



PRIVATE RI REPORT

2020

TowerBrook Capital Partners

About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the reporting period specified above. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will **not publish** this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

Confidentiality and sharing via the Data Portal

Private Transparency Reports are confidential and only accessible to the reporting signatory via the Reporting Tool and on the Data Portal. The Data Portal does facilitate signatories to share these reports bilaterally with other signatories.

To request access, use the “Find A Report” tab to search, and click “Request access”. To check pending requests on your own reports, go to “Settings and Requests” tab. Your nominated Data Portal Contact can approve or decline requests.

It is permitted to publish your Private Transparency Report. Transparency Reports (whether public or private) are the intellectual property of PRI. Under no circumstances, can this report or any of its contents be sold to third parties. In addition, you are not allowed to share this report with third parties unless you have been given consent by the signatory in question.

PRI disclaimer

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

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

OO 01.2 Additional information. [Optional]

TowerBrook Capital Partners L.P. ("TowerBrook" or "TCP") is an investment management firm within excess of \$13.7 billion under management and a strong history of creating value for investors. The firm is co-headquartered in New York and London and focuses on making investments in companies headquartered in North America and Europe. TowerBrook's private equity strategy primarily pursues control-oriented investments in large and mid-market companies, principally on a proprietary basis and often in situations characterised by complexity. TowerBrook's structured opportunities strategy allows access to a broad array of opportunities, principally via structured asset and structured equity investments, enabling investment companies to access funding and expertise to support growth without ceding control.

TowerBrook's value creation strategy aims to transform the capabilities and the prospects of the businesses in which we invest. We invest through different Funds that allow us to access a range of opportunities through the cycle and across the capital structure. We are disciplined investors with a commitment to fundamental value. We seek to deliver superior, risk-adjusted returns to investors on a consistent and responsible basis. Responsible ownership is central to our strategy for value creation. Responsible policies and practices help build stronger businesses and deliver better outcomes for all our stakeholders.

We encourage our partners and portfolio companies to share our commitment to the principles of responsible ownership. Together, we are actively involved in helping to promote good practices that sustain not only the businesses in which we invest but the communities in which we operate.

TowerBrook is proud to be the first mainstream private equity fund to become a certified B Corp. B Corp certification is awarded to companies that are leaders in their commitment to ESG and responsible business practices. Certification is administered by the non-profit B Lab movement and follows a rigorous assessment and verification process that ensures B Corps meet the highest standards of social and environmental performance, transparency and legal accountability.

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1
☒ 2-5
☐ 6-10
☐ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

104

OO 02.4 Additional information. [Optional]

TowerBrook is an investment management firm co-headquartered in New York and London. For deal sourcing purposes TowerBrook also has representative offices in Madrid, Spain and Munich, Germany.

We work as a single, integrated team that has grown in parallel in Europe and the USA since the inception of TowerBrook. Our entrepreneurial, multinational and cross-cultural approach allows us to act with speed and certainty in multiple jurisdictions.

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes
☒ No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

OO 04.2	Indicate your total AUM at the end of your reporting year.
Total AUM 13,746,124,320 USD 13746124320 USD	

OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year
<input checked="" type="checkbox"/> Not applicable as we do not have any assets under execution and/or advisory approach	

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
-------	--	---------	---------

OO 05.1	Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:
---------	--

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	>50%	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	10-50%	0
Other (2), specify	0	0

	Internally managed `Other (1)` description
Structured Opportunities Strategy	

OO 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 06.1	Select how you would like to disclose your asset class mix.
<input type="radio"/> as percentage breakdown <input checked="" type="radio"/> as broad ranges	

OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
<input type="radio"/> Yes <input checked="" type="radio"/> No	

OO 06.5	Indicate whether your organisation uses fiduciary managers.
<input type="radio"/> Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets. <input checked="" type="radio"/> No, we do not use fiduciary managers.	

OO 06.6	Provide contextual information on your AUM asset class split. [Optional]
<p>TowerBrook's Private Equity strategy is to pursue control-oriented investments in large and mid-market companies, principally on a proprietary basis and often in situations characterised by complexity. These may include management/shareholder dislocation, a distressed parent company or an out-of-favor industry where we nonetheless identify attractive potential for significant growth. The success of our strategy depends on our ability to choose well, to buy well, to structure our investments appropriately and to harness the right expertise to unlock growth. Our team of seasoned investment professionals is complemented by a network of experienced advisers. We work in close partnership with them and with highly talented senior managers to optimise the performance of our portfolio companies.</p>	

TowerBrook's Structured Opportunities strategy leverages our experience and expertise to allow us to invest in opportunities that fall outside the investment parameters of our Private Equity strategy. We define structured opportunities as complex transactions incorporating contractual downside protection that take advantage of changing market conditions, or situation-specific events where traditional control oriented Private Equity attributes may not apply. Our Structured Opportunities investment universe includes structured equity and structured assets. In cases where TowerBrook is a minority investor, where other circumstances impact TowerBrook's ability to assess, set or monitor ESG-related performance goals, or where we identify material ESG issues that cannot reasonably be addressed, we may not necessarily be able to fully implement our Responsible Ownership Statement. In such cases, TowerBrook will make reasonable efforts to encourage consideration of relevant ESG-related principles by the investee company.

OO 09	Mandatory	Peering	General
-------	-----------	---------	---------

OO 09.1	Indicate the breakdown of your organisation's AUM by market.
100	
	Developed Markets
0	
	Emerging Markets
0	
	Frontier Markets
0	
	Other Markets
OO 09.2	Additional information. [Optional]
TowerBrook invests primarily in companies headquartered in North America and Europe.	

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
	Private equity
<input checked="" type="checkbox"/>	We address ESG incorporation.
<input type="checkbox"/>	We do not do ESG incorporation.
	Other (1)
<input checked="" type="checkbox"/>	We address ESG incorporation.
<input type="checkbox"/>	We do not do ESG incorporation.
	'Other (1)' [as defined in OO 05]
Structured Opportunities Strategy	

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
	Core modules
<input checked="" type="checkbox"/>	Organisational Overview
<input checked="" type="checkbox"/>	Strategy and Governance
	RI implementation directly or via service providers
	Direct - Other asset classes with dedicated modules
<input checked="" type="checkbox"/>	Private Equity
	Closing module
<input checked="" type="checkbox"/>	Closing module

OO PE 01	Mandatory	Descriptive	General
----------	-----------	-------------	---------

OO PE 01.1	Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.				
	<table> <tr> <th>Investment strategy</th> <th>Percentage of your internally managed private equity holdings (in terms of AUM)</th> </tr> <tr> <td>Venture capital</td> <td> <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% </td> </tr> </table>	Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)	Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)				
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%				

Growth capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

	Other investment strategy, specify (1)
Structured Opportunities Strategy	

OO PE 02	Mandatory to Report, Voluntary to Disclose	Descriptive	General
----------	--	-------------	---------

OO PE 02.1	Indicate the level of ownership you typically hold in your private equity investments.
------------	--

- ☒ a majority stake (>50%)
- ☐ 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☐ a minority stake (<10%)
- ☐ a mix of ownership stakes

OO PE 02.2	Additional information. [Optional]
------------	------------------------------------

TowerBrook's private equity funds pursue investments where, at the time of the initial investment by a Fund, TowerBrook intends to acquire or gain, and TowerBrook believes in good faith, applying reasonable assumptions based on the information available at such time, that it is probable that TowerBrook alone or in collaboration with like-minded co-investors will acquire or gain, at least 50% of the voting equity interests of a target company or meaningful influence over the target company through substantial representation on the target company's board of directors, material contractual rights and protections and/or other similar arrangements.

OO Checks		Checks
-----------	--	--------

☒ If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SG 01	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
<input checked="" type="checkbox"/> Yes	

SG 01.2	Indicate the components/types and coverage of your policy.				
<table border="1"> <thead> <tr> <th>Policy components/types</th> <th>Coverage by AUM</th> </tr> </thead> <tbody> <tr> <td> <input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2) </td> <td> <input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM </td> </tr> </tbody> </table>	Policy components/types	Coverage by AUM	<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM	
Policy components/types	Coverage by AUM				
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM				

SG 01.3	Indicate if the investment policy covers any of the following
<input checked="" type="checkbox"/> Your organisation's definition of ESG and/or responsible investment and it's relation to investments <input checked="" type="checkbox"/> Your investment objectives that take ESG factors/real economy influence into account <input type="checkbox"/> Time horizon of your investment <input checked="" type="checkbox"/> Governance structure of organisational ESG responsibilities <input checked="" type="checkbox"/> ESG incorporation approaches <input checked="" type="checkbox"/> Active ownership approaches <input checked="" type="checkbox"/> Reporting <input type="checkbox"/> Climate change <input type="checkbox"/> Understanding and incorporating client / beneficiary sustainability preferences <input type="checkbox"/> Other RI considerations, specify (1) <input type="checkbox"/> Other RI considerations, specify (2)	

SG 01.4	Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.
<p>TowerBrook's values stand at the core of our mission and are at the foundation of our belief in responsible ownership. The full text of our Purpose Statement, our Mission Statement, and our RO Statement are publicly available on our website (https://www.towerbrook.com/responsible-ownership/). Our RO Statement covers five Ps: starting from a shared Purpose, we focus on People, Planet and Partnership, all of which contribute to delivering the fifth P: Performance. We consider the five Ps as the foundation of our Handprint as responsible owners. Our RO Statement also covers transparency, and the management of the responsible ownership program.</p> <p>We identify and consider RO risks and opportunities throughout our investment process. We are prepared to invest in imperfect businesses in order to help build them into better businesses. There are some areas we specifically exclude: we will not invest in companies whose business involves tobacco, armaments or sexual exploitation, or companies that we know are in violation of internationally recognised human rights or exploitative, discriminatory or harmful practices without a plan for remediation. We strive to achieve the highest standards of ethical conduct in our own firm and expect our portfolio companies to do the same.</p>	

SG 01.5	Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]
<p>TowerBrook takes steps to ensure that our Responsible Ownership Statement and our corresponding practices are understood and shared across the TowerBrook team, our portfolio companies, key service providers and other stakeholders. As such, Responsible Ownership is an explicit component of the TowerBrook Playbook. The Responsible Ownership Statement is also shared with our limited partners and senior management of our portfolio companies and other investments. In addition, our Responsible Ownership Statement and strategy is captured in the Chair Welcome Pack provided to every portfolio chair. TowerBrook keeps the Responsible Ownership Statement, and our monitoring of the ways in which it is implemented, under continuous review. TowerBrook's Responsible Ownership Statement is reviewed at least once annually by the Responsible Ownership Committee and by the Risk and Compliance Committee. TowerBrook revised our Responsible Ownership Statement in 2019.</p> <p>This Responsible Ownership Statement applies to all private equity investments made by TowerBrook for which TowerBrook has control or significant influence ("portfolio companies"). In cases where TowerBrook is a minority investor, where other circumstances impact TowerBrook's ability to assess, set, or monitor ESG-related performance goals, or where we identify material ESG issues that cannot reasonably be addressed, we may not necessarily be able to fully implement the Responsible Ownership Statement, but will make reasonable efforts to encourage consideration of relevant ESG-related principles by the investee company.</p>	

☐ No

SG 01 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
----------	--	-------------	---------

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
<input checked="" type="checkbox"/> Yes	

		Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.	
		<p>TowerBrook seeks to conduct robust reviews of potential climate-related issues early in the investment process. Investment professionals reviewing potential opportunities which present climate-related issues, or which impact industries which could reasonably present climate-related issues, must discuss any such issues with TowerBrook's Transaction Committee at an early stage in the investment consideration process. Materiality of climate-related issues are evaluated on a case-by-case basis. TowerBrook also seeks to engage with its preferred ESG consultants at an early stage in the investment consideration process to identify climate-related risks and value creation opportunities. Teams also partner with the relevant portfolio companies to resolve any given climate-related issues and escalate to the executive team where needed.</p> <p>TowerBrook is currently working to identify and track metrics across our portfolio to measure our carbon footprint. TowerBrook surveys our portfolio companies annually regarding greenhouse gas (GHG) emissions for Scope 1, Scope 2 and Scope 3, carbon offset programs (including purchases of certified carbon credit), other initiatives to reduce carbon footprint. TowerBrook also surveys portfolio companies annually on any climate-related incidents or factors that impacted the business over the past year, whether the company has (or is developing) a climate strategy, and whether the company addresses climate risk at the board level. We plan to report in greater detail in 2020 on this data.</p> <p>TowerBrook purchases carbon offsets on an annual basis to neutralize the environmental impact created by our carbon footprint. TowerBrook tracks all flights and car services taken by our team members in connection with business travel and uses this data to calculate our carbon emissions based on EPA guidelines. We refined in 2019 our approach for measuring our carbon emissions and developed a more precise methodology which considered additional inputs such as hotel night stays, office building emissions and printing paper used. TowerBrook has partnered with carbonfund.org for our carbon offset program, and has purchased credits in a Truskstop Electrification Project to offset our 2018 and 2019 emissions. We plan to report in greater detail on our carbon emissions program in 2020.</p>	
		<input type="radio"/> No	
SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?		
		<input type="radio"/> Yes <input checked="" type="radio"/> No	
		Describe why your organisation has not yet assessed the likelihood and impact of climate risks	
		<p>TowerBrook is currently working to track metrics across our portfolio to measure the likelihood and impact of climate risks. TowerBrook surveys portfolio companies annually on any climate-related incidents or factors that impacted the business over the past year, whether the company has (or is developing) a climate strategy, and whether the company addresses climate risk at the board level.</p> <p>TowerBrook purchases carbon offsets on an annual basis to neutralize the environmental impact created by our carbon footprint. TowerBrook tracks all flights and car services taken by our team members in connection with business travel and uses this data to calculate our carbon emissions based on EPA guidelines. We refined in 2019 our approach for measuring our carbon emissions and developed a more precise methodology which considered additional inputs such as hotel night stays, office building emissions and printing paper used. TowerBrook has partnered with carbonfund.org for our carbon offset program, and has purchased credits in a Truskstop Electrification Project to offset our 2018 and 2019 emissions. We plan to report in greater detail on our carbon emissions program in 2020.</p>	
SG 01.8 CC	Indicate whether the organisation publicly supports the TCFD?		
		<input type="radio"/> Yes <input checked="" type="radio"/> No	
		Explain the rationale	
		While TowerBrook endorses the general principals behind the TCFD, we are still evaluating the initiative and considering whether we will publicly support it.	
SG 01.9 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.		
		<input type="radio"/> Yes <input checked="" type="radio"/> No	
		Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.	
		As there is no established industry risk framework for managing climate-related risks and opportunities, TowerBrook intends to develop and implement our own organisation-wide framework to analyse such risks and opportunities during the course of 2020. TowerBrook continues to collaborate with other GPs and organizations such as the PRI and SASB on PE industry best practice.	
SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.		
		<input type="checkbox"/> Public PRI Climate Transparency Report <input type="checkbox"/> Annual financial filings <input type="checkbox"/> Regular client reporting <input type="checkbox"/> Member communications <input type="checkbox"/> Other <input checked="" type="checkbox"/> We currently do not publish TCFD disclosures	
SG 02	Mandatory	Core Assessed	PRI 6
SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.		
		<input checked="" type="checkbox"/> Policy setting out your overall approach	
		URL/Attachment	
		<input checked="" type="checkbox"/> URL https://www.towerbrook.com/responsible-ownership/	

☒ Attachment (will be made public)

TowerBrook RO Statement.pdf

☐ Screening / exclusions policy

☐ We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

☒ URL

https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf

☐ Attachment

☐ Your investment objectives that take ESG factors/real economy influence into account

☐ Governance structure of organisational ESG responsibilities

☒ ESG incorporation approaches

URL/Attachment

☒ URL

https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf

☐ Attachment

☒ Active ownership approaches

URL/Attachment

☒ URL

https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf

☐ Attachment

☒ Reporting

URL/Attachment

☒ URL

https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf

☐ Attachment

☐ We do not publicly disclose any investment policy components

SG 02.3

Additional information [Optional].

TCP's annual Responsible Ownership Report was published in November 2019 and is available on our website along with its predecessor reports. TCP intends to publish a Responsible Ownership Report going forward on an annual basis. In 2019, TowerBrook also published "Diversity and Inclusion at TowerBrook."

TowerBrook became a certified B Corp in February 2019. All Certified B Corps share their B Impact Report publicly on bcorporation.net. The B Impact Report is the summary of a company's scores on the B Impact Assessment by category and contains no question-level information. TowerBrook's B Impact Report is available on: <https://bcorporation.net/directory/towerbrook-capital-partners-lp>.

SG 03

Mandatory

Core Assessed

General

SG 03.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

It is TowerBrook's policy is to allocate investment opportunities between its private equity funds and structured opportunities funds in a manner that, over time, is fair and equitable. TowerBrook has implemented an Investment Allocation Policy which presents factors and circumstances that TowerBrook considers to be relevant to the allocation determination. Allocation is discussed by the deal teams during the preliminary stage of an investment during the weekly firmwide team meeting, and preliminary allocation is noted on the deal sheet summarizing each potential transaction. Allocation is also considered by the relevant Investment Committee prior to the final approval of an investment. A summary of the factors supporting the ultimate allocation of an investment opportunity are summarized in a written addendum to the final IC memo for each transaction and presented the IC for discussion prior to approval.

☐ No

SG 03.3

Additional information. [Optional]

TowerBrook has an Allocation Committee (the "AC") to address potential conflicts of interest between the private equity investment strategy and the structured opportunities investment strategy. The AC determines the parameters of investment allocations between the two strategies, reviews the allocations and resolves any conflicts of interests that may arise and cannot be solved by the TSO Investment Committee and/or the PE Investment Committee. The AC also assesses the effectiveness of TCP's investment allocation policies and procedures. The AC is co-chaired by TowerBrook's Co-CEOs, Ramez Sousou and Neal Moszkowski, and its other members include TowerBrook Managing Directors Filippo Cardini, Glenn Miller, Matthew Gerber and Abrielle Rosenthal. The AC meets at least once annually, and conducts a look-back analysis on the allocation of all transactions that have closed during the preceding year.

The Limited Partner Advisory Committee of each fund also reviews any matters involving a potential conflict of interest presented by the General Partner.

TowerBrook's also has put into place a written Conflicts Policy, which can be found in the Compliance Manual and Code of Ethics, which is certified by all team members on a quarterly basis. Conflicts of interest that may arise among the various individual and organizations comprising TowerBrook, the TowerBrook Funds and other affiliated entities are monitored on a continuous basis by the CCO and TowerBrook's legal department. A written conflicts register is maintained, which is reviewed annually on a formal basis by TowerBrook's legal department and assessed quarterly by TowerBrook's Risk and Compliance Committee. Each team member is required to disclose upon joining, and as applicable thereafter, all outside commitments that involve a substantial time commitment, or which could otherwise present an actual or perceived conflict of interest. The CCO also holds a one-to-one training meeting with each team member at least annually to discuss any conflicts of interests relating to such person's outside activities. A summary of such discussions, as well as a risk assessment of the outside activities of each partner and employee, is presented to TowerBrook's Risk and Compliance Committee periodically for review and approval.

SG 04	Voluntary	Descriptive	General
SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.		
<div><input checked="" type="radio"/> Yes</div> <div><input type="radio"/> No</div>			
SG 04.2	Describe your process on managing incidents		
TowerBrook's controlled portfolio companies have board committees which are responsible for managing incidents that may arise. TowerBrook has representation on the boards of all its controlled portfolio companies, and is in frequent contact with management at companies where TowerBrook does not have board representation. We would therefore be aware of and input into this process. Material incidents would also be reported to TowerBrook by management as promptly as possible.			

SG 05	Mandatory	Gateway/Core Assessed	General
SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.		
<div><input checked="" type="radio"/> Quarterly or more frequently</div> <div><input type="radio"/> Biannually</div> <div><input type="radio"/> Annually</div> <div><input type="radio"/> Less frequently than annually</div> <div><input type="radio"/> Ad-hoc basis</div> <div><input type="radio"/> It is not set/reviewed</div>			
SG 05.2	Additional information. [Optional]		
TowerBrook's Responsible Ownership Committee meets at least quarterly to set and review objectives for responsible investment activities. The RO Committee reviews relevant policies and procedures and monitors efforts to implement responsible ownership programs across the portfolio.			

SG 06	Voluntary	Descriptive	General
SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.		
	Responsible investment processes		
<input checked="" type="checkbox"/>	Provide training on ESG incorporation		
	Key performance indicator		
	Training for investment teams and portfolio company management		
	Progress achieved		
	<p>TowerBrook provided comprehensive ESG training to our investment teams in 2017. During 2018 and 2019, members of the Portfolio Group and TowerBrook's Legal Team periodically provided refreshers on this training to deal teams on an ad hoc basis to help understand and identify the relevance and importance of ESG and responsible ownership factors in investment activities.</p> <p>TowerBrook VisionOn roundtables bring together sector experts, senior executives and members of our team in a small, private forum where they can exchange ideas and chart new opportunities for sustainable value creation. Through sharing our experience and insights, we aim to make mutually beneficial connections, stimulate creative thinking and partner with leaders to deliver value for our investors, now and in the future. Our first VisionOn event focused on the Food and Beverage sector was held in November 2017, and the second on Retail was held in March 2018. In October 2018, we VisionOn Responsible Ownership in New York. TowerBrook hosted two VisionOn events in 2019, the first focused on Responsible Ownership in March 2019 in London, and the second focused on Plastics and Packaging in September 2019 in New York.</p>		
<input checked="" type="checkbox"/>	Provide training on ESG engagement		
	Key performance indicator		
	Training for investment teams and portfolio company management		
	Progress achieved		
	<p>In 2017, Dr. Mahzarin Banaji of Harvard University provided unconscious bias training to our team members. In 2018, we held half-day sessions focused on D&I for all team members covering an overview of biased language, and elimination of bias in interviewing, recruitment, and staffing. In 2019, TowerBrook rolled out an online training module covering Modern Slavery. In December 2019, the CCO provided training to MDs on unconscious biases in performance reviews. We continue to develop metrics to track the progress of our firm and our Portcos in promoting a diverse and inclusive working environment. TowerBrook's report "Diversity and Inclusions at TowerBrook" was published in November 2019, and is available on our website (https://www.towerbrook.com/TowerBrook_Diversity_Inclusion-2019.pdf).</p> <p>TowerBrook's office handbooks contain policies applicable to all team members that support diversity and equal opportunity, and prohibit discrimination based on age, gender, gender identity, sexual orientation, race, class, religion and national origin. TowerBrook provided training to all personnel on these policies in 2019 and will continue to provide training at least annually. We have committed our search partners to present (a) gender-balanced and diverse slates of candidates whenever possible, and (b) long-list candidates sanitised from gender-specific</p>		

information.

- ☒ Improved communication of ESG activities within the organisation

	Key performance indicator
	Training for investment teams and portfolio company management
	Progress achieved
	TowerBrook organizes periodic portfolio company manager roundtables and/or conference calls, at which ESG features as a topic for discussion (together with anti-bribery, cyber, diversity, etc.). TowerBrook holds trainings for its portfolio company managers in the US and Europe on a periodic basis, as well as a CEO event in connection with our annual meeting.

- ☒ Improved engagement to encourage change with regards to management of ESG issues

	Key performance indicator
	Number of companies with a dedicated ESG Committee
	Progress achieved
	<p>TowerBrook has implemented an initiative to ensure that all controlled portfolio companies have instituted the following formal policies: (i) Anti-Bribery, (ii) Code of Conduct, (iii) Corporate Governance and (iv) Health and Safety. In 2019, TowerBrook added (v) Anti-Harassment policies to this initiative. TowerBrook also seeks to ensure that each portfolio company has established a dedicated board Committee (for example ESG or CRS), or modified an existing governance committee, to (a) establish a corresponding charter that is bespoke to the language, culture and business of each company, (b) review the company's significant strategies, activities and policies regarding ESG (including labor practices) and community impact and charitable activities, and (c) make recommendations to the Board that focus on maximizing long-term, sustainable value creation. TowerBrook has frequent touch points with the boards of portfolio companies. ESG is an issue we raise explicitly in onboarding each portfolio chair and expect each chair to attend to, in partnership with TowerBrook, as a matter of providing effective governance. Portfolio company management would then engage with third parties (such as suppliers, developers, and contractors) to verify sound ESG practices.</p>

- ☒ Improved ESG incorporation into investment decision making processes

	Key performance indicator
	Consideration of ESG Markers at each initial discussion of an investment
	Progress achieved
	<p>TowerBrook seeks to conduct robust reviews of potential ESG risks early in the investment process. TowerBrook has drafted and continuously evolves a list of ESG Markers, including, but not limited to, certain industries or countries that present heightened ESG risk and investor sensitivities. Investment professionals reviewing potential opportunities in such industries or connected to such countries, or which otherwise could reasonably pose material ESG risks, must discuss any such issues with TowerBrook's Transaction Committee at an early stage in the investment consideration process. Materiality of ESG factors is evaluated on a case-by-case basis. TowerBrook revised its ESG Markers in March 2018.</p> <p>TowerBrook incorporates ESG factors into its investment playbook. TowerBrook published a revised investment playbook in February 2020 which includes ESG screens, and additions regarding diversity and inclusion considerations into the investment process (with additions around governance diversity). TowerBrook also revised its Responsible Ownership Statement in 2019.</p> <p>TowerBrook also seeks to engage with its preferred ESG consultants at an early stage in the investment consideration process to identify ESG-related risks and opportunities.</p>

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

	Other activities
--	------------------

- ☒ Joining and/or participation in RI initiatives

	Key performance indicator
	Industry and Conference Participation
	Progress achieved
	<p>TowerBrook's senior team participates from time to time in industry conferences and panels focusing on responsible ownership and ESG issues. Participation by senior team members over the past few years includes the PEI Responsible Investment Forum, ILPA GP Summit, PRI in Person, the PrivCap Private Equity ESG Summit, the Bloomberg Sustainable Business Summit, the ESMT Conference on Sustainability Through Digital Innovation, and the Private Employee Ownership Leadership Summit. TowerBrook has also attended recent PRI events for asset managers in New York.</p> <p>Managing Director Christoph Lueneburger will join the BVCA Responsible Investment Advisory Group in Q2 2020. The Group comprises investors, intermediaries and sustainability/responsible investment practitioners recognised for their excellence, experience, insight and ability to provide strategic guidance to the BVCA.</p>

- ☒ Encouraging others to join a RI initiative

	Key performance indicator
	Industry and Conference Participation
	Progress achieved
	TowerBrook is also an active member of the New York GP ESG Working Group, which seeks to develop best practice and collaboration amongst private equity GPs. TowerBrook partnered with other GPs in Q4 2019 to form the New York-based GP Diversity and Inclusion Working

Group and the GP Carbon Footprint Working Group.

TowerBrook also partnered in Q1 2020 with the Wharton Social Impact Initiative (WSII) to collaborate to strengthen the Wharton and B Lab Research Collaboration.

- ☐ Documentation of best practice case studies
- ☒ Using case studies to demonstrate engagement and ESG incorporation to clients

Key performance indicator
Case studies are featured in our annual Responsible Ownership Report

Progress achieved
TowerBrook highlights notable ESG-related initiatives of select portfolio companies in our annual Responsible Ownership Report.
See https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

SG 07	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles										
<input checked="" type="checkbox"/> Board members or trustees <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment										
<input checked="" type="checkbox"/> Internal Roles (triggers other options) <table border="1"><thead><tr><th>Select from the below internal roles</th></tr></thead><tbody><tr><td><input checked="" type="checkbox"/> Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee<ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment</td></tr><tr><td><input checked="" type="checkbox"/> Other Chief-level staff or head of department, specify CFO; COO; CCO; General Counsels<ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment</td></tr><tr><td><input checked="" type="checkbox"/> Portfolio managers<ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment</td></tr><tr><td><input checked="" type="checkbox"/> Investment analysts<ul style="list-style-type: none"><input type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment</td></tr><tr><td><input type="checkbox"/> Dedicated responsible investment staff</td></tr><tr><td><input checked="" type="checkbox"/> Investor relations<ul style="list-style-type: none"><input type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment</td></tr><tr><td><input checked="" type="checkbox"/> Other role, specify (1)<table border="1"><thead><tr><th>Other description (1)</th></tr></thead><tbody><tr><td>RO Comm, RCC, Mgmt Comm</td></tr></tbody></table><ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment</td></tr></tbody></table>	Select from the below internal roles	<input checked="" type="checkbox"/> Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment	<input checked="" type="checkbox"/> Other Chief-level staff or head of department, specify CFO; COO; CCO; General Counsels <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment	<input checked="" type="checkbox"/> Portfolio managers <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment	<input checked="" type="checkbox"/> Investment analysts <ul style="list-style-type: none"><input type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment	<input type="checkbox"/> Dedicated responsible investment staff	<input checked="" type="checkbox"/> Investor relations <ul style="list-style-type: none"><input type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment	<input checked="" type="checkbox"/> Other role, specify (1) <table border="1"><thead><tr><th>Other description (1)</th></tr></thead><tbody><tr><td>RO Comm, RCC, Mgmt Comm</td></tr></tbody></table> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment	Other description (1)	RO Comm, RCC, Mgmt Comm
Select from the below internal roles										
<input checked="" type="checkbox"/> Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment										
<input checked="" type="checkbox"/> Other Chief-level staff or head of department, specify CFO; COO; CCO; General Counsels <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment										
<input checked="" type="checkbox"/> Portfolio managers <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment										
<input checked="" type="checkbox"/> Investment analysts <ul style="list-style-type: none"><input type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment										
<input type="checkbox"/> Dedicated responsible investment staff										
<input checked="" type="checkbox"/> Investor relations <ul style="list-style-type: none"><input type="checkbox"/> Oversight/accountability for responsible investment<input checked="" type="checkbox"/> Implementation of responsible investment<input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment										
<input checked="" type="checkbox"/> Other role, specify (1) <table border="1"><thead><tr><th>Other description (1)</th></tr></thead><tbody><tr><td>RO Comm, RCC, Mgmt Comm</td></tr></tbody></table> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Oversight/accountability for responsible investment<input type="checkbox"/> Implementation of responsible investment	Other description (1)	RO Comm, RCC, Mgmt Comm								
Other description (1)										
RO Comm, RCC, Mgmt Comm										

- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify (2)
- ☒ External managers or service providers
- ☐ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
---------	---

The Firm's Management Committee formally considers Responsible Ownership and ESG-related issues on at least an annual basis.

TowerBrook has formed a Responsible Ownership Committee, composed of senior TowerBrook professionals, including the firm's co-CEOs, to direct 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. The Responsible Ownership Committee meets at least quarterly.

TowerBrook has formed a Diversity and Inclusion Committee to lead the development of our D&I program and the assessment of its impact. The Committee is composed of senior level professionals and meets at least quarterly.

Within TowerBrook, the Portfolio Group and Legal Team monitor relevant matters within the portfolio on an ongoing basis as applicable. ESG matters are included in 200 day plans, with any particular issues requiring attention being highlighted and prioritized. The Portfolio Group encourages companies to address relevant ESG matters, such as supply chain risks for apparel companies and environmental and safety for manufacturing companies. ESG is a standard item for consideration at TowerBrook's monthly portfolio committee meetings, at which TowerBrook addresses current important considerations.

TowerBrook deal teams actively monitor ESG at the portfolio company level for our controlled portfolio companies, ensuring 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. As part of its general ESG oversight, TowerBrook would review existing compliance with sustainability, and ethical business guidelines, as appropriate, and would encourage portfolio company management to introduce new guidelines if we deemed this necessary. TowerBrook seeks to ensure that each controlled portfolio company has established a dedicated board Committee (for example ESG or CRS), or modified an existing governance committee, to (a) establish a corresponding charter that is bespoke to the language, culture and business of each company, (b) review the company's significant strategies, activities and policies regarding ESG (including labor practices) and community impact and charitable activities, and (c) make recommendations to the Board that focus on maximizing long-term, sustainable value creation.

While we do not have dedicated responsible investment staff (in the sense of a team member solely focused on responsible investment/ESG), we consider that our entire firm is dedicated to responsible investment and responsible ownership, as RO considerations are part of our Purpose and interwoven into all actions that we take as a firm.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
0	

SG 07.4	Additional information. [Optional]
---------	------------------------------------

Responsible ownership considerations are integrated into every stage of our investment process and drive the development of policies, action plans and metrics for our portfolio companies.

Overview

TowerBrook has a clear and consistent process that helps us scrutinise prospective investments, manage them responsibly and deliver sustainable results for our investors. Responsible ownership considerations are integrated into every stage of this process, and drive the development of policies, action plans and metrics for our portfolio companies.

Initial Screening

TowerBrook seeks to conduct robust reviews of potential ESG risks early in the investment process. TowerBrook has drafted and continuously evolves a list of ESG Markers, including, but not limited to, certain industries or countries that present heightened ESG risk and investor sensitivities. Investment professionals reviewing potential opportunities in such industries or connected to such countries, or which otherwise could reasonably pose material ESG risks, must discuss any such issues with TowerBrook's Transaction Committee at an early stage in the investment consideration process. TowerBrook also seeks to engage with its preferred ESG consultants at an early stage in the investment consideration process to identify ESG-related risks and opportunities.

Due Diligence

Once an early stage investment proceeds to due diligence, TowerBrook 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 relevant legislation and regulation. Additionally, TowerBrook has developed a specific detailed ESG diligence request list for certain industries, such as consumer goods and manufacturing. TowerBrook'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.

TowerBrook's due diligence processes are designed to ensure that material issues, including ESG, are addressed when considering and evaluating investment opportunities. TowerBrook seeks to undertake ESG due diligence on applicable private equity investments, including, but not limited to, those with industrial manufacturing capabilities. Environmental diligence typically comprises environmental Phase I site assessments, but this can be extended to include Phase II site assessment if necessary. TowerBrook may also conduct diligence on anti-corruption, data privacy, supply chain, safety and other governance matters, as appropriate. TowerBrook's due diligence process for structured opportunities investments may also take into account ESG considerations, as appropriate. During diligence, TowerBrook also extensively references key executives and non-executives affiliated with the company, testing among other things for integrity and ethical reputation to help shape our view of the broader company's culture and attitudes.

Transaction Closing

At signing, TowerBrook's legal team would consider whether to include detailed ESG clauses in investment or shareholders' agreements, as practicable and applicable. The legal team and investment teams also work to verify due diligence findings via representations and warranties in the purchase agreement and seek specific indemnification as appropriate. *TowerBrook may seek to cover itself either through reduced pricing, insurance, indemnities or other contractual protections. TowerBrook may also seek, as appropriate, to work with management to remediate material ESG issues. During the investment cycle, TowerBrook ensures that the recommendations of the due diligence reports are implemented and tries to remain abreast of environmental and other regulations to ensure all its portfolio companies remain compliant in all material aspects.*

200-Day Plan

The 200-day plan for each portfolio company includes development and publication of an appropriate ESG policy and development of procedures to implement, monitor and test such policy. Each 200-day plan includes standard ESG items, as well as any specific ESG items identified during diligence as relevant for a particular target company. Individual portfolio company action plans are designed, where appropriate, to address any opportunities for improvement.

Ownership

During ownership, ESG related risks are managed by the boards and management teams of the individual portfolio companies. Since TowerBrook invests in a wide range of sectors, ESG risks vary widely from company to company. In connection with its recent enhancement of Responsible Ownership policies, TowerBrook now seeks to discuss the importance of ESG with each CEO of private equity portfolio companies, together with the Chair, who would have been separately instructed during onboarding with a Welcome Pack that explicitly addresses Responsible Ownership and the Chair's role therein. TowerBrook also works with the Board chair to ensure that the board composition reflects gender and other diversity to the extent practicable.

TowerBrook intends to actively monitor ESG at the portfolio company level, ensuring 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. TowerBrook's approach to ESG has been to ask each portfolio company's Audit & Risk Management Committee to review regularly such ESG risks as are relevant to that company. This practice is now evolving to establish a dedicated ESG (or similar) committee on each portfolio board. Portfolio company management is encouraged to engage directly with third parties (such as suppliers, developers, and contractors) to verify sound ESG practices. Furthermore, TowerBrook seeks to ensure adequate training on ESG at the portfolio company level, which may include sensitivity/diversity training and supply chain management training.

Exit

Responsible Investment and ownership considerations are also addressed in connection with exit, as appropriate. Any ESG issues would be addressed specifically pre-exit, or fully disclosed to a prospective purchaser, so that prospective buyers cannot use ESG factors to impose discounts due to lack of evidence that issues have been addressed. TowerBrook would also highlight ESG actions as selling points where applicable (for example, a "great ESG story to tell"). Transparency about what remains to be done, as well as about what has been done, is important in building trust and establishing an appropriate valuation.

SG 07 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.		
	Board members or trustees <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		
	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		
	Other Chief-level staff or heads of departments <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		
	Portfolio managers <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		
	Investment analysts <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		
	Investor relations <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input checked="" type="checkbox"/> No responsibility for climate-related issues 		
	External managers or service providers <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		
	Other role, specify (1) <p>RO Comm, RCC, Mgmt Comm</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues 		

SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
The Firm's Management Committee, Responsible Ownership Committee and Risk and Compliance Committee each formally considers ESG-related issues on at least an annual basis, which include climate-related issues.	
SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
<p>Our deal teams and deal team leads are responsible for identifying, in cooperation with the portfolio company, any potential climate-related issues. TowerBrook seeks to conduct robust reviews of potential climate-related issues early in the investment process. Investment professionals reviewing potential opportunities which present climate-related issues, or which impact industries which could reasonably present climate-related issues, must discuss any such issues with TowerBrook's Transaction Committee at an early stage in the investment consideration process. Materiality of climate-related issues are evaluated on a case-by-case basis. TowerBrook also seeks to engage with its preferred ESG consultants at an early stage in the investment consideration process to identify climate-related risks and opportunities. Teams also partner with the relevant portfolio companies to resolve any given climate-related issues and escalate to the executive team where needed. TowerBrook surveys portfolio companies annually on any climate-related incidents or factors that impacted the business over the past year, whether the company has (or is developing) a climate strategy, and whether the company addresses climate risk at the board level.</p>	

SG 08	Voluntary	Additional Assessed	General
SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.		
Board members/Board of trustees			
SG 08.1b	RI in personal development and/or training plan		
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan			
SG 08.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.		
<p>Our Responsible Ownership Statement and strategy is captured in the Chair Welcome Pack provided to every portfolio chair. Responsible Investment is a topic we raise explicitly in onboarding each portfolio chair and expect each chair to attend to, in partnership with TowerBrook, as a matter of providing effective governance. Portfolio company management would then engage with third parties (such as suppliers, developers, and contractors) to verify sound ESG practices.</p> <p>TowerBrook also seeks to ensure that each portfolio company has established a dedicated board Committee (for example ESG or CRS), or modified an existing governance committee, to (a) establish a corresponding charter that is bespoke to the language, culture and business of each company, (b) review the company's significant strategies, activities and policies regarding ESG (including labor practices and community impact and charitable activities, and (c) make recommendations to the Board that focus on maximizing long-term, sustainable value creation. TowerBrook works with our controlled portfolio company boards to ensure they have instituted the following formal policies: (i) Anti-Bribery, (ii) Code of Conduct, (iii) Corporate Governance and (iv) Health and Safety. In 2019, TowerBrook added (v) Anti-Harassment policies to this initiative.</p>			
<input type="checkbox"/> None of the above			
Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee			
SG 08.1a	RI in objectives, appraisal and/or reward		
<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives			
<input checked="" type="checkbox"/> Responsible investment included in appraisal process			
<input type="checkbox"/> Variable pay linked to responsible investment performance			
<input type="checkbox"/> None of the above			
SG 08.1b	RI in personal development and/or training plan		
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan			
<input type="checkbox"/> None of the above			
Other C-level staff or head of department			
SG 08.1a	RI in objectives, appraisal and/or reward		
<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives			
<input checked="" type="checkbox"/> Responsible investment included in appraisal process			
<input type="checkbox"/> Variable pay linked to responsible investment performance			
<input type="checkbox"/> None of the above			
SG 08.1b	RI in personal development and/or training plan		
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan			
<input type="checkbox"/> None of the above			
Portfolio managers			
SG 08.1a	RI in objectives, appraisal and/or reward		
<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives			

	<input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above								
	Investment analysts								
SG 08.1a	RI in objectives, appraisal and/or reward <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above								
SG 08.1b	RI in personal development and/or training plan <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above								
	Investor relations								
SG 08.1a	RI in objectives, appraisal and/or reward <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above								
SG 08.1b	RI in personal development and/or training plan <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above								
	Other role (1) [from SG 07]								
	RO Comm, RCC, Mgmt Comm								
SG 08.1a	RI in objectives, appraisal and/or reward <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above								
SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment. TowerBrook team members participate in a 360 review process annually. ESG considerations are explicitly incorporated into the 360 review questions, as appropriate for each role. For example, team members will be reviewed on the following attributes: <ul style="list-style-type: none"> • Acts as a leader in promoting Responsible Ownership values and proactively seeks out opportunities to enhance TowerBrook's Responsible Ownership initiative • Proactively seeks out ways to improve efficiency, including resource efficiency (e.g. checking for and taking opportunities to pool transport where appropriate) • Continuously seeks more efficient, secure, and cost-effective solutions • Proactively seeks to address ESG risks and opportunities in deal structuring, negotiations and transactional documentation • Acts as a leader in developing Responsible Ownership policies, guidelines, processes and controls, and guides investment teams on implementation • Acts as a leader in promoting diversity and inclusion values and seeks out opportunities to promote such values to a wider group both internally and externally • Proactively seeks opportunities to create and promote diversity and inclusion initiatives and policies when working with boards and management teams 								
SG 09	Mandatory <div>Core Assessed</div> <div>PRI 4,5</div>								
SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. <input checked="" type="checkbox"/> Principles for Responsible Investment <table border="1"> <tr> <td></td> <td>Your organisation's role in the initiative during the reporting period (see definitions)</td> </tr> <tr> <td>Moderate</td> <td></td> </tr> <tr> <td></td> <td>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</td> </tr> <tr> <td colspan="2">Voluntary reporting in 2019. Attendance at PRI events in New York in 2019.</td> </tr> </table> <input type="checkbox"/> Asian Corporate Governance Association <input type="checkbox"/> Australian Council of Superannuation Investors <input type="checkbox"/> AVCA: Sustainability Committee <input type="checkbox"/> France Invest – La Commission ESG		Your organisation's role in the initiative during the reporting period (see definitions)	Moderate			Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]	Voluntary reporting in 2019. Attendance at PRI events in New York in 2019.	
	Your organisation's role in the initiative during the reporting period (see definitions)								
Moderate									
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]								
Voluntary reporting in 2019. Attendance at PRI events in New York in 2019.									

☒ BVCA – Responsible Investment Advisory Board

	Your organisation's role in the initiative during the reporting period (see definitions)
Basic	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	Managing Director Christoph Lueneburger will join the BVCA Responsible Investment Advisory Group in Q2 2020. The Group comprises investors, intermediaries and sustainability /responsible investment practitioners recognised for their excellence, experience, insight and ability to provide strategic guidance to the BVCA.

- ☐ CDP Climate Change
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Climate Action 100+
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ ESG Research Australia
- ☐ Invest Europe Responsible Investment Roundtable
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Green Bond Principles
- ☐ HKVCA: ESG Committee
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action in the 21st Century
- ☐ Principles for Sustainable Insurance
- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- ☐ Responsible Finance Principles in Inclusive Finance
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

B Labs, Partnership with Wharton Social Impact Initiative Collaboration with other GPs through quarterly ESG GP Working Group and GP Diversity and Inclusion Working Group.

	Your organisation's role in the initiative during the reporting year (see definitions)
Moderate	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	TowerBrook became a certified B Corp in February 2019
	<input type="checkbox"/> Other collaborative organisation/initiative, specify <input type="checkbox"/> Other collaborative organisation/initiative, specify <input type="checkbox"/> Other collaborative organisation/initiative, specify

SG 10	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
	<input checked="" type="checkbox"/> Yes
SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
	<input checked="" type="checkbox"/> Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
Provided Responsible Ownership Training to all investment personnel

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

☐ Provided financial support for academic or industry research on responsible investment
☒ Provided input and/or collaborated with academia on RI related work

Description
TowerBrook VisionOn roundtables bring together sector experts, senior executives academics and members of our team in a small, private forum where they can exchange ideas and chart new opportunities for sustainable value creation. Through sharing our experience and insights, we aim to make mutually beneficial connections, stimulate creative thinking and partner with leaders to deliver value for our investors, now and in the future.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
☒ Spoke publicly at events and conferences to promote responsible investment

Description
TowerBrook personnel participate as panellists at events to promote responsible investment

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

☐ Wrote and published in-house research papers on responsible investment
☐ Encouraged the adoption of the PRI
☐ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
☐ Wrote and published articles on responsible investment in the media
☒ A member of PRI advisory committees/ working groups, specify

Description
TowerBrook is a member of the NY based ESG GP Working Group

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

☐ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
☐ Other, specify

☐ No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
---------	---

TowerBrook's senior team participates from time to time in industry conferences and panels focusing on responsible ownership and ESG issues. Participation and speaking engagements by senior team members over the past few years includes the PEI Responsible Investment Forum, ILPA GP

Summit, PRI in Person, the PrivCap Private Equity ESG Summit, the Bloomberg Sustainable Business Summit, the ESMT Conference on Sustainability Through Digital Innovation and the Private Employee Ownership Leadership Summit. TowerBrook is also an active member of the NY GP ESG Working Group, the GP Diversity and Inclusion Working Group, and the GP Carbon Working Group, which seeks to develop best practice and collaboration amongst private equity GPs. TowerBrook has also attended recent PRI events for asset managers in New York. TowerBrook partnered in Q1 2020 with the Wharton Social Impact Initiative (WSII) to collaborate to strengthen the Wharton and B Lab Research Collaboration. TowerBrook also partnered with the PRI and SASB in June 2019 to co-host an industry event "ESG Integration Across and Fund's Lifecycle: Where Metrics and KPIs Add Value Beyond Reporting".

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.		
<input type="radio"/> Yes <input checked="" type="radio"/> No			
<div>Please explain</div> <div>TowerBrook considers opportunity to engage with policymakers or regulators to support responsible investment as appropriate</div>			
SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.		
In addition to being a signatory to the UN PRI, TowerBrook also supports the Guidelines for Responsible Investing set out by the American Investment Council, the ESG disclosure framework of Invest Europe and the United Nations Sustainable Development Goals. While TowerBrook endorses the general principals behind the TCFD, we are still evaluating the initiative and considering whether we will publicly support it.			
SG 12	Mandatory	Core Assessed	PRI 4
SG 12.1	Indicate whether your organisation uses investment consultants.		
<input type="checkbox"/> Yes, we use investment consultants <input checked="" type="checkbox"/> No, we do not use investment consultants.			
SG 13	Mandatory	Descriptive	PRI 1
SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).		
<input type="checkbox"/> Yes, in order to assess future ESG factors <input type="checkbox"/> Yes, in order to assess future climate-related risks and opportunities <input checked="" type="checkbox"/> No, our organisation does not currently carry out scenario analysis and/or modelling			
SG 13.3	Additional information. [OPTIONAL]		
Responsible ownership considerations are integrated into every stage of our investment process and formally considered for decisions including asset allocation, allocation between geographic markets, and allocations amongst sectors, amongst others.			
SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.		
<input checked="" type="checkbox"/> Changing demographics <input checked="" type="checkbox"/> Climate change <input checked="" type="checkbox"/> Resource scarcity <input checked="" type="checkbox"/> Technological developments <input type="checkbox"/> Other, specify(1) <input type="checkbox"/> Other, specify(2) <input type="checkbox"/> None of the above			
SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity		
<input type="checkbox"/> Established a climate change sensitive or climate change integrated asset allocation strategy <input type="checkbox"/> Targeted low carbon or climate resilient investments <input type="checkbox"/> Phase out your investments in your fossil fuel holdings <input type="checkbox"/> Reduced portfolio exposure to emissions intensive or fossil fuel holdings <input checked="" type="checkbox"/> Used emissions data or analysis to inform investment decision making <input checked="" type="checkbox"/> Sought climate change integration by companies <input checked="" type="checkbox"/> Sought climate supportive policy from governments <input checked="" type="checkbox"/> Other, specify			
<div>other description</div> <div>Encouraging portfolio managers to monitor emissions risk; developing carbon emissions tracking framework for TCP Portcos; surveying PortCos on climate change initiatives.</div>			
<input type="checkbox"/> None of the above			
SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.		
<input type="checkbox"/> Scenario analysis			

- ☐ Disclosures on emissions risks to clients/trustees/management/beneficiaries
- ☐ Climate-related targets
- ☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
- ☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- ☐ Weighted average carbon intensity
- ☒ Carbon footprint (scope 1 and 2)
- ☒ Portfolio carbon footprint
- ☒ Total carbon emissions
- ☐ Carbon intensity
- ☐ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☒ Other, specify

	other description
--	-------------------

Qualitative consideration of climate-related risks and opportunities, as appropriate.

- ☐ None of the above

SG 14 CC	Voluntary		General
----------	-----------	--	---------

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
------------	--

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	Majority of assets	We survey our controlled portfolio companies whether they measure Scope 1, 2 and 3 carbon emissions	N/A	N/A
Portfolio carbon footprint	Majority of assets	We survey our controlled portfolio companies whether they measure Scope 1, 2 and 3 carbon emissions	N/A	N/A
Total carbon emissions	Majority of assets	We survey our controlled portfolio companies whether they measure Scope 1, 2 and 3 carbon emissions	N/A	N/A

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.
------------	--

- ☒ Processes for climate-related risks are integrated into overall risk management

	Please describe
--	-----------------

Our process for addressing climate-related risk is embedded in our overall Responsible Ownership Committee's charter, which directs the firm on key ESG issues, including climate-related risks, and the integration of ESG considerations into business processes. We also include climate-related indicators on our list of ESG Markers. Investment professionals reviewing potential opportunities that could potentially be impacted by climate change must discuss any such issues with TowerBrook's Transaction Committee at an early stage in the investment consideration process. TowerBrook also seeks to engage with its preferred ESG consultants at an early stage in the investment consideration process to identify climate change risks and opportunities. TowerBrook surveys portfolio companies annually on any climate-related incidents or factors that impacted the business over the past year, whether the company has (or is developing) a climate strategy, and whether the company addresses climate risk at the board level.

- ☐ Processes for climate-related risks are not integrated into overall risk management

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
-------	--	-------------	-------

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
---------	---

- ☐ Yes
- ☒ No

SG 16	Mandatory	Descriptive	General
-------	-----------	-------------	---------

SG 16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
---------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Other (1) [as defined in Organisational Overview module]	TowerBrook's Responsible Ownership Statement applies to all investments made by TowerBrook Structured Opportunities Funds for which TowerBrook has control or significant influence. In cases where TowerBrook is a minority investor, where other circumstances impact TowerBrook's ability to assess, set, or monitor ESG-related performance goals, or where we identify material ESG issues that cannot reasonably be addressed, we may not necessarily be able to fully implement the Responsible Ownership Statement. In such cases, TowerBrook will make reasonable efforts to encourage consideration of relevant ESG-related principles by the investee company. The Responsible Ownership Committee reviews relevant policies and procedures and monitors efforts to implement responsible ownership programs across the portfolio.

SG 16.2	Additional information [Optional].
---------	------------------------------------

During ownership, ESG related risks are managed by the boards and management teams of the individual portfolio companies. Since TowerBrook invests in

a wide range of sectors, ESG risks vary widely from company to company. TowerBrook seeks to discuss the importance of ESG with each CEO of private equity portfolio companies, together with the Chair, who would have been separately instructed during onboarding with a Welcome Pack that explicitly addresses Responsible Ownership and the Chair's role therein. TowerBrook intends to actively monitor ESG at the portfolio company level, ensuring 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. TowerBrook's approach to ESG has been to ask each portfolio company's Audit & Risk Management Committee to review regularly such ESG risks as are relevant to that company. This practice is now evolving to establish a dedicated ESG (or similar) committee on each portfolio board. Portfolio company management is encouraged to engage directly with third parties (such as suppliers, developers, and contractors) to verify sound ESG practices. Furthermore, TowerBrook seeks to ensure adequate training on ESG at the portfolio company level, which may include sensitivity/diversity training and supply chain management training.

SG 18	Voluntary	Descriptive	General
-------	-----------	-------------	---------

SG 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

☒ Yes

SG 18.2 Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

TowerBrook employs a 2-phase approach in diligence: (1) Phase 1 is a "scan" which provides high level ESG input from experts on ESG risks and value creation opportunities in the potential investment and (2) Phase 2 is a deeper dive into the areas highlighted.

Our focus on best practice in responsible ownership led us to study the methodology established by the Sustainable Accounting Standards Board (SASB), an independent body dedicated to enhancing the efficiency of capital markets by fostering the high-quality disclosure of material sustainability information that meets the needs of investors. We concluded that the SASB framework was particularly relevant to TowerBrook because it is thoroughly researched and grounded in materiality and value creation. Drawing on the framework proposed by SASB, we built a set of metrics on which we annually measure ESG and Responsible Ownership across our portfolio. In 2019, we built on the SASB framework, incorporating many of the elements of the B Impact Assessment to give us further insight into how our companies' activities affect their key stakeholders and communities. As before, we organized our survey into four areas: people, planet, partnership and performance. We continue to work to develop our metrics in a way that will allow us to track and report on progress over time. A summary of our methodology and the results of our review are presented in our Responsible Ownership Report 2019 (https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf).

☐ No

SG 19	Mandatory	Core Assessed	PRI 2, 6
-------	-----------	---------------	----------

SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Private equity

Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
- ☐ No

Disclosure to public and URL

Disclosure to public and URL

- ☒ ESG information in relationship to our pre-investment activities
- ☒ ESG information in relationship to our post-investment monitoring and ownership activities
- ☒ Information on our portfolio companies' ESG performance
- ☒ Other

Specify

ESG Case Studies

Annually

https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf
<https://www.towerbrook.com/responsible-ownership/>

SG Checks	Checks
-----------	--------

☒ If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

PE 01	Voluntary	Descriptive	PRI 1-6
PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.		
<p>TowerBrook's values stand at the core of our mission and are at the foundation of our belief in responsible ownership. The full text of our Purpose Statement, our Mission Statement, and our Responsible Ownership Statement are publicly available on our website (https://www.towerbrook.com/responsible-ownership/). Our Responsible Ownership Statement covers five Ps: starting from a shared Purpose, we focus on People, Planet and Partnership, all of which contribute to delivering the fifth P: Performance. We consider the five Ps as the foundation of our Handprint as responsible owners. Our Responsible Ownership Statement also covers transparency, and the management of the responsible ownership program.</p> <p>We identify and consider responsible ownership risks and opportunities throughout our investment process. We are prepared to invest in imperfect businesses in order to help build them into better businesses. There are some areas we specifically exclude: we will not invest in companies whose business involves tobacco, armaments or sexual exploitation, and we will not invest in companies that we know are involved in violations of internationally recognised human rights or exploitative, discriminatory or harmful practices without a plan for remediation. In addition to our commitment to comply with all applicable laws and regulations, we strive to achieve the highest standards of ethical conduct in our own firm and expect our portfolio companies to do the same.</p>			
PE 02	Mandatory	Core Assessed	PRI 2
PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.		
<input checked="" type="checkbox"/> Our investment activities are guided by a responsible investment policy			
PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.		
<p>TowerBrook's Responsible Ownership Statement is available on our website (https://www.towerbrook.com/responsible-ownership/). Our Responsible Ownership Statement covers five Ps: starting from a shared Purpose, we focus on People, Planet and Partnership, all of which contribute to delivering the fifth P: Performance. We consider the five Ps as the foundation of our Handprint as responsible owners. Our Responsible Ownership Statement also covers transparency, and the management of the responsible ownership program.</p> <p>TowerBrook takes steps to ensure that our Responsible Ownership Statement and our corresponding practices are understood and shared across the TowerBrook team, our portfolio companies, key service providers, our limited partner and other stakeholders. In addition, our Responsible Ownership Statement and strategy is captured in the Chair Welcome Pack provided to every portfolio chair. TowerBrook keeps the Responsible Ownership Statement, and our monitoring of the ways in which it is implemented, under continuous review.</p>			
<input type="checkbox"/> Our investment activities are not guided by a responsible investment policy <input type="checkbox"/> We do not have a responsible investment policy			
PE 03	Mandatory	Core Assessed	PRI 1,4,6
PE 03.1	Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.		
<input checked="" type="checkbox"/> Yes			
PE 03.2	Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment:		
<input checked="" type="checkbox"/> Policy and commitment to responsible investment <input checked="" type="checkbox"/> Approach to ESG issues in pre-investment processes <input checked="" type="checkbox"/> Approach to ESG issues in post-investment processes <input checked="" type="checkbox"/> Approach to ESG reporting			
PE 03.3	Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]		
<p>TowerBrook's values stand at the core of our mission and are the foundation of our belief in responsible ownership. Our most recent PPM from our Fund V and TSO II fundraise in June 2018 contains our Values Statement and our Responsible Ownership Statement, and has a dedicated section regarding Responsible Ownership.</p> <p>Our most recent PPM states that TowerBrook has a clear and consistent process that helps us scrutinize prospective investments, manage them responsibly and deliver sustainable results for our investors. The PPM states that responsible ownership considerations are integrated into every stage of this process, and drive the development of policies, action plans and metrics for our portfolio companies. The PPM states that our work in this area is not, and will never be, completed: our commitment to responsible ownership is a commitment to a journey, so our process is constantly evolving.</p> <p>Our most recent PPM states that, 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. Responsible ownership helps to reduce risk and volatility and to improve financial performance by reducing costs, driving revenue growth and enhancing brand value. One of the key indicators of responsible ownership is transparency. With that in mind, our most recent PPM states that we develop metrics to help us track the achievements of our firm and our portfolio companies in promoting diversity, environmental responsibility, ethical conduct, employee engagement and community involvement.</p> <p>The PPM also states that the Responsible Ownership Report is published on the TCP website. The PPM also states that future reports will be published regularly and will describe the development of our metrics and reporting processes as well as highlighting the work of our portfolio companies to build businesses that are fit to face the challenges of the future.</p>			
<input type="checkbox"/> No <input type="checkbox"/> Not applicable as our organisation does not fundraise			
PE 04	Voluntary	Additional Assessed	PRI 4
PE 04.1	Indicate whether your organisation made formal commitments to responsible investment in the, Limited Partnership Agreement (LPA) of your most recent fund(s), or through side letters when requested by investors.		
<input checked="" type="checkbox"/> Yes			

	<div> <div>If yes</div> <div> <input type="checkbox"/> In LPA, incorporated in the original draft as standard procedure <input type="checkbox"/> In LPA, as requested by investors <input checked="" type="checkbox"/> In side letter(s) <input type="checkbox"/> Other </div> </div> <div> <input type="radio"/> No </div>		
PE 04.2	Additional information. [OPTIONAL]		
<p>TowerBrook considers requests from its investors for ESG-related side letter provisions on an ad hoc basis. Our Fund V and TSO II side letters with certain investors included provisions regarding, amongst other things: our Responsible Ownership Policy, a commitment to invest in accordance with our Responsible Ownership Policy, enhanced ESG reporting obligations, our UNPRI signatory status, and our obligation to notify of any ESG related incidents in our portfolio.</p>			
PE 05	Mandatory	Gateway	PRI 1
PE 05.1	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.		
<div> <input checked="" type="radio"/> Yes </div>			
PE 05.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection.		
<p>Responsible ownership considerations are integrated into every stage of our investment process and drive the development of policies, action plans and metrics for our portfolio companies.</p> <p>Overview</p> <p>TowerBrook has a clear and consistent process that helps us scrutinise prospective investments, manage them responsibly and deliver sustainable results for our investors. Responsible ownership considerations are integrated into every stage of this process, and drive the development of policies, action plans and metrics for our portfolio companies.</p> <p>Initial Screening</p> <p>TowerBrook seeks to conduct robust reviews of potential ESG risks early in the investment process. TowerBrook has drafted and continuously evolves a list of ESG Markers, including, but not limited to, certain industries or countries that present heightened ESG risk and investor sensitivities. Investment professionals reviewing potential opportunities in such industries or connected to such countries, or which otherwise could reasonably pose material ESG risks, must discuss any such issues with TowerBrook's Transaction Committee at an early stage in the investment consideration process. TowerBrook also seeks to engage with its preferred ESG consultants at an early stage in the investment consideration process to identify ESG-related risks and opportunities.</p> <p>Due Diligence</p> <p>Once an early stage investment proceeds to due diligence, TowerBrook 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 relevant legislation and regulation. Additionally, TowerBrook has developed a specific detailed ESG diligence request list for certain industries, such as consumer goods and manufacturing. TowerBrook'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.</p> <p>TowerBrook's due diligence processes are designed to ensure that material issues, including ESG, are addressed when considering and evaluating investment opportunities. TowerBrook seeks to undertake ESG due diligence on applicable private equity investments, including, but not limited to, those with industrial manufacturing capabilities. Environmental diligence typically comprises environmental Phase I site assessments, but this can be extended to include Phase II site assessment if necessary. TowerBrook may also conduct diligence on anti-corruption, data privacy, supply chain, safety and other governance matters, as appropriate. TowerBrook's due diligence process for structured opportunities investments may also take into account ESG considerations, as appropriate. During diligence, TowerBrook also extensively references key executives and non-executives affiliated with the company, testing among other things for integrity and ethical reputation to help shape our view of the broader company's culture and attitudes.</p>			
<div> <input type="radio"/> No </div>			
PE 06	Mandatory	Core Assessed	PRI 1,3
PE 06.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.		
<div> <input checked="" type="checkbox"/> Raw data from target company <input checked="" type="checkbox"/> Benchmarks against other companies <input checked="" type="checkbox"/> Sector level data/benchmarks <input checked="" type="checkbox"/> Country level data/benchmarks <input checked="" type="checkbox"/> Reporting standards, industry codes and certifications <input checked="" type="checkbox"/> International initiatives, declarations or standards <input checked="" type="checkbox"/> Engagements with stakeholders (e.g. customers and suppliers) <input checked="" type="checkbox"/> Advice from external resources <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not track this information </div>			
PE 06.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.		
<p>ESG risks and/or ESG-related opportunities are discussed in the investment memoranda presented to the applicable Transaction Committee or Investment Committee. Additionally, all diligence reports by advisors relating to ESG issues are presented to the relevant committee. ESG matters would then be discussed thoroughly, with such discussion including members of TowerBrook's legal team and portfolio group, and outside consultants if necessary. Consideration of ESG issues would be reflected in the minutes of the Committee meetings, as appropriate. The final Investment Committee acquisition memo identifies ESG risks and ESG opportunities in connection with the proposed opportunity, as appropriate.</p>			

PE 07	Voluntary	Additional Assessed	PRI 1,2
-------	-----------	---------------------	---------

PE 07.1

During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?

☒ Yes

If yes

☒ Formally/through a post-investment action plan or value enhancement plan
☒ Verbally/through dialogue
☒ Other, specify

Advisor recommendations

PE 07.2

Describe the nature of these improvements and provide examples (if any) from the reporting year

Transaction Closing

At signing, TowerBrook's legal team would consider whether to include detailed ESG clauses in investment or shareholders' agreements, as practicable and applicable. The legal team and investment teams also work to verify due diligence findings via representations and warranties in the purchase agreement and seek specific indemnification as appropriate.

200-Day Plan

The 200-day plan for each portfolio company includes development and publication of an appropriate ESG policy and development of procedures to implement, monitor and test such policy. Each 200-day plan includes standard ESG items, as well as any specific ESG items identified during diligence as relevant for a particular target company. Individual portfolio company action plans are designed, where appropriate, to address any opportunities for improvement.

Ownership

During ownership, ESG related risks are managed by the boards and management teams of the individual portfolio companies. Since TowerBrook invests in a wide range of sectors, ESG risks vary widely from company to company.

☐ We do not set expectations for portfolio companies on ESG-related considerations

PE 07.3

Additional information. [OPTIONAL]

TowerBrook seeks to discuss the importance of ESG with each CEO of private equity portfolio companies, together with the Chair, who would have been separately instructed during onboarding with a Welcome Pack that explicitly addresses Responsible Ownership and the Chair's role therein. TowerBrook actively monitors ESG at the portfolio company level, ensuring 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. TowerBrook's approach to ESG has been to ask each portfolio company's Audit & Risk Management Committee to review regularly such ESG risks as are relevant to that company. This practice is now evolving to establish a dedicated ESG (or similar) committee on each portfolio board. Portfolio company management is encouraged to engage directly with third parties (such as suppliers, developers, and contractors) to verify sound ESG practices. Furthermore, TowerBrook seeks to ensure adequate training on ESG at the portfolio company level, which may include sensitivity/diversity training and supply chain management training.

Example

An example of integrating ESG considerations into the post-investment plan is our portfolio company, AustroCel Hallein. Following TowerBrook's acquisition, a project was approved to construct a bioethanol plant that would enable the company to produce bioethanol by recycling a side product called brown liquor that is generated as part of the mill's core manufacturing process. This investment is expected to significantly increase the earnings coming from green energy production, and to overall improve the financial profile of AustroCel Hallein.

PE 08.1

Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.

☒ ESG issues helped identify risks
☒ ESG issues helped identify opportunities for value creation.
☒ ESG issues led to the abandonment of potential investments.
☐ ESG issues were considered but did not have an impact on the investment selection process
☐ Other, specify
☐ We do not track this potential impact

PE 08.2

Indicate how ESG issues impacted your private equity investment deals during the reporting year.

☒ ESG issues impacted the investment in terms of price offered and/or paid
☒ ESG issues were included in the post-investment action plan/100-day plan
☒ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
☐ ESG issues were considered but did not have an impact on the deal structuring process
☒ Other, specify

ESG issues has caused TowerBrook to pass on investment opportunities.

☐ We do not track this potential impact

PE 08.3

Additional information. [OPTIONAL]

In 2019, we abandoned opportunities relating to video gaming, online gambling, waste management and food ownership/ operation based on responsible ownership considerations (see PE 15.1). Over the past few years, have have abandoned an early stage investment in a lending business on ESG grounds, as we were uncomfortable with the high interest rate lending strategy. We also abandoned the opportunity to invest in a few direct selling businesses on the grounds of questionable selling practices.

PE 09.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
---------	---

✓ Yes

PE 09.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
---------	---

- ☐ >90% of portfolio companies
☒ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☐ <10% of portfolio companies

PE 09.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.
---------	---

☒ Environmental

	Example 1
--	-----------

dedicated environmental policy

	Example 2 (optional)
--	----------------------

electricity consumption

	Example 3 (optional)
--	----------------------

waste production

☒ Social

	Example 1
--	-----------

tracking of employee engagement

	Example 2 (optional)
--	----------------------

supply chain / responsible sourcing policy

	Example 3 (optional)
--	----------------------

diversity and inclusion metrics, and specifically in 2019/2020 the diversity of our controlled portfolio company boards

☒ Governance

	Example 1
--	-----------

TowerBrook seeks to discuss the importance of ESG with each CEO of each PE portfolio company.

	Example 2 (optional)
--	----------------------

Each chair of a PE company receives a Chair Welcome Pack that explicitly addresses Responsible Ownership and the Chair's role therein.

	Example 3 (optional)
--	----------------------

Establish a dedicated ESG committee on each portfolio board, or else the chair opting to take explicit ownership of ESG at the board level.

☐ We do not set and/or monitor against targets

☐ No

PE 09.4	Additional information. [Optional]
---------	------------------------------------

Our focus on best practice in responsible ownership led us to study the methodology established by the Sustainable Accounting Standards Board (SASB), an independent body dedicated to enhancing the efficiency of capital markets by fostering the high-quality disclosure of material sustainability information that meets the needs of investors. We concluded that the SASB framework was particularly relevant to TowerBrook because it is thoroughly researched and grounded in materiality and value creation. Drawing on the framework proposed by SASB, we built a set of metrics on which we annually measure ESG and Responsible Ownership across our portfolio. In 2019, we built on the SASB framework, incorporating many of the elements of the B Impact Assessment to give us further insight into how our companies' activities affect their key stakeholders and communities. As before, we organized our survey into four areas: people, planet, partnership and performance. We continue to work to develop our metrics in a way that will allow us to track and report on progress over time. A summary of our methodology and the results of our review are presented in our Responsible Ownership Report 2019 (https://www.towerbrook.com/TowerBrook_Responsible_Ownership-2019.pdf).

PE 10	Mandatory	Core Assessed	PRI 2
-------	-----------	---------------	-------

PE 10.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
---------	---

✓ Yes

PE 10.2	Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).
---------	--

- ☐ >90% of portfolio companies
☒ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ 0% of portfolio companies

☐ No

PE 10.3 Additional information. [Optional]

In 2019, we conducted a survey of 26 of our privately held portfolio companies to understand more about how they measure up in terms of gender diversity, environmental initiatives, supply chain and other responsible corporate policies. We plan to continue to track these metrics and develop others in future years.

PE 11	Voluntary	Additional Assessed	PRI 2
-------	-----------	---------------------	-------

PE 11.1 Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

☒ Allocate responsibility for ESG issues to board/senior management

- ☐ >90% of portfolio companies
☒ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

☒ Composition of board ensure ESG expertise

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☒ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

☒ Consider ESG issues in risk management processes

- ☐ >90% of portfolio companies
☒ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

☒ Define performance targets for applicable ESG issues in operations

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☒ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

☒ Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☒ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

☒ Developing/implementing an environmental/social management system (ESMS) or similar

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☒ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

☒ Other actions, specify

CSR Management in planning; dedicated CSR position; health and safety implementation; Code of Conduct covering ESG and sustainability topics; social and educational programs

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☒ <10% of portfolio companies
☐ We do not track this information

☐ None of the above

PE 11.2 Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.

TowerBrook publishes our Responsible Ownership Statement on our website, distributes it to all of our controlled portfolio companies and asks for it to be observed. In addition to establishing the policies described in the Responsible Ownership Statement, TowerBrook periodically asks all of its portfolio companies to complete a comprehensive questionnaire designed to identify ESG issues. TowerBrook continues to enhance its monitoring of its portfolio company's ESG risk during 2020.

During ownership, ESG related risks are managed by the boards and management teams of the individual portfolio companies. Since TowerBrook invests in a wide range of sectors, ESG risks vary widely from company to company. TowerBrook seeks to discuss the importance of ESG with each CEO of private equity portfolio companies, together with the Chair, who would have been separately instructed during onboarding with a Welcome Pack that explicitly addresses Responsible Ownership and the Chair's role therein.

TowerBrook actively monitors ESG at the portfolio company level, ensuring 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. TowerBrook ensures that all controlled portfolio companies have instituted the following formal policies in place: (i) Anti-Bribery, (ii) Code of Conduct, (iii) Corporate Governance, (iv) Health and Safety and (v) Anti-Harassment. TowerBrook also seeks to ensure that each portfolio company has established a dedicated board Committee (for example ESG or CRS), or modified an existing governance committee, to (a) establish a corresponding charter that is bespoke to the language, culture and business of each company, (b) review the company's significant strategies, activities and policies regarding ESG (including labor practices) and community impact and charitable activities, and (c) make recommendations to the Board that focus on maximizing long-term, sustainable value creation. TowerBrook has increased its touch points with the boards of portfolio companies. ESG is an issue we raise explicitly in onboarding each portfolio chair and expect each chair to attend to, in partnership with TowerBrook, as a matter of providing effective governance. Portfolio company management would then engage with third parties (such as suppliers, developers, and contractors) to verify sound ESG practices. Finally, TowerBrook reviews annually the ESG program at each Portfolio Company board level. TowerBrook also provides training to senior management of its portfolio companies periodically that addresses ESG issues, covering relevant employee-related policies, sourcing policies, and environmental policies. TowerBrook also organizes periodic manager roundtables and/or conference calls, at which ESG features as a topic for discussion (together with anti-bribery, cybersecurity, diversity, etc.).

PE 12	Voluntary	Descriptive	PRI 2,3
PE 12.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.		
<input checked="" type="checkbox"/> Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated <ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad-hoc/when requested, specify At least annually 			
<input checked="" type="checkbox"/> Standalone reports highlighting targets and/or KPIs covering ESG issues <ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad-hoc/when requested, specify At least annually 			
<input type="checkbox"/> Other, specify <input type="checkbox"/> No reporting on ESG issues requested and/or provided by portfolio companies			
PE 12.2	Describe what level of reporting you require from portfolio companies, and indicate what percentage of your assets are covered by ESG reporting.[OPTIONAL]		
<p>TowerBrook actively monitors ESG at the portfolio company level, ensuring 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. At the portfolio company level, our policy is that ESG is a recurring topic on the board agenda multiple times during the year, and is reviewed formally at least once annually is reviewed formally in a process led by the committee tasked to oversee ESG issues. Because TowerBrook appoints independent chairs, who are held to our ESG standards, to its portfolio companies, this process benefits from an additional layer of oversight. As part of its general ESG oversight, TowerBrook would review existing compliance with sustainability, and ethical business guidelines, as appropriate, and would encourage portfolio company management to introduce new guidelines if we deemed this necessary.</p> <p>In 2019, we conducted a survey of 26 of our privately held portfolio companies to understand more about how they measure up in terms of gender diversity, environmental initiatives, supply chain and other responsible corporate policies. These 26 companies constituted approximately 81% of our AUM as of December 31, 2019.</p>			

PE 13	Voluntary	Additional Assessed	PRI 2
PE 13.1	Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.		
<input checked="" type="checkbox"/> We included ESG issues in pre-exit information <ul style="list-style-type: none"> <input type="radio"/> We did not include ESG issues in pre-exit information <input type="radio"/> N/A, we did not have any exits in the reporting year 			
PE 13.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.		
<p>Exit</p> <p>Responsible investment and ownership considerations are also addressed in connection with exit, as appropriate. Any ESG issues would be addressed specifically pre-exit, or fully disclosed to a prospective purchaser, so that prospective buyers cannot use ESG factors to impose discounts due to lack of evidence that issues have been addressed. TowerBrook would also highlight ESG actions as selling points where applicable (for example, a "great ESG story to tell"). Transparency about what remains to be done, as well as about what has been done, is important in building trust and establishing an appropriate valuation. We would include ESG issues in pre-exit information to the extent applicable.</p>			

TowerBrook signed documentation to exit our portfolio company Metallo in 2019. Following TowerBrook's acquisition, a €35m capex project was approved to construct a new zinc fumer on the company's site in Belgium. The project was approved to further the company's strategy of being the industry's best in class with regard to observance of environmental standards. The zinc fumer effectively recycles the waste of other processes, thus enabling the company to become a zero-waste green recycler. Every year, more than 350,000 tons of raw materials are recycled via Metallo's processes and refined into new metal products for global customers. Information on the zinc fumer was provided to potential acquirors pre-exit.

PE 14	Voluntary	Additional Assessed	PRI 1,2
-------	-----------	---------------------	---------

PE 14.1	Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.
---------	--

- ☒ We measure whether our approach to ESG issues impacts the financial performance of investments

Describe the impact on:	Impact
Financial performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

- ☒ We measure whether our approach to ESG issues impacts the ESG performance of investments

Describe the impact on:	Impact
ESG performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

- ☐ None of the above

PE 14.2	Describe how you are able to determine these outcomes.
---------	--

TowerBrook encourages each portfolio company to commit to specific ESG initiatives that tie to economic value creation. This process is owned by the portfolio companies to ensure that the initiatives are locally owned and maximally relevant to the business model.

Beyond these strategic initiatives, we also examine all the positive ESG-related actions taken during TowerBrook's ownership and try to quantify these in terms of the value added - for example, in respect of higher revenues, lower costs, less waste, enhanced brand equity, better access to talent, amongst others. To the extent possible, TowerBrook would endeavour to place a monetary value on ESG activities (e.g. revenues, costs, brand equity, access to talent), and may use bottom-up accounting methodologies to identify the specific contribution of an ESG initiative of program.

PE 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1,2
-------	--	-------------	---------

PE 15.1	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.
---------	--

- ☒ Add Example 1

Investment Stage	Due diligence		
ESG issues	ESG issues		
	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance		
	Internet Video Gaming		
Sector(s)	Leisure		
Impact (or potential impact) on the investment	Abandoning the deal		
Activities undertaken to influence the investment and its response	We evaluated an early stage internet video gaming provider. We identified concerns from a RO perspective, including around the potentially addictive and violent aspects of certain video games, which caused us to discontinue investigating the opportunity.		

- ☒ Add Example 2

Investment Stage	Due diligence		
------------------	---------------	--	--

ESG issues	ESG issues
	<input checked="" type="checkbox"/> Environmental Waste Management <input type="checkbox"/> Social <input type="checkbox"/> Governance
Sector(s)	Waste Management
Impact (or potential impact) on investment	Abandoning the deal
Activities undertaken to influence the investment and its response	We evaluated a waste management company providing collection, landfill, recycling and other special waste services. We identified environmental concerns from a RO perspective, which caused us to discontinue investigating the opportunity.

☒ Add Example 3

Investment Stage	Due diligence
ESG issues	ESG issues
	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Health and Safety <input type="checkbox"/> Governance
Sector(s)	Consumer/ Food
Impact (or potential impact) on investment	Abandoning the deal
Activities undertaken to influence the investment and its response	We evaluated an owner, operator and franchisor of fried chicken. We identified health/safety and demographic concerns from a RO perspective, which caused us to discontinue investigating the opportunity.

☒ Add Example 4

Investment Stage	Due diligence
ESG issues	ESG issues
	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Internet Gambling <input type="checkbox"/> Governance
Sector(s)	Leisure
Impact (or potential impact) on investment	Abandoning the deal
Activities undertaken to influence the investment and its response	We evaluated an online gambling company that provides casino, sports betting, poker and bingo via the internet. We identified concerns around the social impact and addictive nature of online gambling, which caused us to discontinue investigating the opportunity.

PE 15.2	Describe how you define and evaluate the materiality of ESG factors.		
<p>Materiality of ESG factors is evaluated on a case-by-case basis, and TowerBrook may walk away from a deal based on ESG-related issues at any point prior to signing.</p> <p>Specific examples of the results of TowerBrook's engagement on ESG issues within the past few years include:</p> <p>AustroCel Hallein: Following TowerBrook's acquisition, a project was approved to construct a bioethanol plant that would enable the company to produce bioethanol by recycling a side product called brown liquor that is generated as part of the mill's core manufacturing process. This investment is expected to significantly increase the earnings coming from green energy production, and to overall improve the financial profile of AustroCel Hallein.</p> <p>AIM Aviation: The construction of the new factory for Cabin Interiors in Bournemouth was delayed for 18 months to allow the clearance of rare snakes from the site. The presence of the snakes was uncovered by a survey undertaken by the company, which then declared the situation to the local authorities and cooperated fully with the wildlife consultants. The snakes were eventually removed and the factory is now under construction.</p> <p>Kaporal: The company undertakes annual inspections of supplier factories to ensure that the requirements of its vendor manual and quality standards are being observed. In the last year, TowerBrook personnel accompanied the company teams to China and India in order to verify that the procedures laid out in the manual are being observed.</p> <p>KeHe: KeHe became the first food distributor to earn a B Corp certification, and responsible ownership is an integral part of how the company works. TowerBrook partnered with KeHe as they share our commitment to values such as diversity, inclusion, service, transparency, and sustainability.</p> <p>Metallo: Following TowerBrook's acquisition, a €35m capex project was approved to construct a new zinc fumer on the company's site in Belgium. The project was approved to further the company's strategy of being the industry's best in class with regard to observance of environmental standards. The zinc fumer effectively recycles the waste of other processes, thus enabling the company to become a zero-waste green recycler. Every year, more than 350,000 tons of raw materials are recycled via Metallo's processes and refined into new metal products for global customers.</p> <p>TriMedx: TriMedx partners with healthcare providers to reduce the cost of managing and maintaining medical equipment fleets, unlocking substantial value for its customers who can redeploy savings towards patient care. Currently, the majority of TriMedx customers are not-for-profit hospital systems serving the needs of a variety of communities across the US. Through the TriMedx Foundation, the company also supports healthcare in emerging markets by sending used and donated equipment overseas. Since its founding in 2004 the TriMedx Foundation has provided over 7,400 volunteer hours to support communities in need.</p> <p>FloWorks (formerly Shale-Inland): In the course of the due diligence TowerBrook identified manageable environmental concerns that led to bespoke environmental indemnities being negotiated, which afforded TowerBrook more robust protection than otherwise would have been available under general indemnification terms. Additionally, TowerBrook identified a steel plant with environmental issues pre-acquisition, and insisted that the plant in question be carved out of the transaction before it would proceed.</p>			
PE 16	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 6
PE 16.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).		
<p>If ESG-related issues were to arise that could be considered sufficiently material, TowerBrook would evaluate whether such issues should be communicated to investors on a case-by-case basis. TowerBrook provides requested ESG related information to particular investors on an ad hoc basis in response to specific requests.</p>			

CM1 01	Mandatory	Additional Assessed	General
--------	-----------	---------------------	---------

CM1 01.1
Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

☐ Third party assurance over selected responses from this year's PRI Transparency Report
☐ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
☐ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
☐ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)

☒ Whole PRI Transparency Report has been internally verified
☐ Selected data has been internally verified

☐ Other, specify
☐ None of the above

CM1 01.2
Additional information [OPTIONAL]

The PRI Transparency Report has been reviewed and sign-off on by our Responsible Ownership Committee and our Management Committee.

CM1 02.1
We undertook third party assurance on last year's PRI Transparency Report

☐ Whole PRI Transparency Report was assured last year
☐ Selected data was assured in last year's PRI Transparency Report
☒ We did not assure last year's PRI Transparency report
☐ None of the above, we were in our preparation year and did not report last year.

CM1 03.1
We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

☒ We adhere to an RI certification or labelling scheme

CM1 03.2
Which scheme?

☐ National SRI label based on the EUROSIF Transparency guidelines
☒ B-corporation

% of total AUM the scheme applies

☐ < 25%
☐ 25-50 %
☐ 50-70 %
☒ >75 %

☐ UK Stewardship code
☐ GRESB
☐ Commodity type label (e.g. BCI)
☐ Social label
☐ Climate label
☐ RIAA
☐ Other

☐ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
☐ ESG audit of holdings
☒ Other, specify

Review by internal Responsible Ownership Committee

☐ None of the above

CM1 04.1
Do you plan to conduct third party assurance of this year's PRI Transparency report?

☐ Whole PRI Transparency Report will be assured
☐ Selected data will be assured
☒ We do not plan to assure this year's PRI Transparency report

CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
----------	--

☒ CEO or other Chief-Level staff

	Sign-off or review of responses
<input checked="" type="checkbox"/> Sign-off	
<input type="checkbox"/> Review of responses	

☒ The Board

	Sign-off or review of responses
<input checked="" type="checkbox"/> Sign-off	
<input type="checkbox"/> Review of responses	

☐ Investment Committee

☒ Compliance Function

☒ RI/ESG Team

☐ Investment Teams

☒ Legal Department

☐ Other (specify)