



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To enhance corporate transition or identify the need for additional or other capacity <input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To enhance corporate transition or identify the need for additional or other capacity 	
<p>Collaborative engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To enhance corporate transition or identify the need for additional or other capacity 	
<p>Service provider engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To enhance corporate transition or identify the need for additional or other capacity 	

RI TRANSPARENCY REPORT

2019

TowerBrook Capital Partners

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2019 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. 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. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	🔒	n/a							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Private							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Description of approach to RI	✓	Public	✓					✓	
PE 02	Investment guidelines and RI	✓	Public		✓					
PE 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 04	Formal commitments to RI	✓	Public				✓			
PE 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 06	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 07	Encouraging improvements in investees	✓	Public	✓	✓					
PE 08	ESG issues impact in selection process	✓	Public	✓						
PE 09	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 10	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 11	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 12	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 13	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 14	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 15	Examples of ESG issues that affected your PE investments	✓	Public	✓	✓					
PE 16	Approach to disclosing ESG incidents	✓	Public						✓	
PE End	Module confirmation page	✓	-							

TowerBrook Capital Partners

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic information

OO 01

Mandatory

Public

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%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

TowerBrook Capital Partners L.P. ("TowerBrook" or "TCP") is an investment management firm with in excess of \$12.4 billion under management and a strong history of creating value for investors. The firm is co-headquartered in London and New York and focuses on making investments in companies headquartered in Europe and North America through private equity and structured opportunities strategies, allowing it to access a range of opportunities throughout the cycle. 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 leverages the firm's expertise to invest in opportunities that fall outside the investment parameters of its private equity strategy. Our overall objective is to deliver superior, risk-adjusted returns to investors on a consistent and responsible basis. This requires a commitment to fundamental value and a highly disciplined approach to the assessment and management of our investments.

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	Public	Peering	General
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OO 02.1	Select the location of your organisation's headquarters.
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United States

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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- 1
- 2-5
- 6-10
- >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
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FTE	
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97

OO 02.4	Additional information. [Optional]
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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	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2018

OO 04.2	Indicate your total AUM at the end of your reporting year.
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Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		12	451	605	246
Currency	USD				
Assets in USD		12	451	605	246

Not applicable as we are in the fund-raising process

OO 04.4 Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

Not applicable as we do not have any assets under execution and/or advisory approach

OO 06	Mandatory	Public	Descriptive	General
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OO 06.1 Select how you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	92.4	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	7.6	0
Other (2), specify	0	0

	'Other (1)' specified
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Structured Opportunities

as broad ranges

OO 06.2	Publish asset class mix as per attached image [Optional].
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OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
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Yes

No

OO 06.5	Indicate whether your organisation uses fiduciary managers.
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Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.

No, we do not use fiduciary managers.

OO 06.6	Provide contextual information on your AUM asset class split. [Optional]
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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.

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.

OO 09	Mandatory	Public	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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	Developed Markets
--	-------------------

100

0	Emerging Markets
0	Frontier Markets
0	Other Markets
100%	Total 100%

OO 09.2 Additional information. [Optional]

TowerBrook invests primarily in companies headquartered in North America and Europe.

Asset class implementation gateway indicators

OO 12	Mandatory	Public	Gateway	General
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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

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Private Equity

RI implementation via external managers

Closing module

- Closing module

Peering questions

OO PE 01

Mandatory

Public

Descriptive

General

OO PE
01.1

Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

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

TowerBrook Capital Partners

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

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

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

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="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- 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.

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 planet, people, partnership, performance, transparency, and the management of the responsible ownership program.

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.

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]

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 2018.

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.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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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 is currently working to identify and track metrics across our portfolio to measure our carbon footprint.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
- No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- 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 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
------------------------	---

- Yes
- No

SG 01.11 CC	Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.
------------------------	---

N/A

**SG 1.12
CC**

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

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

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

- Attachment (will be made public)

- Screening / exclusions policy

URL/Attachment

- URL

URL

https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf

- Attachment (will be made public)

- 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

URL

https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf

- Attachment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches

URL/Attachment

- URL

URL

https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf

- Attachment
- Active ownership approaches

URL/Attachment

- URL

URL

https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf

- Attachment
- Reporting

URL/Attachment

- URL

URL

https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf

- Attachment
- We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

TCP's Responsible Ownership Report was published in November 2018 and is available on our website. TCP intends to publish a Responsible Ownership Report going forward on an annual basis.

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	Public	Core Assessed	General
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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 periodically 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 discussion 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	Public	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
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- Yes
- No

SG 04.2	Describe your process on managing incidents
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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 of its controlled portfolio companies, and would therefore be aware of and input into this process. Material incidents would also be reported to TowerBrook by management as promptly as possible.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2	Additional information. [Optional]
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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	Public	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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	Responsible investment processes
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- Provide training on ESG incorporation

	Key performance indicator
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Training for investment teams and portfolio company management

Progress achieved

TowerBrook provided comprehensive ESG training to our investment teams in 2017. During 2018, 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 factors in investment activities.

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. The format of VisionOn is that each of our guests briefly discusses a topic they believe will substantially impact the area of focus over the next five to ten years. Their presentations are followed by a candid Q&A among peers. 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 held a special edition of VisionOn in New York.

- Provide training on ESG engagement

Key performance indicator

Training for investment teams and portfolio company management

Progress achieved

In June 2017 TowerBrook brought Dr. Mahzarin Banaji of Harvard University to provide unconscious bias training to our team members. In 2018 we arranged mandatory half-day sessions focused on D&I for all team members in each of our New York and London offices. These training sessions were provided by Exponential Talent, a firm that specializes in the development and implementation of diversity and inclusion strategies for innovation and performance. Topics covered at these sessions included an overview of biased language, and specific training on the elimination of bias in interviewing, recruitment, interviewing and staffing allocation.

TowerBrook's London and New York office handbooks contain policies applicable to all team members that support diversity and equal opportunity, and prohibit all forms of discrimination based on age, gender, race, class, religion and national origin TowerBrook provided training to all personnel firmwide on these policies in October 2018, and will provide training going forward at least annually.

- 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 held trainings for its portfolio company managers in the US and Europe in November 2018.

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

Key performance indicator

Number of companies with an ESG Committee

Progress achieved

TowerBrook has implemented an initiative to ensure that all portfolio companies have instituted the following formal policies: (i) Anti-Bribery, (ii) Code of Conduct, (iii) Corporate Governance and (iv) Health and Safety. 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. In connection with its recent enhancement of ESG policies, TowerBrook has increased its touch points with the boards of portfolio companies. ESG is an issue we raise explicitly in onboarding each portfolio chairperson and expect each chairperson 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.

- Improved ESG incorporation into investment decision making processes

Key performance indicator

Consideration of ESG Markers at each initial discussion of an investment

Progress achieved

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.

TowerBrook incorporates ESG factors into its investment playbook. TowerBrook published a revised investment playbook in April 2018 which included enhanced ESG screens, including significant specific additions regarding diversity and inclusion considerations into the investment process. TowerBrook also revised its Responsible Ownership Statement in 2018.

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.

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

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
- 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

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 and the ESMT conference on Sustainability Through Digital Innovation. 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 has also attended recent PRI events for asset managers in New York.

- Encouraging others to join a RI initiative

Key performance indicator

Industry and Conference Participation

Progress achieved

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 and the ESMT conference on Sustainability Through Digital Innovation. 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 has also attended recent PRI events for asset managers in New York.

- 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/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf

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

Governance and human resources

SG 07

Mandatory

Public

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

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
CFO; COO; CCO; General Counsels

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)

Other description (1)

Responsible Ownership Committee

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- 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 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.

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.

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

0

SG 07.4	Additional information. [Optional]
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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.

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 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.

I confirm I have read and understood the Accountability tab for SG 07

I confirm I have read and understood the Accountability tab for SG 07

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or head of department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

Responsible Ownership Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 For board level roles for which have climate-related issues oversight/accountability or
CC implementation responsibilities, indicate how these responsibilities are executed.

The Firm's Management Committee formally considers ESG-related issues on an annual basis, which include climate-related issues.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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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.

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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SG 08.1b	RI in personal development and/or training plan
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- Responsible investment included in personal development and/or training plan
- None of the above

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
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SG 08.1a	RI in objectives, appraisal and/or reward
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- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b	RI in personal development and/or training plan
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- Responsible investment included in personal development and/or training plan
- None of the above

	Other C-level staff or head of department
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CFO; COO; CCO; General Counsels

SG 08.1a	RI in objectives, appraisal and/or reward
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- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Other role (1) [from SG 07]

Responsible Ownership Committee

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- 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:

- 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

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

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.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Voluntary reporting in 2018. Attendance at PRI events in New York in 2018.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- 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
- 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 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

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

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

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- 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.

- 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

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - 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

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - 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

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - 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

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- 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 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 and the ESMT conference on Sustainability Through Digital Innovation. 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.

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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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.

- Yes
- No

Please explain

TowerBrook considers opportunity to engage with policy-makers or regulators to support responsible investment as appropriate

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

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

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

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	Public	Additional Assessed	PRI 1
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SG 14.1

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

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

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

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Encouraging internal and/or external portfolio managers to monitor emissions risk; working to develop carbon emissions tracking framework for TCP and our portfolio companies.

None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
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- 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	Public	General
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SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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Process for climate-related risks is 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.

Process for climate-related risks is not integrated into our overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1

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

- Yes
- No

Innovation

SG 18

Voluntary

Public

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. A summary of our methodology and the results of our review are presented in our Responsible Ownership Report 2018 (https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf).

- No

Communication

SG 19

Mandatory

Public

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.

Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.

If you are transferring data from an offline document, please check your response carefully.

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	
<input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities <input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities <input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance <input checked="" type="checkbox"/> Other	
Specify	
ESG Case Studies	
Frequency	
<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested	
URL	
https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf	
URL	
https://www.towerbrook.com/responsible-ownership/	

TowerBrook Capital Partners

Reported Information

Public version

Direct – Private Equity

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.

Overview

PE 01	Voluntary	Public	Descriptive	PRI 1-6
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PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.
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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 planet, people, partnership, performance, transparency, and the management of the responsible ownership program.

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.

PE 02	Mandatory	Public	Core Assessed	PRI 2
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PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.
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- 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.
---------	--

TowerBrook's Responsible Ownership Statement is available on our website (<https://www.towerbrook.com/responsible-ownership/>). The Responsible Ownership Statement covers planet, people, partnership, performance, transparency, and the management of the responsible ownership program. 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.

- Our investment activities are not guided by a responsible investment policy
- We do not have a responsible investment policy

Fundraising of private equity funds

PE 03	Mandatory	Public	Core Assessed	PRI 1,4,6
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PE 03.1	Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.
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- Yes

PE 03.2

Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes
- Approach to ESG reporting

PE 03.3

Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]

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.

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.

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.

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.

- No
- Not applicable as our organisation does not fundraise

PE 04	Voluntary	Public	Additional Assessed	PRI 4
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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.

- Yes

If yes

- In LPA, incorporated in the original draft as standard procedure
 - In LPA, as requested by investors
 - In side letter(s)
 - Other
- No

PE 04.2

Additional information. [OPTIONAL]

TowerBrook considers requests from its investors for ESG-related side letter provisions on an ad hoc basis. Our Fund V and TSO 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.

Pre-investment (selection)

PE 05

Mandatory

Public

Gateway

PRI 1

PE 05.1

During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

PE 05.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

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.

No

PE 06	Mandatory	Public	Core Assessed	PRI 1,3
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PE 06.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.
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- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- We do not track this information

PE 06.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.
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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 also outside consultants if necessary. Consideration of ESG issues would be reflected in the minutes of the Committee meetings, as appropriate. Each final Investment Committee acquisition contains a written section detailing identified ESG risks and ESG opportunities in connection with the proposed opportunity.

PE 07	Voluntary	Public	Additional Assessed	PRI 1,2
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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?.
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Yes

	If yes
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- 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]
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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.

Example

A recent 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	Voluntary	Public	Additional Assessed	PRI 1
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PE 08.1	Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.
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- 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 caused TowerBrook to pass on investment opportunities
- We do not track this potential impact

PE 08.3 | Additional information. [OPTIONAL]

During the reporting year we abandoned an early stage investment in an lending business on ESG grounds. The deal presented a unique financial opportunity but 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.

Post-investment (monitoring)

PE 09	Mandatory	Public	Gateway/Core Assessed	PRI 2
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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

(in terms of total number 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.

ESG issues

- Environmental

List up to three example targets of environmental issues

Example 1

dedicated environmental policy

Example 2 (optional)

electricity consumption

Example 3 (optional)

waste production

Social

List up to three example targets of social issues

Example 1

tracking of employee engagement

Example 2 (optional)

supply chain / responsible sourcing policy

Example 3 (optional)

diversity and inclusion metrics

Governance

List up to three example targets of governance issues

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]
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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. A summary of our methodology and the results of our review are presented in our Responsible Ownership Report 2018 (https://www.towerbrook.com/wp-content/uploads/TowerBrook_Responsible_Ownership-2018.pdf).

PE 10	Mandatory	Public	Core Assessed	PRI 2
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PE 10.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
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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

(in terms of total number of portfolio companies)

No

PE 10.3	Additional information. [Optional]
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In 2018, we conducted a survey of 23 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	Public	Additional Assessed	PRI 2
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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.
----------------	---

Types of actions taken by portfolio companies

Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

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

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise

Implemented by percentage of portfolio companies

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

(in terms of total number of portfolio companies)

- Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

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

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

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

(in terms of total number of portfolio companies)

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

Implemented by percentage of portfolio companies

- >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

Implemented by percentage of portfolio companies

- >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

Implemented by percentage of portfolio companies

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

(in terms of total number of portfolio companies)

None of the above

PE 11.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
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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 2019.

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 and (iv) Health and Safety. 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	Public	Descriptive	PRI 2,3
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PE 12.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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Type of reporting

- Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

At least annually

- Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

At least annually

- Other, specify

- 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]
----------------	--

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.

PE 13	Voluntary	Public	Additional Assessed	PRI 2
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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.
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- We included ESG issues in pre-exit information
- We did not include ESG issues in pre-exit information
- 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.
----------------	---

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.

Note the response above "We did not include ESG issues in pre-exit information" is because there were no material ESG issues in the one portfolio company exit during the reporting year (Wilton). We would include ESG issues in pre-exit information to the extent applicable.

Outputs and outcomes

PE 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1,2
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PE 15.1	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.
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- Add Example 1

Investment Stage	<input checked="" type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">ESG issues</div> <input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social High interest rates <input type="checkbox"/> Governance
Sector(s)	Financial Services
Impact (or potential impact) on the investment	Abandoning the deal
Activities undertaken to influence the investment and its response	We evaluated an early stage high interest rate lending business. We investigated the high interest rate lending strategy and identified concerns from an RO perspective, which caused us to walk away from the opportunity.

Add Example 2

Investment Stage	<input type="checkbox"/> Initial screening <input checked="" type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">ESG issues</div> <input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Pawn Shop business <input type="checkbox"/> Governance
Sector(s)	Consumer Retail
Impact (or potential impact) on investment	Abandoning the deal
Activities undertaken to influence the investment and its response	We conducted diligence on a profitable pawn shop business. We ultimately decided in order to become more profitable, the company would need to attract more customers who would never repay loans and redeem their collateral. We therefore decided the business did not meet our ESG requirements, and abandoned the business.

Add Example 3

Investment Stage	<input type="checkbox"/> Initial screening <input checked="" type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px;">ESG issues</div> <input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Leisure Center Business <input type="checkbox"/> Governance
Sector(s)	Entertainment
Impact (or potential impact) on investment	Abandoning the deal
Activities undertaken to influence the investment and its response	We conducted diligence on a family leisure center business. In the course of diligence we ultimately identified that the main source of revenue was from associated gambling facilities also managed from the group, which relied on repeat customers, many of whom likely had gambling addiction. We ultimately decided to forego the opportunity as the business model was not consistent with our RO values.

Add Example 4

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input checked="" type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 5px;">ESG issues</div> <input checked="" type="checkbox"/> Environmental Manufacturing <input type="checkbox"/> Social <input type="checkbox"/> Governance
Sector(s)	Manufacturing
Impact (or potential impact) on investment	Bioethanol plant
Activities undertaken to influence the investment and its response	Project 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.

Add Example 5

PE 15.2

Describe how you define and evaluate the materiality of ESG factors.

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. Recent examples of the results of TowerBrook's engagement on ESG issues within the past few years include:

Specific examples of the results of TowerBrook's engagement on ESG issues within the past few years include:

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.

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.

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.

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 move towards becoming a zero-waste green recycler.

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.

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.

Communication

PE 16	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 6
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PE 16.1	Describe your organisation’s approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).
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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.