

Monomoy Capital Management, L.P.  
Environmental, Social, & Governance Policy  
Last Reviewed: October 2020

**I. Purpose**

This policy defines Monomoy Capital Management, L.P.'s ("Monomoy" or the "Firm") approach to integrating environmental, social and corporate governance ("ESG") considerations when evaluating the risks and value creation opportunities of investments made through its private equity funds (each a "PE Fund") and its credit opportunities fund (the "Credit Fund", and together with the PE Funds, the "Funds"). At Monomoy we recognize the importance of considering environmental, social and governance factors in turning our portfolio companies into healthier more sustainable businesses that ultimately generate long-term value for our investors, our firm and our community.

In furtherance of that goal, and consistent with our longstanding commitment to ESG, we've become signatories to the UN Principals for Responsible Investing and are committed to implementing their 6 principles for responsible investing across our entire private equity platform.

This policy serves as a communication channel to outline Monomoy's commitment to ESG and acts as a tool to identify, assess, and resolve ESG related issues within its investments, and where possible generate positive environmental and social impact. Monomoy's ESG assessment begins during the sourcing and underwriting stage of the investment process and continues through the management of each investment.

**II. Scope**

This policy applies to all investments considered by a Fund. There is no "one size fits all" to ESG. Therefore, Monomoy's engagement approach and implementation of ESG principles at a portfolio company will vary based off Monomoy's level of control.

Monomoy's core investment verticals are centered on industrial, manufacturing, and consumer businesses. Examples of ESG factors considered by Monomoy include:

**Environmental:** emissions, air and water pollution, waste and hazardous material management, and compliance with environmental laws and regulations.

**Social:** human rights, customer welfare, data security, customer privacy, diversity, fair labor rights, supply chain management, and health and safety of employees.

**Governance:** accounting standards, business ethics, regulatory oversight, systematic risk management, board composition, and compliance.

These factors are risk-ranked and consider by the Deal Team when determining the viability of an investment.

**III. Roles and Responsibilities**

Monomoy has established an ESG Committee, comprised of senior stakeholders across various departments. The ESG Committee is responsible for maintaining and overseeing the implementation of this policy throughout the Firm and its portfolio companies.

Monomoy's Deal Team is primarily responsible for identifying ESG risks during the investment sourcing process, and the Operating Team is responsible for working directly with a portfolio company's management team to develop strategic ESG action plans and implement reporting and metrics to track their progress throughout our ownership.

#### **IV. Investment Sourcing**

During the underwriting process the Deal Team conducts a high-level ESG evaluation of the target company. If material ESG issues are identified, the Deal Team may engage a third party to conduct further diligence to assist in understanding the potential risks and identify any corrective actions. ESG evaluations are included in the investment committee memo to be presented to the applicable Fund's investment committee (each, an "Investment Committee"). The Investment Committee maintains sole discretion on investment decisions and considers all risks including ESG considerations when evaluating investments.

#### **V. Active Ownership and Engagement**

Once Monomoy makes an investment, the Operating Team, subject to any limitations based on a Fund's level of control, will work with the management team of the respective portfolio company to develop and implement an ESG action plan as a part of Monomoy's value creation plan ("**VCP**"). Monomoy's unique operational capabilities create opportunities for a hands-on approach to ESG. The Operating Team has developed an ESG questionnaire designed to help a portfolio company's management team to identify ESG risks and design an appropriate ESG action plan. The ESG action plan is unique to each portfolio company and acts as a roadmap for the Investment Committee to gauge the progress of the ESG initiatives within the VCP.

#### **VI. Reporting**

On a quarterly basis, each portfolio company's management team will report on the progress of their ESG action plan to their Board of Directors during the quarterly board meetings. These reports seek to facilitate the development of uniform requirements and a common language across all Monomoy's investments and help track the progress of each ESG Action Plan as it relates to each portfolio company's VCP.

#### **VII. Exit Strategy**

Monomoy's investment strategy is centered on improving the businesses it owns and creating attractive assets to sell into the traditional private equity and corporate M&A market. The Firm believes ESG is an important part of its ownership responsibility and an opportunity to increase the value of its portfolio companies. The integration, tactical implementation, and communication of its ESG initiatives will ensure that our businesses are recognized as quality assets in the marketplace which should improve our ability to exit and return capital to our investors. Upon selling an asset, Monomoy will assess the progress and impact on the company's ESG action plan and the ESG Committee will determine if any changes to Monomoy's ESG process are necessary.

## **VIII. ESG at Monomoy**

Monomoy's commitment to ESG begins internally with a focus on, but not limited to:

- Compliance with laws and regulations as an Investment Advisor
- Talent management initiatives that promote diversity and professional growth through employee training
- Organization of philanthropic activities and encouragement of employees to volunteer their time in order to promote positive impact in our communities
- Implementation of IT, Cyber and privacy policies, procedures and employee training.