




**GEF Capital Partners, South Asia** (“GEFCP SA” or “the Signatory”) is a Private Equity fund in the climate growth investment spectrum, investing in middle-market opportunities in South Asia, primarily India. Specifically, the fund invests in solutions that help enable climate mitigation, adaptation, circular economy, and resource efficiency. The signatory hereby affirms its commitment to the Operating Principles for Impact Management (“the Impact Principles”). This Disclosure Statement applies to fulfil GEFCP SA’s obligations pursuant to Principle 9 under the Impact Principles. This statement affirms that GEFCP SA’s core investment activities, impact management systems, policies, and practices are managed in alignment with the Impact Principles.

Total assets under management in alignment with the Impact Principles as of 31<sup>st</sup> December 2025 are US \$772.5 Million<sup>1</sup>.

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**Raj Pai**

Managing Partner, GEF Capital Partners, South Asia.

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<sup>1</sup> This Disclosure Statement has been prepared in response to Principle 9 of the Operating Principles for Impact Management. This document shall not constitute and should not be construed as an offer, solicitation, or invitation to buy or sell any securities, financial instruments or services whether described herein or otherwise, or as any prospectus or investment-related advice in relation thereto, nor is it intended to form the basis of a decision to participate in any investment. GEF Capital Partners South Asia makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this statement. The use of this Disclosure Statement is limited solely to publicly disclose alignment with the Impact Principles as per Principle 9. The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of GEF Capital Partners South Asia, and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees, or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

**Principle 1:**

**Define strategic impact objective(s), consistent with the investment strategy**

*The Manager shall define strategic impact objectives for the portfolio or Fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

We at GEF Capital Partners South Asia invest in growing private businesses where our capital can catalyse financial performance as well as positive environmental and social impacts. We explore investments across the entire spectrum of climate solutions, emphasizing areas such as Renewable Energy, Energy Efficiency, Food Security, Resource and Waste Recovery, Water Security, Mobility, Smart Cities and Green Buildings, Technological and Digital Innovations, and Low Carbon Transition.

In South Asia, GEF CP manages two funds – the South Asia Growth Fund II (SAGF II) with size of ~ \$193 Mn raised in year 2018 and the South Asia Growth Fund III (SAGF III) with size of ~ \$440 Mn raised in year 2023-24. The SAGF II investment portfolio spans the sectors of clean energy value chain, agribusiness, climate tech, and resource efficiency. In SAGF III, the fund’s investment strategy focuses on investing in business that contribute positively to climate adaptation, climate mitigation, and circular economy solutions.

With SAGF III, we are implementing the Impact Measurement and Management Systems (IMMS) developed by the fund. The IMM system adopted by our fund is in alignment with the internationally accepted impact frameworks and indicators including to the five dimensions of impact by the Impact Management Project, GIIN IRIS+ and Sustainable Development Goals (SDGs).

The fund’s impact objectives are a function of its investment strategy and embody the fund’s impact intentionality, additionality, and commitment to monitoring impact. These objectives are as follows:

- Driving decarbonisation and sustainable industrial development through sustainable technologies and practices, contributing meaningfully to global climate targets
- Strengthening the adaptive capacity of beneficiaries, helps ensure long-term food and water security in the face of climate change
- Creating equitable access to skilled green jobs while fostering jobs and long-term financial resilience

We seek to ensure that any investment we make is eligible for climate mitigation or climate adaptation finance as per the [Joint MDB framework](#), and that our current investment portfolio directly contributes to the following Sustainable Development Goals (SDGs):

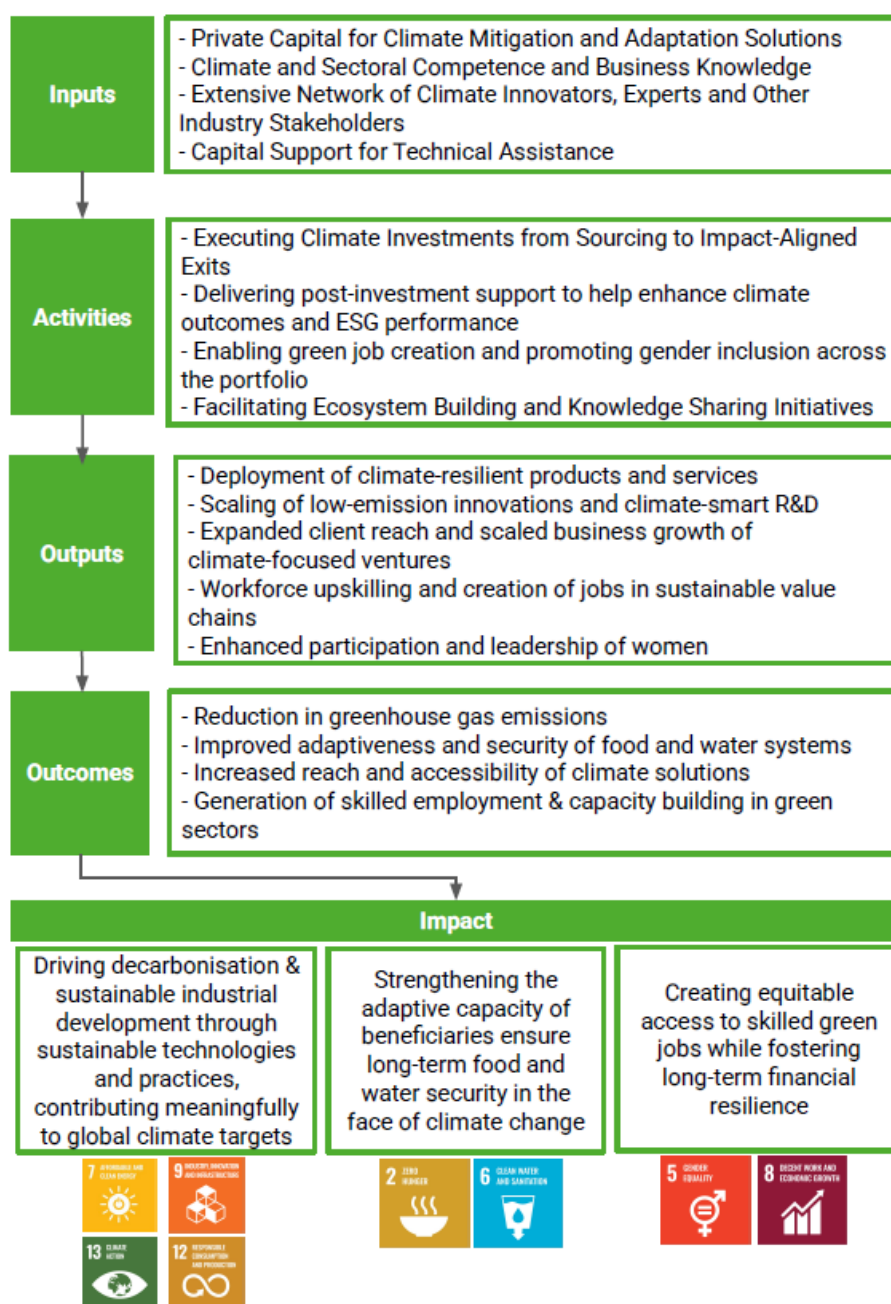


## Principle 2

### Manage strategic impact on a portfolio basis

*The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, The Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

We believe that our Theory of Change, to the best of our understanding, highlights the positive environmental and social impact created through climate finance.



*Note: For illustrative purposes only. The theory of change is subject to change and is not indicative of outcomes and impact we are certain to achieve.*

However, recognising that every company is creating a differentiated climate solution, or serving to a unique group of stakeholders, and has unique 'outputs', 'outcomes', and 'impact', we have developed sector level 'theory of change' for underlaying thematic areas in which GEF seeks to invest.

A third-party impact due-diligence is undertaken for all potential investments to evaluate their impact creation potential across two components – gap and intensity. A structured approach is prescribed in the IMM to understand the incremental impact Fund's investments can unlock through estimating impact potential of the investee company.

The impact performances of portfolio companies is monitored on a period basis by the Fund.

The staff at the fund is advised of the importance of achieving the desired impact and improve the fund and individual companies' ESG and impact processes and performance. The investment teams working on a specific portfolio company, and the ESG & Impact team are jointly responsible for driving the ESG and impact performance of the portfolio companies. The impact achieved by the fund also remains a key criterion for the annual performance evaluation of the staff members. Going forward, the Fund may consider aligning staff incentive systems with the achievement of impact as a best practice.

**Principle 3:**

**Establish the Manager's contribution to the achievement of impact**

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

We actively engage with all our portfolio companies on ESG & Impact activities through regular touch points such as site visits, virtual meeting and a structured impact reporting process. With regards to Environmental and Social Impact creation in portfolio companies, GEF aims to include following additionalities:

- Hiring the right talent at the portfolio companies to drive ESG and impact performance
- Developing and implementing an ESG and Impact training plan specific to every portfolio company to improve their ESG and impact performance.
- Establishing a dedicated ESG and Impact function for portfolio companies if absent, including hiring a dedicated ESG Head for the company
- Supply chain review and enhancement for better ESG compliance and risk management
- Robust grievance redressal systems for internal and external stakeholders
- Building capacity within companies through handholding and training to collect and report high-quality ESG and impact data for better decision-making.
- Establishing a company-level Environmental and Social Management System (ESMS), including an Environmental and Social Action Plan (ESAP) for the company to monitor and improve its ESG performance.
- Establishing an Impact Measurement and Management (IMM) framework and theory of change for the company and track the performance against sector-specific impact metrics and relevant SDGs.
- Support the formulation of materiality-driven long-term ESG & Impact strategy with clear goals and objectives, alongside helped enhance transparency and strengthened disclosures to stakeholders.
- Establishing a Board level- Risk Management and ESG Committee (RMEC) for all portfolio companies post investment and having GEF nominee Director in the RMEC. The RMEC holds responsibility to implement risk management framework and provide strategic guidance and oversight on ESG & Impact matters to company to help ensure alignment with Fund's objectives.

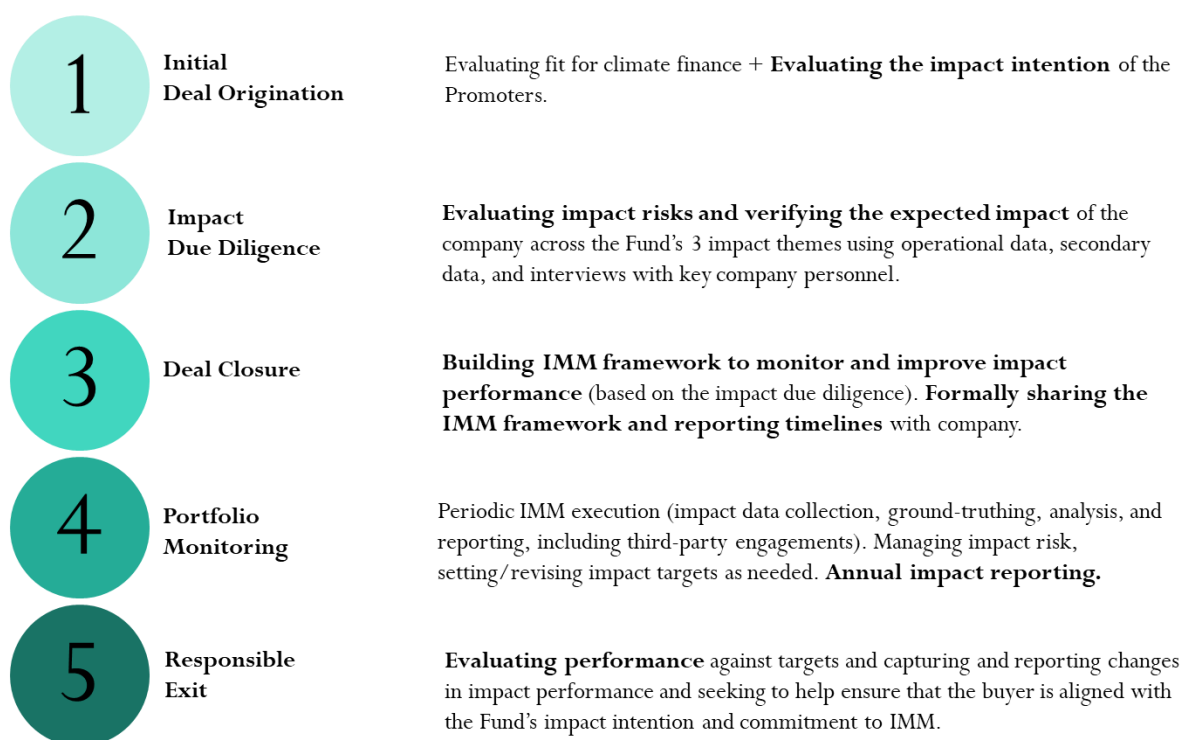
The fund, on an annual basis, documents the performance of the portfolio companies through an ESG & Impact report, which is shared with the relevant stakeholders and investors.

**Principle 4:**

**Assess the expected impact of each investment, based on a systematic approach**

*For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.*

GEFCP SA applies the Impact Measurement and Management Manual, which aims to provides robust framework for measuring and managing the environmental and social impact of potential investees throughout the deal cycle. We have integrated ESG & impact into our lifecycle of investment decision making (see image below):



The Impact Measurement and Management activities conducted in Stages I & II of the deal cycle are:

- Assessing the impact intention and orientation of investee company's leadership.
- Undertaking Impact Due Diligence to estimate the 'scale' or 'intensity' of impact, the 'depth' of impact or 'needs gap' the solution fills, and the likelihood of achieving the expected impact. The impact narrative from investee companies is used to understand the impact strategy and assess alignment of the impact of the investee with the impact goals of the fund. The impact framework leverages GIIN IRIS+ metrics to

evaluate investments across the five dimensions of Impact, which are embedded within the impact due diligence process, to answer fundamental questions like 1) ‘What’ impact is being created, 2) ‘Who’ are the target beneficiaries, 3) ‘How much’ is the scale, depth, and duration of impact, 4) Impact risks and risk factors, and 5) The unique contribution of the company in the achievement of the impact throughout the investment’s life cycle. The fund works proactively and collaboratively with the investee companies on capacity building and periodically reporting the impact performance in a strategic manner.

- Based on the outcome of the impact due diligence, the company specific theory of change is developed, potential impact over a period of three and five years are estimated using a scientific approach and impact metrics are identified for monitoring throughout the holding period by the Fund.

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<sup>2</sup>IMM Framework across investment lifecycle described in Section 1: Scope & Objectives



**Principle 5:**

**Assess, address, monitor, and manage potential negative impacts of each investment**

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

We have an Environmental and Social Management System (ESMS) Manual outlining the standard deal process incorporating the E&S considerations across the overall investment process. The ESMS facilitates identification, measuring, monitoring, reviewing and reporting E&S risks and opportunities. Based on the stage of an investment's lifecycle, we identify, plan avoidance or mitigation, and manage ESG risks.

- **Deal Screening:** We have a well-defined 'Exclusion Policy' that lists the no-go sectors for the Fund. To help ensure that our investments are aligned with decarbonization goals of Paris Agreement, the Fund has adopted a 'Fossil Fuel Policy' that excludes investments in fossil fuels & its subsectors. Furthermore, as a policy decision we do not invest in determined Category A (High Risk) ESG Projects.
- **Due Diligence:** Identification of ESG & Impact risks is built into the fund's due diligence process. The Impact Measurement and Management System (IMMS) and Environmental and Social Management System (ESMS) Manual outline the standard deal process incorporating E&S considerations across the overall investment process. All projects will adhere to the level of E&S due diligence required and undergo the necessary actions to minimize potential negative impacts. Based on ESG risk identified in the due diligence, we categorize a proposed investment into a medium-high (B+), medium-low (B) and low (C) risk category. A detailed and time-bound environmental and social action plan is formulated basis the risks identified in the due diligence.
- **Deal Closure:** Investee obligations towards ESG and impact performance and adherence (labour standards, health and safety policies, climate risk management policies, biodiversity protection, etc.) are incorporated as covenants in the transaction documentation (e.g. SHA), and/or in the Environmental and Social Action Plan (ESAP), Corporate Governance Action Plan (CGAP) and/or Impact Monitoring Plan.
- **Deal ESG and Impact Performance Monitoring:** The Fund has developed a robust ESMS and set of ESG Procedures in line with various international best practice such as (but not limited to) International Finance Corporation (IFC) Performance Standards, World Bank Group (WBG) Environmental Health and Safety (EHS) General Guidelines and Sector Guidelines; International Labour Organization (ILO) Labour Standards; United Nations Guiding Principles (UNGPs) on Business and Human Rights; and applicable domestic regulatory requirements at national and state levels concerning Environment, Social (Land, Labour, Public Liability), Health and Safety. The fund has a standardised mechanism to periodically monitor the progress of the portfolio companies through a digital tool on the ESG & Impact metrics and implementation of ESAP. Performance is reported to the fund's investors on an annual basis, and recourse is taken if needed, by the fund's ESG team in collaboration with the company and third-party experts as needed. The fund requires investee companies to report unplanned and material environmental, health, safety, security, governance and community incidents/events in an agreed format within 48 hours of knowledge of occurrence. As a follow-up, investigation to establish causality is undertaken and a timebound corrective action plan is developed to implement mitigation measures with view to prevent reoccurrence.
- **Responsible Exits:** The fund has mechanisms in place to help ensure that ESG risk identification and management continues beyond the fund's involvement with the company. This is a part of the fund's Responsible Exit strategy (see Principle 7).



**Principle 6:**

**Monitor the progress of each investment in achieving impact against expectations and respond appropriately**

*The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.*

The Fund uses a risk and priority-based approach for periodic monitoring of investee companies. Impact measurement is discussed with companies at the outset of the investment process to help ensure alignment of expectations (see Principle 2).

The Fund has deployed a robust and standardised process for data collection, analysis, and reporting through an in-house ESG & Impact digital platform. Select features of the fund's ESG & Impact performance management are stated below:

- **How often the data is collected:** The investee companies follow the process for quarterly and annual data collection cadence. ESG & Impact data proformas are designed to capture the 'output', 'outcome', 'impact' metrics that are aligned with the 5 dimensions of impact framework. The data collected is managed and stored by the fund through a digital tool to help ensure regular review and transparent documentation in the annual ESG & Impact report.
- **Method for data collection:** The fund has developed a data monitoring template for the companies to report data.  
Primarily, there are 2 sources of data-
  - The company's own operational or administrative data, whose accuracy and collection method is reviewed to help ensure accuracy during the ESG & Impact due diligence. Further, when reported, sanity checks and ground-truthing exercises are conducted by the fund's team to help ensure the correctness of this data.
  - Third-party collected data.
- **Roles and responsibilities for data collection:** The ESG & Impact team at the company is responsible for reporting the data and the fund's ESG & Impact team are responsible for overseeing the quality of the data reported. These roles are outlined in the fund's Impact Manual. The fund team along with the ESG and Impact in charge of the investee companies collectively report to the board on the progress towards set impact targets/goals.
- **Data reporting:** The ESG and Impact heads/point of contact at the investee companies report to the Fund on ESG & Impact performance reports to the fund on quarterly and annual basis.

**Principle 7:****Conduct exits considering the effect on sustained impact**

*When conducting an exit, The Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*

The Fund has a defined Responsible Exit Policy and procedure to evaluate the ESG & Impact performance of a portfolio company at the time of the fund's exit from the investment. The environmental and social factors are assessed as per the international industry best practices. This policy summarises the principles governing an exit, ESG & Impact considerations to be evaluated when contemplating an active exit, and standard elements of an ESG & Impact Exit Due Diligence. The fund does so to help ensure that the company continues to experience ESG & Impact-led value creation.

At the time of the exit, the Fund undertakes an exit due diligence, by engaging a third-party agency, and establishes the Fund's additionality to the ESG & Impact performance of the portfolio company. The progress made by the Company at the time of Fund's investment is reviewed based on select ESG and Impact indicators, achievement of key GIIN IRIS+ indicators aligned with the Fund's Theory of Change and are documented as the lessons learnt during the investment period. The Fund will consider the Impact learnings and pathways institutionalized at the portfolio company level by a standardized exit review questionnaire.

To safeguard that the ESG and Impact considerations are continued beyond the exit, the fund shall endeavour assessing the alignment on ESG and Impact considerations with the potential new buyer/investor to help ensure sustainable and continued impact, on a best effort basis.

**Principle 8:****Review, document and improve decisions and processes based on the achievement of impact and lessons learned**

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

As a part of our commitment to continuous improvement and responsible investment practices, the Portfolio companies are required to report on periodic basis on relevant ESG and impact metrics in a standardized format specified in the IMM framework. The data reported by companies is analysed at our end for performance improvement. These insights, if deemed material, may inform strategic decisions, contributing to the overall enhancement of business decisions within our portfolio. The Fund prepares an annual report on its ESG & Impact performance to report to its LPs and other relevant stakeholders. Beyond reporting, the Fund has periodic meetings coupled with site visits across the Portfolio Companies to discuss their ESG performance of companies.

**Principle 9:****Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment**

*The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.*

GEFCP South Asia became a signatory to the Impact Principles in the year 2022, and this is its fourth Impact Principles Disclosure Statement, which showcases the steps the fund has taken to further its impact journey. This disclosure statement re-affirms the alignment of GEFCP SA's policies and procedures with the Impact Principles and will be updated annually.

GEFCP South Asia had engaged BlueMark in the year 2024 to independently verify the alignment of GEFCP SA's impact management practices Impact Principles. BlueMark is the leading provider of independent impact verification and intelligence for the impact and sustainable investing market. BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project, the Operating Principles for Impact Management, the Principles for Responsible Investment, SDG Impact, and the Sustainable Finance Disclosure Regulation. The independent assurance report is uploaded on the [website](#).

GEF intends to undertake the next independent assurance in year 2027-28.

**NOTICE TO RECIPIENTS:**

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**Environmental, Social and Governance Performance**

While GEF seeks to integrate certain environmental sustainability factors into its investment process, there is no guarantee that GEF's strategy will be successfully implemented by South Asia Fund or any of its investments, or that the investments will have a positive environmental impact. Applying environmental sustainability factors to investment decisions involves qualitative and subjective decisions and there is no guarantee the criteria used by GEF to formulate decisions regarding the environment, or GEF's judgment regarding the same, will reflect the beliefs and values of any particular investor. There are significant differences in interpretation of what constitutes positive environmental sustainable impact and those interpretations are rapidly changing. Past or targeted performance is not a guarantee of future results. There can be no assurance that Fund II will be able to implement its strategy or achieve its investment objectives and/or targeted returns. The performance information included in this report is not a prediction or guarantee of future performance. There can be no assurance that these or comparable results will be achieved by the South Asia Fund or that the Fund will achieve its ESG objectives.