



RESPONSIBLE INVESTMENT

(RI POLICY)

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I. Introduction

1.1 Background

Edelweiss Alternative Asset Advisors (Edelweiss Alternatives) is a part of Edelweiss Group - one of India's leading diversified financial services company. Edelweiss Alternatives is the alternative asset management arm with over a decade of experience across Indian private debt and real assets.

Edelweiss Alternatives believes in conducting business responsibly and this RI policy seeks to formalise a robust Environmental, Social and Governance ("ESG") approach. Lasting and tangible outcomes can be delivered by businesses that have solid ESG practices. Therefore, an assessment of ESG standards in potential investments as well as periodic monitoring and engagement with portfolio companies in an endeavour to improve their ESG practices are an important part of our investment strategy.

1.2 Investment Strategy

Edelweiss Alternatives is an India focused alternative asset manager managing or advising funds (hereafter referred to as the Funds or funds throughout this document), across four investment strategies - 1) Performing Corporate Credit; 2) Real Estate Credit; 3) Special Situations; and 4) Infrastructure Yield. Edelweiss Alternatives customers represent global institutional investors – pension funds, insurance companies, large family offices and ultra-high net worth individuals.

Our funds seek to enable portfolio companies to create value for their various stakeholders. Edelweiss Alternatives seeks to integrate environment, social and governance (ESG) aspects throughout the investment lifecycle, from pre-investment to the exit stage, as relevant on a case-to-case basis.

1.3 Commitment to Responsible Investment (RI)

Edelweiss Alternatives is committed to investing responsibly by incorporating material ESG, regulatory and reputational considerations into the investment decision-making. It also aims to periodically communicate on the ESG initiatives and progress thereof with its stakeholders.

Edelweiss Alternatives believes that integration of ESG in the investment lifecycle would be well aligned with its core investment mandate and to this end it will seek to collaborate with industry peers and other organisations.

Edelweiss Alternatives RI philosophy is rooted in encouraging responsible and sustainable business practices by maintaining internal governance and culture to ensure that it acts as a good citizen in the societies where it operate.

1.4 Scope

This RI Policy provides the overarching charter for Edelweiss Alternatives approach to responsible investing across its direct portfolio investments made by funds or vehicles or entities which Edelweiss Alternatives manages or provides advisory / sub-advisory services. on the private debt and real assets strategies that it manages. Edelweiss Alternatives control and influence on the companies that it invests in varies significantly, and hence this policy articulates broad RI strategy of the firm. Specific elements of the policy may be utilized as relevant for each case.

II. RI Principles and Considerations

2.1 Purpose of RI Policy

This RI policy outlines Edelweiss Alternatives commitment to sustainability and stewardship as well as provides an overview of the principles which guide the integration of ESG issues across the investment lifecycle. The policy communicates Edelweiss Alternatives approach to the identification and management of risks and opportunities.

The purpose of this RI Policy is to:

- Articulate the approach towards ESG integration
- Provide a mechanism to engage with relevant stakeholders on ESG matters
- To encourage greater transparency and accountability across ESG topics internally and externally through periodic reporting and disclosures as applicable and relevant

2.2 RI Principles

Edelweiss Alternatives is guided by the Principles for Responsible Investment (PRI), to promote the incorporation of environmental, social and governance (ESG) aspects in investment decisions. Edelweiss Alternatives will integrate the following core principles in the decision-making process wherever applicable in investments covered within the policy scope:

- Maintain a high level of conduct within own operations and expect the same from investee entities
- Incorporate material ESG factors into the investment research and analysis, due-diligence, decision-making and performance monitoring
- Engage in periodic dialogue with investee entities to manage ESG related risks and opportunities wherever possible
- Encourage an active ownership approach to encourage improvements in the ESG performance, reporting and disclosure practices of its investee entities, to the extent possible
- Report ESG information to stakeholders on a periodic basis
- Periodically review the RI and associated policies considering new and emerging risks, stakeholder concerns and international best practices

III. ESG in Practice

ESG practice at Edelweiss Alternatives comprises a systematic approach of integrating material ESG factors that can enhance value and transparency.

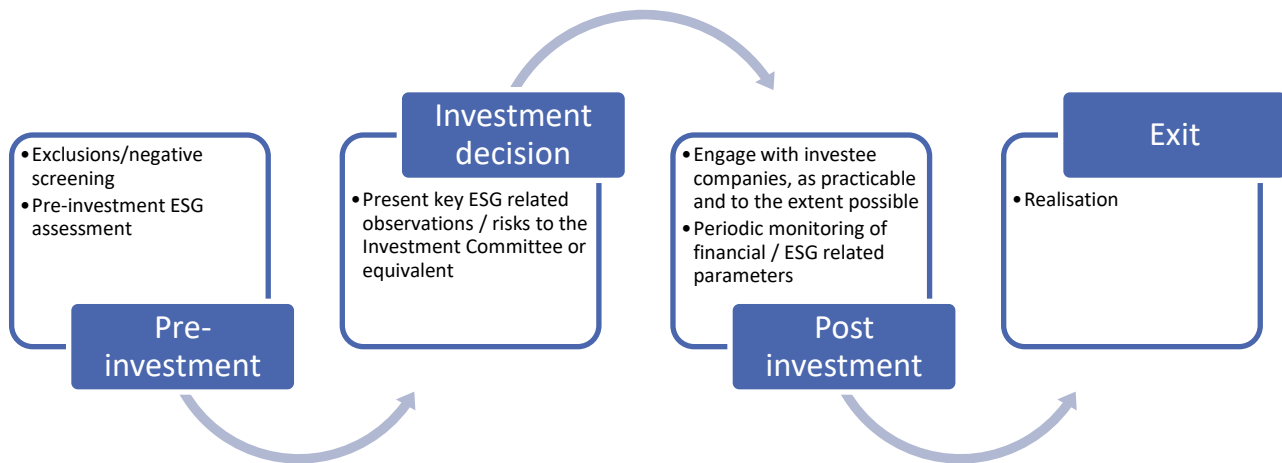
3.1 Objective

To continuously improve the ESG integration processes and to implement the RI policy Edelweiss Alternatives is committed to:

- Building a culture of responsible investing at Edelweiss Alternatives where employees understand ESG risks, factors and opportunities and integrate the same into the business and investments
- Building in processes and allocate responsibility to individuals / teams to ensure integration of ESG throughout investment life cycle and in the business operations at Edelweiss Alternatives
- Monitoring implementation and periodic review of this RI policy along with the related and other associated policies
- Encouraging transparency and accountability through reporting on ESG matters to stakeholders

3.2 The Approach

Edelweiss Alternatives will seek to integrate the consideration and thoughtful management of ESG issues throughout the investment cycle in our portfolio companies. Key considerations and processes thereof of our ESG assessment and integration are outlined in our ESG Policy.



A) Pre-investment

- i) Exclusion/negative screening
Edelweiss Alternatives applies negative screening by means of exclusion principles for opportunities that derive a large portion of their revenues from certain activities.

Edelweiss Alternatives has an exclusion policy (“Exclusion Policy”) for direct investments into portfolio companies made by its funds. Details are available in the annexure, in addition

to which there may be certain exclusionary sectors as per our fund(s) and related documents.

- ii) Pre- investment ESG assessment
 - a) Identify associated ESG risks, and any material non-compliances. In certain cases, where deemed necessary, an external service provider may be engaged to conduct a pre-investment ESG due diligence. The key findings from the ESG assessment or ESG due diligence, where conducted will be summarized to the Investment Committee or equivalent.
 - b) Where possible, identify ESG opportunities and indicators for value creation (impact) aligned with Edelweiss Alternatives focus areas and business strategy of the investee companies.

B) Investment decision

- i) Investment decision, Agreement
 - a) Present on key findings of the ESG assessment or diligence (if conducted) and any ESG related risks to the Investment Committee (pre-investment) or equivalent to seek their views and inputs
 - b) Include ESG related covenants in the deal documents, as applicable and where relevant

C) Post investment monitoring

- i) Monitor progress
 - a) Engage with investee companies as relevant and to the extent practicable
 - b) Monitor ESG performance and suggest improvements where possible

D) Exit process, realisation

- i) Help investee companies to articulate their ESG journey and present the benefits of improved ESG performance in situations where relevant

IV. Annexure

4.1 Annexure -1: Exclusion Policy

Edelweiss Alternatives applies an exclusion policy (“Exclusion Policy”) for direct investments in companies which derive their revenue from the following:

- Animal testing
- Sex industry
- Betting
- Gambling
- Production of defense equipment/weapons
- Tobacco production

The exclusions policy will also apply on direct investments in 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).

The funds managed / advised by Edelweiss Alternatives will not invest more than 7.5% of the aggregate fund size (across onshore, offshore & the sponsor group commitments) in companies that derive their revenues from the production of alcohol (excluding from this calculation any investments that are made as secondary debt acquisitions as part of a portfolio acquisition). For clarification, until the final closing of the fund(s), the aggregate fund size will be the Benchmark Commitments or equivalent as defined in the fund documents.

In addition, for specific funds and vehicles, Edelweiss Alternatives would exclude sectors or companies which have been agreed to be excluded as a part of fund / investor agreements or side letters.

To clarify, the above-mentioned exclusions will not be applicable in case of investments in the case of acquisition of debt portfolios comprising multiple entities from banks and / or other financial institutions.

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