



Blue Wolf Capital
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Blue Wolf Capital Partners Environmental, Social and Governance (“ESG”) Policy

Blue Wolf believes our commitment to responsible investment has allowed us to achieve superior risk-adjusted returns for our investors and sustainable profitability for our portfolio companies. We strive to create businesses which generate value and have a long-term impact on society through sustainable growth, innovation, meaningful employment, and environmental responsibility by taking control positions in the companies we invest in. The integration of ESG risk and opportunity assessments into our investment process is designed to memorialize our perspective and establish a systematic framework through which ESG considerations can drive value in our portfolio.

This policy formalizes the practices we have undertaken and values we have upheld since our inception in 2005. Having become a signatory to the United Nations’ Principles for Responsible Investment (“UN PRI”) after raising our first institutional fund and being an inaugural member of the UN PRI Private Equity Workstream, Blue Wolf has long believed we can deliver superior risk-adjusted returns for our stakeholders through responsible investment. Through our Safety, Health and Environmental (“SHE”) Program, we have a history of working collaboratively with management teams, boards of directors, employees, their unions and local communities to accelerate their journey to SHE excellence. Blue Wolf’s ESG Policy will be a living document which reflects our long-held values as well as key learnings we realize in execution as we strive for continuous improvement in our effort to be a best-in-class responsible investor.

Champions & Stakeholders: The Partners of Blue Wolf will be responsible for setting priorities and driving execution of the ESG Policy. Blue Wolf’s ESG Committee will be charged with periodically reviewing and updating the ESG Policy as well as implementing general education and specific training around ESG considerations throughout the firm. A successful implementation of this ESG Policy is predicated on the buy-in and commitment from the following key stakeholders:

- a. Employees of Blue Wolf
- b. Portfolio Company Management Teams and Employees
- c. Portfolio Company Boards of Directors

Definitions & Scope: During the diligence process and throughout our ownership of a portfolio company, Blue Wolf will rigorously assess ESG considerations through a lens informed by the following definitions:

- a. Environmental: Ecological footprint and sustainability profile
- b. Social: Impact on the company and its value chain to employees and the larger community
- c. Governance: Effective boards, ethics and compliance, and the structures of incentives and the relationship between management and employees

Framework & Approach: Environmental, Social and Governance factors represent both risk and opportunity for each potential investment and will be evaluated within the context of the individual portfolio company and across the industry sector in which it participates.

The primary tool to drive outcomes in the ESG initiative is the Value Creation Plan (“VCP”) – a standardized tool used by Blue Wolf with all portfolio companies to identify value creation priorities. Integrating material ESG issues directly into each investment’s VCP will ensure that ESG issues have the same visibility and are managed with the same priority as other value creation objectives.



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Blue Wolf will evaluate portfolio company and industry ESG factors, and implement the commitments of this ESG policy, by integrating policy requirements into Blue Wolf's processes for investing, value creation and portfolio management. Integration into Blue Wolf processes shall include:

- a. ESG risks and opportunities will be evaluated during due diligence and described in Investment Committee memoranda
- b. Significant ESG risks and opportunities will be captured within the VCP of each investment
- c. Progress on each investment's VCP will be tracked through routine review by the Board of Directors, and by Blue Wolf deal teams
- d. Portfolio level progress towards value creation will be reviewed by Blue Wolf through routine portfolio reviews and valuations

Responsible management of more routine ESG issues by portfolio company management teams will be addressed first, through awareness and expectations setting during onboarding, and then incorporated into management's annual performance and compensation plan and assessed and measured through routine updates with the Blue Wolf deal team and the company's board of directors.

Blue Wolf's Safety, Health and Environmental policy and program is a key component of Blue Wolf's ESG Program and operates under the governance of the SHE Committee. Findings from SHE assessments during diligence will be integrated with ESG findings into the Investment Committee Memorandum, and material risks and opportunities will be captured in the VCP. The SHE's Program Baseline Assessments, routine audits, and SHE reporting requirements will continue to provide visibility into safety, occupational health and environmental performance and continuous improvement.

Blue Wolf's People and Culture Working Group oversees the implementation of the firm's People and Culture Policy for Blue Wolf and its portfolio companies. The Working Group establishes baseline assessments and provides the support and resources to ensure that the firm and its portfolio companies attract and retain a talented workforce by building equitable and compliant workplaces that are best in class.

The Diversity, Equity, and Inclusion Committee oversees the firm's commitment to building balanced teams, where all members can perform at their best and experience a sense of fairness and belonging. Blue Wolf Capital will work to exceed industry benchmarks on diversity at all levels of employment and will seek to enhance leadership and Board diversity at its portfolio companies, beginning with implementation of Board diversity objectives similar to those proposed by NASDAQ and California State at new portfolio companies where Blue Wolf controls the BOD. Blue Wolf will also seek to enhance diversity in Blue Wolf's vendor base and portfolio company vendor networks.

Blue Wolf's Information Security Policy establishes the roles and responsibilities of Blue Wolf Capital Partners and its portfolio companies for information security and maintains the processes to insure best in class outcomes.

Investment Analysis & Diligence: We do not evaluate ESG factors on a standalone basis; rather, ESG elements are fully integrated into the investment underwriting process. Additionally, we have chosen to not establish any negative screens or exclusions; we may not pursue investments because of ESG considerations, but we also believe that we can create significant shareholder value by meaningfully improving the ESG practices of companies in which we invest. ESG



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considerations will be an active element influencing the diligence approach and investment decisions in the following manner:

- a. Potential ESG considerations are identified and screened for materiality early in the diligence process for a prospective investment
- b. Material ESG risks and opportunities are communicated throughout the investment team and, if applicable, to external diligence partners, in order to ensure the scope of investment analysis and diligence efforts incorporates these considerations. Specialty diligence partners may be engaged to discretely examine a specific ESG risk or opportunity depending on the domain expertise required to execute a comprehensive assessment.
- c. Investment Committee discussions will systematically include a discussion of ESG considerations and inform Blue Wolf's view on the risk / reward relationship for a prospective investment and the identification of value creation opportunities

Portfolio Management and Ownership: It is incumbent upon Blue Wolf to work with management teams and the boards of directors to drive towards the realization of ESG milestones in VCPs. Beginning at time of initial investment and over the ownership period, Blue Wolf, portfolio company management teams and their boards of directors commit to the following:

Blue Wolf will:

- a. Orient portfolio company management teams and their boards on Blue Wolf's SHE, People & Culture and Information Security policies and jointly review the importance of ESG considerations to generating sustainable value
- b. Maintain visibility on material ESG risks and opportunities through the process of value creation planning, and execution tracking at the deal team and board of directors level
- c. Monitor with portfolio company management routine ESG issues, and provide support and resources to management as needed

Portfolio Company Management Teams will:

- d. Oversee the company's implementation of SHE, People & Culture and Information Security policies and execution of ESG value creation initiatives through engagement with employees and other stakeholders
- e. Proactively manage routine ESG issues in a manner which models the expectations of this policy

Portfolio Company Board of Directors will:

- f. Routinely engage with portfolio company management on ESG issues and ESG value creation initiatives
- g. Incorporate performance against ESG issues and opportunities into executive compensation plans

Accountability and Transparency: We hold our portfolio companies accountable to act with integrity and demand a higher standard beyond their compliance with laws and applicable regulations. We support our accountability with a focus on transparency in reporting our ESG goals and performance consistently and with integrity to our investors, portfolio company management and employees, and other key stakeholders in the communities in which our companies operate. Furthermore, we believe effective ESG reporting as embodied in our SHE, People & Culture, and Information Security programs, is a vehicle for ongoing engagement and continuous improvement for both Blue Wolf and our portfolio companies.



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Blue Wolf will:

- a. Report on the progress of ESG initiatives to our investors and key stakeholders
- b. Continue to facilitate the collection of ESG metrics and the benchmarking of portfolio company performance against its peers in the industry

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