



CLIMATE TRANSPARENCY REPORT 2020

Truffle Capital

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-5BE5D750-A6FE-4857-BAAD-48EBB0D2B928/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	-	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Private				
SG 07.6 CC	-	Private				
SG 07.7 CC	-	Private				
SG 07.8 CC	-	Private				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	-	Private				
SG 14.7 CC	-	Private				
SG 14.8 CC	✓	Private				
SG 14.9 CC	-	Private				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Truffle Capital
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 0.1 - 0.99 billion AUM
Main Asset Class	>50% Private Equity Internally Managed
Signed PRI Initiative	2012
Region	Europe
Country	France
Disclosure of Voluntary Indicators	68% from 38 Voluntary indicators

Truffle Capital

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

- Yes
 No

Describe why your organisation has not yet gone through a process to identify transition and physical climate-related risks and opportunities.

Truffle Capital's ESG analysis grid includes an assessment of environmental risk of its portfolio companies, including the climate change issue. Thus, the current composition of Truffle Capital funds' portfolio, mainly invested in healthcare research companies and fintech companies which employ less than 5 people, does not occur major risks linked to the climate change issue. Consequently, Truffle Capital funds' portfolios have no significant and negative impacts on climate change because the activities are not carbon intensive by nature and the size of the portfolio companies are far from reaching the thresholds of 500 employees to have to comply with the carbon footprint of their activities according to the French laws (i.e. Loi portant Engagement National pour l'Environnement du 12 Juillet 2010; Loi sur la Transition Énergétique pour la Croissance Verte du 17 Août 2015).

However, even if its exposure to the climate change risk (in terms of negative contribution) is limited, Truffle Capital pays attention to this global issue and will consider the relevance to further explore it for the definition of its next roadmap post-2020. This reflection is planned to start in 2020.

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

- Yes
 No

Explain the rationale

Truffle Capital usually supports initiatives if it is actively involved in their operational implementation because they make sense and are useful to its investment strategy to mitigate its funds portfolio's major risks and/or to capture opportunities. As mentioned in SG 01.6 CC, Truffle Capital is little exposed to climate change issue through its investments: consequently, supporting the TCFD at this stage would not be either relevant or coherent.

SG 01.9
CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

In 2019, Truffle Capital's RI steering committee has decided to open a 2019-2020 project to map its investments in order to identify business models that contribute positively to the fight against climate change and, to value their efforts in its communication including its first Annual ESG report planned for 2020. Some investee companies such as Carbios, SP3H, Deinove have already been identified among the positive contributors.

Besides, through its ESG analysis grid applicable to its funds' portfolio, Truffle Capital addresses an assessment of environmental risk of its portfolio's companies and targeted companies, including the climate change issues for 2 indicators on 4 environmental indicators: one related to the carbon expectations of the companies' main contractors (regulators, clients), the other on the measurement of the carbon footprint if relevant according to the size of the companies due to their legal obligations on this field. These gateway indicators help the investment team to determine if the climate change issue can be relevant to address and analyse it further. According to the data collected on these two indicators, the investment team could require a specific due diligence on the environmental risk linked to the company activity.

However, at this day, the investment team has not launched specific due diligence on this field because no risk related to climate change issue has been identified when completing its ESG analysis grid for its portfolio companies.

No

SG 1.10
CC

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

Please refer to explanations provided below in SG.13.3 (especially the example about BioMedTech)

- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

Truffle Capital invests in innovative business models that develop disruptive technologies in two main investment areas: The Life Sciences sector and The Information Technology sector. **These sectors take part in addressing major long-term challenges and therefore contribute to shape a more sustainable world.**

Certain environmental and social trends are therefore taken into account in its investments process. These trends are not incorporated through modelling or other quantitative methods, but they are taken into account in the selection of business models and therefore **influence the investment decision making.**

For example, the selection of companies (bottom up) within **the Life Sciences sector** (BioTEch/MedTech) is based on a preliminary step that consists in identifying unmet medical needs with a particular focus on major diseases affecting a large number of patients.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Long term health issues

- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

Please explain why not

Climate issues are part of Truffle Capital's RI Roadmap 2017-2020, but the underlying climate-related actions for progress have not been implemented yet at this stage of the roadmap: their relevance will be considered and further explored for the definition of its next roadmap post-2020, as Truffle Capital's investments exposure to the climate change risk (in terms of negative contribution) is limited (for further information, see our answers in indicator SG 01 CC). This reflection is planned to start in 2020.

SG 14.5

Additional information [Optional]

As mentioned previously, **Truffle Capital's investment process is based on:**

- **fundamental trends** that determine and shape the market needs over the long run in the Life Science and Information Technology investment areas;
- **investment opportunities arising from these trends**, and that can be seized in the short or medium term.

With respect to "Changing demographics and LT Health issues", selected above in SG.14.1:

The investment process in the Life Science sector (BioMedTech) includes both:

- A top-down approach, which consists in identifying unmet medical needs with a particular focus on major diseases affecting a large number of patients. **These unmet medical needs arise from various trends such as changing demographics, population ageing and other LT health issues.**
- A bottom-up approach that consists in identifying disruptive innovations addressing unmet medical needs, with an emphasis on severe and complex pathologies requiring advanced medical research. Conversely, Truffle Capital avoids investments on soft therapeutic solutions which are already covered and therefore only require a marginal added-value.

With respect to "Technological developments ", selected above in SG.14.1:

Digital technologies are one of Truffle Capital's main investment areas. These technologies have revolutionized various industries and definitely transformed our consumption patterns, communication and interaction. As one of the most innovative sectors, information technology has invaded all industries and helped increase productivity and efficiency, opening up new horizons, changing our way of life and creating endless possibilities. **Though its Information Technology investment area, Truffle Capital also takes part in addressing the growing needs for digitization notably arising from environmental issues (climate change, resource scarcity, etc.).**

With respect to "Climate Change ", selected above in SG.14.1:

Given growing climate risks and the resulting financial impacts, Truffle Capital has decided to add coal among the criteria of its exclusion policy. In concrete terms, Truffle Capital undertakes not to invest in companies that generate more than 20% of their revenues from mining, companies involved in thermal coal operations or for which coal accounts for more than 20% of the revenue that they derive from electricity, steam or heat production, except those that use carbon capture and storage processes or that have officially announced their commitment to do so.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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80

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
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Energy efficiency / Clean technology

	Asset class invested
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Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

7.6

Brief description and measures of investment

Until 2017, Truffle Capital invested in several companies in cleantech and renewable energy fields. Truffle Capital still holds 4 cleantech companies (Géocorail, SP3H, Cascade and Demeta). However, this residual allocation is no longer pursued by Truffle as it focuses its sustainability-themes allocation strategy on the Biotechs/MedTechs that take a major part in Truffle's portfolio.

More information about the investee companies is available on Truffle Capital's website:
[https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag\[0\]=greentech](https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag[0]=greentech)

Renewable energy

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

0.1

Brief description and measures of investment

Until 2017, Truffle Capital invested in several companies in cleantech and renewable energy fields. Truffle Capital still holds one company in renewable energy (2B Energy). However, this residual allocation is no longer pursued by Truffle as it focuses its sustainability-themes allocation strategy on the Biotechs/MedTechs that take a major part in Truffle's portfolio.

More information about the investee companies is available on Truffle Capital's website:
[https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag\[0\]=greentech](https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag[0]=greentech)

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

1

Brief description and measures of investment

Truffle invests in one firm, Rolling Funds, that develops global solutions to enhance credit availability for the SMEs.

- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

71

Brief description and measures of investment

Many factors have allowed a highly favourable environment for investments in the Life Sciences sector, factors such as the ageing population, a better understanding of the mechanisms of disease following the "biotechnological revolution", a cost management policy in the health field, the need for pharmaceutical and medical equipment manufacturers to renew their product catalogues, **Truffle Capital therefore focuses on several areas: vaccines and therapeutic drugs, medical devices and bioprosthetic implants.**

More information about the investee companies is available on Truffle Capital's website: [https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag\[0\]=biomedtech](https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag[0]=biomedtech)

- Water
- Other area, specify
Digital technologies

Asset class invested

- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

19.5

Brief description and measures of investment

Digital technologies are revolutionising current industries and are deeply transforming our consumption patterns, communication and interaction.

Truffle Capital has a **strong focus on FinTech /InsurTech, and invest in technologies that will profoundly disrupt sectors** such as: Big Data, Mobile & Cloud, Payments, Blockchain, Crowdlending, Digital Marketing, Internet of Things, and Cybersecurity. Furthermore, it is interesting to point out that **Fintech firms are worried about their environmental impacts and try to mitigate them. For instance, Monisnap has made the choice to host its servers in data centers powered at 100% by renewable energies sources.**

More information about the investee companies in Digital and Fintechs is available on Truffle Capital's website: [https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag\[0\]=fintech-insurtech](https://www.truffle.com/en/exemples-d-investissements?page=1&sort=title&sortDirection=ASC&tag[0]=fintech-insurtech)

No