



**SOHO
SQUARE**

**RESPONSIBLE
INVESTMENT
REPORT 2024**



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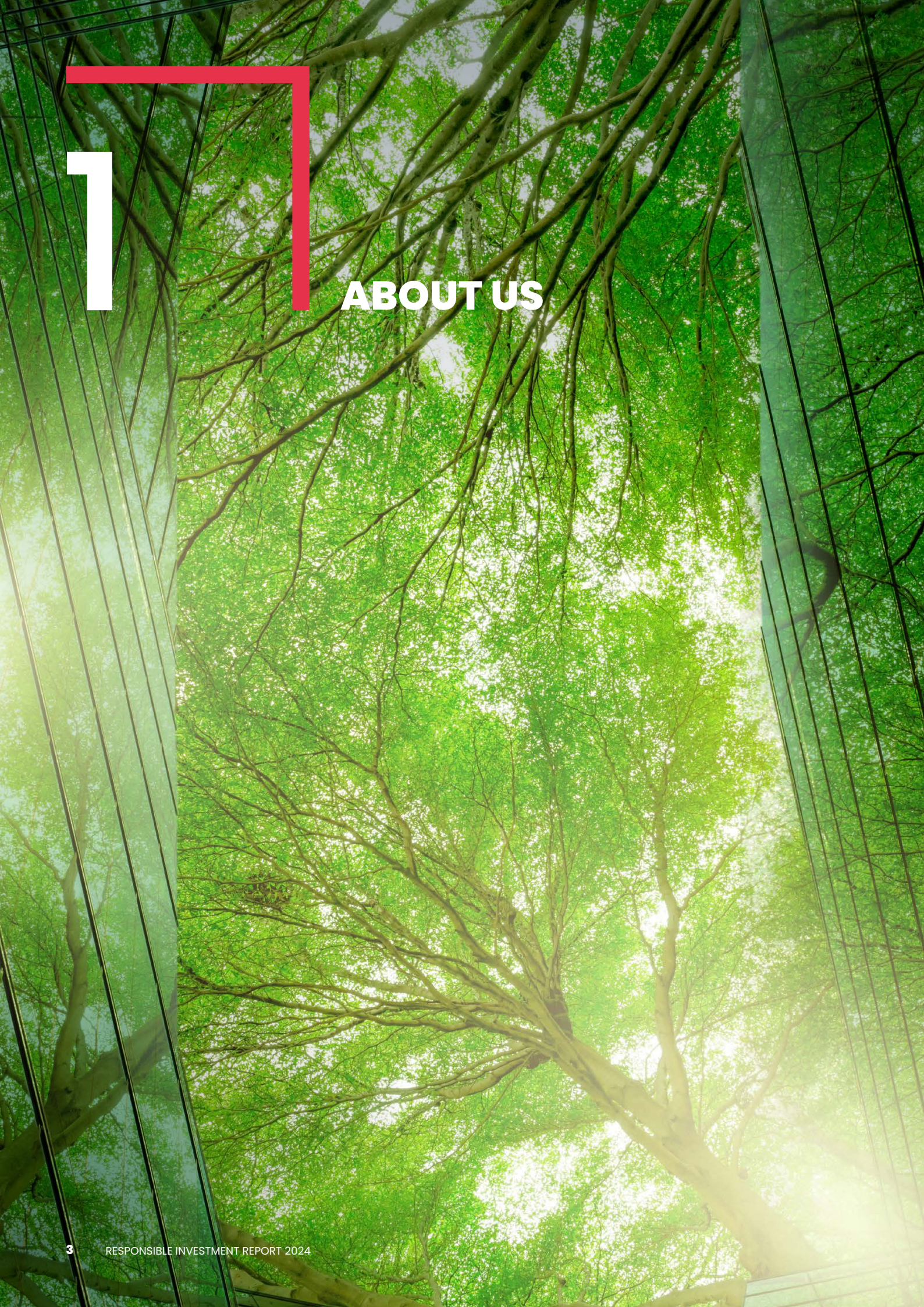
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ABOUT US

MESSAGE FROM SOHO SQUARE'S LEADERSHIP

At Soho Square Capital, we believe that responsible investing is an important element in supporting society's move towards a sustainable economic future.



Walid Fakhry
CEO

We acknowledge that responsible investing will not only benefit our investors but will also deliver broader societal benefits.

To do so effectively, we endeavour to incorporate Environmental, Social and Governance considerations (ESG) into our key processes as well as monitor compliance with the targets set.

ESG considerations should help us mitigate risks, identify opportunities and create value for all stakeholders. These considerations help us not only make better decisions, but also they lay down the foundations required to deliver long-term stable growth.

The prosperity of portfolio companies and the adoption of ambitious ESG objectives should go hand in hand, and we're working hard to achieve this.



Rhonda Nicoll
Head of ESG



Steven Ferris
Head of Asset Management



SOHO SQUARE AT A GLANCE

Soho Square designs investments to work perfectly for ambitious leaders of UK and European businesses. We invest capital and know-how into their businesses and help them realise their personal objectives.

65+

INVESTMENTS
TO DATE

The team at Soho Square brings together a wealth of different experience to enable change, drive growth and support you on the next stage in your journey.

We know the blood, sweat and tears it takes to build great businesses. We respect talent and hard work, and our bespoke financing solutions help you to stay in control of the business you created.

£15m-
40m

TARGET
INVESTMENT SIZE

We offer a broad range of structured capital solutions that are tailored to the needs of each investment. Our experienced team takes the time to understand the unique circumstances of each situation and create a financing package that meets your needs.

Whether it is a change of ownership, an ambition for growth or the need to refinance, we have the experience to understand your situation and the drive to make change happen. Our solutions are more flexible than traditional credit financing while minimising the equity dilution for business owners that is a feature of traditional private equity.

OUR APPROACH TO PARTNERSHIP

Focussed

Dedicated to serving the financing needs of UK and European SMEs

Flexible

Bespoke solutions that enable founders to maintain control

Experienced

A seasoned team offering practical solutions for business owners

Supportive

Guidance and support for the lifetime of the investment

Signatory of:





2

APPROACH

OUR ESG APPROACH

In partnership with our portfolio companies, we focus on generating attractive returns in a social responsibility way.



While quantifying the financial benefits of ESG efforts is somewhat challenging for our industry, there is a fundamental connection between robust ESG credentials and the enduring sustainability of a business's growth.

By equipping our portfolio companies to meet the expectations of sustainable business practices, we contribute to value generation by mitigating risks and identifying sustainable development and growth opportunities. These considerations help us not only make better decisions, but also they lay down the foundations required to deliver long-term stable growth.

We believe that the prosperity of portfolio companies and the adoption of ambitious ESG objectives go hand in hand.

Soho Square is a signatory to the UN Principles for Responsible Investment (UNPRI). By aligning ourselves with the UNPRI Principles, we are joining with other private equity firms that share a collective objective to create a more sustainable future.

The UNPRI Principles cover all aspects of our business and we endeavour to make them part of our day to day processes.

UNPRI PRINCIPLES

1. We incorporate ESG issues into investment analysis and decision-making processes
2. We are active owners and incorporate ESG issues into our ownership policies and practices
3. We seek appropriate disclosure on ESG issues by the entities in which we invest
4. We promote acceptance and implementation of the Principles within the investment industry
5. We work together to enhance our effectiveness in implementing the Principles
6. We report on our activities and progress towards implementing the Principles



OUR ESG APPROACH CONTINUED...

OUR ESG POLICIES

ENVIRONMENTAL

- Minimise and manage environmental impact
 - Measure and report carbon emissions
-

SOCIAL

- Protect employees through high health and safety standards
 - Ensure product safety and protect consumer interests
 - Engage positively with local communities
-

GOVERNANCE

- Ensure the adoption and institutionalization of critical governance policies, including anti-corruption and bribery policies
- Ensure that portfolio companies operate to the highest standards of corporate governance

As part of our commitment, Soho Square will report annually on the mandatory Principle Adverse Indicators (PAI) under the Sustainable Finance Disclosure Regulation (SFDR). The SFDR, which is part of the EU's Sustainable Finance Action Plan, lays out mandatory rules for asset managers, with the aim of making the sustainability profile of funds more transparent and better understood.

TRANSPARENCY ON METRICS

Investment modalities have evolved with investments that have obvious negative adverse social and environmental impacts required to meet a much higher bar to qualify for institutional investing. These modalities also require higher levels of transparency with regards to both the decision making processes as well as the ongoing monitoring of the portfolio companies.

Soho Square strives to be open about our sustainability efforts and goals, and progress in the adoption of these policies demonstrates our further commitment to these goals.

POLICY AREAS

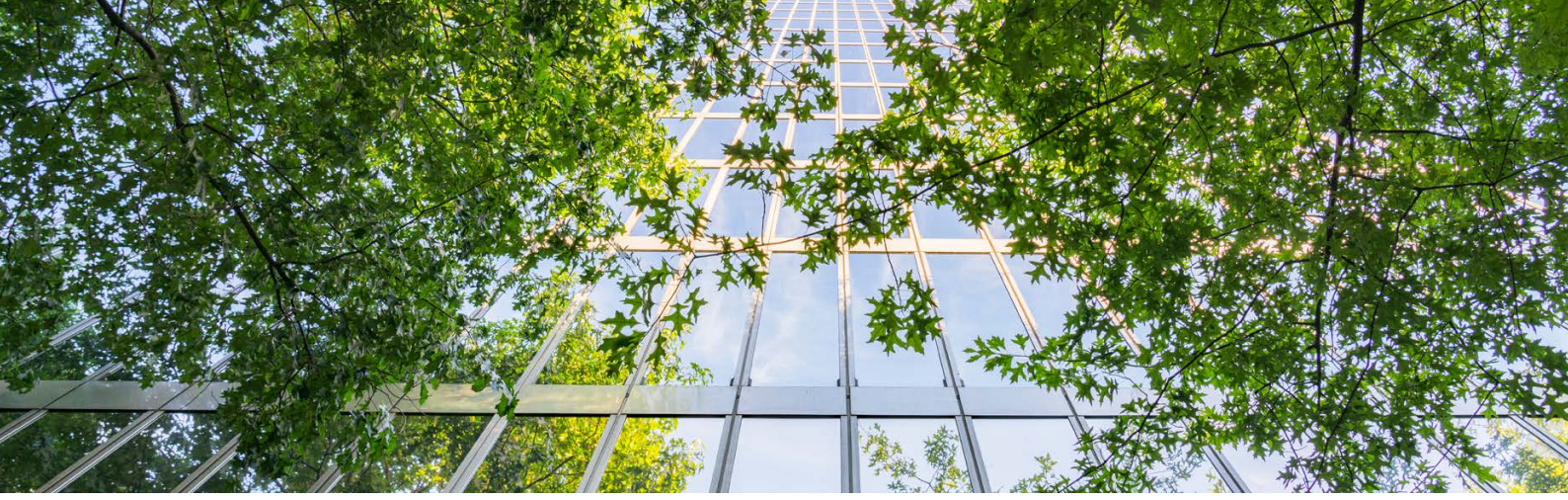
ESG is easy to define as a concept but is hard to translate into specific rules or sets of actions.

Our approach is intended to be practical through the implementation of broad-based policies that recognize the complexities associated with the implementation of ESG concepts and also by defining exclusion lists that reflect the areas that we believe are not compatible with our broader ESG agenda.

We believe that this approach achieves many key objectives while giving us the flexibility to examine and evaluate those ESG issues that may not fall into well-constructed definitions.

We have defined our broad-based policies around the three Environmental, Social, and Governance areas.

The exclusion list that we have adopted is and will continue to be a work in progress. The list represents our current assessment and will continue to evolve to reflect our position on industries and business that we deem to no longer be within our broader ESG agenda.



OUR ESG APPROACH CONTINUED...

OUR EXCLUSION LIST

Production, distribution, or sale of pornography

Production, trade and/or distribution of tobacco

Production of and trade in weapons and ammunition

Operation of casinos and other gambling enterprises

Exploitation and testing on animals

Extraction of fossil fuels

Enterprises whose business models involves the destruction of habitat e.g., palm oil/deforestation

IMPLEMENTATION OF OBJECTIVES

The integration of these policies into our day-to-day activities is key – that is how we will translate these objectives into tangible actions. The integration will cover three areas: Investment decision making, senior level resource commitment, and reporting and monitoring.

INVESTMENT DECISION MAKING

The integration of our ESG policies into our investment processes is key to delivering on the broader commitment. We have historically informally applied many of the policies that we have now codified. In that context, we evaluate not only a company's current position but also what its objectives are and how we can help it achieve them.

The formalization of the policies alongside the exclusion rules will provide a clearer reference frame to assess which opportunities fit within our remit.

While ESG consideration are integral to our overall approach, there are three places where these considerations will determine whether we pursue an opportunity or continue to support it.

ESG CONSIDERATION

1. EXCLUSION FILTER

The primary filter is against our exclusion rules, whereby each company or project is assessed against those rules and a determination is made as to whether the opportunity fits within our parameters.

2. MANAGEMENT COMMITMENT TO ESG OBJECTIVES

If the opportunity falls outside those exclusions, we will engage with the management teams and make them aware at an early stage that ongoing ESG compliance, improvement and promotion is a pre-requisite for our capital.

3. DUE DILIGENCE VALIDATION

Confirming our ESG assumptions about a company forms an important part of our due diligence. We use this exercise to both validate our beliefs, determine the baselines of the company, and assess which areas require more support and focus to improve.

OUR ESG APPROACH CONTINUED...

PORTFOLIO MANAGEMENT

We will work with our portfolio companies to set out ESG goals and targets and support them in developing the disciplines required to achieve those objectives. That commitment will continue through the life-cycle of the investment.

Once an investment has been agreed, a 100-day improvement plan is developed by the key stakeholders, including Soho Square and the company management team.

This plan will serve as a guide which includes targets to be measured, achieved, and discussed at board meetings and reported on.

During investment, our positions on the board of the companies will allow us to oversee their progress towards their stated ESG targets and provides us with the ability to support or challenge the team on their execution.

At exit, Soho Square are committed to being open and transparent regarding ESG performance and any specific ESG initiatives and achievements to potential new buyers.

SENIOR TEAM ACCOUNTABILITY

Soho Square has a dedicated team who are each responsible for different stages of the investment, including screening and due diligence, monitoring, and reporting.

While these teams are led by senior members of the firm, the responsibility to ensure adherence to our objectives sits with every member of the team.

We are all responsible and share a duty to oversee and ensure ESG integration. As a team, we hold monthly board meetings where ESG progress will be discussed, including specific ESG initiatives introduced by portfolio companies.



3

PORTFOLIO COMPANIES

HIGHLIGHTS FROM OUR PORTFOLIO COMPANIES

The table below shows our tracking of SFDR Principle Adverse Impact Indicators across our portfolio companies at 31 December 2023

These metrics remain our key focus area, with the aim of providing a complete set of high quality, reliable metrics for our investors and to meet SFDR Article 8 commitments.

METRICS	ASSURED DATA PROTECTION Managed Service Provider	ARCUS Facilities Management	CREATE FUTURE Digital Consultancy	NETOMNIA TMT	OLIVER JAMES Recruitment
	● Data available ● Data unavailable	● Data available ● Data unavailable	● Data available ● Data unavailable	● Data available ● Data unavailable	● Data available ● Data unavailable
GHG Emissions	●	●	●	●	●
Carbon Footprint	n/a	●	n/a	●	n/a
GHG Intensity	●	●	●	●	●
Exposure to Companies Active in Fossil Fuel Sector	n/a	n/a	n/a	●	n/a
Share of Non Renewable Energy Consumption and Production	n/a	●	n/a	●	n/a
Energy Consumption Intensity Per High Impact Climate Sector	n/a	n/a	n/a	●	n/a
Activities Negatively Affecting Biodiversity Sensitive Areas	n/a	n/a	n/a	●	n/a
Emissions to Water	n/a	●	n/a	●	n/a
Hazardous Waste and Radioactive Waste Ratio	n/a	●	n/a	●	n/a
Violations of the UNGC Principles or OECD Guidelines for Multinational Enterprises	n/a	n/a	n/a	n/a	n/a
Lack of Compliance Processes to Monitor UNGC or OECD Guidelines for Multinational Enterprises	●	●	●	●	●
Unadjusted Gender Pay Gap	●	●	●	●	●
Board Gender Diversity	●	●	●	●	●
Exposure to Controversial Weapons	n/a	n/a	n/a	n/a	n/a

CASE STUDY



ARCUS

FACILITIES MANAGEMENT

A facilities management sustainability leader

FIVE CORE PATHWAY ACTION AREAS

1. Arcus' transport (73% of baseline emissions)
2. Arcus estates & home working
3. Supply chain & waste
4. Technology & innovation
5. Residual emission offsetting

Arcus is striving to be a sustainability leader in the Facilities Management industry and is committed to ensuring an equal focus is placed on all elements of sustainability covering the natural environment, society, and business governance.

It prides itself on being a responsible organisation and wants to act in a way that positively impacts its colleagues, the planet, and the communities it works in, investing responsibly for sustainable growth.

They have embraced the UN Sustainable Development Goals and are on a sustainability journey as a member of the Sustainable FM Index (SFMI), publishing detailed annual reporting of its progress.

ARCUS' COMMITMENT TO NET ZERO BY 2040

As an award-winning FM company – technology led, people driven – Arcus is focused on fully embedding sustainability into its business, adopting ESG considerations and activities, and taking actions that result in improved, and where possible positive, social, economic, and environmental impacts.

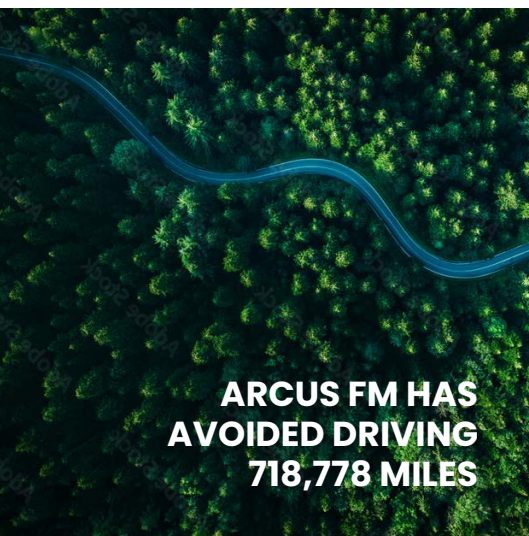
Arcus recognises the urgency associated with tackling the climate crisis, as well as its customer and other stakeholders expectations and goals, which is all reflected in its commitment to be Net Zero by 2040 and to drastically reduce emissions by 2030. For example, Arcus' technology and service improvements have led to a net £65m reduction in energy costs for its customers since 2015.

DEFINING NET ZERO AND SETTING

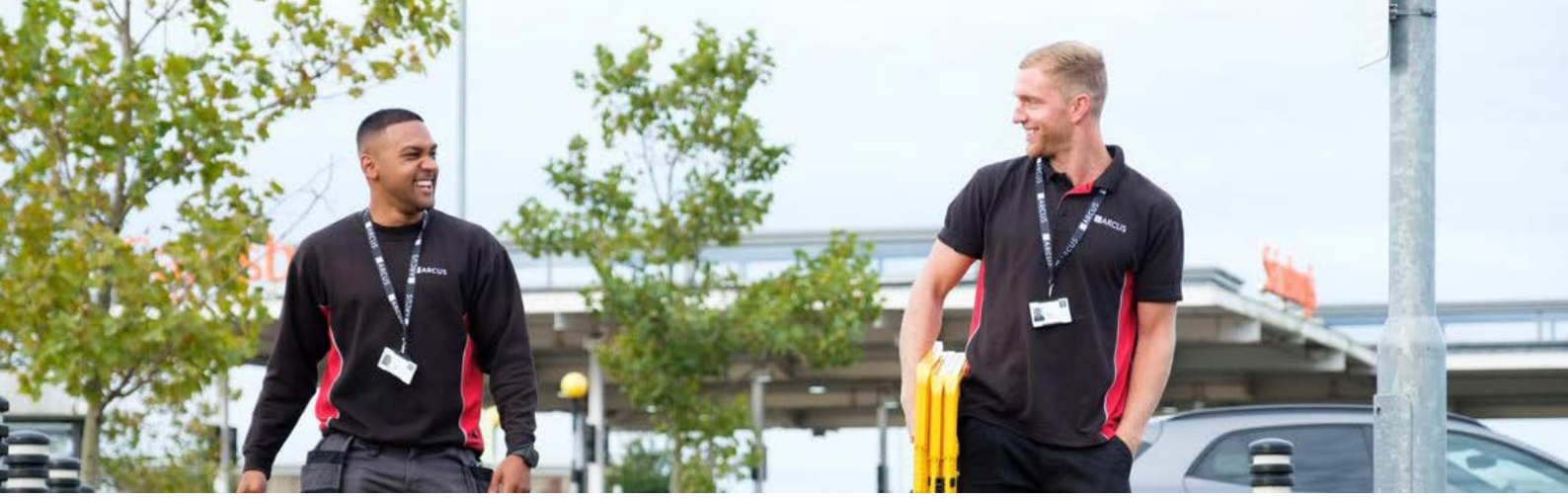
TARGETS

Arcus' definition of 'net zero' is aligned with the Science Based Target Initiative Corporate Net Zero Standard definition:

- Reducing scope 1, 2, and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways.
- Neutralising any residual emissions at the net-zero target year and any Greenhouse Gas (GHG) emissions released into the atmosphere thereafter.
- The priority for Arcus is to reduce its emissions on an absolute basis year-on-year at a rate that aligns with a 1.5°C future.



ARCUS FM HAS
AVOIDED DRIVING
718,778 MILES



ARCUS CASE STUDY CONTINUED ...

OTHER INITIATIVES

Arcus' Social Value Strategy aims to give back to communities and society, leaving it better off through its interventions. As well as actively recruiting care leavers, those serving or soon to be released from prison, ex-services personnel and individuals with health conditions, Arcus provides work experience opportunities and career advice.

Supporting employees through the cost of living crisis: April 2023 pay increases were brought forward to December 2022, savings advice was provided, loans offered that could be repaid through salary at an affordable rate, and advice and counselling were provided for mental health support.

TEAM

Chris Green

CEO, Arcus

"Industry-leading ESG performance is vital for our business and our planet, and for realising our growth aspirations too. Arcus' customer-base, and their customers, demand a service that protects planet and people, and takes positive steps to drive improved conditions right through our value chain. Our approach to Environment, Sustainability, Social Value and Governance are not just strategic initiatives to us, they're in our DNA."

Rhonda Nicoll

CFO and Head of ESG Soho Square

"We are committed to embedding Soho Square's Responsible Investment Policy and ESG guidelines into our investment decision-making processes and portfolio management operations. We believe that responsible investing is an important element in supporting society's move towards a sustainable economic future that will not only benefit our investors but will also deliver broader societal benefits."

David Steel

Director, Soho Square

"Arcus stands out as an exemplary company that puts its commitment to ESG at the heart of its business. It was an important element of our decision to invest in Arcus, because we believe that ESG considerations are the foundations required to deliver long-term stable growth and should help us mitigate risks, identify opportunities and create value for all stakeholders."



Chris Green
CEO, Arcus



Rhonda Nicoll
Head of ESG, Soho Square



David Steel
Director, Soho Square



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