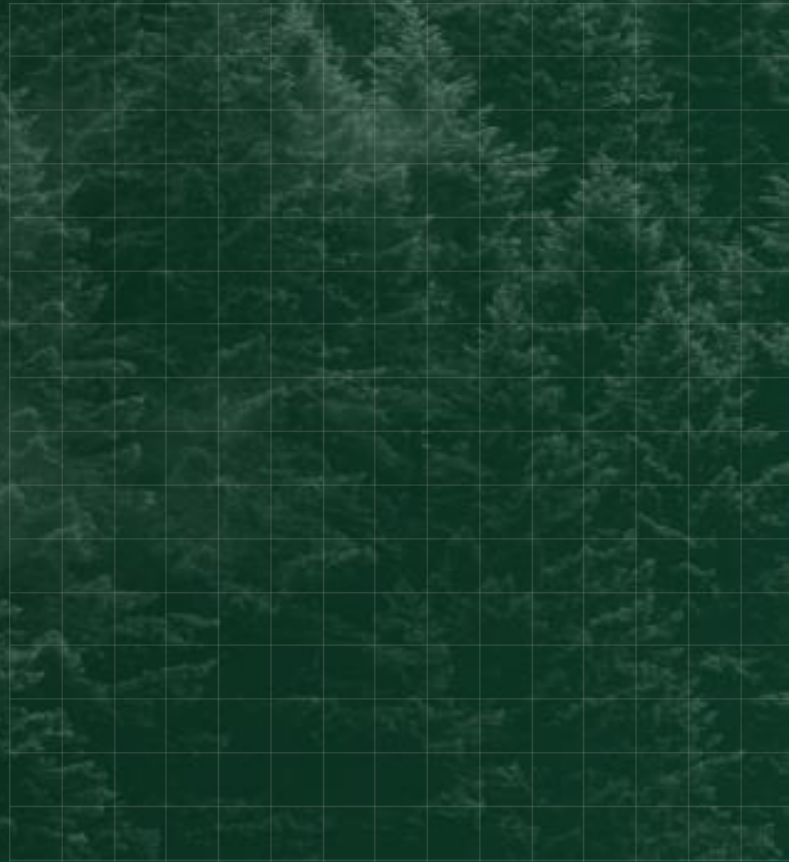


# *Responsibility* at Park Square Capital

2023/24 Report



# Introduction

**At Park Square Capital, LLP, we are committed to acting responsibly, in both our investment activities and in our business operations. We take our responsibility seriously and are proud of how we embed sustainability considerations into our governance structure, operations and investment process.**

This is Park Square’s inaugural Responsibility Report, which provides an update to our key stakeholders on our responsibility-related activity for the 12-month period to 30 June 2024. We have carefully considered industry best practices as well as reporting frameworks, such as the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI) in the production of this report, and hope that you find it both informative and transparent.

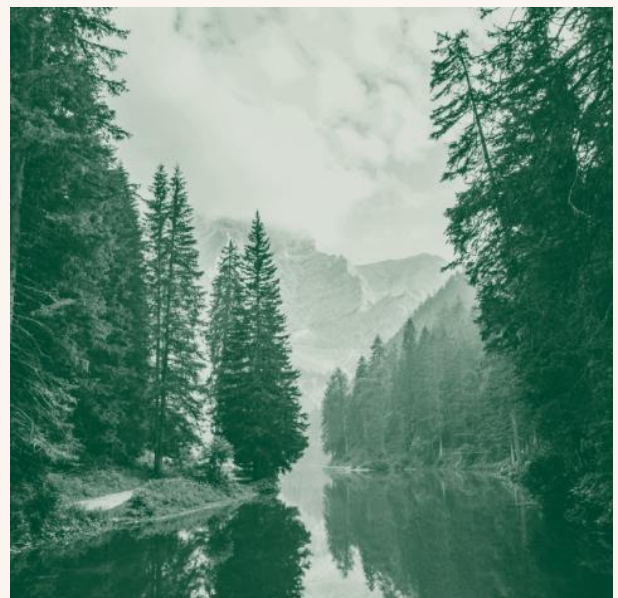
Highlights from the last 12 months include:

- Achieved a score of 97% in the 2023 UN PRI Private Debt module;
- Championed events to raise awareness and promote a career in financial services to historically underrepresented groups; and
- Published our first TCFD-aligned Climate-related Disclosure Report and launched the Park Square Climate Scenario Analysis Tool.

These are just some of the many successes we have achieved this year, as we continue to pursue best-in-class standards across all areas of the firm. Our mission is to be a leader in private credit, and we believe that acting responsibly is key to that.



*Matthew Maguire, Chief Financial Officer & Head of ESG*



Top performing  
Direct Lending Fund Manager  
Europe

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01.

# Park Square At A Glance

# Park Square At A Glance

Time investing

**20** years

Assets Under Management

**\$16** bn

People

**130**

In 2004, Robin Doumar envisioned the model for a boutique investment fund dedicated to diligent lending and focused on generating strong returns for investors throughout the cycle. This vision became Park Square Capital, a firm rooted in people, partnership and performance.

Today, we are a global private debt firm, providing flexible financing solutions to high-quality and stable companies across Europe and the US. We manage over \$16 billion of capital on behalf of our investors, which include public and private pension funds, sovereign wealth funds, insurance companies and asset managers.

Our role is to identify, secure and connect high quality companies to the right capital structures. With our total commitment to credit investing and three complementary strategies, we are in a position to offer a range of capital structures that suit the needs of different companies, opportunities and scenarios.

Key to Park Square's success is our people and we currently have a team of 130 professionals across 10 global offices. The firm's highly experienced senior team is backed by a deep bench of talent in junior investment roles and a best-in-class operations team.

## Capital Partners

*Junior Capital Solutions*

Est. 2004

AUM \$6.6bn

## Credit Partners

*Large Company Senior Loans*

Est. 2007

AUM \$3.2bn

## Loan Partners

*Mid-Market Direct Lending*

Est. 2017

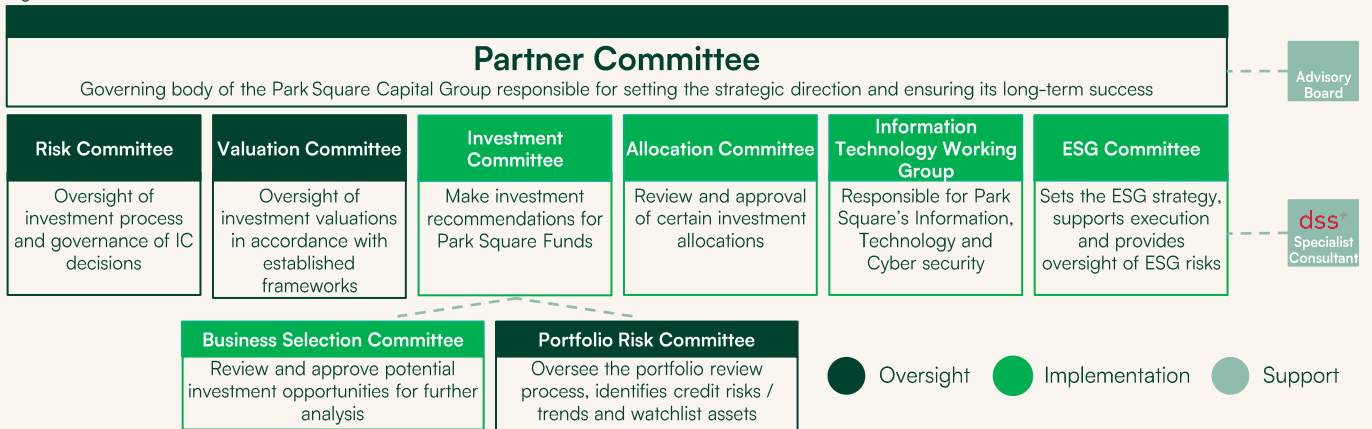
AUM \$6.3bn

02.

# Governance

Park Square has a clear governance structure for Responsible Operations and Investment. This structure ensures that all activities across the firm are aligned with our commitment to responsibility.

Figure 1 – Governance Structure<sup>1</sup>



## Governance Structure

Park Square's governance structure, illustrated in Figure 1, ensures alignment between the firm's operating and investment activities, as well as our commitment to corporate responsibility. The Partner Committee sets strategic direction and oversees responsible investing. Supporting sub-committees handle specific duties to reinforce this approach and a dedicated Governance team ensures our processes and structure are best in class.

## Specialist Consultants

Park Square maintains several key relationships with external advisors to ensure that we are continually operating according to market best practice.

Our collaboration with DSS+, a specialist sustainability consultant, was established in 2021 and ensures we continue to maintain best practices in the responsibility of our operations and our ESG integration approach. DSS+ also provides support on internal training, keeping Park Square at the forefront of ESG integration and climate risk management in private credit.

“Our Group structure fosters accountability and transparency at all levels. Whilst the Partner Committee is ultimately responsible for the Group's long-term success, it is important that the whole team recognise their role in achieving this.”

Luke Varley, General Counsel



## Advisory Board

Our Partners benefit from the guidance of an independent advisory board, comprised of industry experts and thought leaders, ensuring our investment strategy aligns with best practices.

## Park Square's Offices

Our growing global presence, with over 130 professionals across 10 offices<sup>2</sup> (see Figure 2), allows us to better serve our key stakeholders. As we expand internationally, we remain dedicated to integrating responsibility into our culture and processes, enhancing our ability to serve portfolio companies and investors effectively across diverse markets.

In 2023, Park Square completed a full carbon assessment of its office footprint and became a certified Carbon Neutral Company<sup>3</sup>.

Figure 2 - Global presence



Notes (1) Please note that this figure represents a simplified version of the governance structure of the Park Square Capital Group. (2) Data is based on 30th September 2024. (3) Carbon Neutral certification covers the period from 1<sup>st</sup> September 2023 to 31<sup>st</sup> August 2024.

Park Square is committed to the highest standards of integrity, fairness and accountability in its operations, and recognises the important role that the team play in achieving this.

## Regulatory Compliance and Management

Park Square adheres to all relevant regulations in its jurisdictions of operation. Through ongoing monitoring and proactive measures, we ensure to uphold the highest standards of risk management and regulatory compliance.

Park Square’s Compliance Manual and Staff Handbook includes our Code of Ethics, which guides our commitment to responsible practices.

Park Square’s Chief Compliance Officer and General Counsel oversee the firm’s compliance policies and strategy, supported by a dedicated compliance team and external consultant.

We aim to embed responsible practices across all levels of the firm through regular training and mandatory annual declarations, ensuring employees uphold these standards and reinforcing our focus on ethical conduct and sustainable risk management.

Figure 3 — Compliance Initiatives



## Whistleblowing

Our Whistleblowing Policy, provides clear guidelines for employees to report concerns confidentially. This policy outlines Park Square’s expectations while ensuring protection against victimisation and unfair treatment.

## Conflicts of Interest

Park Square’s Conflicts of Interest (COI) Policy aims to identify potential conflicts, establish management procedures, and communicate these measures across the business, ensuring adherence to regulatory standards. This policy is supplemented by additional guidelines for handling specific conflicts.

## Anti-Money Laundering

Park Square’s Compliance Manual sets out the firm’s controls in relation to anti-money laundering (AML) and anti-bribery measures. We perform ‘know your customer’ (KYC) checks, provide ongoing training, and require annual compliance declarations from employees, which ensures effective controls are in place to prevent financial crime and maintain regulatory compliance.

“ We aim to promote the highest standards of regulatory compliance across our operations and are dedicated to protecting the interests of all stakeholders through a responsible compliance culture. ”

Andrew Haywood,  
Partner, COO and CCO

## Modern Slavery

Park Square ensures that as far as we can reasonably be aware, no modern slavery takes place in any part of our business or our supply chains, aligning with the Modern Slavery Act. We continuously review our policies, due diligence, and monitoring processes, as outlined in our 2023 Modern Slavery Statement.

## Sustainable Finance Disclosure Requirements

In our Responsible Investment Policy and website, we include the required disclosures under Regulation (EU) 2019/2088, reinforcing our commitment to sustainability-related transparency in the financial services sector.



03.

# Team

At Park Square, we truly believe that people are our greatest asset. We have a well-established senior team with deep credit market and operational experience.

We have built one of the largest teams in Europe dedicated to private credit and are committed to nurturing our talented team.

Figure 4 — Employee Growth 2006-2024



## Wellbeing and Benefits

Park Square is committed to providing a supportive benefits package and market-leading policies to our employees.

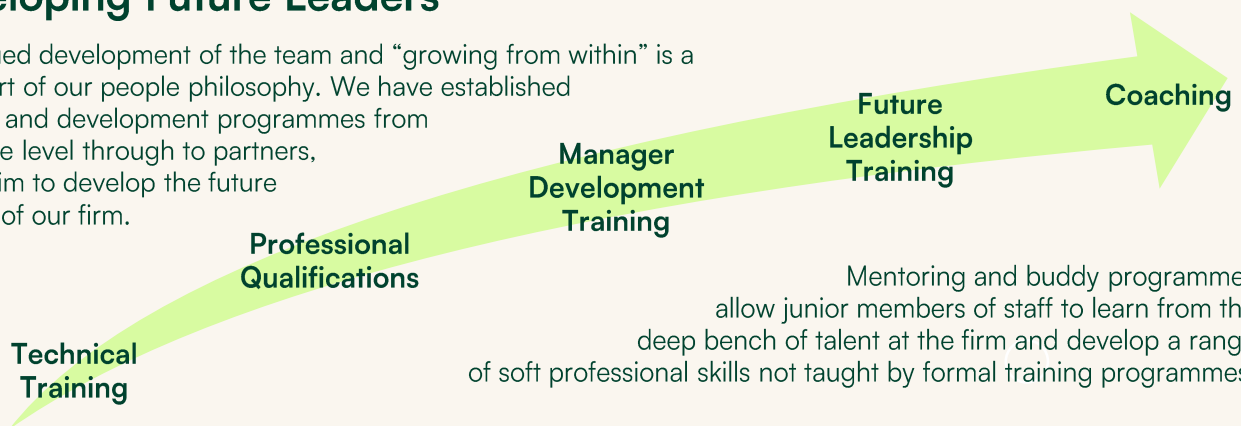
Our benefits package typically includes private health and dental insurance, critical illness cover, life assurance, income protection, travel insurance, a cycle-to-work scheme and personal financial education sessions.

We have a suite of wellbeing support on our benefits platform to empower healthy living for all employees. Within the platform, employees can access virtual GP consultations, mental health support and more.

-  Medical Memberships & Health Benefits
-  Wellness Support
-  Market-leading Family Policies
-  Financial Advice and Wellbeing Education

## Developing Future Leaders

Continued development of the team and “growing from within” is a core part of our people philosophy. We have established training and development programmes from graduate level through to partners, as we aim to develop the future leaders of our firm.



Mentoring and buddy programmes allow junior members of staff to learn from the deep bench of talent at the firm and develop a range of soft professional skills not taught by formal training programmes.

“ From joining Park Square in 2020 as a graduate analyst, I had the opportunity to work alongside and learn from experienced senior Partners in the firm. I have worked on some really exciting deals across all three investment strategies and am happy to be in a position to share my experience with new graduate intakes. ”

Sam Louise Van Der Giessen, Investment Associate



Our team and our collective experience is Park Square’s greatest asset. We believe in promoting a diverse and inclusive workplace and have aligned our people strategy to support this.

In 2024, benchmarking against a peer group of private credit firms showed that Park Square has above average gender diversity within its credit team. Whilst we are extremely proud of the team we have built, we recognise that more is needed to advance diversity within our own business and the industry more broadly.

In 2023, all employees undertook diversity training provided by a specialist external consultant. The session focused on what inclusive behaviors look like, why they are so important, and discussed the typical barriers to fostering a culture where all employees feel a sense of belonging.

As a signatory to the ILPA Diversity in Action Initiative, we are committed to advancing diversity, equity and inclusion in the industry and provide reporting to stakeholders on our own diversity statistics.



**38%**

Female representation amongst Park Square’s 2024 new joiners



**52%**

Female representation amongst Park Square’s Early in Careers new joiners 2020-2024, highlighting our focus on building a pipeline of diverse future leaders

“We are proud of the successful talent programmes that are now well-established and are mindful of nurturing an inclusive culture, where all employees feel a sense of belonging.”

Dan Richardson, Head of HR

## Talent Programmes

Park Square’s core recruitment efforts involve hiring talented graduates directly from universities into its team, which provides for a more diverse pool of candidates than otherwise possible.

Our investment analyst graduate programme, which has been running for seven years, has proved successful with 50% of our VPs and 46% of our overall Investment Team being alumni of the Park Square Graduate programme.

Park Square also has several initiatives to raise awareness of careers in private credit. Our well-established university placement scheme offers 13-month business positions to undergraduates as part of their degree. The scheme focuses on giving opportunities to talented students from diverse backgrounds without prior finance experience.

Each year the programme brings new, talented individuals to the Business Operations team. Many students receive offers for graduate roles following the scheme. 60% of our 2024 non-investment graduate intake are returning placement students from 2023.

### Undergraduate Placement Students Feedback

“My placement highlight would probably be the network I have built and the people I have met through Park Square. It is a **really special firm.**”

“The highlight of my placement year was being able to work on so many different **automation projects** and knowing that the processes I improved will have a **lasting impact** on the firm.”

“Each task came with a different set of challenges, all of which helped me to build not only my **knowledge** but my **confidence** too.”

# Diversity & Inclusion – Example Initiatives

Park Square is proud to champion initiatives aimed at making financial services more accessible to historically underrepresented groups and have detailed several examples below.

## Dartmouth Partners, Classroom to Boardroom Foundation (“CBF”)

In February 2024, we participated in the CBF’s private credit insight day. The aim of the programme is to drive social mobility and democratise access to opportunities in front-office finance for students from historically underrepresented groups. Members of Park Square’s team participated in panel discussions and workshops with students across the course of the day.

In April 2024, we had the pleasure of hosting four accomplished year 12 students at our London offices as part of CBF’s Investing Potential 2024 programme. The students spent three days with the Park Square team, participating in a variety of insightful workshops and ‘teach-ins’ on private credit and professional skills.

The programme’s key aims are to enhance industry understanding and broaden professional skills for students from historically underrepresented groups, reflecting Park Square’s broader commitment to improving inclusivity and accessibility within the financial services sector.

## Women in Private Markets Summit

In November 2023, Park Square sponsored the Women in Private Markets Summit, organised by Private Equity International, with the aim of driving collaboration and knowledge sharing across alternatives.

As part of the two-day event, Catalina Stoica, Principal at Park Square spoke on a panel discussing the evolution of private markets alongside other leading women in the industry.

We hope to continue to support the annual operation of the event in 2024 and beyond.



## Bath University Partnership

Every year, a group of delegates from Park Square’s Business Operations team travel to Bath University to present to a group of diverse students aspiring to enter a career in finance.

The team introduces the concept of private credit and provides an overview of the industry and career opportunities available.

“I find it so rewarding working on the early in careers diversity initiatives at Park Square and seeing some graduates of the programme re-join and grow into valuable long-term members of the team.”

Rebecca Ho, Finance Manager and Early-In-Careers Champion



04.

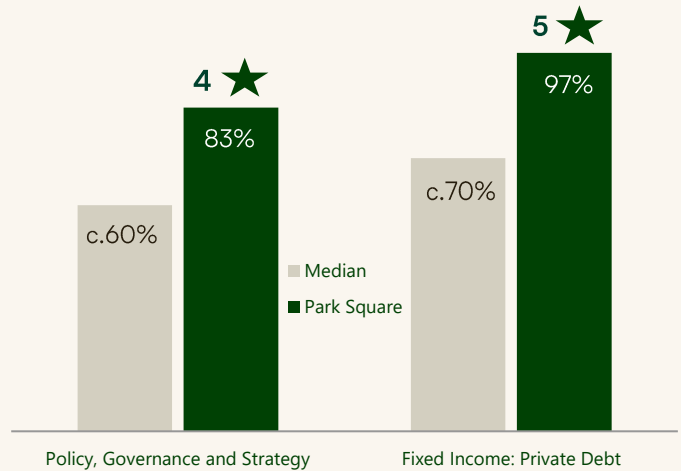
# Investing

As a firm, we believe that investing in high quality, well-managed, stable businesses reduces risk and drives long-term outperformance in credit. To deliver attractive risk-adjusted returns, we rigorously assess all risks, and our sustainability assessment and monitoring are a key part of this.

## PRI Assessment

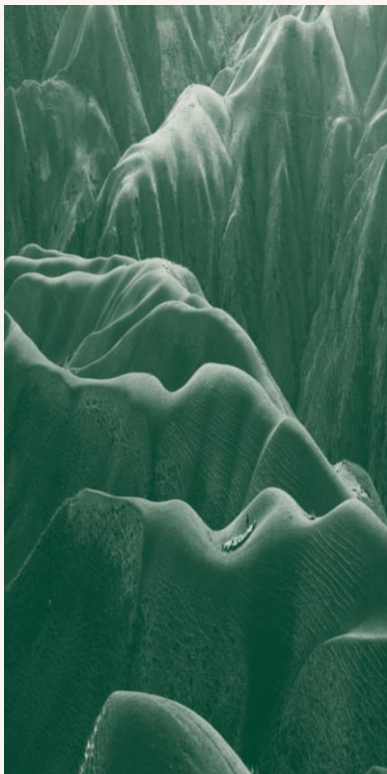
As part of our commitment to responsible investment, Park Square has been a signatory of the UN Principles for Responsible Investment (“UN PRI”) since 2019. We are proud to have earned a 5-star rating in the 2023 UN PRI Private Debt module.

Our score of 97% significantly surpasses the median of c.70% and highlights our dedication to responsible investing in private credit. Additionally, we scored 83% for Policy, Governance, and Strategy, and 80% for Confidence Building Measures.






“ Our investment philosophy is rooted in fundamental credit analysis, understanding downside risks and avoiding losses to drive long-term outperformance. We believe ESG issues are business issues that must be properly evaluated to make high-quality investments. ”

*Axel Wehtje, Partner, Co-head of Direct Lending & Chair of the ESG Committee*



We are proud of the way we integrate sustainability risk considerations into our investment process but recognise that the standards for best practices are continually changing as new risks emerge.

We are committed to continually developing our policies and approach to ESG integration. Specific long-term goals include:

-  Continue to improve ESG data collection, streamline investor reporting, and enhance portfolio-wide ESG data availability.
-  Explore formalisation of a sustainability-linked margin ratchet programme to further incentivise best practices across our portfolio.
-  Actively engage in policy consultations to shape responsible investment practices, ensuring our voice contributes to the evolution of responsible investment practices within private credit.
-  Monitor regulatory developments and adapt our practices to maintain best-in-class standards.
-  Refine benchmarking reports to drive better ESG data sharing and transparency from portfolio companies.

# Sustainability Integration in The Investment Process

ESG analysis is not simply an add-on to the financial and legal investment processes - it is an integral component. From business selection through to exit, the consideration of ESG risks is a key feature in Park Square’s credit analysis and portfolio monitoring.



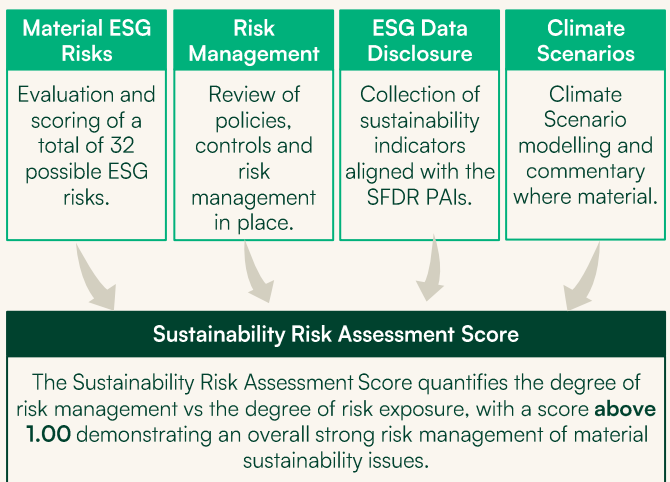
“ We believe that embedding material ESG risk analysis into our investment process is part of our fiduciary duty to investors. Early issue flagging and effective monitoring helps us minimise our loss rate and protect investors’ capital. ”

Matthew Maguire, Chief Financial Officer & Head of ESG

Our proprietary ESG risk assessment tool, developed in collaboration with DSS+, is integral to evaluating and managing ESG factors throughout the investment lifecycle and is aligned to globally recognised materiality frameworks.

As the individuals closest to the company, the Investment Team are responsible for completing this assessment, supported by regular training and oversight by the ESG team.

This tool is a core element of our commitment to responsible investment and aligns with industry best practices as outlined in our [Responsible Investment Policy](#) and [Climate Change Addendum](#).






## Case Study — ESG Risk Assessment

**Company Overview:** A leading provider of payroll and human resources software and services based in the UK.

**Overall Risk Score:** 1.45 - indicating that the company is managing risks above expectations

### Proprietary ESG Risk Assessment Extract


Risk Exposures	Risk mitigation	Score
 <p><b>Energy Management</b></p> <p>Due to the high energy consumption of data centres, software providers are exposed to increasing pressure to adopt robust energy practices in order to reduce risk from energy price volatility.</p>	<ul style="list-style-type: none"> <li>• Net Zero aligned data centre partners</li> <li>• Transition to renewable energy suppliers</li> <li>• SECR Reporting</li> </ul>	1.00
 <p><b>Human Capital Development</b></p> <p>Many software companies rely on skilled people. An inability to find, retain and develop talent could directly affect product innovation and business performance.</p>	<ul style="list-style-type: none"> <li>• Learning &amp; Development Programme</li> <li>• Accredited Future Leaders Programme</li> <li>• Flexible Benefits Programme</li> <li>• Employee Recognition Platform</li> </ul>	1.00
 <p><b>Critical Incident Management</b></p> <p>Possible disruptions to the company’s services due to reliance on external data centres can lead to potential reputational, legal and business continuity risks.</p>	<ul style="list-style-type: none"> <li>• Robust Cyber Security Programme</li> <li>• ISO 22301 aligned Business Continuity Management (“BCM”) Procedures</li> <li>• BCM Training</li> </ul>	1.00


# Sustainability Integration In The Investment Process

We are dedicated to continuing to develop our responsible investment practices as emerging ESG risks and regulations surface.

## Training

To ensure that our Investment Team is well equipped to conduct ESG analysis, supported by DSS+, we provide regular **training sessions** and **briefing notes**. Topics covered to date include:

 Material Sustainability Topics in Park Square Target Sectors (e.g., Healthcare, Software)

 Identifying and Assessing Climate-related Risks



Combatting Deforestation: The Scope and Expected Impacts of the EU's Deforestation Regulation



Unpacking the EU's Packaging and Packaging Waste Regulation



All Eyes on Cyber: What does good cyber risk management look like?

## Climate Change

The Institutional Investors Group on Climate Change ("IIGC") has warned in recent years that ambitious, urgent and accelerated actions are required to minimise future risks associated with climate change. This is a topic for all asset managers that need to assess their exposure as well as their underlying portfolios to potential physical and transition risks.

We have been a signatory of the Taskforce on Climate-related Financial Disclosures since 2021 and in 2024, published our first Climate-related Disclosures report detailing our approach to managing climate risk across four pillars: Governance, Strategy, Risk Management and Metrics and Targets.

In 2023, we developed a bespoke scenario analysis tool to assess portfolio exposure to climate-related risks and strategic resilience. The analysis covered 100% of AUM and revealed that the portfolio has limited exposure to climate risk, with minimal expected financial impact. Where risk levels were elevated for specific companies, we conducted further research to understand their risk management practices.

Today, the tool is integrated into our proprietary risk assessment tool, used in the due diligence phase for new investments and a full portfolio-wide assessment is completed on an annual basis.

To learn more about our approach, please see our full Climate-related Disclosures report [here](#).

*“Protecting against downside risk is paramount, and in today's world, climate risk has become a potentially material concern for every investor. Our approach ensures that these risks are thoroughly assessed throughout the investment lifecycle.”*

*Andrew Haywood  
Partner, COO and CCO*





Park Square adopts a proactive and structured approach to monitoring the sustainability performance of borrowers, recognising the challenges of engagement and stewardship as a lender.

As Park Square is primarily focused on investments in credit rather than control equity, the responsibility for governance generally lies with the control equity owner.

Nevertheless, we are committed to continually monitoring and engaging with portfolio companies to encourage sustainable business practices. We have developed a range of initiatives to support this:

- **Annual Data Collection**

Annual portfolio ESG questionnaires enable us to consistently track ESG performance, identify trends, risks, and areas for improvement.

- **ESG Watchlist**

Companies with significant ESG risks identified during due diligence are placed on an ESG Watchlist and reviewed annually to assess mitigation efforts.

- **Benchmark Reports**

Tailored benchmarking reports are prepared based on the questionnaire responses and distributed to portfolio companies to foster transparency around ESG data and to incentivise improvement.

- **Third-Party Monitoring**

The ESG team receives real-time alerts through third-party controversy analysis provider RepRisk, if an incident is identified at a portfolio company allowing us to engage quickly.

- **Sustainability-Linked Loans**

Sustainability-linked loans incentivise borrowers to improve their performance on predefined ESG criteria. By linking financial performance to these goals, we are able to drive and monitor progress toward critical sustainability objectives

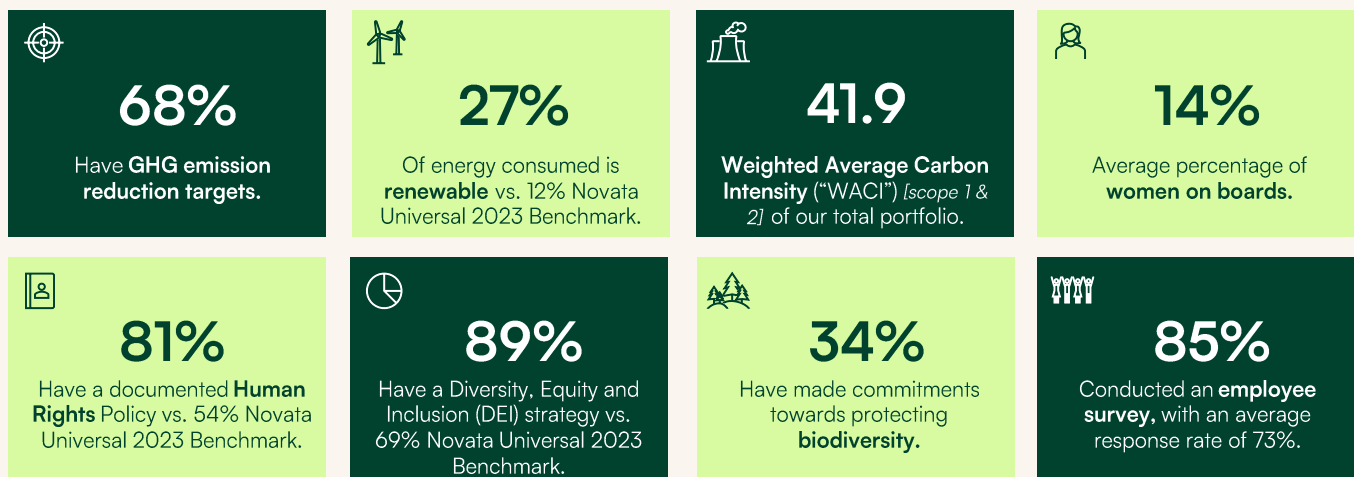
## novata

We established a partnership with Novata in 2022 following the launch of our first ESG questionnaire in 2021.

During the process, it was clear to see the benefits of a third-party solution to help manage the data collection process and benchmark the data collected. The Novata platform not only provides guidance to companies submitting ESG metrics but also allows us to benchmark performance against relevant private markets benchmarks.

Park Square also sits on Novata's General Partner Advisory Committee engaging with other members on best practices and the latest industry developments.

## Portfolio Highlights<sup>1</sup>



Notes (1) All statements are excluding the companies without available information and calculations are weighted on level of exposure as at 31<sup>st</sup> December 2023.

Park  
Square

