

SAMARA  
CAPITAL



# Environment, Social and Governance Report 2022

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## DISCLAIMER

Please note that this ESG Report is not intended to be a marketing document and the contents of this report are provided for information purposes only. Any claim, targets, goals, commitments, initiatives, results, or outcomes included in this report are purely illustrative in nature and should not be seen as an indication of current or future performance.

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This inaugural ESG report provides an overview of the approach adopted by Samara Capital for incorporating Environmental, Social And Governance (ESG) factors throughout the investment process. The report also presents some of the sustainability outcomes of Samara Capital's responsible investment approach. Sustainability priorities of the Samara Capital portfolio companies and some of their achievements as also described in the report.

Through this report, we intend to reinforce our commitment to responsible investment by evaluating material ESG topics prior to making investment decisions and during the course of the ownership period.

We hope that this report proves to be of value to our investors and other stakeholders. Sustainability is a journey, and we are determined to enrich our understanding of this topic, improve our policies, processes, and governance, and share our learnings.

We would like to thank our investors and management teams of portfolio companies for their support as we continue to make progress towards adopting highest standards of responsible investment and enhance the sustainability outcomes of our investment decisions.



**Sumeet Narang**  
**Founder, Managing Director, and**  
**Co-CIO**

I am pleased to share the inaugural ESG report of Samara Capital. Responsible investment approach has always been integral to our investment decision-making and this report provides a glimpse at the process we employ for integrating ESG considerations across the investment cycle.

We firmly believe that generating financially favourable outcomes from our investment decisions and addressing sustainability concerns are not mutually exclusive. In fact, identifying environmental and social risks and opportunities allows us to build resilient businesses capable of successfully navigating through the emerging threats and leverage opportunities.

Our approach for incorporating ESG considerations in the investment decisions is governed by the Responsible Investment policy. The policy documents our commitment to responsible investment. It also includes framework for evaluating ESG factors while assessing the investment proposals and during the ownership period.

**Across our portfolio companies, we look to maximize financial returns from the business activities, care for the environment and community, and ensure compliance with regulatory requirements.**

We periodically engage with our portfolio companies in order to promote best-in-class ESG practices. They are supported by our in-house ESG team in identifying ESG and climate-related risks and developing mitigation strategies.

We have made considerable progress in strengthening our commitment and strategy for responsible investment. We are now a signatory to UN-supported Principles of Responsible Investment (PRI) since November 2022. During 2022, we also joined ESG Data Convergence Initiative (EDCI) and have collected data on important ESG metrics across all portfolio companies.

Internally, we have developed several tools and resources that assist investment teams in assessing ESG risks and opportunities while evaluating investment proposals. Our investment teams also receive periodic updates on emerging ESG regulatory trends for increased awareness and informed decision-making.

Through this publication of our first ESG report, we have achieved a significant milestone of transparent communication of ESG commitments, policies, processes, and achievements. We thank our investors and stakeholders again for their time and interest in learning about our responsible investing approach.

## ABOUT SAMARA CAPITAL

**Samara Capital is one of India's leading mid-market private equity firms with strong operating capabilities. We focus on long term business ownership and value creation while driving positive impact for all stakeholders.**

Founded in 2007, Samara Capital is a leading mid-market private equity firm in India and has invested over 1.7 billion USD since inception. We have a stable and cohesive leadership team that takes pride in attracting and nurturing the very best of talent to deliver exceptional results.

Over the course of more than a decade, the team has developed deep expertise in focus sectors and has actively collaborated with managements making

Samara Capital a trusted partner.

We see ourselves as a business owner and partner with entrepreneurs and managements to make the businesses achieve their true potential, thereby creating long term value for all stakeholders.

Our investors include high quality institutional investors and family offices from across the globe.

**OUR PURPOSE** To be inspiring business leaders and best-in-class capital allocators.

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**OUR MISSION** To be the most trusted steward of our client's capital.

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**OUR CULTURE** Samara leaders nurture a work culture based on our core leadership principles and values.

## OUR VALUES

### PASSION FOR INVESTING

Samara leaders are inquisitive and create unique investment opportunities based on sharp insights and strong relationships with business leaders. Samara leaders believe in capital preservation, demonstrate intellectual integrity and are relentless in pursuing strong risk-adjusted investment returns.

### BUSINESS BUILDER

Samara leaders think and act as inspiring business owners, possess sound judgment, and display a high degree of accountability. They have a frugal mindset and don't sacrifice long-term value for short term results.

### GROWING TALENT

Samara leaders can identify, attract, nurture, and retain the very best of talent, for the firm and for the businesses we invest in. They gauge their own success basis the talent they build and create a culture of empowerment and perfectionism.

### GRIT

Samara leaders think audaciously and show unusual resilience. They learn and improve from setbacks/failures and keep going while rallying everyone in the team until the goal is accomplished. They are not afraid of taking calculated risks and value speed in decision making.

### COLLABORATION

Samara leaders display a firm-first approach, they work together in the belief that the best idea, rather than my idea, is everyone's common objective. They share information & knowledge openly and make time to help others.

## SAMARA CAPITAL AT A GLANCE

Samara Capital benefits from a stable and cohesive leadership since inception and seeks to rapidly grow / transform businesses by adopting control / shared control ownership approach.

### HIGHLIGHTS OF THE FIRM

**1.7 billion USD +** Invested; investors comprise leading American, European, Middle Eastern and Asian institutional investors.

**40,000 +** Personnel employed through 10 actively controlled / co-controlled investments.

**Sector-focused** Consumer / Retail | Healthcare / Pharma  
Financial Services | Business Service / Technology

**Strong team** Stable, experienced, and local team  
Entrepreneurs-in-Residence and Key Opinion Leaders  
Curated / proprietary CEO bench

## OUR ESG JOURNEY

Samara Capital has actively considered Environmental, Social and Governance considerations as part of the ownership approach. The engagement with portfolio companies has evolved over the years graduating from the risk-based approach to proactive determination of ESG-related

opportunities in addition to the ESG and climate change related risks. We have regularly engaged independent ESG experts to perform ESG diagnostic audits and worked alongside the management teams for implementing corrective measures to address the findings.

### SELECT MILESTONES OF ESG JOURNEY

<p><b>2014-17</b></p> <ul style="list-style-type: none"> <li>Aligned Responsible Investment approach with the IFC Performance Standards.</li> <li>Initiated engagement with portfolio companies on ESG topics.</li> </ul>	<p><b>2020-21</b></p> <ul style="list-style-type: none"> <li>Engaged independent experts to conduct ESG diagnostic audit for all portfolio companies.</li> <li>Engaged with portfolio companies to address the findings of audit in a time-bound manner.</li> </ul>
<p><b>2019</b></p> <ul style="list-style-type: none"> <li>Adopted ESG policy incorporating recommendations of IFC Performance Standards.</li> <li>Developed framework to screen investments, conduct ESG due diligence and monitor ESG performance.</li> </ul>	<p><b>2022</b></p> <ul style="list-style-type: none"> <li>Became signatory to UN PRI and ESG Data Convergence Initiative.</li> <li>Created an in-house ESG team and initiated accelerated engagement with portfolio companies.</li> </ul>

## RESPONSIBLE INVESTMENT COMMITMENT

**We are firmly committed to ensure integration of Environmental, Social and Governance (ESG) considerations into the investment decisions made through our private equity funds.**

Our commitment to responsible investment stems from the belief that investment decisions made with responsible investment perspective have a positive impact on the financial and corporate performance while creating shared value for the community.

We have aligned our responsible investment commitment to globally recognized frameworks and emerging ESG and climate change related issues. During 2022, we have evaluated and joined global initiatives such as UN-supported PRI and ESG Data Convergence Initiative. We shall collaborate with the industry peers to further our understanding of responsible investing and ensure that our approach evolves and stays relevant to emerging scenarios.

Signatory of:



**Principles for Responsible Investment (PRI)** is a United Nations-supported international network of financial institutions demonstrating their commitment to responsible ownership and long-term, sustainable returns.

We are a signatory of UN PRI since November 2022 and are fully committed to applying the principles in our investment decisions.



**The ESG Data Convergence Initiative (EDCI)** is an open partnership of private equity stakeholders committed to streamlining the historically fragmented approach to collecting and reporting ESG data.

Recognizing the importance of consistent and standardized ESG metrics to meaningfully benchmark the ESG performance, Samara Capital has joined the EDCI in 2022.



**The Initiative Climat International (iCI)** is a global, practitioner-led community of private equity firms and investors that seek to better understand and manage the risks associated with climate change.

By joining the iCI Asia Pacific Chapter, Samara Capital has committed to integrated climate change assessment in investment process, engage with portfolio companies on climate change and support the initiative among peers.



**The 17 Sustainable Development Goals (SDGs)** are a part of 'The 2030 Agenda for Sustainable Development', adopted by all United Nations Member States in 2015. The SDGs are an urgent call for action by all countries - developed and developing - in a global partnership.

Samara Capital seeks to align the business activities of its portfolio companies to the relevant SDG and contribute towards achievement of SDGs through engagement with portfolio companies.

### ACTIVE OWNERSHIP

We pursue active ownership for all investments, and this is an integral part of our investment approach. We believe that active ownership is most effective to minimise risks and maximise returns while creating a positive impact on the environment and community.

### ESG RISK MITIGATION

Where investment team members have been appointed as nominee directors by the portfolio companies, we make use of our voting rights and other engagement practices to monitor ESG risks and their mitigation efforts.

### LEGAL COMPLIANCE

We ensure that business activities of our portfolio companies adhere to locally applicable laws and regulations and align with national policies related to ESG topics such as climate change, resource conservation, and community development among others.

### ALIGNMENT TO GLOBAL FRAMEWORKS

The responsible investment approach is guided by internationally recognised frameworks, including, but not limited to, the UNFCCC Paris Agreement, the UN Sustainable Development Goals (SDGs) and the UN Guiding Principles on Business and Human Rights.

We have adopted a holistic ESG strategy with an objective of integrating ESG considerations throughout investment cycle. We achieve this by integrating material ESG factors in the decision-making process across all stages of the investment.



## PRE-INVESTMENT

As part of the evaluation for all investment proposals, we consider material ESG factors during the due diligence process. The purpose of incorporating ESG factors is to identify material investment risks as well as opportunities to create value.

The due diligence process for investment proposals begins with the ESG team performing initial screening based on the exclusion list and internal ESG screening checklist. Based on the findings from the initial screening we decide on the engagement of independent expert for conducting detailed ESG due diligence.

## POST-INVESTMENT

The management teams of the portfolio companies are guided by the ESG team of Samara Capital in establishing ESG related policies, processes, and governance mechanism, if not already in place. This is to ensure compliance to relevant local laws as well as the ability to identify and manage ESG risks and opportunities.

In addition to ESG policies and processes, the portfolio companies are required to identify and monitor relevant ESG performance metrics periodically, align with relevant global ESG frameworks.

We guide and support the portfolio companies on ESG matters and engage external advisors / experts as necessary.

## ESG SCREENING OF INVESTMENTS

**Our Responsible Investment Policy provides the guiding framework for performing screening of potential investments from ESG perspective. We apply a four-step ESG screening approach for all investments.**

### STEP 1: POTENTIALLY HIGH ESG RISK

We avoid investments having potentially high ESG risks. These are characterised by attributes that include, but are not limited to, significant, irreversible, and unprecedented environmental and social impacts, severe governance-related

issues, and lack of minimum elements of corporate governance. The proposal is not investigated further if it flags any of the abovementioned criteria during our initial assessment.

### STEP 2: EXCLUSION CRITERIA

The exclusion criteria defined in the Samara Capital Responsible Investment Policy is applied for all investment proposals that have been determined to not have high ESG risk.

The exclusion criteria is aligned with the approach adopted by global financing institutions as well as internationally recognized ESG frameworks.

### STEP 3: HIGH-LEVEL CLIMATE CHANGE RISK SCREENING

We perform high-level evaluation of the potential investment proposals to determine if the company has direct or indirect dependence on carbon intensive business activities and whether the company is likely to be impacted due to

net-zero commitments of various governments and the associated policies.

We are strengthening our assessment approach to adequately evaluate the climate-related physical risks.

### STEP 4: ESG DUE DILIGENCE

The ESG due diligence process determines the compliance to applicable laws, alignment with globally recognized ESG frameworks, commitment to ESG and the adequacy of systems to identify and mitigate the ESG risks as well as leverage opportunities.

The ESG due diligence process also considers any past ESG related controversies and the associated mitigation actions. Depending on the findings of the ESG due diligence, mitigation actions may be included as a condition precedent and / or condition subsequent to the transaction.



The ESG due diligence process is guided by the ESG materiality approach. We determine material ESG factors as those which have the potential to cause significant and actual impact on the financial, environmental, and social performance of the portfolio companies.

Our approach for determining material ESG topics is aligned with recommendations of internationally recognized frameworks such as Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD).

The investing approach adopted by Samara Capital goes beyond acting as an active financial investor. We are guided by the vision of taking ownership of the business alongside the management and play the role of a value adding partner.

### BUSINESS TRANSFORMATION

Transformational leadership has the potential to unlock growth and create a thriving culture for any organization. Throughout the ownership, we seek to establish the businesses as leaders in their sectors and geographies. We achieve this by undertaking strategic initiatives for identification of disruptive trends and leveraging technology for solving problems.

#### GROWTH ACCELERATION

- Strategic initiatives for the business development.
- Identification of disruptive trends and creating leadership position through technology.
- Inorganic business growth through transaction sourcing, structuring and evaluation.

#### BUSINESS INSTITUTIONALIZATION

- Linking remuneration of management to the business.
- Recruitment of best-in-class talent to achieve business goals.
- Leveraging technology to solve business problems and unlock growth.
- Improved reporting standards through monitoring and disclosure frameworks.

### ROBUST GOVERNANCE

The Samara governance framework for portfolio companies ensures adoption of robust practices and enables management to conduct business with high ethical standards. We strongly emphasise on accountability at all levels and clearly define roles and responsibilities along with expectations from the management teams.

#### Board construction

We ensure a board structure to enable the portfolio companies to achieve their strategic objectives and create value for stakeholders. The board is represented by directors with strategic expertise and necessary qualifications.

#### Governance system and controls

Robust governance systems are implemented through board committees that provide oversight on important matters. Controls around important organizational processes such as finance, human resources and vendor payments among others provide the necessary safeguards.

#### Performance evaluation and reporting

Periodic performance evaluations are conducted on monthly and quarterly frequency. These are aimed at reviewing P&L, balance sheet, cashflow, key business initiatives, operating matrix, and other important business metrics.

#### Combined assurance model

Regular independent audits are conducted for operations, processes, IT governance, policy compliance and risk management. The assurance framework helps manage governance risks and ensures compliance at all levels.

## MATERIAL ESG ISSUES DETERMINATION

The process begins with identification of material ESG issues. We apply double materiality principle thus considering not only the financially material ESG issues but also the ESG issues where the business activities have impact on the environment and the community.

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## ESG RISKS AND OPPORTUNITIES IDENTIFICATION

Once the material ESG issues have been identified, portfolio companies are guided to identify the risks and opportunities associated with each material ESG issue. These risks and opportunities play a crucial role in setting the relative priority for each material ESG issue.

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## ALIGNMENT WITH BUSINESS GOALS AND STRATEGY

We consider alignment of ESG priorities with the business strategy to be extremely important for ensuring sustainable growth for our portfolio companies. Material ESG issues and their associated risks and opportunities are reviewed in conjunction with the business objectives.

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## GOALS AND KEY METRICS

All Samara portfolio companies are expected to set ESG goals and track their performance monitoring the relevant KPIs. Samara ESG team has developed sector agnostic ESG metrics which are mandatory for all portfolio companies to track and report periodically.

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## POLICIES AND GOVERNANCE

Policies and governance processes are high priority, and all portfolio companies are expected to develop ESG related policies and governance mechanisms, if not already in place. Samara ESG team regularly reviews the emerging ESG trends, regulatory developments and advises the portfolio companies.

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## PROGRAMS AND INITIATIVES

Based on the ESG goals, the portfolio companies design programs, and initiatives with the objective of achieving their ESG goals in a timely manner. The progress of the initiatives, their impact and outcomes are regularly discussed with the Samara ESG team and the investment team.

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## MONITORING AND REVIEW

Samara ESG team coordinates with the portfolio companies on ESG matters. The portfolio companies are also required to nominate ESG champion(s) who act as a flagbearer in their ESG journey. Samara ESG team ensures that portfolio companies progress in their ESG journey and are aligned with the emerging trends.

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## BOARD OVERSIGHT

The commitment to sustainable development originates at the very top through board oversight on the ESG matters. ESG dashboard comprising of important ESG metrics has been developed by Samara ESG team and this is discussed at the board level along with any other important ESG matters.

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INNOVATION FOR FOOD WASTE REDUCTION



CHALLENGE

A significant quantity of waste generated from retail operations of More Retail consists of perished fruits and vegetables. Once the food waste reaches landfill, methane and CO<sub>2</sub> is released adding to greenhouse gas emissions. The fruits and vegetables going waste also add to the lost commercial income of the organization.

ACTION

More Retail recognized that temperature, accumulated ethylene from the same produce and oxygen concentration in the vicinity contribute to accelerated freshness loss. An effective solution to extend the life of fruits and vegetables was researched. This was achieved by reducing the temperature and removing the ethylene from the surroundings using the ethylene scavenger.

RESULT

Food waste reduction to the order of ~100 tons was achieved by extending the shelf life of the fruits and vegetable while maintaining the desired levels of freshness.



ESME

SUSTAINABLE LIVELIHOOD FOR WOMEN

CHALLENGE

Women living in semi-urban and rural parts of India have extremely limited earning opportunities. Due to lack of opportunities, such women are either left out of workforce or get employment in seasonal occupation such as farming.

ACTION

Esme Consumer is well aware of the challenges associated with livelihood opportunities for women in semi-urban and rural parts of India. Driven by the vision to provide opportunities to women and enable their employment, Esme Consumer regularly conducts training workshops for salon owners as well as women entrepreneurs who are keen to take up this profession.

RESULT

By conducting workshops and imparting training to over 2,000 women, Esme has not only created sustainable livelihood opportunities for female entrepreneurs but also contributed to women empowerment. Many of the salon owners who receive the training have further imparted these skills to women residing in the vicinity thus creating second order benefits.

OUR BRANDS



GENDER DIVERSITY IMPROVEMENT



CHALLENGE

Overall female representation in healthcare sector in India remains healthy at around 50% as per the statistics published by Government of India. However, female representation among doctors in India is estimated to be around 30%. Hospitals of Marengo Asia Hospitals have recognized this and are striving improve the gender representation at all levels.

ACTION

Marengo Asia Hospitals has taken a holistic approach in order to increase the gender diversity across all levels at the hospitals. The strategy considers not only the hiring practices but also the organizational policies and procedures to remove any unconscious bias. Initiatives such as industry-leading employment benefits have led to Marengo Asia Hospitals emerging as the employer of choice. Employee engagement initiatives ensure female staff across all levels have access to forums to share their feedback and voice opinion and skill development activities provide professional learning opportunities.

RESULT

Marengo Asia Hospitals has achieved a healthy diversity ratio with female representation of around 45%. A roadmap has been defined to increase this to 50%. An even more significant achievement is the fact that female representation among doctors is around 40% which is significantly higher than 30% female doctors as per the statistics published by Government of India.



NET-ZERO EMISSIONS ROADMAP

CHALLENGE

As part of proactive assessment of emerging ESG megatrends, SMT determined GHG emissions reduction as a material ESG topic. SMT is a leading supplier of cardiovascular devices and government around that world are aligning public procurements with their net-zero commitments. As a result, developing robust GHG inventory and a scientific net-zero roadmap was critical.

ACTION

A cross-functional team was assembled and guided by the Samara ESG team in preparing the GHG inventory. Scope 3 emissions estimation was particularly challenging since SMT sources raw material from around the world and finished products are dispatched globally. Several internal measures were taken to improve the accounting accuracy for indirect GHG emissions from transportation of raw materials and finished goods dispatch to customers.

RESULT

SMT has publicly committed to achieving net-zero emissions and a roadmap has been prepared to achieve the goal. Immediate actions towards the objective include increasing the sourcing of renewable energy, energy efficiency improvement initiatives and evaluation of credible, long-term offset mechanisms.

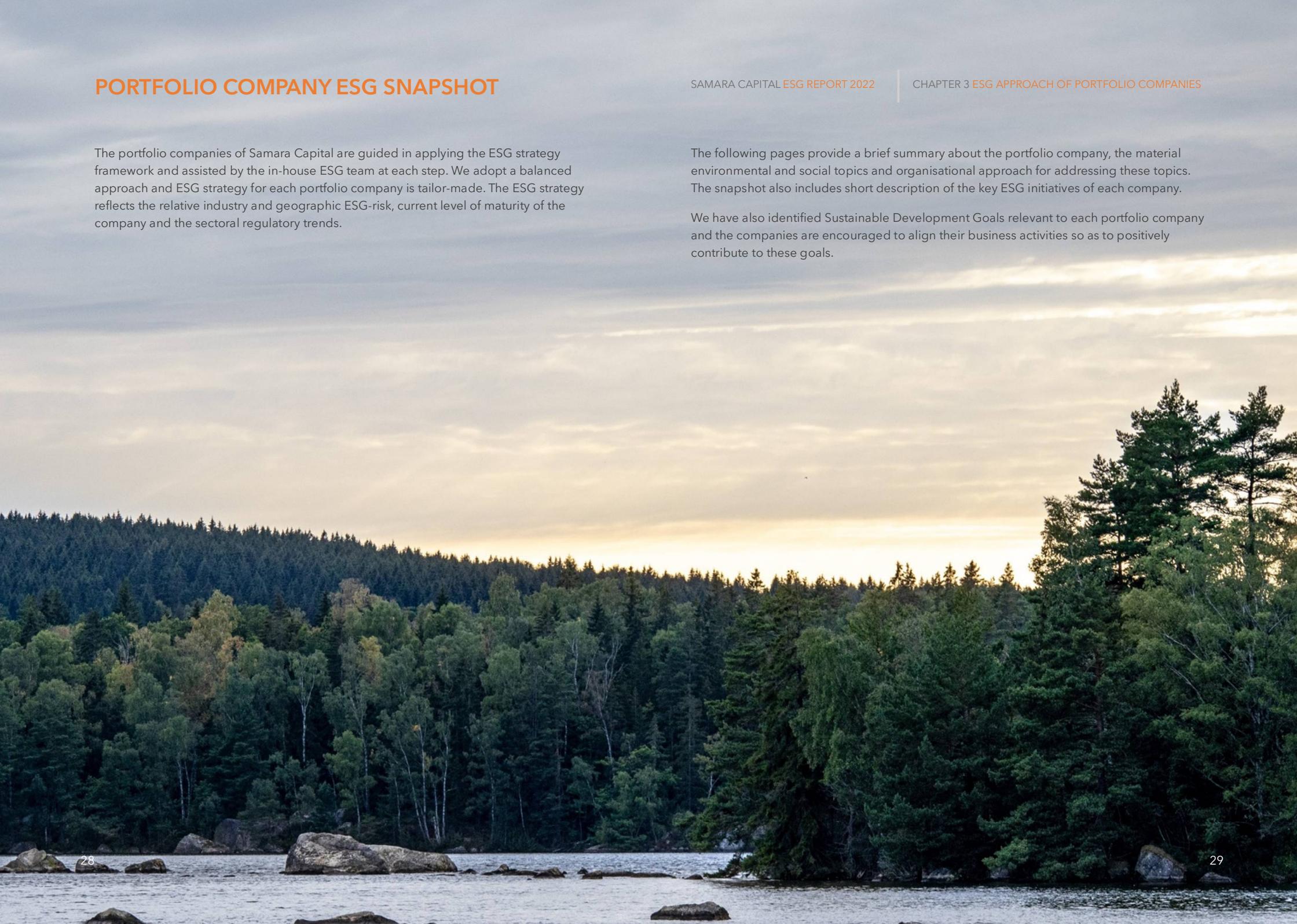


## PORTFOLIO COMPANY ESG SNAPSHOT

The portfolio companies of Samara Capital are guided in applying the ESG strategy framework and assisted by the in-house ESG team at each step. We adopt a balanced approach and ESG strategy for each portfolio company is tailor-made. The ESG strategy reflects the relative industry and geographic ESG-risk, current level of maturity of the company and the sectoral regulatory trends.

The following pages provide a brief summary about the portfolio company, the material environmental and social topics and organisational approach for addressing these topics. The snapshot also includes short description of the key ESG initiatives of each company.

We have also identified Sustainable Development Goals relevant to each portfolio company and the companies are encouraged to align their business activities so as to positively contribute to these goals.





More Retail is a leading food and grocery retail chain of India. The company has a strong presence across India through its Supermarket and Hypermarket stores. MRL has a strong supply chain infrastructure comprising of distribution centres, fruits & vegetables collection centres and re-processing centres.

More Retail's robust infrastructure coupled with clear processes caters to ~900 supermarket stores and hypermarket formats across the country. More Retail

also has large number of own brand products which are manufactured by certified vendors and delivered to the stores via the distribution centres.

The organization aspires to be the Indian consumer's most preferred choice for food, grocery, apparel, and general merchandise needs in their neighbourhood served in an omni-channel way.

## SUSTAINABLE VALUE CREATION

- Direct sourcing of fruits and vegetables from 1,000+ farmers.
- Ethylene scavenging during storage to achieve 70% food waste reduction.
- 19% plastic waste reduction by substitution with eco-friendly alternatives.
- Women leaders program - training and counselling for female store managers
- Detailed safety audit of facilities every quarter, all facilities at least once annually.
- Comprehensive business integrity policies and governance mechanisms in place.

## UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



## ENVIRONMENT & SOCIAL PRIORITIES

### ENVIRONMENT

**GHG emissions reduction** - Energy consumption at all stores is monitored and the HVAC and refrigeration equipment is periodically inspected to ensure optimum operational efficiency.

**Resource conservation** - Robust business excellence framework is in place to evaluate each operational process with a view of minimizing losses. Reduce-reuse-

recycle philosophy for packaging material has ensured plastic elimination and substitution with eco-friendly alternatives.

**Waste reduction** - At the store level, More Retail has moderated the usage of packaging material. Behavioural interventions have also been deployed to encourage consumers to reduce the packaging material.

### SOCIAL

**Employment creation** - More Retail employees largely belong to underrepresented sections of the society. A comprehensive training and development program help them gain vital skills for professional success.

**Safety and healthy workplace** - More Retail has adopted comprehensive occupational health and safety management standards to ensure high

levels of safety for customers, employees, merchandise, and store assets.

**Partnering with farmers** - More Retail enjoys strong and rewarding relationship with its suppliers and partners. Through direct procurement, More Retail not only ensures highest quality standards but also deepens engagement with farmers through training and education on good agricultural practices.



# ESME

Esme Consumer is the personal care platform created with a vision to democratize beauty for Indian customers.

Blue Heaven is one of the most loved Indian cosmetic brands with a legacy of close to 50 years. The brand is known for superior quality, innovative colour cosmetic products offered at affordable prices.

Nature's Essence, started more than 20 years ago, is amongst top brands in the facial kits and bleach segments. The brand started its journey by manufacturing affordable personal care products and

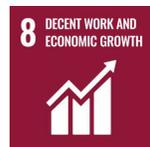
educating small to mid-size salon owners about beauty treatments.

Esme Consumer is driven by its mission of fuelling beauty aspirations of the value conscious consumer by making high quality, innovative products accessible and affordable. To fulfil the needs and aspirations of its consumers for pocket-friendly beauty and cosmetic products, the organization has developed a strong in-house product development team that constantly innovates to bring the most contemporary products to the market.

## SUSTAINABLE VALUE CREATION

- ESG roadmap, goals and annual targets defined for 2025 and 2030.
- Monthly review and monitoring mechanism in place to track progress.
- Trainings to over 2,000 salon owners; opportunity for sustainable livelihood.
- 29% women in senior leadership; positive gender pay gap in favour of women.
- Code of conduct, whistle-blower policy, IT security policy and health & safety policy.

## UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



## ENVIRONMENT & SOCIAL PRIORITIES

### ENVIRONMENT

**GHG emissions reduction** - Through rigorous monitoring of energy and fuel consumption, all facilities have been able to consistently reduce the energy use and thus the GHG emissions and have set up solar panels for generating electricity.

**Freshwater consumption reduction** - Fresh water is a critical raw material for many of the personal care products.

### SOCIAL

**Cruelty free / safe products** - None of the products made by Esme Consumer are subjected to animal testing. Rigorous development process ensures that the products do not exhibit any harmful effects when used by the customers.

**Traceability of raw materials** - Complete traceability of critical raw materials is part of supply chain sustainability. A detailed framework is being developed for

Advanced purification techniques are adopted for efficient water treatment. The factories have rainwater harvesting systems for replenishing the groundwater.

**Waste diversion from landfill** - Waste which was earlier disposed in bulk is now segregated and disposed in a strategic manner so as to ensure recyclability, recoverability, and diversion from landfill.

identification and traceability of the critical raw materials.

**Improving gender diversity and creating safe workplace** - The brands are synonymous with empowering women and providing sustainable livelihood to women entrepreneurs residing in Indian towns. The organization has established a work culture that prioritizes safety and health of all employees.



## PORTFOLIO COMPANY ESG SNAPSHOT



Founded in Bengaluru in 2018, FirstMeridian Business Services Limited is a leading HR solutions provider and an investment platform empowered by technology and innovation in Staffing, Managed Services and HR Automation. The human resources investment platform was formed with the objective to deliver end-to-end HR solutions and build a winning workforce that thrives in change.

The organisation provides work to 126,824 people who serve 1200+ clients

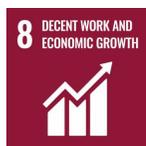
across 3500+ locations through a wide-reaching branch network. The customers of FirstMeridian span across industry sectors, including Telecom, Retail, BFSI, IT, ITES, E-Commerce, Manufacturing, Engineering and Logistics.

FirstMeridian offers comprehensive business solutions across general, engineering, and technical staffing, automation, trade marketing, IT managed services, recruitment process outsourcing and facility management.

### SUSTAINABLE VALUE CREATION

- Social security cover for all core and non-core employees.
- Revolutionary DigiTrac mobile application for temp workforce management.
- ~70% reduction in paper by digitizing employee and payroll processes.
- Comprehensive regulatory compliance tracking mechanism to track wages and benefits requirements across all the jurisdictions where FirstMeridian provides employment to the people.

### UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



## ENVIRONMENT & SOCIAL PRIORITIES

### ENVIRONMENT

Energy conservation - All the offices of FirstMeridian consciously strive to conserve energy. This is achieved through monitoring lighting and air conditioning requirements as well as reminding the employees to turn off lights and air conditioners when not needed. The facility management team maintains the optimum HVAC temperature for efficiency and comfort.

Waste management - FirstMeridian has significantly reduced the paper consumption at the offices. Most of the processes requiring printing have been digitized and a mobile application allows all employees to access their employment related documents online thus eliminating needs for printed copies.

### SOCIAL

Diversity and inclusion - Enabling a diverse and inclusive workplace is a priority for FirstMeridian. The organization has instituted policies and governance mechanism to create a work culture that allows all employees to excel professionally free from any and all types of discrimination.

through advanced data protection measures. The system is designed to prevent malicious attacks and attempts to gain unauthorised access.

Labour and human rights - While providing the staffing solutions to its clients, FirstMeridian ensures compliance to all the applicable statutory requirements. The organization also negotiates with clients on behalf of its people to ensure compliance.

Data security - FirstMeridian handles important data of over a hundred thousand people. The data is secured



## PORTFOLIO COMPANY ESG SNAPSHOT



Started in 1953, Paradise has grown into one of the most-admired restaurant chains in the country today. A permanent fixture on Hyderabad's cultural scene, people consider a trip to the city incomplete without a visit to this iconic place that serves the best Biryani.

With multiple formats that include charming cafes, busy bakeries and welcoming restaurants, the food courts are favourite hangouts for people from all walks of life.

Paradise ensures consistency of taste and quality across outlets through a meticulous application of standard operating procedures. Industry best practices, world-class processes and cutting-edge technology enable the food outlets to set new benchmarks in the food & hospitality industry for their efficiency.

Paradise has been recognized as one of the best restaurants serving authentic Hyderabadi cuisine by leading news and media publications of India.

### SUSTAINABLE VALUE CREATION

- Revamped cooking process to phase-out solid fuel, improve efficiency and kitchen staff working conditions while reducing fuel consumption by 25%.
- Energy management systems to achieve 10% reduction in electricity use.
- Batch cooking process optimization for improved quality and reduced food waste.
- "Great Place to Work" certification; consistent score improvement.
- Raw materials from farmers/poultry owners; dairy products from cooperatives.

### UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



## ENVIRONMENT & SOCIAL PRIORITIES

### ENVIRONMENT

**Energy conservation** - Paradise has significantly revamped its operations with the objective of improving energy efficiency while keeping the traditional excellence intact. Energy monitoring and management systems have been deployed across all the restaurants.

**Food waste reduction** - Food waste challenge is being holistically addressed

by optimizing all stages of food preparation from sourcing to batch size coupled with demand forecasting for ensuring freshness and reducing waste.

**Water conservation** - Significant quantity of water is required for biryani rice preparation. Paradise has invested in modern water filtration and treatment technology to reduce water use.

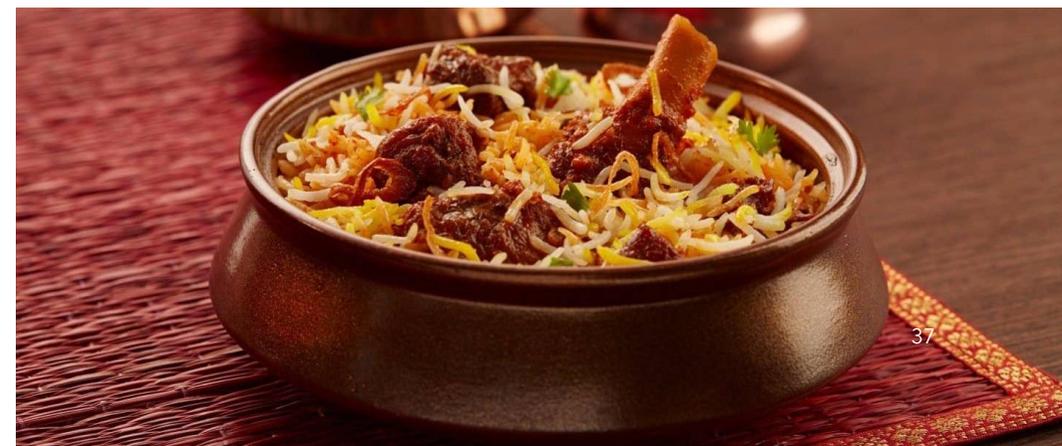
### SOCIAL

**Improving gender diversity** - Paradise has been consistently improving the gender diversity through several interventions. Women are typically under-represented in the restaurant industry and Paradise is leading the change from the front.

**Partnering with suppliers for common prosperity** - Paradise sources raw materials such as eggs and chicken directly from poultry owners. Similarly, materials such as rice and spices are

procured from farmers / cultivators. This allows for strong partnerships benefiting the suppliers.

**Skill development and nurturing leaders** - Paradise has instituted an accelerated leadership program that fast-tracks leadership journey of promising talent. Young employees demonstrating skills and willingness to lead from front are incentivized through accelerated promotions and opportunities.





## Marengo Asia Hospitals

Marengo Asia Hospitals is an integrated platform of multi-specialty hospitals focused on providing tertiary and quaternary care, creating 'centres of excellence' across medical specialties while adopting a 'patient first' approach. The platform envisions modern health systems to tackle the NCD/Oncology disease burden, partnering for early detection to reduce mortality, and demand of super-speciality at-scale across all geographies.

Launched in October 2020, Marengo Asia Hospitals' mission is to become most preferred multi-specialty hospital chain

and provide best clinical outcome. This is achieved through accountability, clinical excellence, technology, and continuous skill upgradation of caregivers.

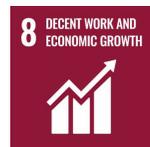
Marengo Asia Hospitals is committed to provide a reliable healthcare delivery platform by making expert healthcare accessible for all whilst following the principles of reliability and sustainability.

Marengo Asia Hospitals aspires to improve access to healthcare for the communities, in line with Sustainable Development Goal 3 (SDG3), "good health and wellbeing for all at all ages".

### SUSTAINABLE VALUE CREATION

- ESG roadmap, goals and annual targets defined for 2025 and 2030.
- Marengo CIMS amongst the earliest in India to receive GreenOT certification.
- Comprehensive data security policy; ISO 27001 certification in progress.
- All employees and staff covered by comprehensive medical and accident insurance.
- Strong community engagement through health camps, trainings, and workshops.

### UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



## ENVIRONMENT & SOCIAL PRIORITIES

### ENVIRONMENT

**Renewable energy** - The hospitals devote significant efforts to reduce electricity consumption (e.g., HVAC system upgrade) and increase the share of renewable electricity by using solar panels.

**GHG emissions reduction** - Reducing greenhouse gas emissions is a priority for Marengo Asia Hospitals. Initiatives include

solar water heaters electric vehicles infrastructure and tree plantation.

**Waste diversion from landfill** - Marengo Asia Hospitals is engaging with waste management agencies to explore energy recovery from waste incineration. Exhaustive waste management plan is in place to increase recycling / reuse and prevent waste from going to landfill.

### SOCIAL

**Reducing hospital acquired infections** - The hospitals have rolled out patient safety campaigns to reduce the number of hospital-acquired-infections and regularly benchmark the internal data against international standards and best practices.

**Patient data protection and privacy** - Marengo Asia Hospitals accords highest priority to data protection and cybersecurity. All the hospitals have the

state-of-the-art data protection measures and the concerned teams regularly review the systems for potential threats.

**Improving gender diversity** - All the hospitals of Marengo Asia Hospitals are proud to maintain a healthy gender diversity ratio with women representing more than 46% of the total workforce. The hospitals are already working to reach the goal of 50% gender diversity.





SMT is a global medical device company committed to making advance medical technologies accessible to everyone around the world. With a presence in over 80+ countries, SMT has achieved recognition from the Government of India for its tremendous contributions in the field of Cardiovascular healthcare.

SMT started its journey 20 years ago with a pledge to save millions of lives by providing the most innovative solutions in the cardiovascular field. SMT has led the development of innovative biodegradable polymer coating technology in coronary stent system.

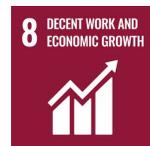
The organization has evolved as a completely integrated manufacturer and unlocked new levels of productivity ensuring continued capability to serve patients with highly competitive pricing.

Incorporating the know-how developed over two decades, SMT is now looking to apply the knowledge base to other cardiovascular ailments and develop innovative technologies and efficient progressions that incubate hearty world, enliven physician aspirations, and continue to make SMT a trusted emerging market leader amongst physicians and people at large.

SUSTAINABLE VALUE CREATION

- Developed goal and roadmap to bring down GHG emissions to zero.
- Zero liquid discharge manufacturing facility; recycling and reuse of treated effluents.
- Reducing environmental footprint by near sourcing and indigenisation initiatives.
- Corporate responsibility activities in the area of healthcare, education, vocational skills, and environment guided by the CSR policy.

UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



ENVIRONMENT & SOCIAL PRIORITIES

ENVIRONMENT

**GHG emissions reduction** - SMT has committed to reducing the GHG emissions and achieving net zero emissions. To achieve this, a roadmap has been developed and initiatives are being implemented.

**Water conservation** - Water is used in ancillary processes at SMT and quality requirements are extremely stringent.

To reduce wastage of water, the facilities use modern water treatment methods. Further, no wastewater or treated water is discharged outside the facility.

**Hazardous waste management** - A comprehensive waste management plan covers waste collection, segregation, storage, and disposal following best practices at each stage.

SOCIAL

**Product quality** - Products are made at par with global benchmark that meet and exceed quality and regulatory requirements. This is ensured through a robust, vigilant, and validated processes.

**Improving gender diversity** - Increasing the participation of women in workforce is important to SMT and policy initiatives such as company owned transport in all working shifts ensures safety and security

of female employees. SMT is taking further efforts to increase diversity ratio by actively recruiting and training women in the vicinity of its facilities.

**Supply chain sustainability** - SMT operates through complex supply chain comprising of specialised global vendors. Indigenisation of critical raw materials is being successfully pursued to mitigate risks and reduce transportation impacts.





SMS began in 1968 and has grown on a strong foundation of trust and values to rise as one of the leading Integrated Facilities Management companies across India. SMS caters to clients from a diverse range of sectors such as financial services, healthcare, manufacturing, retail, and industrial among others and offers unique expertise to build and offer personalized and superior quality solutions.

Boasting a workforce of over 16,000 employees deployed across 2,650 sites in India, SMS is always determined to provide clients with solutions that are executed with precision and care.

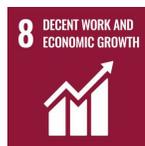
SMS is driven by the objective that the customers always come first. By developing a thorough understanding of its customers' needs and patiently listening to their requirements, the organization has fully aligned the resources and successfully assists the customers' in realizing their vision and goals.

SMS takes pride in its obsession with service excellence (practised at all levels across the organization) and consistently delivers quality results through complete cooperation with clients and prompt, decisive actions.

SUSTAINABLE VALUE CREATION

- Supporting businesses for scope 1 & 2 GHG emissions reduction through energy efficiency, renewables, IoT and interventions on indirect emissions.
- Skill development programs to create a future ready workforce.
- Ensuring 100% compliance on wages, retivals, benefits and social indicators.
- Rewards and recognition to attract and retain talent.

UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



ENVIRONMENT & SOCIAL PRIORITIES

ENVIRONMENT

**GHG emissions reduction across value chain** - SMS acts as a trusted partner for its clients by offering energy management and associated services and guides clients in achieving consistent reduction in GHG emissions.

**Office waste reduction** - At the offices of SMS, concerted efforts have been made to reduce plastic and paper waste generation. Across the offices, several

processes have been made paperless and employees are encouraged to minimise printing to conserve precious resources.

**Chemical management / resource conservation** - SMS consciously selects products and chemicals products to minimise the environmental impact. Employees are trained on best practices to optimize material use and reduce waste.

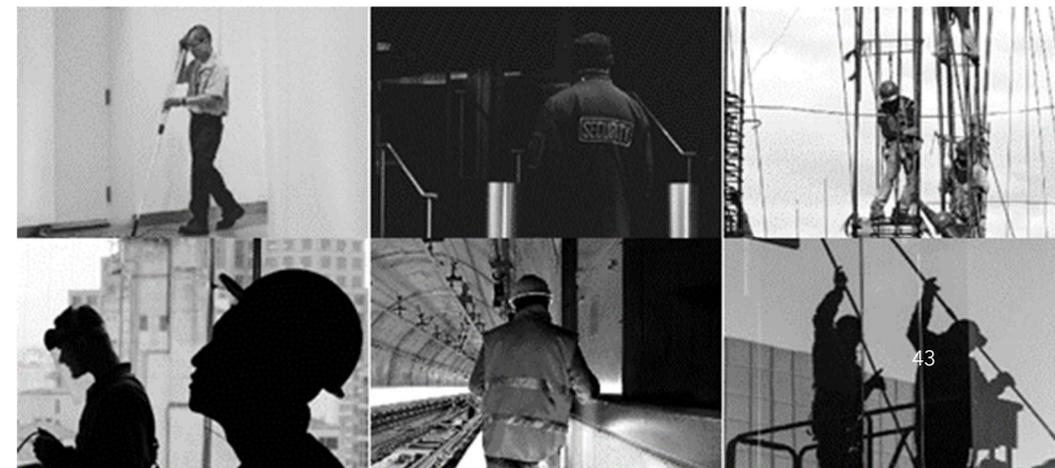
SOCIAL

**Attracting and retaining talent** - SMS emphasizes the nurturing of employees' skills and abilities by providing them with constant motivation and vital opportunities.

**Job creation and improving gender diversity** - SMS employs over 10,000 employees and recognizes the importance of building a workforce that is prepared for tomorrow's job requirements. Women empowerment is

an important ESG topic and SMS has steadily increased the number of women in workforce.

**Privacy and data security** - SMS handles employment data of thousands of employees as well as critical information belonging to its clients and customers. Best-in-class information security measures have been implemented to ensure data security.



## PORTFOLIO COMPANY ESG SNAPSHOT



Sekhmet Pharmaventures is a platform for fast-growing pharma companies in India. It has acquired major stake in Chennai-based Anjan Drug Pvt. Ltd. in October 2020 and in Optimus Drugs Group of Companies in May 2022.

The Company plans to invest in multiple manufacturing facilities dedicated to Active Pharmaceutical Ingredients and formulations, as India is expected to become an important part of the global supply chain, amid changing geopolitical dynamics.

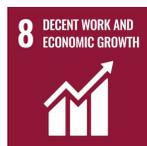
Founded in 1990, Anjan Drug Private Limited is among India's leading manufacturers of unique Active Pharmaceutical Ingredients (API) and has grown into a fully integrated manufacturer, backed with immense experience in development and manufacturing.

Optimus is one of the fastest-growing pharmaceutical companies with market presence since 2004 in providing the best quality of API, Intermediates & Finished formulations in global markets. Over the last decade, Optimus has developed niche molecules.

### SUSTAINABLE VALUE CREATION

- Optimus Drugs unit certified for ISO 14001 and ISO 45001 Management System.
- EHS risk assessment for hazard mitigation at all manufacturing units.
- Zero liquid discharge systems at all manufacturing units to recycle effluents.
- Occupational health and safety policy for ensuring safe and healthy workplace.
- Community support through initiatives such as clean water supply and infrastructure.

### UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



## ENVIRONMENT & SOCIAL PRIORITIES

### ENVIRONMENT

**GHG emissions reduction** - Sekhmet Pharma companies are committed to reduce the GHG emissions in alignment with national and global commitments. All manufacturing units monitor and target reduction of scope 1 and 2 GHG emissions.

**Waste and effluent management** - All the units have achieved and maintain Zero Liquid Discharge (ZLD) status. Effluent is

treated through several stages and is recycled / reused. Hazardous waste is stored and disposed as per the applicable local waste management laws.

**Water conservation** - Water management and conservation plan is developed and followed rigorously. Periodic audits are conducted to find and fix water leakages. Employees are trained to conserve water.

### SOCIAL

**Workforce engagement** - Employee engagement practices are defined and implemented at all levels in order to ensure effectiveness. The human resource management teams at unit level regularly collect feedback from employees.

**Occupational health and safety** - At unit-level, unsafe act / unsafe condition reporting mechanism encourages reporting of any observation to EHS team.

Any reportable incident is followed by detailed investigation, root cause analysis and implementation of corrective actions.

**Sustainable supply chain** - To comply with ESG objectives of customers, all manufacturing units are implementing supply chain sustainability framework. This includes supplier code of conduct, supplier declarations on sustainability and supplier evaluation of related sustainability topics.





Established in 2015 by acquiring ~ 270 KFC and Pizza Hut Stores in India and Sri Lanka, Sapphire Foods is one of YUM! Brand's largest franchisees in India, Sri Lanka, and the Republic of Maldives. With over 700 KFC, Pizza Hut, and Taco Bell outlets, it is one of India's largest and fastest growing restaurant operators.

Sapphire Foods aspires to be India's best restaurant operator and consistently serve the customers great food and great experience at great value, every day.

The commitment for continual improvement in customer experience

drives the execution excellence while maintaining an uncompromising focus on hygiene and food safety.

Sapphire Foods has established a strong pan-India supply chain that serves as its backbone and is focusing on omnichannel restaurants to meet the evolving expectations of the customers. Sapphire Foods is striving to build a great place to work, a work environment & culture based on values with empowered people who grow personally & professionally.

Sapphire Foods has recently published 2<sup>nd</sup> ESG Report 2022-23 ([link to the report](#)).

### SUSTAINABLE VALUE CREATION

- Store team trained on food safety and quality; integrated QA across value chain.
- Energy Use Index and centralized monitoring of store energy performance.
- 100% store cladding materials certified for low VOCs and green guard label.
- Used cooking oil recycled and converted to biodiesel.
- Robust governance practices and ESG Committee to oversee ESG performance.

### UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT



### ENVIRONMENT & SOCIAL PRIORITIES

#### ENVIRONMENT

**Supply chain environmental impact reduction** - To ensure sustainability in the supply chain, the supplier agreement covers ethically sourced materials and complying with sustainability policies and standards on packaging, waste, etc.

**Renewable energy** - Rooftop solar panels have been installed at 14 restaurants and several additional restaurants have

been identified for solar panel installation to increase the share of renewable energy.

**Waste reduction and recycling** - Sapphire Foods ensures that the waste, which mainly consists of food, cooking oil, and food packaging is disposed of in accordance with local laws and regulations in India. Product packaging is 100% paper based and FSC certified.

#### SOCIAL

**Creating job opportunities** - Employees are at the heart of business strategy for Sapphire Foods and drivers for the business success. People-centric policies are benchmarked with best practices enabling employees to excel in their roles.

**Safe, engaging, and collaborative culture** - Employee engagement surveys are organized by Gallup and scores have consistently improved. Proactive and preventive measures are implemented to

manage safety risks and spread awareness about healthy lifestyles. This also includes emergency response plans.

**Training and leadership development** - A learning and development framework has been developed that follows a lifelong learning approach. In addition to enhancing technical capabilities, development opportunities to build on management skills are provided to promote leadership development.



## REDUCING ENVIRONMENTAL FOOTPRINT

We are taking several steps to reduce our environmental footprint. This includes direct interventions such as efficiently managing the lighting and HVAC electricity consumption as well as initiatives to alter employee behaviour.

We encourage virtual meetings over physical meetings whenever possible and have modernized the virtual conference systems to facilitate meetings. We encourage employees to use public transport and support them through flexible working hours.

We are located in a green building which has earned Platinum certification by Indian Green Building Council (IGBC) as per the Leadership in Energy & Environmental Design (LEED) rating system for green building certification developed by the U.S. Green Building Council (USGBC).

Some of the environment conservation measures taken during the year include elimination of paper cups in the office. We have also eliminated plastic water bottles for employees and only use bottled water when asked by guests.

## DIVERSITY, EQUITY, AND INCLUSION

As the world faces increasingly complex challenges, we recognise the need for building diverse and inclusive teams that bring together holistic perspectives and arrive at novel solutions for difficult problems. This belief has guided our approach for integrating diversity, equity and inclusion principles in the policies and practices of the firm.

Policies such as code of conduct, prevention of sexual harassment, whistleblower policy, and the associated implementation frameworks ensure a safe and inclusive workplace.

Samara Capital is an equal opportunity employer and are committed to establishing a work environment where every employee receives an opportunity to reach their full potential.

We prioritise the health and well-being of our employees and support them in availing high quality medical care. The employees are encouraged to periodically take personal time off which is paid for by the firm.

## CARBON FOOTPRINT

We have started monitoring our carbon footprint since 2022. To being with, we are monitoring the Scope 1 GHG emissions due to company owned cars for transportation and Scope 2 GHG emissions due to consumption of purchased electricity from grid in the offices.

We recognize that Scope 3 GHG emissions are significant for us from categories such as business travel, employee commute and financed emissions resulting from our investments. We have begun the evaluation of GHG emissions from these categories and intend to disclose the same in future ESG reports.

### SAMARA CAPITAL GHG EMISSIONS (TCO<sub>2</sub>E)

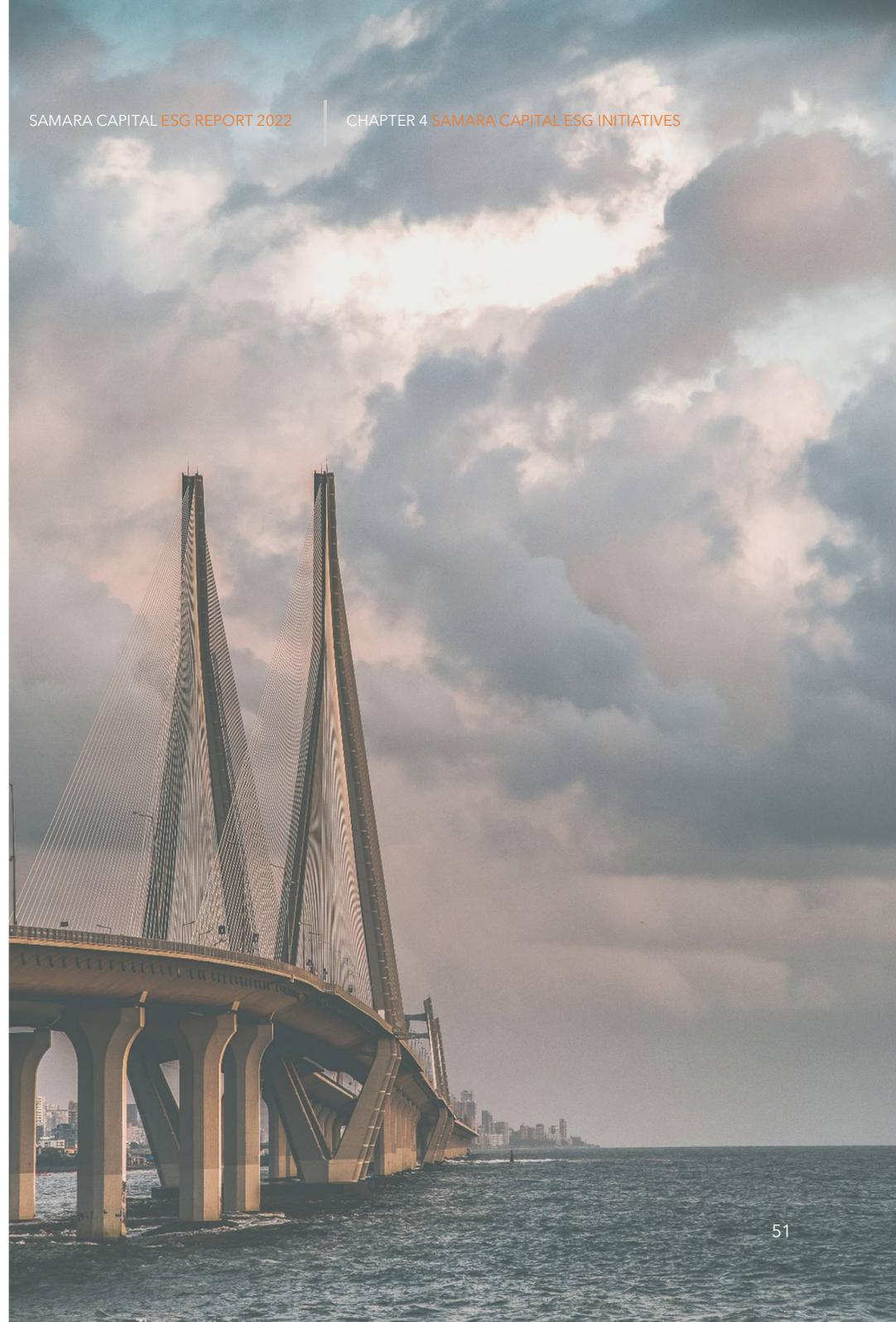
	2022
<b>Scope 1</b>	
Company-owned cars	40.63
<b>Total Scope 1</b>	<b>40.63</b>
<b>Scope 2</b>	
Purchased electricity	64.53
<b>Total Scope 2</b>	<b>64.53</b>
<b>Total Scope 1+2 emissions</b>	<b>105.16</b>
Total employees	17
<b>Scope 1+2 emissions / employee</b>	<b>6.18</b>

## UN PRI REPORTING

### THE PRINCIPLES

### SAMARA CAPITAL ACTIONS

<b>Principle 1</b>	We will incorporate ESG issues into investment analysis and decision-making processes.	We have clearly defined approach for incorporating ESG considerations in the pre-investment evaluation process as well as throughout the ownership.
<b>Principle 2</b>	We will be active owners and incorporate ESG issues into our ownership policies and practices.	We practice active ownership for all portfolio companies and regularly engage with the leadership on managing ESG risks and opportunities.
<b>Principle 3</b>	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	All portfolio companies are required to periodically monitor and report on the relevant ESG metrics as determined by ESG materiality analysis.
<b>Principle 4</b>	We will promote acceptance and implementation of the Principles within the investment industry.	We have recently revised our Responsible Investment Policy to publicly state our commitment to Responsible Investment.
<b>Principle 5</b>	We will work together to enhance our effectiveness in implementing the Principles.	We actively participate in various forums and working groups of PRI to share our experience of incorporation of ESG considerations in the investment process.
<b>Principle 6</b>	We will each report on our activities and progress towards implementing the Principles.	The annual publication of ESG report shall summarize our activities, progress, and achievements in implementing Responsible Investment Principles.



# SAMARA CAPITAL

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