

Round2

CAPITAL PARTNERS

POLICY STATEMENT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

Round 2 Capital | April 2020



At Round2, analysis of our investment targets and the markets where they operate is the foundation of our investment decisions. Through our bottom-up approach, we endeavor to understand the long-term sustainability of a company's business model and the factors that could cause it to change. We believe that environmental, social, and governance (ESG) issues influence investment risk and return and, therefore, incorporate ESG risk considerations into our investment analysis process.

Accordingly, Round2 is a supporter of the Principles for Responsible Investment <https://www.unpri.org/> (PRI). We believe in the PRI framework as an effective means to encourage better dialogue with our investment targets, portfolio companies and investors that will help improve disclosure from companies globally. Our ESG analysis serves to complement our ultimate objective of delivering superior long-term investment returns to investors.



The primary responsibility for determining the impact of ESG factors on the funds' investments lies with investment management.

Our approach is driven by the following principles:

GUIDING PRINCIPLES

1 TRANSPERENCY

We believe companies, investors, and governments all have a role to play in improving corporate disclosures and transparency, thereby strengthening the sustainability of business practices over time.

2 ACCOUNTABILITY

Our investment management is responsible for assessing the full range of factors likely to have a meaningful impact on the company's performance, our ESG assessment framework is an additional tool that enables them to make these assessments.

3 LEADERSHIP

We believe ESG analysis and engagement are most effective when led by experienced investment professionals who are well positioned to evaluate these considerations in the appropriate context.

4 RELATIONSHIP

We believe our responsibilities as diligent investors do not cease with the decision to invest. We maintain a regular dialogue with the management teams of our portfolio companies.

5 MATERIAL

We focus on the ESG factors we consider most likely to have a material impact on the performance of the companies in our portfolio.

HOW DO WE INTEGRATE ESG ISSUES?

When we assess the suitability of an investment for our portfolio, we consider a variety of factors. These factors typically include: the business model and market potential, the company's leadership structure, accountability, transparency, leadership quality, strategy and execution, the competitive dynamics in its industry, its management of human capital, and its efficient use of financial and non-financial resources.

The evaluation of ESG factors is dependent on the country, industry, company, and management we are analyzing. Therefore, the particular issues considered vary with each investment. Some specific examples of the broad range of ESG issues we may consider in our investment analysis process are:

- » long-term environmental considerations, such as regulation, the availability and costs of raw materials, water, energy, and other significant inputs
- » a company's labor related policies, diversity and labor relations
- » supply chain risks related to work stoppages and labor controversies
- » the quality and diversity of a company's management and board
- » the current and potential regulatory environment, particularly with regard to highly regulated industries or controversial situations as the world's economy and industries evolve over time
- » the relative quality of a company's disclosures and its philosophy regarding stakeholder communications and engagement

Responsibility for incorporating ESG risks into investment decisions is embedded into our investment workflows. At Round2, our principal responsibilities include meeting and building long-term partnerships with the management teams, conducting site visits, and producing company and industry analysis.

In order to leverage our assessment of ESG risk factors, we strive for a gradual improvement in the management of ESG risk factors in our portfolio companies. We engage company management teams regularly to review their performance and to monitor progress. Our aim is to get a shared understanding with management teams about the environmental, social, and governance issues most relevant to their business and to help ensure constant improvements in the management of the risks related to them.

DELIVERING SUPERIOR LONG- TERM INVESTMENT RETURNS TO OUR INVESTORS



The Round2 investment portfolio is managed to provide long-term reward commensurate with acceptable risk. By assessing and understanding the range of ESG risks, together with many other investment criteria, our objective is to make us better positioned to deliver consistent, superior long-term investment returns to our investors.

Round2
CAPITAL PARTNERS

WWW.ROUND2CAP.COM