

ESG POLICY

This is the abridged Climate Policy.
Log into www.truenorth.co.in for the complete policy



Introduction

In October 2020, we became a signatory to United Nations supported Principles for Responsible Investment ('UN PRI') and thereafter to align with and to fulfil the commitments through the six principles of UNPRI, we adopted an overarching Responsible Investment Policy ('RI policy'). As a subset of the overarching RI policy, we have the 'ESG Policy and Implementation Manual' to articulate in detail our Responsible Investment integration and implementation process in all our investments including stewardship during ownership period. This refreshed 'ESG Policy and Implementation Manual' strengthens our resolve to enhance ESG integration and adoption at True North. This document states our ESG commitments and provides details on processes to embed and integrate ESG considerations in all our investments- equity and credit, as well as within our own operations.

Purpose / Objective

We strongly believe that ESG considerations would help us, and our partner companies do business ***"the Right Way"***, navigate challenges of scarcity of resources, changing expectations of stakeholders and ultimately, make our businesses socially responsible and sustainable.

Alignment with domestic and global frameworks

The Policy has been developed with reference to the following Indian and global standards and frameworks:

- › Applicable local, national, and international environmental and social (including occupational health and safety) laws, rules and regulations.
- › United Nations Principles for Responsible Investment ('UN PRI');
- › United Nations Global Compact ('UNGC');

- › National Guidelines on Responsible Business Conduct ('NGRBC');
- › SEBI Guidelines on Business Responsibility & Sustainability Report ('BRSR');
- › United Nations Sustainable Development Goals ('UN SDGs');
- › Task force on Climate related Financial Disclosures ('TCFD');
- › International Finance Corporation ('IFC') Performance Standards, 2012;
- › IFC Corporate Governance Development Framework, 2011;
- › Asian Development Bank ('ADB') Safeguard Policy Statement ('SPS', 2009);
- › ADB Social Protection Strategy, 2001;
- › British International Investment ('BII') [Previously CDC Group] Code of Responsible Investing;
- › IFC / World Bank's Environmental, Health and Safety ('EHS') General and relevant Sector Specific Guidelines, as applicable; and
- › G20 / Organization for Economic Co-operation and Development ('OECD') Principles of Corporate Governance

Scope

This Policy is applicable to our own operations and across the lifecycle of our investments- Equity and Private Credit. This document is a summarized version of the more detailed ESG Policy and Implementation Manual. For the detailed version please log in with your credentials on www.truenorth.co.in

ESG Integration – Own Operations

Environment

We continue to implement policies and encourage initiatives to reduce our environmental impact through several measures like managing and offsetting our carbon footprint, reducing paper waste, eliminating single-use plastic and enabling digital platforms.

Social

A safe and empowering workplace is a part of our organizational culture. We ensure health and well-being, security, and safety of our employees at work. Employees are provided upskilling and training periodically. We aim to create a diverse and inclusive workplace to bring out the best in our people.

Governance

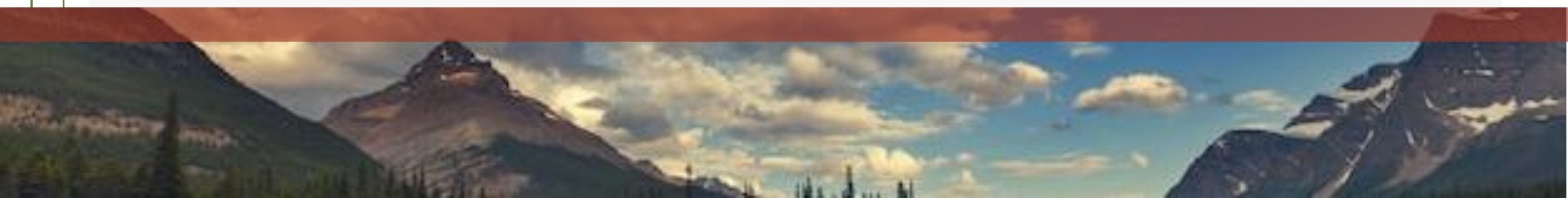
We and our ecosystem uphold the highest standards of ethical conduct by implementing a robust governance framework with globally benchmarked policies.

Climate Change

We are committed to taking climate action to support the global transition to a low-carbon economy. As regards our own operations, we have become carbon neutral since our inception and aim to maintain a carbon neutral status in the future by reducing our footprint and offsetting the residual emissions through purchasing high quality carbon offsets.

Training, awareness, and capacity building

Regular training, awareness and capacity building sessions ensure that our people have right understanding of ESG factors and skills to meaningfully integrate in our businesses and operations.



ESG Integration – Investments

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:

Deal sourcing and
Negative screening



Two-step ESG due
diligence phase



Go / No go
decision



Active ownership
and stewardship

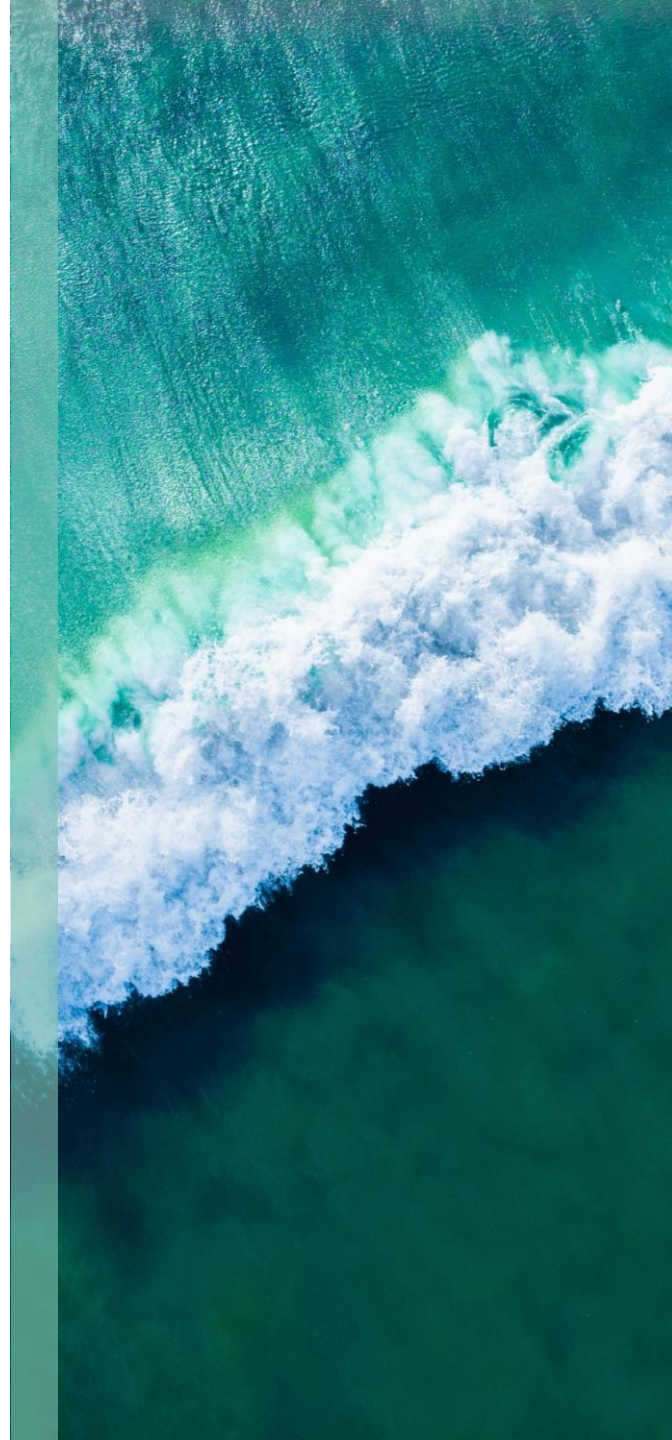


Exit



Our Stewardship Efforts

- › We work closely with our partner companies to build awareness, help them identify material ESG issues, and present value creation opportunities, post investment. 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 and draws 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.

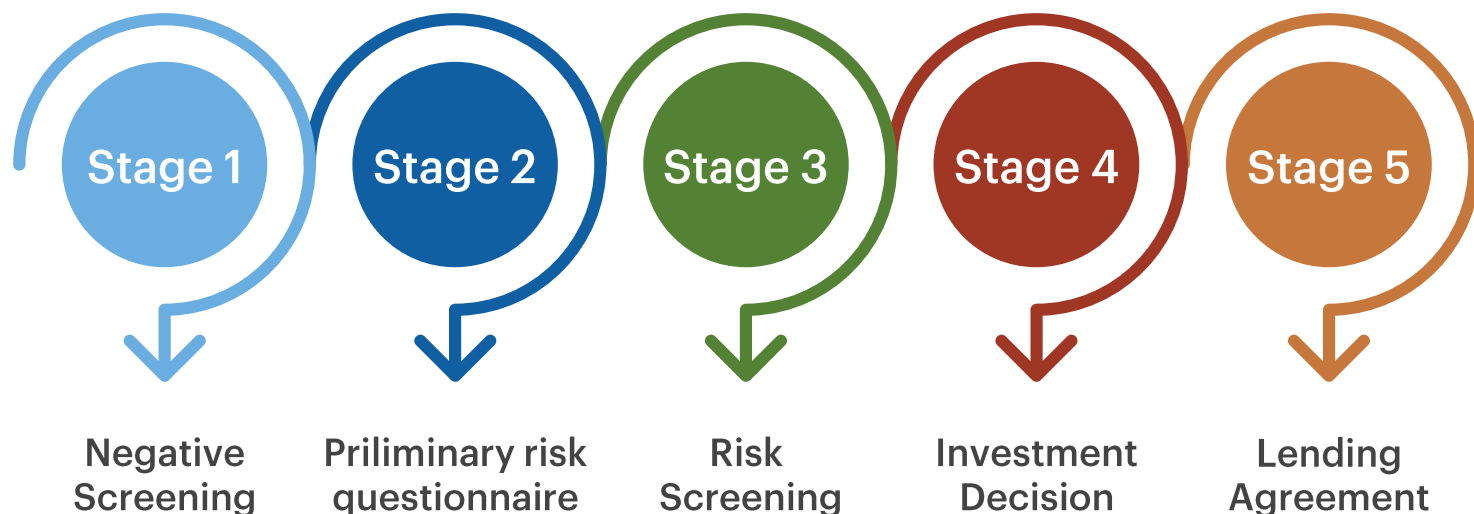


ESG Integration in Private Credit

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 ESG screening 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:



Governance

Our top leadership is entrusted with the responsibility of embedding ESG and Climate Change (CC) in our own operations and 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 the implementation process.

Our ESG & CC governance framework comprises of a dedicated ESG & CC Governance Committee headed by the Managing Partner and an ESG & CC Team. The ESG & 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.





True North Managers LLP, Suite F9C, Grand Hyatt Plaza,
Santacruz (East), Mumbai - 400 055, Maharashtra, India.



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