NATIONAL INVESTMENT AND INFRASTRUCTURE FUND LIMITED

Sustainability and Responsible Investing (SRI) Policy

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List of Abbreviations

AIFs	Alternative Investment Funds
ALARP	As Low as Reasonably Practicable
DEI	Diversity, Equity, and Inclusion
ESDD	Environment and Social Due Diligence
ESAP	Environment and Social Action Plan
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
EMSD	Environment Management and Social Development
GHG	Greenhouse Gas
GIIP	Good International Industry Practices
GRI	Global Reporting Initiative
GRM	Grievance Redressal Mechanism
IPM	Investment and Portfolio Management
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IJF	India-Japan Fund
Infra Fund II	Infrastructure Fund II (successor fund of Master Fund)
MF	Master Fund
NIIF	National Investment and Infrastructure Fund Limited
NDC	Nationally Determined Contributions
OHS	Occupational Health and Safety
PMF	Private Markets Fund
PS	Performance Standard
SOF	Strategic Opportunities Fund

Key Definitions

Business Activity: Business activity refers to various activities undertaken by the Investee Entity, including, but not limited to, project design, development, construction, operation & maintenance, and /or delivery of specific services, etc.

Good International Industry Practices (GIIP): These are practices that are recognized by international communities as effective and efficient ways to conduct business while minimizing negative impacts on the environment and society.

Greenhouse Gas Protocol: The Greenhouse Gas Protocol (GHG Protocol) is a globally recognised standard for measuring and managing greenhouse gas emissions.

Investee Entity: A portfolio entity or a portfolio fund in which a NIIF Fund has made an investment in accordance with the provisions of Investment and Portfolio Management (IPM) policy and the respective fund documents.

Investment Committee: The investment committee of respective NIIF Funds constituted in accordance with the respective fund documents.

Material ESG Factors[1]: Material ESG factors are environmental, social, and governance (ESG) factors that have a significant impact on an entity's (or the Company's) financial performance or risk profile.

NIIF Funds: The existing funds management by NIIF namely the National Investment and Infrastructure Fund (Master Fund), NIIF Fund of Funds -I (PMF-I), NIIF Private Markets Fund (PMF-II), National Investment and Infrastructure Fund-II (SOF) and India-Japan Fund (NIIF IJF) or such other funds that may be set-up from time to time pursuant to regulatory and internal approvals or any other pooling vehicle managed by the NIIF (including a branch or subsidiary of NIIF).

PMF: The PMF-I, PMF-II, and any other follow on/successor fund of funds that may be set up from time to time.

Portfolio Entity: Any company, special purpose vehicle or limited liability partnership or body corporate in which an NIIF Fund makes investment.

Portfolio Funds: A fund in which the PMF (Private Markets Fund) has made a commitment or is in the process of making a commitment in accordance with the provisions of this IPM Policy and the respective fund documents.

Portfolio Fund Company: Underlying investments made by Portfolio Funds under PMF.

[1] Material ESG Factors definition source – Corporate Governance Institute

Responsible Investing[2]: Responsible investing involves considering environmental, social, and governance (ESG) issues when making investment decisions and influencing portfolio companies or assets (known as active ownership or stewardship). It complements traditional financial analysis and portfolio construction techniques.

Sponsor: Sponsor refers to the owner/promoter of the Project or company that is seeking investment from the funds directly managed by NIIF or by third-party managed sub-funds set up under NIIF.

[2]Responsible Investing definition source – UNPRI Website

Introduction

National Investment and Infrastructure Fund Limited ("Company" or "NIIFL"), has been incorporated as a public limited liability company under the Companies Act, 2013 and is acting as the investment manager to Alternative Investment Funds ("AIF") as defined under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, amended and/or superseded from time to time ("AIF Regulations"). The Company serves as the investment manager for the AIFs as more specifically defined hereinbelow as NIIF Funds.

NIIF is dedicated to investments that generate positive environmental and social impacts while delivering risk-adjusted returns through high-quality investing, best-in-class governance, and robust asset management practices. NIIF understands that infrastructure assets are inherently exposed to ESG and climate-related risks and can result in substantial greenhouse gas (GHG) emissions, which are a major contributor to climate change.

Vision

NIIF's ESG vision aims to set the standard for responsible investing by incorporating environmental, social, climate, and governance factors into every decision. NIIF is committed to promoting sustainable growth, encouraging innovation, and generating long-term value for its stakeholders. Through strong governance and a culture of accountability, we seek to make a positive, lasting difference in the communities and businesses we engage with.

Scope

The NIIF's Sustainability and Responsible Investing (SRI) Policy outlines NIIF's approach to managing ESG and climate risks while ensuring compliance with Indian laws and good international industry practices (GIIP), including International Finance Corporation (IFC) Performance Standards (PS) 2012[3].

Climate considerations are essential to be integrated into every stage of the investment process, emphasizing decarbonization strategies, low-carbon materials and technologies, and climate adaptation measures throughout the entire investment lifecycle.

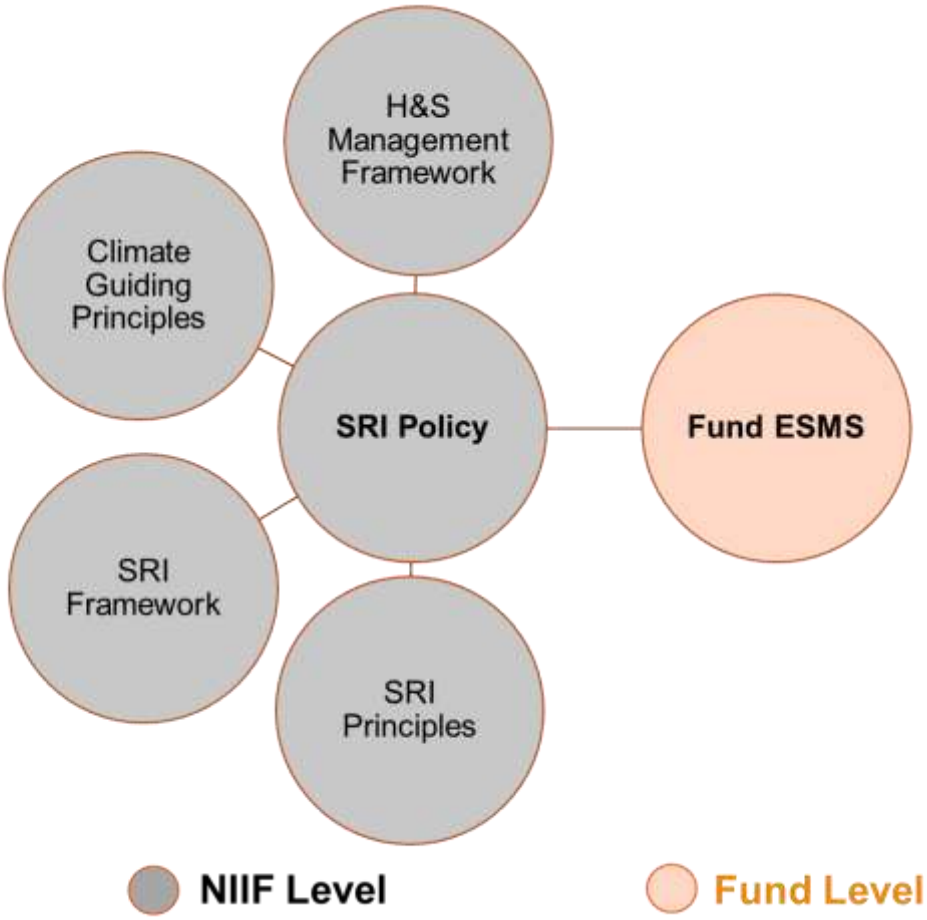
Guided by strong leadership, NIIF maintains transparency and accountability by evaluating, managing, and disclosing its ESG and climate risks and impacts across all portfolio investments to its key stakeholders.

This SRI Policy shall apply to all "NIIF Funds" and underlying investments based on their distinctive investment strategies and third-party managed sub-funds set up under the NIIF Private Markets Fund (PMF)4, investments and businesses supported by NIIF or such other funds that may be set up from time to time under regulatory and internal approvals or any other pooling vehicle managed by the Company.

An overview of NIIF's Sustainability and Responsible Investing (SRI) Policy and supporting frameworks, guidelines, and principles are shown below:

[3] Weblink - https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards

[4] Erstwhile Fund of Funds (FoF)



Policy Objectives

- **Integrate ESG and Climate Risk Management:** Systematically identify, evaluate, mitigate, or minimize ESG and climate risks throughout the investment lifecycle to safeguard financial and reputational integrity.
- **Regulatory Compliance and Best Practices:** Ensure adherence to legal and regulatory frameworks, aligning investments with IFC Performance Standards 2012 and good international industry practices (GIIP).
- **Asset Monitoring and Review:** Establish structured ESG performance reviews for ongoing monitoring and continuous enhancement post-investment.
- **Drive Climate Action:** Ensure assessment of physical and transition climate risk, as applicable across the investments, and encourage development of GHG reduction strategies by investee entities. NIIF is committed to contributing to a climate-resilient and low-carbon future, aligning with national and global climate goals, including achieving Net Zero by 2070 in alignment with India's Net Zero target, and supporting Nationally Determined

Contributions (NDCs)[5]. NIIF endeavours to allocate a meaningful share of its investments to low-carbon solutions.

- **Advance Transparency and Accountability:** Uphold robust governance by fostering transparent reporting, accountability, promoting diversity, equity & inclusion (DEI) and stakeholder engagement in ESG risk management. NIIF will disclose material ESG and climate-related risks and opportunities in alignment with prevalent and appropriate disclosure and reporting frameworks[6].
- **Create Positive ESG Impact**: Actively promote environmental and social outcomes to drive meaningful and measurable ESG impact across investment portfolios.
- **Enhance Occupational Health & Safety (OHS):** Strengthen OHS frameworks by encouraging portfolio investments in building the safety culture across the investments.

Policy Implementation

NIIF's Sustainability and Responsible Investing Policy is approved by the NIIF Board of Directors and will be carried out by the Head of Environment Management and Social Development (EMSD) at NIIF, who takes overall responsibility for implementing and ensuring compliance with the SRI Policy.

While the overall oversight of NIIF Sustainability and Responsible Investing rests with the Chief Investment Officer, the Head of EMSD, supported by a dedicated EMSD team, shall ensure the implementation of the SRI Policy objectives and commitments. The EMSD team is responsible for managing ESG and climate risks across various NIIF funds and for integrating ESG and climate risk factors throughout the investment lifecycle. The team also monitors policy and regulatory updates and advises funds as needed to enhance ESG and sustainability performance of the investments. When appropriate, external specialists may be engaged to ensure the proper implementation of the requirements mentioned above.

The SRI Policy should be read alongside the NIIF SRI Framework. The SRI Framework details out the steps for implementing the SRI Policy and SRI Principles, including its objectives, screening and categorization, performance review, investment exit, stakeholder management, grievance redressal, organization and responsibility, and review and updates.

The effective operation and implementation of the SRI Policy will be ensured through the following supporting documents:

- Fund-specific Environmental and Social Management System (ESMS)
- Health and Safety (H&S) Management Framework
- Climate Guiding Principles

[5] As per information released by a government press release on 18th Dec 2023, India's NDCs are reduction in emissions intensity of the GDP to 45 percent by 2030 from 2005 level, and cumulative electric power installed capacity from non-fossil fuel-based energy resources to reach 50% by 2030. Available at: https://www.pib.gov.in/PressReleasePage.aspx?PRID=1987752

[6] Such as IFRS S1 and S2, SASB, UNSDG, PRI among others.

SRI Principles

The following Principles will guide every Project/investment carried out by Fund Management. A summary of the SRI Principles is provided here.

Principle 1: Environmental and Social Risk Assessment and Management Systems

Requires that every project/investment must implement an ESMS according to NIIF's SRI Framework to manage environmental and social risks. This system should be integrated at an appropriate level within the organization's hierarchy.

Principle 2: Environmental Risks and Management

Mandates that projects/investments must identify, assess, and manage environmental risks and impacts, aiming to reduce them to As Low as Reasonably Practicable (ALARP). This includes considerations like resource efficiency, greenhouse gas emissions, pollution, waste management, biodiversity impacts, and more.

Principle 3: Human Resources Management

Involves managing human resources throughout the investment lifecycle, ensuring compliance with labor laws and standards, and providing safe and fair working conditions. It covers aspects such as employment practices, non-discrimination, grievance mechanisms, and extending these practices to the supply chain.

Principle 4: Social Risks and Management

Requires that projects/investments address social risks and impacts, such as land acquisition, displacement of people, effects on vulnerable groups, and cultural resources. It also emphasizes compliance with national and international standards and calls for meaningful engagement with affected parties and stakeholders.

Principle 5: Governance Risks and Management

States that strong governance structures are essential to support effective ESG Policy oversight and implementation. This includes resource allocation, supervision, monitoring, reporting, training, and ensuring gender inclusivity. Governance must also address grievance mechanisms, including ethics, human rights violations, and modern slavery, among other issues**.**

All the principles outlined are applicable to all investments undertaken by NIIF and by third-party managed sub-funds established under NIIF. Fund Management will conduct a comprehensive analysis of each principle's requirements during the ESDD process prior to investment and will incorporate these into the investment agreements through a mutually agreed Environment and Social Action Plan (ESAP). Furthermore, the investments will be governed by binding covenants incorporated within the investment agreement.

Policy Review and Communication

- NIIF will review and update its SRI Policy periodically or in line with applicable updates to national ESG regulatory requirements, and good international industry practices, including IFC Performance Standards 2012.
- The EMSD head shall be responsible for reviewing the SRI Policy.
- The SRI policy will be published and communicated through NIIF's website and intranet.
- NIIF will use appropriate international standards for sustainability disclosures.
- The EMSD team periodically presents a fund-specific update on portfolio performance in terms of ESG during the board or ARC meetings.
- The Funds will report on ESG performance to their respective investors/LPs based on the agreed reporting period and data/KPIs.

Particulars of amendments to the Policy are stated below:

Version Reference	Effective date
Version 1	May 7, 2018
Version 2	July 27, 2024
Version 3	October 29, 2025