



**vivriti**  
CAPITAL

# Environmental, Social and Governance Policy

<b>Version</b>	<b>Approval Date</b>	<b>Reviewing/ approving authority</b>
V1	15 <sup>th</sup> February 2020	Board of Directors

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

<b>DATE OF APPROVAL</b>	15 <sup>th</sup> February 2020
<b>EFFECTIVE FROM</b>	15 <sup>th</sup> February 2020
<b>LAST REVISED ON</b>	-
<b>LAST REVIEWED ON</b>	-
<b>REMARKS/BOARD NOTES OR COMMENTS (IF ANY) ON PREVIOUS REVIEW</b>	-

### 1. PREAMBLE

- 1.1 Vivriti Capital Private Limited ("**VCPL**") is a non-banking financial company registered with the Reserve Bank of India.
- 1.2 Vivriti Asset Management Private Limited ("**VAM**") is a wholly owned subsidiary of VCPL and is involved in the business of asset management of various funds including alternative investment funds registered with SEBI (both VCPL & VAM hereinafter together shall be referred as "**Vivriti**").
- 1.3 Vivriti recognises that its activities, and the activities of its clients can have environmental and social implications. Accordingly, Vivriti is establishing this environmental, social and governance policy in order to implement the appropriate framework in relation to environmental and social issues.
- 1.4 Unless otherwise defined, capitalised terms have the meanings given to them in the "legend" provided at the end of this document.

### 2. OBJECTIVES

- 2.1 To approve a framework for the environment, social, labour and governance ("**ESG**") practice.

### 3. PRINCIPLES

- 3.1 Vivriti will conduct its business and operations in compliance with all environmental, social and labour laws (local and central), including those relating to human trafficking and child labour.
- 3.2 Vivriti will conduct a ESG diligence on its prospective and existing clients as mentioned in paragraph 7.1 of this Policy. An indicative list of the criteria to conduct the ESG diligence is provided in Annexure I. The list will be updated from time to time based on guidance provided by the Board and Vivriti's senior management.
- 3.3 Vivriti shall adhere to all the policies of the Government of India or any department thereof concerning any environmental, social or labour related issues applicable to Vivriti. Vivriti shall also require its clients to adhere to these policies (to the extent applicable) by way of appropriate undertakings and covenants in documentation for on-balance sheet financing.

#### 4. VIVRITI'S ROLES AND RESPONSIBILITIES

##### 4.1 Towards Environment

Vivriti shall conduct its business and operations in compliance with applicable environmental, health and safety laws or policy issued by Government of India or any department thereof.

##### 4.2 Towards social, labor and working Conditions

Vivriti is committed to conduct its business and operations in compliance with applicable social and labor laws and policies issued by Government of India or any department thereof.

##### 4.3 Towards Governance

Vivriti is committed to sound governance, a system of checks and balances and the highest standards of integrity with the following aspects:

##### 5.3.1 Management

- (a) Vivriti is governed by its Board of Directors with the day-to-day management carried out by each of the departmental head;
- (b) Vivriti shall have adequate number of Independent Directors on its Board as may be required under the Companies Act, 2013;

##### 5.3.2 Whistle Blowing

- (a) Vivriti follows the zero tolerance to fraud, corruption, bribery and/or money laundering, whether occurring in connection with operations of the Vivriti or perpetrated by its own employees;
- (b) VCPL has a Whistleblowing Policy in place which is a key element for safeguarding the its integrity and underpinning its system for combatting practices that might damage its activities and reputation.

#### 5. RISK CATEGORISATION

5.1 Based on the checklist as mentioned in Annexure I, a prospective client will be assessed by the Designated Personnel to evaluate the level of risks associated with the transaction/client.

5.2 The risks will be categorised on the basis of the criteria set out in Annexure II of this policy.

5.3 All such assessments will be presented to the Committee at such times as may be prescribed by the Committee.

#### 6. EXCLUSION LIST

6.1 Vivriti will not enter into arrangements/transactions with any institutions/persons that are engaged in any of the activities set out in Annexure III of this policy ("**Prohibited Activities**").

#### 7. CLIENT SCREENING /DILIGENCE

#### 7.1 For VCPL

- (a) The Designated Personnel will conduct a preliminary diligence of the prospective client and the existing client of VCPL.
- (b) In case of new client to which VCPL does not lent any money or does not have on-balance sheet financing, the response received from client on the checklist shall be updated in the CredAvenue website.
- (c) In case of new client to which VCPL propose to lend any money or on-balance sheet financing, the response received from client on the checklist shall be placed before the Credit Committee along with the Term sheet.

#### 7.2 For VAM

- (a) The Investment Management Team of VAM will conduct a preliminary diligence of the prospective client of VAM prior to entering into the transaction on the basis of checklist as provided in Annexure I of this Policy.
- (b) The Investment Management Team shall place the response received from the client along with the investment note or other document related to transaction, as may be required, before the Investment Committee.

7.3 If, *prima facie*, the prospective client or the transaction is engaged in any Prohibited Activity, Vivriti will not enter into such transaction and will not engage with such prospective client.

#### 8. Risk Assessment

8.1 Vivriti will not enter into any transaction categorised as "High Risk".

8.2 Vivriti may enter into any transaction categorized as "Medium Risk" or "Low/ No Risk" subject to all recommendations and conditions specified by the Designated Personnel being complied with. Any transaction/client having multiple "Medium" risks, would need to be further evaluated by the Committee.

8.3 Recommendations and conditions will be complied by the client by way of appropriate undertakings and covenants in documentation for on-balance sheet financing.

#### 8.4 PERIODIC ASSESSMENT

- (a) The Designated Personnel shall conduct a periodic assessment on the client (in which Vivriti has lent money or has on-balance sheet financing) on a yearly basis on the basis of checklist as provided in Annexure I.
- (b) The Investment Management Team shall conduct a periodic assessment on the client (in which VAM has invested money) on a yearly basis on the basis of checklist as provided in Annexure I.
- (c) For client in which Vivriti will have on-balancing financing, the Designated Personnel will also conduct site visits on the occurrence of any trigger events specified in Annexure IV.
- (d) Any non-compliance identified during the periodic assessment/diligence will be reported to the Credit Committee/Investment Committee, as the case may be, who

will decide on any further action to be taken.

#### 8.5 DOCUMENTATION

- (a) All on-balance sheet financing documentation must contain such environmental, social and labour standards related covenants as may be prescribed by the Committee.
- (b) All on-balance sheet financing documentation entered into by Vivriti must contain representations and covenants from the client in relation to compliance with all applicable laws (including all, local and central, environment, social and labour laws).
- (c) Any failure of the client to perform such covenant or representation should be classified as an event of default under the on-balance sheet financing documentation entered into with the client.

#### 9. TRAINING OF DESIGNATED PERSONNEL

All Designated Personnel, Investment Management Team and all members of the Credit Committee & Investment Committee concerned with this policy will keep themselves updated with all developments in relation to applicable environmental, social and labour laws.

#### 10. REPORTING

A report on all information presented to the Committee and all reports reviewed by the Committee will be provided to the Board on an annual basis and/or at such other time periods as may be specified by the Board.

#### 11. APPLICATION TO EXISTING CLIENT

VCPL will endeavour to ensure compliance of its existing clients with this policy, by obtaining appropriate declaration/representation from client in relation to compliance of applicable environment and labour laws and other applicable laws.

#### 12. POLICY REVIEW

- 12.1 This policy shall be reviewed periodically on such basis and at such times as may be prescribed by the Committee (for VCPL) and Investment Committee (for VAM).

#### GOVERNANCE MATRIX:

S. NO.	NAME AND DESIGNATION OF PERSONNEL	REMARKS (if any) <i>(including specific roles and responsibilities)</i>
1.	Client Acquisition Group of VCPL	Due Diligence of new client
2.	Risk Team of VCPL	Periodic Assessment

#### LEGEND:

S. NO.	TERM	PARTICULARS
1.	Investment Management Team	means the Investment Management team of Vivriti

		Asset Management Private Limited as mentioned in the Private Placement Memorandum of the Fund managed by VAM
2.	Investment Committee	Means the Investment Committee as formed by VAM
3.	Committee	Both Credit Committee and Investment Committee shall be termed as "Committee" together
4.	Designated Personnel	means the personnel specified in the governance matrix
5.	Credit Committee	means the Credit committee designated by VCPL to ensure compliance with the policy

**ANNEXURE I  
DUE DILIGENCE CHECKLIST**

**A. Environment**

1. Does the company obtained relevant license/registrations/approvals in relation to applicable environmental laws (local and central) ?
2. Are there any significant outstanding environmental fees, fines or penalties or any other environmental liabilities ?
3. Whether any notice issued or proceedings initiated against the company for any violation or non-compliance of any environment laws ?
4. Does the company have the processes and procedures to address environmental risks and impacts?
5. Does the company comply with all applicable local environmental laws, standards and regulations?
6. Does any local authority performed environmental inspections at the company's premises?
7. Does the company generate air emissions (e.g. from boilers, plant or other equipment, etc.)

**B. Social & Labour**

1. Any labour unrest or dispute during a period of past 3 years ?
2. Does the company obtained relevant license/registrations/approvals in relation to applicable labour laws (local and central).
3. Does the company understand and comply with all applicable health and safety laws, standards and regulations?
4. Whether any notice issued or proceedings initiated against the company for any violation or non-compliance of any social or labour laws ?
5. Is a first aid kit available at all sites?
6. Does the company have adequate life and fire safety measures in place (i.e. fire alarm, fire sprinklers, extinguishers, evacuation maps, clearly marked exits routes, etc.)?
7. Has there been any fire or fire outbreaks in the past?
8. Does the company have a human resources policy or manual that sets out its approach to managing workers?
9. Is there a responsible person or team for human resources matters?
10. Does the company have an approach to ensure women and men are compensated equally?

11. Does the company offer and support paid maternity leave? Does the company offer and support paid paternity leave?

12. Does the company have a grievance mechanism for staff to raise concerns?

13. Does the company follow Fair Practice Code ?

14. Does the company follow aggressive collection policies such as calling relative of borrower in case of default, improper behaviour of recovery agent or collection agent etc or does the company have a Recovery and Repossession of Secured Assets Policy and Code of Conduct for Collection Agents as prescribed by RBI ?

### **C. Governance**

1. Does the company has requisite number of directors as required under the Companies Act, 2013?

2. Whether any director is disqualified to be appointed as director under the Companies Act, 2013 ?

3. Does the Company required to appoint any independent director under the Companies Act, 2013 or other applicable laws ? If yes, are there any independent directors on the Board ?

4. How often does the Board meet?

5. Is the Board agenda circulated to all members prior to the Board meeting? How many days in advance?

6. Are Board minutes maintained and signed by the Chairman?

7. Is there a process or policy in place to identify and assess potential risks to the operation and to define a strategy for eliminating or minimizing the impact of these risks?

8. Who holds responsibility for Risk Management within the organization?

9. Is there a Risk Management Committee in place?

10. Is there a Risk Management Committee charter?

11. Intended end-use of the on-balance sheet financing/fund provided by Vivriti ?

12. Has the company identified and complied with all applicable environment, labour and social regulatory laws ?

13. Is there a person designated or responsible for issues related to compliance, ethics and conflict of interest ?

14. Does the company have an anti-bribery and corruption policy in place ?

15. Does the company have mechanisms to prevent fraud?



16. Whether there is any fraud incurred in the company ?
17. Does the company have an anti-money laundering policy in place?
18. Does the company has complied with anti-money laundering laws ?
19. Whether the company is engaged in any Prohibited Activity.

**ANNEXURE II  
RISK CATEGORIES**

<b>CATEGORY</b>	<b>DESCRIPTION</b>
High	Client which are involved any Prohibited Activity
Medium	Transactions/clients with potential adverse environmental, social or labour impacts which are less adverse than those of High Risk, and are largely reversible through mitigation measures.
Low/No	Transactions/clients with minimal or no adverse environmental, social or labour impact.

**ANNEXURE III  
PROHIBITED ACTIVITIES**

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

1. Conversion or degradation of critical forest areas or forest-related critical natural habitats.
2. Production of or trade in nuclear reactors and components thereof.
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. Production of or trade in radioactive materials, including nuclear reactors and components thereof;
5. Production of or trade in weapons and munitions, including 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, 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.

**ANNEXURE IV  
TRIGGER EVENTS**

1. For any notice issued by regulatory authority to any client for non-compliance of provisions of applicable environment and labour laws.
2. In case of labour unrest or dispute in the client.
3. On levy of significant fines or penalties or any other liabilities under any applicable labour 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 ?
5. When there is any fraud and non-compliance of anti-money laundering laws