

Operating Principles for Impact Management

Purpose

We work to **protect and grow the savings of our investors and their families** by partnering **with management teams and employees** to build **excellent companies** that make a **positive impact** on society.

By following our values, we can demonstrate that Responsible Ownership is excellent business practice that **creates value for all stakeholders.**

Mission

Our mission is to deliver superior, risk-adjusted returns to our investors on a consistent and responsible basis.

Integrity, partnership, discipline and creativity are fundamental to the way we work. We strive to excel in everything we do.

Integrity & partnership: our values

Teamwork and a collegial environment are central to our culture. We value honesty and humility. We respect the views of others and we encourage debate and intellectual curiosity.

We recruit outstanding people who are able to work across diverse culture and regions as one team. We align our interests within our team and with our investors and management partners. We believe in supporting the local communities where we live and work.

Discipline & creativity: our business

We are committed to our strategy. This requires patience and discipline in identifying and developing investment opportunities.

We seek to partner closely with exceptional managers to drive value creation in all our investments. We encourage creative thinking: it fosters flexibility, resourcefulness and the entrepreneurial spirit.

Introductory Statement



Commitment to Responsible Ownership¹

As a purpose-driven investment firm, TowerBrook is committed to Responsible Ownership, our strategic approach with integrated policies, playbooks, procedures and governance, to ESG and impact. Responsible Ownership considerations are integrated into our investment process and drive the development of policies, action plans and metrics for our portfolio companies.

TowerBrook describes its approach to Responsible Ownership in terms of Planet, People, and Partnership, all of which contribute to delivering improved Performance. Across its platform, TowerBrook seeks to invest in companies that can deliver profitable growth by providing valued products and services, offering inclusive access to worthwhile jobs, acting with integrity, and making a positive contribution to their communities and to society as a whole. We believe that responsible policies and practices concerning people, planet and partnership help drive long-term performance improvements in our portfolio companies and position them for sustainable growth. Specific examples of our commitment can be found below.

TowerBrook currently invests through three principal strategies: (i) Private Equity, which primarily pursues control-oriented investments in large and mid-market companies; (ii) Structured Opportunities, which allows access to a broad array of opportunities, principally via structured asset and structured equity investments; and (iii) Impact Opportunities, which invests in businesses whose business models advance one or more of the UN Sustainable Development Goals (UN SDGs) and do not fit in one of the other strategies.

Established in 2021, TowerBrook's Impact Opportunities strategy is a natural evolution of the firm's differentiated and disciplined investment approach, in line with our longstanding Responsible Ownership principles and strategy. TowerBrook's Impact Opportunities strategy seeks to partner with exceptional entrepreneurs and management teams focused on growing purpose-driven businesses that generate specific, measurable social or environmental impact, and with business models that directly contribute to advancing one or more of the UN SDGs.

TowerBrook adheres to the United Nations Principles for Responsible Investment ("PRI") across all its investing strategies and operations. In doing so, TowerBrook commits to investing in a manner that demonstrates the implementation of the PRI's six principles for responsible investment.² TowerBrook also commits to reporting to the PRI annually in a transparent manner on our activities and our progress towards implementing the principles.³

In 2019, TowerBrook became the first mainstream private equity firm to become a Certified B Corporation. The certification process is administered by the non-profit B-Lab movement via rigorous assessment and verification process that ensures B Corps meet the highest standards of social and environmental performance, transparency and legal accountability.⁴

Finally, TowerBrook is a founding member of the ESG Data Convergence Project Initiative (EDCI),⁵ which aims to advance an initial standardized set of ESG metrics and mechanism for comparative reporting. Its objective is to streamline the approach to collecting and reporting ESG data in order to create a critical mass of material, performance based, comparable ESG data from portfolio companies.

¹ The sole purpose of this Disclosure Statement is to fulfil TowerBrook's obligations as a Signatory to the Impact Principles. This document does not constitute and should not be construed as an offer to sell or solicitation of an offer to buy any securities or related financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, insurance or other laws of such jurisdiction.

² For the latest PRI assessment methodology, please click here.

³ TowerBrook's latest PRI assessment report can be viewed here.

⁴ TowerBrook's latest B Impact report can be viewed here. Please note that we are undergoing recertification process for 2022.

⁵ For more information on the EDCI, please click here.

Affirmation

TowerBrook Capital Partners, LP (“TowerBrook”) hereby affirms its status as a signatory to the Operating Principles for Impact Management (the “Impact Principles”). This Disclosure Statement applies to assets (“Covered Assets”) managed under TowerBrook’s Impact Opportunities strategy (“TIO” or “TIO Strategy”). The total Covered Assets in alignment with the Impact Principles as of August 31, 2022 is USD \$0 million.



Jonathan Bilzin
Co-CEO



Karim Saddi
Co-CEO

Principle

Define Strategic Impact Objective(s), Consistent with the Investment Strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Through the TIO Strategy, TowerBrook will pursue control and non-control investments in North American and European businesses where TowerBrook’s value-added approach can contribute to continued and sustainable growth, whilst delivering positive and sustainable social or environmental impact. Rigorous impact screening will be fundamental to TowerBrook’s TIO Strategy to ensure all portfolio companies pursue a business model where financial and commercial growth are co-linear with the positive and measurable impact of the business, are aligned with TowerBrook’s purpose and values, and committed to increasing their positive impact.

TowerBrook’s TIO Strategy is specifically designed to ensure all portfolio companies contribute in a measurable

fashion to at least one of the SDG sub-targets. Companies selected for TowerBrook’s TIO Strategy will be purpose-driven, with a commitment to building on their impact through partnership with TowerBrook.

TowerBrook’s TIO Strategy’s impact measurement and management system will enable TowerBrook to track, measure and work to increase the positive impact of the TIO Strategy companies during TowerBrook’s ownership.

The TIO Strategy will focus on sectors in which the TowerBrook team has identified substantial scope for positive impact, as well as those sectors in which TowerBrook can make investments in purpose driven businesses where positive impact can be accelerated.



These sectors are expected to include, but are not limited to, (i) education and human capital development; (ii) financial products and services; (iii) food and agriculture; (iv) healthcare; and (v) environmental technologies, green industry, and clean energy.

Education and Human Capital Development. Seeking to invest in companies providing new technologies and innovative businesses that are tackling inequalities by offering equitable opportunities and learning solutions for underserved student populations or workers.

Financial Products and Services. Seeking to invest in companies that are offering financial products or services to new populations, at lower costs or with better technology infrastructure. These businesses provide products or services that are fundamental to the economic system and improve accessibility for people and communities that are currently underserved.

Food and Agriculture. Seeking to invest in companies that promote (i) the reduction of greenhouse gas emissions and food waste, with the long-term goal of achieving a net-zero, resilient food and agriculture industry; (ii) the development of responsible and more inclusive economic models that can improve rural communities and the livelihoods of food producers; (iii) long-term sustainable food security for less affluent and more vulnerable consumer groups; or (iv) the transformation of food systems to reduce the cost of nutritious foods and increase the affordability of healthy diets.

Healthcare. Seeking to invest in companies that aim to support vulnerable or marginalized populations, make systemic changes in patient journeys, improve patient outcomes, or partner with not-for-profit health systems to drive better performance, such that profits can be reinvested in patient and community care in line with their missions.

Environmental Technologies, Green Industry, and Clean Energy. Seeking to invest in companies that provide innovative products, services or technologies that result in a measurable positive impact on the planet by (i) increasing the availability of clean and fresh water; (ii) reducing energy use or greenhouse gas emissions, or (iii) reducing resource intensity, enabling re-use and enabling a more circular economy.

TowerBrook has maintained a disciplined and focused investment strategy for over 20 years. The TIO Strategy will leverage this disciplined approach by sourcing and evaluating investments in growth and mid-sized companies where it believes it can create value by increasing the positive impact of these businesses.

TIO's strategy is a natural extension of TowerBrook's existing private equity and structured opportunity strategies, which are all informed by the firm's commitment to Responsible Ownership. Leveraging the core competencies of its investment team, including deep fundamental research, differentiated industry knowledge and longstanding relationships, TowerBrook is well placed to source and add value to impact-focused companies. The TIO Strategy will allow TowerBrook to make impact growth equity investments, building on the firm's strong history of success as a value-added investor in businesses that align with TowerBrook's purpose, values and investment approach.



Education and Human Capital Development



Financial Products and Services



Food and Agriculture



Healthcare



Environmental Technologies, Green Industry, and Clean Energy

Principle

Manage Strategic Impact on a Portfolio Basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

TowerBrook's Management Committee formally considers Responsible Ownership and ESG-related issues across all our activities on a regular basis. We hold ourselves and our portfolio companies accountable to our investors, their beneficiaries and all our stakeholders. We have formed a Responsible Ownership Committee, composed of senior TowerBrook professionals, tasked with the management and oversight of all aspects of Responsible Ownership and their integration into the strategy, activity and culture of TowerBrook in accordance with our purpose. The Responsible Ownership Committee directs the Responsible Ownership program, including the adoption, implementation and monitoring of policies and procedures to ensure that TowerBrook and its portfolio companies' businesses are conducted in a responsible manner. This framework informs all our portfolio and internal operations, including those related to TIO.

Responsible Ownership is a clear and consistent process that helps us scrutinize prospective investments, manage them responsibly and deliver sustainable results for our investors. Our private placement memoranda state that Responsible Ownership considerations are integrated into the investment process, and drive the development of policies, action plans and metrics for our portfolio companies. These considerations are formally considered for decisions including asset allocation, allocation between geographic markets, and allocations amongst sectors. In our view, companies with proactive management of environmental and social issues and governance structures that facilitate accountability are better placed to perform well over the long term. We develop metrics to help us track the achievements of our firm and portfolio companies in promoting diversity, environmental responsibility, ethical conduct, employee engagement

and community involvement. The measurement and management of impact are of the utmost importance to TowerBrook's TIO Strategy.

TowerBrook's Responsible Ownership approach, and in particular its work in developing metrics to track progress in its portfolio companies, serves as a starting point for TIO's rigorous impact measurement and management system and our set of internally developed tools.

This comprehensive system has been developed to allow the TIO Strategy to track and build upon the positive contributions to society made during TowerBrook's holding period. This system incorporates our internally developed tools that have been designed to ensure a rigorous and effective approach to impact measurement and management. Using these tools, the TIO Strategy will identify one or more relevant SDGs that are central to the business model of a target company and will develop specific KPIs to track describing how the company drives progress towards the SDGs. These KPIs will be tracked throughout the holding period and analysed at the portfolio level (further detail on our impact management process is detailed in Principles 4 through 7).

The TowerBrook Co-CEOs, Chief Investment Officer ("CIO") and other senior leadership, set overall portfolio and allocation strategies processes for the TIO Strategy. Regular portfolio reviews are conducted with the participation of the Portfolio Group to ensure impact is managed on a portfolio basis.

All TowerBrook team members participate in a 360° review process and are evaluated on their contributions to Responsible Ownership as part of the review. The 360° feedback report is then central to the annual appraisal and compensation process. TowerBrook will continue to consider other means to align incentives with impact, as appropriate.

TowerBrook is responsible for all final investment decisions made through the TIO Strategy, including all acquisitions, follow-on investments, and dispositions. The role of the TowerBrook team pursuing the TIO Strategy will also comprise the following:

- Ensuring that TowerBrook’s TIO Strategy and the investment approach and investment policy in connection therewith is adhered to when looking at potential new investments, including on all elements of impact underwriting and measurement;
- Taking an objective view of each investment proposal brought to it, and challenging the investment teams responsible for the proposal on key assumptions, impact assessments, valuation expectations and investment rationale;
- Ensuring valuation discipline is maintained throughout the valuation cycle;
- Ensuring the investment portfolio remains balanced from an industry and geographical perspective, avoiding over-exposure to any given macroeconomic trend; and
- Reviewing and approving all investment valuations.

We have also recruited and activated an Advisory Board for the TIO Strategy (the “Board”) consisting of senior executives with experience in relevant impact sectors. These individuals have dedicated expertise in sustainability, conscious consumerism, ESG, healthcare, and education. The purpose of the Board is to support TowerBrook and strengthen its positioning in the field of impact investing, providing expert insights and exploring new opportunities by stimulating robust, high-quality exchanges between its experienced members. Board members complement and enhance TowerBrook’s impact management capabilities and ensure accountability to the TIO Strategy impact mission from the outset. The Board helps guide impact management and augments TowerBrook’s overarching advisory presence.

Principle

Establish the Manager's Contribution to the Achievement of Impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial channels (e.g., improving cost of capital, specific financial structuring, offering innovative finance instruments) and/or non-financial channels (e.g., active shareholder engagement, assisting with resource mobilization, providing technical advice or capacity building, helping investees meet higher operational standards). The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Responsible Ownership is central to TowerBrook's strategy for value creation. Responsible policies and practices help build stronger businesses and deliver better outcomes for all stakeholders. TowerBrook encourages our partners and portfolio companies to share our commitment to the principles of Responsible Ownership. Together, we are actively involved in helping promote good practices that sustain not only the businesses in which we invest but the communities in which we operate.

TowerBrook takes steps to ensure that our Responsible Ownership Statement⁶ and our corresponding practices are understood and shared across the team, portfolio companies, key service providers and other stakeholders. As such, Responsible Ownership is an explicit component of the TowerBrook playbook.⁷

The Responsible Ownership Statement applies to all private equity investments made for which TowerBrook has control or significant influence. TowerBrook's TIO Strategy helps us scrutinize prospective investments, manage them responsibly and deliver sustainable results. We have developed a bespoke measurement and management system with advice from Bridgespan Social Impact, a third-party consultancy with deep expertise in the impact investing space. TowerBrook's investment activities as it relates to the TIO Strategy will be quantified, measured, and monitored using the Impact Assessment Tool and the Impact Management Tool. This system, connected to specific KPIs, is fundamental to

TowerBrook's screening and investment process as it relates to the TIO Strategy.

After an initial discussion on the basis of an early-stage assessment, TowerBrook will confirm, through impact diligence, that the positive impact thesis is satisfied and develop conviction in the opportunity to enhance this impact over time. Pre-investment, KPIs linked to positive and increasing impact will be identified, with a view towards monitoring impact during the holding period of the investment. TowerBrook will seek to advance the impact thesis post-closing, tracking performance metrics and supporting management teams to maximize their contribution to the relevant SDGs that have been identified. Management compensation may be linked to both financial and impact goals, reflecting the importance of purpose-driven business models in which the TIO Strategy seeks to invest. The above steps are a part of our impact measurement and management system, further described in Principle 4.

Using our Impact Assessment Tool, the TowerBrook team conducts robust diligence on potential investments in order to facilitate the identification of value creation opportunities. This system is designed to ensure a rigorous approach to impact underwriting and includes in-depth screening to check that all portfolio companies contribute actively to at least one of the SDGs.

⁶ TowerBrook's latest Responsible Ownership Statement can be viewed here.

⁷ TowerBrook's latest Responsible Ownership Report can be viewed here.

Our Impact Management Tool is integrated into TowerBrook’s existing portfolio management approach, combining with existing best practices to support and drive the positive impact of investment opportunities. For each investment, specific impact performance indicators are identified and will be monitored to track progress over time. These indicators will be supplemented with further industry and bespoke KPIs where applicable. These tools are further detailed in Principles 4 and 6.

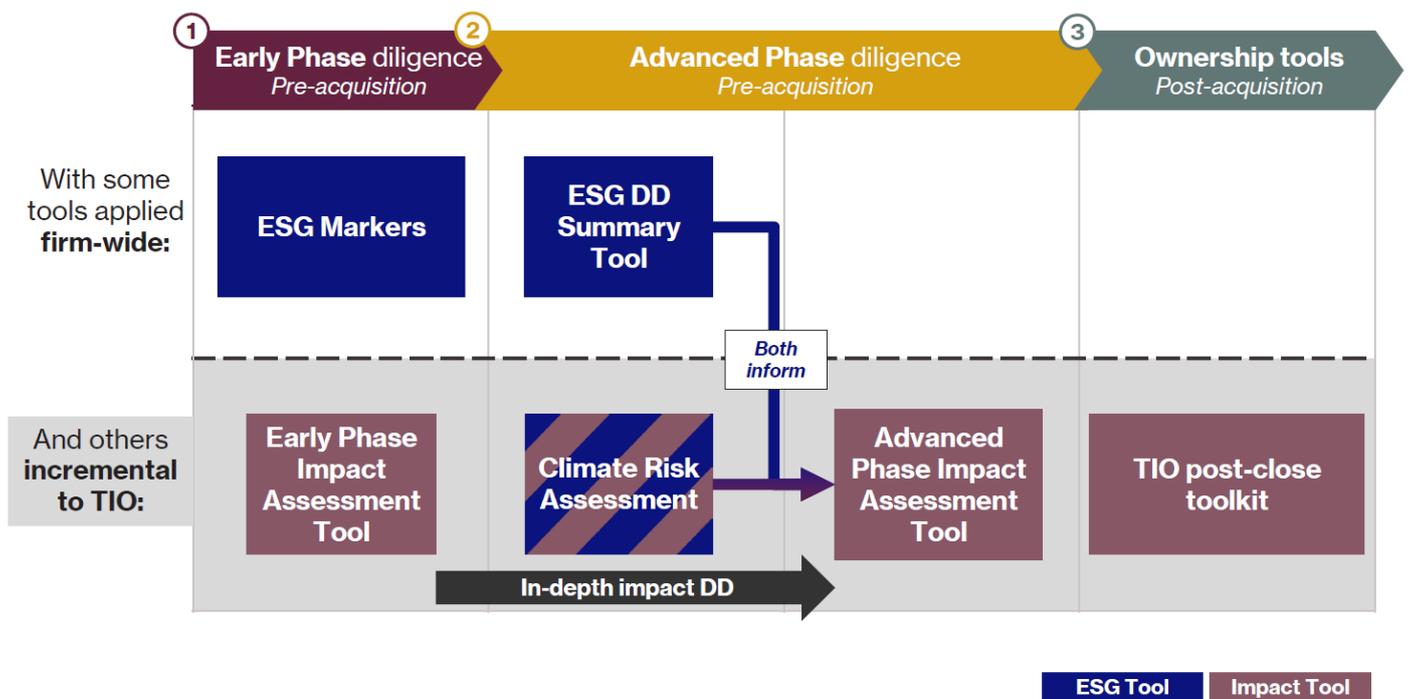
In the course of due diligence, TowerBrook develops a detailed transformation plan, known as the 200-Day Plan. This plan describes the actions that underpin the realization of the business plan for the company, and for the TIO Strategy includes a specific plan around driving impact. It is designed in partnership with management and endorsed by both the management team and the Chair of the company.

The collaborative process involved in developing the plan illuminates the issues and opportunities to be addressed, defines the resources that will be required to address them, and aligns all parties towards the achievement of a common goal.

The 200-Day Plan identifies the value drivers of the business and categorizes them according to whether they (i) drive growth; (ii) support margins; (iii) strengthen the business or the brand; or (iv) improve governance, leadership, and management.

The plan for TowerBrook’s investments pursuant to the TIO Strategy follows our existing 200-Day Plan structure and also includes specific focus on:

- Translating impact opportunities identified in diligence into concrete “impact enablers” and “impact value creation drivers” and assigning responsibility for the delivery of each;
- Develop strategic impact KPIs in order to monitor progress against execution of opportunities;
- Developing an impact-oriented Purpose Statement for companies in which TowerBrook will hold a controlling interest pursuant to the TIO Strategy; and
- Undertaking initiatives to foster a culture of impact (for example, by linking performance incentives to impact metrics), with the scope of such initiatives carefully considered to ensure they are appropriate for the company’s situation and the impact intentionality of its management.



Principle

Assess Expected Impact of Each Investment, Based on a Systematic Approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assigning the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

To ensure the effectiveness of TowerBrook's measurement and management system in connection with the TIO Strategy, TowerBrook has developed the Impact Assessment and the Impact Management Tools. Our tools are informed by a number of recognized industry impact standards and measurement systems, including, among others, the SDGs, Impact Principles, the Sustainable Accounting Standards Board ("SASB") Standards, B Lab's B Impact Assessment ("BIA") and the work of the IMP.

Once an early-stage investment proceeds to due diligence, TowerBrook conducts impact diligence targeted to the company's industry and specific risk profile using the Impact Assessment Tool. TowerBrook employs a two-stage approach that includes both an "early phase" and an "advanced phase" to ensure a robust evaluation of the impact potential of pipeline investment opportunities. Both phases follow the same set of questions addressing different aspects of the impact characteristics of potential investments, with increasing detail applied as the investment process advances.

The early phase includes four threshold criteria and requires confirmation of the limited potential for negative externalities. All four criteria must be met, as demonstrated through due diligence, prior to any investment being agreed:

- Does this business advance progress towards one or more of the SDGs? Which goals, and how?
- Is impact central to the company's business model? If not, can it become so?
- Is there objective quantifiable evidence of the company's impact (third-party or company data)?
- Is the investment free of any potential negative externalities that are significant in their scale or otherwise unmanageable during ownership?

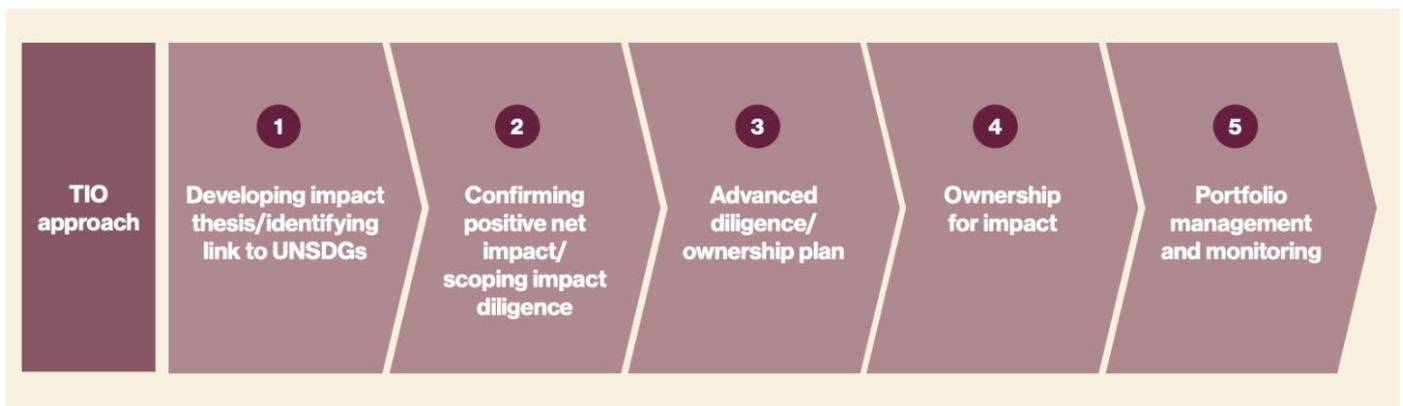
Additional assessment criteria covers a range of topics including, but not limited to, (i) what benefits does the company's product or offering create for individuals or society?; (ii) what is the scale of the impact of the company's offering in terms of numbers of people touched or environmental change, and to what level/magnitude of impact?; (iii) to what extent does management consider impact and, if not currently, to what extent would they be willing to do so?; and (iv) how does an investment from the TIO Strategy accelerate the impact of the business?

The advanced phase of the Impact Assessment Tool considers the same set of questions but goes into more granularity as more information becomes available and diligence is conducted. This process is designed to allow TowerBrook to make full investment decisions pursuant to the TIO Strategy based on a rigorous, structured and evidence-based assessment of current impact attractiveness, impact value creation, opportunities and risks.

TowerBrook has also developed a Climate Risk Assessment Tool, which is introduced during the advanced phase. This tool is informed by the framework established by the Task Force on Climate-Related Financial Disclosures ("TCFD") and is designed to surface the potential financial impacts of climate change on future investments.

We believe this extensive and thorough due diligence, involving repeated scrutiny by the TowerBrook, allows for the pressure-testing of assumptions and improvement in the terms of the transaction, positioning the investment to generate further value post-closing.

The TowerBrook impact measurement and management system as it relates to the TIO Strategy is centred on the following:



Principle

Assess, Address, Monitor, and Manage Potential Negative Impacts of Each Investment

For each investment the Manager shall seek, as part of a systemic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, process, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

TowerBrook's Impact Assessment Tool specifically requires the deal team to assess potential negative impact of each investment, including the potential magnitude and likelihood of those negative impacts, and to create an associated mitigation plan as part of the overall Responsible Ownership⁸ planning for the investment. We integrate specific negative impact screening and management from the TIO Strategy with our firm-wide ESG and Responsible Ownership frameworks.

In addition, TowerBrook seeks to conduct robust reviews of potential ESG risks early in the investment process. TowerBrook has drafted and continuously evolves a list of potential negative ESG markers, including, but not limited to, certain industries or countries that present heightened ESG risk and investor sensitivities. TowerBrook's due diligence processes are designed to ensure that material issues, including ESG, are addressed when considering and evaluating investment opportunities.

During ownership, potential negative impacts and ESG related risks are managed by the boards and management teams of the individual portfolio companies as these risks vary widely from company to company. TowerBrook discusses the importance of ESG factors with each CEO of our portfolio companies, together with the board Chair. Responsible investment is explicitly raised when onboarding a portfolio company's Chair. Portfolio management will also engage third parties to verify sound ESG practices.

During the investment cycle, TowerBrook ensures that the recommendations of the due diligence reports discussed as part of negative impact, ESG and Responsible Ownership reviews are implemented and we remain abreast of regulations to ensure our portfolio companies remain compliant in all material aspects. As part of our 200-day plan, TowerBrook works with portfolio company management to put in place essential business ethics and compliance policies and practices, as well as more bespoke initiatives as appropriate. We actively collaborate with portfolio companies on opportunities to gain accreditation and/or certification for their efforts.

Following acquisition, TowerBrook develops strategic impact KPIs and supports portfolio company management in their development of purpose-driven value creation strategies. For example, TowerBrook tracks metrics across our portfolio companies to measure the likelihood and impact of environmental risks. We annually survey our portfolio companies on any climate-related incidents or factors that impacted the business over the past year, and whether the company has or is developing a climate strategy.

⁸ TowerBrook's latest Responsible Ownership Statement can be viewed [here](#).

TowerBrook monitors ESG at the portfolio company level to ensure that systems and resources are in place to enable ESG risks to be effectively managed and that each portfolio company assigns specific management responsibility for ESG operations. Each portfolio company's Audit & Risk Management Committee regularly review ESG risks. TowerBrook also ensures adequate training on ESG at the portfolio company level, including sensitivity and diversity training as well as supply chain management training.

Our policy is that ESG is a recurring topic on the board agenda throughout the year and is reviewed formally at least once annually in a process led by the committee tasked to oversee ESG issues. Because TowerBrook appoints independent chairs, who are held to our ESG standards, this process benefits from an additional layer of oversight. We periodically provide training to senior management to address ESG issues, covering relevant employee-related policies, sourcing policies and environmental policies.

Principle

Monitor the Progress of Each Investment in Achieving Impact Against Expectations and Respond Appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

If both early and advanced phases of impact diligence and commercial diligence are satisfactorily completed and the decision is made to invest in a new opportunity, the focus intensifies on TowerBrook's deeply rooted approach to Responsible Ownership and how it is used to improve the business. The Impact Management Tool leverages TowerBrook's existing best practices in its portfolio companies to specifically address the measurement and acceleration of positive impact in investments made by TowerBrook pursuant to the TIO Strategy. This tool consists of (i) setting strategies for value creation and (ii) measuring and monitoring value creation progress overtime.

Our core set of impact KPIs includes all KPIs specified by the SFDR regulations, as well as all KPIs required under the TCFD. The industry-specific impact KPIs that TowerBrook has identified may vary according to the relevant industry and also according to the specific company. In developing specific KPIs, TowerBrook draws upon existing established frameworks (which may include ISSB, B Corp, IRIS+, HIPS0, or JII, amongst others), in addition to developing bespoke KPIs which are tailored to the specific business.

TowerBrook employs a structured process, known as the Investment and Midcycle Review, Exit Readiness ("IMEX"), to enable us to conduct a systematic, deep-dive assessment of each portfolio company. IMEX is driven by the TowerBrook Portfolio Group and complements the ongoing monitoring of company performance on a regular basis.

TowerBrook's investments pursuant to the TIO Strategy will be managed, monitored, and measured using the IMEX framework and will incorporate the internally developed Impact Management Tool that has been developed as part of its overall impact measurement system, including tracking the relevant impact KPIs.

The IMEX process is used to conduct systematic, deep-dive assessments of each portfolio company throughout our ownership. The IMEX framework enables a formal review of progress against the initial investment thesis and the objectives of the 200-Day Plan. It addresses management as well as financial performance and its three core pillars are aligned with the investment cycle:

- IMEX Regular Review process;
- IMEX Mid-Cycle Review process; and
- IMEX Exit Readiness process.

Regular IMEX meetings take place every two months, with each portfolio company typically discussed in detail twice a year. The IMEX Regular Review includes (i) a progress update on the company's performance versus the investment thesis, including on key enablers and value creation drivers; (ii) a review of financial and operational KPIs, including impact KPIs; and (iii) an update on the valuation of the company. This process also includes the deployment of internally developed tools that allow real-time collection of feedback from participants in board meetings, enabling timely identification of any issues and helping to improve the quality of the meetings.

The IMEX Mid-Cycle Review process is undertaken for each portfolio company, typically at the end of Year 2 of an investment. This is an underwriting or update of the investment thesis through a structured deep review of a portfolio company. For the TIO Strategy this includes (i) a review of financial and impact performance and business context (e.g., market environment) versus the investment thesis; (ii) a full review and update of the value creation plan, including the impact elements of that plan; (iii) an assessment of talent and revalidation of the team; (iv) a re-evaluation and updating of the investment thesis and exit strategy/timeline; and (v) a revalidation of the capital structure of the company between the time of the Mid-Cycle Review and exit.

This process is designed to support companies in making necessary adaptations in a constantly changing environment. It effectively re-underwrites the path to the realization of the investment and the actions that will be necessary to achieve it.

The IMEX Exit Readiness process is discussed in Principle 7.

We continue to develop our metrics in a way that will allow us to track and report on progress over time. A summary of this methodology and the results of our latest review are presented in our annual Responsible Ownership Report.

Principle

Conducting Exits Considering the Effect on Sustained Impact

When conducting an exit, the Manager shall, in good faith, and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Potential paths to exit are identified as part of the initial investment thesis and are re-evaluated over the life of an investment via the IMEX framework. The decision to exit and the method chosen will be made by the TowerBrook and will take into consideration a number of factors, including a potential acquirer's commitment to Responsible Ownership practices. The TowerBrook team compiles detailed exit plans well ahead of exiting investments. The objective is to sell well in partnership with management and in a way that is designed to secure the long-term future and impact of the business. Given that TowerBrook, while pursuing the TIO Strategy seeks to invest in businesses that exhibit co-linearity between financial and impact performance, there is natural alignment with exit partners around valuing, enabling and further growing the impact of the business during the next ownership cycle.

The IMEX Exit Readiness process is undertaken for each portfolio company, typically between Year 3 and Year 4 of an investment. Exit Readiness sessions validate the company's preparedness to exit before the start of the exit process. For the TIO Strategy, they include (i) a review of financial and impact performance versus the investment thesis; (ii) the validation of the exit strategy (e.g., the type of buyer targeted, the approach to market); (iii) a review of the value creation plan, integrated with additional actions if required, including those related to impact; (iv) a check to ensure that a business strategy is prepared and available to the next investor; (v) the validation of the decision to exit and the exit timeline; and (vi) the launch of the exit process (including the preparation of vendor due diligence documentation, an information memorandum, etc.).

This process establishes all the steps that TowerBrook believes will be necessary to support a successful exit and confirms how and when they will be taken. In preparing the company for its next investor, a future value case, setting out how the transformation process has enhanced the value-creating potential of the business, will be developed.

Responsible investment and ownership considerations are also addressed in connection with exit, as appropriate. Any ESG issues are addressed specifically pre-exit, or fully disclosed to a prospective purchaser.

TowerBrook also highlights ESG actions as selling points where applicable. Transparency about what remains to be done, as well as about what has been done, is important to building trust and establishing an appropriate valuation.

TIO has yet to make an acquisition or conduct an exit as of the date of this Disclosure Statement.

Principle

Review, Document, and Improve Decisions and Processes Based on the Achievement of Impact and Lessons Learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

As discussed in Principles 5 and 6, TowerBrook actively monitors ESG at the portfolio company level and works with each company board to review and address impact performance. Our periodic informal reviews and annual fulsome review provide insight into the performance of identified KPIs and success of strategic initiatives. TowerBrook surveys our portfolio companies and tracks metrics across a variety of categories. This ongoing oversight facilitates impact monitoring, execution of impact value creation opportunities and risk management.

TowerBrook's Responsible Ownership framework is at the centre of this process. We take steps to ensure that our Responsible Ownership Statement and corresponding practices are understood and shared across the TowerBrook team, our portfolio companies, key service providers and other stakeholders. As such, the Responsible Ownership Statement, and our monitoring of the ways in which it is implemented, is under continuous review.

We require early implementation of effective governance and reporting structures in our portfolio companies. Just as we expect our portfolio companies to rigorously manage enterprise risk, we monitor their efforts to track people, planet and partnership risks and to identify and act on linked value-creation opportunities. TowerBrook partners with the relevant portfolio companies to resolve any given issues and escalate to the executive team where needed. Our Responsible Ownership Committee reviews relevant policies and procedures and monitors efforts to implement Responsible Ownership programs across our portfolio.

Principle

Publicly Disclose Alignment with the Impact Principles and Provide Regular Independent Verification of the Alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement reaffirms the alignment of the Covered Assets' impact management systems with the Impact Principles and will be updated annually.

TowerBrook will undergo an independent verification review in 2023. Independent verification will be conducted every 3 years thereafter, or earlier if there is a significant change to our impact management systems.



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