



Pershing Square Capital Management, L.P.

ESG Statement

March 29, 2022

Introduction

As the investment manager to Pershing Square Holdings, Ltd., Pershing Square, L.P., and Pershing Square International, Ltd., Pershing Square Capital Management, L.P. (“Pershing Square”, “the Firm” or “we”) believes that good environmental, social and governance (“ESG”) practices are fundamentally aligned with running a successful business.

We do not view ESG as a way to market our funds to investors or to raise additional capital. Our interest in ESG considerations relates to their impact on our portfolio companies and to how we operate our own business.

This ESG statement (“Statement”) has been divided into two sections: ESG as part of our Investment process, which describes how Pershing Square has integrated ESG into its investment selection, risk management and stewardship processes, and ESG as part of our operations, which describes how Pershing Square has embedded ESG considerations into its operations as a firm.

This Statement may be updated from time to time to reflect changes in regulatory requirements, policy developments and internal practices. Please also see the important disclaimers at the end of this Statement.

ESG as Part of our Investment Process

Investment Selection

Pershing Square is a concentrated, research-intensive, fundamental value investor in the public markets. Our investment objective is to preserve capital and seek maximum, long-term capital appreciation commensurate with reasonable risk.

The most important criterion in our investment selection process is our assessment of the long-term quality of a business. We believe high-quality businesses possess the following attributes. They have:

- business models that are simple, predictable, and free-cash-flow generative
- formidable barriers to entry
- limited exposure to extrinsic factors that we cannot control
- strong balance sheets
- minimal capital markets dependency
- large market capitalizations
- exceptional management and governance

We consider the exposure of a business to ESG risks and its approach to ESG issues as part of our analysis of these attributes, both at the time of our initial investment and as part of our ongoing stewardship of a company. We believe that a business that has not addressed material ESG risks or that has unsustainable business practices will not meet our investment criteria unless our investment intent is to use our influence to actively address these issues.

Unmitigated ESG risks introduce unpredictability in our analysis of the potential long-term success of a business, and expose the business to extrinsic factors that are beyond our control. We believe that exceptional management teams demonstrate their ability to create long-term value for shareholders by managing ESG risks responsibly, integrating ESG into business practices, and by operating sustainably. We may view ESG risks as an opportunity to engage with boards and management to improve practices that pose sustainability risks in order to facilitate long-term value creation.

Risk Management

We do not believe in formulaic approaches to risk management. Instead, risk management is integrated into the portfolio management process. We define investment risk as the probability of a permanent loss of capital rather than security price volatility. Our primary risk management tool is the extensive research we complete prior to an initial investment. We believe that the acquisition of a portfolio of investments, when acquired at a large discount to intrinsic value, provides a margin of safety that can mitigate the likelihood of an overall permanent loss of capital.

We analyze ESG risks as part of our existing due diligence process in order to understand potential key risk factors in our investments. When we evaluate a potential investment, we seek to deeply understand the business, the industry sector, and the context in which it operates. From our due diligence process, we form an opinion about the extent to which ESG-related risks and management's approach to ESG issues potentially expose the investment to the risk of a permanent loss of capital. We do not generally apply top-down exclusionary screens or industry or company prohibitions, unless required by applicable law.

Our due diligence process on ESG-related risks will vary depending on the potential investment, the sector in which the business operates and the risks to which it is exposed. We therefore do not utilize a uniform set of requirements to evaluate companies that we are considering for potential investment. The following factors are among those that we consider when we analyze ESG risks:

- Environmental management
- Respect for human rights
- Safe and healthy working conditions
- Fair treatment of employees
- Collective bargaining issues
- Business integrity and avoidance of corruption
- Compliance with applicable sanctions, anti-bribery, anti-fraud, anti-tax evasion and anti-money laundering laws and regulations
- Strong corporate governance
- Risk management culture

Although we have rejected potential investments for unacceptable exposure to ESG-related risks, often our analysis confirms that companies we are considering already have the appropriate ESG practices in place. In other cases, our due diligence may identify opportunities for long-term value creation through engagement with the business to address potential ESG-related concerns.

Links to the ESG practices of each our portfolio companies publicly disclosed as of the date of this Statement is provided in Exhibit A to this Statement.

Stewardship and Engagement

Pershing Square utilizes an active approach to stewardship and engagement. Our strategy is to make investments in high quality, durable growth businesses over which we often have substantial influence, and to employ that influence in a manner that is intended to generate long-term value for shareholders.

As long-term investors, we generally own our portfolio companies for many years. Ongoing due diligence and daily monitoring of portfolio investments are part of our investment process. By continually re-underwriting our

portfolio, we are able to integrate emerging ESG risks and business developments into our analysis of long-term value.

In certain situations, if we believe the commitment of time, energy, and capital is justified in light of the potential for reward, we may seek to be a catalyst and realize value from an investment by taking an active role in effecting corporate change, either working alone or in conjunction with other investors. In certain instances, we may advocate for improvements to practices that pose material ESG risks to a business or for the adoption of new ESG practices that we believe will create shareholder value.

Since Pershing Square's inception, we have been actively engaged with almost 50 companies. The chart of our public company engagement as of the date of this Statement is included as Exhibit B to this Statement.

Proxy Voting

Pershing Square has the authority to vote proxies for portfolio companies on behalf of the funds we manage. As a fiduciary for our funds, we monitor corporate events and vote or purposefully abstain from voting proxies, and vote in a manner which we believe to be in the best interest of our funds. Subject to the Firm's fiduciary obligations and applicable law, our goal is to cast votes at shareholder meetings in a manner that, among other considerations, encourages sustainable business practices that we believe will enhance long-term shareholder value.

Pershing Square has adopted Proxy Voting Policies and Procedures to guide how it will vote proxies that it receives for portfolio companies. These policies and procedures are designed to enable us to vote proxies in the best interest of the funds we manage, and to address how the Firm will resolve any conflict of interest that may arise when voting proxies. Investors may obtain a copy of the Firm's Proxy Voting Policies and Procedures and a record of how the Firm voted proxies for particular portfolio companies by contacting IR-PershingSquareHoldings@camarco.co.uk.

ESG as Part of our Operations

In our own business operations, we take seriously our responsibility to maintain high ethical standards, care for our employees and affiliates, thoughtfully manage our environmental footprint and behave as responsible members of our local and broader community.

Firm Ethics and Conflicts of Interest

The Firm is mindful that it stands in a position of trust and confidence with respect to the funds it manages and is committed to operating with honesty, integrity and professionalism. The Firm maintains a robust compliance program that is designed to support high standards of business conduct and fulfill applicable legal obligations. Employees receive regular training on our compliance policies and procedures, and communications concerning our culture.

Among other policies, the Firm has adopted anti-discrimination, anti-corruption and anti-money laundering policies and procedures, and maintains a Code of Ethics to address potential conflicts of interest arising from our employee's personal trading, political contributions, outside affiliations and giving and/or receipt of gifts and entertainment. These and other potential conflicts arising from our business are monitored regularly by the Firm's Conflicts Committee.

Environmental Footprint

We are committed to responsibly managing our environmental footprint and our goal is to be carbon-neutral by the end of 2022. To meet that goal, we have implemented environmentally sustainable practices throughout our office space, including recycling, waste reduction and energy efficiency programs. We intend to purchase carbon credits to offset the emissions that we are unable to eliminate, such as business travel.

Diversity and Inclusion

The Firm is committed to fostering a diverse and inclusive work environment. We recognize that our people are our greatest asset and that promoting diversity is an integral component of our continuing quest for excellence as professionals and as a company.

We are committed to seeking out and using our diversity in ways that bring new and richer perspectives to our company and have established a Diversity & Inclusion Committee to provide strategic leadership to our efforts. Pershing Square's Diversity & Inclusion Guidelines are included as Exhibit C to this Statement.

We are proud of our continued progress on important diversity initiatives, including the recruitment, retention and development of diverse talent on our investment and operational teams and our progress growing relationships with women and minority-owned businesses. We will continue to advance these initiatives and seek other opportunities to promote equity, social justice, and inclusion at our company and in the broader community.

Social and Community Involvement

The Pershing Square Foundation ("PSF"), a family foundation funded by Bill Ackman and Neri Oxman, was established in 2006 to support exceptional leaders and innovative organizations that tackle important social issues and deliver scalable and sustainable impact across the globe. PSF has committed more than \$600 million in grants and social investments in health and medicine, education, economic development and social justice among other initiatives.

In addition to contributing positively to the communities around it, Pershing Square offers employees volunteer opportunities and encourages staff to participate in various philanthropic efforts, both independently and in partnership with PSF.

Important Notes and Disclaimers

This ESG Statement does not constitute an offer to sell, or the solicitation of an offer to buy, an interest in any fund managed by Pershing Square (each, a “Pershing Square Fund”). This Statement is expressly qualified in its entirety by reference to each Pershing Square Fund’s offering and governing documents.

The information provided in this Statement should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in a Pershing Square Fund’s portfolio. The securities discussed do not represent the entire portfolio of the Pershing Square Funds. Past performance is no guarantee of future results.

While the Pershing Square Funds are concentrated and often take an active role with respect to certain investments, they will own, and in the past have owned, other investments, including passive investments and hedging-related positions. All trademarks are the property of their respective owners. It should not be assumed that any of the securities or holdings discussed herein were or will prove to be profitable, or that the investment recommendations or decisions Pershing Square makes in the future will be profitable or will equal the investment performance of the securities discussed herein. Companies shown in Exhibit B are meant to demonstrate Pershing Square’s active investment style and the types of industries in which the Pershing Square Funds invest and were not selected based on past performance.

It should be noted that in certain situations Pershing Square may not be able to complete its analysis of ESG risks and/or other sustainability-related considerations (together, “Sustainability Risks”) to the fullest effect due to the availability and quality of data. Data addressing Sustainability Risks may be opaque, incomplete, inaccurate or non-existent and Sustainability Risks are not always disclosed by companies. Furthermore, most of the available information on a company’s Sustainability Risks is generally based on historical data, which may not fully reflect the future performance of that company or the Sustainability Risks it is exposed to. While the Firm seeks to incorporate all appropriate information into its investment decision-making process, there can be no assurance that such policies and methodologies will capture all relevant information on Sustainability Risks with respect to the companies in which Pershing Square Funds invest.

Statement in relation to the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”) and the EU Taxonomy Regulation (EU) 2020/852 (the “Taxonomy Regulation”)

This Statement seeks to communicate Pershing Square’s approach to ESG matters and should in no way be taken as implying that any Pershing Square Fund seeks to promote environmental and/or social characteristics or pursues any environmental and/or social objective within the meaning of Articles 8 and 9 of the SFDR. For the avoidance of doubt, none of the investments underlying any Pershing Square Fund take into account the EU criteria for sustainable economic activities within the meaning of the Taxonomy Regulation.




Exhibit A

Portfolio Company ESG Practices

Canadian Pacific (CP)	https://sustainability.cpr.ca/
Chipotle (CMG):	https://www.chipotle.com/about-us/sustainability
Domino's (DPZ):	https://biz.dominos.com/stewardship/
Fannie Mae (FNMA):	https://www.fanniemae.com/about-us/esg
Freddie Mac (FMCC):	http://freddiemac.com/about/esg/index.html
Hilton (HLT):	https://cr.hilton.com/
Howard Hughes (HHC):	https://howardhughes.com/hhsustainability
Lowe's (LOW):	https://corporate.lowes.com/our-responsibilities
Netflix (NFLX):	https://ir.netflix.net/governance/ESG/default.aspx
Restaurant Brands International (QSR):	https://www.rbi.com/English/sustainability/our-vision/default.aspx
Universal Music Group (UMG):	https://investors.universalmusic.com/governance

Exhibit B

Public Company Engagement since Inception

Long Positions						
			Atlantic Realty Trust			
2004	2004	2004	2004	2004	2005	2005
						
2006	2006	2007	2008	2008	2008	2009
						Justice Holdings Ltd.
2010	2010	2010	2010	2010	2011	2011
						
2012	2013	2013	2013	2013	2014	2014
						
2015	2015	2015	2016	2017	2018	2018
						
2018	2018	2019	2020	2020	2020	2021
						
2021						
Short Positions*						
						
2004	2005	2007	2007	2007	2012	

* Short Positions includes options, credit default swaps and other instruments that provide short economic exposure. Pershing Square has no current intention to initiate a public equity short position.

The companies on this page reflect all of the portfolio companies, long and short, as of March 22, 2022, in respect of which (a) Pershing Square or any Pershing Square Fund, as applicable, has designated a representative to the board, filed Schedule 13D, Form 4 or a similar non-US filing or has made a Hart-Scott Rodino filing; or (b) Pershing Square has publicly recommended changes to the company's strategy in an investment-specific white paper, letter or presentation.

Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see disclaimers on page 5.



Pershing Square Capital Management, L.P.

Diversity & Inclusion Guidelines

Pershing Square Capital Management, L.P. (referred to herein as the “Firm” or “we”) is committed to fostering a diverse and inclusive work environment. We recognize that our people are our greatest assets and that promoting diversity is an integral component of our continuing quest for excellence as professionals and as a Firm.

We are committed to seeking out and using our diversity in ways that bring new and richer perspectives to our Firm. As part of the effort to advance our commitment to diversity, the following initiatives are being pursued:

- Identify D&I best practices supported by research.
- Create opportunities for employees to provide feedback regarding Firm culture (anonymous satisfaction surveys, focus group sessions, etc.).
- Create learning opportunities to deepen inclusion at an organizational level.
- Improve the level of diversity within the Firm’s leadership positions and committees
- Focus specifically on recruitment, retention and development of diverse talent in all departments and at all levels of the Firm.
- Emphasize the Firm’s long-standing policy that encourages reporting of any discrimination or harassment based on sex, race, national origin or other protected status.
- Create a work environment that engages, enables and empowers people to do their best work.
- Identify opportunities for the Firm to engage with its broader communities to promote equity, social justice, and inclusion (i.e., community volunteer activities, corporate social responsibility initiatives, etc.).
- Recognize diversity as a business objective when evaluating Firm partnerships and business opportunities.
- Provide regular diversity and inclusion training to all employees.

The Firm has established a Diversity & Inclusion Committee (the “D&I Committee”) to lead the Firm’s efforts and to provide strategic direction on how we approach diversity and inclusion. The Committee meets at least quarterly and is responsible for reviewing and evaluating the Firm’s D&I initiatives. The D&I Committee is comprised of the President, the Head of Human Resources, the Director of Communications, and members of the investment, legal, facilities and reception teams. The D&I Committee will work closely with the Operational Leadership Group to carry out these and other initiatives to help strengthen diversity and inclusion throughout the Firm.