

SUSTAINABILITY-RELATED DISCLOSURES

Edelweiss India Alternative Equity Fund¹

- (a) **Summary:** The EU's Sustainable Finance Disclosure Regulation (2019/2088) ("SFDR") requires financial market participants and financial advisers to publish on their websites information about their policies on the integration of sustainability risks into their investment decision-making and investment advice. "Sustainability risk" is defined in the EU's Sustainable Finance Disclosure Regulation (2019/2088) as an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.
- (b) **No sustainable investment objective:** The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.
- (c) **Environmental or social characteristics of the financial product:** The environmental and/or social characteristics promoted by the Fund comprise of both negative screening and positive selection of possible investments for the Fund based on a number of parameters including companies' environmental footprint and compliance, good social and employee relations, sound board and senior management governance, respect for human rights, anti-corruption and anti-bribery.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

- (d) **Investment strategy:** The Fund follows a fundamental process that researches and studies equities from a bottom up perspective. The Fund is a multi-strategy fund within which the primary strategy will be a predominantly long only Indian equity strategy and the Fund will have the ability to vary its equity position through two ancillary strategies which are short strategies through the use of synthetic derivatives and corporate event arbitrage. The primary strategy tends to hold long positions in stocks that are fairly priced, have both a strong cash flow and return on equity and which are not very volatile. The allocation to the various strategies will depend on the Fund's assessment of equity markets utilising its experience, expertise and its market research, subject to the overall supervision and decision of the Directors. The Fund has no restrictions as to the proportion of assets allocated to companies in any particular Indian economic sector and the investments will be made in equities of mid to large-cap companies across a broad sector of industries in India.
- (e) **Proportion of investments:** The Fund maintains its proportion of holdings that promote environmental and/or social characteristics at a minimum of 50%. The maximum proportion of the Fund's "Other" holdings is 50% and includes hedging instruments, unscreened investments for diversification purposes, investments for which data are lacking or cash held as ancillary liquidity. There are no minimum environmental or social safeguards associated with these investments.
- (f) **Monitoring of environmental or social characteristics:** The Fund monitors compliance with the social and/or environmental characteristics outlined above on a regular basis through the use of sustainability indicators covering environmental footprint and compliance, social and employee matters, board and senior management governance, respect for human rights, anti-corruption and anti-bribery. The sustainability indicators so used, form the methodologies of the investment strategy that are mentioned in greater details in the Methodologies section of this disclosure.

¹ References to the term "Fund" used in this disclosure should be understood to mean Edelweiss India Alternative Equity Fund, as applicable.

- (g) **Methodologies:** The Fund will aim to meet the foregoing characteristics by following the ESG Policy. The investment process includes a responsible investment checklist to assess specific issues based on due diligence on the investment, which enables the Fund to address and meet the identified characteristics in a systematic and consistent manner. Post-acquisition, Edelweiss seeks to engage with portfolio companies on a best efforts basis during the investment stage to promote the importance of sustainability and share best practices.
- (h) **Data sources and processing:** The Fund will generally use as data sources data provided by portfolio companies and/or generated by the investment and portfolio operations teams during pre-investment diligence and through engagement with portfolio companies and/or in some cases data may be sought from third parties as well as desk-based research and review of public information. Data provided by third parties, including portfolio companies, will be relied on and Edelweiss does not commit to independently verifying or confirming the accuracy of this data. Data provided by portfolio companies will be processed by Edelweiss teams. Actual data will be used where available and as far as possible. For certain data, estimates may be provided where necessary.
- (i) **Limitations to methodologies and data:** The Fund expects to collect data covering all of its investments, subject to the qualifications set out under “(e) Proportion of investments”. However, there are inherent limitations of ESG methodologies and calculations, such as lack of consistency, comparability, periodicity and reliability from individual companies as well as standard-setting organizations; and lack of available data from portfolio companies and/or a lack of infrastructure in place for the collection and processes of relevant data from portfolio companies. Where it is not possible to obtain data from a specific portfolio company, the Fund will use reasonable efforts to engage with such portfolio companies to work towards collecting the relevant data. To the extent that information is not available, the Fund may use estimates. The Fund does not anticipate that these limitations will be significant enough to affect the attainment of the environmental and social characteristics over time.
- (j) **Due diligence:** The Fund considers sustainability risks that are material to its investments during the course of its pre-investment due diligence and investment phase through the application of its ESG Policy and related procedures, which define its approach towards integrating the consideration of sustainability risks by its investments made.
- (k) **Engagement policies:** The Fund actively seeks to engage with portfolio companies on a best efforts basis during the investment stage to promote the importance of sustainability and share best practice.
- (l) **Designated reference benchmark:** No index has been designated as a reference benchmark to meet the environmental and social characteristics.