



# Environmental, Social & Governance (ESG) Policy

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# Contents

- 1. PREAMBLE..... 3
- 2. PURPOSE & SCOPE..... 3
  - 2.1 Commitment .....3
    - 2.1.1 Do No Significant Harm (DNSH).....3
    - 2.1.2 Financial Inclusion.....3
    - 2.1.3 Climate Action.....4
- 3. OBJECTIVES ..... 5
- 4. GOVERNANCE..... 5
- 5. OUR ESG PRACTICES ..... 6
  - 5.1 Our Operations.....6
  - 5.2 Portfolio Level .....7
- 6. LEGEND..... 11
- ANNEXURE-I: POLICIES ..... 12
- ANNEXURE-II: EXCLUSION LIST..... 13
- ANNEXURE-III: TRIGGER EVENTS ..... 14
- ANNEXURE-IV: Rapid Environmental Assessment (REA) Checklist..... 15
- ANNEXURE-V: Involuntary Resettlement Screening Questions..... 17
- ANNEXURE-VI: Supply Chain Due Diligence..... 20
- ANNEXURE-VII: IFC RISK CATEGORIZATIONS ..... 23
- ANNEXURE-VIII: BORROWER E&S LEGAL REQUIREMENTS..... 26
- ANNEXURE-IX: E&S CONVENANTS..... 28
- ANNEXURE-X: REFERENCE FRAMEWORKS ..... 30

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

### 1. PREAMBLE

- 1.1** Vivriti Capital Limited (VCL) (the Company') is a limited company registered under the Companies Act, 2013. VCL is also registered with the Reserve Bank of India (RBI) as a Non-Deposit taking Systemically Important Non-Banking Finance Company (NBFCs-ND-SI) and its debt securities are listed with the Bombay Stock Exchange.
- 1.2** VCL is committed to sustainability & responsible business practices, and ensures continuous improvement of its systems, processes & policies to reflect best practices.
- 1.3** Unless otherwise defined, capitalized terms have the meanings given to them in the "legend" provided at the end of this document.
- 1.4** Reference frameworks & standards referred to in the Policy have been outlined in Annexure-X.

### 2. PURPOSE & SCOPE

#### 2.1 Commitment

The ESG Policy overlays VCL's guiding principles around environment, social & governance considerations at the organizational & portfolio level.

#### 2.1.1 Do No Significant Harm (DNSH)

Vivriti Capital Limited (VCL) is a socially and environmentally responsible organisation, encapsulating the principles of 'Do No Significant Harm (DNSH)'. Strict adherence to applicable regulatory standards is ensured across business operations, following ethical business practices that do not cause negative externalities on the environment, society, governance & economy. An additional layer of portfolio screening stringency is applied through an exclusion list/list of prohibited activities, prohibiting any transactions that involve activities that have adverse socio-environmental impacts.

#### 2.1.2 Financial Inclusion

- As an NBFC, VCL plays an integral role in advancing financial inclusion within India's mid-market credit ecosystem by expanding access to responsible and affordable financial products through its evolving range of financial instruments, thereby addressing the financing needs of underserved and underbanked businesses and borrowers facing access constraints.
- VCL's financial inclusion approach emphasizes responsible and client-centric lending practices, including an assessment of repayment capacity, avoidance of aggressive sales practices, and safeguards against over-indebtedness. Product structures and engagement practices are designed to support sustainable credit access while promoting borrower resilience and long-term financial stability.
- VCL integrates client protection principles into its credit assessment and engagement processes, including transparent communication of loan terms, fair pricing practices, data protection safeguards, and accessible grievance redress mechanisms, with particular attention to the needs of underserved and underbanked clients.
- Oversight of financial inclusion objectives and responsible lending practices is embedded within Vivriti's governance framework, with senior management and the Board providing strategic direction and monitoring alignment with applicable regulatory and market

standards.

VCL upholds its commitment to financial inclusion in the following ways:

- Expanding the range of financial services provided and tailoring of delivery methods to cater to underserved and underbanked groups, based on market research and feedback from clients. The key underserved sectors that VCL targets are listed below:
  - Microfinance institutions (MFIs): Providing term loans and investing in non-convertible debentures (NCDs) of MFIs that specialize in on-lending to women borrowers from economically disadvantaged backgrounds (where the entire family income does not exceed INR 3,00,000 per annum / USD 3,400 per annum)
  - Other NBFCs: Extending term loans and investing in NCDs of NBFCs that finance microbusinesses.
  - Direct lending: Partnering with NBFCs through the co-lending route (Co-lending partners) to directly provide loans to microbusinesses.
  - Other offerings: Providing working capital loans, supply chain finance, factoring, securitization, leasing, and loans against shares to meet varied borrower requirements.
- By establishing procedures to prevent over indebtedness of targeted groups. VCL has instituted a rigorous credit due diligence framework and monitoring mechanism, governed by the Credit and Risk Policy.
  - Current borrower indebtedness is checked by way of Bureau report before disbursement. If the proposed limit along with the existing borrower indebtedness exceeds the MFI threshold (which is a combined family income not exceeding INR 3,00,000 per annum / USD 3,400 per annum) then such applications are not processed further.
  - Borrower exposure limits are calculated and approved internally based on repayment capacity, and early warning systems (being overdues in existing loans, presence of high number of inquiries for new loans, etc.) are in place to detect financial stress.
- Implementing complaint mechanisms easily accessible to financial inclusion clients through our four-level robust grievance redressal mechanism policy
- By mandatorily requiring adherence to VCL's Fair Practice Code. The Code is a part of the compulsory learning material for all employees.
- Engagement with banks, Development Finance Institutions, fintech partners and industry associations to contribute to the development of the inclusive finance market.
- Establishment of dedicated committees at Board and Executive level which oversees financial inclusion:
  - Risk Management Committee at the Board level
  - The VCL ESG Risk Assessment Committee at Executive level

### **2.1.3 Climate Action**

VCL recognizes the importance of addressing anthropogenically induced climate emergency and believes in acting with agency & urgency. In-house & portfolio level decarbonization initiatives are adopted & implemented to contribute towards a low-carbon transition towards the Paris Agreement trajectory. A climate risk management & reporting roadmap has been developed in alignment with the TCFD Recommendations, and varying levels of progress being made across the TCFD Pillars - Governance, Strategy, Risks Management, Metrics & Targets. Refer to our 'Climate Action Policy' for further details.

### 3. OBJECTIVES

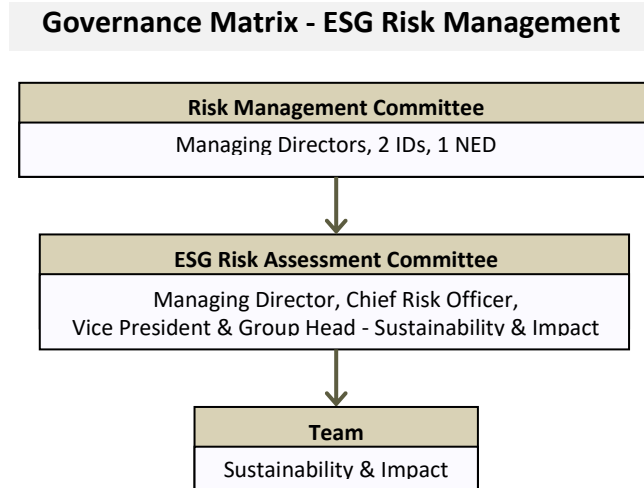
- Integrate the ESG considerations into decision making - embed environmental, social, and governance factors into investment, operational, and strategic decisions to drive sustainable value creation
- Mitigate ESG Risks and Identify Opportunities - Proactively assess and manage ESG risks while identifying opportunities that contribute to long-term business resilience and growth
- Ensure Regulatory Compliance and Stakeholder Alignment- Adhere to applicable ESG-related regulations and align with global standards and stakeholder expectations on sustainability and responsible business practices
- Promote Responsible Business Practices - Foster a culture of ethics, accountability, and transparency across the organization and with investee companies/partners
- Study, measure and monitor the impact on the performance of the investment
- Strengthen ESG performance monitoring & Reporting - Establish systems to track, evaluate, and report ESG performance, thereby enabling data-driven improvements and transparent disclosures

### 4. GOVERNANCE

#### 4.1 VCL Risk Management Committee (RMC), VCL ESG Risk Assessment Committee, S&I Team

- The VCL Risk Management Committee (RMC) is the board level committee comprising of 2 Independent Directors, 1 Nominee Director & Managing Director that has oversight of the organizational & portfolio level ESG & climate risks & opportunities (among other risks).
- The VCL ESG Risk Assessment Committee is the executive level committee comprising of the Managing Director, Chief Risk Officer, and Vice President & Group Head of Sustainability and Impact (S&I) that has oversight of the management of ESG & climate-related risks & opportunities relevant to VCL's business operations & portfolio:
  - Organizational level: The Committee to report to & seek leadership from the Risk Management Committee on a regular basis, on:
    - The organization's sustainability & climate strategy, direction & action plan (with RMC's approvals wherever required).
    - Progress & deterrents/issues faced while implementing the sustainability & climate action plan, and meeting relevant goals & targets.
  - Portfolio level: VCL ESG Risk Assessment Committee to also oversee and manage the ESG risks & opportunities within VCL's lending portfolio:
    - The Committee has an oversight of the portfolio level ESG risk assessments (including climate risk assessments).
    - The final investment & credit decision-making for clients that undergo ESG risk assessments depends on the final approval from the VCL ESG Risk Assessment Committee.
    - The Committee to report to the RMC on a regular basis on the portfolio-level ESG & climate related findings, cases & decisions made.
- Sustainability & Impact (S&I) function has been set up by the VCL ESG Risk Assessment Committee, and is responsible for execution and implementation of various processes & procedures related to ESG and climate action:
  - To identify, manage & mitigate organizational & portfolio level ESG & climate risks & opportunities, collaborating with relevant teams (when required).
  - To conduct portfolio-level ESG risk assessments (initial ESG screening, Pre DDs & DDs, monitoring).

- S&I Team along with our investors or subject-matter experts to conduct regular ESG & climate-related training for the Board, RMC & VCL ESG Risk Assessment Committee, and for the organization (when required).



## 5. OUR ESG PRACTICES

### 5.1 Our Operations

- **Towards environment & climate**

VCL's current in-house environmental & climate initiatives include operational decarbonization & energy & water efficiency measures - 100% renewable energy adoption in our Mumbai Office, installation of energy efficient lighting & appliances, water conservation & waste management efforts. Supplementing the environmental & climate efforts, VCL also has:

- Created a transparent measuring, accounting & reporting system (including a GHG inventory) for managing ESG & climate risks & opportunities
- Environmental data & information disclosures are verified by a third-party auditor as part of our yearly sustainability report verification
- VCL has been a TCFD Supporter since 2024, gradually aligning its climate pathways to reflect the requirements of the TCFD Recommendations, with varying levels of progress being made across the 4 pillars – Climate Governance, Strategy, Risk Management, Metrics & Targets. VCL will be publishing a climate/TCFD report on a yearly basis, reporting on the progress across the 4 pillars.

- **Towards social, labor & working conditions**

VCL's social policies promote a diverse, inclusive, and employee-centric culture with a focus on well-being, learning, and equal opportunity. Key initiatives include flexible work policies, wellness programs, ongoing training, and a strong emphasis on respectful workplace practices through clear policies and employee engagement. The organization also upholds strict data privacy and confidentiality standards to protect employee and stakeholder information.

- **Towards Governance**

At VCL, the governance systems and controls are based on good governance practices, ensuring board independence, diversity, and the right board composition to reflect the best interests of its shareholders. Adequate safeguards and controls are in place to ensure adherence to relevant regulatory standards and requirements.

For a comprehensive list of implemented ESG policies, refer to Annexure-I.

## Reporting

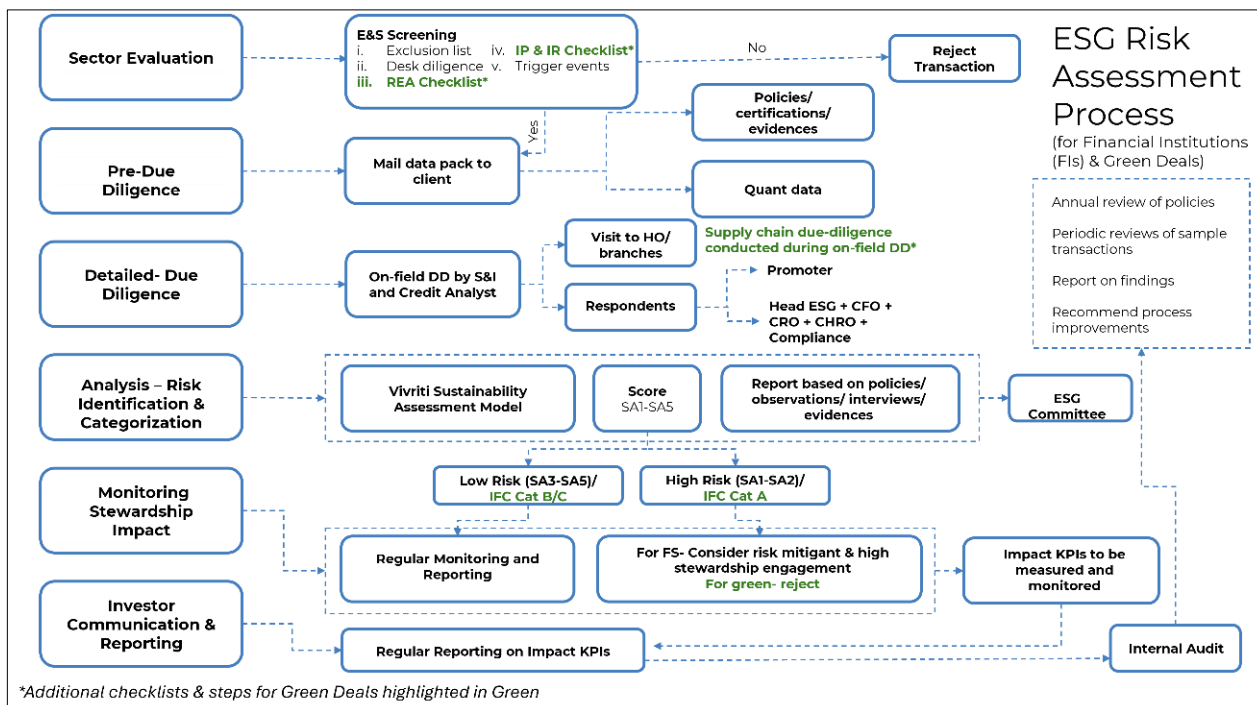
- **Materiality Assessment:** VCL conducts an annual stakeholder materiality assessment, preceded by a survey based on in-house research, peer benchmarking, global standards, and ESG trends. Following the 'Double Materiality' approach, topics are classified as 'Outside-In' (financial impact on the organization) or 'Inside-Out' (impact on society, environment, and economy). The survey captures stakeholder priorities to ensure alignment with VCL's long-term value creation and sustainability goals.
- **Sustainability Reporting:** VCL publishes its Sustainability Report based on globally recognized frameworks like the Global Reporting Initiative (GRI) standards along with its portfolio-level impact reporting. To enhance the credibility of the reported information, a third-party verification is applied to all published sustainability reports. All our past 3 years' sustainability reports have been audited by a third-party assurance provider.

## 5.2 Portfolio Level

### 5.2.1 ESG Risk Assessment

VCL's ESG Risk Assessment process comprises of the Initial ESG Screening, ESG due diligences, VSAM evaluation with scoring & reporting, and monitoring progress based on the monitoring type activated.

#### ESG Risk Assessment - Financial Institutions & Green Portfolio



#### 5.2.1.1 Initial Screening (Exclusion List)

VCL adheres to a list of "Prohibited Activities" (refer Annexure-II) that includes activities that cause significant harm and adversely impact environment, society & governance/economy. This list is used as an initial screening criteria for all arrangements & transactions. VCL does not enter into any arrangements/transactions with any institutions or person/s that are involved in the list of

prohibited activities. This list will be updated from time to time based on guidance provided by the ESG Risk Assessment Committee.

### 5.2.1.2 ESG Due Diligences (ESG DDs)

- Pre-Due Diligence: The S&I Team evaluates the current sustainability performance of an entity based on desk research and qualitative & quantitative data asks.
- Detailed Due Diligence: Consecutively, on-field meetings are conducted with the CXOs of the entity. During this meeting, all sites, plants & facilities related to the Use of Proceeds (UoP) will be observed & examined. This step applies to a deeper assessment of the organization's ESG processes, policies and practices. The findings from the above are translated into inputs for the Vivriti Sustainability Assessment Model (VSAM), which is Vivriti's proprietary ESG risk assessment model/tool that is designed to assess & evaluate all quantitative & qualitative parameters covered by the ESG Assessment. VSAM generates an ESG score (Vivriti SA1-SA5) & an ESG Assessment report that includes tailored recommendations, and an E&S Action Plan (ESAP) based on the gaps identified from the assessment.
- The quantitative & qualitative parameters in VSAM are all covered as part of the Pre & Detailed DD questionnaire.
- Based on the ESG score received, IFC risk categorization is applied – SA1 & SA2 projects are categorized under IFC Category A (high risk), while SA3-SA5 are categorized under IFC Category B (medium risk) or C (low risk). Clients that come under 'high risk' are rejected, and only medium to low-risk cases become eligible for transactions.
- All ESG risk assessment reports generated from VSAM are verified by the S&I Head, followed by a final approval from the VCL ESG Risk Assessment Committee. VSAM has been automated to ensure this process-flow.
- For green focused entities, it is mandatory to have the ESG reports reviewed by the ESG Risk Assessment Committee, before it can be presented to the Credit Committee.

### 5.2.1.3 ESG Parameters

The ESG parameters covered by the ESG risk assessments include:

➤ Environmental & climate considerations at the portfolio level ESG risk assessments & VSAM

Climate Change Issues

- GHG emissions reduction
- Measurement & monitoring of GHG emissions (Scope 1, 2 & 3)
- Management of climate risks and opportunities

Biodiversity Issues

- Programs or initiatives to reduce impact on biodiversity and land use

Other Environmental Issues

- Adoption of environmental management system
- Environmental investments
- Programs or initiatives around: air, water and waste pollution; water & energy conservation; renewable energy; sustainable packaging; product & material circularity

Vivriti has also developed the Sustainable Finance Framework and is committed to consciously expanding of its portfolio towards green & climate-centric sectors.

- Social considerations at the portfolio level ESG risk assessments & VSAM:
  - Data privacy and security
  - Product responsibility, quality, safety
  - Human rights
  - Employee safety
  - Employment quality
  - Employee development
  - Equal opportunity
  - Community support & development
  
- Governance considerations at the portfolio level ESG risk assessments & VSAM:
  - Business ethics
  - Board structure and functioning
  - Board diversity
  - Committee functioning
  - Financial Audit & Control
  - ESG reporting

### 5.2.2 ESG Risk Categorization

Score	Grading Scale	IFC Risk Cat	Significance
0-20	SA1	Cat A or FI-1	A company that is impacted by ESG risks and requires immediate intervention to implement a systematic risk management framework.
21-40	SA2	Cat A or FI-1	A company that has just embarked on its sustainability journey but needs to establish a systematic risk management framework.
41-60	SA3	Cat B/C or FI-2/3	A company that has implemented sustainability initiatives to address ESG risks but needs to address the gaps to have a robust framework.
61-80	SA4	Cat B/C or FI-2/3	A company that has successfully navigated its sustainability journey but needs to fortify its practices.
81-100	SA5	Cat B/C or FI-2/3	A sustainability leader with a positive track record of implementing best practices in managing material ESG risks.

### 5.2.3 Reporting

#### Environmental & Social Action Plan (ESAP)

VCL leverages VSAM to deliver comprehensive sustainability assessment/ESG reports tailored to each client. Through this specialized approach, VCL offers clients an in-depth insight into their ESG (Environmental, Social, and Governance) scoring metrics. By harnessing the capabilities of VSAM, the clients receive an actionable ESG Action Plan, enabling them to make informed decisions concerning their ESG performance and improvement. These action items are integrated into the ongoing monitoring and reporting process to ensure sustained progress and accountability.

#### 5.2.4 Monitoring

The S&I Team conducts a periodic ESG risk assessment of the enterprise borrowers, based on the ESG scores generated through VSAM and the corresponding ESG Action Plan (ESAP), as outlined below:

For Financial Institutions (FIs)			
Score	Grading Scale	IFC Cat	Monitoring
0-20	Vivriti SA1	Cat A or FI-1	Bi-annually
21-40	Vivriti SA2	Cat A or FI-1	Bi-annually
41-60	Vivriti SA3	Cat B/C or FI-2/3	Annually
61-80	Vivriti SA4	Cat B/C or FI-2/3	Annually
81-100	Vivriti SA5	Cat B/C or FI-2/3	Annually
For Green Portfolio			
Score	Grading Scale	IFC Cat	Monitoring
41-60	Vivriti SA3	Cat B/C	Annually
61-80	Vivriti SA4	Cat B/C	Annually
81-100	Vivriti SA5	Cat B/C	Annually

For enterprise borrowers 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 III.

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.

#### 5.2.5 Stakeholder Engagement & Grievance Redressal

##### 5.2.5.1 Stewardship Engagement

Vivriti embeds sustainability deeply into its investment philosophy, going beyond integration to actively engage in stewardship. Through rigorous ESG due diligence and a robust assessment model, we identify risks and opportunities, providing detailed reports aligned with global benchmarks. Guided by the ESAP from VSAM, our engagement approach delivers tailored, actionable insights to help clients enhance their ESG performance. This collaborative process fosters long-term partnerships and drives sustainable transformation across our portfolio.

##### 5.2.5.2 Grievance Redressal Mechanism

- VCL recognizes that grievance redressal is an important aspect of stakeholder engagement and requires a dedicated process to ensure smooth business operations. Dedicated channels for external and internal grievances are available to ensure that comments, responses and grievances are handled appropriately in a fair and transparent manner.
- VCL's grievance redressal mechanism is aimed at protecting the interests of financial clients, customers, and lenders while 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 'Ajitkumar.Menon@vivriticapital.com' or 'grievanceredressal@vivriticapital.com'. (Refer VCL Grievance Redressal Mechanism).
- Similarly, employee grievances can be raised to 'e.grievanceredressal@vivriticapital.com', as outlined in the Employee Grievance Redressal Policy (internal and confidential).

### 5.2.6 Documentation

- All on-balance sheet financing documentation must contain such environmental, social and labour standards related covenants as may be prescribed by the Committee.
- All on-balance sheet financing documentation entered into by VCL 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).
- 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.

### 5.2.7 Training of Designated Personnel

All Designated Personnel - Sustainability & Impact Team, Credit Teams, and all members of the VCL 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 VCL by the Sustainability & Impact Team.

### 5.2.8 Policy Review

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

## 6. LEGEND

S. NO.	TERM	PARTICULARS
1.	Vivriti	Refers to group companies- Vivriti Capital Limited and Vivriti Asset Management
2.	VCL	Vivriti Capital Limited
3.	VCL ESG Risk Assessment Committee	Comprises of the Managing Director, Chief Risk Officer & Vice President & Group Head - S&I
4.	Sustainability & Impact Team	Members of the team tasked with the execution and implementation of the ESG policy and processes
5.	Business Team	Means the business teams of VCL
6.	Credit Teams	Means the respective credit teams of VCL
7.	Designated Personnel	Means the members of the Credit Teams and Sustainability & Impact Team

## ANNEXURE-I: POLICIES

To refer to relevant policies, please click [here](#) (publicly available policies).

E Policies	S Policies	G Policies
Sustainable Finance Framework	Fair Practice Code	Anti Bribery & Anti-Corruption Policy
	Human Rights Policy	Corporate Governance Policy
Climate Action Policy	Health, Safety & Environmental (HSE) Policy	Nomination & Remuneration Policy
	Diversity, Equity & Inclusion (DEI) Policy	KYC & AML Policy
	Childcare Allowance Policy	Grievance & Redressal Mechanism Policy
	Corporate Social Responsibility (CSR) Policy	Whistle Blower Policy
	Prevention of Sexual Harassment (POSH) Policy	Vendor Code of Conduct Policy
	Land Acquisition Policy	Vendor Management Policy
	Sustainable Stewardship Policy	Third Party Vendor Onboarding Offboarding Policy
	IT Data Protection Policy	Violation of Code of Conduct & Action Policy
	IT Audit Policy	Related Party Transaction Policy
	IT Third Party Vendor Onboarding & Offboarding Policy	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
	IT Data Privacy Policy	Code of Conduct to Regulate, Monitor and Report Trading
	IT Risk Management Policy	IT Cyber Security Policy
	IT Disciplinary Process Policy	IT Security Awareness Policy
		IT Governance Framework Policy
		Vivriti Group Tax Strategy

## ANNEXURE-II: EXCLUSION LIST

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 Capital Limited (VCL) 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 new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluoron carbon (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. Severe carbon-intensive projects or companies (extraction/mining of coal, oil & gas and fossil-fuel-backed power generation) that do not have a decarbonization pathway and targets, and lack clean or alternative revenue streams
14. Animal testing on Non-medical Grounds – Any company or corporation that practices animal testing on non-medical grounds

### **ANNEXURE-III: 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-IV: Rapid Environmental Assessment (REA) Checklist

Location:

Subproject Title:

Preparer/Date:

SCREENING QUESTIONS	Yes	No	REMARKS
<p>A. Subproject Siting</p> <p>Is the Subproject area adjacent to or within any of the following environmentally sensitive areas?</p>			
<ul style="list-style-type: none"> <li>• Cultural heritage site</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• Legally protected area (core zone or buffer zone)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• Wetland</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• Mangrove</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• Estuarine</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• Special area for protecting biodiversity</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>B. Potential Environmental Impacts</p> <p>Will the Subproject cause...</p>			
<ul style="list-style-type: none"> <li>• impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• disturbance to precious ecology (e.g. sensitive or protected areas)?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• increased air pollution due to subproject construction and operation?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> <li>• noise and vibration due to subproject construction or operation?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	

SCREENING QUESTIONS	Yes	No	REMARKS
• involuntary resettlement of people? (physical displacement and/or economic displacement)	<input type="checkbox"/>	<input type="checkbox"/>	
• disproportionate impacts on the poor, women and children, Indigenous People, or other vulnerable groups?	<input type="checkbox"/>	<input type="checkbox"/>	
• poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STI's and HIV/AIDS) from workers to local populations?	<input type="checkbox"/>	<input type="checkbox"/>	
• creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents?	<input type="checkbox"/>	<input type="checkbox"/>	
• social conflicts if workers from other regions or countries are hired?	<input type="checkbox"/>	<input type="checkbox"/>	
• large population influx during subproject construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?	<input type="checkbox"/>	<input type="checkbox"/>	
• risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during subproject construction and operation?	<input type="checkbox"/>	<input type="checkbox"/>	
• risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?	<input type="checkbox"/>	<input type="checkbox"/>	
• community safety risks due to both accidental and natural causes, especially where the structural elements or components of the subproject are accessible to members of the affected community or where their failure could result in injury to the community throughout subproject construction, operation, and decommissioning?	<input type="checkbox"/>	<input type="checkbox"/>	
• generation of solid waste and/or hazardous waste?	<input type="checkbox"/>	<input type="checkbox"/>	
• use of chemicals or hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	
• generation of wastewater during construction or operation?	<input type="checkbox"/>	<input type="checkbox"/>	

Overall conclusion on Environment Category (circle one):

A

B

C

Reason for conclusion:

### ANNEXURE-V: Involuntary Resettlement Screening Questions

Involuntary Resettlement Screening Questions	Yes	No	Not Known	Remarks
<b>Involuntary Acquisition of Land</b>				
1. Will there be land acquisition?				
2. Is the ownership status and current usage of land to be acquired known?				
3. Will easement be utilized within an existing Right of Way (ROW)?				
4. Will there be loss of shelter and residential land due to land and/or building purchase or lease?				
5. Will there be loss of agricultural and other productive assets due to land acquisition?				
6. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
7. Will there be loss of businesses or enterprises due to land and/or building purchase or lease?				
8. Will there be loss of income sources and means of livelihoods due to land and/or building purchase or lease?				
9. Are there any pending court cases, claims or grievances related to the land to be acquired or leased?				
10. Are there unsettled compensation to previous landowners, informal land users and affected persons?				
11. Will people lose access to natural resources, communal facilities and services?				
12. If land use is changed, will it have an adverse impact on social and economic activities?				
13. Will access to land and resources owned communally or by the state be restricted?				

**Information on Displaced Persons:**

Any estimate of the likely number of persons that will be displaced by the Project?       No     Yes

If yes, approximately how many? \_\_\_\_\_

Are any of them poor, female-heads of households, or vulnerable to poverty risks?       No     Yes

Are any displaced persons from indigenous or ethnic minority groups?       No     Yes

Indigenous People Screening Questions	Yes	No	Not Known	Remarks
<b>A. Indigenous People Identification</b>				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal People), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				

Indigenous People Screening Questions	Yes	No	Not Known	Remarks
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal People, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous People" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
<b>B. Identification of Potential Impacts</b>				
9. Will the project directly or indirectly benefit or target Indigenous People?				
10. Will the project directly or indirectly affect Indigenous People' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous People? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous People, and/or claimed as ancestral domain?				
<b>C. Identification of Special Requirements</b> <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous People?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous People?				

Indigenous People Screening Questions	Yes	No	Not Known	Remarks
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous People?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous People?				

## ANNEXURE-VI: Supply Chain Due Diligence

Aspect	Question
Policy and Legal Knowledge	Does the Company have a Procurement Policy, and does it clearly define E&S commitments/standards? Does this include commitments related to child and forced labor, etc.
	Do you have a code of conduct for suppliers covering supply chain risks (CL, FL, harm to workers)? Does this the CoC form part of vendors contractual obligations?
	Do procurement policies define any of the following for suppliers (please provide details): <ul style="list-style-type: none"> <li>• What is the minimum age for employment in suppliers?</li> <li>• What is the age for hazardous work?</li> <li>• A list of hazardous tasks for underage workers you share with suppliers?</li> </ul>
Capacity	Please describe the human resources responsible for administering the supply chain management at a corporate level.
	Please describe the human resources responsible for administering the supply chain management at a Project level.
	Who is involved in vendor/supplier evaluations? Are E&S staff involved? If so, what is their role?
Quality of Supplier Mapping	What are the most important product lines, and who are the main suppliers? Have there been any significant changes in key suppliers in the last 12 months?
	What proportion of goods and materials comes from second-tier suppliers or agents? Do you know who these second-tier suppliers are?
	Do you have the same policies and same level of due diligence undertaken for tier one and two suppliers? If no, what is the difference?
	Please detail the company's material traceability & sourcing processes.
	Has your supply chain been mapped and how are risks related to suppliers be evaluated?
	How many tiers of suppliers does this process cover?
Communication	Does your supplier pre-qualification / bidding process include E&S and considerations with respect to child and forced labor?
	How do you communicate to primary suppliers your requirements on child and forced labor, and health and safety?
Monitoring and Due Diligence	Do you place any contractual obligations on suppliers to cascade these requirements down the supply chain, and if so, how?
	How do you go about assessing suppliers' processes and policies for avoiding child and forced labor?
	Do you look at any suppliers' age records, or recruitment processes?
	Do you look at third party workers or workers contracted via an employment agency as well?
	At what point in the process of supplier engagement is this assessment undertaken?
	Who is responsible for undertaking the assessment process (e.g., own resources, auditors etc.) and what training and qualification do they have on these issues?
How and at what frequency do you monitor supplier's performance against your requirements on child and forced labor and health and safety?	
Who is responsible for undertaking the monitoring process (e.g., auditors)? What training and qualification do they have on these issues?	

	How is information compiled and recorded e.g., paper records, database, shared platform?
	Has the due diligence or monitoring process uncovered any risks of child labor or forced labor in particular countries or products?
	How did you address issues of non-compliance with corporate E&S policies, child labor and forced labor that was uncovered during the audit? Have you ever changed suppliers because of repeated non-compliances?
	Do you collaborate with government labor inspections with regard to suppliers?
	Do you collaborate with any other retailers in terms of sharing information about risks or addressing labor standards challenges in your supply chain?
	Do you require your suppliers to undertake monitoring of their supply chain and if so, through which mechanism?
	How are the results of such monitoring reported to you?
	Do you carry out any verification of such activities and if so, how?
	Do any suppliers retain identification documents for their workers? Do suppliers use recruitment agencies and charge recruit fees to recruit non-national workers?
Documentation for Review	Please provide your procurement policy and plan
	Please provide client policy / Code of Conduct on child / forced labor and health and safety for suppliers
	Please provide standard supplier contract for clauses addressing child / forced labor and health and safety
	Please provide any database or supplier records that might include level of risk or results of monitoring

## Solar Power Specific Supply Chain Management

Please provide specific information on the primary and secondary supply chain extending to raw material supply for the project for ADB to understand and mitigate potential risk with regard to forced labor.

### Initial Questions:

1. Please describe the procurement approach for the solar panels for this Project e.g., direct, open procurement; single source, use of long-term frameworks to directly select the supplier etc.? Please specify a contractual arrangement for procurement and maintenance of solar modules (i.e., direct or via EPC and O&M contractor etc.)?
2. Please confirm if a solar module supplier is yet to be selected or has already been selected?
3. Please confirm that the solar power supply chain management process follows the above-described corporate supply chain management system?
4. Please provide a description of any specific aspects of the system which apply to the solar power supply chain only.

### When Becomes Available, please provide the Bill of Materials.

5. For each supplier where there is a risk of child or forced labor, has the client mapped further stages of the solar panel supply chain and if so to which level?

Module Supplier Name	Secondary supply chain mapping		
	Cell	Wafer	Please add as appropriate

Supplier Name	Country (of origin of the products supplied) and Location of production sites	Products Supplied	Monetary Value or Volume of Goods Supplied	Duration of Trading Relationship	No. of workers (Male/Female)	Child Labor Risk Identified and Explanation?		Forced Labor risk Identified and Explanation?		Occupational Safety and Health Risk Identified?
						In the primary supplier	In secondary (lower tiers) of the supply chain	In the primary supplier	In secondary (lower tiers) of the supply chain	
			<i>(Use whichever measure is most appropriate)</i>							

## ANNEXURE-VII: IFC RISK CATEGORIZATIONS

IFC Risk Categorization: All proposed engagements that pass the initial screening & credit assessments, undergo 3 screening checklists: Rapid Environmental Assessment (REA) - Refer Annexure-III, Involuntary Reassessment (IR) - Refer Annexure-IV, Indigenous People (IP) - Refer Annexure-V; to assess the IFC risk category. Category A and FI-1 (high risk) activities are all rejected. Only Category B & C and FI-2 & FI-3 are approved to undergo further ESG risk assessment.

Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented in the absence of adequate mitigation measures. Category A projects are considered high risk.

Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. Category B projects are considered medium risk.

Category C: Business activities with minimal or no adverse environmental or social risks and/or impacts. Category B projects are considered medium risk.

### Illustrative List of projects/activities

Description	Examples
Category A	<ul style="list-style-type: none"> <li>Illustrative list of Category A projects/activities outlined below</li> </ul>
Category B	<ul style="list-style-type: none"> <li>Small-to-medium scale construction, manufacturing, and processing</li> <li>Commercial/retail businesses; rooftop solar, and facility expansions within an existing footprint</li> </ul>
Category C	<ul style="list-style-type: none"> <li>Financial services, web-based platforms, software development, and project development activities that do not involve physical impacts</li> </ul>

### Illustrative List of Category A Projects

1. Large-scale industrial plants and/or estates.
2. Crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tons or more of coal or bituminous shale per day.
3. Major Greenhouse Gas emitting projects, defined as projects with Direct Greenhouse Gas Emissions of more than 91,000 metric tons of CO<sub>2eq</sub> per year.
4. Cement manufacturing with an annual production rate of greater than one million dry weight tons.
5. Integrated works for the initial smelting of cast iron and steel; installations for the production of non-ferrous crude metals from ore, concentrates, or secondary raw materials by metallurgical, chemical or electrolytic processes.
6. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos; for asbestos-cement products with an annual production of more than 20,000 tons of finished product; for friction material with an annual production of more than 50 tons of finished product; and for other asbestos utilization of more than 200 tons per year.
7. Integrated chemical installations, i.e. those installations that manufacture, on an industrial scale, substances using chemical conversion processes in which several units are juxtaposed and are functionally linked to one another and which produce: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; explosives.
8. Projects that manufacture, store, transport or dispose hazardous or toxic materials.

9. Projects that pose significant occupational or community health and safety risks.
10. Construction of lines for long-distance railway traffic, and airports with a basic runway length of 2,100 meters or more. Motorways, express roads and new roads with four or more lanes or realignment and/or widening of an existing road so as to provide four or more lanes where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.
11. Pipelines with a diameter of more than 800 mm and a length of more than 40 km, terminals, and associated facilities for the large-scale transport of gas, oil, metals/minerals and chemicals.
12. Large-scale seaports and inland waterways and ports for inland waterway traffic; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers).
13. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
14. Large-scale waste disposal installations for the incineration or chemical treatment of non-hazardous wastes with a capacity exceeding 100 tons per day.
15. Construction or significant expansion of large dams and reservoirs not otherwise prohibited.
16. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic meters or more.
17. Works for the transfer of water resources between river basins where that transfer aims at preventing possible shortages of water and where the amount of water transferred exceeds 100 million cubic meters/year, or works for the transfer of water resources between river basins where the multi-annual average flow of the basin of abstraction exceeds 2,000 million cubic meters/year and where the amount of water transferred exceeds 5 per cent of that flow. (In both cases transfers of piped drinking water are excluded.)
18. Industrial plants for the (i) production of pulp from timber or similar fibrous materials; or (ii) production of paper and board with a production capacity exceeding 200 air-dried metric tons per day.
19. Large-scale peat extraction.
20. Quarries and opencast mining where the surface of the site exceeds 25 hectares, or peat extraction, where the surface of the site exceeds 150 hectares.
21. Major exploration and development of onshore oil and gas reserves.
22. Exploration and development of offshore oil and gas reserves.
23. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tons or more.
24. Large-scale logging or deforestation of large areas.
25. Large-scale power transmission and/or long-distance overhead transmission lines.
26. Municipal wastewater treatment plants servicing more than 150,000 people.
27. Large-scale municipal solid waste-processing and disposal facilities.
28. Large-scale tourism and retail development.
29. Large-scale wind power installations for energy production (wind farms) with an installed capacity greater than 100 MW.
30. Large-scale land reclamation and sea dredging operations.
31. Large-scale primary agriculture/plantation or forestation involving intensification, land use change or conversion of priority biodiversity features and/or Critical Natural Habitat or conversion of Natural Habitat.
32. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
33. Installations for the intensive rearing of poultry or pigs with more than: 85,000 places for broilers and 60,000 places for hens; 3,000 places for production pigs (over 30 kg); or 900 places for sows.
34. Greenfield housing developments that contain more than 2,500 residential units.

35. Project activities that entail significant, adverse transboundary and/or cumulative environmental, social, or human rights impacts.
36. Projects that require significant physical or economic displacement and/or government managed resettlement processes.
37. Projects that entail direct, adverse impacts to indigenous peoples and areas of importance for indigenous peoples.
38. Projects that require the utilization or reliance to a large degree on large pools of sub-contracted, unskilled, temporary, casual and/or migrant workers including among primary and secondary suppliers.
39. Projects that have the potential to amplify the significance of the project's environmental and social impacts
40. Projects, not otherwise categorically prohibited, that are located in or sufficiently near sensitive locations of national or regional importance. or proposed for such status by national governments which may have apparent negative environmental or social impacts on:
  - Wetlands
  - Areas of archeological or cultural significance including critical cultural heritage
  - Areas prone to erosion and/or desertification
  - Areas of importance to indigenous peoples
  - Primary temperate/boreal forests
  - Areas that provide significant ecosystem services
  - Coral reefs
  - Mangrove swamps
  - Habitats or other ecosystems which support priority biodiversity features
  - Nationally designated seashore areas
  - Managed resource protected areas, protected landscape/seascape

Category FI: Business activities involving investments in financial institutions (FIs) or through delivery mechanisms involving financial intermediation. This category is further divided into:

- FI-1: when an FI's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
- FI-2: when an FI's existing or proposed portfolio is comprised of, or is expected to be comprised of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
- FI-3: when an FI's existing or proposed portfolio includes financial exposure to business activities that predominantly have minimal or no adverse environmental or social impacts.

Illustrative List of FI – IFC Risk Categories (projects/activities)

Category	Examples
Category FI-A	<ul style="list-style-type: none"> <li>• FIs that invest in major infrastructure construction, Extractive Industries, or large-scale forestry</li> <li>• Equity investments in banks that have significant portfolio exposure to Extractive Industries or fossil fuel-related infrastructure</li> </ul>
Category FI-B	FIs that invest in medium and small-to-medium scale construction, manufacturing, and processing; commercial/retail businesses; rooftop solar; and facility expansions within an existing footprint.
Category FI-C	FIs that invest in tech or tech-enabled investments that do not involve significant physical assets and investments in financial institutions or fund-of-funds. Also applicable to loans to banks where the use of proceeds will involve lending to micro-, small- and medium-enterprises, mortgage and retail banking, leasing of small or light equipment, factoring and insurance.

## ANNEXURE-VIII: BORROWER E&S LEGAL REQUIREMENTS

NOTE: The repository of all applicable regulations has been created for information and reference only. During risk assessment only key legal requirements will be checked.

### PART A: ENVIRONMENTAL REGULATIONS

	Regulations	Key requirements of the regulation
1	Water (Prevention and Control of Pollution) Act, 1974 and amendments thereof	<ul style="list-style-type: none"> <li>Obtaining Consent to Establish (CtE) before commencement of construction and Consent to Operate (CtO) before commissioning/operation from State Pollution Control Board (SPCB) under Air Act and Water Act.</li> <li>Compliance to Consent Conditions.</li> </ul>
2	Air (Prevention and Control of Pollution) Act, 1981 and amendments thereof	<ul style="list-style-type: none"> <li>Standards must be adhered to by industries, commercial establishments, and other sources of pollution</li> </ul>
3	Environmental Protection (DG Set) Second Amendment Rules 2002 & 2004	<ul style="list-style-type: none"> <li>Stack Height of DG set should be as per the regulations.</li> <li>The DG set should be housed in an acoustic enclosure</li> </ul>
4	The Environment (Protection) Act, 1986	<ul style="list-style-type: none"> <li>Submit 'Environment Statement' in Form V to the State Pollution Control Board</li> </ul>
5	E-Waste (Management) Rules 2022	<ul style="list-style-type: none"> <li>Registration with the SPCB/ Local authority as brand owner (where applicable).</li> <li>Obtaining authorisation under E-Waste Management Rules (Form 1), as applicable</li> <li>Maintaining records of e-waste handled or generated (Form-2)</li> <li>Filing of annual returns of e-waste to SPCB (Form-3)</li> </ul>
6	Battery Waste Management Rules 2022	<ul style="list-style-type: none"> <li>Registration with the SPCB/ Local authority as brand owner (where applicable).</li> <li>Obtaining authorisation for treatment and disposal of battery waste</li> <li>Disposal of batteries to authorized vendors only</li> </ul>
7	Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016	<ul style="list-style-type: none"> <li>Obtaining authorisation under Hazardous Waste Rules, 2016</li> <li>Compliance to conditions of the authorisation</li> </ul>
8	Plastic Waste Management Rules, 2016 amended till 2022	<ul style="list-style-type: none"> <li>Registration with the SPCB/ Local authority as brand owner (where applicable).</li> <li>System for take back or management of introduced plastic, where registration as brand owner if applicable.</li> <li>Segregated storage of generated waste and disposal to authorised vendors.</li> </ul>
9	Solid Waste Management Rules, 2016	<ul style="list-style-type: none"> <li>Segregated storage and periodic disposal as per requirements under the Rules and Municipal Authorities</li> </ul>
10	Central Ground Water Authority's Guidelines to regulate and control Ground Water Extraction in India 2020	<ul style="list-style-type: none"> <li>Permission to dig and use borewell or for existing borewells from the Central Ground Water Authority</li> </ul>

### PART B: OHS REGULATIONS

	Regulations	Key requirements of the regulation
1	Factories Act, 1948	<ul style="list-style-type: none"> <li>Obtaining Factories license from the Chief Inspector of Factories</li> <li>Obtaining Approved factory plan/layout from Directorate of Industrial Safety Health for the in-use layout.</li> <li>Compliance to provisions of State Factories Rules.</li> <li>Fire No objection certificate (NOC) from the Local Fire Department</li> </ul>

2	Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010	<ul style="list-style-type: none"> <li>Compliance to General Safety Procedures/Practices for electrical installations.</li> </ul>
3	Indian Boilers Act, 1923	<ul style="list-style-type: none"> <li>Certificate for use of Boiler from the State Boiler Inspection Certificate</li> <li>Hydraulic testing of boiler</li> </ul>
4	National Building Code 2016	<ul style="list-style-type: none"> <li>Life and Fire safety</li> <li>Structural Stability</li> <li>Building Occupancy Certificate</li> </ul>
5	State Fire Safety Regulations	<ul style="list-style-type: none"> <li>Obtain fire safety certificate from the Municipal Authority/ Local Bodies Local Fire Department</li> <li>Fire No Objection Certificate (NOC) from</li> </ul>
6	Central Motor Vehicle Rules, 1989 amended upto 2016	<ul style="list-style-type: none"> <li>Obtain vehicle related permits and licenses (Driver's license, Pollution Under Control certificate, Vehicle Permit, Registration Certificate, Vehicle Insurance)</li> </ul>
7	FSSAI (Licensing and Registration of Food Businesses) Regulations, 2011	<ul style="list-style-type: none"> <li>Obtain FSSAI license as per requirements under the Rules from the Food Safety Commissioner</li> </ul>

**PART C: SOCIAL, WORKER, AND LABOUR REGULATIONS**

	Regulations	Key requirements of the regulation
1	State Shops & Establishment Acts	<ul style="list-style-type: none"> <li>Registration under State Shops &amp; Establishment Act</li> </ul>
2	The Child Labour (Prohibition & Regulation) Act, 1986	<ul style="list-style-type: none"> <li>No child shall be employed or is permitted to work in the investee's premises or business operations.</li> </ul>
3	Employee Compensation Act 1923 and Amendment Act 2009	<ul style="list-style-type: none"> <li>Payment of compensation to employee for injury sustained during work.</li> </ul>
4	Maternity Benefits Act, 1961	<ul style="list-style-type: none"> <li>Provision of Maternity benefits to employees as per applicable requirements of the Act.</li> </ul>
5	Minimum Wages Act, 1948	<ul style="list-style-type: none"> <li>Payment of minimum rate of wages as fixed and periodically revised by the State Government</li> </ul>
6	Employees' State Insurance Act, 1948	<ul style="list-style-type: none"> <li>Deduction of employee contribution and payment of employer contribution</li> <li>as required under the Employee State Insurance Scheme (ESIC)</li> </ul>
7	The Employees' Provident Fund and miscellaneous Provision Act, 1952	<ul style="list-style-type: none"> <li>Deduction of employee contribution and payment of employer contribution</li> <li>as required under the Employee Provident Fund</li> </ul>
8	The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	<ul style="list-style-type: none"> <li>Policy on Prevention of Sexual Harassment.</li> <li>Constitution of Internal Complaints Committee</li> </ul>
9	Private Security Agencies (Regulation) Act (PSARA), 2005	<ul style="list-style-type: none"> <li>Obtain a copy of the Private Security Agency's license engaged to provide Security Services</li> </ul>
10	The Contract Labour (Regulation and Abolition) Act, 1970	<ul style="list-style-type: none"> <li>Obtain certificate of registration for employing Contract Labour from the office of the Labour Commissioner or relevant State Authority.</li> <li>Comply with the applicable conditions</li> </ul>

## ANNEXURE-IX: E&S CONVENANTS

### Definitions

#### 1. Environmental & Social Laws

Environmental and Social Laws means any law, rules and regulations (including international treaties ratified by India and ILO core labour standards and fundamental principles) applicable concerning (i) environmental matters and natural resource management, (ii) employees and labour and their condition of workplace (particularly compliance with regulations relating to child and forced labour, discrimination and rights of association), (iii) protection of occupational as well as public health and safety, and (iv) all other laws, rules and regulations including life and fire safety and building integrity.

#### 2. Environmental and Social Action Plans

Environmental and Social Action Plan means a plan (if any) setting out specific environmental and social measures to be undertaken by the client.

#### 3. Child Labour

Child Labour refers to employment of children in a manner that is economically exploitative or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The Child Labour (Prohibition and Regulation) Amendment Act 2016 defines child as a person who has not completed fourteenth year of age. No child shall be employed or permitted to work in any occupation or process. Adolescent is defined as a person who has completed fourteenth year but has not completed eighteenth year. No adolescent shall be employed or permitted to work in any of the hazardous occupations or processes set forth in the Schedule of the Child Labour Act 2016.

#### 4. Forced Labour

Forced Labour consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labour, such as indentured labour, bonded labour, or similar labour-contracting arrangements, retention of caution money, withholding original certificates of employees, and signing of bonds.

### E&S Covenants

#### 1. Affirmative Covenants

- All proceeds from the Loan will be utilized only for the Purpose as set out in Schedule 1, and shall not in any event, be used for i) investment in capital markets; (ii) investment in real estate or land acquisition; (iii) indulging in any activities which are prohibited under Applicable Law; (iv) any speculative business or activity; or (v) exclusion list.
- The client shall comply with all Applicable Laws for the purposes of availing of the Loan from the investor and shall ensure that these are complied with by the Client till the repayment of the Final Settlement Date.
- The client shall establish appropriate procedures and policies to restrict its employees, consultants or other agents from causing breach of any conditions, covenants or representations under this agreement and Environmental and Social Laws.
- The client shall establish appropriate procedures and policies to prohibit the engagement of child labour in compliance with provisions of the Child Labour (Prohibition and Regulation) Amendment Act 2016, regardless of their nature of employment as full time employees or through contractors.
- The client shall comply with the Environmental and Social Action Plan, if applicable.
- The investee shall not discriminate in respect of any employment decision against workers on the grounds of

their trade union or worker organizations membership.

- The investee shall upon Lender's request, such request to be made with reasonable prior notice to the Investee (except no such reasonable prior notice shall be necessary if an Event of Default or Potential Event of Default is continuing or if special circumstances so require), permit representatives of the Lender, during normal office hours, to inspect, examine and audit, the operations, business and activities of the Investee.

## 2. Negative Covenants

- The investee shall not engage in the activities on the exclusion list at any point in time through the tenure of the investment.
- The investee shall not engage forced labour and penalty labour practices.
- The investee shall not engage child labour, both directly and indirectly through contractors.

## 3. Informative Covenants

- The investee shall as soon as possible but no later than 48 hours after its occurrence, notify the Lender of any incident or accident within the business area or areas otherwise within the Investee's management or control, which has or may reasonably be expected to have a material adverse effect on the environment, health or safety, including, without limitation, explosions, spills or workplace accidents which result in death, serious or multiple injury or major pollution, or violent labour unrest or dispute between the Investee and local communities, specifying, in each case, the nature of the incident or accident, the on-site and off-site impacts arising or likely to arise therefrom and the measures the Investee is taking or plans to take to address those impacts; and keep the Lender informed of the on-going implementation of those measures.

## 4. Representation of Warranties of the Investee and Guarantor(s)

- That there is no action, suit, proceeding or investigation pending or threatened against the Investee and/or the Guarantor or the property of the Investee and/or the Guarantor before any courts/tribunals or any governmental authority which might have Material Adverse Effect on the financial and other affairs of the Investee and/or the Guarantor or which might put into question the validity, enforceability or performance of the Loan Documents or any of its terms and conditions.
- The investee shall conduct its business in compliance with applicable anti-corruption and anti-money laundering laws, and in particular, provisions of the Prevention of Money Laundering Act, 2002, and laws to combat the financing of terrorism and maintain policies and procedures designed to promote and achieve compliance with such laws."

## 5. The investee represents and warrants that:

- It has not received nor is aware of any existing or threatened complaint, order, directive, claim, citation or notice from any Authority or any material written communication from any Person with respect to any aspect of its compliance with any matter covered by any applicable laws such as the Environmental and Social Law or the Environmental, Health and Safety Guidelines.
- To the best of its knowledge and belief after due inquiry, it is not in violation of any statute or regulation of any Authority including environmental and social laws.
- It is not taking part in production, use of, trade in, distribution of, or otherwise involved in any Excluded Activity.

## 5. Events of Default

- Excluded Activity: If the investee engages in Excluded Activities.

## ANNEXURE-X: 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 minimize 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.

### 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.

#### 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 borrower/client demonstrates a strong commitment to implementing robust corporate governance practices, including addressing environmental and social (E&S) considerations.

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

Control Environment – The borrower/client 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 borrower/client provides financial and non-financial disclosures that are relevant, accurate, and reliable for stakeholders.

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

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

#### 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, VCL ensures that clients that undergo ESG assessments adhere to /comply with the ratified conventions.

#### 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, VCL evaluates whether the borrower/client adheres to the UNGC principles through the E, S & G assessment parameters.

#### UNITED NATIONS SUSTAINABLE 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