

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Environment and Social Safeguards

1. The proposed transaction is classified *F1* for environment, involuntary resettlement, and indigenous peoples based on its likely future portfolio. True North Fund VI LLP will finance companies operating in sectors such as financial services (nonbanking finance companies, microfinance, affordable housing finance), health care (services, non-pharmaceutical), consumer, and technology products and services. While the fund is open to opportunities outside of these sectors, it will avoid investments in real estate industries. The Asian Development Bank (ADB) will opt out of any transaction with category A impacts on the environment, involuntary resettlement, or indigenous peoples.

2. True North does not have an operational environmental and social management system. In Funds II and III, it adopted some environmental and social policies as a requirement of the CDC Group, which invested in both funds. However, True North has not updated the documents since then or strengthened or updated its environment and social policies and procedures. As part of its underwriting process, due diligence is conducted on environmental (limited to key regulatory compliance) concerns. Post investment, True North has adopted a sustainability index to assess portfolio companies' policies, organization (structure, staffing, resources), systems and processes (operating procedures, training, reporting), and compliance (feedback, grievance redress, whistleblower protection, governance) in delivering, amongst other things, environmental conservation and corporate social responsibility.

3. True North will build on this current practice and update and expand its existing policies and manuals to incorporate an environmental, health and safety, and social management system commensurate with the level of potential risks and in compliance with ADB's Safeguard Policy Statement (2009) prior to the first disbursement. The environmental and social management system will include but not be limited to screening procedures for categorizing projects based on the Safeguard Policy Statement requirements. Requests for each subsequent disbursement will require ADB's affirmation and concurrence on the proposed categorization and adequacy of the environment and social documentation. Annual reporting on the overall environment and social performance of the fund will be included in the investment documentation.

B. Other Social Dimensions

4. The fund's environmental and social management system will include provisions requiring investee companies, as applicable, to comply with national labor laws and take measures to comply with internationally recognized core labor standards required under ADB's Social Protection Strategy (2001).¹ It will, as applicable, monitor and include these measures in its annual report to ADB. The transaction is categorized as having no gender elements given the market-driven selection of deals in the fund's pipeline.

¹ ADB. 2001. *Social Protection Strategy*. Manila.