Disclosure Statement

Ankur Fincon Management Pvt. Ltd. (Ankur Capital)
Operating Principles for Impact Management

January 2024

Ankur Fincon Management Pvt. Ltd.

DISCLOSURE STATEMENT

Ankur Fincon Management Pvt. Ltd. ("Ankur Capital") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). This Disclosure Statement serves to affirm that Ankur Capital has the policies and procedures in place to manage impact investments in accordance with the Impact Principles. As of January 15, 2023, Ankur Capital Fund III has not yet made investments, and the total assets under management in alignment with the Impact Principles is $0.

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 the person or entity providing such materials 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.

30 Jan 2024

Rema Subramanian
Co-founder & Managing Partner
Ankur Capital
January 15, 2024

No. 5, Ground Floor, Jetha Compound, Dr.Babasaheb Ambedkar Road, Byculla (East), Mumbai 400 027

www.ankurcapital.com | info@ankurcapital.com | +91 7738554128 | CIN: U74110MH2013PTC247200

Principle 1: Define Strategic Impact Objective (s), consistently 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: (a) The impact objectives and investment strategy are consistent. (b) 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 proportional to the size of the investment portfolio.

- Ankur Capital is an early-stage venture capital firm investing in digital, deep science and climate technology companies to create impact. We uncover and unlock opportunities in overlooked markets from India to the world.

- Our investment strategy and impact objectives are aligned. We target systems-level positive change oriented towards the achievement of the SDGs. The impact generated by our portfolio fall under three thematic areas:

    1. **Responsible agriculture:** revolutionizing our food systems to meet the needs of our growing population while alleviating stress on our planet.
    2. **Inclusive growth:** improving market access and outcomes in health, education, and financial services to underserved segments of the population.
    3. **Climate change mitigation, adaptation & resilience:** cutting-edge technologies to mitigate / avoid GHG emissions while improving adaptation and resilience to the effects of negative climate impact.

- We accept disproportionate risk as an early-stage venture capitalist investing in novel technologies and business models. Our capital is critical in catalyzing the creation of high-impact markets. We play an outsized role in the innovation ecosystem by off-setting risks through both financial and non-financial value-adding services.

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.

- Impact is core to our investment philosophy. Policies, guidelines, standards and processes are set to align investment and portfolio support activities to our overall impact goals.

- The firm's investment activities are carried out under a rigorous and systematic process. The case for impact is built into each investment from the deal screening stage. The investment team is primed with the firm's Policy on Responsible Investing[1], Guidelines for Exclusion, Principles for ESG & Business Integrity (BI) and thematic impact priorities during the deal sourcing phase of the life cycle.

[1] Ankur Capital's Policy on Responsible Investing.

- At the due diligence (DD) stage, in addition to legal and financial DD, each company must undergo ESG and BI DD. The reported findings are used to inform the conditions precedents (CP) to the investment, and support the establishment of an Environmental and Social Action Plan (ESAP). The ESAP is then further incorporated into the deal's condition subsequent (CS).

- With the establishment of ESG and impact reporting requirements, an ESG Action Plan and Board rights in the Shareholders Agreement (SHA), Ankur Capital works actively with investees to develop and implement strategies for impact alongside financial returns.

- Upon closure of investment agreements, a logic model is developed for each company. A logic model is a visual representation of the relationships between investee inputs, activities, outputs, and outcomes. It outlines the logical progression of how resources are utilized, activities are implemented, and desired outcomes are achieved. By incorporating data collection into the logic model framework, we can effectively track and measure the investee's progress towards driving systemic change.

- Portfolio-level impact is envisioned through 3 strategic priority areas: responsible agriculture, inclusive growth and climate change mitigation, adaptation & resilience. The impact generated by investees in thematic areas are aligned with the SDGs and IRIS+ indicators.

Strategic Pillars	Responsible agriculture	Inclusive growth	Climate Change MAR
Outcomes	Farmers livelihoods improved, at scale Value chain productivity increased Environmental harm avoided	Underserved lives improved, at scale Access improved Affordability and/or income increased	GHG emissions avoided or reduced Underserved communities adaptation & resilience improved
SDGs	SDG 2 SDG 8 SDG 12	SDG 1 SDG 3 SDG 4 SDG 5 SDG 10	SDG 7 SDG 9 SDG 13
Indicators (IRIS+ aligned)	• No. of farmers reached • Increased price realization • Increased farmer income • Marked improvement in farming practices • Waste reduction • Water/chemical use reduction • Hectares sustainably cultivated • Market formalization	• Percentage of customers considered underserved • No. of underserved customers • Increased quality of service provision - income - jobs - finance - healthcare • Market formalization	• GHG target • Percentage of customers (of particular climate intervention) considered underserved • No. of underserved customers • Increased quality of service provision
Catalytic capital indicators			
Demonstration effect	Capital crowded-in ($)		
Quality jobs	Direct employment within portfolio companies (#) & Inclusivity (Gender/Youth)		

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.

- Ankur Capital invests in pioneering companies in overlooked and untapped markets. Beyond capital, Ankur Capital supports these companies with access to curated networks, knowledge sharing, and strategic and operational business support. Our in-house portfolio services initiative **Ankur Gro** offers support across 5 pillars:
    - **Business strategy –** We work with the company (especially in the first few months of our investment) to identify the north star metrics, vet them through interactions with an external advisor and then develop a specific growth roadmap and map it to the MIS.
    - **Intelligence and Insights –** We work with our portfolio companies both immediately after we invest in providing some of our insights from our pre-investment evaluations but also on an ongoing basis to help drive the product strategy and understanding of the business model from peers
    - **Investor networks –** Throughout our investment horizon, we work with our portfolio companies to continue to engage with the ecosystem to better drive their strategy. This view also influences our engagement with the portfolio company to boost their visibility in relevant forums, engage with them on their storytelling, and finally identify and connect them to a targeted set of investors.
    - **Peer-to-peer learning –** We create spaces for founders to convene and share their experiences to learn from each other. Our annual Founders Meet (on its 9th edition) aims to foster a multiplier effect where the success of one entrepreneur catalyzes the success of others .
    - **Technical Assistance (TA)** - We offer technical assistance for capacity building, market research, pilots, expansions, and advancing development impact especially in climate and gender. These TA projects help de-risk innovation and drive tangible impact.

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.

- We evaluate impact throughout the lifecycle of our investments using a logic model results framework. During the DD process, we envision the purpose, activities, outputs, outcomes and metrics of the company while bearing in mind that innovation does not always fit neatly into a framework. As we finalize transaction documents, we put together a draft logic model for the company .

- During onboarding, we formally document the investee's impact roadmap (see guideline below). The final output is a robust logic model, capturing the impact thesis, beneficiaries, KPIs and time intervals for data collection and sharing. We define the pathway for impact at milestones in the short-term (1 year), medium-term (three years) and long-term (5 years and greater). We identify relevant metrics and targets to be achieved at each stage. We check in with our impact thesis throughout the lifetime of our investment in the company and employ independent assessments to validate progress against set baselines. This systematic approach promotes consistency in data collection methods and allows for meaningful comparisons over time.

- The targets and metrics at the early stages of the investee journey are primarily focused on the adoption of products and services. These business metrics are critical to signaling problem-solution fit, ie. the suitability of the intervention. Towards the medium-term, we progressively look at the impact the investee can have on a target stakeholder or on the ecosystem more holistically. Long-term targets and metrics are outcome-oriented, and may extend beyond our investment timeframe. By tracking the achievement of desired outcomes, we can assess whether investees are making a meaningful impact on the larger system they seek to change.

IMPACT MANAGEMENT GUIDELINE	
Company name	
Strategic alignment	☑ Responsible agriculture
	☑ Inclusive growth
	☑ Climate mitigation, adaptation & resilience
Impact Thesis (50 words)	
Alignment with Ankur's Impact Goals	
[Responsible Agriculture] Which outcome indicators would be applicable to this investment?	If selected for strategic alignment, which indicators under the thematic area would be applicable for this investment?
[Inclusive growth] Which outcome indicators would be applicable to this investment?	If selected for strategic alignment, which indicators under the thematic area would be applicable for this investment?

[Climate] Which outcome indicators would be applicable to this investment?	Which If selected for strategic alignment, which indicators under the thematic area would be applicable for this investment?
HOW MUCH	How many stakeholders are expected to experience the outcome?
	What degree of change will they experience?
	How long will they experience the outcome?
CONTRIBUTION	What would happen to the stakeholders if the company did not exist?
RISKS	**External risk -** probability that external factors disrupt a company's ability to deliver the impact.
	Drop-off risk - probability that impact does not endure
	Alignment risk - probability that impact is not locked into the enterprise model
Logic Model Development	
Short-term outcomes	What impact indicators can we expect to validate within 1 year of investment?
Medium-term outcomes	What impact indicators can we expect to validate 3 years from the investment?
Long-term outcomes	What impact indicators should we consider 5+ years from the investment?

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 Environmental, Social and Governance (ESG) 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' ESG risk and performance, and, where appropriate, engage with the investee to address gaps and unexpected events.

- An ESG Policy, which mandates ESG DD and BII DD at the time of investment, is in place to evaluate potential risks of investees. We engage independent ESG consultants to conduct ESG DD and BII. Upon their conclusion, we work with the consultants to develop an ESAP to our investees to mitigate and monitor ESG risks and opportunities.

- All investees are required to meet: (a) Indian Environmental, Occupational Health & Safety and Social (viz. Labour and Community) regulations; (b) International Labour Organization (ILO) core conventions on forced labour, child labour, equal remuneration, discrimination, freedom of association and collective bargaining;[2] and (c) International Finance Corporation (IFC) Performance Standards.

- Post-investment, our investment team often assumes a board position and takes an active role in governance and monitoring ESG risks and opportunities. Incidents of harm or negative effects, if any, are documented and reported during LP quarterly meetings. We provide overall portfolio ESG updates to our shareholders through an Annual ESG Report.

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 Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. It shall monitor progress 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 ESAP established as part of CS during the investment process is reviewed for compliance 1 year from the time of investment. Gaps in compliance are called for corrective action within a quarter of the reporting period.

- We collect, monitor, and report on ESG and impact data on an ongoing annual basis with a standardized approach to track ESG and impact performance against targets and to take corrective measures in time.

- For each investee, we conduct a baseline evaluation and collect data against set milestones and metrics at 1, 3 and 5 year intervals as conceptualized under the logic model results framework. Data is primarily collected through monthly / quarterly MIS reports which include both financial and impact performance. An independent consultant is further employed for data cleaning, validation, analysis and reporting. An impact report is produced and shared with LPs on a semi-annual or annual basis as per the investor's requirements.

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.

- Each investment opportunity is selected individually based on its value proposition to create systems level change towards the achievement of the SDGs. We evaluate the long-term impact potential of the company beyond an exit. Exit opportunities are

[2] ILO Forced Labour Convention (No. 29), Abolition of Forced Labour Convention (No. 105), Minimum Age Convention (No. 138), Worst Forms of Child Labour Convention (No. 182), Equal Remuneration Convention (No. 100), the ILO Discrimination (Employment and Occupation) Convention (No. 111), Freedom of Association and Protection of the Right to Organise Convention (No. 87) and the Right to Organise and Collective Bargaining Convention (No. 98). See the Conventions and Recommendations.

evaluated periodically and discussed with founders based on strategic outcomes for all stakeholders.

- Our ESG and impact systems aim to develop the capacity of investees to develop and implement their own processes, which have been demonstrated as valuable for raising follow-on capital and expanding exit opportunities.

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.

- Ankur Capital's Annual Impact Performance Review involves appraisal of portfolio-level impact goals, investee-level impact performance (based on its logic model), and additional commitments made by the firm to LPs and the broader ecosystem. The review helps the Ankur team learn from and act upon lessons to strengthen impact management processes and drive outcomes for structural change.

- We actively contribute to ESG & impact themes and the overall growth of the impact investing ecosystem by leveraging the knowledge of our peers and sharing best practices through partnerships and forums. In addition to being a signatory of the Impact Principles and Principles for Responsible Investment (PRI) we are member of the Global Impact Investing Network (GIIN) and active contributors to the India Venture and Alternative Capital Association (IVCA), India Impact Investing Council (IIC), Project Frame, Climate Collection and other working groups.

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 an 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.

- This Disclosure Statement re-affirms the alignment of our policies and procedures with the Impact Principles and will be updated annually.

- In 2024, we plan to engage a third-party to independently verify the alignment of our impact management practices with the Impact Principles. The Verifier Statement will be provided to the Impact Principles Secretariat, published on the signatories' website, and published on the Ankur Capital website.