



OPENGATE CAPITAL
REALIZING POTENTIAL

Responsible Investment Policy

RESPONSIBLE INVESTMENT POLICY 2023

2023



UPDATED: JULY 1, 2023

Purpose and Scope

OpenGate Capital Management, LLC (“OpenGate”) believes that investing in companies and developing innovative approaches and focusing on operational excellence can be part of driving transformative investment value. In our experience, creating more resilient, compliant, and environmentally and socially responsible companies is often key to generating long-term value. Therefore, the considerations that are part of a robust Environmental, Social and Governance (“ESG”) strategy are important elements of our investment approach and process.

We recognize that the consideration of ESG factors have an impact on both the returns realized with respect to portfolio companies in which our funds invest as well as the communities in which our portfolio companies operate. We believe a well-defined ESG approach should have the goal of supporting sound ESG-related decision-making throughout the investment lifecycle, and where relevant, we actively seek to develop ESG strategies as a key element of our operational focus.

This Policy seeks to define OpenGate’s ESG process and philosophy, with guidance from the United Nations-supported Principles for Responsible Investment, the Value Reporting Foundation (formerly SASB), and the British Venture Capital Association (“BVCA”). OpenGate’s Responsible Investment Policy, adopted as of November 1, 2021 and updated as of July 1, 2023, applies uniformly throughout our portfolio companies within our active funds, where applicable. We proudly engage with our Limited Partners to power an ever-broadening dialogue on sustainability, responsibility, growth, and value.

Core Areas of ESG Focus

As investors throughout the industrials, technology, and consumer and business services sectors, OpenGate draws upon a broad yet highly detailed base of operational expertise. Therefore, the ESG risks and opportunities we aim to consider in portfolio advancement cover a range of core business resilience and growth issues. The materiality of potential ESG factors is evaluated on a case-by-case basis.

Generally, OpenGate’s defined Core Areas of ESG Focus include (but are not limited to): Environmental Impact, Employee & Stakeholder Engagement, Business Integrity & Resilience, and Governance & Compliance.

ESG Implementation

OpenGate is structured with integrated, cross-functional deal teams that collaborate continuously throughout the process of sourcing, executing, and operating each investment. OpenGate’s investment professionals, including the M&A and Operations teams, bear the responsibility of providing effective ESG oversight, ensuring that all factors are diligently considered in potential investments.

With professionals focused on Business Development, M&A, and Operations, our goal is to position our investments for value creation from initial sourcing and diligence, throughout our hold period, and through to realization.

This specialized, collaborative investment structure also provides the opportunity for a seamless—though explicit—consideration of ESG factors throughout the life of a portfolio investment. In fact, where reasonable and appropriate, we evaluate and monitor ESG-related risks and opportunities within each portfolio investment at varying points in each stage of our investment process:



Screening and Due Diligence

OpenGate’s due diligence of a potential portfolio platform or add-on acquisition may include consideration of:

- The governance and management structure of the company, including the manner in which key managers and other key employees are compensated
- Compliance with applicable laws, regulations, and ordinances, including environmental, labor, and anti-corruption laws and regulations
- Any material notices or inquiries from regulators, including environmental and labor regulatory agencies (e.g., EPA, FDA, DOL, NLRB, etc.)
- Actual or threatened litigation or claims that might have a material effect on the company, including claims based on environmental, labor, or anti-corruption laws or regulations
- Environmental or safety studies, audits, or reports prepared by or for the company
- Pending or threatened labor disputes or prior work stoppages
- Our exclusion list which includes real estate development and oil and gas exploration

If we identify material risks or considerations related to ESG issues in the course of our due diligence with respect to a prospective portfolio company, we seek to understand and appropriately address the relevant issue in a satisfactory manner during the course of its negotiations relating to the investment. Where the company is unable or unwilling to address relevant ESG issues, if any, and those issues (alone or together with other issues identified) pose significant risks with respect to the company, its business and operations, and/or the OpenGate funds and investors, then OpenGate may elect to stop proceeding with the investment. Where the company, or its anticipated activities, encompasses real estate development, oil and gas exploration, we exclude that company from further consideration. For each Fund’s existing investors who have specified exclusions through side letters, OpenGate will take into consideration their exceptions when considering investments.

Execution and Hold Period / Value Creation

After evaluating material ESG risk and opportunity factors during our initial screening and diligence phases, OpenGate’s Operations team reviews a portfolio investment’s ESG profile throughout our hold period.

Representatives of OpenGate often will serve on the board of the portfolio company, or on the board of its relevant holding entity and, where relevant and material, it is expected that the board will be apprised of relevant ESG issues. In addition to this Board-level oversight, the OpenGate Operations team — having established a robust understanding and connection to the portfolio investment through the initial diligence phase — may be actively involved alongside portfolio company management in seeking to advance ESG considerations. Where management of, or performance on, a material issue is considered by OpenGate to need improvement, we strive to work with company management and/or outside consultants to consider the development of a corrective action plan. ESG factors are considered — as part of the monthly review process.

Utilizing our [proprietary OGx platform](#), OpenGate’s Operations team also aims to regularly and continuously monitor portfolio-level ESG performance within our Core Areas of ESG Focus. OGx is OpenGate Capital’s innovation, digital transformation, and operational growth capability, applying highly

customized, leading-edge processes and technologies as a force multiplier for the portfolio. The ability to leverage OGx provides the opportunity for timely identification of negative ESG trends and the ability to learn from the portfolio to share best practices.

Position for Realization & Exit

The OpenGate Operations team will utilize technology to assist in actively monitor and engage with portfolio companies on ESG-related factors throughout an investment lifecycle, as part of the goal of increasing investment value at exit. It is our stated goal to strive to advance ESG best practices and capabilities within our organization to target further connection of our brand of value creation with long-term fundamentals for building more responsible, more sustainable companies.

ESG Stewardship and Leadership

The OpenGate investment approach is powered by individual accountability and forward-thinking action. We work to engage regularly with portfolio company management on key considerations around ESG advancement and best practice, with informal input from our Limited Partners on the ESG issues most meaningful to them. By striving to act as stewards of positive ESG orientation throughout our portfolio and with our LPs, we hope to further develop the consideration of responsible investment practices within the investment community while driving value within our own portfolio.

At the GP level, OpenGate has created a firm-wide initiative branded “OGCulture” which reflects this desired orientation towards sustainability and social and human capital through community and team initiatives. Besides seeking to align personal values with experiences and forge strong team bonds, OGCulture’s mission is to build relationships within our communities and partner with local and global charities. This approach fosters growth and development for our employees as well as contributes to our communities in a hands-on way.



Oversight

OpenGate's Responsible Investment Policy and the processes and philosophies contained herein have been developed utilizing a set of ESG principles to which we aspire in our business:

1. Raise awareness and attention to environmental, public health, safety, labor, governance, and social issues
2. Increase accessibility and engagement with relevant stakeholders
3. Position portfolio companies for long-term sustainability, improving the performance of and minimizing the adverse impact on environmental and social factors
4. Seek to use governance structures that provide appropriate levels of oversight to audit, risk management, and potential conflicts of interest
5. Adopt compensation approaches that align the interests of owners and management
6. Maintain policies and processes that create more compliant, legally responsible companies that prize the safety, health, and welfare of their workforce and the regulatory positioning of their businesses
7. Respect the human rights and community welfare of those affected by our investment activities
8. Encourage portfolio companies to advance these same principles in a way which is consistent with OpenGate's fiduciary duties

These principles serve as the motivation behind our focus on ESG considerations and reflect the values of OpenGate's senior leadership, Investment Committee, Business Development, M&A, and Operations teams. For us, true ESG focus requires constant evolution, and we will seek to continue evaluating and enhancing our practices in this area. This Policy has been reviewed and approved by the OpenGate Investment Committee, and it will be reviewed and updated annually going forward. OpenGate is committed to keeping our Limited Partners and our team aware of any material developments in our Responsible Investment Policy to continue to optimize transparency and communication around key ESG considerations.