDG will enable internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in both the ESMS and across action plans.

The ESMS will include an overall action plan, which will outline the commitments made throughout this document, and the actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. Recognizing the dynamic nature of the project, the ESMS action plan will be responsive to changes in circumstances, unforeseen events, and the results of monitoring and review. The ESMS action plan will be designed in a way to and fill in the gaps of existing policies and ensure consistency with both other IFC Performance Standards when relevant, and the other policy-specific action plans. The monitoring and evaluation processes should ensure that the ESMS policy in place be consistent with the principles of the other Performance Standards; if discrepancies are discovered, appropriate actions should be undertaken to address them. The ESMS action plan will be an integrated part of the ESMS to be developed in Q3 2022.

6. Policy Ownership and Implementation

Internally, the Talent Acquisition and Development (HR) Manager will own the development of ESMS related policies, whilst the CEO and Board will oversee its implementation and adherence to stated commitments. Externally, RDG will engage with independent and policy relevant partners to support developing new and existing systems/processes to ensure the successful implementation of the Environmental and Social Management System.

7. Communication

All published RDG policies must be available and accessible to employees and stakeholders. Changes to policy content and implementation will be communicated through email, phone and meetings to all involved stakeholders upon publishing.



RDG Collective Ltd

Approval

Date

01 - 08 - 2022

Rune Gunnar Dige

Chief Executive Officer