

# Why you should follow TowerBrook and become a B Corp

The private equity firm broke ground when it earned its B Corp accreditation: it looks like a very smart move. By **Toby Mitchenall**

Gathering and reporting ESG data has become part-and-parcel of being an institutional-grade private equity firm. Investors want to see it; 86 percent see it as a consideration during fund due diligence, according to a survey among LPs by sister publication *Private Equity International*.

Anything a firm can do to get ahead of the ESG curve should, therefore, be seen as a plus.

Enter TowerBrook Capital Partners, the global firm that invests in buyouts and special situations and last year raised \$5.3 billion in less than five months for its two investment programs. Investors in the firm's funds include the like of the Florida State Board of Administration and the California Public Employees' Retirement System.

Towerbrook has managed to break ESG ground by becoming the first private equity firm to become a Certified B Corporation – or B Corp.

B Corps are more readily associated – in this journalist's mind at least –

with social enterprises: for example, a company that takes waste plastic from the oceans to make long-boards, or a bakery that makes a point of hiring people returning from incarceration.

Certification involves an assessment of a company's impact on its workers, customers, community and environment, which is independently verified by the non-profit B Lab organization. How organizations score across these categories is published on the B-Corp website and dictates whether they achieve certification. Towerbrook did so in February. More recently, Swiss wealth management firm Lombard Odier joined it. You can see how the two firms measure up across a range of categories, or indeed compare them with any other B Corp business, like apparel maker Patagonia.

In an investment landscape in which investors are increasingly tasked with separating the genuinely sustainably run firms from those that are merely "greenwashing," the B Corp stamp is

undoubtedly a useful signpost.

Obviously no such external accreditation can ever be perfect; just like the UN PRI, the organization is financially incentivized to admit members (annual certification fees can top \$50,000 depending on the scale of your organization), but that should not distract from the fact this is an overwhelmingly positive development.

Tim Hames, the director-general of the BVCA, described TowerBrook's certification as taking "a commitment to ESG to a new and more demanding level."

Andy Fyfe, a representative of B Lab, said: "TowerBrook is the first mainstream private equity firm to become a Certified B Corp, and we trust it will not be the last."

For those firms wishing to prove alignment with the sustainability demands of their limited partners, the B Corp label must be a significant help. I'd be very surprised if more firms did not follow TowerBrook's lead.

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