

Operating Principles for Impact Management

Disclosure Statement
August 31, 2023

Certified



Corporation

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. 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 Partnership², 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) Delta, our impact opportunities strategy 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 Delta 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 Delta 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.³ TowerBrook also commits to reporting to the PRI annually in a transparent manner on our activities and our progress towards implementing the principles.⁴

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 verified social and environmental performance, transparency and legal accountability.⁵

Finally, TowerBrook is a founding member of the ESG Data Convergence Project Initiative (EDCI),⁶ 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 People, Planet and Partnership align with Social, Environmental and Governance.

³ A link to the PRI Principals can be found [here](#).

⁴ PRI's assessment methodology can be viewed [here](#), and TowerBrook's latest PRI assessment report can be viewed [here](#).

⁵ TowerBrook's latest B Impact report can be viewed [here](#).

⁶ 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 Delta strategy (“Delta” or “Delta Strategy”). The total Covered Assets in alignment with the Impact Principles as of August 31, 2023 is USD \$181,767,000⁷, which represents regulatory assets under management for Delta.



Jonathan Bilzin, Co-CEO



Karim Saddi, Co-CEO

⁷ Delta’s regulatory assets under management is the sum of the gross assets and unfunded commitment balance as of the date hereof. This calculation does not account for any deductions or offsets and, therefore, does not represent net investor capital at risk.

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 Delta Strategy, TowerBrook pursues control and non-control investments in North American and European businesses where TowerBrook’s value-added approach seeks to contribute to continued and sustainable growth, whilst aiming to deliver positive and sustainable social or environmental impact. Rigorous impact screening is fundamental to TowerBrook’s Delta 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 Delta Strategy is specifically designed to select portfolio companies that contribute in a measurable fashion to at least one of the SDG sub-goals. Companies invested into from TowerBrook’s Delta Strategy must be purpose-driven, with a commitment to building on their impact through partnership with TowerBrook.

The Delta strategy’s impact measurement and management system enables TowerBrook to track, measure and work to increase the positive impact of the Delta investee companies during TowerBrook’s ownership.

TowerBrook has maintained a disciplined and focused investment strategy for over 20 years. The Delta 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.

The Delta Strategy focuses 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. Delta seeks to invest in businesses enabling enhanced educational outcomes for underserved student populations and in workforce training and development, helping students and workers access new educational and economic opportunities that allow them to improve their and their families' quality of life, driving SDGs 4 (Quality Education), 8 (Decent Work and Economic Growth) and 10 (Reduced Inequalities).

Financial Products and Services. Delta seeks to invest in businesses driving financial inclusion, thereby advancing SDGs 1 (No Poverty), 8 (Decent Work and Economic Growth) and 10 (Reduced Inequalities).

Food and Agriculture. Delta seeks to invest in innovative food and agriculture businesses driving sustainability in the food value chain, from agricultural inputs and practices through food production, safety, consumption, access, and waste minimization, thereby contributing to SDGs 2 (Zero Hunger), 12 (Responsible Consumption and Production) and 13 (Climate Action).

Healthcare. Delta seeks to invest in businesses that drive access to healthcare for underserved populations, reduce the costs of healthcare delivery and improve healthcare outcomes for patients, thereby driving SDG 3 (Good Health and Well-Being).

Environmental Technologies, Green Industry, and Clean Energy. Delta seeks to invest in companies enabling the energy transition, circular economy, and sustainable resource use, across various industries and sectors, thereby advancing UN SDGs 11 (Sustainable Cities and Communities) 12 (Responsible Consumption and Production) and 13 (Climate Action).

The Delta 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 believes it is well placed to source and add value to impact-focused companies. The Delta 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 has responsibility and oversight over Responsible Ownership and ESG-related issues across all our activities. 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 development of all aspects of Responsible Ownership and their integration into the strategy, activity and culture of TowerBrook in accordance with our purpose. This framework informs all our portfolio and internal operations, including those related to Delta. The TowerBrook Co-CEOs, Chief Investment Officer ("CIO") and other senior leadership set overall portfolio and allocation strategies for the Delta Strategy.

Responsible Ownership is a clear and consistent process that helps us scrutinize prospective investments, manage them responsibly and deliver strong 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 the Delta investment strategy. TowerBrook's Responsible Ownership approach, and in particular its work in developing metrics to track progress in its portfolio companies relating to People, Planet, and Partnership, served as a starting point for Delta's rigorous impact measurement and management system which is a set of internally developed tools that TowerBrook has created with advice from Bridgespan Social Impact.

TowerBrook Delta integrates a consistent impact management approach across all stages of the investment lifecycle. The Impact Assessment Tool helps the team assess the expected impact of each prospective investment through both Early and Advanced phases of due diligence. The tool uses standard dimensions, including SDG alignment and the Impact Management Project's ("IMP") 5 dimensions of impact. It is combined with other tools, including an ESG assessment and a Climate Risk Assessment.

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

In addition to the impact KPIs, TowerBrook develops a detailed transformation plan, known as the 200-Day Plan, for each Delta investment. This plan describes the actions that underpin the achievement of the impact KPIs and realization of the business plan for the company. 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 and how they will be reported, 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 for Delta investments includes specific focus on:

- Translating impact opportunities identified in diligence into concrete “impact enablers” and “impact value creation drivers.”
- Developing strategic impact KPIs in order to monitor progress against execution of opportunities.
- Developing an impact-oriented Purpose Statement for companies in which Delta will hold a controlling interest.
- 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 circumstances and the impact intentionality of its management.

We have also recruited and activated an Advisory Board for the Delta Strategy (the “Advisory 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 Advisory 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 Delta impact mission from the outset. The Board helps guide impact management and augments TowerBrook’s overarching advisory presence.

All TowerBrook team members participate in a 360° review process and investment team members are evaluated on their contributions to both Responsible Ownership and to the Delta Impact strategy 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.

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.

TowerBrook believes that 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. As such, Responsible Ownership is an explicit component of the TowerBrook playbook, as detailed in our annual Responsible Ownership Report.⁸ Through our Responsible Ownership program we contribute to value creation across the portfolio (examples include, but are not limited to, reducing carbon footprint, improving health and safety records, implementing employee friendly policies, and ensuring adoption of business ethical policies, etc).

Delta has built upon our Responsible Ownership program and developed a comprehensive impact management system to measure the positive contributions to society during the holding period.

Using our **Impact Assessment Tool**, the TowerBrook team conducts robust diligence on potential Delta 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 Delta portfolio companies contribute actively to at least one of the SDGs.

Our **Impact Management Tool** is integrated into TowerBrook's existing portfolio management approach, combining with existing best practices to drive the positive impact of Delta investment opportunities. For each Delta

investment, specific impact performance indicators are identified and monitored to track progress over time. These indicators are supplemented with further industry and bespoke KPIs where applicable. These tools are further detailed in Principles 4 and 6.

TowerBrook seeks to confirm, through impact diligence, that the positive impact thesis is supported by the business plan and impact can be enhanced over time. Pre-investment, Delta seeks to identify KPIs that are linked to positive and increasing impact, with a view towards monitoring impact during the holding period of the investment. Furthermore, Delta analyzes TowerBrook's additionality potential during underwriting and tracks the contribution of its various value creation initiatives to impact performance.

Delta proactively identifies opportunities to contribute to the impact and sustained growth of its investments. These opportunities are documented as part of the 200-day value creation plan that is developed for each deal. When necessary, the firm enlists the expertise of external advisors to support the implementation of specific initiatives. 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 initiatives identified by Delta span five "transformational capabilities": People, Digital Transformation, Sustainability, Operational Efficiency and M&A-led. Initiatives with an explicit impact link lie within the Sustainability capability and include setting and monitoring impact KPIs. Delta will review the progress of each initiative on a biannual basis.

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

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.

Delta has a multi-step process for evaluating the expected impact of prospective investments. For each investment, the deal team develops an impact thesis and designs a clear theory of change linking Delta's contribution to each investment's intended impact outcomes. Delta's ex-ante impact assessment process is aligned with the Impact Management Project's (IMP) five dimensions of impact (What, Who, How Much, Contribution and Risk). The IMP is a global network of organizations working to build consensus on impact measurement and management.

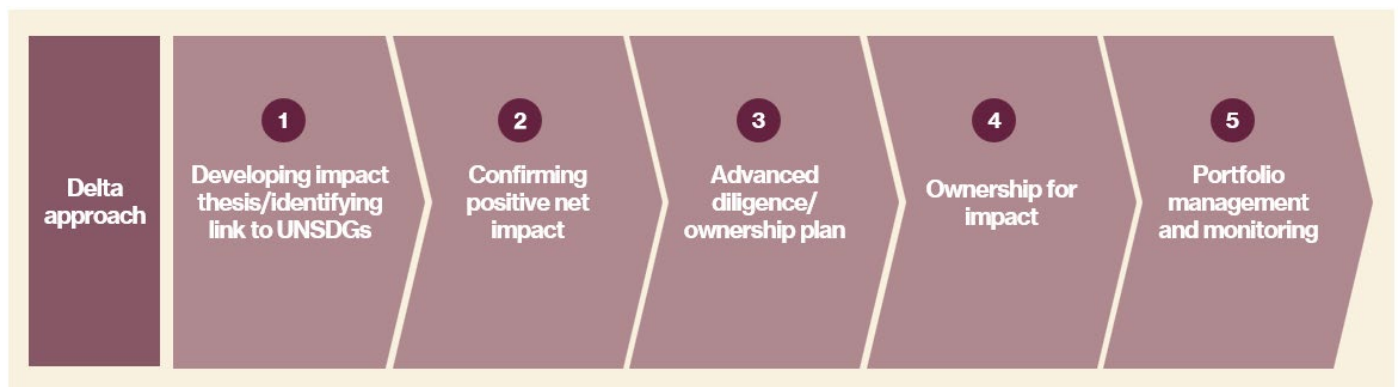
As part of its evaluation of a potential investment, Delta first identifies one or more relevant UNSDGs that are central to the business model and develops a draft impact thesis as to how the company advances progress in line with the UNSDG(s). This draft impact thesis is articulated using the Impact Assessment Tool, which employs explicit score thresholds for aligned with the five dimensions of impact identified by IMP.

Once an investment opportunity is identified, investment team professionals will evaluate it according to four "threshold" criteria, as well as the confirmation of limited potential for negative externalities. All four criteria must be met, as demonstrated through due diligence, prior to any Delta investment being agreed:

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

In addition to answering the above threshold questions, the assessment seeks to address questions around the nature of the impact of the potential investment. The Impact Assessment Tool ensures that rigorous and detailed evidence is collected to validate the impact theses of businesses. Additional assessment criteria cover a range of topics which include, but are 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 either in terms of numbers of people reached 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 Delta accelerate the impact of the business? Finally, Delta assess risks and opportunities related to the operations of the business through its Responsible Ownership and ESG frameworks.

The TowerBrook impact measurement and management system as it relates to the Delta strategy is centered 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.

As mentioned above, TowerBrook's Responsible Ownership Statement⁹ is shared across the team, portfolio companies, key service providers and other stakeholders and frames its approach to responsible investing.

TowerBrook's Impact Assessment Tool specifically requires the deal team to assess potential negative impact of each Delta investment, including the potential magnitude and likelihood of those negative impacts, and to create an associated mitigation plan as part of the overall Responsible Ownership planning for the investment.

Once an early-stage investment proceeds to due diligence, Delta conducts ESG-related diligence targeted to the Company's industry and specific risk profile. TowerBrook has developed a standard ESG diligence request list to confirm a target company's level of compliance with TowerBrook's ESG policies and certain relevant legislation and regulation. Delta's investment team members may also conduct site visits, as appropriate. TowerBrook's preferred ESG consultants would be retained during the diligence stage to conduct a fulsome ESG diligence review, and Delta's investment team members may also conduct site visits, as appropriate.

Delta's due diligence processes are designed to ensure that material issues, including with respect to ESG, are actively addressed when considering and evaluating investment opportunities. Delta also conducts diligence on anti-corruption, data privacy, supply chain, safety and other governance matters, as appropriate. During

diligence, TowerBrook also extensively references key executives and non-executives affiliated with the company, testing, among other things, integrity and ethical reputation to help shape our view of the broader company's culture and attitudes.

TowerBrook has developed a Climate Risk Assessment Tool, which is used during the advanced phase of Due Diligence. The Climate Risk Assessment Tool is informed by the framework established by the TCFD and is designed to surface the potential financial impacts of climate change on future investments. In considering climate risks, the tool enables a thorough review of transition risks (e.g., policy and legal risks; technology risks; market risks; and reputation risks) as well as physical risks.

Delta develops an ESG value creation plan for each portfolio company to monitor actions taken to address ESG risks and capitalize on ESG opportunities as part of its broader value creation and portfolio management process. Where underperformance against an action item is identified, Delta will work with the investee to identify and implement an appropriate solution. Delta will update each value creation plan after two years, providing an additional opportunity to engage with investees to improve ESG performance.

TowerBrook also asks all investees to complete a Responsible Ownership survey on an annual basis, which includes questions related to People, Planet, Partnership and Performance aspects of an investment's activities.

⁹ TowerBrook's latest Responsible Ownership Statement can be viewed [here](#).

Principle

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

Post Investment, 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.

Drawing on diligence findings, TowerBrook seeks opportunities to identify and accelerate impact realization for each Delta investment by actively measuring and monitoring impact performance leveraging its Impact Management Tool. These opportunities are included in the 200-Day Plan and include initiatives common to all Delta investments, as well as bespoke value creation initiatives that depend on the particular investment considered. Delta seeks to translate impact opportunities identified in diligence into concrete strategic priorities.

For all Delta investments, TowerBrook aims to work with management teams to ensure that portfolio companies develop an impact-oriented purpose statement. TowerBrook aims for the company's management to be excited by the company's purpose, and would look for opportunities to bring in new management talent where it believes this will enable the business to be even more effective.

For each investment TowerBrook will identify specific impact KPIs that are appropriate to the industry and activities as well as establish baseline KPI performance for all investments and monitor KPI development throughout the investment cycle. Delta investments will follow a common reporting standard across the portfolio on Responsible Ownership, wherever possible, as well as specific KPIs on individual company and industry-specific impact metrics. Delta will aggregate KPIs wherever possible.

The Impact Management Tool considers Responsible Ownership KPIs, along with a core set of impact KPIs that will be monitored across all Delta investments. TowerBrook's core set of impact KPIs includes the principal adverse sustainability indicators specified by the EU Sustainable Finance Disclosure Regulation, as well as all KPIs required for reporting by asset managers under the TCFD.

The industry-specific impact KPIs that TowerBrook has identified may vary according to the relevant industry (namely environmental technologies, green industry and clean energy; financial products and services; food and agriculture; healthcare; and education and human capital development), and also according to the specific company. TowerBrook draws upon existing established frameworks (which may include ISSB, B Corp, IRIS+, HIPSO, or JII, amongst others), in addition to developing bespoke KPIs which are tailored to the specific business. For each investment, KPIs will be collected, monitored, and reported over time in order to track progress.

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 Delta Strategy are managed, monitored, and measured using the IMEX framework and 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.

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 Delta 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 a 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 Delta Investment Committee and will take into consideration a number of factors, including a potential acquirer's commitment to impact and Responsible Ownership practices. Given that the Delta Strategy seeks to invest in businesses that exhibit a high degree of 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 Delta Strategy, this would 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.).

Delta seeks to maximize returns for its investors, exiting its investments via several routes that may include sales to strategic acquirers, financial acquirers or IPOs. Delta compiles detailed exit plans well ahead of exiting its investments and re-evaluates them over the life of an investment. 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. The decision to exit and the method chosen will be made by the Delta Investment Committee and will take into consideration a number of factors as specified in TowerBrook's Responsible Exit Policy, including without limitation a potential acquirer's commitment to Responsible Ownership practices and to impact.

Delta has yet to 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, Delta actively monitors impact performance at the portfolio company level and works with each Delta company board to review and address impact performance. Both periodic and annual review provide insight into the performance of identified impact KPIs and success of strategic initiatives. This ongoing oversight facilitates impact monitoring, execution of impact value creation opportunities and risk management, as applicable. In addition, TowerBrook surveys its portfolio companies on a set of core Responsible Ownership metrics and tracks performance across a variety of ESG categories.

TowerBrook's Responsible Ownership framework is at the center 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 are 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 material 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.

As discussed above, we have developed a process to review and document the impact performance of each investment, via the Impact Management Tool and IMEX meetings. The firm's impact review protocol also includes the intention to use learnings to improve internal firm processes and strategic investment decisions, via regular feedback loops. As Delta makes more investments, the Impact Management Tool will serve as a feedback loop, enabling TowerBrook to gain insights to make enhancements to the tool. The firm's impact review protocol also includes review of all Delta activities by the Delta Advisory board, where learnings from specific investments are used to improve internal firm processes and strategic investment decisions, via regular feedback loops.

Delta has a review process in place to analyze the actual impact performance of its portfolio companies against the impact KPIs identified during the pre-investment impact assessment. This review and documentation takes place in discussion with the Delta Advisory Board, in portfolio meetings, and exit reviews.

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 conducted its first external verification in June 2023 with BlueMark, a Tideline company. TowerBrook intends to conduct another external verification with BlueMark in 2024, and on an at least three-yearly basis going forward, or earlier if there is a significant change to Delta's impact management systems.



Disclaimer

The information contained in this Disclosure Statement (the “Statement”) is provided by TowerBrook Capital Partners L.P. and TowerBrook Capital Partners (U.K.) LLP (individually or together with their affiliates as the context requires, “TowerBrook”). The Statement is for informational purposes only and 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. Any such solicitation will only be made through formal offering materials that will include, among other disclosures, numerous risk factors relating to private fund investments.

Any investment decision with respect to a particular investment partnership managed or advised by TowerBrook must be based solely on the definitive and final version of the confidential private placement memorandum, limited partnership agreement, or other governing documents, investment management agreement, subscription agreement(s) and related documentation for the particular investment partnership managed or advised by TowerBrook.

In the United Kingdom, the Statement is issued by TowerBrook Capital Partners (U.K.) LLP, which is authorized and regulated by the Financial Conduct Authority and is a sub-advisor to various funds which are unregulated collective investment schemes and are subject to the restriction on promotion of interests in collective investment schemes contained in Section 238 of the U.K. Financial Services and Markets Act 2000 (FSMA).

All information and data in the Statement is presented as of August 31, 2023, unless otherwise indicated, and, except as required under applicable law, TowerBrook has no duty to update the information contained herein. In addition, unless the context otherwise requires, the words “include,” “includes,” “including,” and other words of similar import are meant to be illustrative rather than restrictive.

For the purposes of this Statement, “portfolio companies” are companies held as investments by the investment funds and vehicles managed or sponsored by TowerBrook. Portfolio companies are not part of TowerBrook as defined. “We” and “our” refer to TowerBrook, and do not include portfolio companies. Any information or data regarding portfolio companies or other investments of a TowerBrook investment partnership contained herein is based on information obtained directly from the respective company or sourced through publicly available data, and certain other information has been obtained from third parties and in certain cases has not been updated through the date hereof. TowerBrook cannot guarantee the accuracy or completeness of such information and has not independently verified the accuracy or completeness of such information or the assumptions on which such information is based. No representation, warranty or undertaking, express or implied, is given by TowerBrook, its officers, partners, employees, affiliates, directors, shareholders or agents (each a “TowerBrook Person”) as to the accuracy or completeness of the information or opinions contained in the Statement, and TowerBrook expressly disclaims liability therefor.

Except where opinions and views are expressly attributed to individuals, general discussions contained within this Statement regarding the market or market conditions represent the view of either the source cited or TowerBrook. Past performance is NOT indicative of future results, and TowerBrook makes no representation in this regard. Nothing contained herein is intended to predict the performance of any investment. “Invested Capital” equals the total capital invested by a TowerBrook Investment Partnership and certain co-investors in a portfolio company or other investment. Invested Capital data for the TowerBrook Investment Partnerships is derived from the most recent quarterly financial statements or, for exited investments, the most recent audited financials at the time of exit.

Analyses regarding the impact of TowerBrook’s Responsible Ownership practices and other impact or ESG-related policies, procedures and initiatives (collectively, the “Responsible Ownership Program”) are based on TowerBrook’s internal analysis and information provided by the applicable portfolio company, rely on assumptions, and, unless otherwise noted, are estimates that have not been verified by a third party and are not necessarily reported according to established voluntary standards or protocols. Impacts of such initiatives may also reflect factors such as economic, social or industry trends that are not related to the initiative presented.

The Statement may contain forward-looking statements, projections, targets, forecasts and estimates (collectively, “Projections”). Projections are hypothetical and are for illustrative purposes only, and no assumptions or comparisons should be made based upon this information. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the Projections may not materialize and/or that actual events and consequences may vary significantly from the assumptions upon which projections contained herein have been based.

TowerBrook cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible for TowerBrook to anticipate all factors that could affect our actual results. Actual events often depend upon factors that are beyond the control of TowerBrook, and additional risks of which TowerBrook is not currently aware could cause actual results to differ. Future events may differ or results or actual performance could differ materially and adversely from those expressly or implicitly reflected, or contemplated in Projections, and hypothetical projections are subject to inherent limitations. Accordingly, investors should not place undue reliance on Projections as a prediction of actual results or actual performance. The inclusion of Projections should not be regarded as a representation, warranty, prediction or guarantee by TowerBrook or any TowerBrook Person regarding the reliability, accuracy or completeness of the information contained herein, or the performance of any TowerBrook investment partnership or any particular investment of such investment partnership. Except under applicable law, TowerBrook is under no obligation to update or keep current such information. Additionally, terms such as “Responsible Ownership,” “ESG,” “impact” and “sustainability” can be subjective in nature, and there is no representation or guarantee that these terms, as used by TowerBrook, or judgment exercised by TowerBrook in the application of these terms, will reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular investor or other third-party or reflect market trends.

Certain information contained herein relating to any goals, targets, intentions, or expectations is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. The United Nations Sustainable Development Goals (SDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to a particular SDG. Accordingly, investors should not place undue reliance on the Firm’s application of the SDGs, as such application is subject to change at any time and in the Firm’s sole discretion.

TowerBrook’s Responsible Ownership Program is subject to TowerBrook’s fiduciary duties and applicable legal, regulatory and contractual requirements. No representation or warranty is made regarding TowerBrook’s use of some or all aspects of the Responsible Ownership Program described herein. There can be no assurance that such Responsible Ownership Program, as described in this Statement, including policies and procedures related to responsible investment or the application of impact or ESG-related criteria or reviews to the investment process, will continue; the Responsible Ownership Program could change, even materially, or may not be applied to a particular

Disclaimer (continued)

investment. TowerBrook is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its Responsible Ownership Program based on cost, timing, or other considerations. Statements about the Responsible Ownership Program related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of all or certain aspects of the Responsible Ownership Program to or within the portfolio company; the nature and/or extent of investment in, ownership of or, control or influence exercised by TowerBrook with respect to the portfolio company; and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis.

By participating in any of the third-party ESG organizations described herein, TowerBrook does not intend to engage in any behavior that would lessen or restrict competition, and has not reached any agreements with third parties to restrict competition. TowerBrook's views may also be different than those of such third-party ESG organizations, and TowerBrook's status as a signatory, member, or participant thereof is subject to change at any time in its sole discretion. ESG factors are only some of the many factors TowerBrook considers in making an investment, and there is no guarantee that TowerBrook will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for limited partners. To the extent TowerBrook engages with portfolio companies on Responsible Ownership or ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG performance of the investment.

The information contained in this Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of TowerBrook and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the signatory.

Contact Details

London

TowerBrook Capital Partners (U.K.) LLP
1 St. James's Market
Carlton Street
London SW1Y 4AH
United Kingdom
Tel: +44 20 7451 2020

New York

TowerBrook Capital Partners L.P.
Park Avenue Tower
65 East 55th Street
New York, NY 10022
United States of America
Tel: +1 212 699 2200

towerbrook.com

TOWERBROOK