SOHO SQUARE

Responsible Investment Policy

Our 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 integrate Environmental, Social and Governance (ESG) considerations into our investment analysis and decision-making processes by ongoing monitoring of sustainability risks and impacts and by promoting improved practices throughout the investment cycle.

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 considerations 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.

Soho Square voluntarily collects, where possible, the mandatory Principle Adverse Indicators (PAI) under the Sustainable Finance Disclosure Regulation (SFDR). Partnership Capital Fund II SCSp is a financial product referred to in Article 8 SFDR and its website disclosure is found here.

Governance & 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.

Investment strategy

As part of our investment strategy, Soho Square, aims to:

- Integrate ESG considerations into investment analysis and decision-making through the responsible investment process.
- Support portfolio company boards and management teams in embedding appropriate ESG guidelines into policies, risk management systems and day-to-day operations, including the development of ESG action plans for the first 100 days and the first full financial year of ownership.
- Monitor progress in mitigating ESG risks and improving ESG performance, including environmental performance, through the annual collection of Soho Square ESG metrics.
- Engage with portfolio companies on material ESG topics, with systematic board-level oversight of progress and the use of escalation measures where companies fail to provide necessary ESG information or do not progress on agreed ESG actions.

ESG Exclusions:

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.

We commit to restricting investment in companies whose core products or services directly relate to the following excluded activities:

- Production, distribution or sale of pornography
- Production, trade and/or distribution of tobacco
- Production of, and trade in, prohibited weapons (which include anti-personnel mines, cluster munitions, and biological and chemical weapons)
- Operation of casinos and other gambling enterprises
- Extraction of fossil fuels
- Activities resulting in the material destruction of sensitive or protected natural habitats

Due Diligence:

Soho Square uses a dedicated ESG due diligence framework, supported by an external service provider and supplemented by sector-based exclusions. The framework covers 42 ESG topics, which are scoped in or out based on sector materiality and relevant disclosure or compliance thresholds.

Two analytical lenses are applied: (i) the sector-level ESG risk exposure (low/medium/high); and (ii) the company's risk-mitigation measures. The ESG due diligence is structured around a Red-Amber-Green (RAG) framework is informed by internationally recognised standards and reporting frameworks, including the OECD Guidelines for Multinational Enterprises, the International Labour Organization (ILO) core labour standards, the United Nations Global Compact (UNGC) Ten Principles, the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Standards, alongside sector-specific good practice. These sources inform the definition of expected practices, minimum safeguards and good-practice benchmarks across environmental, social and governance topics.

For each potential portfolio company, this assessment is undertaken to identify the most important ESG issues for the business and to establish a baseline ESG assessment score, agreed with management. This baseline then informs a company-specific ESG action plan for the first year of ownership.

Portfolio Monitoring and Engagement:

Throughout the holding period, we monitor the ESG performance of our portfolio companies on an ongoing basis through regular engagement and through the annual metrics-gathering process.

We employ the services of an external specialist adviser is engaged annually to collect and monitor a set of ESG metrics. This approach ensures that key ESG impacts and risks are identified and managed, progress is tracked, and both investee companies and Soho Square are prepared for sound and transparent reporting with high-quality data.

The metrics set being used to monitor the environmental and social characteristics promoted by the fund comprises a selection of Environmental, Social, Governance (ESG) / Sustainability data informed by internationally accepted frameworks and industry best practice. This includes: GHG Accounting Protocols and PCAF Global GHG Accounting Standards; ESG Data Convergence Initiative reporting initiative; Invest Europe GP ESG Due Diligence Questionnaire; Principal Adverse Indicators; Global Reporting Initiative and the European Sustainability Reporting Standards.

Performance will be assessed by analysing each company's year-on-year progress, with any significant gaps or data changes identified and followed up through targeted engagement where necessary.

Representatives of Soho Square sit on the boards of all investee companies and oversee progress against agreed ESG action points and the promotion of the Fund's environmental and social characteristics. The promotion of these characteristics is formally reviewed at least twice a year, typically in connection with budgeting or year-end planning.

Exit

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.

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. Investments made prior to the latest policy may continue to be subject earlier versions. Every effort is made to align with the highest standard across policies.