

**SOHO
SQUARE**



Responsible Investment Policy

Our position on ESG

Soho Square Capital has adopted the approach defined in this document as the basis of its ESG approach. The aim of this Responsible Investment Policy is to outline how we incorporate 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. We acknowledge that responsible investing will not only benefit our investors but will also deliver broader societal benefits. To do so effectively, we intend 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. 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:

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.

As part of our commitment, Soho Square will report 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.

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

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.

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 involve 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:

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. Their commitment to the adoption of ESG guidelines will form an important part of our decision making.

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.

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 lifecycle 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.

Reporting

Soho Square will report on ESG performance on an annual basis to LPs and will cover the specific investee company initiatives as part of this reporting.

This document will be subject to changes and updates as we progress through our ongoing journey of ESG integration at Soho Square.