



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 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 all funds managed by VAM. However, if there are dedicated ESG-focused funds, those funds will have their own distinct ESG policy.

2. OBJECTIVES

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

3. VIVRITI'S DO NO HARM STATEMENT

Vivriti is a socially and environmentally responsible organisation, encapsulating the principles of 'Do No Harm'. We ensure compliance with applicable environmental and labour laws, standards and regulations for our business, and that of our clients 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. **PRINCIPLES**

4.1 Vivriti will conduct its business and operations in compliance with all environmental, social and labour laws (local and central),

4.2 Vivriti 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 Vivriti. Vivriti shall also require its clients to adhere to these policies to the extent applicable.

4.3 Vivriti will conduct ESG Due diligence on its prospective and existing clients basis the screening as per the exclusion list and a detailed assessment made on the Vivriti Sustainability Assessment Model.

5. **VIVRITI'S ROLES AND RESPONSIBILITIES**

5.1 **Towards Environment**

Vivriti 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.

ESG policy.pdf
Energy policy.pdf
Green Finance Framework.pdf

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

Vivriti 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.

Human Right Policy.pdf
Health, Safety & Environment.pdf

<u>DEI Policy.pdf</u>
<u>Childcare Allowance Policy.pdf</u>
<u>CSR Policy.pdf</u>
<u>IT Data Protection Policy.pdf</u>
<u>IT Audit Policy.pdf</u>
<u>IT Third Party Vendor Onboarding & Offboarding Policy.pdf</u>
<u>IT Data Privacy Policy.pdf</u>
<u>IT Risk Management Policy.pdf</u>
<u>IT Disciplinary Process Policy.pdf</u>

5.3 Towards Governance

Vivriti 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

<u>Anti Bribery & Anti-Corruption Policy.pdf</u>
<u>Corporate Governance Policy.pdf</u>
<u>KYC & AML Policy.pdf</u>
<u>Grievance & Redressal Mechanism Policy.pdf</u>
<u>Whistle Blower Policy.pdf</u>
<u>Vendor Code of Conduct Policy.pdf</u>
<u>Vendor Management Policy.pdf</u>
<u>Violation of Code of Conduct & Action Policy.pdf</u>
<u>IT Cyber Security Policy.pdf</u>
<u>IT Security Awareness Policy.pdf</u>
<u>IT Governance Framework Policy.pdf</u>

6. GOVERNANCE MATRIX

6.1 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, the Chief Credit Officer and the Chief Risk 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 Vivriti's investing portfolio and, by doing so, help implement the ESG Policy.

6.2 Governance Hierarchy



7. ESG RISK INTEGRATION

Vivriti 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.

7.1 Exclusion List

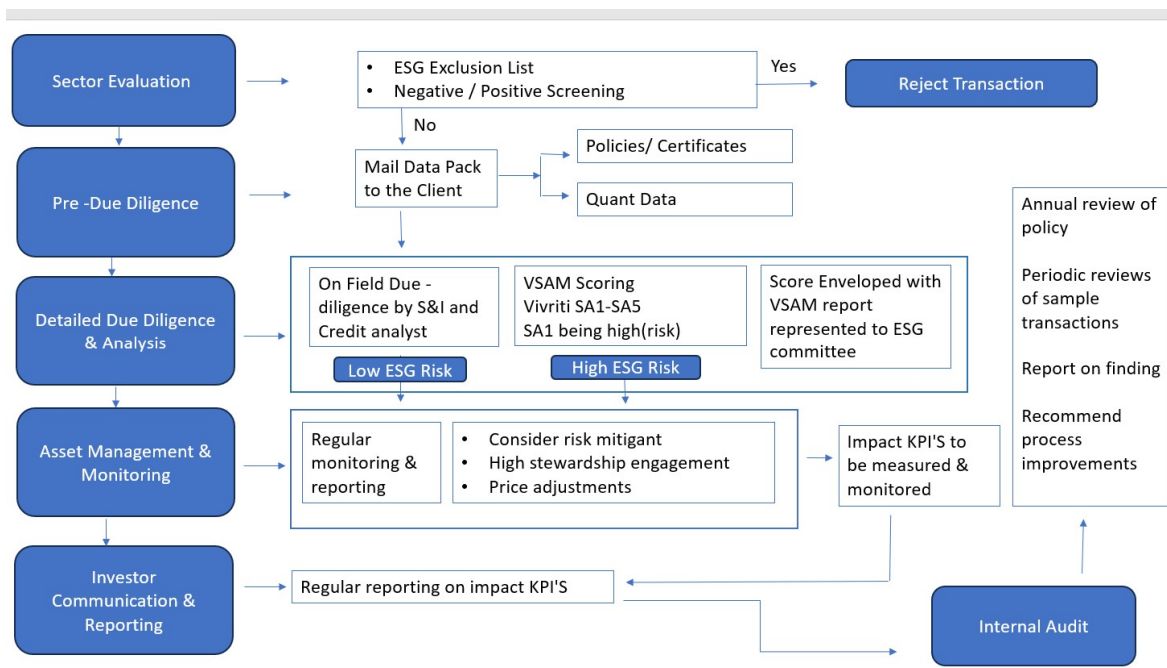
Vivriti will not enter arrangements/transactions with any institutions or persons that are engaged in any of the activities set out in Annexure I of this policy ("**Prohibited Activities**"). This list will be updated from time to time based on guidance provided by the Board and Vivriti's senior management.

7.2 ESG Risk Assessment

- a. Preliminary diligence of prospective and existing enterprise investee of VAM shall be carried out by the Sustainability & Impact analyst/Credit analyst basis sector.
- b. In the case of a new enterprise investee to which VAM 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. Over a period of time, this allows us to understand the trend of the ESG practices of the investee.

7.3 Model

VAM 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

7.4 Climate Risk Management

Globally, climate action is gaining momentum across sectors and becoming a priority material topic. Vivriti considers the urgency of addressing the climate emergency problem and playing its part in fortifying its climate ambition.

The ESG Risk Assessment Committee has oversight of the climate risks, while climate risk management is a joint responsibility of the ESG Risk Assessment Committee and the Board. The ESG Risk Assessment Committee has formed the Sustainability & Impact function in Vivriti that is responsible for execution and implementation of the various processes & procedures related to ESG and climate action. Our Board members are also equipped with relevant climate-related knowledge, skills and expertise.

Our ESG processes & procedures are based on best practices and continuous improvement through alignment with relevant national & international standards and frameworks, that include climate risk management as a major addition. We continue to strengthen our climate commitments on an ongoing basis to gradually align with the Paris threshold pathways of 1.5 to 2 deg C.

Supplementing our climate risk management practices, we have –

- Developed policies like the Energy Policy & the Green Finance Framework.
- Built the client ESG assessment process & Vivriti Sustainability Assessment Model (VSAM) that covers climate parameters - environmental management, management of climate change risks and opportunities, GHG emissions, energy efficiency, waste management, and green products & services.
- Created a transparent measuring, accounting & reporting system for managing ESG risks (including climate related risks)
- Adopted decarbonization initiatives in our offices to reduce carbon emissions.
- Consciously expanding of our portfolio towards climate-centric sectors
- Our forward-looking climate & decarbonization strategy will align with the requirements of global climate reporting & target-setting frameworks (TCFD Guidelines, CDP, SBTi, etc)

8. REPORTING

8.1 Sustainability Reporting

Vivriti will publish its Sustainability Report based on the Global Reporting Initiative (GRI) standards that would demonstrate Vivriti's E, S and G practices along with the impact reporting created through its portfolio. We will also continue to disclose our ESG information in relevant ESG forums to demonstrate our commitment to stakeholders.

8.2 VSAM Reporting

Vivriti employs VSAM to generate comprehensive sustainability assessment/ ESG reports tailored to its clientele. Through this specialized approach, Vivriti 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, Vivriti ensures that its clients receive accurate and actionable data, enabling them to make informed decisions concerning their ESG initiatives.

9. RISK CATEGORISATION

The risks will be categorized based on the below criteria –

Score	Grading Scale	Significance
0-20	Vivriti SA1	A company that is impacted by ESG risks and requires immediate intervention to implement a systematic risk management framework
21-40	Vivriti SA2	A company that has just embarked on its sustainability journey but needs to establish a systematic risk management framework
41-60	Vivriti SA3	A 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	A 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

10. MONITORING

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

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

10.2 For enterprise investee in which Vivriti 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

10.3 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.

11. ENGAGEMENT

11.1 **Materiality Assessment** – In order to make it a meaningful sustainable journey, it is of prime importance to Vivriti to engage with all our stakeholders in the value chain on a periodic basis for a better alignment with broader business performance metrics and organizational impact. Our engagement channels would include – 1. External: Board Members, Investors, Regulators, Customers, Community, Suppliers, auditors, consultants, legal advisors and 2. Internal: Employees. This engagement allows Vivriti to prioritize material topics for long-term stakeholder value creation.

11.2 Stewardship Engagement - Vivriti'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 are meticulously designed to empower our clients on their sustainability journey. By leveraging our ESG assessment model outputs, we provide tailored recommendations and actionable insights, enabling clients to refine their sustainability strategies effectively. This collaborative approach fosters a symbiotic relationship, wherein Vivriti acts as a catalyst for change, guiding clients in adopting sustainable practices, policies, and actions. Through continuous dialogue, monitoring, and support, we not only enhance our clients' ESG performance but also contribute to building resilient, responsible, and future-ready businesses. In essence, Vivriti's deep-rooted commitment to stewardship engagement transcends transactional interactions, fostering enduring partnerships committed to shaping a sustainable future.

12. 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 Vivriti 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.

13. 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 Vivriti by the Sustainability & Impact Team.

14. APPLICATION TO EXISTING CLIENT

Vivriti will endeavor to ensure compliance of its existing clients with this policy, by obtaining appropriate declaration/representation from client in relation to compliance of applicable environment and labour laws and other applicable laws, to the extent data can be retrieved from existing clients.

15. 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.

16. **LEGEND**

S. NO.	TERM	PARTICULARS
1.	ESG Risk Assessment Committee	Comprises of the Managing Director, Chief Credit Officer and Chief Risk 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
4.	Credit Teams	Means the respective credit teams of VAM
5.	Designated Personnel	Means the members of the Credit Teams, the Investment Management Teams and the Sustainability & Impact Team

ANNEXURE I - PROHIBITED ACTIVITIES

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

1. Projects or companies where the primary business activities are in the following prohibited sectors such as gambling, casinos or equivalent enterprises, media communications of an adult or political nature, production of or trade in tobacco.
2. 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.
3. Companies found by a court or administrative body of competent jurisdiction engaging in unlawful practices.
4. Engaged in any activities in relation to human trafficking, child labour or forced labour.
5. Projects or companies identified by the Government to be in violation of local applicable law related to environment, health, safety, labor, and public disclosure.
6. 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.
7. Polluting industries unless the units have clearance from pollution control authorities and have installed effluent treatment plants.
8. Setting up of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluoron carbon (CFC), Halons and units manufacturing aerosol products using CFCs.
9. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
10. Animal testing on Non-medical Grounds – Any company or corporation that practices animal testing on non-medical grounds.

**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.