



2023 ESG Report

Issued June 2024



Statement from our ESG Committee



2023 marks the second full year that RoundShield has actively implemented its enhanced responsible investment process. RoundShield is delighted to report that the firm improved on 12 out of the 14 targets set out in the 2021 and 2022 ESG Reports. These targets, which cover both RoundShield's portfolios and RoundShield as a corporate entity, along with commentary on their outcomes, are documented below.

RoundShield's substantial progress is a testament to the entire team diligently implementing the Firm's responsible investment approach, as well as our responsiveness to investor, market, and Borrower feedback.

We would like to reiterate that many targets, especially those related to the collection of portfolio-level ESG data, will be achieved over a multi-year time horizon. Consequently, several targets set in the 2021 and 2022 ESG Reports continue to be marked as "ongoing". However, RoundShield is encouraged by the consistent year-on-year improvement and will continue working with Borrowers to ensure that all targets are met.



RoundShield Asset Level Target Updates

■ Complete ■ Ongoing ■ Paused

<p><i>Review all Borrower ESG policies, ensuring alignment with RoundShield's expectations (2021 ESG Report)</i></p>	<p>100% of our Borrowers' ESG Policies have been reviewed and expectations subsequently communicated. During this review process, we noted 75% of the ESG policies were aligned with our expectations, an increase from 53% in 2022. RoundShield will continue to engage with Borrowers who are deemed to have ESG Policies not aligned with RoundShield's expectations.</p>
<p><i>Work with Borrowers to ensure long-term ESG plans are in place (2021 ESG Report)</i></p>	<p>The percentage of Borrowers who reported setting timebound and measurable ESG targets fell from 31% to 25% because two Borrowers who reported targets in 2022 were excluded from the 2023 data collection process. This was for reasons independent of RoundShield's responsible investment process. Excluding these Borrowers, this represents a net gain of Borrowers who have set timebound and measurable ESG targets.</p>
<p><i>Work to develop a plan for Borrowers to collect and report on their Scope 1 and 2 Emissions (2021 ESG Report)</i></p>	<p>100% of Borrowers were issued an updated Borrower Improvement Plan ("BIP") that explicitly focused on the measurement and disclosure of GHG Emissions. We are delighted that the focus on GHG Emissions has led to positive engagement, as Borrowers provided information across Scope 1, 2 and Scope 3 emissions. This is already a substantial increase compared to 2022, when no borrowers disclosed their GHG Emissions.</p>
<p><i>Work to improve disclosure around energy consumption from renewable or non-renewable sources (2021 ESG Report)</i></p>	<p>13% reported renewable and non-renewable energy consumption on a total of 66 assets – an increase from 3 assets in 2022. RoundShield is encouraged that an additional 31% of Borrowers indicated they planned to measure this in the future.</p>
<p><i>Increase the number of Borrowers who provide ESG Training (2022 ESG Report)</i></p>	<p>RoundShield was encouraged to see that the percentage of Borrowers who provided ESG training increased from 6% to 25%, with a further 31% planning to provide ESG training in the future.</p>
<p><i>Have all Borrowers report on their board diversity and gender pay gap statistics (2022 ESG Report)</i></p>	<p>100% reported on their board diversity statistics, with 19% reporting their gender pay gap statistics. RoundShield recognises further progress is needed on this disclosure. The percentage of Borrowers reporting on their gender pay gap is an improvement compared to the 2022 report, where 13% of Borrowers reported.</p>

Increase the number of Borrowers who have conducted a materiality assessment (2022 ESG Report)

The percentage of Borrowers who conducted a materiality assessment more than doubled, from 20% to 44%.

Increase the number of real estate assets reporting against the ESG Questionnaire (2022 ESG Report)

RoundShield was happy to see that the number of real estate assets covered by the 2023 ESG Questionnaire dramatically increased from 35 to 190, an increase of 443%.

Have all real estate assets report on their EPC Rating (2022 ESG Report)

EPC ratings were not reported for all real estate assets; however, the number of assets reported on did increase from 7 in 2022 to 113 in 2023. The 113 assets reported in 2023 also accounted for 59% of total real estate assets. RoundShield will continue focusing on improving disclosure levels and overall EPC performance amongst Borrowers.

Increase the number of real estate assets covered by a Work Accident Prevention Policy (2022 ESG Report)

The number of real estate assets covered by a Workplace Accident Prevention Policy increased from 18 assets to 78 assets, accounting for 41% of total real estate assets.

Increase the number of real estate assets covered by a waste recovery or recycling contract (2022 ESG Report)

The number of real estate assets covered by a waste recycling contract increased from 14 assets to 89 assets, accounting for 47% of total real estate assets.

Work towards collecting and reporting on our firm level Scope 1 and 2 emissions (2021 ESG Report)

RoundShield used a third-party GHG Emissions calculator to calculate its Scope 1, 2 and 3 emissions.

Consider engaging a carbon footprinting firm (2021 ESG Report)

Following the recent calculation of GHG Emissions, RoundShield is undergoing a review of its emissions sources. RoundShield will re-assess the need to engage a carbon offset provider based off this review.

Continue our efforts in advancing Diversity & Inclusion in the wider Private Market Industry through the ILPA, Level 20, and 100 Women in Finance (2021 ESG Report)

RoundShield is a signatory of the Institutional Limited Partners Association (ILPA) Diversity in Action Initiative. RoundShield is committed to promoting a diverse and inclusive culture that encourages employees to grow professionally. RoundShield is a supporter of Level 20, a not-for-profit organisation established to inspire women to join and succeed in the private equity industry. We also support 100 Women in Finance, an organisation committed to empowering women in finance to achieve their professional potential at every stage of their career. Our firm's engagement with these activities is led by our internal Level 20 Ambassador and 100 Women in Finance member, Hayley Stewart.

RoundShield Corporate Level Target Updates

RoundShield would also like to highlight the following achievements from 2023-2024:

- *Updated pre-investment report:*
 - *RoundShield's proprietary materiality map was integrated as part of the pre-investment due diligence process*
 - *Expanded Ongoing Monitoring and Climate Change Assessment sections to ensure more information was being captured and assessed*
- *Completed RoundShield's first iteration of GRESB and PRI Reporting*
- *Provided ESG training to the investment team, which focused on:*
 - *The Firm's updated pre-investment report*
 - *Updated process requirements ensuring SFDR disclosure alignment*
- *Refined ESG Questionnaire structure, targeting increased reporting coverage of our Borrower's real estate assets*
- *Created and distributed a Borrower Improvement Plan focused on supporting Borrowers with measuring and disclosing their GHG Emissions*
- *Embedded additional language in loan documentation in order to mandate Borrowers disclose ESG information in line with our ESG questionnaire*
- *Created a Corporate Sustainability Policy which discusses RoundShield's approach to ESG factors at the corporate level*

These achievements will be discussed in further detail throughout the report.

As in 2023, RoundShield's responsible investment process continues to be implemented. Meeting fiduciary duty is at the core of this process, which is, simply put, to best understand the risk/return profile offered by an investment opportunity and to maximise value creation. Therefore, regardless of the political noise surrounding Environmental, Social and Governance factors, we remain committed to our responsible investment approach, which supports the full and complete underwriting of our investments and delivers strong risk adjusted returns to our investors.

Finally, the Committee would like to thank those that have assisted in our ESG journey to date: our Borrowers, investors, employees, and the business relationships that have provided insights and contributed to this evolving process. We acknowledge there is always more to be done and are committed to actively promoting responsible investment and sustainability throughout RoundShield.

ESG at RoundShield

At RoundShield, we strive to achieve the best financial return for our investors, which necessitates the consideration of financially material ESG factors. We identify and assess ESG issues as part of our pre-investment process, with the identified factors also being monitored on an ongoing basis through our annual ESG Questionnaire. The ESG issues assessed will depend on their materiality to the particular deal, which is primarily driven by the Borrowers' sector, and complemented by the analysts' own understanding of ESG issues.

Example ESG Issues

Environmental	Social	Governance
Biodiversity and Land Use	Labour Management	Business Ethics
Climate Change and GHG Emissions	Responsible Investment	Robust Business Plans
Energy Management	Community Relations	Governance Structure

Even though RoundShield's ESG analysis is driven by financial materiality, the firm views "Climate Change" as a systemic risk which can impact all areas of the economy. Therefore, Climate Change is an ESG topic which is assessed for all Borrowers, regardless of their sector.

ESG Oversight

Our ESG policies, processes, and practices continue to be overseen by the ESG Committee. The Committee is comprised of senior leaders from our Investment, Investor Relations, Compliance, and Portfolio Management Teams. In 2023, Chris Wagner was added to the ESG Committee. Members of the ESG Committee are listed below:

Members of the ESG Committee:

Jonas Hybinette General Partner & Co-Founder	Nilesh Patel Head of Portfolio Management	Hayley Stewart Director – Investor Relations	Matt Talbot Head of Compliance	Chris Wagner Managing Director, Investments
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The ESG Committee is scheduled to meet on a biannual basis. In 2023, the ESG Committee met twice. At times the ESG Committee may meet on an ad-hoc basis should any pressing ESG-related concerns arise.

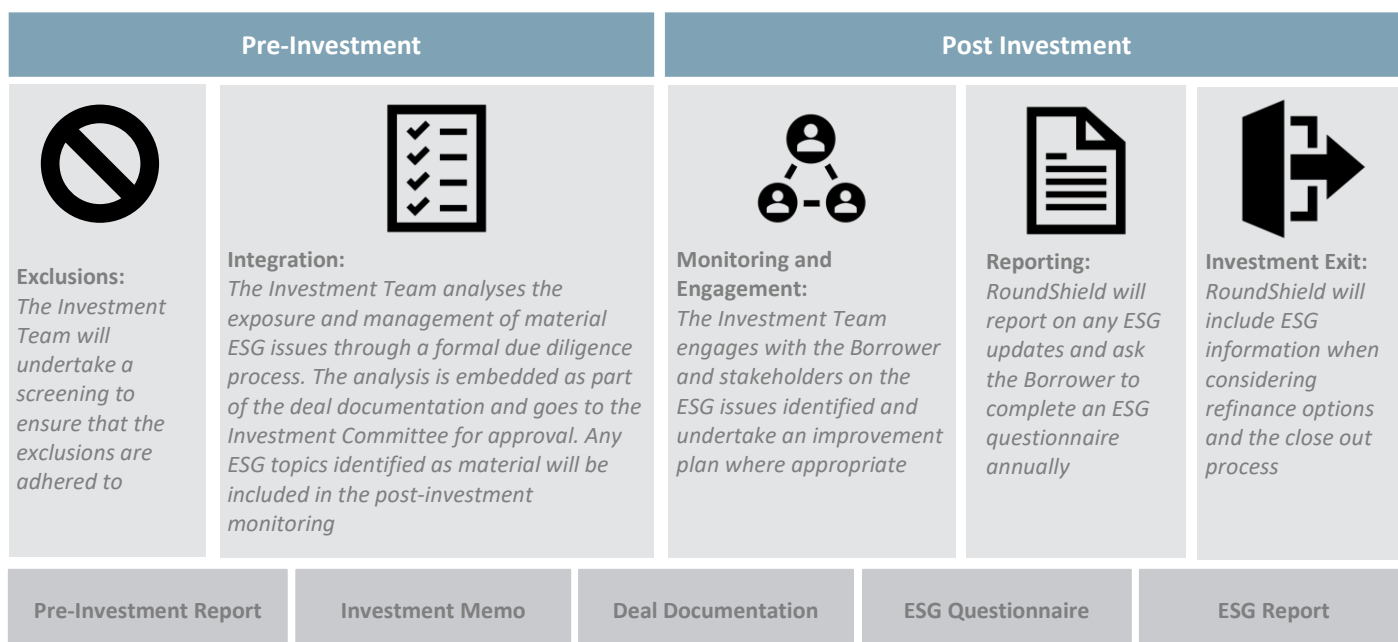
The ESG Committee reports to the RS Fund Manager Limited Board, who have ultimate oversight of the Firm's ESG processes. The Board met in 2023, approving updates to our pre-investment report and ESG Policy, as well as signing off on our Corporate Sustainability Policy.

We have also retained our external ESG consultant, NorthPeak Advisory¹, who continues to provide ESG-related support for the ESG Committee and RoundShield.

¹ NorthPeak Advisory is an ESG advisory firm specialising in supporting alternative asset managers with integrating ESG and Responsible Investment into their investment activity - [NorthPeak Advisory](#)

ESG Investment Process Integration

RoundShield’s responsible investment process continues to comprise the five following elements:



Although our overarching responsible investment philosophy and process remains the same, we have made notable changes to the pre-investment report, reflecting internal and external feedback on our processes.

- We implemented a proprietary materiality map to better help our investment team understand which ESG topics may be relevant for a potential Borrower, depending on their sector. This materiality map is based on industry accepted standards (SASB, MSCI and ICMA), supplemented with RoundShield’s own views on the materiality of certain ESG topics.
- We updated the “Ongoing Monitoring” section of our pre-investment report, in light of Fund V’s reporting obligations under Article 8 SFDR. The updates ensure that the investment team is consistently identifying an environmental and/or social characteristic that the investment will promote and outlining how promotion will be achieved.
- We significantly strengthened the climate change assessment section of our pre-investment report. First, we explicitly laid out physical and transition risks the investment team should be assessing. Second, we included an enhanced assessment for Borrowers in the real estate space. This assessment is based on guidance from the “Association of Real Estate Funds” (AREF), which focuses on EPC Ratings, Green Building Certifications, and localised physical risks.

In addition to enhancing the pre-investment report, RoundShield continues to add to its ESG-related requirements in contractual obligations. Obligations for Borrowers have been extended to not only include the provision of an ESG Policy and the completion of RoundShield’s ESG Questionnaire, but also DEI and Workplace Accident Prevention policies, provision of GHG Emission metrics, disclosure of EPC ratings, performance of ESG materiality assessments and provision of ESG training to related individuals

In 2023, we continued implementing our responsible investment process for Fund V with the aforementioned enhancements. At the time of publication, 100% of Fund V investments have been assessed against the pre-investment report and been externally assessed by our ESG consultant, ensuring alignment with our stated responsible investment approach and obligations under Article 8 SFDR.

RoundShield’s full ESG Process is described in our ESG Policy, which continues to be available on the [Firm’s website](#).

Engagement – Borrower Improvement Plans

Despite RoundShield primarily being a debt provider, the firm recognises the importance of ongoing engagement with Borrowers. An integral aspect of RoundShield’s responsible investment process is the creation and distribution of Borrower Improvement Plans, which have been positively received by our Borrowers.

The Borrower Improvement Plans provide practical guidance on how to think about ESG factors and to help them begin measuring and managing relevant factors. The plans are based off analysing their responses, identifying gaps in their performance, and are intended to assist our Borrowers in building their ESG capabilities. RoundShield strives to closely work with Borrowers to support the improvement of their ESG performance, and we believe these plans provide us with an effective mechanism for doing so.

In 2023, we created and distributed a Borrower Improvement Plan, which sets four incremental and timebound targets for managing climate-related risks, with a particular emphasis on GHG Emissions disclosure and reduction. Insufficient data received in 2022 made it clear to RoundShield that further engagement on this topic was needed. The Borrower Improvement Plan broke down the management of climate-related risks into incremental targets with a step-by-step guide on actions that Borrowers would need to take to meet them (see below). This detailed approach was taken because many of our Borrowers are at the beginning of their ESG journey, and even though the previous Borrower Improvement Plan contained an overview of numerous key ESG topics, it did not clearly outline which issues to prioritise and was considered too much information for the Borrowers.

By taking this new approach, it makes RoundShield’s priorities abundantly clear, further encouraging the Borrowers to implement the guidance laid out in the plan. RoundShield was satisfied with the increase in the number of Borrowers who disclosed their GHG Emissions in the 2023 ESG Questionnaire. We see this as a reflection of our responsible investment process and the active support we provide for Borrowers to improve on their material ESG topics. Going forward, RoundShield will reissue the 2023 Borrower Improvement Plan to Borrowers who did not report on their GHG Emissions to help achieve our target of 100% disclosure.

In 2024, RoundShield will also develop plans that are directly tailored for each individual Borrower. These will contain direct reference to each Borrower’s 2023 ESG Questionnaire responses and RoundShield’s expectations on what objectives are met in the year. By taking a more bespoke approach, we believe Borrowers will see the explicit connection between ESG factors and their own business, making them feel further supported and encouraged to make as many improvements as possible to their ESG processes.

ESG Training

RoundShield’s commitment to responsible investment includes:

- Providing an annual ESG Training session for the investment team. This year’s session focused on key changes made to RoundShield’s pre-investment report and reiterated RoundShield’s responsible investment obligations due to Fund V disclosing under Article 8 SFDR.
- Providing an online training module through our Compliance training provider, LRN Catalyst. This training is compulsory for all new joiners and is rolled out on an annual basis for existing employees.

In addition to ESG Training, the team continues to receive monthly ESG updates from NorthPeak Advisory. These updates are tailored for RoundShield and provide concise summaries of the latest ESG developments and emerging best practices within the real estate debt space.

UN – supported Principles for Responsible Investment

As signatories to the UN PRI, we continued to uphold and implement their six principles of Responsible Investment:

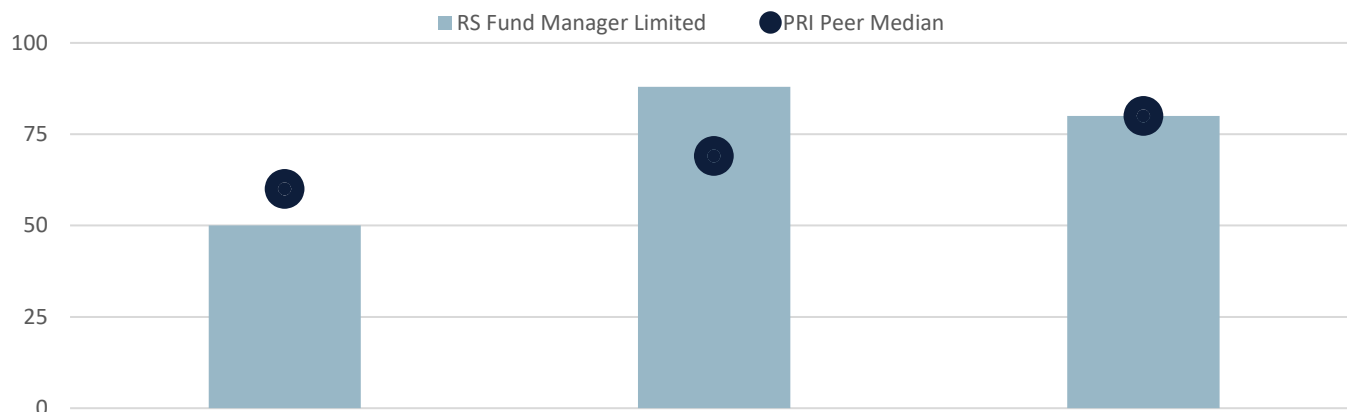
- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities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

In 2023, RoundShield completed our first iteration of reporting, despite first-year reporting being voluntary for new signatories, evidencing the firm’s commitment to responsible investment transparency.

RoundShield was delighted with our score on the relevant modules, scoring well above the PRI median for “Fixed Income (Private Debt)” and the median score for “Confidence Building Measures”.

Although our score for Policy, Governance and Strategy was below the PRI median, we have assessed areas where reasonable improvements can be made. We look forward to reporting in 2024 and demonstrating progress across all relevant modules.

PRI 2023 Reporting Scores



Policy, Governance and Strategy

★★★★☆☆

Fixed Income (Private Debt)

★★★★★☆☆

Confidence Building Measures

★★★★★☆☆

RoundShield would like to emphasise that the PRI asks questions and scores responses based on the perspective of “best practice”, and this contains expectations which sit beyond RoundShield’s existing capabilities and responsible investment philosophy. RoundShield’s objective with PRI reporting is to not score full marks on the modules. Rather, PRI reporting will be used as a means of pinpointing opportunities for enhancements to our responsible investment process that are both relevant to and consistent with RoundShield’s overall investment approach and philosophy.

EU Sustainable Finance Disclosure Regulation

In the 2022 Report, we highlighted that our recently launched Fund V would be disclosing under Article 8 of the EU’s SFDR. At the time of publication, Fund V has made 7 investments, all of which promote a mixture of environmental and social characteristics. These characteristics include, but are not limited to:



RS Fund V determines which characteristics to promote prior to initiating an investment, which is based on RoundShield’s assessment of which environmental and/or social characteristics are considered financially material.

Fund V promotes these characteristics through ongoing monitoring and engagement with borrowers in the post-investment stage. This is achieved via the ESG Questionnaire and Borrower Improvement Plans, with the aim of supporting improved performance on these characteristics.

As part of its obligations under SFDR, Fund V will provide periodic reporting by the June 30th deadline.

For more information on Fund V’s investment process, please see attached Fund V’s [website disclosures](#) under SFDR.

Taskforce on Climate-related Financial Disclosures (“TCFD”)

In 2023, RoundShield took steps to better position ourselves for likely future reporting requirements, such as strengthening the assessment of climate-related risks and opportunities in the pre-investment report, ascertaining more portfolio level GHG Emissions data and calculating our own firm-level GHG Emissions. RoundShield is happy to provide TCFD-aligned reporting if requested by an investor.

GRESB

In 2023, RoundShield’s Fund V completed its inaugural report against the GRESB Real Estate Benchmark.

Given GRESB’s focus on real estate equity managers, and RoundShield primarily being a provider of debt, Fund V was only able to complete the “Management” component of GRESB reporting. Therefore, RoundShield was unable to receive the GRESB Standing Investments Benchmark or GRESB Development Benchmark.

RoundShield has assessed Fund V’s score and identified priority actions to implement, and anticipates an improvement in scoring in 2024.

RoundShield has also raised the challenges with reporting as a debt manager to GRESB and will continue working with the organisation to find a solution that best addresses this.

Portfolio ESG Characteristics

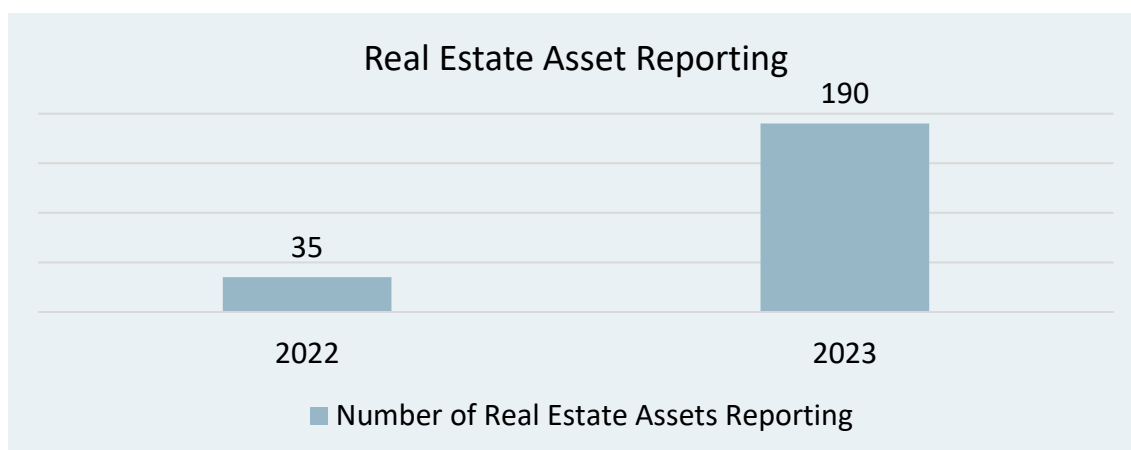
In 2023, RoundShield updated the structure of our ESG Questionnaire based on feedback from Borrowers regarding their reporting experience in 2022 and 2021, as well as to accommodate changes made by our third-party data collection platform to their systems.

The key change was that real estate asset questions are now being asked at an aggregated level, a reflection of previous feedback which highlighted that a questionnaire for each individual asset was considered too resource intensive.

We re-issued our ESG Questionnaire to 16 Borrowers across Fund IV, Fund V, and ISH New Build, compared to 15 Borrowers in 2022. The questionnaire collected ESG data at both the Borrower and asset level. Out of the 16 Borrowers, 93% reported against the questionnaire, which was in line with percentage of Borrowers who reported in 2022.

Note that out of the 5 Borrowers who were not issued the 2023 ESG Questionnaire, 80% had responded to the questionnaire in 2022. RoundShield has taken the decision to exclude these Borrowers due to external factors, independent of our responsible investment process.

Our Borrowers reported on a total of 190 unique real estate assets, compared to only 35 in 2022. RoundShield was delighted to see such a strong improvement, as this was a priority for 2023.

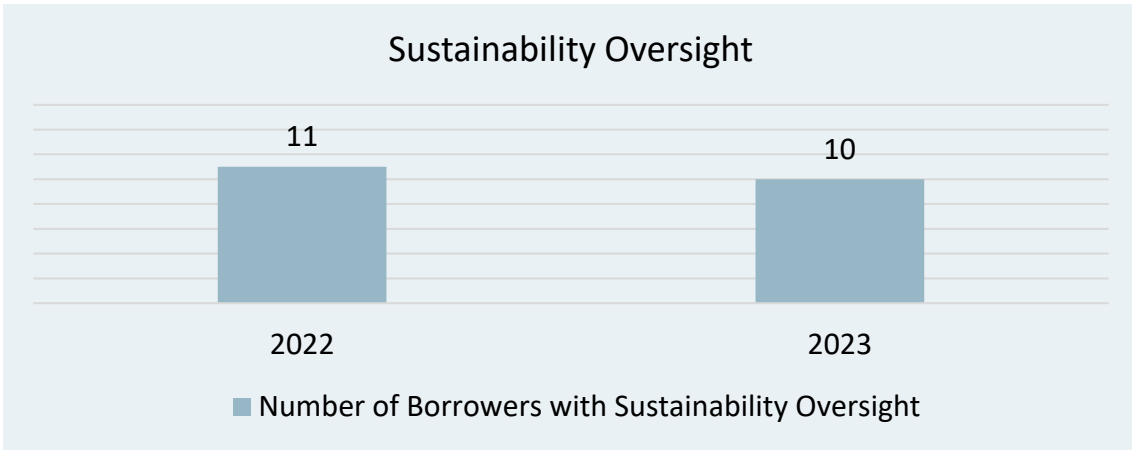


The company level analysis is based on the 93% of Borrowers who completed the questionnaire and 2022 data as a proxy for those who did not complete their 2023 reporting.

Portfolio Company Level Data

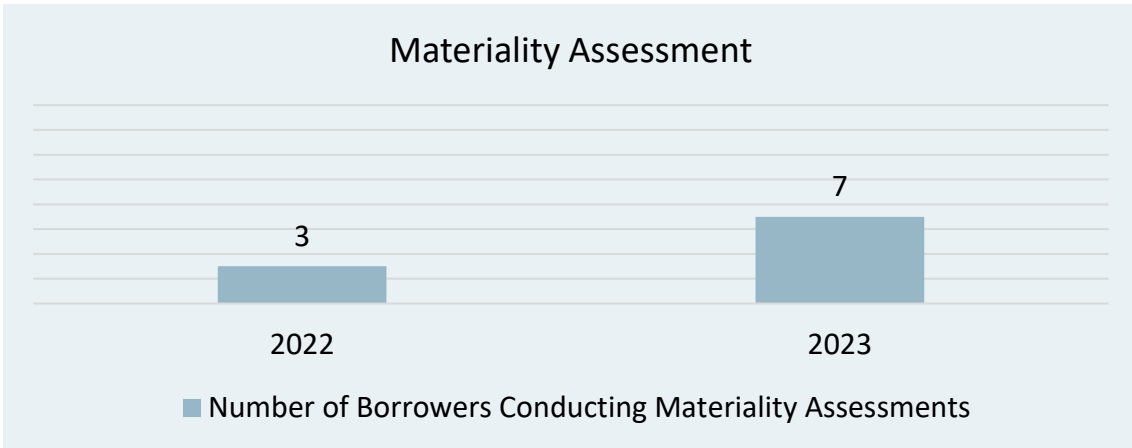
Sustainability Oversight and Accountability

63% of Borrowers reported on having sustainability oversight, which was a decrease from 73% in 2022. However, this decrease is because two Borrowers who indicated having sustainability oversight in 2022 were not issued the ESG Questionnaire in 2023. Therefore, apart from the two Borrowers excluded, there was a net gain of one Borrower who reported having sustainability oversight. 44% of Borrowers also stated that they collect ESG-related KPIs, compared to 27% in 2022. Note that common KPIs referenced included metrics around energy consumption, EPC Ratings, and BREEAM certification of underlying real estate assets.



Materiality Assessment

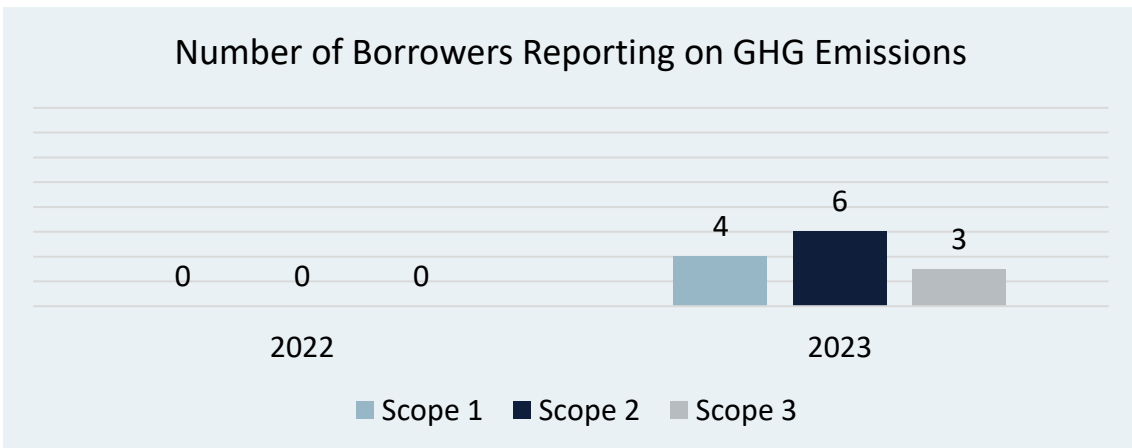
The percentage of Borrowers who completed a materiality assessment increased from 20% to 44%, reflecting the continued development of their ESG approaches. In fact, one Borrower has already said they are already engaging an external ESG consultant to conduct a materiality assessment and develop an ESG strategy. Materiality assessments are foundational to any coherent ESG strategy, and we will continue highlighting their importance to our Borrowers.



Scope 1, Scope 2, and/or Scope 3 GHG Emissions

Of the 16 Borrowers assessed, we were encouraged to see that:

- 25% of Borrowers reported their Scope 1 GHG Emissions
- 38% Borrowers reported their Scope 2 GHG Emissions
- 19% Borrowers reported on at least one element of their Scope 3 GHG Emissions



This was a considerable increase from zero Borrowers providing GHG Emissions data in 2022. Furthermore, 25% have indicated their plan to measure Scope 1 and 2 GHG Emissions in the future. RoundShield will continue to prioritise Scope 1 and 2 GHG Emissions to achieve 100% disclosure, as well as encourage Borrowers that have disclosed their emissions to improve upon their performance.

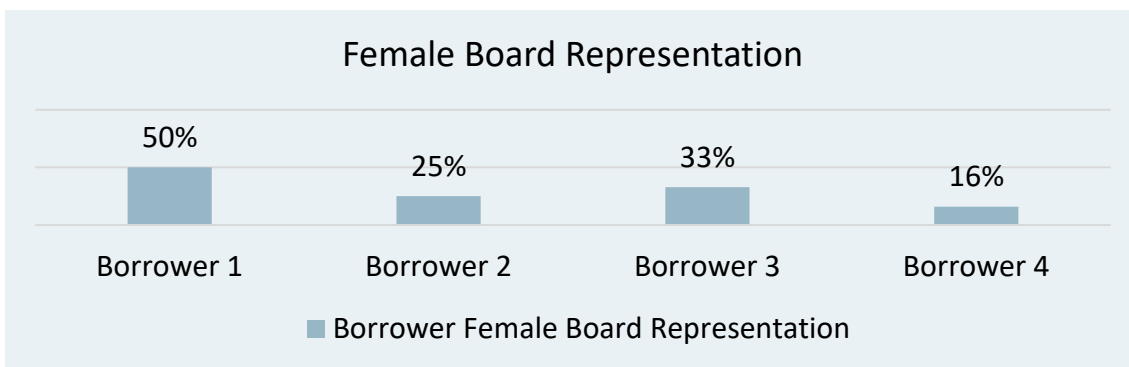
Diversity & Inclusion

50% of Borrowers stated that they have a Diversity & Inclusion Policy, which was an increase from 33% in 2022. We are happy to see the continued interest from our Borrowers on this topic and are encouraged by some Borrowers also asking RoundShield to provide further expectations and guidance as it relates to a Diversity & Inclusion Policy.



Board Diversity & Gender Pay Gap

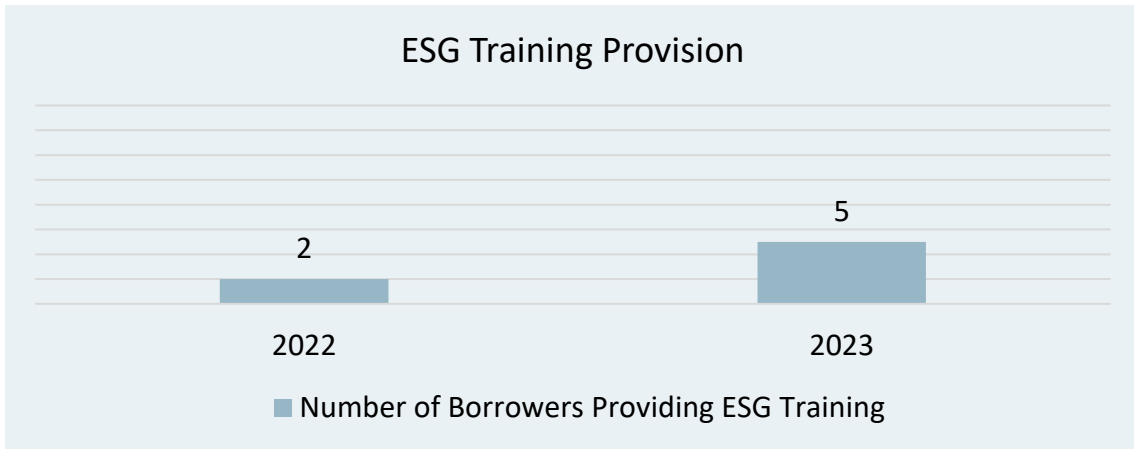
100% of Borrowers reported on their board diversity statistics; however, only 25% have female representation (50%, 25%, 33% and 16%). The percentage of Borrowers reporting on their gender pay gap statistics increased from 13% to 19%. Among these Borrowers, one identified a 0% gender pay gap, and another identified a 22% pay gap².



² The other Borrower provided the underlying pay gap rather than a % figure. RoundShield has followed up with the Borrower asking for further information.

ESG Training

25% of Borrowers provided ESG training in 2023, which was a strong improvement compared to 7% in 2022. Trainings ranged from operational courses on sustainable use of resources to the ESG Diploma provided by the Corporate Governance Institute. We remain encouraged by the fact that 31% indicated that ESG training would be provided in the future.



Portfolio Company Case Study

One Borrower we would like to highlight as a sustainability leader is a Dutch Holiday Park manager, held within Fund V, who produces and operates boutique sustainable holiday parks in the Netherlands. The Borrower currently operates 63 assets, 58 of which are contained in two holiday parks, with others serving administrative functions. A third holiday park is being developed and expected to open in 2024. The holiday park units are modular, produced in their own factory, as well as fully wooden and equipped with solar panels, producing substantial excess power from renewable sources. The company’s core value is to “leave the earth better than we found it”, with their sustainability ambitions enshrined in their articles of association. A key target for the Borrower is to achieve B Corp status in 2024, further solidifying their commitment towards sustainability.

ESG Overview

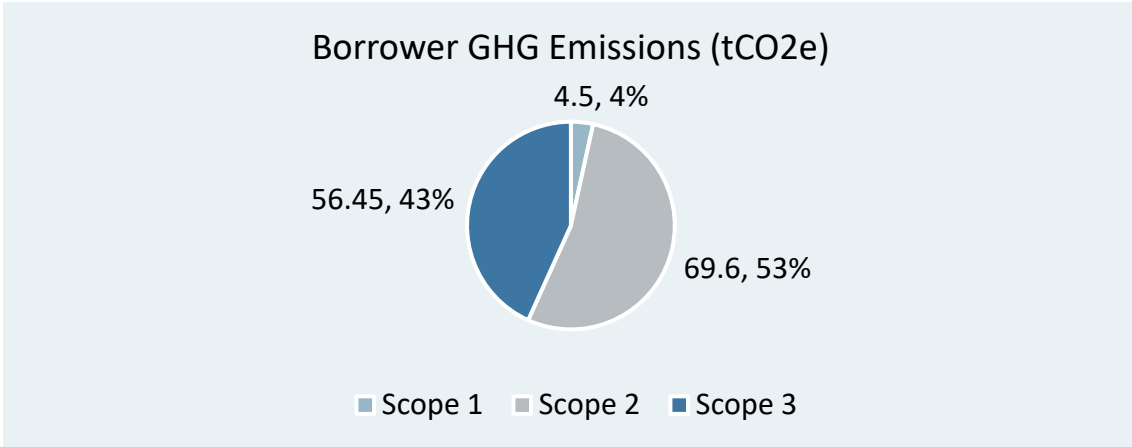
ESG Oversight 	ESG Targets 	ESG Training 	Materiality Assessment 	D&I Policy 	Gender Pay Gap 0%
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Management of Climate-related risks and opportunities

We are currently improving our energy management. Ultimately, we want our parks to operate as independent[ly] as possible when it comes to electricity, water and sewage. With our solar panels, battery, own water source and helophyte filter, we are already quite independent. Especially from March - October.

We should now focus on being as independent as possible during the winter months. To that end, we are looking into the possibilities of wind energy and enlarging our battery capacity.

Borrower GHG Emissions

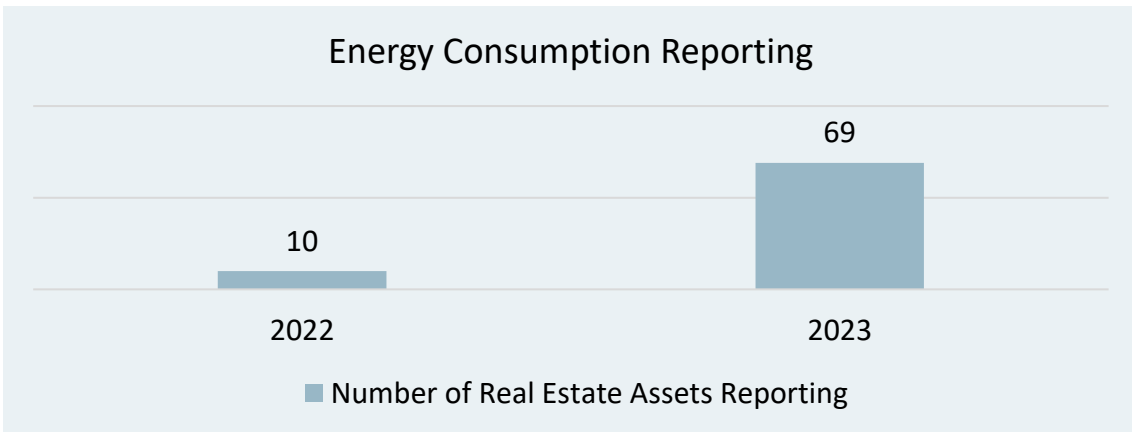


Real Estate Asset Performance



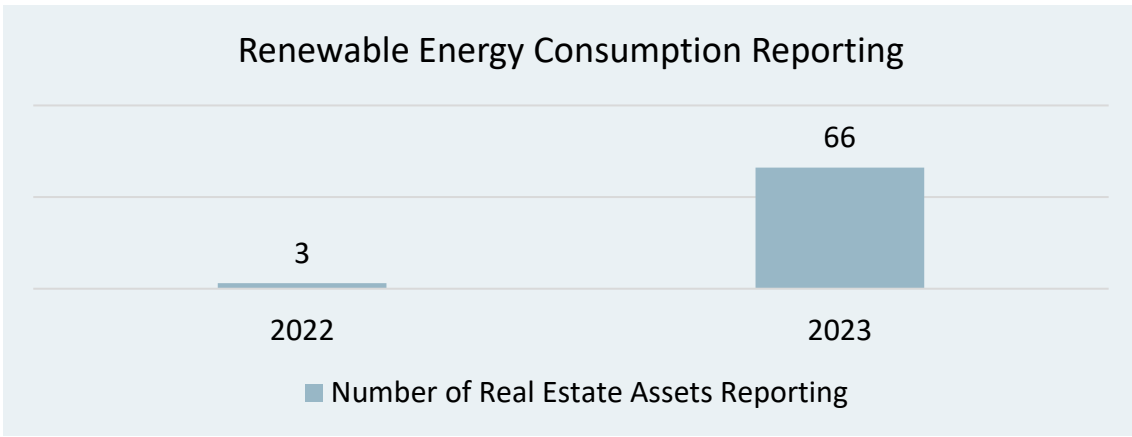
Asset Level Data

Energy consumption figures reported in 2023 covered 69 assets, with an additional 25% of Borrowers indicating their desire to measure energy consumption. This is a significant increase from 2022, where only 10 assets reported their energy consumption.

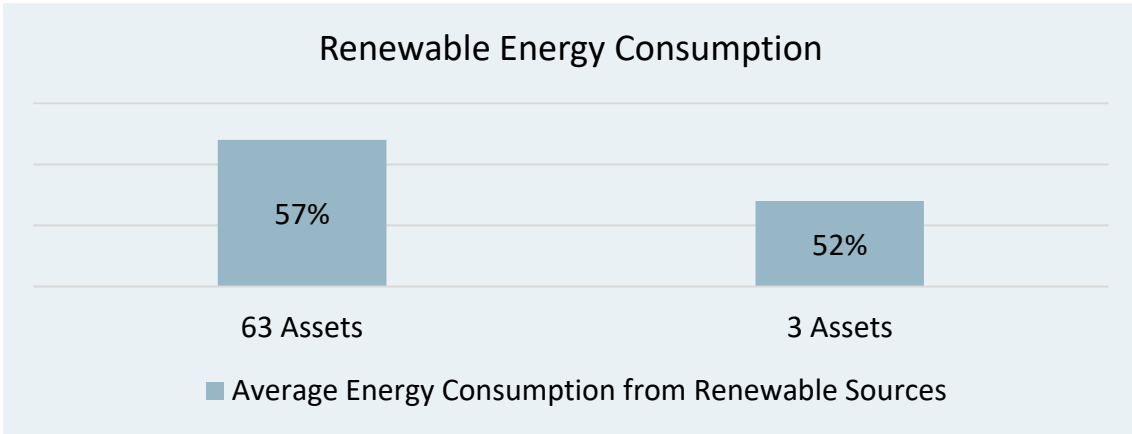


The total energy consumption across these 69 assets was 2.04 GWH. Although this indicates a decrease in energy consumption compared to 2022, the figures are not comparable given most of the assets reported on in 2022 did not report in 2023.

In terms of energy consumption from renewable energy sources, the number of reporting assets increased from 3 to 66. This was great to see considering that there was a decrease in the number of assets that reported in 2022, relative to 2021.



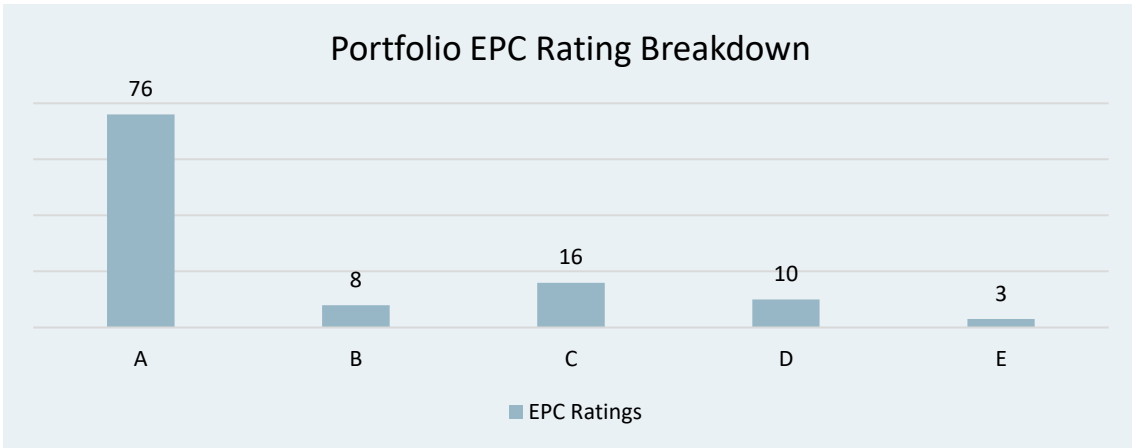
Among the assets reported on in 2023, all indicated that renewable energy consumption was greater than 50%. The average energy consumption from renewable energy sources for 63 assets was 57%, whilst 3 assets indicated 52% renewable energy consumption. An additional 5 borrowers indicated their desire to measure energy consumption from non-renewable sources in the future.



Given none of the assets in 2022 were included in this year’s reporting, the figures are not comparable. RoundShield acknowledges that lack of comparison was a common occurrence with our asset level data, and it is hoped that going forward there is further consistency which allows us to provide more insights around year-on-year comparisons.

One area that RoundShield would like to highlight is the significant improvement in both the number of assets reporting on their EPC ratings and EPC rating performance among reported assets. Compared to 7 assets in 2022, 113 assets across 44% of Borrowers provided their EPC ratings in 2023. The performance of these assets was overwhelmingly positive, as 76 assets (67% of reported assets) indicated an EPC Rating of “A”.

RoundShield will continue to engage with borrowers on the importance of EPC ratings. RoundShield has already seen plans from one borrower detailing their plan to obtain new EPC Ratings for all assets currently with a “D” or “E” rating.

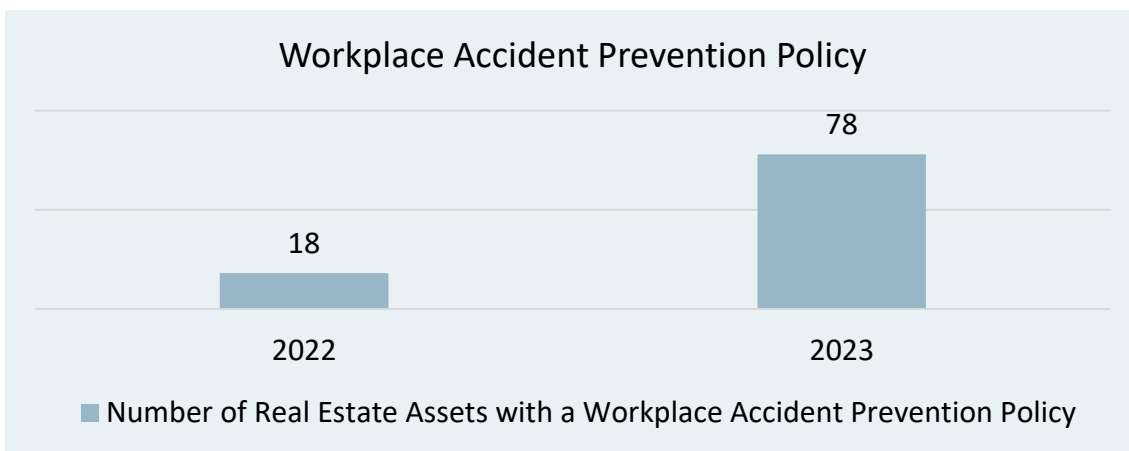


In addition to EPC Ratings, BREEAM certification was another area of focus for RoundShield, and this was a newly introduced metric in the ESG questionnaire. Although only 7 assets across 13% of Borrowers reported having BREEAM certification, all of which were “Very Good”, 19% of Borrowers indicated that they would be pursuing BREEAM certification for their real estate assets. RoundShield sees this as a positive sign. Going forward, RoundShield will further encourage Borrowers to consider obtaining BREEAM or equivalent certifications for their real estate assets.

In terms of the Waste Recycling Contracts, the number of assets increased from 14 to 89, representing 46% of total identified assets. RoundShield is satisfied with the progress made and will continue promoting this topic among our Borrowers.



Even though the number of assets covered by a workplace accident prevention policy increased from 18 assets to 78 assets, representing 41% of total assets, it was unfortunate that one Borrower did report two workplace accidents in one of their assets. RoundShield has followed up with the Borrower to understand more about the incidents that occurred, believes the Borrower has implemented appropriate mitigants, and considers the matter closed.



ESG within RoundShield

RoundShield has continued to make progress on its ESG efforts at the organisational level. RoundShield has created a Corporate Sustainability Policy, which formalises the corporate sustainability principles RoundShield aspires to, and the procedures implemented to operationalise these principles into our non-investment activities.

Social

RoundShield Partners is proud to be a signatory of the Institutional Limited Partners Association (ILPA) Diversity in Action Initiative. RoundShield is committed to promoting a diverse and inclusive culture that encourages employees to grow professionally. We look forward to working alongside other LPs and GPs in continuing to advance diversity and inclusion across the private market industry.

We are delighted to be a supporter of Level 20, a not-for-profit organisation established to inspire women to join and succeed in the private equity industry. We also support 100 Women in Finance, an organisation committed to empowering women in finance to achieve their professional potential at every stage of their career.

Our firm's engagement with these activities is led by our internal Level 20 Ambassador and 100 Women in Finance member, Hayley Stewart.

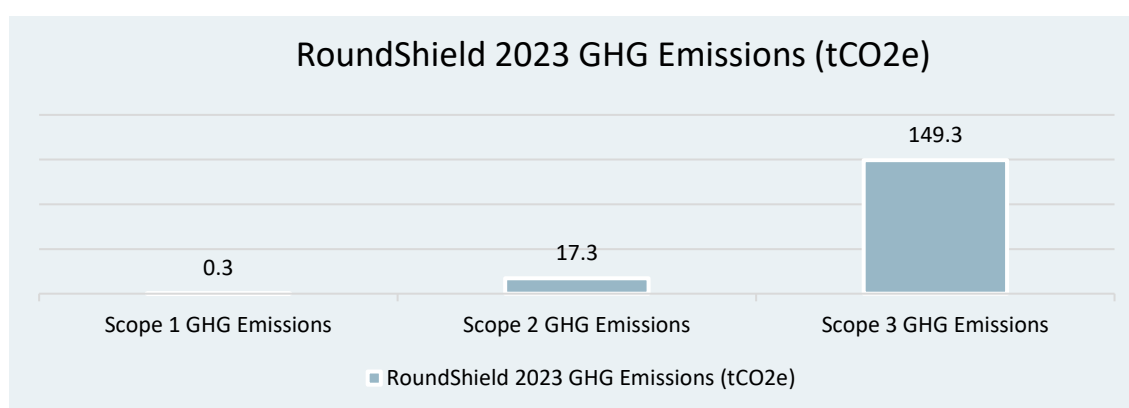
RoundShield also distributed an employee engagement survey, which received a 46% response rate. Based on a high-level analysis, key themes from the survey showed that employees consider RoundShield to have an inclusive and supportive work environment. Human Resources is currently analysing the results in further detail, with a particular emphasis on what mental health support and initiatives can be introduced. Going forward, RoundShield will reissue the employee engagement survey and hopes to continue improving response rates.

Environment

We strive to minimise our own direct environmental impact through reducing waste and increasing recycling, supporting green transport options for staff, reducing energy consumption across our sites and by operating paperless offices.

We have developed an asset management system which collates and analyses data from our Borrower sites. This has led to a reduction in travel as fewer site visits are required. Instead, data is analysed at RoundShield's respective offices.

In 2023, RoundShield calculated its Scope 1, 2 and 3³ GHG Emissions, with the firm's 2023 GHG Emissions totalling 166.94 tCO₂e.



The largest source of RoundShield's corporate GHG Emissions footprint stems from the firm's purchased goods and services, specifically paper and screens / monitors. It is also no surprise that a large source of GHG Emissions is from international flights taken by RoundShield's employees. We have had discussions with two external carbon footprinting firms to understand how we could measure our carbon footprint and what areas we can subsequently reduce or offset. Although our focus is currently on the environmental impact our investments have, we will continue to look at ways we can improve our internal environmental practices.

³ Scope 3 emissions are currently based on Purchased Goods & Services, Waste, and Business Travel. RoundShield is in the process of obtaining portfolio level GHG Emissions and will work with borrowers to ensure 100% portfolio coverage.

Our Ambitions

Reflecting on 2023, RoundShield is pleased with the progress made. We made progress on 86% of the targets outlined in the 2022 and 2021 reports, which was a noticeable improvement compared to achieving 22% of the targets in 2022. Our updated ESG questionnaire structure was instrumental to the notable increase in ESG data received from our borrowers, especially at the asset level. Although we are still not at 100% coverage across both our borrowers and assets, this is a significant improvement compared to the data reported in 2022.

Our decision to focus the Borrower Improvement Plans on GHG Emissions played a key role in driving the considerable improvements in the disclosure of GHG Emissions data. We are also satisfied with our PRI reporting, particularly our score for the Fixed Income (private debt) module. We are confident that we can improve scoring on both the Policy, Governance & Strategy section of PRI reporting and the Management component of GRESB reporting. The refinements made to our pre-investment report will significantly increase the depth and quality of our ESG assessments. We will continue completing these reports for future Fund V investments, while also completing SFDR Periodic Reporting for existing Fund V investments. Regarding TCFD, RoundShield will continue internally preparing in order to best position ourselves to provide reporting once the firm is impacted by either investor or regulatory driven requests.

We believe the progress made has placed RoundShield in a strong position to continue driving improved ESG disclosure and performance throughout our portfolios. We will be reissuing the 2023 Borrower Improvement Plan for Borrowers who have not measured their GHG Emissions. We will also follow up with another Borrower Improvement Plan, which will be tailored to individual Borrowers' responses to the 2023 ESG Questionnaire with improvement targets.

- *100% Borrower disclosure across Scope 1 and 2 GHG Emissions*
- *Improved Borrower disclosure of Scope 3 GHG Emissions*
- *100% of assets reporting on their EPC Ratings*
- *Increase the number of assets with BREEAM (or equivalent) certification*
- *100% of Borrowers implement a Diversity & Inclusion Policy*
- *Increase the number of assets disclosing their energy consumption, and breakdown of consumption from renewable vs non-renewable resources*

We look forward to communicating progress made during 2024.

Signatory of:

