

# SUSTAINABLE STEWARDSHIP POLICY

<b>Version</b>	<b>Approval Date</b>	<b>Created By</b>	<b>Approving Authority</b>
V1	09 <sup>th</sup> May 2024	Sustainability & Impact Team	Board of Directors – Approved at group level for both holding and subsidiary company

## Table of Contents

1. PREAMBLE.....	3
2. STEWARDSHIP OBJECTIVES .....	3
3. SCOPE.....	3
4. STEWARDSHIP TOOLS.....	3
I.    ENGAGEMENT .....	3
i. ESG Risk Assessment & Monitoring.....	4
ii. Broader Stakeholder Engagement.....	5
iii. Stakeholder Materiality Assessment.....	6
II.    ESCALATION STRATEGY .....	6
III.   VOTING.....	7

## 1. Preamble

Vivriti Capital Limited (VCL) ('the Company') is public 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.

Vivriti Asset Management Private Limited ("VAM"), a subsidiary of VCL, is an investment manager to fixed-income Alternative Investment Funds registered with Securities and Exchange Board of India (both VCL & VAM hereinafter together shall be referred as "Vivriti").

## 2. Stewardship Objectives

Vivriti uses stewardship mediums for effective stakeholder engagement and influence. These practices are aimed at addressing and better managing ESG risks and opportunities, improving the sustainability performance through adoption of better & transparent practices, and enhancing impact and long-term value creation of the respective stakeholder groups.

## 3. Scope

The Stewardship Policy applies to both borrowers and investees (all AUM) under VCL & VAM respectively, and also extends to all our stakeholder groups depending on the various engagement mediums.

## 4. Stewardship Tools

### I. Engagement

Our ESG engagements are intended to encourage and positively influence through the necessary support we provide to our clients to strengthen and improve their own sustainability performance. We use engagement as an integral stewardship tool through 3 engagement mediums:

- ESG Risk Assessment & Monitoring
- Broader Stakeholder Engagement
- Materiality Assessment

#### i. ESG Risk Assessment & Monitoring

We have an ESG risk assessment process in place that has been designed to assess and evaluate the sustainability/ESG performance of our borrowers and investees (including our own). 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.

The process comprises of:

- Internal ESG framework consisting of the ESG Committee that has an oversight of all our ESG engagements, and relevant ESG policies
- An exclusion sector list or list of “Prohibited Activities” that excludes all activities which have a negative/harmful impact on society and the environment
- The Vivriti Sustainability Assessment Model (VSAM) which is a standardized in-house digital tool that gauges the ESG health of our portfolio companies by scoring their sustainability performance on a 5-graded scale
- Pre-Due Diligence: This is the first step in conducting our ESG assessments, and aims at evaluating the current sustainability performance of an entity based on desk research and some qualitative and quantitative data asks
- Post-Due Diligence: Consecutively, on-field meetings are conducted with the CXOs of the entity. This step applies a deeper assessment of the organization’s ESG processes, policies and practices.
- VSAM assess and evaluates the entity’s ESG performance based on the quantitative & qualitative inputs from the Pre & Post Due Diligence, and generates an ESG score.
- Based on the score received, a monitoring plan gets activated ranging from quarterly to yearly engagement with the entity. Monitoring includes identifying ESG related gaps in the entity’s systems & processes and engaging with them through advisory to strengthen their performance.
- 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.

- **Engagement guidelines for environmental issues**

Environmental issues covered by the ESG assessment questions used during Pre & Post due diligences include:

- **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

○ **Engagement guidelines for social issues**

Social issues covered by the ESG assessment questions used during Pre & Post Due-Diligences include:

- Data privacy and security
- Product responsibility, quality, safety
- Human rights
- Employee safety
- Employment quality
- Employee development
- Equal opportunity
- Community support & development

○ **Engagement guidelines for governance issues**

Governance issues covered by the ESG assessment questions used during Pre & Post Due-Diligences include:

- Business ethics
- Board structure and functioning
- Board diversity
- Committee functioning
- Financial Audit & Control
- ESG reporting

**ii. Broader stakeholder engagement – Prioritization approach for engagement targets & topics**

To develop a meaningful sustainable journey, Vivriti prioritizes broader stakeholder engagement with all stakeholders (internal & external) in the value chain on a periodic basis, for a better alignment with broader business performance metrics and organizational impact. These broad level engagements are targeted to be conducted on a period and on-going basis, and are designed to deliver effective outcomes through dialogue, knowledge transfer sessions, and feedback on priority topics around sustainable value creation. Vivriti's deep-rooted commitment to stewardship through stakeholder engagement transcends transactional interactions and are aimed at fostering enduring partnerships committed to shaping a sustainable future for both parties. The various stakeholder engagement channels used by Vivriti on a regular basis have been outlined below:

<b>Stakeholder Category</b>	<b>Engagement Channels</b>
Board Members	<ul style="list-style-type: none"> <li>- Board &amp; Committee Meetings</li> <li>- Annual Report</li> <li>- Sustainability Report</li> </ul>
Investors	<ul style="list-style-type: none"> <li>- Investor meetings and conferences</li> <li>- Annual General Meetings</li> <li>- Quarterly reports and press releases</li> <li>- Periodic webcasts on updates</li> </ul>
Government Bodies & Regulators	<ul style="list-style-type: none"> <li>- Policy updates and Ministry directives</li> <li>- Mandatory filings with regulators including RBI and SEBI</li> <li>- Meetings with regulators</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Meetings</li> <li>- Trainings</li> <li>- Workshops</li> <li>- Performance appraisals</li> </ul>

	<ul style="list-style-type: none"> <li>- Monthly Townhalls</li> <li>- Offsites</li> <li>- Engagement surveys</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Meetings</li> <li>- Engagement events</li> <li>- Grievance redressals</li> <li>- Customer satisfaction surveys</li> <li>- Corporate website and social networking sites</li> </ul>
CSR Partner / Local Community	<ul style="list-style-type: none"> <li>- CSR project collaborations</li> <li>- Local community engagements</li> <li>- Volunteering initiatives</li> <li>- Project assessment reviews</li> </ul>
Suppliers / Alliance Partners	<ul style="list-style-type: none"> <li>- Periodic meetings</li> <li>- Grievance redressals</li> <li>- Surveys, phone, and video calls</li> </ul>
Auditors / Consultants	<ul style="list-style-type: none"> <li>- Audits and reviews</li> <li>- Surveys</li> <li>- Regular meetings</li> </ul>
Legal Advisors	<ul style="list-style-type: none"> <li>- Advisory meetings and calls</li> </ul>
Rating Providers	<ul style="list-style-type: none"> <li>- Meetings and calls</li> <li>- Forums</li> </ul>

### iii. Stakeholder Materiality Assessment

Vivriti conducts a stakeholder materiality assessment survey annually to prioritize material issues and topics that will strengthen Vivriti’s business processes and sustainability strategy. The materiality assessment survey is based on a wealth of observations and insights gained from regular stakeholder engagements, along with desk research studies on emerging trends, peer benchmarking, and best practices in alignment with different standards and frameworks. The survey gauges the views of internal and external stakeholders of Vivriti on various material topics. Based on the insights from the survey results, the top material topics are selected to drive Vivriti’s sustainability strategy.

## II. Escalation Strategy

- The ESG Committee is the final decision-making body for all new undertakings/ investments and has the final say in continuing/discontinuing with ongoing engagements based on regular ESG assessments and ESG scoring of entities conducted in-house through VSAM
- Vivriti conducts measurement & monitoring of its portfolio ESG risks & opportunities regularly as part of its ESG risk assessment measures. Once an entity undergoes the first cycle of the ESG risk assessment process and is assigned an ESG score, its performance is monitored and measured regularly and the same is reported to the ESG Committee to aid in further decision-making
- Every ESG risk assessment, is followed by reporting/disclosing of the impact parameters. VSAM analyses and evaluates an entity’s sustainability performance and assigns a score accordingly. The tool then generates a report based on the inputs provided to the model and is also integrated with the observations from the Pre & Post Due Diligences. The impact/ESG parameters captured by VSAM are further disclosed in our sustainability and impact reports

### III. Voting

Vivriti Group's entities operate on a fund strategy of providing private credit to investee companies or portfolio companies. By virtue of this theme, it finances/invests in debt instruments of these entities and doesn't hold equity or preference share capital. At any given point of time, Vivriti Group's entities doesn't hold any position on the Board or critical decision-making body of any investee/portfolio company, therefore, it has no control in any of its investee/portfolio companies. As per the statutory requirements of the Companies Act, ownership and voting rights is available to only eligible equity or preference shareholders.