

# **Environment, Social & Governance (ESG) Policy**

<b>Title</b>	Environment, Social & Governance (ESG) Policy
<b>Release Date</b>	January 2017
<b>Version No.</b>	7.0
<b>Effective Date</b>	February 2025
<b>Date of Last Revision</b>	March 2024
<b>Policy Owner</b>	ESG Team
<b>Policy Administrator</b>	ESG Team

## TABLE OF CONTENTS

PURPOSE.....	1
SCOPE.....	1
GOALS .....	1
EAAA ALTERNATIVES APPROACH TO ESG INTEGRATION IN INVESTMENTS.....	2
ESG GOVERNANCE, ROLES & RESPONSIBILITIES .....	6
STEWARDSHIP .....	7
COLLABORATION AND PROMOTING BEST PRACTICES .....	7
REPORTING AND DISCLOSURE .....	7

## 1. PURPOSE

EAAA India Alternatives Limited (“EAAA Alternatives”) believes in a principled approach to doing business. This ESG Policy (“Policy”) outlines EAAA Alternatives approach towards integrating the considerations of Environmental, Social, and Governance (“ESG”) factors into the firm and investments made through the funds, vehicles, or entities (“Funds”) managed / advised / sub-advised by EAAA Alternatives.

This Policy sets out the following with respect to ESG:

- EAAA Alternatives approach
- Integration in the investment process and in the portfolio companies of the Funds
- Resourcing and governance structure
- Stakeholder engagement

EAAA Alternatives endeavors to incorporate ESG into its strategies, policies and procedures, and believes this will be a key component of sustainable long-term business growth. EAAA Alternatives seeks to use the UN Global Compact (“UNGC”) Principles as a guiding light to formulate its policies and practices in the areas of human rights, labor, environment, and anti-corruption. Further, EAAA Alternatives became a signatory to the United Nations Principles for Responsible Investment (“UN PRI”) in January 2023 and is guided by the UN PRI for ESG integration in its investments, engagement, training, and disclosure, thus seeking to drive the growth of responsible investing.

EAAA Alternatives commits to consider material ESG issues during its pre-investment due diligence (as applicable) and in the monitoring of portfolio investments to the extent reasonably practical, and in any event, abide by the provisions of the respective Fund documents. For the purpose of this Policy, ESG issues are defined as those that EAAA Alternatives, in its sole discretion, determines as having or having the potential to create a direct material impact on an organization’s ability to create or preserve economic value or those having the potential to cause erosion to environmental and social value for itself and its stakeholders.

## 2. SCOPE

This Policy, in general, applies as a standard to all direct portfolio investments made by the Funds. In instances where EAAA Alternatives believes it to be appropriate, reasonable efforts would be made to encourage portfolio companies to consider relevant ESG related principles / frameworks.

The ESG Policy of EAAA Alternatives is guided by and is based on United Nations Principles of Responsible Investment (“UNPRI”), United Nations Global Compact (“UNGC”) and the Responsible Investment (RI) Policy of EAAA Alternatives.

## 3. GOALS

Subject to the scope described above, EAAA Alternatives endeavors to do the following, as applicable and reasonably practicable on a case-to-case basis:

- Consider certain relevant ESG issues in target portfolio companies while evaluating investments opportunities;
- Endeavour to engage with portfolio companies to promote certain key identified ESG aspects, as appropriate;
- Remain committed to comply with applicable national, state, and local labor laws; provide a safe and healthy workplace in conformance with relevant laws;
- Encourage policies & practices to promote good governance in areas such as anti- bribery and corruption, insider trading etc.;
- Remain committed towards being environmentally conscious by
  - Complying with applicable environmental laws;
  - Assessing investment opportunity based on Exclusion policy mentioned in our Responsible Investment policy (policy available on EAAA website)
- Engage with relevant stakeholders and work to foster transparency; provide timely information to

## EAAA Alternatives stakeholders on the matters addressed herein

We consider a range of ESG factors into our investment decisions. Investment analysis of ESG factors evaluates those aspects of the potential portfolio company's operations, which will have an impact on its ability to meet the financial obligations in the long term or may affect the company's operations. While some ESG factors or risks such as corporate governance and human capital management may apply across companies, some of these may vary based on the industry, geography or intrinsic characteristics of the portfolio companies.

Below is an indicative list of some of the broad ESG factors which shall be considered in evaluating potential portfolio companies and monitored in our portfolio, to the extent relevant and applicable in each particular case:

- Governance
- Human rights / Employee related practices
- Diversity & inclusion
- Health & safety
- Resource management (Water, waste, emissions, energy etc., as may be relevant and applicable)

Note: This is only an indicative list and not an exhaustive one.

And below mentioned are some key ESG factors which we endeavour to monitor from portfolio companies based on the materiality and our access to company / data:

### **Governance**

- Privacy and cybersecurity
- Board composition: Size, structure / tenure and diversity etc.
- Independence of the Board
- Transparency and ethical behavior

### **Environment**

- Carbon emission and its environmental impact
- Energy consumption
- Water management and conservation
- Waste management
- Usage of alternate energy sources

### **Social factors**

- Health & Safety of employees
- Employee retention policies / attrition levels
- Participation of women in the work force / diversity
- Prevention of sexual harassment at workplace
- Child and forced labor
- CSR (Corporate Social Responsibility) spends
- Capacity building

Note: This is only an indicative list and not an exhaustive one.

## **4. EAAA ALTERNATIVES APPROACH TO ESG INTERGRATION IN INVESTMENTS**

### **Approach towards systematic sustainability issues –**

- **Human Rights:** We seek to invest in enterprises that uphold human rights and refrain from supporting companies involved in child or forced labour exploitation.
- **Planet and People:** Our investment strategy revolves around sustainability and the welfare of

communities, demonstrating our pursuit of long-term value generation.

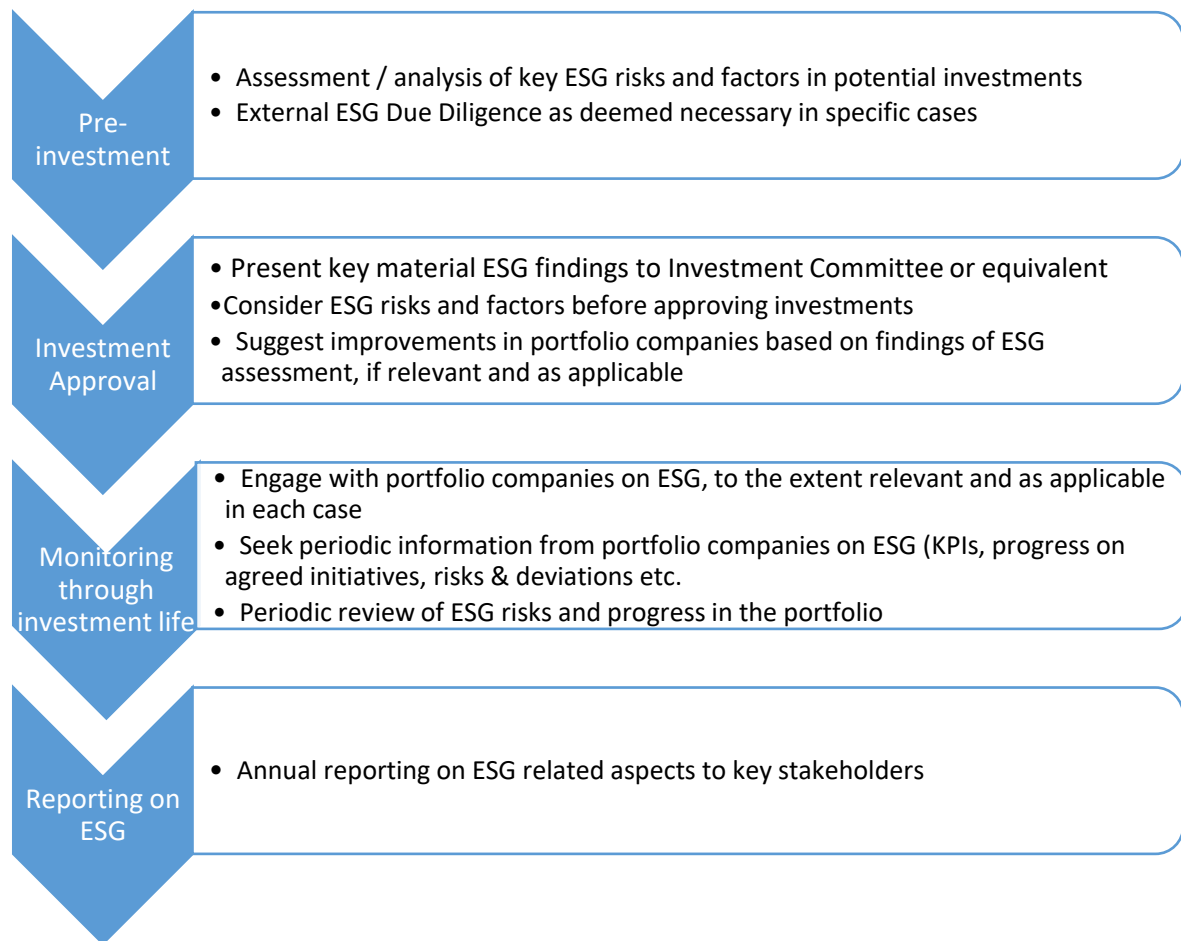
- **Integrity:** We actively promote policies within our portfolio companies that discourage corruption and bribery, fostering a culture of integrity and transparency.
- **Labour Laws Adherence:** We ensure adherence to India's relevant national, state, and local labour laws while prioritising a safe work environment, by the investee company. Our dedication to the well-being of our workers remains steadfast and resolute.

Besides, being a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI), we will adhere to a globally recognized framework that promotes the incorporation of ESG issues into investment practices across asset classes.

#### **Principles of UNPRI**

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the principles.

EAAA Alternatives will seek to integrate the consideration and thoughtful management of ESG issues throughout the investment cycle through the following process –



Evaluation of the investment is unique to each case. Any major lapses on factors like governance, employee health & safety, regulatory compliance, etc. that may impact the operations and going concern ability of the entity could lead to a rejection of a transaction at the pre-investment stage.

## a) Pre-investment:

### i. Exclusions / Negative Screenings

EAAA Alternatives applies a negative screening by means of exclusion principles for opportunities that derive their revenues from certain activities. EAAA Alternatives has an exclusion policy ("Exclusion Policy") for direct investments into portfolio companies made by its Funds, the details of which are available in EAAA Alternatives Responsible Investment policy (policy available on EAAA website).

The Operational Risk team would be responsible for performing the necessary checks to ensure that the exclusion principles and the terms agreed with Limited Partners / contributors to the funds have been adhered to prior to making an investment.

#### **Rationale on exclusion**

EAAA Alternatives' exclusion list is designed to align our investment practices with ethical, environmental, and social responsibility standards. By excluding such sectors or projects, our aim is to avoid investments that could harm the environment or negatively impact communities. This approach reflects our commitment to being a sustainable and responsible investor as per our commitments to the UNPRI.

### ii. Pre — Investment ESG Assessment

To ensure the integration of ESG considerations in the pre-investment phase, and subject to EAAA Alternatives determination of what is reasonable and appropriate for each investment, EAAA Alternatives endeavors to do the following:

#### **Undertake ESG Assessment**

- The Investment Team of the respective funds will in general conduct an ESG assessment for potential investments using an ESG Checklist or ESG Questionnaire (covering areas such as governance and policies, employee health & safety, regulatory compliance etc) which serves as a tool to obtain information on list of qualitative and quantitative ESG factors for the portfolio company. On a case-to-case basis and as required, external advisors may be engaged to carry out additional ESG related due diligence. ESG related considerations, applicable, will form a part of the investment process and will be shared with the Credit Committee / Investment Committee / Fund Board / Key Investment Team or equivalent ("Investment Committee").
- Any ESG risk(s) identified in relation to a potential portfolio company does not necessarily preclude investing in such portfolio company if any ESG risk(s) identified is not material from an investment perspective, or if EAAA Alternatives believes any such ESG risk(s) can be mitigated in some form, or if the investment risk-reward analysis adequately reflects and compensates for this.

#### **Seek Documentation**

- In cases where the Investment Team deems necessary and based on the findings of the ESG assessment / due diligence, they will seek to document the ESG related issues, findings and next steps, if any for the particular portfolio company.

## b) Investment Approval:

- The Investment Team will present on key findings of the ESG assessment or external ESG diligence (if conducted) and any ESG related risks to the Investment Committee to seek their views and inputs
  - Based on the inputs of the Investment Committee, the Investment Team may, as deemed relevant and to the extent practicable in each case:
    - Include ESG related covenants & clauses in the deal documentation



- Include certain rights in the deal documentation (For e.g., Board Observer seat(s) to monitor the company performance)

#### c) Monitoring (Post-investment):

EAAA Alternatives is a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI). We will be dedicating to aligning our investment strategy with the UNPRI guidelines, while also protecting the interests of our unitholders.

To manage ESG risks and value creation opportunities in portfolio investments post- investment and subject to EAAA Alternatives determination of what is reasonable and appropriate for each investment, EAAA Alternatives will:

##### i. Monitor progress

Where there are material issues identified during the pre-investment process, EAAA Alternatives will monitor ongoing progress on ESG issues, as applicable. Where management of, or performance on, material issues considered by EAAA Alternatives need improvement, EAAA Alternatives on a best effort basis will work with the portfolio company to support the development of a corrective action plan and monitor its progress through appropriate means. EAAA Alternatives may seek information from the portfolio companies regarding adoption of/ adherence to certain standards/ policies / processes, as may be applicable on a case-to-case basis.

##### **Engagement with portfolio companies**

- EAAA Alternatives will encourage the portfolio companies to identify and raise material ESG issues to the relevant decision makers in their companies
- Where appropriate and subject to the scope above, EAAA Alternatives will assist portfolio companies in the development of corrective action plans to adequately address the identified ESG related risks and opportunities
- EAAA Alternatives will seek to obtain regular reporting from portfolio companies, where applicable and practicable on certain identified ESG parameters
- Where appropriate and reasonable, EAAA Alternatives will support its portfolio companies' efforts to report externally and internally on their ESG approach and performance as related to material ESG issues
- The Operational Risk Team will maintain an ESG risk map using a Red-Amber-Green (RAG) framework on a quarterly basis for certain key identified ESG parameters based on the information for portfolio companies through publicly available sources. The findings on the ESG Risk Map would be shared with the COO and Chief Risk Officer and any key adverse findings would be discussed in the Risk Reviews for the relevant fund
- An identified set of material ESG parameters for the portfolio companies will be monitored for each investment. These ESG parameters will be tracked through the life of the investment on an annual basis and any progress on ESG initiatives, ESG risks etc. will be discussed in risk reviews conducted for the Funds.

## 5. ESG GOVERNANCE, ROLES AND RESPONSIBILITIES

EAAA Alternatives has a framework for ESG governance with marked out roles and responsibilities to ensure smooth integration of ESG in the firm as well as through the lifecycle of the investments of the Funds. ESG is integral to the business, which is reflected through a robust governance framework.

The Board of EAAA Alternatives is responsible for the overall oversight and approval of key ESG initiatives & practices at EAAA Alternatives.

The strategic ESG governance structure is as follows:

#### a) ESG Governing Council (Oversight Role)

ESG Governing Council is constituted of MD & CEO - EAAA Alternatives, COO - EAAA Alternatives, Executive Chairman – EdelGive Foundation and Head of HSE & Sustainability at Sekura (the asset management arm of EAAA). The constitution of the Council maybe modified from time to time. The ESG Governing Council provides a strategic direction for ESG efforts, acts as a sounding board for ESG initiatives and as a forum for sharing best practices across the industry. The ESG Governing Council would be given periodic updates by the ESG Team on the various ESG initiatives at EAAA Alternatives.

#### b) ESG Team (Implementation Role)

To support and steer the day-to-day implementation of ESG initiatives at EAAA Alternatives, a dedicated ESG Team has been created. The Team is the Central Point-of-Contact for ESG within the firm. They are responsible for liaising with internal and external stakeholders to implement ESG practices and processes at EAAA Alternatives, updating the ESG Policy and the integration of ESG into the investment processes and across the organisation. The ESG Team also ensures periodic reporting on ESG to stakeholders. Members of other teams may be invited to the ESG Team meetings on need basis.

The ESG Team will meet on a quarterly basis to deliberate on the progress and implementation of ESG in our operations.

The governance structure for ESG integration in investments is as follows:

EAAA Alternatives Function	Responsibilities	Nature of Responsibility
<b>Investment Committee</b>	<ul style="list-style-type: none"><li>Consider ESG factors / risks before approving any investment</li><li>Suggest improvements, if any, on the ESG side based on any material findings</li></ul>	Oversight
<b>Risk Team</b>	<ul style="list-style-type: none"><li>ESG risks / progress / issues to be discussed in the risk reviews</li><li>Highlight to investment teams in case of ESG risks if any</li></ul>	Oversight
<b>Operations Risk Team / ESG Team</b>	<ul style="list-style-type: none"><li>Screening of pre-investment ESG assessment</li><li>Periodic monitoring of the ESG risks in the portfolio</li></ul>	Oversight and implementation
<b>Investment Team</b>	<ul style="list-style-type: none"><li>Ensure ESG issues are integrated into investment decision making process as well as throughout the investment lifecycle, in collaboration with the risk, compliance and ESG Team</li><li>Monitor &amp; engage with portfolio companies on ESG related aspects / KPIs / risks</li><li>Liaise with portfolio companies on ESG related data</li></ul>	Implementation

## 6. STEWARDSHIP

Stewardship activities include monitoring and engaging with portfolio companies on matters such as strategy, performance, risk, capital structure, and corporate governance.

- Investment Teams are responsible for monitoring and engaging with the portfolio companies, taking into consideration ESG matters
- The Investment Teams will determine the level of exposure of ESG matters which will require action under this Policy
- The Investment Team is responsible for communicating to the portfolio companies any ESG related matter, they deem fit for discussion.

## 7. COLLABORATION AND PROMOTING BEST PRACTICES

EAAA Alternatives is committed to working with its stakeholders on promoting the incorporation of ESG into its organisation and investments. The development of this Policy and EAAA Alternatives ESG practices have been formulated in accordance with the current industry best practices with regards to ESG investing.

EAAA Alternatives through its participation in industry forums and conferences seeks to keep abreast of latest ESG practices and trends. Being an iterative and dynamic process, our approach and strategy with regards to ESG will evolve over time as we build on, and learn from, our own efforts as well as from others.

## 8. REPORTING AND DISCLOSURE

EAAA Alternatives is committed to providing timely and relevant external communication and reporting of our ESG efforts to our stakeholders and in line with any regulatory requirements. Where-ever possible, ESG information will be made publicly available, including on the firm's corporate website. We will also publish annual ESG reports, to summarize our practices and performance for the relevant reporting period

**DISCLAIMER**

This document is the sole property of EAAA India Alternatives Limited (EAAA Alternatives). Any use or duplication of this document without express permission of EAAA Alternatives is strictly forbidden and illegal.