



# Environmental, Social and Governance (ESG) Policy

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## **1. Introduction**

Blacksoil Capital Private limited (herein referred to as “BCPL” or “the Company”) is a Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC-ND-SI) registered with RBI. BCPL provides debt facility to growth companies and Supply Chain Finance category in India. BCPL has a wholly own subsidiary Blacksoil Asset Management Private limited (Referred to as “BAMPL”) engaged into the business of asset management of alternative investment funds registered with SEBI (both BCPL & BAMPL hereinafter together shall be referred as “**Blacksoil**”).

## **2. Philosophy and approach**

We at Blacksoil aim to integrate the ESG approach in our operations, Investment Activity and strengthen the communities in which we live and work.

The ESG policy framework will serve as a guiding document for all ESG initiatives and activities undertaken by BlackSoil. This framework covers the operations in India. The framework will be reviewed and updated every year after ratification by the ESG Committee.

This policy describes the key elements of our approach to incorporating ESG and sustainability matters into our business operations, relevant investment processes and seek continuous improvement in these areas because they define the long-term success of our organization and ultimately improve business efficiency and performance of the companies, we finance so that we can achieve our ultimate goal of optimising returns for our investors and our ability to deliver value to all our stakeholders which include our shareholders, our creditors, investors, vendors, employees, the government and the local communities.

## **3. Objective**

The ESG policy framework will serve as a guiding document for all ESG initiatives for our internal operations and lending activities undertaken by Blacksoil to follow the best practices for all our stakeholders.

## **4. Policy Governance**

Our approach to ESG management foster to have robust governance systems, which includes formulation an Environmental Social & Governance (ESG) committee, comprising of senior members across major functions at the organisation, chaired by a member of the senior management team. The ESG Committee reports to the Management of Blacksoil/the Board of Directors on ESG strategy and road map to achieve set targets. We have setup a separate vertical

for ESG implementation and are working on embedding ESG values and thought processes in the minds of our employees and borrowers. We want our employees to include ESG considerations in the work they do and borrowers to hold themselves and us to the highest ethical standards.

## **5. Environmentally & Socially Responsible investment/Lending**

We are cognizant of our environmental and social risks in our lending and hence evaluate these risks as integral part of our investment/lending activity by following the below mentioned practices:

1. The Credit Appraisal Memorandum (CAM) shall include an Environment Social Governance (ESG) annexure. The ESG annexure shall highlight the environmental (including climate related) & social risks which are likely to impact / affect the project / operations of the borrower's Company.
2. Blacksoil shall carry out detailed due diligence of the prospective client as prior to entering into the transaction as per the ESG General and sector-specific checklists as reviewed by the management from time to time.
3. Blacksoil shall thoroughly evaluate each company prior to investing and continue to monitor performance, including on E&S compliance matters, on a regular basis once an investment has been made.
4. Blacksoil shall have regular dialogue on financial, operational and governance issues with all the investee companies.
5. Blacksoil shall avoid investing into business which is categorized as "High Risk". Any transaction/client having multiple "Medium" risks would need to be further evaluated by the Committee.
6. BCPL shall not directly invest with any institutions/persons that are engaged in any of the activities included in the "Annexure- Exclusion List".

## **6. Our Workforce and employment practices**

- **Non-Discrimination & Fair Treatment**

Blacksoil shall provide fair and equal employment and advancement opportunities to all its employees and there will be no discrimination on the basis of race, caste, color, age, sex, disability and socio-economic status of the candidate. We ensure a fair recruitment process that helps us identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives.

- **Sexual Harassment Policy**

While all forms of harassment are prohibited, Blacksoil emphasizes that sexual harassment is specifically prohibited and for which Blacksoil has Prevention of sexual harassment policy in place.

- **Whistle Blower Policy**

Blacksoil is committed to the highest standards of business conduct and ethics, to deter wrongdoing and promote Compliance with applicable laws and regulation Blacksoil has board approved whistle blower Policy to report any violation of the Code of Business Conduct and Ethics, as well as other questionable accounting activities.

- **Employee Health & Well-being**

Blacksoil shall continue to take steps to promote a safe and conducive work environment for its employees and shall provide guidance on occupational health and safety, appropriate healthcare benefits to all its employees such.

## **7. Our Customers**

- **Customer privacy/ Data security**

Blacksoil shall continue to treat customers' data with utmost sensitivity and privacy. Blacksoil shall also undertake initiatives to combat cybercrime and data theft by means of a comprehensive mechanism of information and data security.

- **Customer satisfaction**

Blacksoil shall duly address customer grievances through grievance redressal mechanism and successfully closes the Outcome of Customer Satisfaction (C-SAT) survey. Blacksoil shall maintain a Complaint Register for our investors and shall present the Investor grievance report in the board meeting.

## **8. Good Governance practices**

Blacksoil corporate governance framework complies with the Indian companies Act, the regulations and guidelines of the Securities and Exchange Board of India ("SEBI") and Reserve bank of India ("RBI") Act and Regulations.

Blacksoil shall continue to adopt and adhere to the best recognized corporate governance practices and ensure compliance with the sectoral regulators.

## **9. Transparency & disclosure**

As good governance practice and to provide transparency, a separate report on ESG shall be published as part of with the Blacksoil Annual report to share about its ESG initiatives with its Stakeholders. Blacksoil shall continue to disclose ESG information in relevant ESG indices and forums to demonstrate our commitment to stakeholders.

## 10. Policy Review

ESG policy shall be reviewed periodically on such basis and at such times as may be prescribed by the Committee.

### Annexure - BCPL Exclusion List

BCPL will not directly invest with any institutions/persons that are engaged in any of the activities, production, use, distribution, business or trade involving the following:

- Production or trade in any product or activity deemed illegal under the Indian law.
- Production or trade in weapons and ammunitions not approved by government of India.
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Trade in wildlife or wildlife products regulated under CITES<sup>1</sup>.
- Processing or trade in minerals deemed illegal under the Indian law.
- Production of or trade in nuclear reactors and components thereof with the exception of nuclear reactor used for power generation purposes.
- Production or trade in pharmaceuticals not permitted under the Indian law.
- Production or trade in herbicides/ pesticides not permitted under the Indian law.
- Any conversion or degradation of critical forest areas or forest related critical wildlife habitats<sup>2</sup>.
- Engaged in any activities in relation to human trafficking, child labour<sup>3</sup> or forced labour<sup>4</sup>.
- Projects or companies identified by the Government of India to be in violation of local applicable law related to environment, health, safety, labour, and public disclosure.

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<sup>1</sup> CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species.

<sup>2</sup> Critical wildlife habitats (CWH) are defined under the Forest Rights Act, 2006, as the "areas of national parks and sanctuaries where it has been specifically and clearly established, case by case, on the basis of scientific and objective criteria, that such areas are required to be kept as inviolate for the purposes of wildlife conservation.

<sup>3</sup> Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

<sup>4</sup> Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.