



Caymus Equity Partners

# Environmental, Social and Governance Policy







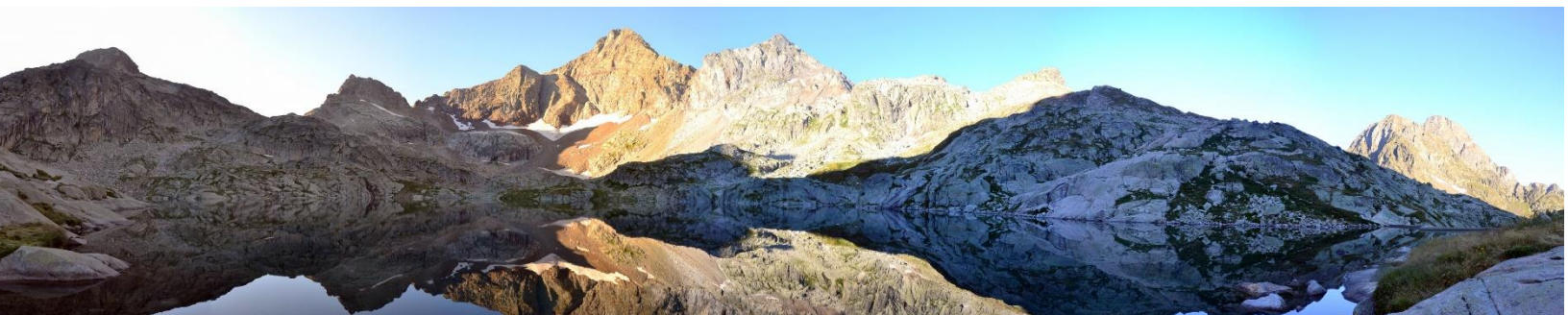
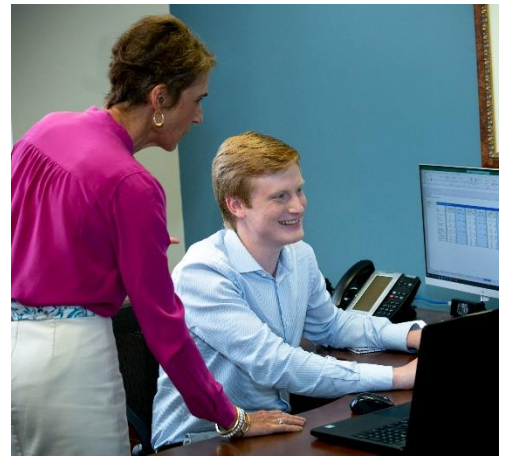
## OUR FIRM

Founded in 2001 and with offices in Atlanta and New York, Caymus Equity Partners is a leading private equity firm focused on control transactions in the lower middle market. We invest in profitable companies with significant upside potential where the owners and management teams are seeking a value-added partner to help fuel growth. Our partnerships center around mutual culture, business values, and goals as the foundation for driving sustainable growth and value for all stakeholders. We strive to work with management to develop and refine strategy and provide support while leaving day-to-day execution to the operators of the business.

# 1 | INTRODUCTION

Since the inception of the firm in 2001, Caymus Equity Partners has remained singularly focused on delivering attractive investment results for our partners over the long-term. As an active manager, we have a long-standing belief that material environmental, social and governance (ESG) factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. Therefore, we take a comprehensive approach toward investing and managing , including the integration of ESG criteria into our process. We also understand that for many of our partners, the ESG impact of their portfolios is an important consideration in conjunction with investment performance.

We continue to innovate, driven by our belief that ESG factors, like any other factor, should be incorporated in a manner consistent with our Firm's strategy. ESG factors can be employed in a variety of ways to help generate enhanced returns, while improving our portfolio's social responsibility. We believe our approach not only benefits our portfolio companies but also has a positive impact for people and the planet.



## 2 | SCOPE

This policy applies to capabilities across our investment platform and is intended to provide a broad framework for our approach to ESG integration. The specific approach to ESG integration will depend on multiple factors, including the objectives of the strategy and investment time horizon, as well as specific research and portfolio company industry, philosophies and processes. The approach to integration can be customized by portfolio company to meet the goals and values of each company and our partners.

## 3 | OVERSIGHT

The ESG Committee (“Committee”) is responsible for reviewing the ESG Policy annually and amending it as needed. The Committee is chaired by Caymus Equity Partners’ Managing Partners, Geoffrey Faux and Oliver Maggard, and further comprised of the rest of the Firm’s management team.

The Committee is responsible for setting the firm’s ESG strategy, which is reviewed by the Firm and its partners on an annual basis.

The Committee’s broader responsibilities include:

- Forming and implementing investment strategies that formally integrate ESG factors or social/environmental impact objectives as part of their investment process
- Monitoring the ESG-related aspects of existing investment strategy that formally integrate ESG factors or social/environmental impact objectives as part of the investment process
- Supporting the process of continuously enhancing the integration of ESG factors into investment analysis and decision-making across the firm
- Supporting engagement activities of the Firm’s capital partners and limited partners
- Facilitating the sharing of research, analysis and insights on ESG issues and trends, as well as the delivery of research for use by clients where possible
- Supporting efforts to collaborate with others in the investment industry to support the broader acceptance and implementation of ESG investing
- Listening to portfolio companies’ management teams and anticipating their evolving ESG-related needs and objectives



## 4 | FIRM & PORTFOLIO ESG PHILOSOPHIES

Caymus Equity Partners has defined specific ESG philosophies for our Firm and portfolio companies and has implemented these philosophies into our investment strategy:

- **MANAGEMENT:** Caymus Equity Partners believes that responsibility is a hallmark of quality. We believe management teams should be dedicated to analyzing environmental and social factors which can assist in identifying business models that may create sustainable value while reducing risk.
- **QUALITY:** Caymus Equity Partners believes that the consideration of material ESG factors is critical to the quality of our investment. Systematic integration of these considerations combined with our engagement activities helps us maximize the value we bring to our investments.
- **RESEARCH:** Caymus Equity Partners believes that material ESG factors are an important part of the due diligence of any private investment. We conduct this diligence when we invest alongside our partners on all transactions. We engage with our partners to share and promote best practices and resources related to ESG integration.



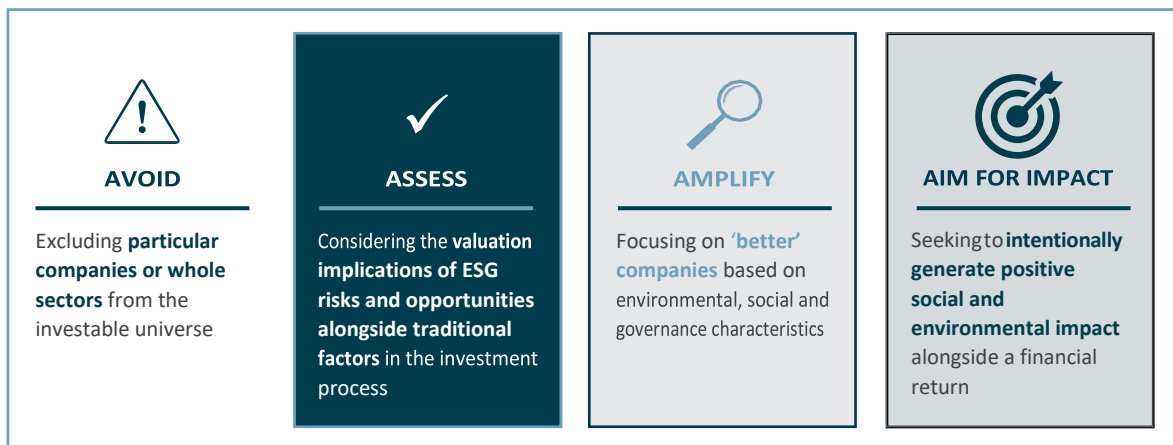


## 5 | INTEGRATION

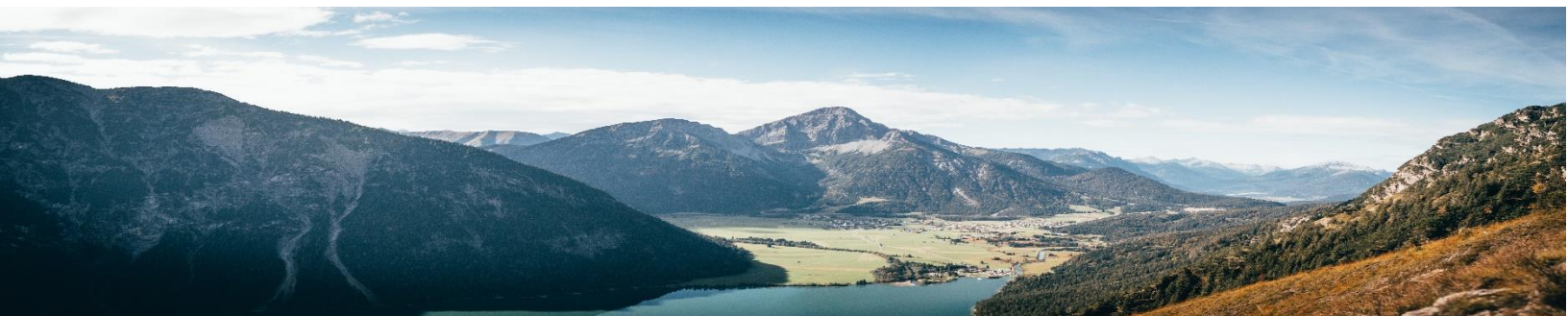
Caymus Equity Partners believes we are responsible for implementing ESG integration policies into our investment criteria and lens through which we look at investments. This bottoms-up approach encouraging industry and company-specific research, ensuring we invest in ESG-conscious businesses. After investing, our team leverages our findings to accelerates ESG integration in our portfolio companies.

We review all potential investments under our ESG Integration Framework: Avoid, Assess, Amplify or Aim for Impact. This clarifies why the ESG factors are being integrated into our research and investment thesis: whether to simply exclude particular companies or industries (“Avoid”), reach a more holistic understanding of risk and return (“Assess”), improve the portfolio with best-in-class ESG companies (“Amplify”) or invest in companies that are intentionally generating positive social/environmental impact (“Aim for Impact”).

### CAYMUS EQUITY PARTNERS ESG INTEGRATION FRAMEWORK



Following our investment, we share our findings with management and provide resources to further integrate responsible ESG policies into our portfolio companies. This includes environmental due diligence reports, targeted research, findings from discussions with our Limited Partners and industry contacts, as well as any other relevant findings to inform management’s ESG policies.



## 6 | ENGAGEMENT AND ACTIVE OWNERSHIP

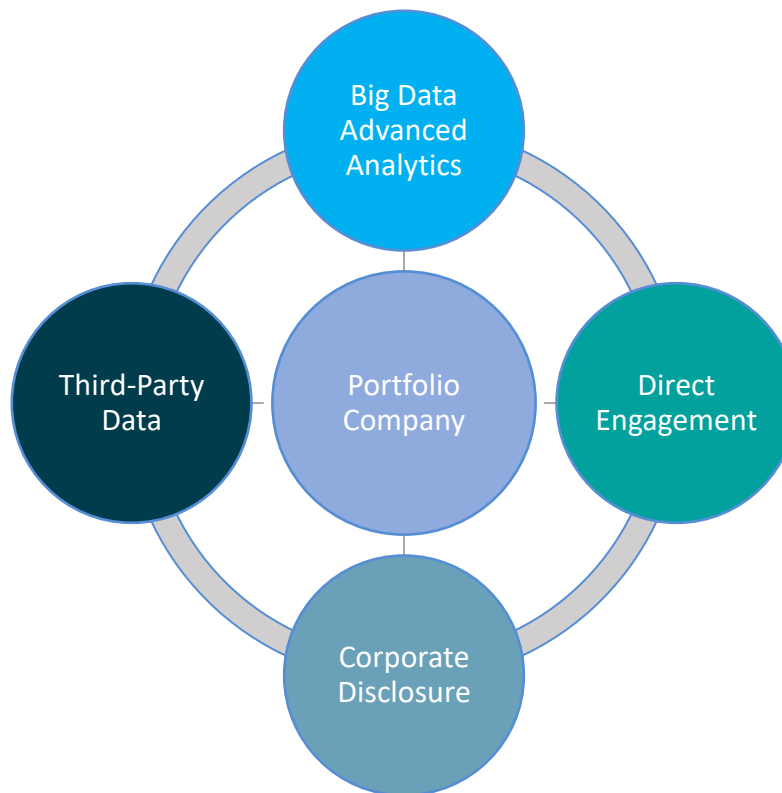
Caymus Equity Partners believes that engaging with management is an essential part of being a long-term active owner as engaging on ESG topics can improve their performance while reducing their risk profile. We believe that engagement is important for small, private equity-owned businesses, and that it is our responsibility to engage on ESG topics as part of our ongoing dialog with management.

This ongoing dialog with management is an important tool in tracking our investment thesis and reducing the overall risk profile of our portfolio over time. A key tenet of our value-added investment philosophy is to provide resources to portfolio companies when additional bandwidth and throughput is needed, thus we often use our own resources to shepherd management's decision-making capabilities, including in ESG policies. This can include research, data analytics, and sourcing of necessary third-party service providers, among others.

### ACTIVE ESG

"CONTINUOUS IMPROVEMENT AND ACTIVE ENGAGEMENT"

**Multiple Inputs + Feedback Loops + Evolving Methodology**



## 7 | COLLABORATION

We collaborate with our partners, management teams and others in the investment industry to support the broader acceptance and implementation of ESG investing. Activities include collaborative engagement with a company on a given topic, joint research projects on an ESG topic and support of industry-standard ESG disclosure.

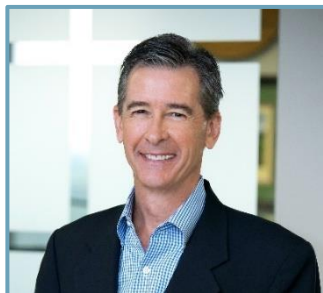
## 8 | MONITORING PROGRESS

We monitor the progress we are making and are continuously enhancing the integration of ESG into our investment processes. We hold frequent discussions with our portfolio companies' management teams to address pressing ESG matters and risks as well as possible improvements.

Given the dynamic and evolving nature by which ESG factors are material to investment performance, we are committed to continued innovation and improvement.







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