

Environment Social Governance (ESG) Policy

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Message from G Square's ESG Committee

We believe responsible investing creates a better and more sustainable risk return profile for our investments. Given our investment strategy is focused on investing in healthcare, we believe G Square positively impacts the wellbeing of the societies we operate in.

G Square's responsible investment practice may differ from other practices across other asset classes because we embed ESG in our core operations and as an investment manager we are committed to ensuring responsible investment practice are maintained. ***We strongly believe ESG is not simply complying with rules and regulations or a greenwashing tool.***

Our ESG team provide support to management at portfolio level to develop KPIs that are suitable for their company. We have encouraged ESG champions at each portfolio companies to communicate relevant information and concerns to the ESG team at G Square.

Finally, we are committed to adapting our ESG strategy to meet current industry standards and emerging regulation on ESG.

- *G Square's ESG Committee is made up of four members: Chief Executive Officer, Chief Operating Officer, Financial Controller and IR & ESG Associate*



Integration of ESG into G Square's Investment Strategy



The Different approaches to ESG for Fund Managers

G Square

ESG Integration

The systematic and explicit inclusion by investment managers of ESG factors into financial analysis.ⁱ

Corporate Engagement

Employing shareholder power to influence corporate behaviour, including through direct corporate engagement (ie communicating with senior management or boards of companies).

Norms based screening

Screening of investments against minimum standards of business or issuer practice based on international norms such as those issued by the United Nations (UN), International Labour Organization (ILO), Organisation for Economic Co-operation and Development (OECD) and non-governmental organisations (NGOs).

Negative/exclusionary screening

The exclusion from a fund or portfolio of certain sectors, companies, countries or other issuers based on certain criteria. Exclusion criteria (based on norms and values) can refer, for example, to product categories (eg weapons, tobacco), company practices (eg animal testing, violation of human rights, corruption) or controversies.

Best in class/positive screening

Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers, and that achieve a rating above a defined threshold.

Sustainability themed/thematic investing

Investing in assets specifically contributing to sustainable solutions, such as sustainable agriculture or green buildings, or investing in sustainable themes such as low carbon portfolios or portfolios promoting gender equity.

Impact investing and community investing:

Investing to achieve positive social and environmental impacts. This approach involves measuring and reporting against these impacts, demonstrating the intentionality of investor and underlying asset/ investee, and demonstrating the investor contribution. Community investing is broader than impact investing and considers other forms of investing and targeted lending activities.

(source: [The Global Sustainable Investment Review 2020](#))

G Square ESG Cycle

Policy and Strategy

- G Square's ESG policy outlines its commitment to responsible investment by embedding environmental, social, and governance (ESG) factors into its decision-making and operations. As a UNPRI signatory and in alignment with Invest Europe guidelines, G Square incorporates ESG analysis into the due diligence process, with findings reviewed by the Investment Committee as part of the investment evaluation.

Pre-investment Due Diligence

- G Square will avoid investing in companies where ESG analysis identifies risks or practices that would breach the standards and principles it has committed to uphold.

Engagement with Portfolio Companies

- G Square engages with investee companies post-completion to monitor ESG performance throughout the holding period. While ESG factors are considered, they do not serve as standalone investment criteria.
- G Square also initiates ESG improvement efforts at the portfolio level, working closely with senior management to assess current practices and define tailored social and environmental objectives. Progress is reviewed and new targets are set at the board level.
- Each company designates an ESG Champion—typically the CFO or COO—responsible for implementing G Square's ESG requirements. Together, they establish relevant criteria, goals, and KPIs, which are monitored and reviewed during board meetings.

Integration of ESG into G Square's Investment Strategy (3) - ESG Cycle

G Square ESG Cycle

Portfolio Company Reporting

- G Square monitors and tracks ESG performance across its portfolio through annual surveys and ESG achievement reports, aligned with the UN Sustainable Development Goals (SDGs), Invest Europe guidelines, and relevant healthcare standards.

Investor Reporting

- G Square provides annual ESG disclosures to the UN PRI Secretariat, reporting on both its internal ESG programme and its responsible investment practices. ESG performance updates are also shared with fund investors through the annual investor report and during general meetings, with a focus on portfolio company progress.
- Since 2018, G Square has incorporated ESG provisions into investor side letters. In certain cases, and on a best-efforts basis, G Square may offer additional ad hoc ESG reporting in line with specific investor requests.

Exit considerations

- Launched an initiative in 2022 to conduct ESG due diligence as part of its exit planning process for potential portfolio company disposals.

Integration of ESG into G Square's Investment Strategy (4) - Our Exclusion List:

Involved or connected to the following industries:

- ✗ Weapons and ammunitions
- ✗ Prostitution or pornography
- ✗ casinos and gambling
- ✗ Tobacco
- ✗ Mining or oil /gas

1. Specific Sectors



Conduct activities in countries subject to:

- ✗ The United Nations Security Council Consolidated Sanctions List
- ✗ The US Treasury Department's Office of Foreign Asset Control ("OFAC") list of sanctioned nations
- ✗ HM Treasury Sanction List
- ✗ European Union Sanction List

2. Sanctioned Economies



Violate the ten UN Global Compact principles, see [page 22](#) for more information on the principles based on Human rights, Labour, Environment and Anti-Corruption

3. Do not meet UNGCP



Integration of ESG into G Square's Investment Strategy (5)

- G Square sets SMART (Specific, Measurable, Attainable, Relevant and Time-based) ESG targets to portfolio companies as part of their on boarding process. Below are broad ESG definitions and examples of materially relevant metrics, specific to the healthcare sector which we incorporate in our target setting and reporting. Improving these target create value and reduce the potential business, reputational, compliance and regulatory risks.

	Environmental	Social	Governance
General criteria	<ul style="list-style-type: none">▪ Greenhouse gas emission▪ Water Management▪ Waste management▪ Resource conservation▪ Treatment of animals	<ul style="list-style-type: none">▪ Data security▪ Access and Affordability▪ Diversity and Inclusion with workforce▪ Employee welfare▪ Employee Health and Safety	<ul style="list-style-type: none">▪ Board diversity and structure▪ Business Ethics▪ Risk management▪ Anti-corruption and bribery▪ Incident Risk Management
In practice for Healthcare companies	<ul style="list-style-type: none">▪ Reduced carbon emission targets▪ Advanced waste management practices, recycling etc.▪ Sustainable vehicle fleet initiatives	<ul style="list-style-type: none">▪ Customer / Employee surveys▪ Relevant employee trainings completed▪ Diversity and inclusion programs▪ Cyber security policy▪ Accessibility and affordability	<ul style="list-style-type: none">▪ ESG Champion▪ Board diversity metrics▪ Incident rates tracking▪ Pay equity goals

Importance of ESG Integration at Portfolio Company Level (6)

- Strong ESG has the potential to drive value through reduced costs and increased productivity
- Organizations that fail to comply with environmental or social factors may end up struggling to deal with regulatory, legal or reputational issues at a later stage

Value creation opportunities	 Reduction in operational costs associated with energy, fuel and water use
	 Retention of employees (reduction in cost of recruitment)
	 Improvement in brand value and reputation
	 Enhancement of employee productivity, motivation, morale, wellbeing and engagement
	 New product, service and market opportunities relating to ESG factors
Risks	 Business risk - risk of business disruption or revenue loss from inadequate or failed internal processes, people and systems for addressing a given ESG issue (e.g. employee injuries, fatalities, environmental pollution)
	 Reputational risk - risk of possible damage to a company's brand and reputation resulting from the failure to address ESG factors important to key stakeholders
	 Compliance risk - risk of financial penalties, legal issues or material business loss resulting from the failure to comply with ESG related laws or regulations
	 Regulatory risk - risk of a change in ESG-related laws and regulation that could potentially lead to financial penalties, legal issues or material business loss

G Square Case Studies

ESG Key Milestones

Environmental

- ✓ **Carbon Footprint Report:** Medadom carried out a Carbon footprint audit with Greenly. This report laid out their Scope 1,2 and 3 CO₂ emissions and suggestions to reduce their carbon footprint.
- ✓ **Waste management / Recycling:** Medadom have introduced a waste sorting system with a third-party company.

Governance

- ✓ **Data Protection:** In 2022, Medadom appointed a **Chief Information Security Officer (CISO)**. In 2023, Medadom's Information Security Management System was **ISO 27001 certified**, and **employees are regularly trained** on key cyberattack scenarios.

Social

- ✓ **Employee Training and Wellbeing** for managers to reach best management practices.
- ✓ **Preventative Care:** Through its mobile app, Medadom sends targeted notifications to help users recognise potential symptoms and take proactive steps toward early diagnosis and treatment.

Other Key Achievements

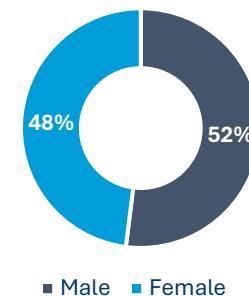
Trust Pilot Rating



ISO 9001 certified

70% suppliers are French-based, produced locally

Workforce Gender Diversity



ESG Key Milestones

Social

- ✓ **Charity and Community Initiatives:** Pharmacy2U organises charity days, swap shops, food bank donations. The company also has a paid volunteering policy in place.
- ✓ **ESG Working Group:** A cross-functional ESG working group meet regularly to monitor progress.
- ✓ **Staff facilities:** Pharmacy2U provides access to mental health resources, wellbeing days, and an employee assistance programme. Additionally, quiet rooms, collaboration spaces, EV charging stations, and improved office furnishings demonstrate Pharmacy2U's continued focus on fostering a positive, supportive working environment

Governance

- ✓ **Cyber Security:** Pharmacy2U renewed its Cyber Essentials Plus certification and meets the standards of the NHS Data Security & Protection Toolkit. Regular data protection training and internal phishing simulations are carried out to maintain a high level of security awareness and compliance across the organisation.

Other Key Milestones

Cyber Security
Assessment aligned
with CIS-18 controls

Workforce Gender Diversity



■ Female ■ Male



Our Internal ESG Policy

G Square's Internal ESG Policy (1)

Environment

- Favor virtual over in-person meetings when appropriate
- Reduce waste by discouraging printing, having recycling options and filtered water taps.
- Energy efficiency by choosing equipment / systems with auto shut down features

Social

- Our Diversity & Inclusion Policy covers our fair hiring and employment practices to promote equal opportunities at G Square
- Promote employee wellbeing - private health insurance, team events
- Diverse, multilingual team
- Donations to charities
- Allow external opportunities for training and development to all staff, including provided by professional organizations (e.g. BVCA, Invest Europe, healthcare conferences...)
- Provide training to internal staff: legal, offsite and compliance

G Square's Internal ESG Policy (2)

Governance

- ❑ G Square is regulated by the FCA. G Square complies with the standards set forth by the regulatory authorities and professional organizations
- ❑ The firms Compliance Manual captures all the regulations applicable to G Square. The manual is often updated to meet current standards
- ❑ Governing Body oversight of the firm and risk management. committee made up of CEO, CFO, Partner
- ❑ In addition, G Square has other committee such as investment committee, ESG committee and valuation committee which has oversight specific business needs.

G Square focuses on ensuring that the Compliance Advisor completes a thorough compliance review program and give a satisfactory feedback.

Position on Emerging Regulations

Position on Emerging Regulation

Sustainability Finance Disclosure Regulation (SFDR)

G Square Healthcare Private Equity LLP (“G Square”) proactively manages operational risk, including ESG considerations, in its investments and has adopted processes and procedures to integrate the assessment of sustainable risks in its investment decision-making process as appropriate. However, G Square does not consider or focus on the “adverse impacts of investment decisions on sustainability factors” as contemplated by European Union Regulation (EU) 2019/2088 on Sustainability-Related Disclosures in the Financial Sector (“SFDR”) as it is not required to do so under SFDR. Nonetheless, G Square remains committed to the integration of ESG into both firm operations and portfolio company management.

Task Force on Climate-Related Financial Disclosures (TCFD)

G Square has not adopted the Task Force on Climate-Related Financial Disclosures (“TCFD”) as we are exempted from the mandatory disclosure requirements set out by the Financial Conduct Authority (FCA) for assets managers with AUM over £5 billion.

G Square's Memberships



Appendix

UN Global Compact

G Square has adopted the ten Global Compact Consists principles as part of its core values. The ten principles consist of the following:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human right abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour;
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility;
9. encourage the development and diffusion of environmentally friendly technologies

Anti - Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

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