

## Responsible Investment Policy



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Distribution	All Employees and Partners
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## Amendment Sheet

Sr. No.	Date	Revision Status	Reason for Amendment
1.	11 January 2016	Initial Release	NA
2.	1 October 2021	Amendment	Renewed policy
3.	20 April 2022	Amendment	Updated Exclusion List
4.	May 2024	Amendment	Revised ESG Considerations, Senior Leadership Overview, Added Stewardship Efforts & Climate Change, updated exclusion list
5.	July 2025	Amendment	Revised scope, Updated RI commitments, Updated ESG Considerations (Social Sustainability & Environmental Management), Added Roles & Responsibility, Reporting & Disclosures, Updated Stewardship Efforts and Exclusion List

## I. Introduction:

### 1.1 Background:

Established in 1999, ChrysCapital (“CC” or “We” or “Fund”) is a leading India focused private equity firm. ChrysCapital has more than two decades of experience investing in its target sectors in India. ChrysCapital follows a collaborative investment model where it partners with entrepreneurs and business to create sustainable value.

ChrysCapital understands and appreciates that businesses with robust environmental, social, and governance (“ESG”) practices have delivered, or are positioned to deliver, stronger outcomes for investors, than those without. Hence, an accurate assessment of the ESG standards of any potential investment, and the regular monitoring, evaluation, and improvement of ESG practices of all existing investments, forms a key part of ChrysCapital’s investment philosophy.

### 1.2 Investment Strategy:

ChrysCapital aims to primarily make equity investments in companies that have, or are expected to have, a nexus to the Indian subcontinent. The investment team at ChrysCapital has significant prior investment experience in several sectors, including Business Services, Financial Services,

Healthcare & Life Sciences, Consumer, New Economy, and Manufacturing. ChrysCapital expects its portfolio companies (“portfolio”) to drive value for all stakeholders in the ecosystem: investors, employees, customers, suppliers, and the community at large.

The fund is committed to investing in and supporting the growth of companies that not only generate enduring value but also deliver attractive, risk-adjusted returns for its investors. Integral to this commitment is the incorporation of sustainability risks into the investment decision-making process, ensuring that environmental, social, and governance (ESG) standards are consistently upheld.

By embedding ESG considerations into its investment strategy, ChrysCapital seeks to back responsible and forward-looking businesses—fostering positive outcomes for society and the environment while achieving superior financial performance.

### **1.3 Commitment to Responsible Investment (RI):**

ChrysCapital believes that integration of ESG with the investment cycle of the Fund is well aligned with its core investment mandate and its aim to generate long-term sustainable returns for investors, while being good corporate citizens.

ChrysCapital's RI philosophy is rooted in encouraging responsible and sustainable business practices in its investment strategies, as well as in the companies in which it invests. ChrysCapital believes that effective management of ESG issues is critical driving long-term sustainable value and impact.

### **1.4 Scope:**

This RI Policy provides the overarching charter for ChrysCapital's approach to responsible investing. This RI policy is applicable for all the investments made by ChrysCapital from Fund VIII onwards.

## **II. RI Principles and Considerations:**

### **2.1 Purpose of RI Policy:**

The RI policy outlines ChrysCapital's commitment to ESG principles, and the processes by which it aims to integrate this commitment across the investment lifecycle. The policy communicates ChrysCapital's approach to the identification and management of ESG-related risks and opportunities and describes its expectations of portfolio companies and other stakeholders.

The purpose of this RI Policy is to:

- a) Articulate the approach towards ESG integration - to ensure every investment made by the fund demonstrates good Corporate Governance, Business Integrity, and Environmentally and Socially sustainable practices.
- b) Provide a mechanism to engage with all relevant stakeholders on ESG matters.
- c) To encourage greater transparency and accountability across ESG topics internally and externally through periodic reporting and disclosures.

### **2.2 RI Principles & Commitments:**

As a responsible Private Equity Fund, ChrysCapital is a signatory to UN PRI and aligns with UN PRI's values and commit to implementing its six principles:

- a) Incorporate material ESG factors into key investment research and analysis, due-diligence, decision-making, and performance monitoring processes. Avoid investments whose practices or products cause significant environmental or social harm.
- b) Ensure that the Fund and its portfolio companies comply with relevant and applicable RI rules and regulations.
- c) Maintain high ESG standards within its own operations and expect the same from portfolio companies.
- d) Engage in periodic dialogue with portfolio companies to manage ESG related risks and opportunities.
- e) Adopt an active ownership approach to encourage improvements on ESG-related issues, reporting and disclosure practices of Fund investments, to the extent possible, based on the extent of influence on the portfolio companies.
- f) Periodically review the RI and associated policies to consider new and emerging risks, stakeholder concerns, and international best practices.
- g) Additionally, the Fund has committed to ESG Data Convergence Initiative (EDCI) and ILPA Diversity in Action (DIA).

## 2.3 ESG Considerations:

ChrysCapital's vision is to invest and support the development of enduring and successful companies, that create long-term value and generate outstanding risk-adjusted returns for its investors while maintaining high ESG standards.

Aligned with this vision, the Fund will consider the materiality of a broad set of ESG factors, as they are relevant to portfolio companies and potential investments. Given the profile of the portfolio and investment thesis, ChrysCapital will encourage portfolio companies to align with the following minimum expectations across ESG themes:

**Governance, business ethics, and transparency:** ChrysCapital expects portfolio companies to adhere to the highest standards of corporate governance, ethics, and transparency. This would include, but is not limited to, implementing a code of conduct, grievance mechanism, policies on anti-bribery and corruption, appropriate framework of risk management and controls, adhering to lawful tax practices, clearly assigned responsibilities for ESG management, and performance monitoring across material ESG areas.

**Social sustainability:** ChrysCapital expects portfolio companies to work towards creating an equitable and safe work environment. This would include, but not be limited to, developing, and implementing policies and procedures around employee engagement, fair compensation practices, employee wellbeing, equality, diversity, and inclusion, human rights, occupational health and safety, prevention of sexual harassment (PoSH), human resource management, grievance redressal, etc.

**Environmental management:** The key for long term sustainability of business models depends on implementing systems and procedures to identify and manage environmental risks and impacts including, but not limited to, climate change, resource consumption, emissions monitoring, waste & water management, energy efficiency, biodiversity etc. ChrysCapital expects portfolio

companies to drive these initiatives in their day-to-day operations. ChrysCapital shall urge its portfolio companies to track and evaluate their carbon footprint to foster a sense of responsibility towards the environment and contribute to the development of a business landscape that is more environmentally sustainable and eco-friendly.

**Sustainability Outcomes:** ChrysCapital endeavours to uphold the UN Sustainable Development Goals (SDGs) as a universal standard to improve sustainability and impact performance across its investment portfolio and fund activities. By aligning its investments with the SDGs, the Fund strives to contribute meaningfully to global efforts in addressing pressing socio-economic and environmental challenges. Through diligent and systematic advisory efforts, ChrysCapital aims to ensure that its investments actively support the achievement of specific SDG targets, catalysing positive impact and fostering sustainable development on a global scale.

### III. ESG in Practice:

ChrysCapital's approach to the integration of ESG within the Fund and across its investment cycle is structured as follows:

#### 3.1 Governance:

##### a) Fund Level:

- i) Provide support and training to employees to ensure that ChrysCapital can operationalise its RI commitments.
- ii) Develop a pool of professionals with experience in identifying ESG risks and opportunities at deal sourcing stage. ChrysCapital will also engage with external third-party service providers in cases wherein support is required.
- iii) Monitoring regularly for any roadblocks in implementation of this policy. The ESG Lead is responsible for overseeing the correct implementation of the policy and ensuring that all the relevant stakeholders are aware of the policy and adhere to the same.

##### b) Portfolio Company Level:

- i) Allocate responsibility to individual portfolio companies to map their progress against ESG issues identified at the time of investment.
- ii) Perform our fiduciary duty towards our investors and other key stakeholders through a meaningful integration of ESG policies and processes in our investments.

#### 3.2 Roles & Responsibilities:

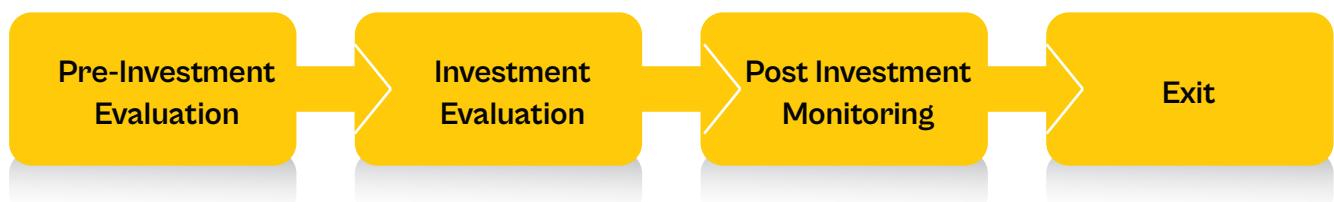
Various teams across the organization play a role in advancing our responsible investing efforts, with overall oversight provided by the Board of Directors and the ESG Committee. Key responsibilities are assigned as follows:

**a) Board of Directors:** Provides ultimate oversight of responsible investing initiatives. The Board is also responsible for approving relevant policies and the annual Sustainability Report. The Board is responsible to adopt the ESG strategies, policies, and frameworks that are recommended by the ESG Committee.

- b) **ESG Committee:** Offers strategic guidance and recommendations to Investment Managers (IMs) in incorporating ESG factors into final investment decisions. Comprising Senior Management and a dedicated ESG Lead, the Committee is responsible for defining and refining ESG strategies, policies, and frameworks that align with the Group's investment goals and industry's best practices and will make these recommendations and provide guidance to the Board of Directors.
- c) **ESG Lead:** Oversees the development and implementation of the Responsible Investment policy. The ESG Lead plays a key advisory role in shaping ChrysCapital's fund-level ESG strategy and is responsible for operationalizing ESG activities. This includes coordinating with external consultants on ESG due diligence, as well as managing post-investment ESG performance and monitoring and making periodic presentations to the ESG Committee.

As part of ChrysCapital's commitment to responsible investment, variable compensation for certain roles factors in adherence to internal policies and procedures as well as achievement of various ESG-related KRAs. This ensures alignment between individual performance and the fund's long-term ESG and investment objectives.

### 3.3 The Approach:



- a) **Initial Screening**
  - i) Application of negative screening by means of exclusion principles for opportunities involving harmful products/services.
  - ii) Undertake desk-based preliminary review and assign preliminary risk categorization to guide the need, scope, and deliverables for detailed due diligence.
- b) **ESG Due Diligence**
  - i) Identify associated ESG risks, and non-compliances vis-a-vis the ESG policy. The due diligence findings shall be summarized into an ESG Due Diligence (ESG DD) report.
  - ii) Development of ESG Corrective Action Plan (ESGCAP) that suggests corrective action and provides recommendations to mitigate ESG risks.
  - iii) Where possible, identify ESG opportunities and indicators for value creation (impact) aligned with the portfolio's business strategy. Application of negative screening by means of exclusion principles for opportunities involving harmful products/services.
- c) **Investment Decision & Agreement**
  - i) Go/No-Go investment decision after reviewing ESG DD and ESGCAP.
  - ii) Coming to an agreement with the management of the portfolio companies on all ESG-related matters, including corrective measures, performance standards, and reporting.
  - iii) Include negotiated ESG terms and conditions into investment agreement and finalize

ESGCAP.

**d) Post-Investment Management & Monitoring**

- i) Use existing relationships with Management/CEO/Board through dialogue, consultation, and monitoring to promote ESG Risk Management in portfolio companies.
- ii) Promoting development of relevant ESG policies and creation of internal systems and processes in portfolio companies.

**e) Exit Process & Realisation**

- i) Help portfolio companies to articulate their ESG journey and present the benefits of improved ESG performance.

### **3.4 Stewardship Efforts:**

Stewardship is a fundamental part of our commitment to responsible investment and is closely aligned with the Principles for Responsible Investment (PRI). We view stewardship as the active use of our influence as investors to protect and enhance long-term value across ESG dimensions. This approach is fundamental to driving strong investment performance and supporting the long-term interests of our clients.

**Our Approach:**

Following investment, ChrysCapital shall actively collaborate with portfolio companies to monitor their sustainability performance and maturity by deploying a comprehensive annual ESG Assessment Framework. The focus will be on ESG factors that are most material to each company and sector, informed by global sectoral trends, regulatory developments, investor priorities and emerging sustainability challenges.

We are committed to improving the sustainability performance and disclosure practices across the portfolio during its ownership period. The fund shall engage with portfolio companies at periodic frequency to provide guidance and support them for overall ESG performance improvement. We shall direct our stewardship efforts towards portfolio companies where we can exert meaningful influence. This determination will be based on factors such as the size and nature of our holdings, the ESG risk profile and performance gaps, the potential for impact through engagement, alignment with our organizational values, and broader systemic issues that benefit from collective action.

Our stewardship approach employs a variety of tools tailored to specific contexts and objectives. These include direct engagement with company leadership, collaborative initiatives with other investors, industry-wide partnerships, and ongoing monitoring and reporting of stewardship activities and outcomes.

In addition to working with portfolio companies, ChrysCapital may engage responsibly and transparently with policymakers and other key stakeholders on ESG-related initiatives. These engagements—such as sharing insights, contributing to policy development, and disseminating best practices—are undertaken in consultation with the ESG Committee.

Where material ESG issues are not adequately addressed during the initial engagement, ChrysCapital may escalate its approach. Escalation tools may include initiating a focused dialogue with company leadership, exercising voting rights to support or oppose management proposals, or collaborating with other investors to amplify influence. As a measure of last resort, and only if prior engagement efforts fail to address material ESG risks, the ESG Committee will make appropriate

recommendations to the Investment Managers.

### **3.5 Reporting & Disclosures:**

ChrysCapital is committed to maintaining transparency on sustainability matters with its key stakeholders. This may be achieved through the following actions:

- a) Publishing an annual Sustainability Report that is publicly accessible.
- b) Making the RI policy available to all relevant internal and external stakeholders.
- c) Reporting annually to the Principles for Responsible Investment (PRI).
- d) Reporting annually to the ESG Data Convergence Initiative (EDCI).
- e) Reporting annually on relevant ESG parameters to investors.

### **3.6 Policy Review and Approval:**

The RI policy will undergo annual reviews and may be updated to incorporate changes arising from changing business operations and any changes in applicable ESG standards. The Fund will depute relevant personnel to be responsible for conducting the review process from time to time.

## **IV. Annexures to the Policy:**

### **4.1 Annexure 1: Exclusion List**

The following is a list of exclusion principles adopted by ChrysCapital.

**Sectors or activities which will be totally restricted and/or excluded by CC while doing business:**

Sr. No.	Activities and/or sectors
1.	Production or activities involving forced labour <sup>1</sup> or child labour <sup>2</sup>
2.	Production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans
3.	Trade in wildlife or wildlife products regulated under CITES <sup>3</sup>
4.	Destruction <sup>4</sup> of Critical Habitat <sup>5</sup> and any forest project under which no sustainable development and managing plan is carried out
5.	Pornography or prostitution
6.	Drift net fishing in the marine environment using nets more than 2.5 km in length
7.	Production of firecrackers
8.	Mining
9.	Production or trade in arms, weapons, and munitions, other than as a supplier to a national army. Production, development, sale and/or distribution of landmines, cluster munitions, or launch systems for such weapons, or chemical or biological weapons, nuclear weapons in contravention of the Nuclear Non-Proliferation Treaty ("Prohibited Weapon"); the greater part of any Prohibited Weapon; or a munitions-related key component of a Prohibited Weapon, including, without limitation, sub-munitions. Production, development, sale and/or distribution of nuclear weapons ("Nuclear Entity")

10.	Constitute a transaction that is likely to negatively impact wetlands designated under the Ramsar Convention or UNESCO-designated World Heritage Sites in a significant manner or constitutes a transaction violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)
11.	Manufacture, purchase or sale of illegal drugs
12.	Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests
13.	Production of, or trade in, or use of asbestos fibers

ChrysCapital will seek to exclude companies that derive a specified percentage of their revenue from the below sectors or industries. This restriction does not apply to customers and/or suppliers of such sectors or industries.

Sr. No.	Activities and/or sectors	Revenue %
1.	Construction of new and extension of any existing coal fired thermal power plants	More than 50%
2.	Gambling and casinos <sup>6</sup>	More than 50%
3.	Production of tobacco products <sup>7</sup>	More than 50%
4.	Production of nuclear energy <sup>8</sup>	More than 50%
5.	Creation of a genetically identical copy of a human through the artificial reproduction of human cells and tissue (i.e., human cloning) <sup>9</sup>	More than 50%
6.	Production of or exploration for fossil fuels	More than 50%
7.	Manufacture, sale or distribution of palm oil (not certified by the Roundtable on Sustainable Palm Oil or its successor)	More than 30%
8.	Electric power production using thermal coal	More than 20%
9.	Sale & Distribution of fossil fuels and fossil fuel value chain entities (i.e. the provision of tailor-made or services utilized in the production of, or exploration for fossil fuels, the refining and processing of fossil fuels, transportation and storage of fossil fuels, fossil fuel-based power production)	More than 20%
10.	Transportation of petroleum products from bituminous sands	More than 20%
11.	Private Prison Company	More than 5%
12.	Extraction of thermal coal	5%

- Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.
- Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.
- CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

4. Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote 10) is lost.
5. Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.
6. Does not include skill based or chance-based gaming platforms.
7. Does not include production of tobacco substitution products such as inhalers, sprays, patches, gums, lozenges, medication, electronic cigarettes, etc.
8. Does not include businesses, where the application is in the medical field, for space exploration, water desalination or in agriculture or food.
9. Does not include businesses where the application is for medical research, medical treatment such as for transplants or embryonic cells.

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