

Edelweiss Alternative Asset Advisors (Edelweiss Alternatives)

Environment, Social & Governance (ESG) Policy

Title	Environment, Social & Governance (ESG) Policy
Release Date	January 2017
Version No.	7.0
Effective Date	March 2024
Date of Last Revision	March 2024
Policy Owner	ESG Task Force
Policy Administrator	ESG Task Force

TABLE OF CONTENTS

PURPOSE.....	1
SCOPE.....	1
GOALS	1
EDELWEISS ALTERNATIVES APPROACH TO ESG INTEGRATION IN INVESTMENTS	2
ESG GOVERNANCE, ROLES & RESPONSIBILITIES	4
STEWARDSHIP	5
COLLABORATION AND PROMOTING BEST PRACTICES	6
REPORTING AND DISCLOSURE	6

1. PURPOSE

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

This Policy sets out the following with respect to ESG:

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

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

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

2. SCOPE

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

EDELWEISS ALTERNATIVES’s ESG Policy is guided by and is based on United Nations Principles of Responsible Investment (“UNPRI”), United Nations Global Compact (“UNGC”) and Edelweiss Alternatives Responsible Investment (RI) policy.

3. GOALS

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

- Consider certain relevant ESG issues with target portfolio companies while evaluating investments opportunities;
- Endeavour to engage with portfolio companies to promote certain key identified ESG aspects, as appropriate;
- Remain committed to comply with applicable national, state, and local labor laws; provide a safe and healthy workplace in conformance with relevant laws;
- Encourage policies & practices to promote good governance in areas such as anti- bribery and corruption, insider trading etc.;
- Remain committed towards being environmentally conscious by
 - Complying with applicable environmental laws;
 - Avoiding direct investments in the companies that (directly or indirectly, through entities in which such companies control at least a 20% ownership stake) derive 25% or more of their revenue from mining thermal coal or derive 25% or more of their generated electricity from thermal coal

(applicable only for electric utilities)

- Engage with relevant stakeholders and work to foster transparency; provide timely information to Edelweiss Alternatives stakeholders on the matters addressed herein

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

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

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

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

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

Governance

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

Environment

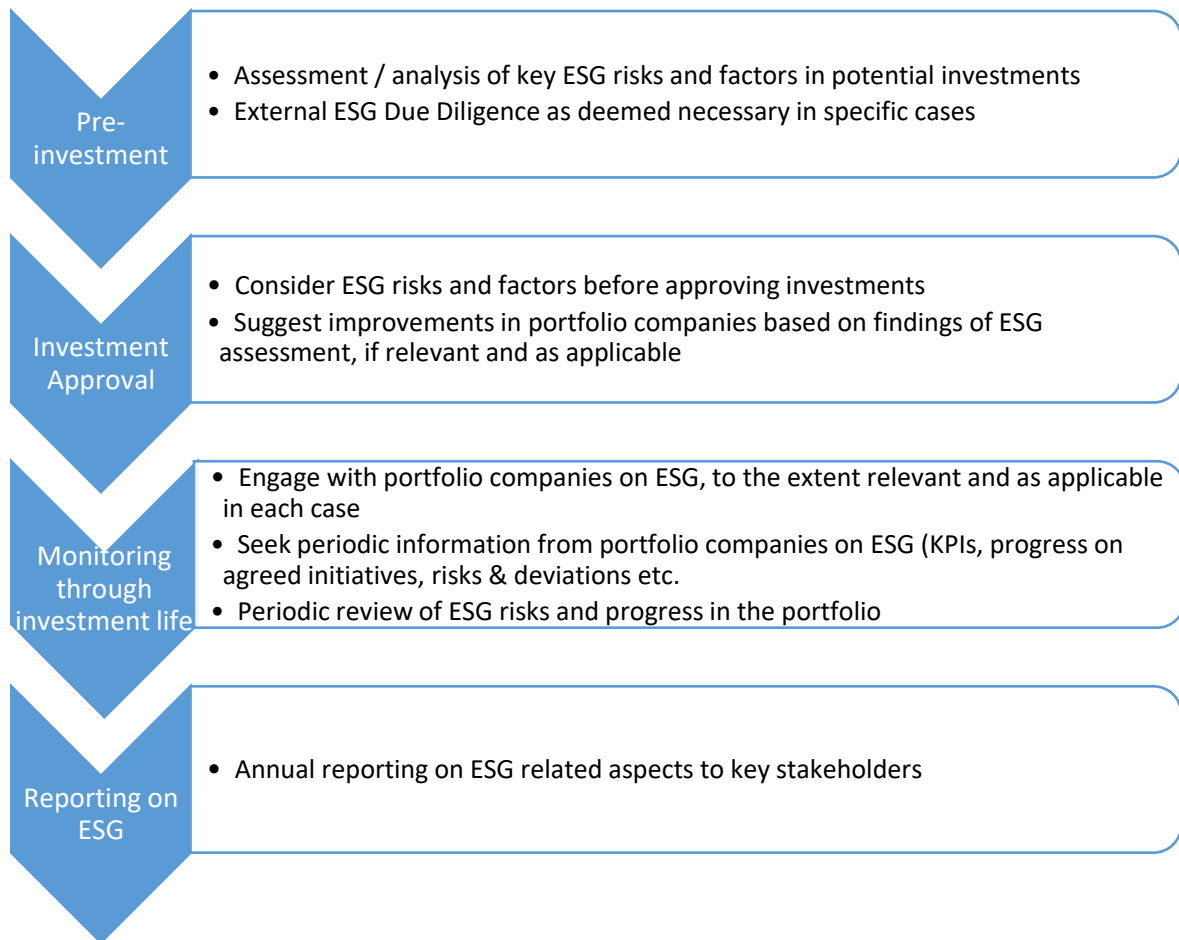
- Carbon emission and its environmental impact
- Energy consumption
- Water management and conservation
- Waste management
- Usage of alternate energy sources

Social factors

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

4. EDELWEISS ALTERNATIVES APPROACH TO ESG INTERGRATION IN INVESTMENTS

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



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

a) Pre-investment:

i. Exclusions / Negative Screenings

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

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

ii. Pre — Investment ESG Assessment

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

Undertake ESG Assessment

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

Seek Documentation

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

b) Investment Approval:

- The Investment Team will present on key findings of the ESG assessment or external ESG diligence (if conducted) and any ESG related risks to the Investment Committee to seek their views and inputs
 - Based on the inputs of the Investment Committee, the Investment Team may, as deemed relevant and to the extent practicable in each case:
 - Include ESG related covenants & clauses in the deal documentation
 - Include certain rights in the deal documentation (For e.g., Board Observer seat(s) to monitor the company performance)

c) Monitoring (Post-investment):

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

i. Monitor progress

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

Engagement with portfolio companies

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

5. ESG GOVERNANCE, ROLES AND RESPONSIBILITIES

Edelweiss Alternatives has a framework for ESG governance with marked out roles and responsibilities to ensure smooth integration of ESG in the firm as well as through the lifecycle of the investments of the Funds. ESG is integral to the business, which is reflected through a robust governance framework. The Board of Edelweiss Alternatives is responsible for the overall oversight and approval of key ESG initiatives & practices at Edelweiss Alternatives.

The strategic ESG governance structure is as follows:

a) ESG Governing Council (Oversight Role)

An ESG Governing Council is constituted and presided by the Chairman – Edelweiss Asset Management Business or the Head – Edelweiss Asset Management Business or equivalent. It would comprise relevant members from Edelweiss Alternatives and the Edelweiss Group and may also include external experts in ESG.

The ESG Governing Council would provide a strategic direction for ESG efforts, act as a sounding board for ESG initiatives and act as a forum for sharing best practices across the industry to act as a guide for ESG practices at Edelweiss Alternatives. The ESG Governing Council would be given periodic updates from the Product Team on the activities related to ESG at Edelweiss Alternatives.

b) ESG Task Force (Implementation Role)

To support and steer the day-to-day implementation of ESG initiatives at Edelweiss Alternatives, a dedicated ESG Task Force has been created. The Task Force comprises the product team that are the

Central Point-of-Contact for ESG within the firm. They are responsible for liaising with internal and external stakeholders to implement ESG practices and processes at Edelweiss Alternatives, updating the ESG Policy and the integration of ESG into the investment processes and across the organisation. The product team also ensures periodic reporting on ESG to stakeholders.

The composition of ESG Task Force may be modified. Members of other teams may be invited to the ESG Task Force meetings on need basis.

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

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

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

6. STEWARDSHIP

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

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

7. COLLABORATION AND PROMOTING BEST PRACTICES

Edelweiss Alternatives is committed to working with its stakeholders on promoting the incorporation of ESG into its organisation and investments. The development of this Policy and Edelweiss Alternatives ESG practices have been formulated in accordance with the current industry best practices with regards to ESG investing. Edelweiss Alternatives through its participation in industry forums and conferences seeks to keep abreast of latest ESG practices and trends. Being an iterative and dynamic process, our approach and strategy with regards to ESG will evolve over time as we build on, and learn from, our own efforts as well as from others.

8. REPORTING AND DISCLOSURE

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

DISCLAIMER

This document is the sole property of Edelweiss Alternative Asset Advisors (Edelweiss Alternatives). Any use or duplication of this document without express permission of Edelweiss Alternatives is strictly forbidden and illegal.