



# Environmental, Social, and Governance Investment Policy Statement

Updated January 2021

**Responsible investing is a global business imperative and key to building long-term value in a rapidly changing world.**

We at Hamilton Lane have been delivering on this premise and proudly helping our clients secure a better future for nearly 30 years. As a global leader, we have consistently been at the forefront of industry changes, often helping to influence and drive them. Responsible investing also goes hand-in-hand with our organization's values. One needs to look no further than our mission statement to understand that the notion of investing responsibly is core to our culture. We enrich lives and safeguard futures. We do the right thing – we invest with partners who share our values and those of our clients. What's more, we believe responsible investing makes good business sense – reduce risk and help create better outcomes – for all stakeholders. It helps to safeguard our collective futures.

We believe that Environmental, Social and Governance (ESG) issues can affect the performance of investment portfolios, and that investing responsibly and maintaining accountability can have a positive impact on improved financial performance and value creation. This ESG investment policy statement broadly defines Hamilton Lane's principles and objectives with respect to responsible investment. Each Hamilton Lane investment area has its own ESG investment policy; these are living frameworks that inform our decision-making and help us to uphold our intentions of acting as a responsible investor.

## **Principles for Responsible Investment**

Hamilton Lane is proud to have been signatory to the UN-backed Principles for Responsible Investment (PRI) since 2008 and to have endorsed the ILPA Principles.

As part of our commitment to the PRI, we are committed to the following six principles:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.

**Hamilton Lane  
Mission Statement**  
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- We will promote acceptance and implementation of the principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the principles.
- We will report on our activities and progress towards implementing the principles.

### **Leadership**

Hamilton Lane's commitment to ESG starts at the top, with our Chairman and CEO setting clear expectations that our investment activities reflect one of our core values: Doing the right thing. Responsibility for oversight, strategy and guidance on ESG rests with the Responsible Investment Committee, which includes Paul Yett, Director of ESG & Sustainability, Brian Gildea, Global Head of Investments, and other senior members of the firm. Responsibility for ESG integration rests with the heads of our investment teams, supervised by Brian Gildea.

### **Internal Education**

Our investment teams are responsible for ESG due diligence. We actively educate our firm and our investment teams on ESG matters and expect every team member to be well informed. This includes ensuring each member of the team receives adequate training – both in terms of initial training and ongoing training regarding Hamilton Lane's developing views and evolving best practices.

### **ESG Integration**

Since 2008, we have worked to institutionalize our approach to responsible investment. Today, we fully integrate ESG into all of our due diligence processes, ensuring that ESG issues are taken into account when making investment decisions. As part of our standard process, we rate GPs on their approach to ESG, which allow us to help our clients understand how their GPs are performing while also allowing us to identify the areas in which to engage with the GPs. Our proprietary rating system seeks to benchmark GPs to best practice, which means that the standards we expect from our GP partners are continuously increasing. Included in our overall approach to ESG is our ongoing focus on diversity and social inclusion both at GP and underlying portfolio company level.

This process is both qualitative and quantitative, and final recommendations are based on whether an investment satisfies both parts of the process. Further, we work with both GPs and our clients to help them develop their own ESG policies and procedures, as necessary. By incorporating ESG factors across our investment process and increasing the level of available information, we are ultimately helping our clients better understand and meet their responsible investing objectives.

### **Monitoring & Reporting**

We engage with GPs on ESG reporting, in an effort to increase both the levels and standards of ESG reporting across the industry. We aim to leverage our technology platforms to collate and analyze the data we receive. We work with our clients to meet their own ESG reporting needs. Annually, we report on our progress to the PRI and are proud to have received an A+ rating in Indirect Private Equity for the

2019/2020 reporting cycle. Post-investment we monitor GPs and their developing portfolios to ensure adherence to ESG policies and commitments.

### **Current Investment Guidelines, Restrictions and Special Considerations**

**Environmental:** We believe the actions we take today that affect our environment will impact us all. It is our collective responsibility to make thoughtful decisions that will safeguard our planet and preserve it for future generations. Companies that do not take this approach face the risk of public backlash and uneconomic business models when negative externalities are added to their costs. Greenhouse gas emission, pollution, natural resource consumption and waste management are all criteria that we evaluate and consider in our investment process. Furthermore, given the risks they pose to our planet and collective well-being, we do not invest in thermal coal or oil sands through our commingled products.

**Social:** We believe all people, regardless of gender, sexual orientation, disability, race, ethnicity or nationality, are deserving of respect, inclusion, safe work environments and basic human rights. Employee diversity, workplace conditions, supply chain practices, consumer protections and broader societal impacts are criteria that we evaluate and consider in our investment process. Furthermore, given the risks they pose to our neighbors around the world, we do not directly invest in controversial weapons (defined as chemical/biological, nuclear, cluster munitions and landmines), abusive lending practices or companies that could support child labor, human trafficking or forced labor across our commingled products.

**Governance:** We believe alignment of interests, fair compensation, transparency and accountability are crucial to generating long-term, sustainable performance. Ownership structures, voting rights, compensation, accounting practices and processes for dealing with conflicts of interest are critical to our underwriting process. Sound governance is the bedrock for implementing responsible investing across the “E” and the “S” components of ESG.

Special consideration and enhanced scrutiny are given to investments in areas with potentially higher ESG risks, such as mining, alcohol, tobacco, gambling and companies with operations in regions with a history of ESG abuses.

Across our managed accounts, we are able to customize these and other exclusions according to our clients’ preferences and priorities, with the default option being our standard exclusions.

We are proud to report that Hamilton Lane received an A rating in the Strategy & Governance category in PRI’s 2019/2020 Transparency Report.