



ABS FUND/ VIRAF- Environmental, Social & Governance Policy

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

1. PREAMBLE

Vivriti Asset Management Private Limited (VAM), a company incorporated under the Companies Act, 2013, is a subsidiary of Vivriti Capital Limited (VCL) and acts as the manager of Alternate Investment Funds established in accordance with the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (AIF Regulations). VAM, inter alia, acts as the manager of the schemes of Vivriti Vihaan Trust registered as a Category II Alternative Investment Fund and schemes of Vivriti Treasury Optimizer Trust registered as Category III Alternative Investment Fund.

- 1.1 Vivriti Asset Management Private Limited (IFSC Branch) is registered with International Financial Services Centres Authority ("IFSCA") as a Registered Investment Manager (Non-Retail) under the IFSCA (Fund Management) Regulations, 2022 ("IFSC FM Regulations") and acting as the fund manager entity of the funds and schemes of the funds registered with/as may be registered with IFSCA under the IFSC FM Regulations.
- 1.2 Vivriti Asset Management Private Limited (VAM) is cognizant of environmental and social risks in investing and hence has adopted the ESG Policy in its journey towards its commitment on attaining sustainability. The ESG philosophy aligns with Vivriti's core business strategy. The policy is built around the three pillars of ESG, outlining its purpose and Vivriti's responsibility to the environment, its customers, employees, and the community at large.
- 1.3 Unless otherwise defined, capitalised terms have the meanings given to them in the "legend" provided at the end of this document.
- 1.4 This policy is applicable to VAM also referred herewith as the '**Fund Manager**' of the **ABS/VIRAF Fund (Vivriti India Retail Assets Fund)**, which is also called the '**Fund**'.

2. OBJECTIVES

- 2.1 To approve a framework for the environment, social and governance ("**ESG**") practice specific to the Fund
- 2.2 To integrate the ESG framework in the existing overall risk assessment of all the funds under VAM
- 2.3 To study, measure and monitor the impact on the performance of the investment
- 2.4 To identify opportunities to promote sustainability and equitable growth through our products
- 2.5 To provide ESG/impact disclosures to effectively demonstrate our ESG commitment to our investors/stakeholders

3. VAM'S (FUND MANAGER OF ABS/VIRAF) DO NO HARM STATEMENT

The Fund aligns with socially and environmentally responsible practices, encapsulating the principles of 'Do No Harm'. The Fund ensures compliance with applicable environmental and labour laws, standards and regulations, and that of our investees through our enhanced evaluation and due diligence process. Our stringent exclusion list reflects our commitment to ethical transactions, strictly prohibiting activities that have adverse impacts of the society, communities, and the environment.

4. **ABS/ VIRAF FUND'S FINANCIAL INCLUSION STATEMENT**

The Fund's focus on financial inclusion is through its sustainable investment flows/impact-oriented capital focusing on scaling investments in small ticket loans to micro and small enterprises (MSEs), micro-finance institutions (MFI) and women entrepreneurs. The fund aims to improve penetration for last mile financing and address gender gaps in formal finance by earmarking a portion of the fund's proceeds to women-MSEs and MFIs. The Fund achieves this objective by providing debt financing to Non-Banking Finance Institutions (NBFIs) in India which have already set up the necessary infrastructure to originate and service small ticket loans to MSE, individual and women entrepreneurs.

The Fund reflects VAM's major objective of creating long-term impact along with providing risk adjusted returns to its investors.

5. **PRINCIPLES**

- 5.1 Through the Fund, VAM (Fund Manager of ABS/VIRAF) will conduct its business and operations in compliance with all environmental, social and labour laws (local and central).
- 5.2 The Fund shall adhere to all the policies of the Government of India or any department thereof concerning any environmental, social or labour related issues applicable to. The Fund shall also require its investees to adhere to these policies to the extent applicable.
- 5.3 The Fund will conduct ESG Due diligence on its prospective and existing investees basis the screening as per the exclusion list and a detailed assessment made on the Vivriti Sustainability Assessment Model.

6. **VAM'S (FUND MANAGER OF ABS/VIRAF) ROLES AND RESPONSIBILITIES**

6.1 **Towards Environment**

VAM (Fund Manager of ABS/VIRAF) shall conduct its business and operations in compliance with applicable environmental, health and safety laws or policy issued by Government of India or any department thereof.

- Developing financial solutions that generate other positive environmental impacts
- Minimizing the environmental impacts of our physical operations
- Partnering with organizations to advance sustainable development

Implemented Policies

Vivriti's Energy Policy
Vivriti's Sustainable Finance Framework
Land Acquisition Policy
Sustainable Stewardship Policy

6.2 **Towards social, labor and working conditions**

VAM (Fund Manager of ABS/VIRAF) is committed to conduct its business and operations in compliance with applicable social and labor laws and policies issued by Government of India or any department thereof.

- Developing financial solutions that improve quality of life and generate other positive social impacts
- Expanding economic opportunity in the communities where we do business
- Investing in our human capital
- Promoting diversity, equity and inclusion
- Strengthening consumers' financial health
- Addressing human rights-related risks

Implemented Policies

Fair Practice Code
Human Rights Policy
Health, Safety & Environmental (HSE) Policy
Diversity, Equity & Inclusion (DEI) Policy
Childcare Allowance Policy
Corporate Social Responsibility (CSR) Policy
Prevention of Sexual Harassment (POSH) Policy
Sustainable Stewardship Policy
IT Data Protection Policy
IT Audit Policy
IT Third Party Vendor Onboarding & Offboarding Policy
IT Data Privacy Policy
IT Risk Management Policy
IT Disciplinary Process Policy

6.3 Towards Governance

VAM (Fund Manager of ABS/VIRAF) is committed to sound governance, a system of checks and balances and the highest standards of integrity with the following aspects:

- Cultivating a strong risk and control environment
- Fostering a culture of transparency and ethical behavior
- Maintaining effective Board leadership and management processes
- Safeguarding privacy and cybersecurity

Implemented Policies

Anti Bribery & Anti-Corruption Policy
Corporate Governance Policy
Nomination & Remuneration Policy
KYC & AML Policy
Grievance & Redressal Mechanism Policy
Whistle Blower Policy
Vendor Code of Conduct Policy
Vendor Management Policy
Third Party Vendor Onboarding Offboarding Policy

Violation of Code of Conduct & Action Policy
Related Party Transaction Policy
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
Code of Conduct to Regulate, Monitor and Report Trading
IT Cyber Security Policy
IT Security Awareness Policy
IT Governance Framework Policy
Vivriti Group Tax Strategy

7. GOVERNANCE MATRIX

7.1 ESG Risk Assessment Committee

The ESG Risk Assessment Committee is established by the Board of Directors of Vivriti Asset Management Private Limited for assisting the Board in oversight of the company’s ESG and its portfolio’s ESG risk profiles on an ongoing basis.

The committee will comprise of the Managing Director and the Chief investment officer. The Committee will meet periodically to evaluate ESG risks of its investee companies, assign final ESG performance scores, and discuss all relevant matters.

The head of Sustainability and Impact (S & I team) shall be permanent invitee to all the committee meetings.

The Committee shall be governed by its charter and any instructions/decisions as may be mutually agreed at a meeting of committee, subject to its approval/ratification by the board of the company. The Committee will also oversee and manage the environmental, social and management risks within VAM’s (Fund Manager of ABS/VIRAF) investing portfolio and, by doing so, help implement the ESG Policy.

7.2 Governance Hierarchy



8. ESG RISK INTEGRATION

VAM (Fund Manager of ABS/VIRAF) has integrated ESG risks into its existing risk management framework by establishing a comprehensive structure to identify, evaluate, monitor and manage these risks through exclusion list, risk assessment structure and Vivriti's Sustainability assessment model.

8.1 Exclusion List

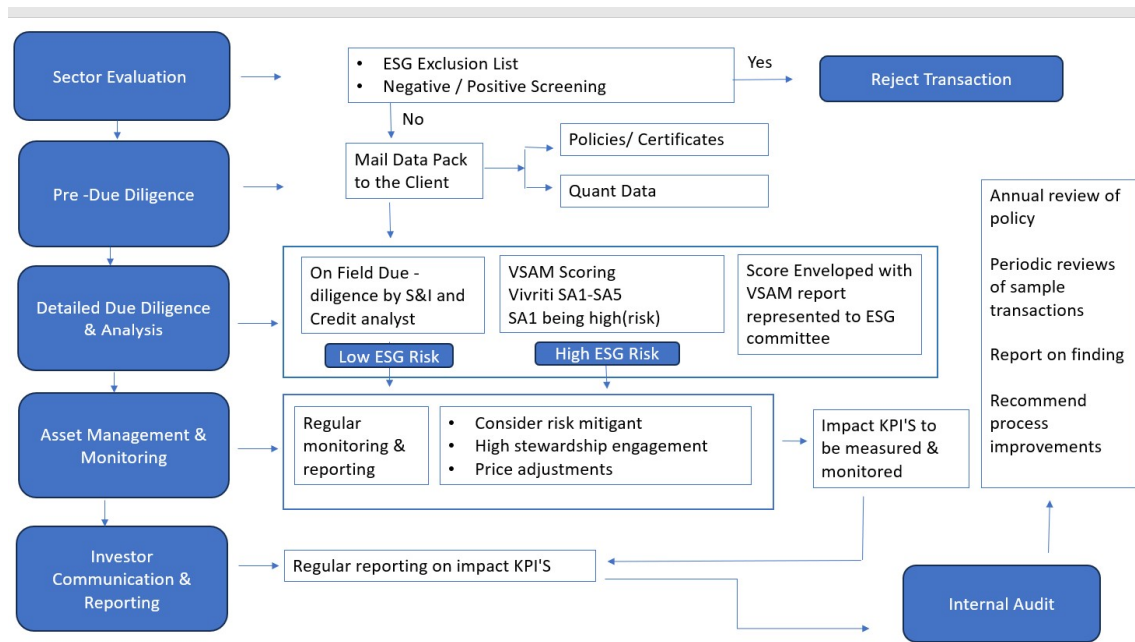
VAM (Fund Manager of ABS/VIRAF) will not enter arrangements/transactions with any institutions or persons that are engaged in any of the activities set out in Annexure I of this policy ("**Prohibited Activities**"). This list will be updated from time to time based on guidance provided by the Board and Vivriti's senior management.

8.2 ESG Risk Assessment

- a. Preliminary diligence of prospective and existing enterprise investee of VAM (Fund Manager of ABS/VIRAF) shall be carried out by the Sustainability & Impact analyst basis sector.
- b. In the case of a new enterprise investee to which VAM (Fund Manager of ABS/VIRAF) proposes to invest any money or on-balance sheet financing, the client's ESG risk/opportunity is assessed on the Vivriti Sustainability Assessment model.
- c. The ESG risk assessment is conducted referencing the frameworks outlined in Annexure III.
- d. Over a period of time, this allows us to understand the trend of the ESG practices of the investee.

8.3 Model

VAM (Fund Manager of ABS/VIRAF) has developed its own ESG methodology through the Vivriti Sustainability Assessment Model (VSAM) to determine the ESG risks/opportunities of the investee. Each investee basis the due diligence and understanding of their E, S & G practices, policies and processes receives a proprietary overall ESG score (Vivriti SA1-SA5).



ESG Risk Integration Process

9. REPORTING

Environmental & Social Action Plan

VAM (Fund Manager of ABS/VIRAF) employs VSAM to generate comprehensive sustainability assessment/ ESG reports tailored to its clientele. Through this specialized approach, the Fund Manager offers investees an in-depth insight into their ESG (Environmental, Social, and Governance) scoring metrics. These reports are instrumental in assisting issuers to comprehend and evaluate their ESG portfolio effectively. By harnessing the capabilities of VSAM, the investees receive an actionable E&S Action Plan, enabling them to make informed decisions concerning their ESG performance and improvement. Actionable items from the ESAP will form a part of the monitoring process.

10. RISK CATEGORISATION

The risks will be categorized based on the below criteria –

Score	Grading Scale	Significance
0-20	Vivriti SA1	An investee company that is impacted by ESG risks and requires immediate intervention to implement a systematic risk management framework
21-40	Vivriti SA2	An investee company that has just embarked on its sustainability journey but needs to establish a systematic risk management framework
41-60	Vivriti SA3	An investee company that has implemented sustainability initiatives to address ESG risks but needs to address the gaps to have a robust framework
61-80	Vivriti SA4	An investee company that has successfully navigated its sustainability journey but needs to fortify its practices
81-100	Vivriti SA5	A sustainability leader with a positive track record of implementing best practices in managing material ESG risks

11. MONITORING

11.1 The Sustainability & Impact Team, shall conduct a periodic ESG risk assessment on the enterprise investee on the basis of the scoring derived from VSAM and the generated ESAP as under –

Score	Grading Scale	Monitoring
0-20	Vivriti SA1	Bi-annually
21-40	Vivriti SA2	Bi-annually
41-60	Vivriti SA3	Annually
61-80	Vivriti SA4	Annually
81-100	Vivriti SA5	Annually

- 11.2 For enterprise investee in which VAM (Fund Manager of ABS/VIRAF) has on-balancing exposure, the Sustainability & Impact/Credit Teams, will also conduct site visits on the occurrence of any trigger events specified in Annexure II
- 11.3 Any non-compliance identified during the periodic assessment/diligence will be reported to the ESG Risk Assessment Committee, who will decide on any further action to be taken.

12. STAKEHOLDER ENGAGEMENT & GRIEVANCE REDRESSAL

12.1 Stewardship Engagement

VAM (Fund Manager of ABS/VIRAF)'s commitment to sustainability extends far beyond mere integration into our investment processes. Central to our ethos is the active engagement of stewardship responsibilities, underlining our proactive approach to driving positive ESG outcomes. Through rigorous ESG due diligence, we delve deep into understanding the intricacies of each client's operations, assessing potential risks, and identifying opportunities for sustainable transformation. Our ESG assessment model serves as a robust framework, generating insightful outputs and comprehensive reports that illuminate areas of improvement and strategic alignment with global sustainability benchmarks.

Furthermore, our stewardship and engagement processes, guided by the ESAP generated from VSAM, are meticulously designed to empower our investees on their sustainability journey. By leveraging our ESG assessment model outputs, we provide tailored recommendations and actionable insights, enabling investees to refine their sustainability strategies effectively. This collaborative approach fosters a symbiotic relationship, wherein VAM (Fund Manager of ABS/VIRAF) acts as a catalyst for change, guiding investees in adopting sustainable practices, policies, and actions. Through continuous dialogue, monitoring, and support, we not only enhance our investees' ESG performance but also contribute to building resilient, responsible, and future-ready businesses. In essence, VAM's (Fund Manager of ABS/VIRAF) deep-rooted commitment to stewardship engagement transcends transactional interactions, fostering enduring partnerships committed to shaping a sustainable future.

12.2 Grievance Redressal Mechanism

VAM (Fund Manager of ABS/VIRAF) recognizes that grievance redressal is an important aspect of stakeholder engagement and requires a dedicated process to ensure smooth business operations. The Fund Manager has put in place dedicated channels for external and internal grievances to ensure that comments, responses and grievances are handled appropriately in a fair and transparent manner.

VAM's (IFSC Branch) Policy on Handling of Complaints and Grievance Redressal is aimed at protecting the interests of financial clients, customers or investors and providing efficient services to effectively address and redress the grievances in a timely manner. Grievances can be raised via email to the complaint redressal officer at 'IFSC.grievance@vivritiamc.com' or 'GIFTinvestorrelation@vivritiamc.com'. (Refer [Policy on Handling of Complaints and Grievance Redressal](#))

Similarly, employee grievances can be raised to 'e.grievanceredressal@vivritiamc.com', as outlined in the Employee Grievance Redressal Policy (internal and confidential).

13. DOCUMENTATION

- (a) All investing documentation must contain such environmental, social and labour standards-related covenants as may be prescribed by the Committee.
- (b) All investing documentation entered into by VAM (Fund Manager of ABS/VIRAF) must contain representations and covenants from the client in relation to compliance with all applicable laws (including all, local and central, environment, social and labour laws).
- (c) Any failure of the client to perform such covenant or representation should be classified as an event of default under the investment documentation entered into with the client.

14. TRAINING OF DESIGNATED PERSONNEL

All Designated Personnel - Sustainability & Impact Team, Credit Teams, Investment Management Team and all members of the ESG Risk Assessment Committee concerned with this policy - will keep themselves updated with all ESG related developments. Periodic training and updates on ESG will be provided to all verticals at VAM (Fund Manager of ABS/VIRAF) by the Sustainability & Impact Team.

15. APPLICATION TO EXISTING CLIENT

VAM (Fund Manager of ABS/VIRAF) will endeavor to ensure compliance of its existing investees with this policy, by obtaining appropriate declaration/representation from the investee in relation to compliance of applicable environment and labour laws and other applicable laws, to the extent data can be retrieved from existing investees.

16. POLICY REVIEW

This policy shall be reviewed periodically on such basis and at such times as may be prescribed by the ESG Risk Assessment Committee.

17. LEGEND

S. NO.	TERM	PARTICULARS
1.	ESG Risk Assessment Committee	Comprises of the Managing Director and Chief Investment officer
2.	Sustainability & Impact	Members of the team tasked with the execution of the ESG policy
3.	Business Team	Means the business team of VAM (FUND MANAGER OF ABS/VIRAF)
4.	Credit Teams	Means the respective credit teams of VAM (FUND MANAGER OF ABS/VIRAF)
5.	Designated Personnel	Means the members of the Credit Teams, the Investment Management Teams and the Sustainability & Impact Team

ANNEXURE I - PROHIBITED ACTIVITIES

Fund Manager of ABS/VIRAF will not enter into arrangements/transactions with any institutions/persons that are engaged in any of the activities set out below:

1. Conversion or degradation of critical forest areas or forest-related critical natural habitats. Production or trade in wood or other forestry products other than from sustainably managed forests.
2. Any company whose total revenue from prohibited alcoholic beverage is more than 5% and subject to the condition that the funds received from VAM (Fund Manager of ABS/VIRAF) shall not be utilized towards the activity relating to production of or trade in prohibited alcoholic beverages.
3. Projects or companies where the primary business activities (directly, or through entities it controls) are in the following prohibited sectors such as gambling, casinos, equivalent enterprises or betting in any form, media communications of an adult or political nature, production of or trade in tobacco.
4. Production of or trade in controversial (chemical, biological & nuclear), defense and other weapons and ammunitions, including any paramilitary materials - Any company or corporation which earned more than 5% of its revenues from the manufacturing of weapons or tailor-made components thereof. Weapons are defined as products or basic components of products that have been 'designed to injure/kill'. Tailor-made components are components that are developed primarily in order to be integrated into a weapon system.
5. Companies found by a court or administrative body of competent jurisdiction engaging in unlawful practices.
6. Any company or corporation which is listed on an EU or UN sanctions list or is in severe and/or systemic breach of the United Nations conventions and declarations, including the United Nations Global Compact (UNGC) on human rights (including human trafficking, child labour, labour rights/forced labour), and environmental degradation and systemic corruption.
7. Projects or companies identified by the Government to be in violation of local applicable laws related to environment, health, safety, labour, and public disclosure.
8. Production or trade in any product or activity deemed illegal under the laws or regulations of India or international conventions and agreements, or subject to international phaseouts or bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
9. Polluting industries unless the units have clearance from pollution control authorities and have installed effluent treatment plants.
10. Setting up of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluorocarbons (CFCs), halons and units manufacturing aerosol products using CFCs.
11. Any company involved in the extraction of conventional and unconventional oil and gas.
12. Carbon intensive power generation – Any company that depends on coal fired power plants and more than 5% on oil and gas.
13. Coal mining – Any company that generates its revenue from extraction of thermal coal.
14. Cannabis - Any company or corporate that directly or through entities it controls, produces, or sells cannabis for non-medical or recreational purposes, which shall include production and sale of end products containing cannabis for the same purpose.
15. Animal testing on Non-medical Grounds – Any company or corporation that practices animal testing on non-medical grounds.
16. 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.
17. Production or trade in unbonded asbestos fibres - This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
18. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
19. Commercial logging operations in tropical rainforests.

ANNEXURE II- TRIGGER EVENTS

1. For any notice issued by regulatory authority to any client for non-compliance of provisions of applicable environment and labour laws (including human rights).
2. In case of labour unrest or dispute with the client.
3. On levy of significant fines or penalties or any other liabilities under any applicable labour (including human rights), and environmental laws by any regulatory authority.
4. Whether any notice issued, or proceedings initiated against the company for any violation or non-compliance of any environment and labour laws (including human rights).
5. When there is any fraud and non-compliance of anti-money laundering laws.

ANNEXURE III - REFERENCE FRAMEWORKS

IFC PERFORMANCE STANDARDS (2012)

IFC Performance Standards (PS) are a set of 8 standards directed towards clients, providing guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities.

Together, the eight Performance Standards establish standards to meet throughout the life of an investment.

Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts – requires companies to identify and evaluate environmental and social (E&S) risks and impacts, while promoting improved E&S performance of clients through the use of management systems- in order to anticipate E&S risk posed by business activities and address such impacts as needed.

Performance Standard 2: Labor and Working Conditions – requires that companies treat their workers fairly by ensuring non-discriminatory and equal opportunity practices, maintaining safe and healthy working environments, preventing child and forced labor and fostering improved relationships between workers and management.

Performance Standard 3: Resource Efficiency and Pollution Prevention – guides companies to incorporate practices to promote energy efficiency, manage resources and reduce GHG emissions.

Performance Standard 4: Community Health, Safety, and Security – aims to safeguard the health and safety of affected communities.

Performance Standard 5: Land Acquisition and Involuntary Resettlement – aims to avoid or minimise project-related land acquisition and fairly compensate affected communities.

Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources – aims to conserve biodiversity, maintain ecosystem services and manage living natural resources.

Performance Standard 7: Indigenous Peoples – aims to protect the rights and culture of Indigenous Peoples.

Performance Standard 8: Cultural Heritage – aims to preserve and protect cultural heritage from adverse project impacts.

Performance Standard	Applicability
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	Applicable VAM (Fund Manager of ABS/VIRAF) recognizes that its investees have the potential to cause high social impacts. To address this, VAM has established the Vivriti Sustainability Assessment Model (VSAM) to screen, assess and manage the ESG risks of its investees and outline an ESAP to monitor and improve their performance
Performance Standard 2: Labor and Working Conditions	Applicable VAM ensures the investees compliance with labour rights, fair treatment, non-discrimination and health and safety standards for its employees
Performance Standard 3: Resource Efficiency and Pollution Prevention	Low applicability

	VAM assesses environmental initiatives undertaken by its investees
Performance Standard 4: Community Health, Safety, and Security	Indirect applicability VAM assesses community initiatives undertaken by the investees
Performance Standard 5: Land Acquisition and Involuntary Resettlement	Not applicable
Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not applicable
Performance Standard 7: Indigenous Peoples	Not applicable
Performance Standard 8: Cultural Heritage	Not applicable

CLIENT PROTECTION PATHWAY

Cerise+SPTF's Client Protection Pathways are a set of practical tools and guidelines developed by Cerise and the Social Performance Task Force (SPTF) to help financial service providers embed strong customer protection practices into their operations. These pathways align with the **Client Protection Principles (CPPs)** and serve as a roadmap for financial institutions (e.g., microfinance institutions, fintechs, and other lenders) to safeguard their customers, particularly vulnerable and underserved populations. These 8 principles ensure that financial services are delivered to clients in a safe, responsible, and fair manner.

CP 1: Appropriate Product Design and Delivery – Providers will ensure that products and delivery channels are designed to avoid harm. The design process will take into account the specific characteristics of clients.

CP 2: Prevention of Over-Indebtedness – Providers will exercise due diligence to confirm that clients have the financial capacity to repay loans without falling into over-indebtedness. They will also monitor internal systems to support the prevention of over-indebtedness.

CP 3: Transparency – Providers will deliver clear, adequate, and timely information in a manner and language that clients can understand, enabling them to make informed decisions. Key details on pricing, terms, and product conditions will be clearly communicated to borrowers.

CP 4: Responsible Pricing – Pricing, terms and conditions will be established in a way that is sustainable for both the client and the institution.

CP 5: Fair and Respectful Treatment of Clients – Providers and their agents will treat clients with fairness and respect, free from discrimination. Adequate safeguards will be implemented to prevent and address corruption, as well as aggressive or abusive behaviour by staff or agents, especially during loan sales and debt collection.

CP 6: Privacy of Client Data – The confidentiality of client data will be protected in compliance with applicable laws and regulations. Client data will only be used for the purposes disclosed at the time of collection or as permitted by law unless additional client consent is obtained.

CP 7: Mechanisms for Complaint Resolution – Providers will establish timely and effective systems to address client complaints and resolve issues. These mechanisms will also be used to enhance products and services based on client feedback.

CP 8: Governance & HR – Governance and management will demonstrate a commitment to client protection, supported by HR systems that facilitate its implementation. Senior management will actively monitor client protection risks and implement corrective actions. Management systems will reinforce client protection through training, incentives, reporting, and controls.

CPP Pathways	Applicability
CP1 Appropriate product design and delivery	Applicable Through VSAM, VAM (Fund Manager of ABS/VIRAF) evaluates how the investee designs its products and delivery channels, considering targeted customer segments, geographies, and the accessibility and inclusivity of its offerings. VAM verifies whether customer feedback is collected and incorporated and reviews sales practices and policies
CP2 Prevention of over-indebtedness	Applicable VAM assesses the investee’s underwriting processes, credit and risk policies, business plan, and product portfolio to ensure responsible lending practices
CP3 Transparency	Applicable VAM reviews the Fair Practices Code (FPC) to ensure that terms and conditions are adequately disclosed. It also examines avenues for customer education, engagement, and collections processes
CP4 Responsible pricing	Applicable VAM evaluates the board-approved pricing policy to understand how interest rates and additional charges are calculated. It ensures that these charges align with financials and are justified
CP5 Fair and respectful treatment of clients	Applicable VAM assesses the code of conduct (employees and third-party agencies), repercussions for breaches, measures to ensure appropriate staff behaviour and whether standards are enforced with third-parties
CP6 Privacy of client data	Applicable VAM reviews policies to assess the collection, handling, usage, storage, and deletion of client data, including obtaining consent, handling by third parties, maintaining data integrity and ensuring privacy and security measures
CP7 Mechanisms for complaints resolution	Applicable VAM evaluates the accessibility of complaint redressal channels, customer education on these channels, the complaint management system and the types and severity of complaints received
CP8 Governance and HR	Applicable VAM assesses the management’s role in ensuring customer protection, staff training on ethics and the code of conduct (particularly for sales and collections), and the incentive structures for sales and collections staff

IFC'S CORPORATE GOVERNANCE METHODOLOGY

IFC's Corporate Governance Methodology is structured to assess and improve the corporate governance practices of companies, financial institutions, and other organizations. The methodology emphasizes transparency, accountability, and sustainable business practices, enabling companies to manage risks effectively and enhance long-term value for stakeholders.

The IFC Corporate Governance Methodology is based on 6 principles, outlined as follows-

Commitment to ESG (Leadership & Culture) – The investee demonstrates a strong commitment to implementing robust corporate governance practices, including addressing environmental and social (E&S) considerations.

Board Structure and Functioning – The investee's board of directors is well-qualified and appropriately structured to effectively oversee the investee's strategy, management, and overall performance.

Control Environment – The investee maintains a comprehensive internal control framework to safeguard assets, ensure operational efficiency, promote accurate reporting, and adhere to laws, policies, and regulations.

Disclosure and Transparency – The investee provides financial and non-financial disclosures that are relevant, accurate, and reliable for stakeholders.

Minority Shareholder Treatment – The investee ensures the rights of minority shareholders are protected and not infringed upon.

Governance of Stakeholder Engagement – The investee actively manages stakeholder engagement and has established grievance mechanisms to address concerns.

IFC Principles	Applicability
Commitment to ESG (Leadership and culture)	Applicable Through VSAM, VAM (Fund Manager of ABS/VIRAF) evaluates the investee's corporate governance policies and code of business ethics, focusing on the board's role, committees, compliance with and disclosures. VAM also assesses the investee's ESG policies and their integration into business operations
Board structure and functioning	Applicable VAM examines the board's composition, independence, and diversity, along with board election processes and attendance. It also evaluates the composition and functions of corporate governance committees, as well as their oversight and expertise in addressing environmental and social (E&S) issues
Control environment	Applicable VAM reviews whether the investee has established a control environment, including a compliance function & whistleblowing mechanism and assesses the risk management framework to determine if E&S risks are incorporated
Disclosure and transparency	Applicable VAM ensures that financial statements are audited by an independent external auditing firm and evaluates ESG reporting, including adherence to standards and third-party audits
Minority shareholder treatment	Applicable VAM checks if shareholder rights are defined in the corporate governance policy
Governance of stakeholder engagement	Applicable VAM also checks for policies addressing different stakeholder groups the investee interacts with and evaluates whether an employee grievance mechanism is in place.

ILO LABOUR CONVENTIONS

Since 1919, the International Labour Organization (ILO) has maintained and developed a system of international labour standards aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security, and dignity.

The eight fundamental Conventions are:

Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)

Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

Forced Labour Convention, 1930 (No. 29)

Abolition of Forced Labour Convention, 1957 (No. 105)

Minimum Age Convention, 1973 (No. 138)

Worst Forms of Child Labour Convention, 1999 (No. 182)

Equal Remuneration Convention, 1951 (No. 100)

Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Conventions and Recommendations are developed by representatives of governments, employers, and workers and are adopted during the ILO's annual International Labour Conference. Once a standard is adopted, member states are obligated under the ILO Constitution to present it to their competent authority (usually the parliament) for consideration of ratification. Countries that ratify a convention commit to implementing it through national laws and practices and to regularly reporting on its application.

India has ratified Conventions #29, #100, #105, #111, #138 and #182 are currently in force. However, Conventions #87 (Freedom of Association) and #98 (Right to Collective Bargaining) remain unratified by India.

As part of the ESG risk assessment process, VAM (Fund Manager of ABS/VIRAF) ensures that the investees of the ABS/VIRAF Fund (Vivriti India Retail Assets Fund) adhere to the ratified conventions and assesses their compliance with the unratified conventions as well.

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

The United Nations-supported Principles for Responsible Investment (UN PRI) is a global network of investors collaborating to implement six principles for 'Responsible Investment.' Its objective is to help investors understand the impact of sustainability on their decisions and support signatories in integrating these considerations into their investment and ownership practices. These principles are voluntary and aspirational, providing a range of actions for incorporating ESG factors into investment strategies across various asset classes.

'Responsible Investment' is a flexible process tailored to align with each organization's unique investment strategy, approach, and resources. The principles are designed to suit the investment styles of large, diversified institutional investors operating within a traditional fiduciary framework.

The six principles of 'Responsible Investing' by the UN PRI are:

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which one invests.
4. Promote acceptance and implementation of the principles within the investment industry.
5. Work together to enhance effectiveness in implementing the principles.
6. Report on activities and progress toward implementing the principles.

VAM (Fund Manager of ABS/VIRAF) utilises VSAM to produce detailed sustainability assessments and ESG reports for its investees. This approach supports the integration of ESG considerations into investment decision-making, in line with the principles of the UN PRI. By providing an E&S Action Plan, VAM helps investees address material ESG issues and improve their performance. Key actions from the ESAP are incorporated into the monitoring process, promoting continuous alignment with responsible investment practices.

UNITED NATIONS GLOBAL COMPACT

The UN Global Compact supports companies to do business responsibly by aligning their strategies and operations with the 'Ten Principles' on human rights, labour, environment, and anti-corruption. It encourages strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

The following are the ten principles of the UN Global Compact:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Elimination of all forms of forced and compulsory labour.
5. Effective abolition of child labour.
6. Elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

As part of the ESG risk assessment process, VAM (Fund Manager of ABS/VIRAF) evaluates whether the investees of the ABS/VIRAF Fund (Vivriti India Retail Assets Fund) adhere to the UNGC principles.

UNITED NATIONS SUSTAINBLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), also called the Global Goals, were introduced by the United Nations in 2015 as a collective commitment to eliminate poverty, protect the environment, and foster peace and prosperity for everyone by 2030. These 17 goals are interconnected, acknowledging that progress in one area influences outcomes in others. They emphasize the need to balance social, economic, and environmental priorities, with a particular focus on uplifting the most disadvantaged populations. The SDGs aim to address global challenges such as inequality, climate change, hunger, and discrimination, driving inclusive and sustainable development.

The 17 sustainable development goals are:

Goal 1: End poverty in all its forms everywhere

Goal 2: End Hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5: Achieve gender equality and empower all women and girls

Goal 6: Ensure availability and sustainable management of water and sanitation for all

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8: Promoted sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10: Reduce inequality within and among countries

Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable

Goal 12: Ensure sustainable consumption and production patterns

Goal 13: take urgent action to combat climate change and its impact

Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

ABS/VIRAF Fund's (Vivriti India Retail Assets Fund) mission of financial inclusion and the impact created directly contributes to goals 1 and 8, while also contributing to goals 3, 4, 5, 7, 8, 9 and 10.