

RESPONSIBLE INVESTMENT POLICY 2023



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Reporting & Disclosure

True North is a leading private equity firm in India. Since 1999, our business model has focused on transforming mid-size, India-centric businesses into socially responsible enterprises which are universally admired. This transformation enables our partner companies to become world-class industry leaders. Our investment approach focuses on driving tangible positive outcomes beyond profits with the aim of building a culture of excellence in each partner company, thereby securing long-term business sustainability and enhancing competitiveness.

1.1. Policy Scope and Coverage

This Responsible Investment Policy (this “Policy”) provides an outline of the Firm’s commitment to responsible investment and its approach towards integrating Environmental, Social and Governance (“ESG”) and Climate Change considerations within its own operations, as well as across the investment lifecycle- both for equity as well as credit.

Whilst we strive to embed ESG including certain climate change aspects into our investing activities, the approach and modalities would vary depending on the asset class, the degree of ownership or control and the influence that we have on the partner company. Our endeavor is to meaningfully integrate ESG considerations and respond strategically to the evolving ESG landscape.

This Policy shall be reviewed annually.

1.2. Applicable Frameworks and Commitments

The following responsible investment frameworks and commitments enable us to identify and adopt sustainable business practices and establish a foundation for long-term success-

- › The Firm and its partner companies will comply with the applicable national laws and regulations and adhere to the National Guidelines for Responsible Business Conduct (“NGRBC”) released by the Ministry of Corporate Affairs, Government of India.
- › Our responsible investment approach shall continue to be aligned with leading international conventions, standards and guidelines, such as those prescribed by the Asian Development Bank, the International Finance Corporation, British International (formerly the CDC Group plc, United Kingdom), Organization for Economic Co-operation and Development (‘OECD’) Principles of Corporate Governance and the United Nations Global Compact.
- › The Firm has become a signatory to the United Nations-supported Principles for Responsible Investment (the “PRI”) in October 2020. We share the convictions and ambitions of this international initiative and are committed to fully implementing the PRI’s six founding principles in our business.
- › We commit to Paris Agreement on Climate Change and are progressively working towards managing climate risks according to the Task Force on Climate related Financial Disclosures (“TCFD”) Framework prescribed by the Financial Stability Board (FSB).
- › We are committed to deliver positive societal impact by meaningfully integrating and mainstreaming sustainability outcomes in our investments and business management practices with UNPRI Framework on Sustainability Outcomes and also the UNSDGs as the guiding framework.

2.1. ESG Considerations

Our definition of success goes beyond financial returns and embodies material ESG considerations.

These ESG considerations reflect focus areas for investment analysis, engaging with partner companies (where we have influence) during ownership and are also used to define our Firm-level priorities. An indicative table which illustrates the type of issues we consider as ESG considerations is provided below:



Environment

- › Pollution prevention, waste and waste-water management
- › Natural resource conservation and impact on biodiversity
- › Greenhouse gas emissions, energy consumption and energy efficiency



Social

- › Inclusion, Diversity and Equal Opportunity
- › Human rights
- › Workplace safety and employee wellbeing
- › Employee, customer satisfaction and trust
- › Effective grievance management-employees and customers
- › Stakeholder engagement
- › Community development initiatives
- › Responsible products and services



Governance

- › Business integrity, ethics, transparency and accountability
- › Compliance with all applicable local and national regulations
- › Anti-bribery, corruption, fraud and anti-money laundering
- › Data protection and privacy
- › Insider trading, related party transactions
- › Board structure and composition, executive compensation
- › Internal controls, monitoring and disclosures

2.2. Our Commitment to Climate Action

We are committed to taking climate action to support the global transition to a low-carbon economy. Our climate strategy incorporates the UNPRI framework and adopts the TCFD recommendations to identify areas where we can take further action in our own operations and to enhance climate resilience of our investments.

We have estimated the carbon footprint of our own operations and have achieved carbon neutrality since inception. We are committed to remain carbon neutral and continuously work towards reducing our GHG footprint. We have incorporated Climate Change aspects in Screening and Diligence process of all our potential investments. We have also prepared a Climate Risk Assessment Tool based on the TCFD framework to assess climate risks in our portfolio. Climate Risk Assessment has been carried out in our partner companies of Fund V & VI*. We also handhold our partner companies to help them understand their carbon footprint and encourage them to measure, monitor and report their emissions and work towards emission reduction.

*Companies with influence

2.3. ESG Integration in the Firm's Own Operations

We continue to implement policies and encourage initiatives to reduce our environmental impacts. This includes managing and offsetting our carbon footprint, reducing paper waste, eliminating single-use plastic and enabling digital platforms.

We ensure health and well-being, security, and safety of our employees at work. Employees are periodically given various training. We aim to create a diverse and inclusive workplace to bring out the best in our people.

We and our ecosystem uphold the highest standards of ethical conduct by implementing a robust governance framework with globally benchmarked policies such as Code of Conduct, Whistle Blower Policy, Anti-Bribery and Corruption Policy, Personal Security Trading ('PST') Policy, Cyber Security and Data Protection and Supplier Code of Conduct.

We commit to climate action and carbon neutrality in our own operations and support our partner companies to remain climate responsive and resilient.

2.4 ESG Integration Across the Investment Lifecycle

Our ESG integration approach is to be applied throughout the deal lifecycle. While there could be differentiated approach based on the asset class or on the influence that we may have, our intention is always to maximize the integration of ESG aspects into our investment process.

An overview of how ESG is integrated in our deal lifecycle is shown below:



2.5. Our Stewardship Efforts

We work closely with the partner companies post-investment to build awareness, help them identify material ESG issues and present value creation opportunities. We aim to look beyond our ownership period and help our partners build ESG vision, policy, strategy and implementation framework that is aimed at serving long term business sustainability needs. A structured ESG Assessment Framework has been developed to assess, monitor and engage our partner companies during the ownership phase. It reflects our ESG priorities and responsible investing philosophy drawing guidance from industry leading frameworks.

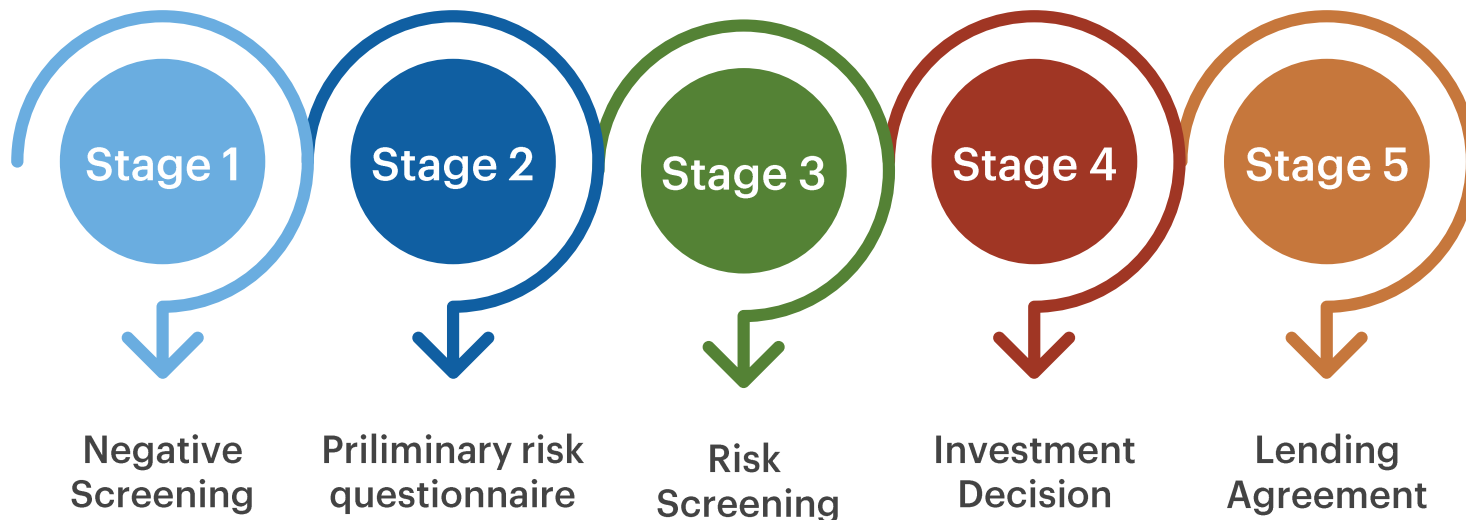
Reporting to the investors (LPs) on ESG and Climate Change (ESG & CC) parameters would be done for all investment categories viz. Investments with influence and Minority Investments. Further, a Fund level Disclosure of Annual ESG and CC performance would also be carried out for all investment categories.

2.6. ESG Integration in Private Credit

We launched Private Credit as another asset class in 2021 with the aim to build the credit business across the performing credit area. The process of integrating ESG would be aided by the **ESG Private Credit Risk & Maturity Tool** which has been specifically developed for this purpose. It reviews critical ESG aspects during the evaluation / screening phase and evaluates the ESG risks of business and collateral provided. It provides a final ESG assessment consisting of non-compliance flags, policy score, and risk rating to assist in investment / lending decision making.

ESG integration in True North's Private Credit Fund

The core steps for ESG integration proposed for True North's Private Credit Fund are given below:



Our top leadership is entrusted with the responsibility of embedding ESG & CC in our own operations and in our investing activities. Several individuals and/or functions have a role, chain of command and an accountability framework has been clearly defined to effectively embrace ESG & CC. Enablers through internal training programs and the support of external advisors are used to aid and complement the implementation process.

Our ESG and Climate Change (CC) governance framework comprises of a Firm level ESG and CC Governance Committee headed by the Managing Partner and a dedicated ESG and Climate Change Team. The ESG and CC Committee reviews progress and performance and is responsible for providing strategic oversight and direction, while the ESG and CC team focuses on operationalizing True North's ESG Policy and Climate Policy and Implementation Plan, which includes managing the organization's own operations responsibly.



The Firm will publicly disclose its progress against ESG commitments and action plans as well as ESG performance of our partner companies through an annual ESG report, and disclosure on the UNPRI platform.





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