



Atree Capital Ltd

**Environment, Social and Governance
(ESG) Policy**

1. Introduction

The board of directors of the Fund (the “Board of Directors”) and the Fund Manager are committed to managing the business and its investments in a responsible manner to minimise negative impacts on the environment and society. The Fund promotes leading sector standards and policies, consistent with international best practice relating to environmental, social and governance (ESG) matters.

This policy encompasses Atree Capital Ltd, the funds it manages and its assumed responsibility for ESG matters, risk issues and how investments are approved. The process ensures appropriate and sufficient due diligence processes are included prior to any financial investments being made into investee companies and monitoring of all investments. Our investment process aims to identify quality companies through proprietary fundamental research. This bottom up approach lends itself naturally to the integration of ESG factors at the company level.

Further, Atree Capital invests with the intention to generate a measurable, beneficial social and/or environmental impact alongside a financial return. Impact is core to the business and our investments are aligned with our goals and commitments to measuring our progress in meeting our impact targets. Atree Capital invests with a gender lens and climate smart approach, from a gender perspective we aim to achieve either more than 51% of women in ownership or senior management, or 51% of women in employment during the investment lifecycle. Our investments need to be Paris-aligned and assessed as consistent with a pathway towards low greenhouse gas (GHG) emissions and climate-resilient development. Atree Capital’s climate goals are for our investee companies to become carbon neutral over the life of an investment or significantly improve the investments’ climate sustainability.

We believe ESG factors can meaningfully influence long-term investment outcomes, and their evaluation contributes to our understanding of the opportunities and risks facing a business. We are sensitive to the complex and systemic risks related to climate change and the transition to a lower carbon economy.

The Board of Directors oversees the firm’s ESG strategy and ensure adherence to the ESG management system (‘ESGMS’) and agreed programmes. The Board also supervises and takes responsibility for the response and communication strategy for any major ESG incident or issue with respect to our investee companies. The Limited Partner Advisory Committee (‘LPAC’) has oversight of the ESGMS without executive powers. A dedicated ESG Officer works closely with the investment team to support the analysis of ESG matters, engagement activities and voting decisions.

Our Investment Team conduct initial screening, risk categorisation, develop ESG terms of reference for our due diligence process and actively monitor and report on all ESG matters within the portfolio companies, including any incident or infringement reporting. Our investment team utilise a variety of external research sources, including dedicated ESG research and data, and independent corporate governance. In addition, we have an active educational programme for the investment team for environmental

and social aspects.

Our ESG Officer liaises with the Investment Team and Fund Principals to ensure that the appropriate ESG steps are taken at each stage of the investment process, as well as, ensuring that the correct ESG requirements are included in the investment documents and adequate resources are committed to allow effective and appropriate implementation of the ESGMS throughout the investment lifecycle.

Altree will appoint an external ESG consultant to perform, implement and oversee ESG due diligence studies for category A (high risk) and B (medium risk) investments. Altree will conduct due diligence in-house for category C (low risk) investments.

2. ESG Business Principles and Fund Objectives

Altree Capital and the businesses in which it invests, will:

- Comply with all local and national laws, including labour laws, relevant environmental, health and safety laws, and other relevant regulations for all jurisdictions that Altree Capital operates and invests in;
- Support investee companies as appropriate to identify, avoid or minimise adverse social and environmental impacts and enhance positive effects on the environment, workers, communities and all stakeholders;
- Commit to continuous improvement in relation to the management of environmental, social and governance matters; applying international best practice standards, with appropriate targets and timelines for achieving them;
- Embed business management systems which effectively address ESG risks and enhance ESG and impact opportunities;
- Encourage the Fund and the businesses in which the Fund's capital is invested to make efficient use of natural resources and to protect the environment wherever possible; and
- Support the reduction of greenhouse gas emissions which contribute to climate change via the Fund and the businesses in which the Fund's capital is invested.

3. Process

Altree Capital has adopted the [IFC Exclusion List](#) that sets out areas where the Fund cannot invest. The IFC Exclusion list is applied throughout the investment process starting from deal origination, ensuring that non-compliant projects can never be acquired during the investment holding period of an investee company.

The Fund expects its investee companies to understand and, as far as commercially practical, adhere to the [IFC Performance Standards](#)¹

- Assess the environmental risks of investee companies as follows:
 - Identify ESG risks at the earliest stage of investment screening
 - Conduct a due diligence process to identify the scope and type of environmental and social risks and impacts posed by the operations;

- Identify potential risks and appropriate mitigation measures where business operations could result in environmental and social impacts; and
- Consider the potential for positive environmental and social impacts from business activities.
- Take appropriate actions to mitigate environmental and social risks, ameliorate environmental damage, and enhance positive effects as follows:
 - Where an activity is assessed to present significant environmental risks, apply the relevant IFC, environment and social standards and/or EHS guidelines³, when these are more stringent than local legislation, with appropriate targets and timelines for improvements;
 - Continue to monitor, measure, assess and support environmental and social risks throughout the investment lifecycle;
 - Provide ongoing quarterly ESG reporting to investors; and
 - As appropriate, adopt international environmental best practice standards across investments.¹

Underscoring the significance of ESG factors to our understanding of the business risks and opportunities which face the companies in which we invest we will support proposals for a company to adhere to international disclosure standards or industry best practices (whichever is higher). Atree will encourage its portfolio companies to report on all efforts to reduce GHG emissions.

¹ Including the range of internationally certifiable environmental standards issued by the International Organization for Standardization (“ISO”), the ISO 14000 series, notably including standards for environmental management systems (ISO 14001) and greenhouse gas emissions (ISO 14064-65), as may be amended from time to time. See www.iso.org.