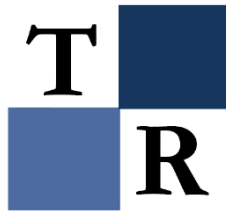


Subject: <b>TR Capital ESG Policy</b>	Publication Date: July 1, 2022	Effective as of: July 1, 2022
	Latest Revision Date: September 13, 2022	



**TR Capital**

## **Environmental, Social and Governance Policy**

Subject: <b>TR Capital ESG Policy</b>	Publication Date: July 1, 2022	Effective as of: July 1, 2022
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## 1. Overview and Scope

TR Capital is a leader in Secondary Private Equity investments in Asia, focusing on providing liquidity solutions to owners of private equity assets through Secondary Direct and Portfolio Solutions transactions.

TR Capital takes seriously its fiduciary duty to the investors that we serve and pledge to be good stewards of the capital entrusted to us. In particular, we acknowledge that incorporating Environmental, Social and Governance (“ESG”) considerations into our investment decision-making process and the subsequent monitoring of our investments would provide greater insight into areas of potential opportunity and risk that could impact the value, performance, and reputation of the investments we make on behalf of our investors.

This Environmental, Social and Governance Policy (“ESG Policy”) addresses TR Capital’s commitment to responsible investing and defines how TR Capital will seek to integrate ESG factors throughout our investment and day-to-day activities.

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## 2. ESG Approach - Philosophy

TR Capital's investment strategy focuses on Secondary Direct and Portfolio Solutions investments, as described further below. Occasionally, TR Capital may also make Secondary LP Interest investments.

TR Capital's direct and indirect underlying investee companies are typically innovative, fast-growing Asian companies primarily in the Technology, Next-Generation Consumer and Healthcare sectors (each an "Investee Company").

- i. A Secondary Direct investment involves the acquisition of a minority shareholding in an Investee Company whose main business activities are conducted in China, India or Southeast Asia. These are typically significant minority investments for which TR Capital has information rights and board (or board observer) seats. Occasionally, TR Capital may hold a direct minority shareholding in an Investee Company for which it has limited or restricted information rights and/or no board or observer seats.
- ii. A Portfolio Solutions investment is typically structured either as: (a) an investment in a new or existing fund vehicle, the underlying investments of which comprise minority shareholdings in Investee Companies; or (b) acquisitions of minority shareholdings in multiple Investee Companies from a single seller.
- iii. A Secondary LP Interest investment involves the acquisition of an interest in a fund from an existing LP of the relevant fund.

Given TR Capital's strategy to focus on secondary investments, there are limitations on our ability to engage and/or control our investee companies and funds on ESG-related information and considerations. Further, TR Capital is currently a smaller-scale manager with limited resources.

As such, TR Capital's overall approach to integrating ESG factors in its investment process, and subsequent monitoring of its investments, necessarily recognizes and reflects the constraints stemming from our chosen investment strategy and limited resources. Our approach to implementing ESG considerations will therefore vary depending on the actual level of engagement and control possible on the relevant transaction.

## 3. Ownership of the ESG Policy

TR Capital believes that the establishment and implementation of a comprehensive ESG-compliant process and system should be led by senior management. As such, one of TR Capital's Managing Partners and Head of Legal are owners of this ESG policy, and are together responsible for: (i) implementing and monitoring TR Capital's adherence to this ESG Policy; and (ii) reviewing and updating this ESG Policy from time to time.

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#### 4. ESG Principles<sup>1</sup>

To align with our strategy and available resources, TR Capital has adopted the following guiding principles in applying our ESG approach.

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

- We will develop, establish and apply an ESG toolkit including (but not limited to) exclusion lists, ESG Due Diligence Guidelines and ESG Due Diligence Questionnaires in our investment analysis and decision-making processes.
- We will seek to consider and apply a wide range of codes, principles, specifications and conventions in our investment strategy, including (but not limited to) relevant standards published by the International Standards Organization (ISO), the United Nations Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board (SASB), and Environmental, Health and Safety Guidelines by the International Finance Corporation (IFC). The relevant standards and considerations will be reflected in TR Capital's ESG toolkit.
- We will avoid investments in business that derive a material portion of their revenues from the sale of tobacco, pornography, gambling, or personal firearms, or that are known to utilize child or forced labor or maintain unlawful discriminatory employment policies. We will also avoid investments in the Mining and Oil and Gas (Exploration & Production) industries<sup>2</sup>.
- We will consult with and/or engage external specialist consultants on ESG issues to support our internal deal teams when evaluating a target company or fund as necessary.
- We will seek to continually improve the capabilities of both our investment and non-investment professionals to identify and assess ESG issues and factors by arranging for continuous learning and development programs for all staff.

##### **ESG Principle #2: We will be active owners and work through the appropriate governance structures of our investee companies and funds to encourage due attention to important ESG factors and considerations.**

- We will monitor and ensure ongoing ESG compliance by our portfolio companies and funds through active participation in the boards of directors and LP advisory committees/boards (as applicable) to which we have been appointed.
- We will support our portfolio companies and funds to develop remedial measures and mechanisms in respect of ESG issues identified during our investment process, with the goal of improving performance and minimizing adverse impact.
- We will encourage appropriate disclosure on ESG issues by portfolio companies and funds in which we invest, and review, encourage and guide such companies and funds to adopt ESG principles in their business activities.

<sup>1</sup> TR Capital is not currently a UN PRI signatory but has referenced the Six Principles of PRI in developing the Firm's ESG management system.

<sup>2</sup> Further detail in TR Capital's ESG Exclusion List (Appendix A)

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**ESG Principle #3: We will seek to continuously improve and enhance our effectiveness in implementing this ESG policy, and will remain informed about ESG developments and best practices within the private equity industry.**

- We will remain updated on international best practices regarding ESG considerations and policies.
- We will periodically (and no less frequently than once per annum) consider changes and additions to this policy and our ESG toolkit based on the latest ESG developments and best practices.
- We will seek to continually improve the capabilities of both our investment and non-investment professionals to identify and assess ESG issues and factors by arranging for continuous learning and development programs for all staff.
- We welcome dialogue with the limited partners of our funds and other stakeholders, and will share a yearly update regarding our ESG efforts in the investment process and portfolio management. The annual update will be based on outputs from our ESG due diligence process and ongoing monitoring of our portfolio companies and funds.

**ESG Principle #4: We will incorporate ESG considerations into our day-to-day non-investment activities.**

- TR Capital abides by the following ESG practices.
  - All employees are required to comply with all applicable laws, regulations and internal compliance requirements.
  - Adopting a no discrimination policy and ensuring a safe working environment, that safeguards the wellbeing of all employees.
  - Encouraging a working culture that values meritocracy, openness, fairness and transparency.
  - Maintaining the highest standards of business integrity and honesty.
  - Operating a stringent gifts and entertainment policy, with open transparency and reporting.
  - Dealing with regulators and government officials in an open and co-operative manner. TR Capital also has in place stringent anti-bribery and anti-money laundering policies.
  - Conducting Greenhouse Gas (GHG) accounting on TR Capital's own operations, and based on GHG accounting, consider engaging in carbon trading to offset the emissions.
  - Implementing environmentally conscious in-house practices such as: office energy saving practices; an office recycling program; a paper printing reduction strategy; business travel reduction where possible; selecting LEED-certified office buildings where possible.
  - Seeking to participating in philanthropy and volunteer activities and/or community projects.