



Task Force on Climate-Related Financial Disclosures Report 2024



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Key Milestones in our Climate Journey

Developing a Climate Policy with clear objectives and implementation plans

Achieving Carbon Neutrality in our own operations since inception

Integrating climate considerations in our investment screening and due diligence processes

Conducting comprehensive climate risk (physical and transition) assessments for all our partner companies

Institutionalizing climate governance policies as well as processes within our operations

Promoting transparency in climate reporting, joining hands with global alliances to enhance our efforts

About True North

Founded in 1999, True North is one of the most respected private equity Firms in India with a vision to work towards a future where meaningful partnerships and intellectual capital work collaboratively to create universally admired and socially responsible businesses that deliver boundless value to all stakeholders. As a responsible investor, we integrate ESG and climate considerations strategically in our investments. We also actively engage with our partner companies to share knowledge and build capacity on evolving climate risk and regulatory landscape and support them in their climate journeys.

About the Report

As a responsible investor, we integrate climate action meaningfully in our investments. We have adopted the TCFD Framework to regularly disclose our climate related initiatives within our own operations, as well as support that we give to our partner companies in their climate journey, striving to build collective climate resilience and responsiveness. This Report, third since 2022, focuses on the actual and potential impacts of climate related risks and opportunities on governance, evolving business strategies and financial planning, metrics and targets, operations, and risk management of True North as well as our partner companies.

Our Commitment to Climate Action and Progress Made

Progress within the Firm

Commitment to Transparency

We annually release standalone ESG, Carbon Neutrality and TCFD Reports. This year, we have gone a step further, ensuring accountability in our efforts by opting for third-party assurance of our UN PRI Transparency Report. Additionally, we issue Fund wise ESG & Climate Performance Update for our LPs.

Policy Integration and Review

Our Climate Policy provides guidance on integrating climate change considerations throughout the lifecycle of our investments, as also, in own operations. Our Climate Policy, first adopted in 2022, undergoes periodic review and was last updated in August 2024.

Investment Screening & Due Diligence

Climate risk factors are embedded within our investment screening and due diligence processes, ensuring that all pertinent risks are evaluated systematically.

Support to Partner Companies

Building Climate Resilience

Taking forward our efforts to build resilience among partner companies, we have completed a new climate risk assessment using SSP2 and SSP5 scenarios for 15 partner companies. This assessment reviewed physical and transition risks identified in the previous assessment and uncover any new risks.

Guidance on Climate Action

Our team engages with the partner companies providing strategic support to facilitate the adoption of climate action measures.

Effective GHG Reduction

We collaborate with our partner companies to establish a comprehensive GHG inventory, guiding them toward developing a science-based strategy for emissions reduction.

Message from our CEO & Managing Partner

The global landscape continues to evolve rapidly, presenting both challenges and opportunities for climate action. At True North, we remain firmly on course with our climate commitments. We view integrating climate considerations into our investment strategy not just as a responsibility, but as an imperative for long-term growth and resilience of investments beyond our ownership.

We have maintained carbon neutrality in our operations since inception in 1999. We have worked concerted towards significantly reducing our carbon footprint. Beyond our operations, we actively engage with our partner companies to support them on developing understanding of climate risks and opportunities in a structured way. We collaborate on this by undertaking climate risk assessment, followed by an approach to address them. Further, we collaborate in various climate action related endeavors like development of Climate Policy, GHG emissions inventory and baseline, science-based reduction strategies, etc. This has resulted in 82% of partner companies monitoring energy consumption, 59% now measuring Scope 1 & 2 emissions, 29% having an emission reduction strategy in place.

To build deeper understanding of evolving climate risk and regulatory landscape and their business implications, we undertook comprehensive training for the Boards and senior leadership of our partner companies. This foundational capacity building is crucial as we proactively enhance our climate resilience.

As a key step in building climate resilience across our portfolio, we have refreshed our Climate Risk Assessment, aligning it with the IPCC's latest SSP2 and SSP5 scenarios for the 2040 and 2060 time horizons. 88% of our portfolio has undergone this comprehensive assessment.

Looking ahead, we are committed to strengthen our climate governance to ensure directed and accountable actions. We shall integrate climate considerations across all decision-making, ensuring our approach is both holistic and impactful.

Together, we are committed to a more sustainable and resilient future.



Vishal Nevatia
CEO & Managing Partner

Climate Governance

Effective climate governance is integral to our strategic decision-making and underpins our commitment to driving sustainable business practices. At the heart of our approach is the ESG & Climate Change (CC) Governance Committee, headed by our CEO & Managing Partner. The Committee oversees the implementation of ESG and climate-related initiatives across the Firm and its investments.

Oversight and Strategic Review

The ESG&CC Governance Committee meets quarterly and takes stock of the ESG and climate related performance updates at the Firm and partner companies. It also discusses any challenges faced because of emerging climate risks in our investments. These updates allow the Committee to identify implementation challenges proactively and develop strategic responses to overcome them. Further, implications of any national and/or international developments in the space is also discussed as need be. All external reports, communications, and policy amendments are subject to Committee approval to ensure consistent alignment with our Responsible Investment (RI) objectives.

Responsibility Matrix to Ensure Accountability

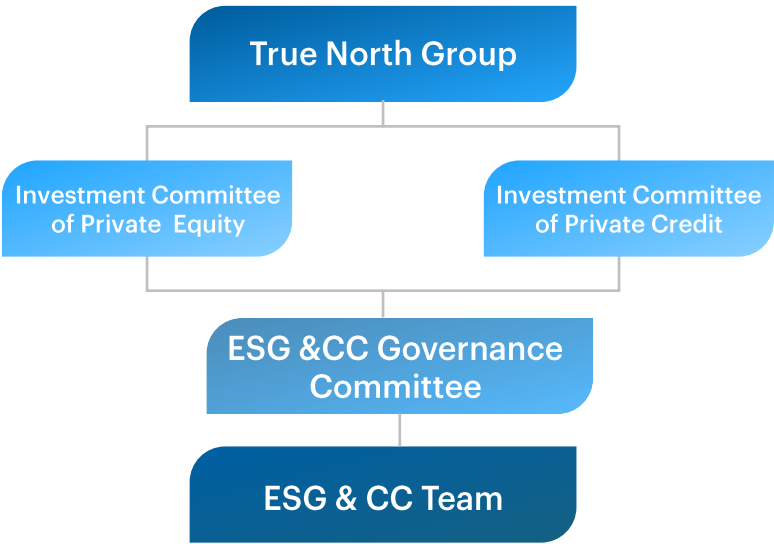
Our governance framework is built on robust accountability mechanisms that permeates all organizational levels, fostering a culture of shared responsibility toward RI goals. There are two key pillars in True North’s strategy to ensure accountability:

Integration in Investment Lifecycle

- Roles and accountability for integrating ESG and Climate considerations into investments are clearly defined.
- The Investment Management Team assesses ESG and climate risks during screening and due diligence, working with the ESG & Climate Change team to create action plans.

Climate Risk Resilience through Stewardship

We work collaboratively with partner companies towards building climate risk resilience, institutionalizing policies and processes to address climate risks.



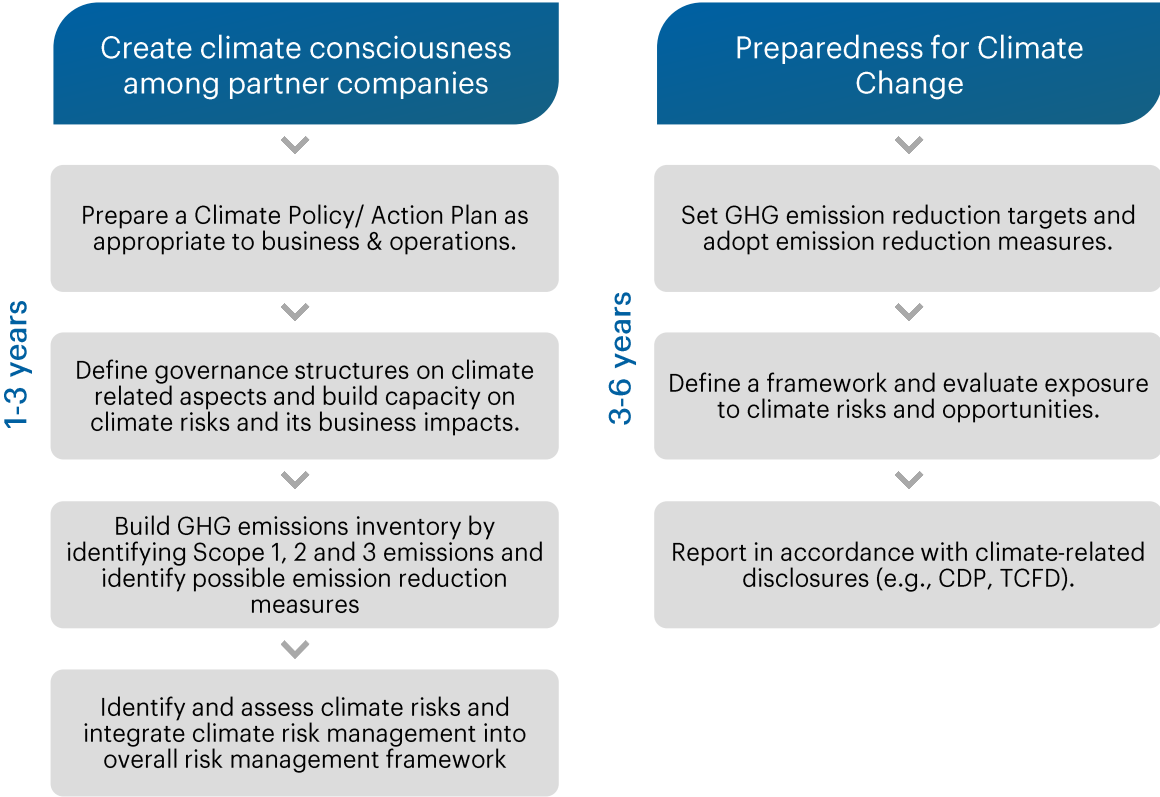
Senior Leadership Oversight

To enhance accountability, bi-annual Partnership review meetings are conducted, offering a structured platform for discussing ESG & Climate performance of the Firm and Partner Companies. These updates include review of sector-specific performance enabling discussions on specific challenges for further improvement in all partner companies.

Climate Strategy and Vision for Partner Companies

A significant portion of our climate change impacts arises from our investment portfolio. Our approach is to engage with our partner companies throughout our ownership for meaningful outcomes. We have outlined climate action plans for targeting both short-term (1-3 years) and long-term (3-6 years) horizons. This further yields into an implementation/ action plan taking into consideration each TCFD pillar.

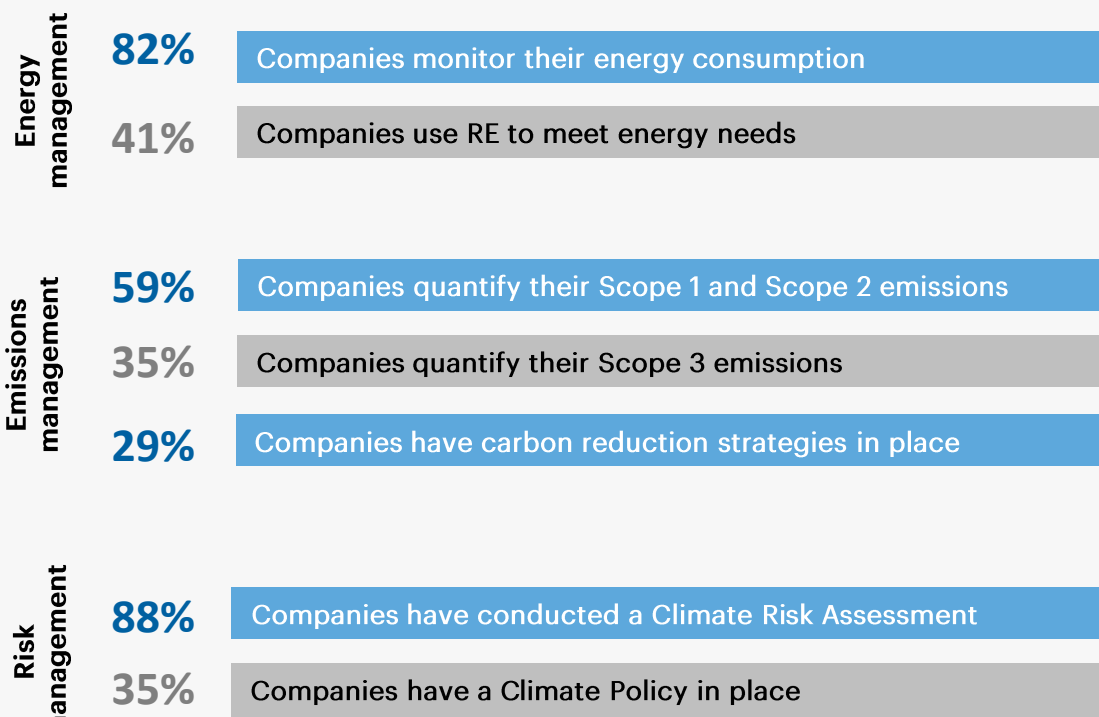
Our vision for partner companies



Progress of our Partner Companies on Climate Related Action

Over the years, our partner companies have progressively embraced several initiatives outlined in our vision, demonstrating significant progress in strengthening their climate resilience. We are committed to providing active support to help them set and achieve their climate objectives and emissions reduction targets.

Progress made

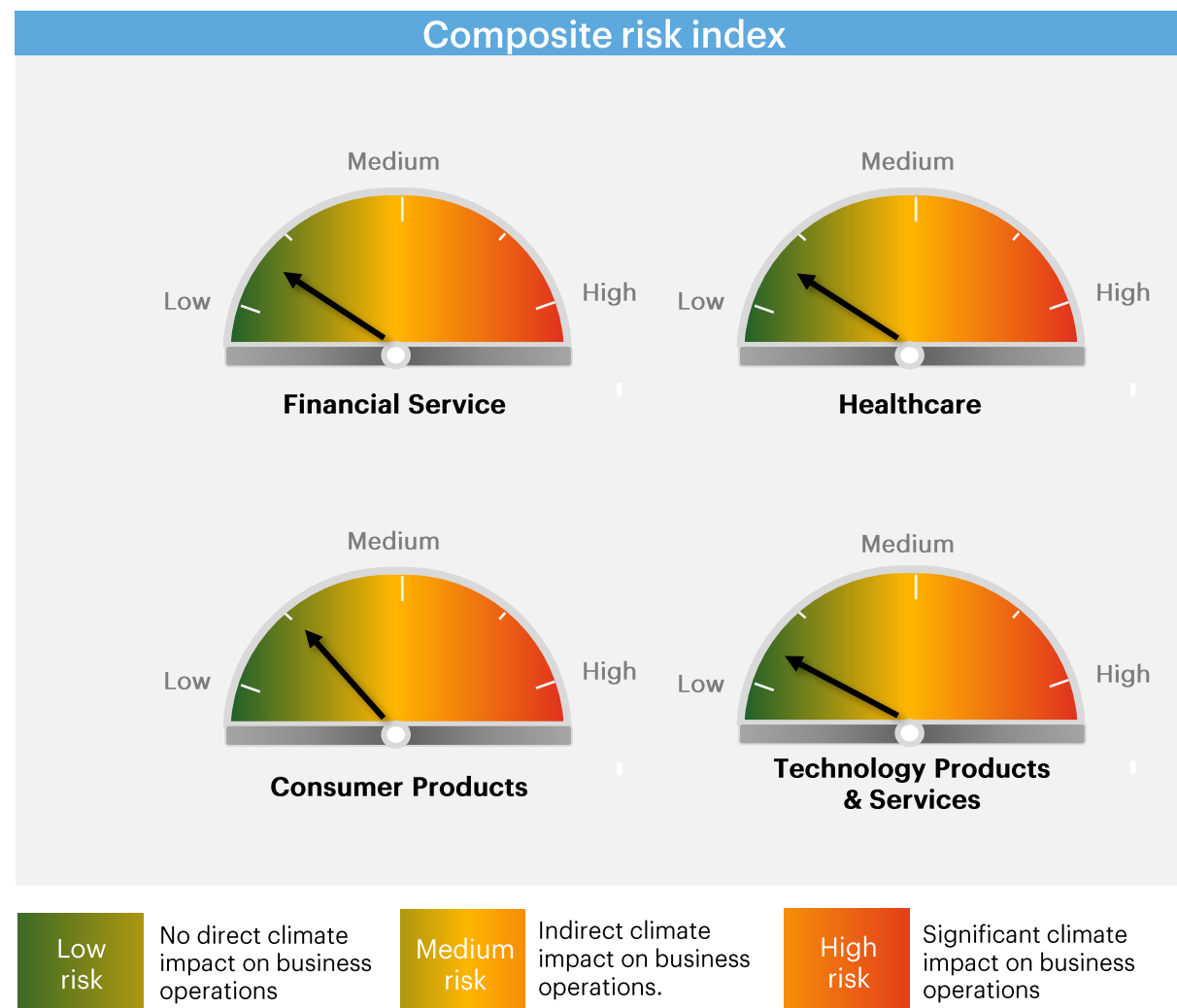


Climate Related Risks and their Management

True North recognizes the importance of building climate resilience, both, in its operations as well as in its investments. In line with this commitment and to be climate conscious and responsible in our actions, we undertook a second climate risk assessment for 15 of our partner companies (the first climate risk assessment of our portfolio took place in FY 2022). Through this study, we intend to achieve a comprehensive understanding of the physical and transition risks faced by them. By assessing climate risks at regular intervals, we strive to keep pace with changing circumstances—monitor whether previously identified risks are still material, understand any intensification of impacts, and evaluate any new risks that may have emerged.

As part of the physical climate risk assessment, we carried out a scenario analysis using two scenarios, SSP2 and SSP5, for the time periods 2040 and 2060. This study focused on identifying the physical risks businesses may encounter due to their geographic location in areas affected by climate change. In the transition risk assessment, we evaluated technological, legal, market, and reputational risks to the four sectors we operate and invest in: Financial Services, Healthcare, Consumer and Technology Products & Services.

We developed a composite risk score that combines both physical and transition risks for the four sectors. This score helped us gauge the overall risk level these sectors face. Our findings suggest that the sectors fall within a low to medium risk range. By implementing suitable adaptation measures, the partner companies can effectively manage these risk levels. The following sections detail out the findings of the physical and transition risk assessments.



Physical Climate Risk Assessment

In the ever-growing uncertainty around climate change, it is vital to assess how the physical environment in which businesses are geographically located can potentially impact them.

The physical risk assessment conducted for our partner companies evaluated several climate hazards to understand how changing temperature, rainfall, heatwaves and floods at their specific location may impact them.

These hazards are often geography-dependent and affect all businesses in the area, irrespective of the individual company’s business.

Impacts of physical risk

- Vulnerability of infrastructure, including data centers, office buildings, manufacturing facilities, and owned properties, to damage from extreme weather events.
- Supply chain disruptions leading to delays in transportation of both raw materials and finished goods.
- Power outages caused by severe weather conditions, leading to disruption in business operations and communication.
- Growing demand for cooling and refrigeration systems to combat rising temperatures and ensure product integrity.
- Increased underwriting risks, as unexpected health insurance claims surge due to climate-induced diseases and health impacts from severe weather phenomena.
- Financial impact from repair or replacement costs for damaged infrastructure, affecting business profitability.
- Need for strategic adaptation in business models to mitigate long-term climate risks and maintain operational continuity.

Physical risk assessment outcomes ¹					
Consumer (4 Companies)		Medium risk	Most partner companies in the Consumer sector are situated in geographic areas facing moderate physical climate risks, including droughts, heavy rainfall, and heatwaves. Only one company is in a high-risk region. Implementing adaptation measures can help mitigate these climate-related risks. ²		
Financial services (4 Companies)		Medium risk	Our partner companies in the Financial Services sector are not directly impacted by any physical climate risks. Indirect impacts would include infrastructure damage due to floods and heat, disruption of employee commute, among others.		
Healthcare (4 Companies)		Medium risk	Our partner companies in the Healthcare sector were found to remain unaffected by any direct disruptions to their business operations as a result of physical climate risks. However, they may experience few indirect impacts, such as delays in the delivery of supplies caused by supply chain disruptions from extreme weather events.		
Technology Products & Services (3 Companies)		Medium risk	Our partner companies in the Technology Products & Services sector have very limited direct impact of physical climate risk on their business operations. Indirect impacts can lead to potential cost increase due to Climate control (HVAC) and increased power redundancy.		
Low risk	No direct climate impact on business operations	Medium risk	Indirect climate impact on business operations.	High risk	Significant climate impact on business operations

¹ Ranking based on the physical risk impacts under SSP5 (RCP 8.5) scenario in 2040
² High risk region may potentially face heavy rainfall and increase in number of hot days (where max temperature is beyond 35°C) in future

Climate Transition Risk

Our transition risk assessment for partner companies evaluated four types of risks associated with shifting to a low-carbon economy. The assessment indicate that the sectors relevant to us currently fall within the low to medium risk category, suggesting minimal impact at this time. Nonetheless, it is imperative for our partner companies to quickly adapt to the rapidly evolving socio-economic and regulatory environment in India to ensure continued resilience and compliance.

Transition risk assessment outcomes

Financial Services

Low risk

Technology: Our partner companies are increasingly leveraging technological innovations to assess and manage climate risks in their investments.

Legal: Currently, our portfolio is at low risk level, but as more sectors become subject to regulatory oversight in future, the risk level may increase.

Market: The growing demand for green finance products along with rising investor interest in socially responsible investing, could present an emerging risk.

Reputational: Our portfolio prioritizes transparency and accountability, consciously integrating ESG principles into their operations.

Healthcare

Low risk

Technology: Our portfolio currently faces low risk, but companies need to invest in R&D for sustainable medical technologies and low-carbon infrastructure that may lead to costs.

Legal: The absence of mandatory emission regulations for the healthcare sector keeps the sector's risk level low under current regulatory requirements.

Market: Consumer preference and the shift to a low-carbon economy may prompt companies to adopt green practices, like obtaining green building certifications.

Reputational: Our portfolio is at low risk with the companies viewed as a responsible business that is currently meeting the legal and consumer expectation.

Consumer

Medium risk

Technology: Delay in shifting to low carbon methods of producing goods could increase indirect costs and lead to financial impact and higher risk in future.

Legal: Our portfolio generally are low in risk, except for the high-emitting sectors that will face mandatory emission reduction regulations under India's CCTS¹

Market: Growing consumer preference for sustainably produced goods may pose a risk to companies that cannot meet this demand, potentially leading to decreased revenue.

Reputational: Our partner companies comply with regulatory requirements and efforts to meet climate commitments, maintaining a low risk profile.

Technology Products & Services

Low risk

Technology: Delay in adopting new technologies such as energy-efficient data centers can result in increased operational costs and decreased competitiveness.

Legal: At present, there are no binding mandate to reduce emissions which presents a lower immediate legal risk.

Market: Growing demand for products and services that are not only sustainably produced but also promise energy efficiency could be a missed opportunities if companies do not innovate.

Reputational: Our portfolio is positioned as responsible and sustainable businesses and face low reputational risk.

Low risk

No direct climate impact on business operations

Medium risk

Indirect climate impact on business operations.

High risk

Significant climate impact on business operations

¹The cement sector is required to meet mandatory greenhouse gases emission intensity (GEI) targets under the compliance mechanism of India's Carbon Credit Trading Scheme (CCTS) and failure to meet these targets may result in financial implications in future.

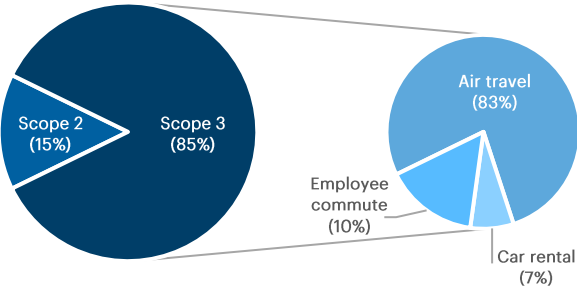
Metrics and Performance

At True North, we are committed to our climate commitments and continuously work to strengthen efforts to fulfill them. A crucial aspect of this is the annual measurement of all material emissions within Scope 2 and Scope 3 from our operations. Under Scope 3, we focus on two categories: (i) Category 6: Business Travel, and (ii) Category 7: Employee Commute. We have maintained carbon neutrality since our inception and have implemented steps to enhance stewardship with our partner companies, encouraging them on their climate journeys.

Our emissions in 2024

In 2024, our total emissions (Scope 2 & Scope 3) is 214.34 tCO₂e. Our Scope 2 emissions have consistently declined over last four-five years.

Emissions Breakdown for 2024



Our efforts to reduce Scope 2 and Scope 3 emissions in last 5 years

>90% reduction in Scope 2 since FY2020

FY 2020 264.19 tCO₂e FY 2024 21.86 tCO₂e

Measures adopted include:

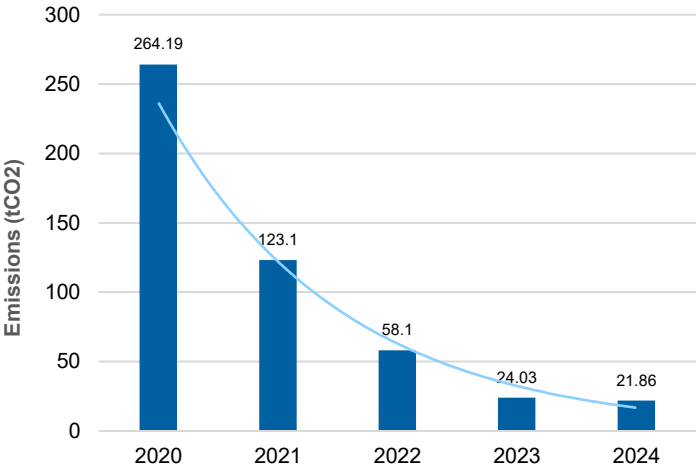
- Reduction in our office space,
- Switching to efficient lighting in our offices
- Shift from physical to a cloud-based server
- Installing higher efficiency HVAC system.

>50% reduction in Scope 3 since FY2020

FY 2020 389.00 tCO₂e FY 2024 192.48 tCO₂e

Measures adopted include:

- Conscious decision to limit business-related travel
- Encourage a work culture that promotes emission reduction such as adopting hybrid work culture that contribute to emissions reduction



Year wise Scope 2 emissions

Case Studies

01 iLink Digital

iLink Digital provides software integration services in the areas of Cloud Computing and Application Modernization, Data Management and Analytics, Enterprise Mobility, Portals, Collaboration and Social Employee Engagement, Embedded Systems, and User Experience and others.

Taking cognizance of the importance of quantification of GHG emissions as a first step towards commitment to reducing carbon footprint, iLink Digital has undertaken Scope 1, 2 and 3 GHG emissions quantification and baseline development for their offices in India and US. The exercise has been carried out using the IPCC, GHG Protocol and in accordance with ISO 14064-1:2018 guidelines and specifications. Going a step further, iLink is also creating India's first software forest campus, to ensure more harmony with nature in their day to day working. The campus is envisioned to be built with sustainable building materials, and will employ passive cooling techniques, thereby significantly reducing emissions and lifecycle costs.

iLink is recognized as an official Microsoft Alliance Partner within the prestigious Microsoft Partner Network.

Emissions profile of iLink Digital

Emissions	TCO ₂ e Emissions
Scope 1 Emissions (Direct Emissions)	3.64
Scope 2 Emissions (Indirect Emissions)	326.16
Scope 3 Emissions (Other Indirect Emission)	979.91
Total Emissions (Scope 1 + Scope 2)	329.8
Total Emissions (Scope 1 + Scope 2 + Scope 3)	1,309.71

02 Cloudnine Group of Hospitals

Cloudnine is a chain of specialty maternity and childcare hospitals with presence across more than 10 major cities in India.

Cloudnine has recently flagged a landmark project in its sustainability journey by installing a 4.8 MW solar power project in Mulakalamuru Village, Chitradurga District, Karnataka with an investment of INR 275 million. The solar plant will reduce its reliance on fossil fuels and significantly lower carbon emissions of their Bengaluru units thereby improving operational efficiency achieving energy security while maintaining environmental objectives.

This initiative aligns with India's national renewable energy targets and global climate goals, reinforcing Cloudnine's role as a responsible corporate citizen. The project is forward-looking in its approach that promises long-term environmental and economic returns, offering sustainable energy, and a reduced carbon footprint.



Way Forward

As India progresses towards its Net Zero target by 2070, the landscape of business regulation continues to evolve, necessitating companies to align with cleaner technologies, emission reduction initiatives, and improved resource efficiency. Companies proactive in managing physical and transitional risks are likely to thrive in this new era of low-carbon operations. Aligning with our vision, we facilitate this transition by empowering our partner companies with the tools and strategies required to navigate these challenges effectively. We continue to make concerted efforts to amplify our climate initiatives and resilience both within our organization and across our investment activities. In our attempt to further strengthen our commitment level, we have opted for Readiness Review of our UNPRI Report (FY 25) by an independent third party to be followed by Limited Assurance next year.

In the coming year, our strategy will focus on the following measures to advance our climate commitments for both our Firm and partner companies:

Expand the Sustainability Outcomes Framework

Building on our previous efforts, we will extend the adoption of our Sustainability Outcomes Framework, embedding it more deeply into the operations of Fund V, Fund VI, and new investments.

Enhance Climate Change Awareness

We will continue to actively engage with partner companies through workshops, seminars, and knowledge-sharing sessions aimed at elucidating the implications of climate change for their industries and growth.

Emission Quantification and Reduction

We will work towards GHG emission quantification and baselining for partner companies and explore opportunities for reduction.

Comprehensive Climate Risk Assessment

We will continue to perform the Climate Risk Assessment to identify vulnerabilities and opportunities, ensuring that investments are evaluated against potential climate-related risks in the new investments.

Align with Industry Standards for Reporting

We will maintain alignment with recognized climate-related reporting frameworks, such as the TCFD, to ensure transparency and accountability. However, with TCFD now ceasing to exist after having fulfilled its responsibilities it was set up to accomplish, we are exploring alignment and reporting on IFRS S2 in the future.



We would be happy to receive any feedback, comments or questions you may have, kindly address these to anil@truenorth.co.in

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