At IndiaRF, we are dedicated to integrating ESG factors into our investments to drive sustainable returns. We have established a robust and impactful ESG framework that aligns with our responsible investment objectives. Our approach integrates ESG considerations at every stage of the investment process to assess interventions, manage risks, create value, and generate sustainable returns.

Foundational ESG Elements

→ Due Diligence and Analysis

Our ESG framework includes robust due diligence and analysis that evaluates the ESG performance and practices of target companies. We assess ESG risks, identify areas for improvement, bolster investee companies' Environmental and Social Management System (ESMS), and evaluate alignment with recognised ESG standards and principles.

→ Engagement and Active Ownership

Active engagement with portfolio companies is a key component of our ESG framework. We work closely with Company management and boards to encourage transparency, enhance ESG disclosure, and address any identified ESG-related issues.

→ ESG Monitoring and Reporting

To track and measure our ESG performance, we employ a comprehensive set of ESG metrics and reporting practices. These metrics provide transparency and accountability, enabling us to communicate our progress and impact to investors and stakeholders.

→ Continuous Improvement and Innovation

We recognise that the ESG landscape is dynamic and evolving. Therefore, our ESG framework is designed to adapt to emerging ESG themes and priorities, encouraging continuous improvement and innovation. This approach allows us to capture new opportunities, manage risks, and contribute to positive societal and environmental outcomes.

Impact Measurement and Reporting

Beyond financial returns, we believe in measuring and reporting the impact of our investments. Our ESG framework will include impact measurement methodologies that assess the social and environmental outcomes generated by our portfolio companies.

→ Continuous Stakeholder Dialogue

Stakeholder engagement and dialogue are essential components of our ESG framework. We actively seek input and feedback from investors, investee companies, regulators, voluntary organisations, and community representatives. This open and transparent dialogue helps us understand stakeholder expectations, identify emerging ESG issues, and address concerns effectively.

12



Pre-screening

Identify and mitigate ESG risks, avoiding excluded sectors and unsustainable business models.



Strengthening ESMS and Implementing ESAP

Develop and enhance portfolio companies' ESMS and integrate ESAP into investment agreements.



2 ESG Review and Categorisation

Conduct a focused ESG review and assign provisional risk categorisation.



6 Post-Investment Monitoring and Reporting

Conduct annual ESG reviews, address gaps and challenges, and improve ESG performance.



3 Detailed ESG Due Diligence

Assess the value chain of the target business for ESG gaps and mitigation options.



2 Exit

Demonstrate value through implemented ESMS and interventions, enhancing attractiveness to incoming investors or strategic buyers.



4 Integration of Environmental and Social Action Plan (ESAP) and Investment Agreement

Incorporate and operationalise ESAP within the investment agreement, fortifying Environmental and Social Management Systems (ESMS).



"We have endeavoured to set a high standard for ourselves in integrating ESG into our investment cycle with a robust and well-articulated ESG policy framework. We understand that the process needs a tailored and meticulous approach to due diligence. We assess potential investments not only from a financial lens but also use appropriate filters to assess their preparedness for an ESG transformative journey. Our process helps us identify and mitigate risks from ESG factors to our investment.

We actively collaborate with our portfolio companies oftentimes providing them with capital to support their ESG transformation. We are able to track the evolution of our businesses, celebrate milestones and support them through their journey."

Mrinal Chandran | General Counsel