



Environmental, Social & Governance Policy

Version	Approval Date	Reviewing/ approving authority
V1	15 th February 2020	Board of Directors
V2	27 th February 2021	Board of Directors
V3	27 th April 2022	Board of Directors
V4	7 th November 2022	Board of Directors
V5	9 th February 2023	Board of Directors
V6	6 th February 2024	Board of Directors



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Contents

- 1. PREAMBLE4
- [2. OBJECTIVES](#)4
- [3. VIVRITI'S DO NO HARM STATEMENT](#)4
- [4. PRINCIPLES](#)4
- [5. VIVRITI’S ROLES AND RESPONSIBILITIES](#)5
 - 5.1 Towards Environment5
 - 5.2 Towards Social, labor and working conditions5
 - 5.3 Towards Governance6
- [6. GOVERNANCE MATRIX](#).....
- [6.1 Governance Hierarchy](#)8
- [6.2 ESG Risk Assessment Committee](#).....8
- 7. [ESG Risk Integration](#)10
 - 7.1 [Exclusion list](#).....10
 - [7.2 ESG Risk Assessment](#).....10
 - [7.3 Model](#)10
 - [7.4 Climate Risk Management](#).....11
- 8. [REPORTING](#).....11
 - [8.1 Sustainability Reporting](#).....11
 - [8.2 VSAM Reporting](#).....11
- [9. RISK CATEGORISATION](#).....12
- [10. MONITORING](#)12
- [11. ENGAGEMENT](#)12
 - [11.1 Materiality Assessment](#).....
 - [11.2 Stewardship Engagement](#).....
- [12. DOCUMENTATION](#)12
- [13. TRAINING OF DESIGNATED PERSONNEL](#)12
- [14. APPLICATION TO EXISTING CLIENT](#).....13
- [15. POLICY REVIEW](#)13
- 16. [AUDIT](#).....12
- [17. LEGEND](#).....13
- [18. ANNEXURE 1 PROHIBITED ACTIVITIES](#).....14
- [ANNEXURE II TRIGGER EVENTS](#)15

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

1. PREAMBLE

- 1.1 Vivriti Capital Limited (VCL) ('the Company') is a limited company registered under Companies Act, 2013. VCL is also registered with the Reserve Bank of India as a Non-Deposit taking Systemically Important Non-Banking Finance Company (NBFCs-ND-SI) and its debt securities are listed with Bombay Stock Exchange.
- 1.2 Vivriti is cognizant of environmental and social risks in lending 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, capitalized terms have the meanings given to them in the "legend" provided at the end of this document.

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
DEI Policy.pdf
Childcare Allowance Policy.pdf
Gender Equity & Inclusion Polciy.pdf
CSR Policy.pdf
IT Data Protection Policy.pdf
IT Audit Policy.pdf
IT Third Party Vendor Onboarding & Offboarding Policy.pdf
IT Data Privacy Policy.pdf
IT Risk Management Policy.pdf
IT Disciplinary Process Policy.pdf

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

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

6. GOVERNANCE MATRIX

6.1 Governance Hierarchy



6.2 ESG Risk Assessment Committee

The ESG Risk Assessment Committee is established by the Board of Directors of Vivriti Capital 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 borrowers, 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.

1. ROLE & RESPONSIBILITIES OF THE COMMITTEE

a) The Committee shall oversee the following and ensure compliance with internal thresholds approved by the Board -

- (i) 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.
- (ii) Vivriti will conduct its business and operations in compliance with all environmental, social and labour laws
- (iii) Vivriti will identify opportunities to promote environmental sustainability and equitable growth through its business and by doing so, help implement the ESG policy
- (iv) The Committee shall review the ESG policy periodically and suggest modifications or amendments to Board, as may be required

- (v) Vivriti will honor its “Do No Harm Statement” at all times, as annexed to ESG policy

2. Roles and responsibilities of the S&I Team

- i. Policy Development:
 - Formulating and implementing ESG policies and guidelines for the group
 - Ensuring alignment with regulatory requirements and industry best practices
- ii. Integration of ESG Factors:
 - Incorporating ESG diligence on its prospective and existing clients and monitor the same on regular basis
- iii. Stakeholder Engagement:
 - Engaging with stakeholders, including investors, clients, and the community, to understand their ESG expectations and concerns.
 - Communicating Vivriti’s ESG initiatives and performance to stakeholders
- iv. Risk Assessment and Management:
 - Identifying and assessing ESG-related risks that may impact VCL’s operations
 - Developing strategies to mitigate ESG risks and enhance resilience.
- v. Reporting and Disclosure:
 - Overseeing the preparation and publication of ESG reports and disclosures, providing transparent and accurate information to stakeholders.
- vi. Sustainability Strategy:
 - Developing and executing a comprehensive sustainability strategy aligned with VCL’s business objectives.
 - Setting measurable goals and targets related to ESG performance.
- vii. Training and Awareness:
 - Conducting training programs to raise awareness among the employees about ESG principles and practices.
 - Fostering a culture of sustainability within the organization.
- viii. Performance Measurement:
 - Establishing key performance indicators (KPIs) to monitor and evaluate the ESG performance.
 - Regularly assessing progress and reporting
- ix. Collaboration with Other Departments:
 - Collaborating with Business, Credit, risk management, compliance, and other relevant departments to ensure ESG considerations are integrated into overall risk and compliance frameworks.
- x. Innovation and Impact Investment:
 - Exploring innovative financial products and services that align with ESG principles.
 - Identifying and pursuing impact investment opportunities that generate positive social and environmental outcomes.

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

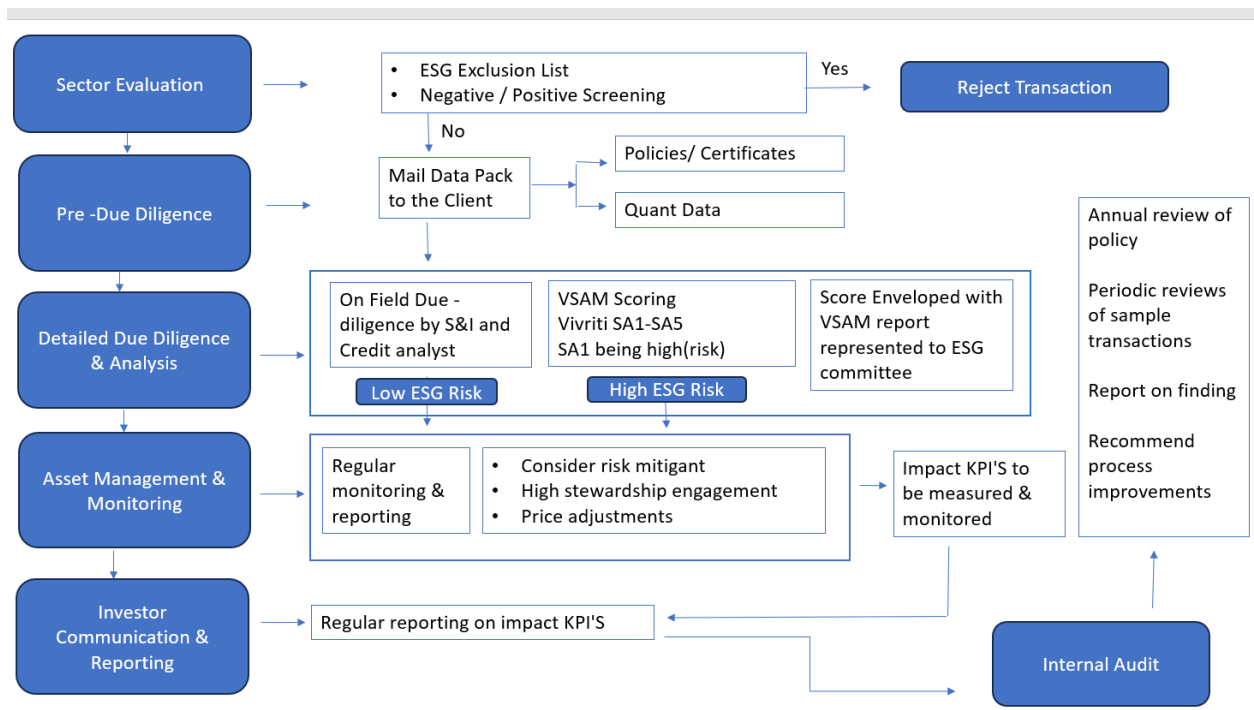
Vivriti will not enter arrangements/transactions with any institutions or persons that are engaged in any of the activities set out in Annexure I of this policy ("**Prohibited Activities**"). This list will be updated from time to time based on guidance provided by the Board and Vivriti's senior management.

7.2 ESG Risk Assessment

- Preliminary diligence of prospective and existing enterprise borrower of VCL shall be carried out by the ESG/Credit analyst basis sector
- In the case of a new enterprise borrower to which VCL proposes to lend any money or on-balance sheet financing, the client's ESG risk/ opportunity is assessed on the Vivriti Sustainability Assessment model.
- Over a period of time, this allows us to understand the trend of the ESG practices of the borrower.

7.3 Model

VCL has developed its own ESG methodology through the Vivriti Sustainability Assessment Model (VSAM) to determine the ESG risks/opportunities of the borrower. Each borrower 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 Committee has oversight of the climate risks, while climate risk management is a joint responsibility of the ESG Committee and the Board. The ESG 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 Capital employs VSAM to generate comprehensive sustainability assessment/ ESG reports tailored to its clientele. Through this specialized approach, Vivriti Capital offers issuers 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 Capital 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 borrower 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 borrower 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 on-balance sheet financing documentation must contain such environmental, social and labour standards related covenants as may be prescribed by the Committee.
- (b) All on-balance sheet financing 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 on-balance sheet financing 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. AUDIT

Vivriti is unwavering in its commitment to upholding the utmost standards of sustainability and ethical business practices. To fulfill this pledge, the company conducts annual audits of the sustainability assessment model and the clients assessments. Through consistent scrutiny of both internal processes and client assessments, Vivriti not only maintains its own integrity but also enforces stringent standards on its clients, fostering a culture of transparency, accountability, and sustainability within the organization and the broader business community.

17. 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 VCL
4.	Credit Teams	Means the respective credit teams of VCL
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. Conversion or degradation of critical forest areas or forest-related critical natural habitats
2. Any company whose total revenue from prohibited alcoholic beverage (excluding beer and wine) is more than 25% and subject to the condition that the funds received from Vivriti shall not be utilized towards the activity relating to production of or trade in prohibited alcoholic beverage (excluding beer and wine)
3. 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
4. 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
5. Production of or trade in controversial (chemical, biological & nuclear), defence and other weapons and ammunitions, including any paramilitary materials
6. Companies found by a court or administrative body of competent jurisdiction engaging in unlawful practices
7. Engaged in any activities in relation to human trafficking, child labour or forced labour.
8. Projects or companies identified by the Government to be in violation of local applicable law related to environment, health, safety, labor (including human rights), and public disclosure
9. 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
10. Polluting industries unless the units have clearance from pollution control authorities and have installed effluent treatment plants
11. Setting up of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluorocarbon (CFC), Halons and units manufacturing aerosol products using CFCs
12. 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%
13. Any company involved in the extraction of conventional and unconventional oil and gas whose extraction is greater than 25% of its total operations.
14. Carbon intensive power generation – any company that derives $\geq 20\%$ of power generation from coal fired power plants unless such clients are pursuing a low-carbon transition strategy
15. Coal mining – Any company who generates $\geq 25\%$ of their revenue from thermal coal mining
16. 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