



truēnorth

Task Force on Climate – related Financial Disclosures Report

2023

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Our commitment to climate action and progress made

Progress within the Firm

Adhering to our commitment to maintain transparency, we publish standalone reports on carbon neutrality and TCFD, yearly.

Our Climate Policy has since been reviewed and updated recently and guidance on climate change integration in the diligence process were added in the investment screening and due diligence process.

Became member of iCI & EDCI in 2023



Developed in-house 'ESG Private Credit Risk and Maturity Tool' to screen all private credit deals for any significant ESG and climate risks.

Filed our first mandatory [UNPRI Transparency Report](#) in 2023, scoring 4 out of 5 stars in the Policy, Governance and Strategy module which included our action on Climate.



Support to partner companies on their climate initiatives

Capacity building: Collaborations with partner companies through training and workshops to build their capacities on climate related risks to their business.

Handholding and guidance: Engagement with all partner companies, as well as new investments to assess and provide support, in initiating the process of adopting climate action.

Support to identify experts: Provide assistance to partner companies in encouraging and finding suitable third-party experts to develop a greenhouse gas (GHG) inventory.

GHG inventorisation and reduction strategy: Engaged with our partner companies to create greenhouse gas (GHG) inventory and develop science-based approach to GHG reduction strategy.

Established in 1999 with a vision to create socially responsible businesses, True North is a leading Indian Private Equity Firm that focuses on investing in mid-sized businesses in India. The Firm's investment approach is characterized by active engagement, operational expertise, and a deep understanding of the Indian market. True North takes a long-term perspective in its investments that can deliver consistent growth. Over the years, we have matured significantly in our climate journey. Our constant endeavour is to meaningfully engage with our partner companies and work together on building resilient practices and climate strategies to mitigate the impact of business and climate on each other.

Message from Managing Partner



We stand at a pivotal moment where companies around the world are recognizing the urgent need to transition towards a low carbon future and are beginning to take some bold actions in this direction. True North is also committed to climate action by driving positive change through actions within and beyond its operations.

We believe that reducing emissions and taking actions to reduce the impact of climate change on the planet is not only our social responsibility but also an imperative for delivering long-term sustainable financial performance.

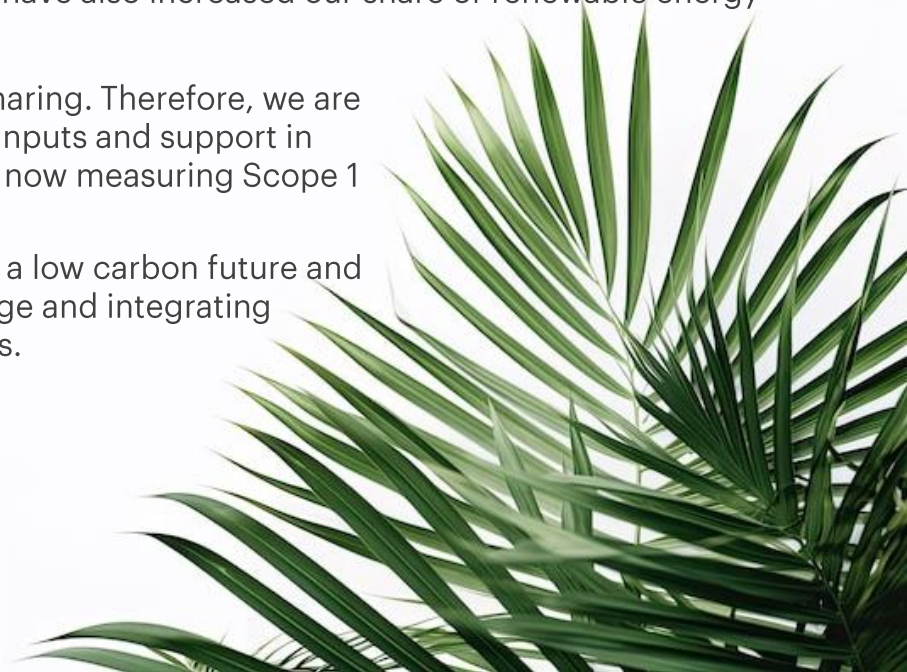
With this in mind, we have begun to implement a set of initiatives aimed at minimizing our own carbon footprint and supporting our partner companies in their climate journey. As we present our TCFD report for 2023, we are happy to share that our efforts have started yielding tangible results. We achieved carbon neutrality since inception in own operations in 2021 and since then, have maintained neutrality. We have also increased our share of renewable energy and reduced our Scope 2 emissions over the years.

We understand the importance of collaboration and knowledge sharing. Therefore, we are actively engaged with our partner companies to provide relevant inputs and support in their climate initiatives. Around 67% of our partner companies are now measuring Scope 1 & 2 emissions and 83% of them monitor energy consumption.

Looking ahead, we are committed to continue our efforts towards a low carbon future and remain conscious of our responsibility in addressing climate change and integrating climate-related considerations into our decision-making processes.

Together, we can build a more sustainable and resilient future.

Vishal Nevatia
Managing Partner



Climate Governance

At True North, we integrate Climate action into our decision making. To ensure high level commitment and accountability, our senior leadership is at the helm of the ESG & Climate Change (CC) Governance Committee that is headed by the Managing Partner. The Committee receives regular updates on Firm-level initiatives such as carbon neutrality and efforts to reduce emissions, as well as portfolio-level GHG emissions inventory estimation and reduction strategy. The challenges in implementation are addressed in the Committee meetings. All external reports, communications, and policies are reviewed and approved by the Committee.

There are several mechanisms in place to ensure that the accountability is not limited to the top tier but integrated throughout the Firm.

Embedding ESG & CC considerations within investments:

Clear roles are defined to encourage transparency and accountability.

- › The Investment Management Team assesses ESG and climate risks during deal screening and due diligence, collaborating with the ESG and Climate Change team to develop an ESG Action plan based on findings.
- › The Business Management Team manages business operations and supports the implementation of the ESG & climate action plan, ensuring the necessary systems are in place for effective adoption.
- **Periodic reporting:** To enhance responsibility and accountability, we have introduced bi-annual review meetings for the entire Partnership. Additionally, sector-wise ESG & Climate Change performance updates of partner companies have been introduced to the ESG & CC Governance Committee.



Climate Strategy and Vision for Partner Companies

Majority of climate change impacts from our business is associated with our investments. Therefore, our strategy to manage climate related risks stems from our engagement with partner companies throughout the deal's lifecycle, coupled with active support to enable setting and accomplishing their own climate goals and emissions reduction targets.

The key elements of our climate strategy is to develop understanding of climate risks – physical and transition, in partner company's business, develop adaptation and mitigation strategies and encourage them to become climate resilient for long-term sustainability. With climate resilient businesses, the risk on our capital is minimized. In line with this strategy, we have developed a vision for our partner companies comprising of climate actions for the short term (1-3 years) and long term (3-6 years). Over the years, our partner companies have progressively adopted these climate actions and made strides in developing climate resilience within their business.

Our vision for partner companies

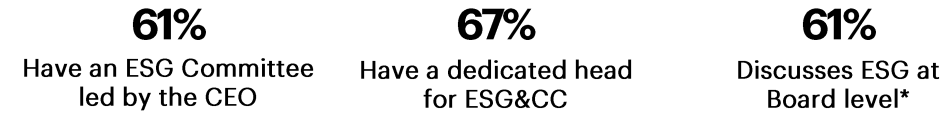
Create climate consciousness among partner companies (1-3 years)	Prepare a Climate Policy / Plan as appropriate to business & operations.
	Define governance structures on climate related aspects and build capacity on climate awareness and its business impacts.
	Build GHG emissions inventory by identifying Scope 1, 2 and 3 emissions and identify possible emission reduction measures
	Identify and assess climate risks and integrate climate risk management into overall risk management framework
Preparedness for Climate Change (3-6 years)	Set GHG emission reduction targets and adopt emission reduction measures.
	Define a framework and evaluate exposure to climate risks and opportunities.
	Report in accordance with climate-related disclosures (e.g., CDP, TCFD).

Progress of our partner companies on climate related actions

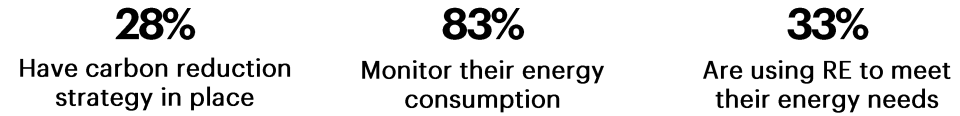
Climate Policy and risk assessment



Climate related governance



GHG inventorisation and emissions reduction

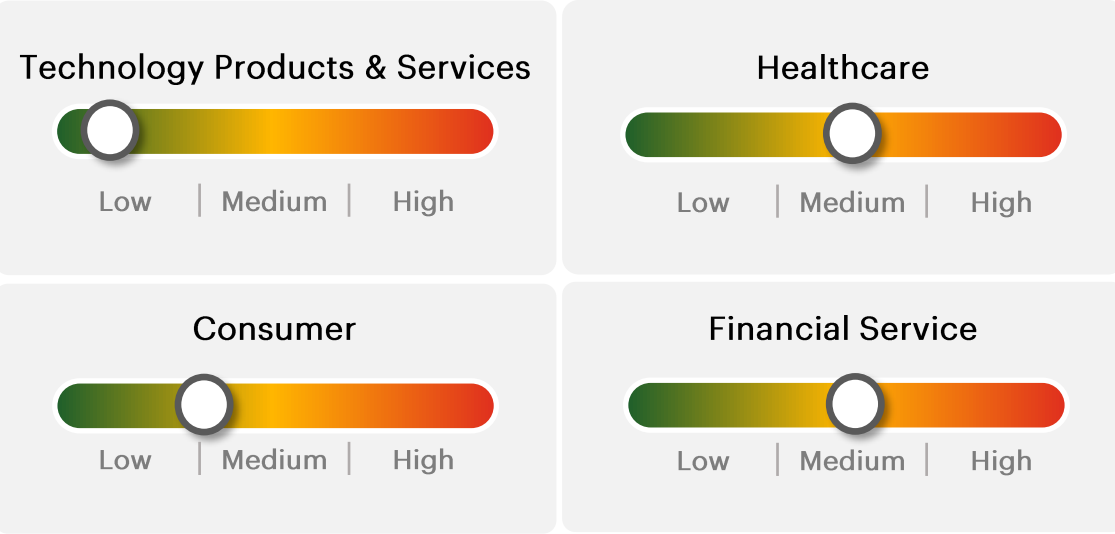


*ESG includes climate related topics

Climate-related risks and their management

We conducted a comprehensive scenario analysis to evaluate climate related physical and transition risks of the partner companies through a customized tool*, aligned with the TCFD Framework. A climate change risk assessment under two scenarios RCP 4.5 and RCP 8.5 until 2060 was conducted to assess physical risks that may affect business, and transition risks of our partner companies. A combined risk score across the 4 pillars of TCFD was given to the assessed partner companies and a composite index was developed that categorized them into High, Medium and Low. We have carried this assessment for all the new investments made since we last published this report.

COMPOSITE CLIMATE INDEX



As the climate risk assessment shows, most of our portfolio companies face low to medium risk. None of them are in high carbon emission sector or services, except a cement company which is managing its emissions efficiently. The financial services and healthcare services have a slightly higher climate risk profile compared to others due to increasing extreme weather events and new environment and climate reporting regulations.

* CRA Tool is developed by us in partnership with PwC India

Physical risk impacts

- Damage to data centers, office locations, factories, owned real estate.
- Increased exposure for microfinance due to sensitivity of client livelihoods (specially women borrowers).
- Disruption and delays in transportation of materials and finished products.
- Impact on agricultural production and productivity.
- No electricity due to extreme weather events causing disruption of work
- Rise in cooling and refrigeration needs.
- Underwriting risks due to higher-than-expected claims for health insurance as climate change may result in new and emerging diseases and health impact from weather events.

Transition risk impacts

- Legal risk**
 - Climate related laws and regulations are still at a nascent stage in India. SEBI has issued circulars to disclose ESG & CC risks, and our investments may face increased emission reporting obligations.
- Technology risk**
 - Rise in energy consumption and continued use of inefficient appliances will lead to higher power bills in data centers, ATMs, etc.
 - Cost of investing in low emission or energy efficient technologies may impact overall revenue.
- Market risk**
 - Investors and clients would require low emission services to reduce their supply chain emissions.
- Reputational risk**
 - Climate change impacts on society due to the financial institutions investing in high emission industries can damage reputation.

Metrics & Targets

As a responsible business, we believe in being transparent in disclosing our emissions in order to promote accountability and build trust among all our stakeholders. This drives us to continually improve our performance on reducing carbon footprint. In this effort, we measure all material emissions of our own operations annually.

Under Scope 3, we cover 2 categories- (i) Category 6: Business Travel and (ii) Category 7: Employee Commute.

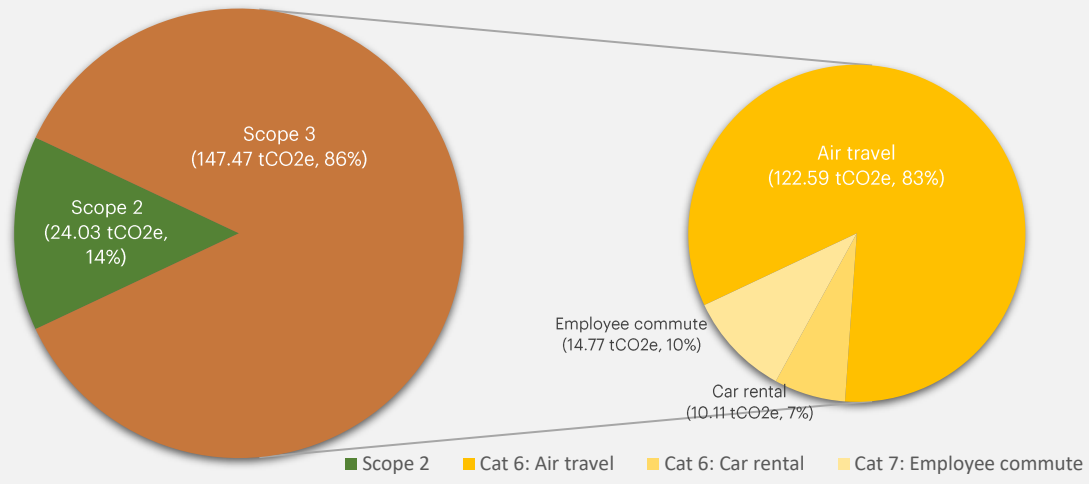
Our emissions

In 2023, our total emissions (Scope 2 and Scope 3) was 171.5 tCO₂e.

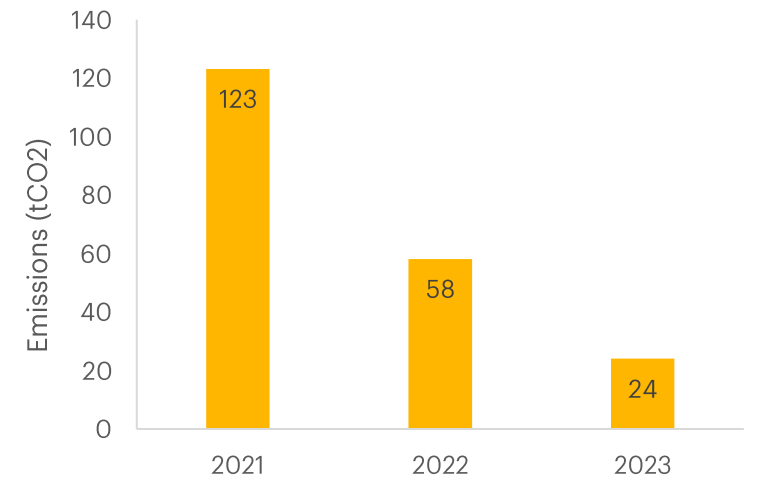
The share of RE in our total energy consumption is 32%.

We have succeeded in consistently reducing our Scope 2 emissions over the last 3 years.

Our emissions breakdown for 2023



Our Scope 2 emissions breakdown over the years

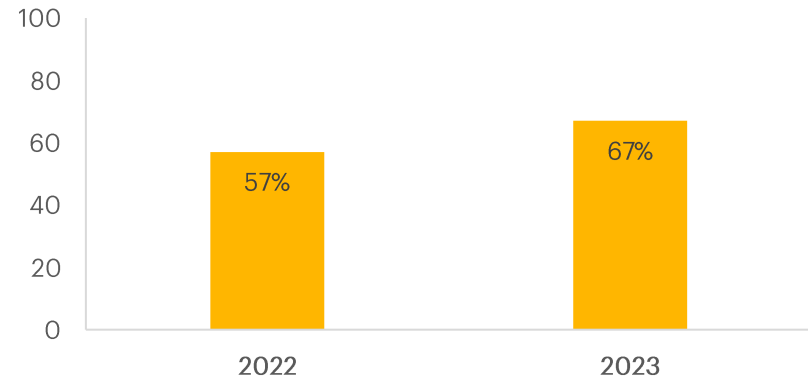


Performance at Partner companies

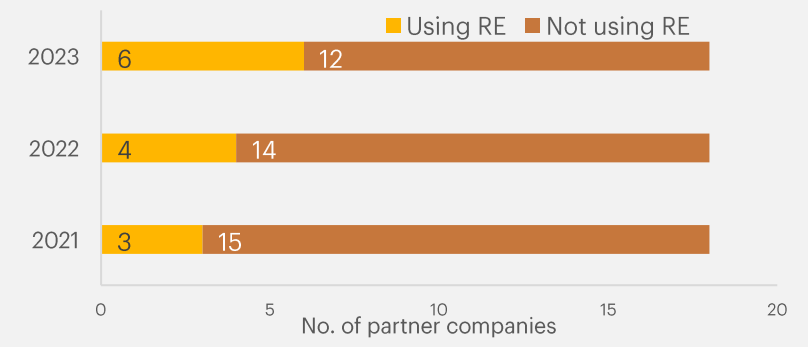
In 2023, the share of partner companies measuring their Scope 1 and Scope 2 emissions has increased to 67% in 2023 from 57% in 2022.

Additionally, from three partner companies using Renewable Energy to meet their energy needs in 2021, the number has gradually increased in last three years to six companies now using RE.

Partner companies measuring Scope 1&2



RE usage of partner companies





Case Study

BUILDING CLIMATE RESILIENCE IN AGRICULTURE AT SEEDWORKS



SeedWorks is a leading plant science Company engaged in research and plant breeding activities to provide superior seed solutions by harnessing technology and innovation in a sustainable manner. Few of the key initiatives are described below:

- › **SeedWorks** has become the first seeds Company from Asia and the first private Company from India to become a member of the Global Alliance for Climate Smart Agriculture (GACSA).
- › **ESG with strong focus on climate:** The Company has quantified and reviewed Scope 1, 2 and 3 GHG emissions for the last three years. All material Scope 3 emissions in the value chain have also been identified which makes them unique in their sector. GHG emissions reduction strategy is under development.
- › **SBTi target:** The Company has validated its emissions target and has committed to reduce GHG emission by 30% by 2030
- › **Renewable energy usage:** 50% of energy supply for SeedWorks’ vegetable seed processing plant is from Renewable energy sources. The Company has installed 15KW solar panels at Bengaluru vegetable R&D operations to run 10HP pump for agriculture purpose. 27 Solar street lightings installed, resulting in GHG emission reduction by 1.15 tons/ annum.
- › **SeedWorks** is Plastic Neutral in its operations.





Case Study

EMISSIONS BASELINING AND REDUCTION STRATEGY – SETTING A TREND IN THE INSURANCE SECTOR

Trusted by millions, Niva Bupa is a leading health insurance provider in India committed to delivering high-quality and comprehensive healthcare insurance solutions to individuals, families, and businesses.

The Company has been proactive in addressing climate change impacts and ensuring effective energy management within its business decisions and key processes.

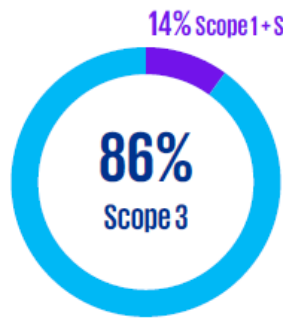
- › **GHG accounting:** The Company inventorised its GHG emissions in FY 23 using the GHG Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) for two financial years- FY 19 and FY 23 which allows tracking changes in emission level. The organizational boundary for the 2019 inventory covered a total of 55 offices from Tier 1 cities and for 2023 inventory included 201 offices across 25 Indian states. The total emissions have increased from 6783 tCO₂e in 2018 to 18,103 tCO₂e in 2023. The inventory covers all material emissions under Scope 1, 2 and 3 (5 categories).

This is an important step in providing visibility of main sources and quantum of emissions and will help Niva Bupa in effective planning and prioritizing emission reduction strategies. Additionally, it provides the data necessary for setting science-based targets, monitoring progress, and verifying the effectiveness of climate strategies. They have identified an annual reduction target path in alignment with SBTi.

Major GHG Emission Contributors



Scope 3 emissions represents more than 40% of the total GHG emissions at the base year, thus Scope 3 emissions falls under the ambit setting the reduction target.



Scope 3
Emissions contributes to the largest share among total GHG inventory

Way Forward

With India's commitment to reach Net Zero by 2070, several regulations are emerging to push businesses to adopt cleaner technologies, reduce emissions, and improve resource efficiency. Businesses that are resilient to physical and transition risks will be better positioned to navigate the low-carbon future as well as extreme weather events arising from global warming. We believe it is our responsibility to contribute towards this transition by enabling our partner companies to effectively manage these risks. We have taken decisive steps to integrate and embed climate action and resilience in our operations and investing activities.

Going forward, we shall take the following steps to make continued progress in our climate performance within the Firm and partner companies:

- We developed 'Sustainability Outcomes Framework' aligned with the United Nations Sustainable Development Goals (SDGs) as one of the steps to advance our commitment to responsible investment. The Framework also includes climate related goals for the Firm and partner companies. We shall start implementing it in existing partner companies of Fund V and Fund VI, and in the new investments.
- Continue to engage with partner companies to enhance knowledge on climate change and its relevance to the business.
- Collaborate with partner companies to support them in estimating their baseline emissions, and identifying emission reduction measures.
- Conduct physical and transition climate change risk assessments for all new investments and evaluate exposure to climate risks and opportunities.
- Report in accordance with climate-related disclosures including TCFD and Carbon Neutrality Report .

By supporting our partner companies in assessing climate risks, opportunities and calculating their carbon footprint, we aim to enable strategic decision-making for responding to the impacts of climate change while also providing an understanding of reducing their carbon footprint. This will prepare them for upcoming regulatory changes and also give them leverage on the business opportunities associated with the low-carbon future. It will also build the business' resilience in combatting climate change impacts.

This report is a combination of True North and its partner companies' climate change risk assessment result of which may or may not occur in the future. In addition, even if certain forward-looking statements prove to be correct, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statements, metrics or initiatives which are mentioned in this report are based upon the current scenario and may be simplified and may depend on events outside True North's control. Changes to any targets discussed in the document may have a material impact on the outcome.

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*We would be happy to receive any feedback, comments
or questions you may have, kindly address these to
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