24 February 2021

Impact Principles – Disclosure Statement

1. Foundation Corporation Holdings (the “Signatory” and or “Foundation”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Principles”).

2. This Disclosure Statement serves to fulfill Foundation’s obligations pursuant to Principle 9 of the Principles.

3. This Disclosure Statement applies to the following Covered Assets that align with the Principles:
   a. Foundation Corporation Holdings
   b. Right Health Holdings
   c. Ryan EduNation
   d. ProMedEx
   e. ASG Eye Hospitals
   f. Toppr Technologies
   g. GrayQuest

4. The total value of the Covered Assets in alignment with the Principles is US$ 130 million as of 31 December 2020.

Abhishek Sharma
Chief Executive Officer
Foundation Holdings

Important Information

This statement is not intended as, nor should it be construed as, an offer of interests (or an offer to subscribe for interests) in any product which is sponsored, managed or advised by Foundation Holdings.

This document has been approved by Foundation Holdings solely for the purposes of the Operating Principles for Impact Management. Readers should not treat these materials as advice in relation to legal, taxation or investment matters and are recommended to consult their own advisers in relation to any such issues.

The information contained herein may not be relied on by any person for any purpose and no responsibility is accepted by any person for the accuracy or completeness of such information.
**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.

Foundation is a global investment firm focused on building sustainable, industry-defining companies in India and GCC’s healthcare and education sectors. Foundation has spearheaded 9 acquisitions leading to the creation of 6 portfolio companies and several more in the pipeline. Foundation believes in driving change that matters, and moving towards a more positive future by finding innovative solutions. In the last three years, Foundation has completed USD 130 million worth of private investments, impacting 3.5 million lives and employing over 5,000 employees.

Our objective is to deliver social, environmental impact and market rate returns.

*In Healthcare This Means:*
- Care and service models promoting accessibility and affordability

*In Education This Means:*
- Service delivery systems across all grades of education and financing solutions to make education affordable

The strategic impact objective forms part of the investment criteria ensuring investments are only made into companies that meet our objectives in either healthcare or education as detailed above.

**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.

**Process**
Foundation Holdings has built up its six portfolio companies over the last 9 – 36 months. As the investments are still fairly nascent, the process to establish and measure impact is as follows:

1. Define strategic impact objective
2. Launch the 2-stage framework for strategic impact
3. Utilize the 4 key pillars to measure strategic impact

**Strategic impact objective**
Define the strategic impact objective for each portfolio company upon completion of the investment by Foundation.

**Framework**
The 2-stage framework for strategic impact is as follows:

- **Stage 1** (during first 18 months post-investment): Establish measures for strategic impact specific to the portfolio company and commence data collection to measure results
Stage 2 (18 – 36 months post-investment): Standardize strategic impact processes and systematize processes and drive tangible action.

As majority of the investments have been made in the last 9 – 15 months, Foundation is still in the early days of establishing measures for strategic impact and commencing data collection to measure results.

Measurement

Foundation approaches the measurement of strategic impact with four key pillars (detailed below) which are applicable to both its healthcare and education portfolio companies:

4 Key Pillars to Measure Strategic Impact:
1. Increased access to healthcare and/or education
2. Improved quality of healthcare and/or education
3. Improved Affordability of healthcare and/or education
4. Strengthened human capital

As an example, the strategic impact objective and four key pillars to measure strategic impact for ASG Eye Hospital our Indian eye care portfolio company, are as follows:

Strategic impact objective: First we are a hospital, then we are an enterprise.

4 Key Pillars to Measure Strategic Impact:
1. Increased access to healthcare
   a. Number of Tier 2 and Tier 3 cities covered
   b. Number of lives impacted
2. Improved quality of healthcare
   a. Level of facility accreditation
   b. Percent of re-admissions for corrective surgery
3. Improved Affordability of healthcare
   a. Price benchmarking v. competition and government
   b. Percent of patients by payment mechanism
4. Strengthened human capital
   a. Percent of AIIMS graduates
   b. Total jobs created
   c. Total females employed

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.

Foundation acts as the Investment Manager for each of its portfolio companies. Foundation is focused on the identification of education and healthcare opportunities which combine market returns on investment with improvements in access, affordability, and quality of education and healthcare to the mass market.

Foundation’s investment team engages with portfolio companies as detailed above in respect to establishing and implementing a framework for strategic impact over a 36 month horizon.
Foundation’s contribution to impact is achieved through the provision of capital as well as through Management support in the form of strategic impact framework establishment, monitoring and assessment of portfolio companies through the life of the investment.

As an example, Foundation Holdings invested into 26 value healthcare facilities in the UAE in 2018 impacting the lives of 300,000 people across three Emirates in the UAE, which consisted of clinics, pharmacies and diagnostics centers. Over a period of 18 months post investment, Foundation grew the number of facilities to 58 impacting the lives of over 1 million annually and across four Emirates within the UAE.

Foundation therefore provided increased accessibility, affordability and quality healthcare to an additional 700,000 lives each year in addition to increased accessibility in one additional Emirate in the UAE.

**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, align with industry standards and follow best practice.

Foundation tracks the achievement of impact in line with its defined set of four key pillars to measure strategic impact. These include:

1. Increased access to healthcare and/or education
2. Improved quality of healthcare and/or education
3. Improved affordability of healthcare and/or education
4. Strengthened human capital

The four key pillars have been selected and aligned with the Foundation’s strategic impact objective.

As Foundation’s portfolio has been built up in the recent past over the last 9 – 36 months, Foundation is still in the stage of building the four key pillars into usual data collection and generating insights to drive tangible actions.

As an example, Foundation invested into Ryan EduNation a school group operating 7 schools impacting the lives of 17,064 students in 2019. During the course of 2020, Foundation has worked with Management with launch an additional school in a new Indian city taking the number of schools to 8 now impacting the lives of 18,000+ students.

**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.

As Foundation’s investment into its portfolio companies are still in nascent stages (between 9 – 36 months) the formal process to assess, address, monitor and manage potential negative impacts is in process.

Foundation has reviewed international best practice in respect to ESG risks, including the Principles for Responsible Investment (PRI), Green Climate Fund, IFC Performance Standards, and UN Global Compact.

Foundation has tailored its approach to assess, address, monitor and manage potential negative impacts in relation to ESG based on the above international best practice principles through its four key pillars framework for strategic impact:

1. Increased access to education and/or healthcare
2. Improved quality of education and/or healthcare
3. Improved affordability education and/or healthcare
4. Strengthened human capital and/or healthcare

These four pillars enable us to assess any negative impacts and measure risk through the lens of each one of these pillars which then leads to the formulation of action plans to implement across each of our portfolio companies. For example, in healthcare a high re-admissions rate would be classified a social negative impact and mitigants would need to be implemented to rectify the issue. In education, as an example, a low attendance rate amongst pupils would be classified as a social negative impact and accordingly actions would be put in place to increase the attendance rate.

Over the next 12 month period, Foundation will conduct a comprehensive annual data collection and review of ESG performance in all of its portfolio companies. Foundation will assess its portfolio companies in terms of whether they are:

   i) Aware of material ESG risks
   ii) Have action plans in place to mitigate the risks
   iii) Adopting any innovative and leadership practices when it comes to ESG

**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. 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.

Impact measurement (via our four key pillars) is discussed with our portfolio companies at the outset of the investment process and is often a core part of their business model. This sets the alignment of expectations at the outset. Throughout the life of the investment, Foundation works closely with portfolio companies to obtain data to help analyse impact measurement and drive tangible actions and outcomes.

As of the last reporting cycle Foundation Holding has completed USD 130 million worth of private institutional investments, impacting 3.5 million lives across the GCC and India and employing over 5,000 employees. Foundation Holdings via its portfolio companies has developed care and service models which promote accessibility and affordability to healthcare and education.
As Foundation has a portfolio of companies that have been invested into over the last 9 – 36 months these are still at early stages. Foundation intends to measure impact data alongside financial performance data when monitoring the performance of an investment and any requirements for intervention.

As an example, in the period March-September 2020, both impact and financial performance expectations were adjusted with each portfolio company and with new investments made in response to continuing to offer affordability, accessibility and quality education during COVID-19.

Ryan EduNation our school group offered discounts to parents during Covid-19 to ease the financial burden to parents and prevent this from impacting the students.

Foundation also invested in Toppr, which is India’s leading after-school AI based learning app for K12 students hosting over 1 million sessions every day. Toppr’s industry leading adaptive education platform will enable us to further extend our impact, at scale via our school group Ryan EduNation. Toppr’s vision is to build a school around every student with engaging curriculum, research-based assessments for learning and quality educational services designed for each student and any learning environment. The Toppr School Operating System (OS) will enable teachers to do what they do the best (i.e., teach) while it takes care of technology and provides access to good quality learning material.

In addition, Foundation has invested into GrayQuest to further help to ease the financial burden of education fees on parents during Covid-19 and beyond. GrayQuest aims to become the default method of paying education fees for 300 million students studying in private sector education institutions by providing convenience and flexibility. GrayQuest is enabling millions of children to access education in an affordable manner while also helping schools to survive during the current situation. Covid-19 has further cemented the need for affordable, accessible and flexible online payment solutions and GrayQuest has seen increased demand from educational institutions across the spectrum. The average Indian household spends nearly 24% of its total annual income on children’s education placing financing of education fees top-of-mind for parents. GrayQuest enables parents to pay annual education fees in up to 12 monthly instalments – without incurring any extra cost – instead of paying it to their educational institution in two-three bulk instalments.

GrayQuest’s offering is of increasing relevance today and our partnership with them is instrumental to implementing a robust financing solution to improve affordability and access for parents’ of the 300 million learners across India.

Foundation’s focus is on driving change that matters by moving towards a positive future by finding innovative solutions. GrayQuest was an ideal opportunity. Together with Ryan EduNation and Toppr, Foundation is at the heart of creating an education eco-system with bricks and mortar (Ryan EduNation), edtech (Toppr) and now ancillary education services (GrayQuest) all of which combined are vital to making a social benefit impact in the education sector while ensuring the sustainability of education.

The above reflects Foundation’s commitment to building the education eco-system with a focus on its four key pillars for strategic impact:

1. Increased access to education
2. Improved quality of education
3. Improved affordability education
4. Strengthened human capital
**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.

Foundation’s investment policy includes provisions for assessing and considering ESG performance and impact at exit.

Foundation Holdings has not yet conducted an exit.

At exit, Foundation would measure the status of impact achieved against its four key pillars for strategic impact and consider the effect on the portfolio company when making exit decisions to its investment portfolio:

1. Increased access to education and/or healthcare
2. Improved quality of education and/or healthcare
3. Improved affordability education and/or healthcare
4. Strengthened human capital and/or healthcare

Foundation intends to document exit decisions, rationale and measurement against the four key pillars for strategic impact through a memo approved by its Investment Committee and Board of Directors.

**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.

Foundation has overall responsibility and is actively involved in establishing the principles, monitoring the ESG and impact performance of its portfolio companies. ESG performance and impact potential are explicitly considered prior to the investment being made into a portfolio company, e.g. the lives impacted is a measure used for the provision of affordable, accessible and quality healthcare and or education. Based upon the data collection from the strategic impact framework established at each portfolio company Foundation intends to gain insights and turn these into actions to drive greater impact.

The data analysis for each portfolio company intends to be actively considered as part of ongoing portfolio review and engagement with portfolio companies.

As an example, for our portfolio company Right Health, the company initially intended to impact the lives of 1 million people each year by 2022, however, with Foundation’s financial support and guidance to Management, Right Health was impacting the lives of 1 million people in 2020 itself. Therefore, based on the achievement of the impact, Right Health is now focusing on impacting the lives of over 1.3 million people in 2021.

This ecosystem touches on every one of the four key pillars for strategic impact:

1. Increased access to healthcare
2. Improved quality of healthcare
3. Improved affordability healthcare
4. Strengthened human capital
Upon the first formal independent verification being conducted, the formal results of the impact realized from investments held over 36 months will be shared in reports to shareholders and will be utilized in making adjustments to the investment strategy.

**Principle 9** – Publicly disclose alignment with the 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 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 confirms the alignment of Foundation’s policies, procedures, and practices with the Principles. An independent verification will be conducted every two years. As this is our first year as part of the Principles, the independent verification will be conducted in February 2022.