

# ESG POLICY



TWIST CAPITAL

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### **Introduction**

Twist Capital is committed to being a responsible investor. We embrace this commitment across our organization and are guided by it in our approach to investing. Part of this commitment includes taking into account environmental, social and governance (“ESG”) factors for each potential investment we make. We believe that this way of thinking both enhances our assessment of risk and helps us identify opportunities to add value at each company we invest in. We also believe that having a comprehensive ESG program, in addition to reinforcing our mission to be a responsible investor, also drives value and enhances our returns. Considering ESG factors helps us understand how these forces shape demand and affect markets now and in the future. Our framework applies to all investment opportunities, but its application varies by the investment objective and unique characteristics of each specific investment we make.

### **Objectives**

Twist Capital’s responsible investing objectives are:

1. Integration
  - Consider environmental, social and governance issues when evaluating investment opportunities and when managing/monitoring portfolios and assets.
  - Pursue high-quality sources of ESG data and intelligence; where appropriate, integrate that data into our research process and also use that data to enhance our understanding of markets and consumer trends.
  - Actively use ESG considerations to transform our portfolio companies in ways that both manage risk and add value for our investment portfolios.
  - Integrate ESG considerations into our business practices outside of the investment process.
2. Engagement
  - Work together with our portfolio entities, managers, transaction partners, peers and other partners to advance principles of responsible investment and corporate social responsibility.
  - Share our ESG philosophy broadly and use our position to influence others and advance the importance of ESG integration in investing and for corporate actors generally.
3. Reporting
  - Be transparent with our limited partners and other stakeholders about Twist Capital’s responsible investing initiatives, successes and goals.

### **Approach and Responsibilities**

Across all of Twist Capital’s investments, ESG is core to what we do. Our approach includes an evaluation of ESG considerations (pre- and post-investment decision making) as a standard part of the investment and the portfolio management processes. Primary responsibility lies with our investment team because these considerations support investment decisions. Together with our operations team and our advisors, the investment team is expected to continue to keep these issues front of mind through the life of the investment.



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The firm's Chief Investment Officer supports the investment team by driving initiatives that are aimed at improving operational and environmental performance across the portfolio. Other functional experts are expected to consider ESG insights in delivering operating intervention capabilities across the portfolio.

The COO coordinates ESG initiatives across the firm to ensure consistency in approach and compliance with this policy. The COO is also responsible for establishing and/or revising this Policy in consultation with team members from across the Twist Capital's functional groups and service providers.

### **Examples of ESG Factors Twist Capital Considers**

#### **Environmental**

- Safe disposal of waste and focus on recycling, reuse or recovery as energy
- Emissions reduction and carbon offsetting
- Sustainable environmental practices in production
- Protection of ecosystems within operational and production range
- Energy efficiency, use of renewables and coproduction
- Responsibly sourced materials

#### **Social**

- Humane labor practices
- Occupational health and safety practices
- Equal rights and opportunities for employees
- Diversity commitment and achievement
- Health and wellness initiatives
- Product safety
- Commitment to a strong code of ethics and employee training

#### **Governance**

- Non-predatory, competitive behavior
- Responsible employment practices (local hiring, reasonable wages)
- Indirect economic impacts (supplier financing; infrastructure investment)
- Procurement practices
- Fair trade
- Responsible engagement in public policy
- Compliance with legal and tax obligations

### **United Nations Principles for Responsible Investment**

Twist Capital is working toward becoming a signatory to the UNPRI and in toward this end, we've implemented and adopted its six principles of responsible investment. We see no conflict between these principles and our fiduciary duties and responsibilities to clients. On the contrary, we recognize that these principles support our investment process. In summary, we put each principle into action as follows:

#### **Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes.**

Twist Capital incorporates ESG factors directly into its investment process via the company research process which evaluates opportunities based, in part, on the strength of their ESG factors.



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### **Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.**

Twist Capital's Investment Team discusses ESG issues with investors at regular meetings as well as with target companies when possible and appropriate to do so.

### **Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.**

During the investment team's company research meetings, they will seek more ESG related information, and discuss ESG related issues, where possible. This way, we aim to influence, engage and improve ESG metrics.

### **Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry.**

In meetings, we explain our investment process to prospective investors and firms that represent groups of investors. These meetings include specific discussion of ESG matters and how they affect our investment decision-making process.

### **Principle 5 - We will work together to enhance our effectiveness in implementing the Principles.**

Twist Capital believes in a process of continued improvement and constant review of the quality of data and information used in our research efforts. We continually review data and monitor how companies and industries are developing and changing. Discussion, consideration and continuous assessment of which ESG metrics or issues are to be included in the investment process is a key component of this.

### **Principle 6 - We will each report on our activities and progress toward implementing the Principles**

Twist Capital explains to investors, prospective investors and their consultants how ESG factors are incorporated into, and are supportive of, our investment process. We aim to report annually on our approach to integrating ESG factors into our investment process.

### **Conclusion**

Twist Capital believes that our commitment to responsible investing supports our investment process. We believe that companies that apply high standards in all areas of ESG will be higher-quality investments and produce better returns for our investors. Twist Capital never makes investment decisions based solely upon ESG factors, but we do believe that these factors are an important determinant of sustainable value, and as such, ensuring that they are considered is in the best interest of our investors.