

PMF II Environment and Social Management System (ESMS) Summary, 2025

NIIF Sustainability and Responsible Investing (SRI) Policy guides NIIF's investment activities across all NIIF-managed funds. Private Markets Fund II (PMF II) has established an Environment and Social Management System (ESMS) that draws from the SRI Policy and SRI Principles, applicable Indian environmental, health, safety and labour laws, and Good International Industry Practices (GIIP), including the IFC Performance Standards, 2012.

The PMF II ESMS sets out a systematic, risk-based approach to identify, assess, manage and monitor environmental and social (E&S) risks and impacts across PMF II's investment activities. PMF II seeks to build a diversified portfolio of private equity and venture capital funds in India and may also undertake Portfolio Fund Manager-led co-investments; these investments are collectively referred to as "Portfolio Entities". The ESMS is applicable to all PMF II investment strategies and is mandatory for Portfolio Funds, their underlying portfolio companies, and co-investee portfolio companies.

ESG integration is embedded across the investment lifecycle, including (i) pre-investment screening against an exclusion list and preliminary risk categorisation; (ii) E&S due diligence (including use of specialist consultants, as needed) covering regulatory compliance, E&S management systems, occupational health and safety, labour and working conditions, stakeholder engagement and grievance mechanisms, supply chain management including contractor management, diversity and inclusion, human rights, and climate-related risks and management, governance of E&S aspects; and (iii) development and implementation of time-bound Environmental and Social Action Plans (ESAPs), with relevant commitments incorporated into investment documentation.

Post-investment, PMF II undertakes ongoing, proportionate monitoring through desk reviews, site visits and third-party audits for higher-risk investments, supported by periodic reporting from Portfolio Funds. The ESMS also includes requirements for incident identification, timely notification and corrective actions, as well as accessible grievance redressal mechanisms for all stakeholders. The PMF grievance redressal has appropriate escalations including access through the project affected people mechanism. NIIF supports capacity building through ESG training for investment teams and Portfolio Entities. The ESMS shall be periodically reviewed and updated to reflect evolving regulations, investor evolving requirements and emerging ESG and climate risks.

The supporting documents including the SRI Principles, individual fund E&S management frameworks, EHSS regulatory guidelines and PMF II ESMS procedures are maintained as internal documents.