

Safeguarding

Investors

Beneficiaries

Our Planet

Communities

Employees

Futures.



Hamilton Lane®

2022 Sustainability Report

Sustainability at Hamilton Lane

Driving meaningful change in the private markets

hamiltonlane.com

Contents

A Letter from Mario Giannini, CEO.....[4](#)

Safeguarding

Our Investors & Beneficiaries.....[8](#)

Our Planet.....[40](#)

Our Communities.....[48](#)

Our Employees.....[54](#)

Closing Statement from Paul Yett,
Director of ESG & Sustainability[62](#)



A LETTER FROM LEADERSHIP

Mario Giannini, CEO

In April 2021, the doors to Hamilton Lane’s newly constructed headquarters in suburban Philadelphia officially opened. Only a few weeks later, Hurricane Ida tore through our region leaving a path of devastation and causing the neighboring Schuylkill River to rise to levels not seen since 1869. Our building’s lobby and parking garage flooded and were under nearly eight feet of water. Several of our employees, their families and their homes were impacted. This summer, the UK experienced its hottest temperatures on record, and our colleagues there and elsewhere throughout Europe were forced to navigate the challenges associated with intense heat waves and even fires in some areas.

These anecdotes are all too common. We all know extreme weather events are increasing in frequency and severity, and they are happening in areas previously spared from such phenomena. We all also know the reasons why these extreme weather and other ecological disasters are occurring at a rapidly rising rate. Climate change. Greenhouse gas emissions. The warming of our planet to dangerous levels.

Retrenchment tends to happen historically when headwinds arise. Corporate commitments become challenged when times are tough. Don't let that happen; don't walk back any progress you've made, and instead, keep moving forward.



And not to be outdone by the growing list of environmental disasters, the world continues to experience social and political unrest, an unprovoked war devastating Ukraine, energy and food insecurity throughout the world, mass shootings in the U.S. on a historic scale, and a persistent global pandemic. The world is a frightening place, made even more uncertain recently by volatility in the global financial markets. Yes, it's way too easy to be discouraged, disappointed and pessimistic. I often comment that, as investors, being pessimistic tends to be our natural perspective.

But I'd like to offer a counter-narrative, one of optimism and hope, a vision of the future that looks better than the world we live in today. People are unbelievably resilient. When faced with challenges, we find solutions. The challenges enumerated above are daunting, but not insurmountable, and the course can be altered if we can all commit to doing what needs to be done. Not that it will be easy—it will take perseverance, sacrifice and a level of commitment and fortitude that most individuals and organizations have yet to fully demonstrate. We will have to make changes to ensure future generations have a fighting chance of occupying a livable planet. It's time for action.

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For the record, I'm speaking to and for Hamilton Lane as much as to our readers. For many of us, the recent years have been some of the more chaotic, disorienting and worrisome in our lifetime. Retrenchment tends to happen historically when headwinds arise. Corporate commitments become challenged when times are tough. Don't let that happen; don't walk back any progress you've made, and instead, keep moving forward. At HL, we're committed to doing just that.

Over the past 18 months, we have taken some notable and meaningful steps to expand our programs, launch new initiatives and recommit to being part of the solution. Are we where we want to be? Absolutely not. But we're doing the work and we're chipping away.

Here are a few of those steps of which I, along with the rest of the Hamilton Lane team, am extremely proud:

- Established a Climate Change Policy, which includes our pledge to reach net-zero emissions by 2050 or sooner across all discretionary assets under management
- Joined Initiative Climat International (or iCI), a platform of leading private equity investors dedicated to understanding and reducing carbon emissions from private equity-backed companies
- New HQ location achieved LEED Silver Certification and became the first building in the greater Philadelphia area to earn five best-in-class certifications
- Partnered with Climate Impact Partners to continue offsetting our unavoidable emissions from operations
- Stopped providing single-use plastic water bottles and have taken further steps to reduce paper consumption and other waste
- Partnered with Ownership Works, a nonprofit organization on a mission to increase prosperity by creating employee ownership opportunities within public and private companies
- Along with three world-class organizations, funded and formed a public benefit corporation, Novata, a technology platform providing an on-ramp to ESG data collection, reporting and insights specifically for the private markets
- Implemented RepRisk data coverage of the underlying assets in our portfolios to monitor and engage on ESG risk incidents
- Joined as a member firm of Out Investors, a global network with a mission to make the investing industry more welcoming for LGBTQ+ professionals

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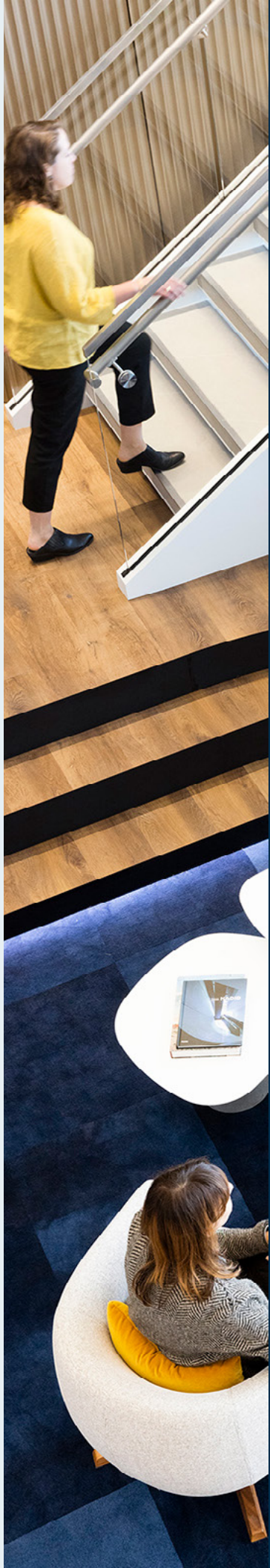
Let’s commit as an industry that we’re going to do the hard work, whatever the challenges, to safeguard the future of our clients, our colleagues, our families and our global societies.

We’re being thoughtful about our carbon footprint as the world returns to air travel; we’re factoring this into our decision calculus, and leveraging technology where we can. Look to us to implement company guidelines to further reduce carbon emissions through smarter travel. As in everything we do, our employees are our most valuable resource and are encouraged to share ideas around ways we can further reduce our carbon footprint. In fact, our newest employee-led initiative, HL Green, was the brainchild of a few conscientious and motivated Hamilton Laners who sought to form a committee with this sole focus.

Remember the narrative of optimism and hope? Just think—if one 573-person global finance company headquartered in the Philadelphia suburbs can make these changes, what impact could all of us collectively have? You didn’t ask for my advice, but I’ll offer it anyway. As companies and individuals, do the work to figure out where you stand on environmental and social issues; set your compass and be unapologetic about the steps you take toward reaching your goal. That’s precisely what we are committed to doing at Hamilton Lane. Our mission statement is to enrich lives and safeguard futures. What could be more imperative than safeguarding the future of our planet?

Lastly, think about the opportunity all of us have as investors and managers in this elite asset class to influence the world’s future. There are tens of thousands of companies around the globe that are owned and influenced by private equity managers. PE-backed portfolio companies employ tens of millions of people around the globe. The industry manages \$9.8 trillion of capital.* There is power in those figures. How we invest matters. How we run our businesses matters. Let’s commit as an industry that we’re going to do the hard work, whatever the challenges, to safeguard the future of our clients, our colleagues, our families and our global societies. 🌱

*Private markets AUM stood at \$9.8 trillion in 2021, according to the 2022 McKinsey report.



Hamilton Lane is one of the largest private markets investment management firms globally, providing innovative solutions to institutional and private wealth investors around the world.

\$823.9B	1000+	573	51%
Assets Under Management & Supervision	Clients & investors across 45 countries	Employees	Women or global minorities*

Dedicated exclusively to private markets investing for more than 30 years, the firm currently employs more than 570 professionals operating in offices throughout North America, Europe, Asia Pacific and the Middle East. Hamilton Lane has more than \$823 billion in assets under management and supervision, composed of \$107 billion in discretionary assets and more than \$717 billion in non-discretionary assets, as of September 30, 2022. Hamilton Lane specializes in building flexible investment programs that provide clients access to the full spectrum of private markets strategies, sectors and geographies.

2021 marked Hamilton Lane’s 30th anniversary – three decades of expertise coupled with a commitment to supplying our clients with tailored solutions designed to reach their private markets investment goals. Sustainability and responsible investing have been a core part of our strategy long before ESG became a buzzword that has spawned dozens of frameworks,

concerns over “greenwashing” and discourse on the political stage.

We believe that incorporating ESG into our processes, embracing diversity at all levels, and sharing best practices across the industry has the best interests of our clients, employees, and stockholders in mind.

This year we also celebrated another milestone: being named a “Best Place to Work in Money Management” for the 10th consecutive year. This makes us one of only five firms to have been awarded this distinction since the ratings were first published in 2012.

Looking ahead to the next decade – or three – there is little question that many aspects of what we view today as “sustainable” or “responsible” investing will become the standard across the private markets. New progress and areas of focus will emerge, and we will be here to help our clients navigate the private markets every step of the way.

As of September 30, 2022
*Inclusive of female and underrepresented.

Safeguarding Our Investors & Beneficiaries

Hamilton Lane's commitment to ESG starts at the top, with our executive team setting clear expectations that our investment activities reflect our core values, especially "Do the right thing."



FIRM POLICY

Holding Ourselves Accountable

Hamilton Lane’s dedicated ESG team and Responsible Investment Committee review and update the firm’s ESG Investment Policy annually as we seek to ensure that best practices are being implemented and we are doing our part in helping to advance the asset class in a more responsible direction.

The 2022 updates to our ESG Investment Policy focus on our expanding affiliations with groups like the Initiative Climat International (iCI) and the ILPA Diversity in Action Initiative among others, and our focus on the ESG issues that matter most to our clients.

Our conversations with our clients and analysis of the hundreds of RFPs and DDQs that our teams review each year allow us to monitor the pulse of the private markets and its shifting areas of focus. We have given greater influence to the policy as well by including all discretionary capital as subject to our standard ESG exclusions, rather than only Hamilton Lane-branded funds as in prior years.

Our approach to ESG is full integration rather than negative screening. With that said,we do consider the industries we list in our exclusions from a comprehensive risk standpoint. Our ESG analysis is not viewed as morality policing or the implementation of arbitrary restrictions, but rather as part of the fundamental picture of risk and opportunity that we create for each investment we make for our clients.

Read our full ESG Investment Policy [here >](#)

Internal Education

Internal education of our teams remains a core pillar of our approach to sustainability and responsible investing. The ESG team has been working with each investment team during the past year to learn, educate, discuss and integrate best practices across functional areas including diligence, investment memoranda development, monitoring and reporting. ESG is one of the first classes for our incoming analysts in the firm’s Analyst Development Program, underscoring the central importance of the topic. Ongoing education on specific ESG topics is planned for employees of all levels within the firm.



ESG Risk Mitigation

For Hamilton Lane, ESG risk mitigation is a fundamental part of investment analysis. It was incorporated into our investment decision-making process prior to the establishment of the PRI and even the terminology “ESG,” albeit as part of the broader assessment of investment risk, versus an assessment of ESG-specific risk.

As an early PRI signatory, we recognized the need to adopt an ESG-specific risk assessment and formally incorporated this into our investment decisions and final investment reports in 2010. We believe that ESG should not sit in isolation from the core investment decision-making group, and as such, we instituted a fully integrated approach, with all members of the Fund Investment Team trained to analyze the ESG-specific risks and ESG risk-mitigation approach of general partners as they relate to fund investment opportunities.

Evolving Our ESG Approach

Over time, we have evolved our ESG approach and continue to do so. In 2020, we launched a comprehensive ESG & Diversity questionnaire that is issued for every final investment due diligence report, updated our ESG tracking procedure within our CRM tool, DealCloud, and enhanced the way we consider ESG risk and risk-mitigation within our final investment reports. Our updated questionnaire covers topics such as how ESG is integrated into the organization through policies and procedures; how ESG is considered in investment decisions; what form of monitoring and reporting is done on ESG at the portfolio company level; how the general partner considers climate concerns; and diversity within the organization and decision-making group. The Fund Investment team also analyzes ESG risk factors associated with the general partner’s prior investments and expected future portfolio, considering potential environmental and social factors associated with a given sector and the level of governance risk associated with the general partner’s regional focus.



We believe that ESG should not sit in isolation from the core investment decision-making group, and as such, we instituted a fully integrated approach.

In 2022, we continued to embed ESG throughout our diligence processes by integrating ESG earlier and through the inclusion of SFDR Ratings and ESG factors in screening and meeting memorandums. Further, we have rolled out a proprietary ESG Organizational Rating Framework (“ESG ORF”) as an extension of the ESG Rating System, comprised of 23 variably weighted ESG-related questions. General partners are ranked on a scale of one to five to produce an aggregated organizational ESG score. The ESG ORF intends to capture the intentionality and integration of ESG into a manager’s processes, such as how the general partner approaches training and ESG engagement internally and within portfolio companies, the measurement and response of environmental, social and governance issues, climate-related initiatives, diversity, conflicts, exclusions and control. Every final report produced by the Fund Investment Team utilizes ESG assessments.

The Fund Investment Team has long recognized the importance of ESG assessment in primary diligences, and in 2022 also increased the weighting of a general partner’s ESG score in our General Partner Rating System (“GPRS”), which provides an aggregate score between one and five to each general partner that encompasses broader criteria related to team, strategy and track record, in addition to ESG.

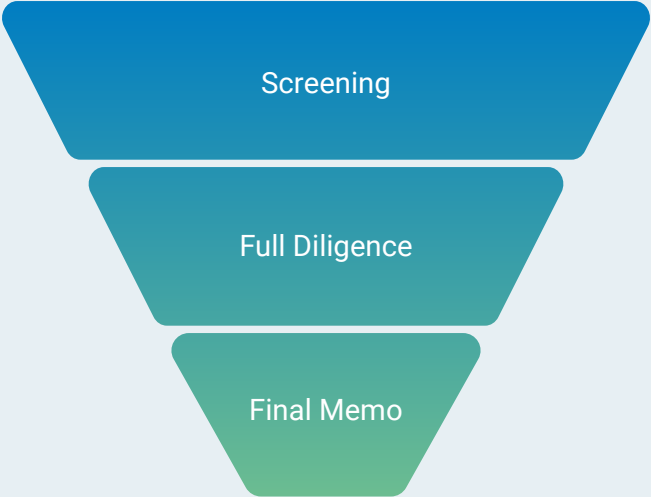
Our Fund Investment Team continuously seeks to adopt further risk-mitigation and assessment tools and is working with a large incident tracking platform, RepRisk, to track ESG-related incidents in the underlying portfolios of general partners. We expect this to open further dialogue with managers about how they approach incident monitoring and their ability to rectify and prevent further ESG incidents within their portfolios.

The roll-out of these new versions of our ESG analysis and assessment will further refine how we think about ESG, and we will continue to remain flexible and expect further evolution over the long term.

Standardizing Our ESG Diligence Process

The Direct Equity and Direct Credit teams have recently standardized the ESG diligence process in accordance with a broader firm effort across all investment teams to assess potential ESG risks and concerns within each investment screening. Our newly standardized process includes utilizing third-party risk rating and identification metrics to understand the geographic, social and environmental risks across industries and investments, leading to in-depth questions and analysis during the diligence process. Additionally, there has been an increased focus by deal teams to bring ESG risks and concerns to general partners and sponsors when evaluating deals, resulting in deeper diligence and understanding of the company’s impact on the environment and strength of its corporate governance practices. ESG diligence is a part of every direct transaction workflow.

It should be noted that this does not include Impact diligence, which is distinct: Impact diligence is part of transaction underwriting conducted by direct Impact deal teams, specifically for direct investment opportunities pertaining to the Impact fund(s). These are namely mission-driven companies whose business models exist explicitly to solve issues, improve the status quo, and/or innovate for the future of the planet and humanity. ESG diligence is also conducted on Impact opportunities as it is for any other direct investment.



The standardization of ESG processes and procedures has led to deeper conversations during investment meetings, as sustainability and corporate governance have become increasingly important evaluation factors. While the core focus of these meetings remains finding and acting upon the best deals for our clients and funds, the team recognizes the value of understanding the broader ESG impact of each potential investment. As an example, we recently received an opportunity in the apparel production and distribution space, but due to environmental and social governance concerns associated with a manufacturing facility of the company in question that were uncovered during diligence, we declined to participate. This is one of multiple examples over the past year of ESG considerations driving deeper diligence or influencing investment decisions as the deal team seeks to understand a company’s broader influence.

Secondary Investments & ESG Diligence

Over the last year, our teams undertook a thorough review of Hamilton Lane’s comprehensive ESG due diligence framework, including with regard to secondary investments, where the framework was updated to reflect the latest developments in that part of the market. The updated ESG framework addresses the characteristics of the different types of secondary transactions, including portfolios of fund interests, GP-led transactions, as well as other complex opportunities. Moreover, the framework includes an assessment of the relevant GP’s relationships as well as the underlying portfolio companies, with a more detailed focus on the larger exposures.

On the GP assessment side, the secondary ESG analysis leverages information collected by the broader Hamilton Lane investment team during different due diligence undertakings, as well as any data received from GPs as part of Hamilton Lane’s monitoring activities and dedicated ESG-related outreach. Hamilton Lane’s expansive data on general partners and portfolio companies allows us to conduct an extensive ESG assessment, with the ability to conduct an in-depth assessment of individual portfolio companies. To supplement our analysis of individual assets, the secondary investment team has access to RepRisk, a research provider supplying information on incidents at portfolio companies. This helps us to systematically identify and assess ESG risks in transactions.

The increased focus and improved capabilities within ESG due diligence enable us to include an attractive ESG profile as a key part of our investment thesis. For example, in Q1 2022 Hamilton Lane was the lead investor in a multi-asset, GP-led

transaction, where one of the portfolio companies had a strong environmental and animal welfare ethos (being an apparel business with a focus on sustainable and ethically-sourced fabrics).

Hamilton Lane’s expansive data on general partners and portfolio companies allows us to conduct an extensive ESG assessment, with the ability to conduct an in-depth assessment of individual portfolio companies.

Finally, the ESG analysis allows us to spot potential risks early on in the investment process. For example, when reviewing a single-asset, GP-led transaction focused on a company that is active in specialty pharmaceuticals, the deal team encountered a potential ESG concern relating to the company utilizing animals for antibody production. Having identified this issue, the deal team was able to notify the Responsible Investment Committee and subsequently conduct additional due diligence on the target company’s animal welfare standards and reporting practices. The main outcome of the deeper diligence was the deal team being able to gain comfort with the company’s internal animal welfare standards, which were in line with OECD guidelines, strictly documented, regularly audited, and overseen by in-house veterinarians. The ultimate decision to proceed with the investment was possible due to this process.



Q&A with Matt Barbato, Head of Operational Due Diligence

The “G” in ESG is crucial to Hamilton Lane’s operational due diligence efforts and to our mission to identify and mitigate operational risks before we commit our client’s capital to an investment opportunity.

How has Hamilton Lane evolved its approach to operational diligence in recent years to address governance concerns?

Our operational diligence program always seeks to evolve with the market. As the asset class evolves, we strive to be nimble enough to adapt and change with it. As it relates to governance, we’ve recently seen some of the pioneers of the industry step away from their firms. KKR founders Henry Kravis and George Roberts stepped down from their co-CEO roles, Apollo co-founders Leon Black and Josh Harris departed their firm, and Blackstone’s Executive Vice Chairman Tony James recently retired. Investors should evaluate what governance is in place at each firm and how prepared they are for a succession event.

Because of transitions like those noted above, succession planning has become a hot topic. What does an effective transition look like from an ODD standpoint?

The aforementioned firms are large, public companies with independent boards that can participate in succession discussions; however, across the broader industry, the vast majority of managers are smaller, private companies that do not have outside parties that can opine on the topic, making it even more crucial for the investors to consider during their underwriting process. Investors should not only understand the key person provisions for the fund they’re underwriting, but also dig deeper to understand the longer-term succession plans of each firm and how it would manage through an unexpected near-term event. These are not the easiest conversations for investors to have, but they are a necessary part of the process.

Hamilton Lane expects managers to maintain a plan describing both the short- and long-term implications of an event at the firm, fund and portfolio levels, identifying successors – or the process for finding them – as well as considering how the day-to-day operations, and potentially ownership, of the firm may be impacted by an event.

What are some risks we have seen that firms need to plan for as they put succession plans in place?

Firms should consider the unexpected when devising their succession plans. Of course, each plan will vary based upon the size and stage of the firm, but each should ensure that proper training, knowledge transfer and the appropriate level of redundancy are in place. At no point in time should a firm have one point of contact for a portfolio company or investor. Formation documents should consider these types of events to safeguard against major shareholders stepping away from the firm while retaining their ownership of the business. These plans should also be reviewed periodically and updated.

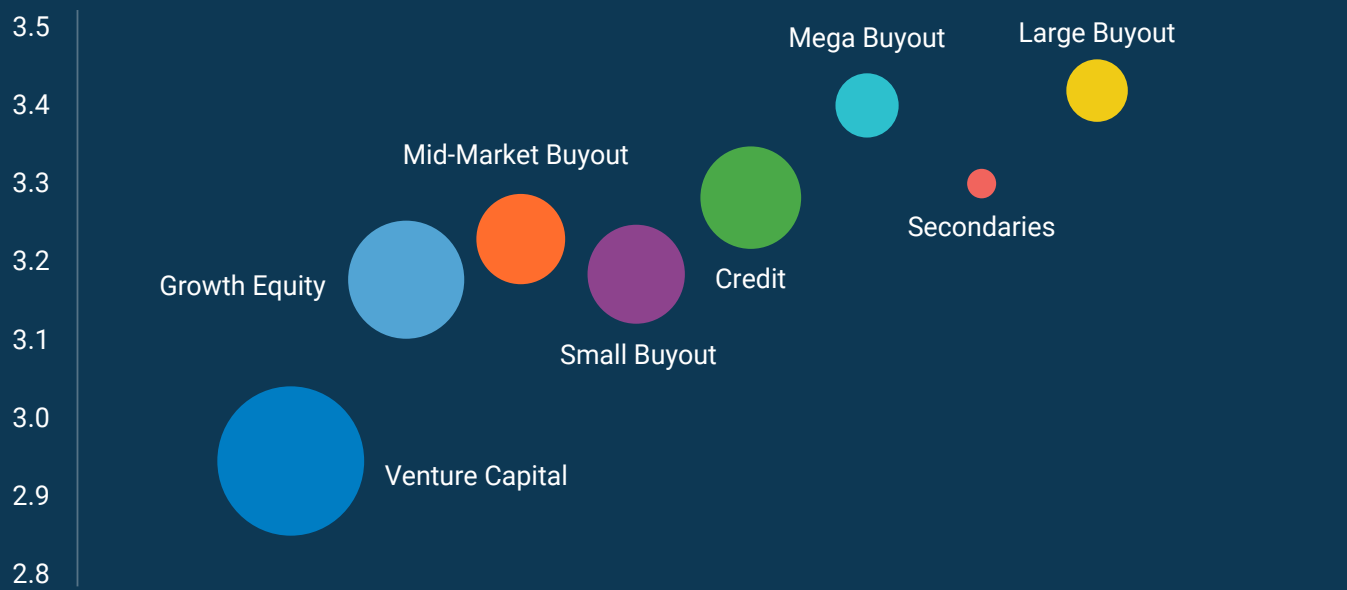
Looking at the year ahead, are there other priorities for the team, or best practices that are emerging in the industry?

Digital assets are the latest trend to hit the industry, as firms are beginning to figure out how to tokenize their funds. Some firms are exploring the tokenization of their funds as they look to expand access to a broader set of investors that they may not have otherwise been able to reach. These investors, and operational diligence professionals, need to evaluate these offerings and will look to ensure that proper checks and balances are in place prior to investing in these assets.

Current Trends Across Strategy & Geography

In our 2022 [Market Overview](#), we presented a chart depicting the ESG scores of funds that were presented to our Investment Committee in 2021, using Hamilton Lane’s proprietary rating system. Since then we have continued this analysis using another six months of fund data to get a snapshot of where the market is today.

Average ESG Score Across Strategies



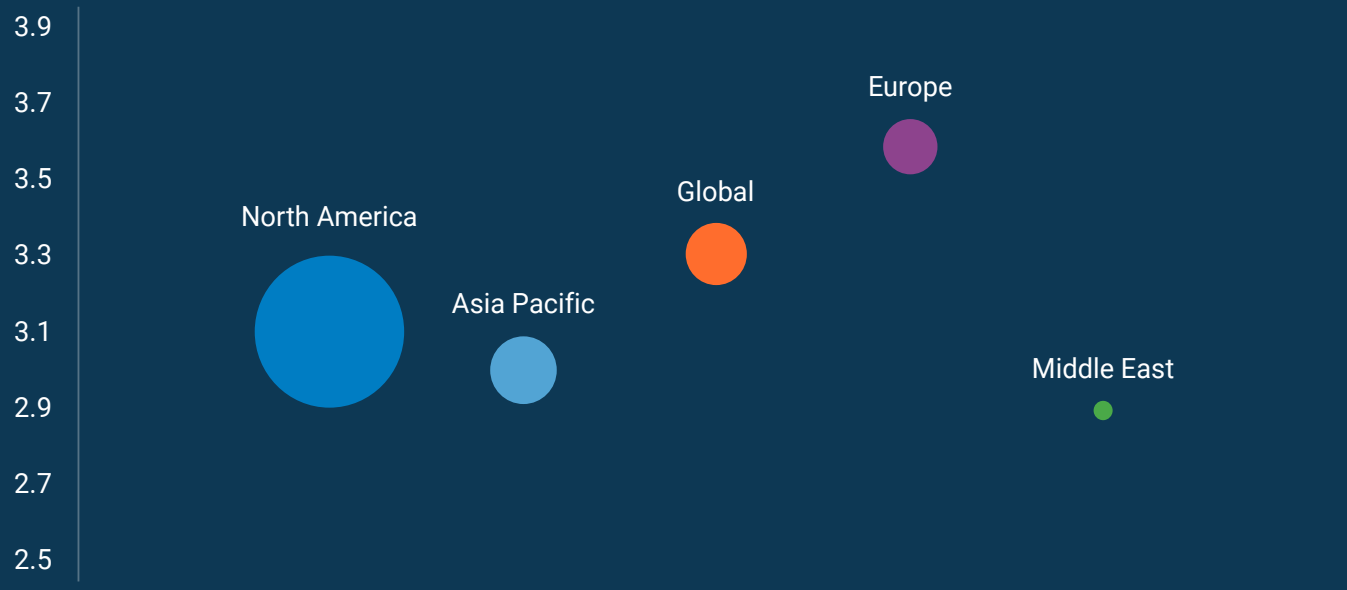
Source: Hamilton Lane Fund Investment Team (December 21, 2020 - June 30, 2022)

Most of our conclusions from earlier in the year continue to hold true.

No strategy is consistently moving toward a perfect score of 5. In fact, only about 5% of the funds reviewed during this 18-month period scored 4 or above. As a reminder, the ESG rating system is based upon the manager’s approach and integration of ESG, the risk profile of its track record, and the risk profile of the proposed strategy.

VC managers (who represented the largest number of funds reviewed) still have the greatest room for improvement. The strategy also shows the largest range of scores across the sample, illustrating the wide dispersion of ESG integration among venture managers.

Average ESG Score Across Geographies



Source: Hamilton Lane Fund Investment Team (December 21, 2020 - June 30, 2022)

Slicing the data by geography, we see much of what we would expect. European managers tend to perform better, although the dispersion in the scores is relatively high across the sample.

ESG is a moving target, and our Fund Investment Team is perpetually updating and tweaking the formulation of the ESG rating system as best practices evolve. We believe that there is room for improvement in all areas

of the market, and as LPs demand more accountability and information on general partners’ ESG tactics, we would hope to see scores creep closer to the high bar that we set. As noted in the Fund Investment Team update section, the weighting of ESG in the overall GP Rating System has increased in the past year and is expected to continue to do so.

Annual GP Survey

Hamilton Lane issues an annual ESG and diversity survey to all managers with which we have invested discretionary capital, across primary, secondary and direct investments. In 2020 this encompassed over 370 managers, and in 2021, we expanded the scope to include more than 430 managers. These GPs span the globe and represent the full spectrum of the private markets, from VC to mega-buyout, private credit and real assets. We are achieving a roughly 75% response rate from this group.

The annual ESG and diversity survey is an abbreviated version of the ESG RFI that we issue to managers during the full diligence process. Responses are stored in our CRM software, DealCloud, for easy access and analysis.

The survey requests detail from managers on their planned Diversity and ESG projects for the next 12 months. The year-over-year nature of the request allows us to assess whether managers are meeting their goals or falling short. ESG questions broadly cover the organization’s approach, integration into investment decision making, monitoring of portfolio companies and reporting process to LPs, as well as climate-specific policies and action. Granular diversity of the manager’s employees is also collected. By collecting data on such a large portion of the industry, we are granted a high-level view of emerging best practices on ESG.

Let’s look at what the results reveal about the state of ESG integration from 2020 to 2021.

ESG Policy and Oversight



Formal ESG Policy



Most of us would not be surprised to see that 93% of managers responded that they have a formal ESG Policy in place that governs their approach, up slightly from 90% in 2020.

Named Accountability for Policy Compliance



If we look more closely at the governance of these policies though, we see that only 64% of managers stated that there was named accountability for the ESG policy at their firm. While this is up from 59% in 2020, it still leads us to question the oversight for the enforcement of the policy in everyday processes.

Regular ESG Best Practice Review



Finally, we turn to the frequency with which managers are reviewing ESG best practices, which we can assume would correlate with updates to the policy. Fifty-four percent responded that a review is conducted on a somewhat regular basis, meaning that 46% stated this was only performed ad-hoc or not at all. Notably, this was the single largest improvement Y-o-Y (up from 35% in 2020) in the survey responses. We can conclude that a best practice review is a relatively low-hanging fruit, and we would expect this to continue trending upward until it reaches the number of managers who have existing policies.

ESG Diligence & Process



ESG Due Diligence



In parallel to policy statements, the share of managers incorporating ESG into some aspect of their investment process rose from 90% to 92%. This represents GPs that are assessing these concerns in all aspects, during the full due diligence process, or only at screening or closing of investments.

ESG Training of Teams



We saw solid improvement in the share of managers reporting specific ESG training for their employees. Seventy-four percent of managers are now providing training for their teams, as of 12/31/2021. The remaining gap is interesting, however, and we must assume that the difference between the three quarters of GPs training their teams and the 92% incorporating ESG must be made up by specialized consultants.

ESG in PC Strategic Plans



Moving from the investment process to the holding period for investments, we see that roughly 61% of managers are including ESG factors in their portfolio companies’ strategic plans. In our discussions with GPs, we have noted differing approaches to KPI implementation and monitoring at the portfolio company level. Some managers are focused on a core set of KPIs for all holdings, and others identify unique and material KPIs depending on the asset. We see pros and cons for both approaches in terms of ease of reporting and effective management of risk and opportunity.

ESG Monitoring and Reporting



ESG Reporting to LPs



Following the general trend of responses, LP reporting also ticked up marginally for 2021, to 73%. This includes managers providing regular quarterly ESG reporting, broader annual reports, or ad-hoc ESG-themed reporting. We believe the growth of voluntary reporting tools like the ESG Data Convergence Project and Novata will lead to further improvement here, and regulatory requirements such as SFDR in the EU will have some GPs scrambling to improve.

Emissions Tracking for Majority of PCs



Greenhouse gas emission tracking remains a pain point for GPs. We saw some improvement on measurement, but still far from what we were hoping. European LPs have been asking for this data for some time now, and it is a request being fielded from other geographies more and more frequently. With the amount of capital wielded by groups signing up for initiatives such as the Net-Zero Asset Owner Alliance, we believe there is a significant disconnect that must be addressed if targets are to be reached.

Additional Survey Takeaways

The rise of the Chief Sustainability Officer role is being observed across the industry and is even being implemented within smaller groups. From 2020 to 2021, the share of GPs stating they had at least one dedicated ESG professional on staff increased by 12% and now stands at 57%. We are paying close attention to the decision-making power and integration of these professionals.

UN PRI signatories also continue to grow at an impressive clip, both in private markets and other asset classes. The number of GPs surveyed who were PRI signatories grew by 13% to 49% between 2020 and 2021, indicating that this is still viewed by many as an important distinction on quality of ESG process. So far during 2022, 467 investment managers have become signatories of PRI, representing 12% of total membership.

Impact Platform Highlight

Hamilton Lane is proud to be raising our second dedicated Impact Fund, following on the strong performance of our first Hamilton Lane Impact Fund, LP. Our second fund is already more than double the size of its predecessor and is targeting impact through direct investments in the following areas:

Clean Energy Transition

Sustainable Processes

Health & Wellness

Community Development

Impact investments undergo the same rigorous underwriting, shared intel, data and resources across Hamilton Lane’s investment and research activities, enhanced with an additional impact lens.

Financial Assessment	Impact Assessment
Investment Committee Oversight ✓ Screening ✓ Initial Due Diligence ✓ Full Diligence ✓ Legal/Negotiation ✓ Monitoring ✓ Post Diligence Tracking	Responsible Investment Committee Oversight ✓ Initial Impact Screening ✓ Full Impact Diligence 1. Impact challenge/opportunity 2. Alignment & intentionality 3. Measurement and metrics tracking 4. Team & capital value-add to impact 5. Impact risk/return ✓ Post-Close Monitoring & Reporting

UN Sustainable Development Goals

 No Poverty

 Zero Hunger

 Good Health and Well-Being

 Quality Education

 Gender Equality

 Clean Water and Sanitation

 Affordable and Clean Energy

 Decent Work and Economic Growth

 Industry, Innovation, and Infrastructure

 Reduced Inequalities

 Sustainable Cities and Communities

 Responsible Consumption and Production

 Climate Action

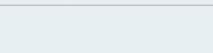
 Life Below Water

 Life on Land

 Peace, Justice and Strong Institutions

 Partnerships for the Goals

Our Impact Investments are aligned with all 17 of the United Nations Sustainable Development Goals →

ACT ²	
AeroSafe Global ¹	
Benevity ¹	
BetterNight (fka SleepData) ^{1,2}	
Bloomerang ¹	
Brightcore ¹	
Climate Impact Partners (fka ClimateCare) ¹	
Coursera ¹	
Ecosystem Investment Partners IV, L.P. ¹	
Envision Energy ²	
Grenova ²	
Imagine Learning (fka Weld North Education) ¹	
Imperfect Foods, Inc. ¹	
Level Access ²	
NeuroFlow ²	
Obvious Growth I, L.P. ¹	
Penn Foster ²	
Project Power ¹	
Retina Consultants of America ¹	
RRG Sustainable Water Impact Fund, L.P. ¹	
Smart Wires ¹	
Ubicquia ^{1,2}	
Viridor ¹	

¹Impact Fund I Investment
²Impact Fund II Investment
SDG alignment is solely categorized by Hamilton Lane during the impact underwriting process.

Generating Measurable Impact

Diversified Impact Across the Portfolio^{1,2}

10M metric tons

of CO₂ reduced or avoided
in the past year

1M Mwh

of electricity use reduced or
saved in the past year

381M+ student hours

on digital education software
in the past year

9M volunteer hours

facilitated in the past year



1.3M patients

benefitting from better access to
healthcare solutions in the past year

3M metric tons

of waste reduced in the past year

168M Mwh

of renewable energy
generated in the past year

61,183 acres

acquired for conservation or
water recharge in the past year

43.5M lbs.

of food saved from a lesser
outcome in the past year

\$5.7B donations

facilitated across 218,000+
non-profits in the past year

¹The impact metrics above are only a representative sample of the impact metrics collected over the past year across the portfolio.

²Represents the latest 12 months of information available as of June 30, 2022, unless otherwise noted; metrics calculated and provided directly by the general partners or underlying companies.

An Interview with Ian Aaron,
CEO of UbicquiaCan you discuss why/how Ubicquia was founded
and how it has worked to achieve that mission?

Ubicquia started in 2017 with a simple idea: We can take existing critical infrastructure including streetlights, distribution transformers and utility poles and make them intelligent [resulting in] smarter, safer and more connected [communities].

While our mission is to make cities smarter, safer and more connected, our mantra is “Simply Connected, Simply Smart.” We believe making existing infrastructure intelligent should be easy to do, designed to scale and cost effective for cities of all sizes. Our platforms are addressing key challenges of critical infrastructure providers such as enhancing public safety for municipalities, grid resiliency for utilities, and making reliable and affordable broadband available to all.

Much like Hamilton Lane, the management
team at Ubicquia relies heavily on data and
data tracking. Can you tell us about the data
you track and why this is so important?

Our customers entrust our platforms to deliver critical data used for everything from energy savings and traffic management to grid resiliency and public safety.

Our UbiCell controls and monitors streetlights across the city. Our data and AI algorithms allow cities to schedule and dynamically control their lighting levels and in turn deliver up to 40% in energy savings. When plugged into the photocell socket, the UbiCell automatically delivers asset details including location, manufacture, wattage level and real-time status of the luminaire to reduce operations and maintenance costs and be more responsive to outages. The UbiCell is also a certified utility meter, so it not only gives customers real-time billing information but monitors the quality of the incoming power to help utilities isolate problems in the utility network.

Our UbiHub plugs into a streetlight in seconds and starts delivering valuable data in minutes. Our real-time AI delivers data to monitor traffic counts, queue length and other insights to optimize vehicle, pedestrian and bicycle traffic. The UbiHub also delivers real-time audio data analysis [that detects] pedestrian and vehicle congestion. The UbiHub is a video and audio edge AI platform that has been customized for other applications including detection and reporting of illegal dumping and garbage can-level detection for sanitization pick-up.

Our DTM+ attaches to any utility distribution transformer in minutes and delivers real-time data on the physical and electrical health of the transformer. Our predictive AI algorithms can detect faults that indicate the transformer will fail and allow the utility to replace the transformer, eliminating costly outages and additional truck rolls. Our data can determine which manufacturer's transformers are more reliable and efficient and what is the optimal size for a transformer, delivering numerous supply chain benefits. The DTM+ can also detect and pinpoint power theft in real time.

Ubicquia's smart city, communications and smart grid platforms are easy to deploy and scale. In turn, we can deliver valuable data and insights in a timely manner to drive decision making and consensus, which is fundamental in bringing communities together.

How does Ubicquia work with its local communities to help drive change? How do you expect these changes to impact the standard for safe and smart infrastructure going forward?

All of Ubicquia's platforms are industrial AI and data driven. It is this data that helps communities better understand and align on where they need to target

Our platforms are addressing key challenges of critical infrastructure providers such as enhancing public safety for municipalities, grid resiliency for utilities, and making reliable and affordable broadband available to all.

initiatives and investments into areas such as public safety, broadband, air quality and traffic planning. Our solutions are aligned with federal infrastructure funding in the U.S. and other similar global initiatives.

Standards for critical infrastructure are typically driven by major customer groups such as leading utilities, mobile operators and municipalities and their related industry organizations.

As an example, Florida Power and Light (FP&L) is one of the leading utilities in the U.S. They are also an investor in Ubicquia. We collaborated with FP&L to develop our Distribution Transformer Monitoring platform, DTM+. This platform helped FP&L win the PA Consulting Reliability One award, which is the highest industry award for grid resiliency. FP&L is now mandating that our technology integrate into the transformers of their top five suppliers that also supply transformers to more than 2,000 other utilities.

While our activities are no guarantee to drive standards, our multi-pronged approach of marquee customers and OEM integrations will help to drive our platforms and standards in the marketplace for intelligent infrastructure.

Can you discuss the importance of alignment with your investors, stakeholders, customers and your company mission?

Ubicquia platforms address key issues at the heart of ESG and Impact. We have designed our platforms to cost effectively scale [driving] annual incremental benefits in energy savings and maintenance costs and helping to extend the life and value of critical utility, communications and public safety infrastructure.

Ubicquia and our platforms allow us to have a long-term view and a 10+ year partnership with our customers. Whether it is driving energy savings that help fuel public broadband initiatives or valuable street analytics that help to target public safety programs, our platforms and interaction with our customers are having a meaningful long-term impact.

What are some near-term goals for Ubicquia, and where do you ultimately expect to see the company in five to 10 years?

As our smart city, communications and smart grid platforms address key challenges globally, we will look to expand our market presence and channel partners in several key international markets.

Over the next 5-10 years, we see significant opportunities to continue to innovate in partnership with our major customers which include municipalities, utilities and mobile operators. We see opportunities to leverage our streetlight position to provide valuable infrastructure for electric vehicle charging and autonomous vehicle support that aligns with market demand.

With the mission to make the existing 360 million streetlights, 500 million utility transformers and one billion utility poles worldwide intelligent, we have a significant opportunity in front of us for the next 10 years.



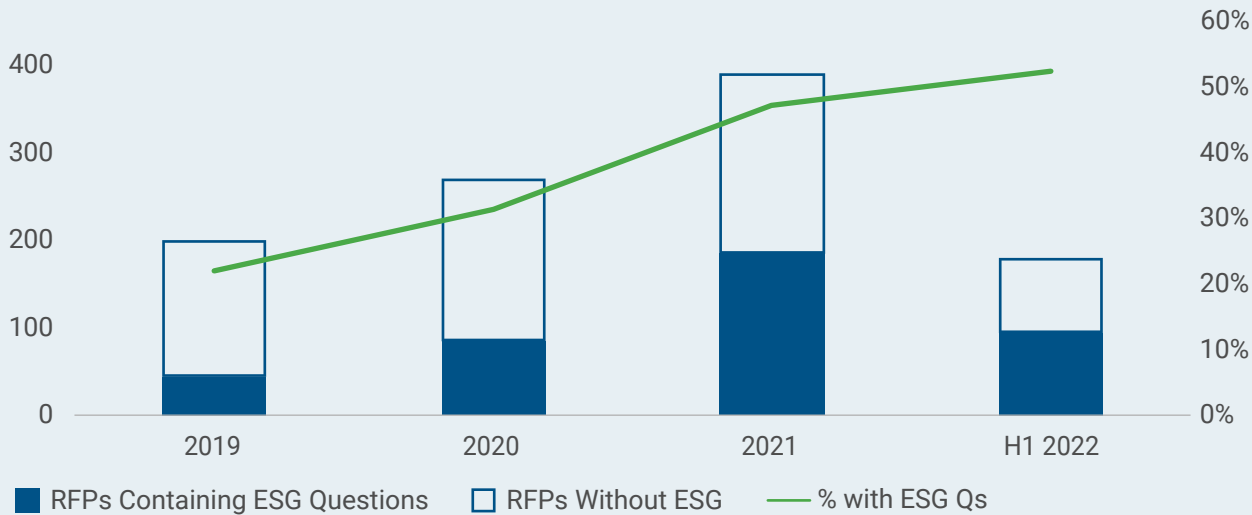
Analysis of ESG in RFPs

Between 2019 and the first half of 2022, Hamilton Lane reviewed more than 1,000 Requests for Proposals (RFPs) and Due Diligence Questionnaires (DDQs). Our teams reviewed each document for ESG responses to determine the level of interest from our global limited partner community. We presented some key takeaways and predictions based on the data through Q2 2021 in our [Market Overview](#). So, how did we do?

Overall LP Focus

We have been reviewing a greater number of RFPs and DDQs every year. 2021 set a record, with nearly 400 documents reviewed, and 2022 is on pace to be another big year, although slightly down from the record.

RFPs Containing ESG Questions



Source: Hamilton Lane RFP Question Analysis 1/1/2019 - 6/30/2022

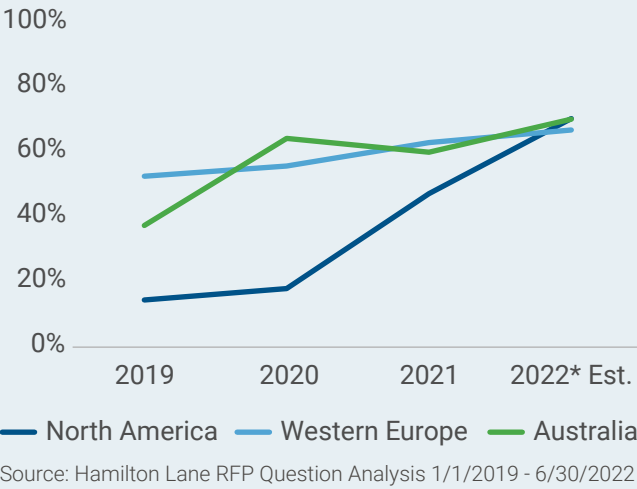
At the same time, the prevalence of ESG questions appearing in these documents has been steadily increasing as well. In 2019, 22% of RFPs contained at least one ESG question. And in 2022? We have officially surpassed the halfway mark, with 52% of documents containing ESG questions, which is ultimately in line with our prediction based on 2021 data. From here, we predict a continued increase over the next year or two, until ESG is ubiquitous in the LP community.

What about complexity? Looking at the average number of ESG-related questions in the RFPs that did contain them, there has been a modest increase from 2019 to 2022. The more interesting story is the rise in ESG questionnaires. We received more than 40 questionnaires in the past 12 months, a significant increase from prior periods. LPs are also focusing more on specific topics under the ESG umbrella such as GHG emissions, with another significant increase in these types of questions over the last year.

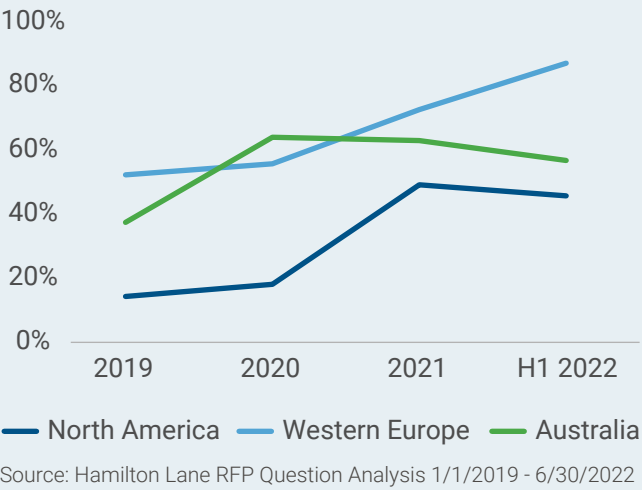
Geographical Differences Persist

In our 2022 Market Overview we shared the chart to the right, where we took the share of RFPs containing ESG questions broken down by geography and extrapolated the growth rate forward for 2022. Based on the trends seen for Australian and North American LPs, we predicted they would eclipse Western Europe as the leaders of prevalence of ESG in RFPs. And the reality?

% of RFPs Containing ESG by Geography

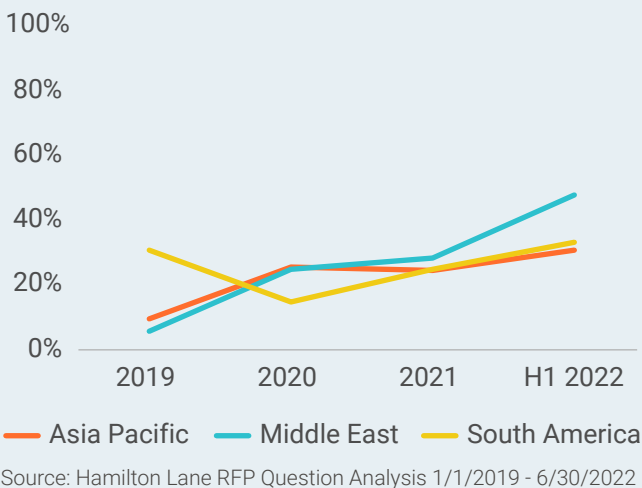


% of RFPs Containing ESG by Geography



Perhaps the European LPs were listening closely and refused to give up their crown. During the second half of 2021 and the first half of 2022, European asset owners further increased ESG focus, with 88% of RFPs containing at least one question in 2022. At the same time, we saw Australian and North American LP interest stagnate.

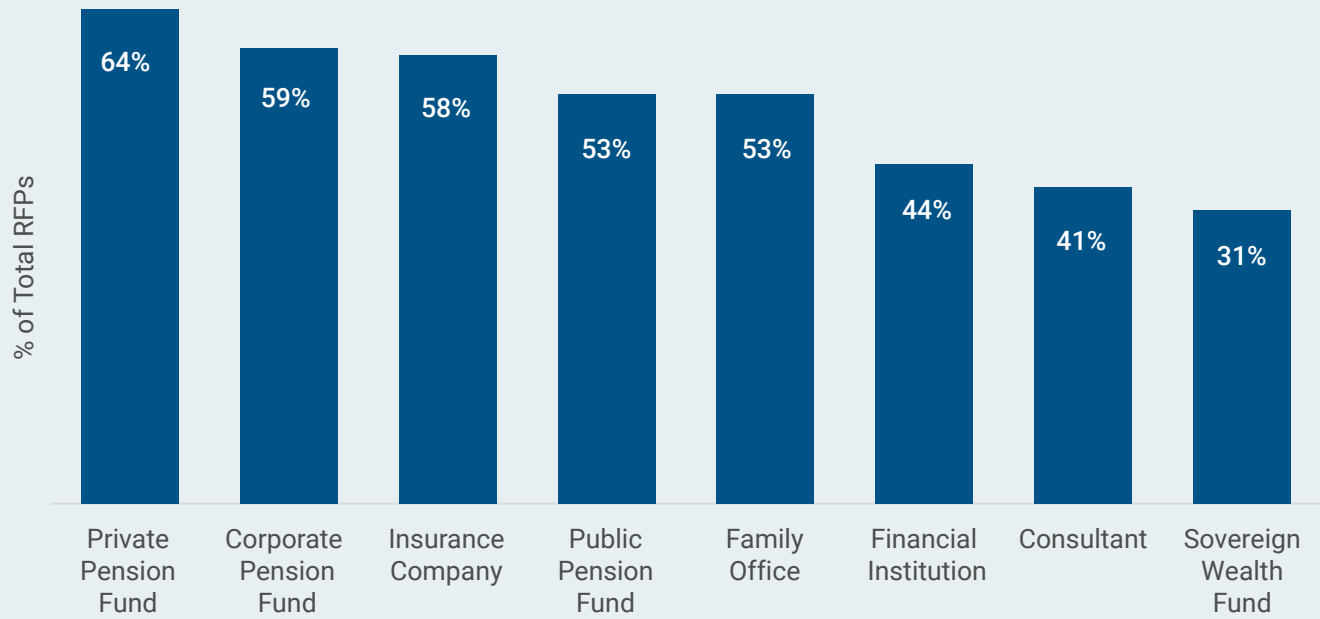
% of RFPs Containing ESG by Geography



The other big story has been the explosion of ESG interest in the Middle East. In just three years, the share of RFPs in that region containing questions about sustainability has gone from virtually zero (6% in 2019), to being on par with North American LPs. APAC and South American LPs continue to lag the pack.

LP Sub-Type

% of RFPs Containing ESG by Sub-Type (with >=10 RFPs)



Source: Hamilton Lane RFP Question Analysis 1/1/2019 - 6/30/2022

Looking briefly at the type of asset owner, there are some surprising stats from RFPs in the past 12 months. We would have assumed that public pension funds would have clocked in toward the higher end, if not led the pack, but it appears that private pension funds have been dedicating more resources to ESG. Although sovereign wealth funds appear to lag here, this represents a very large increase over their level of interest from 2019-2020.

Over the Long Term

So, what’s on tap for the future? We believe the general upward trend will continue, with some groups outpacing others.

Zooming out, we can look back to analysis done on RFPs reviewed during 2015 as well (around the time the public markets were starting to take ESG seriously). Back then, only 11% of RFPs contained ESG questions, compared to 52% in 2022. The number of questions per RFP has increased threefold.

In a few years, we expect that ESG will be fully incorporated into diligence by nearly all LPs, and the focus of analysis like this will shift to nuances and how GPs are meeting this demand.

Q&A Regional ESG

Director of ESG & Sustainability Paul Yett discusses the regional differences in ESG focus with firm leaders around the globe who have their finger on the LP pulse.



Paul Yett
SAN FRANCISCO
Moderator



Tomoko Kitao
TOKYO
TK



Vivienne Watganai
HONG KONG
VW



Rainer Kobler
ZUG
RK



Zoe Nakash
TEL AVIV
ZN

What has been the most significant change in ESG attention in the past two years in your respective region?

ZN: The last two years have really seen the introduction of ESG as an important topic in Israel. Before that, we didn’t really hear about it in the local market. Now it is a buzzword – there has been significant media and regulatory interest of late.

RK: Every manager/bank/family office is asking for our ESG approach. There is not a single RFP or DDQ without a dedicated chapter on ESG. Also, in today’s market funds being registered as SFDR 8 is just seen as standard. Having said that, many of those clients still do not fully understand the different terminology.

VW: In Asia, there is an increasing focus on climate (and really the “E” - environment). Notably, there has been increased government support on climate-friendly assets/energy transition given carbon-neutrality targets.

TK: Activities have just recently gotten underway at PE funds in Japan, and discussions have begun on how to integrate ESG into their investment activities. Also, we are seeing an increase in ESG awareness, and occasional strong interest, among LPs in Japan. Some of our existing clients are actively considering impact investments, and we are receiving an increasing number of questions and RFIs regarding ESG and Impact investing compared to just two years ago.

Have you seen a noticeable difference in the private markets vs. the listed markets as it relates to ESG?

ZN: It has been slower to take off in the private markets in Israel, with the top institutions taking their time to investigate the topic and begin to build their ESG policies. In the public markets there have been discussions, panels, conferences and the like.

RK: I think people in Switzerland are starting to understand why private equity is predestined for ESG.

VW: Public markets firms in Hong Kong have historically been more advanced with regard to ESG given higher scrutiny by the regulators and investors, as well as more standardized

disclosure requirements for public companies. However, in recent years we have also noticed private market investors increasingly placing more emphasis on the wider issues beyond just performance, and there’s generally a preference for funds/companies with robust ESG capabilities.

TK: Previously, ESG attention in Japan centered around public equities, but we are seeing an increase in investor interest in the private asset space as well, due in part to a growing number of ESG-themed investment trusts and wider acceptance in the public space.

Is lack of focus or track record by GPs on ESG a dealbreaker in terms of capital allocation decisions?

ZN: Increasingly our clients are mandating the completion of their ESG questionnaires before agreeing to allocate capital. We currently have one Customized Managed Solutions client who requires a minimum standard of focus and attention in order to execute. Others are in the middle of building their ESG policy.

RK: ESG is often one of the “tick the box” items during the RFP/DDQ process. Given so many managers tick that box as of today (though not all are really implementing it properly), I think it would certainly be a dealbreaker.

VW: In Asia, ESG is still relatively early in its development, so we focus more on the GP’s progress and goals. However, we do expect GPs to have basic ESG best practices in place and be working toward integrating ESG into every part of the investment lifecycle.

TK: In Japan, I don’t believe so. Although there is increasing attention and is nice to have, it is still not a dealbreaker.

Which area(s) of the E, the S or the G gets the most attention?

ZN: In our experience it is the “E” that gets the most attention in Israel. The “G” becomes more relevant in markets/niches that feel particularly complex or opaque to local investors (e.g., investments in markets like China).

RK: In Switzerland, but also broader Europe, the focus is clearly on the “E” – and even more so in the current geopolitical situation.

VW: In Hong Kong, governance has historically been a focus area, even outside of the ESG construct. The “E” is increasingly a focus as noted above.

Social issues have been less emphasized, but it is usually top-down driven by the government and can be sector-specific depending on what’s deemed more critical by the government.

TK: For us, it’s the “E” – for example, a decrease in CO2 emissions is easier to measure and to use as publicity; as such there is interest in renewable energy and energy transition themes. In addition to climate change, disclosure, diversity and supply chain are also themes that receive attention.

Is there appetite for Impact investments, or are positive sustainability outcomes just a nice by-product of certain investing to LPs?

ZN: Impact has not yet become a significant standalone asset class in Israel. Investor focus is primarily on returns.

RK: Often times investors use the terms ESG, Impact & Sustainability interchangeably. For example, when I talk to investors and they ask whether we have an Impact fund, I always ask them what they mean by impact. But most investors would not sacrifice on returns for a better impact result. Private equity returns remain priority number one.

VW: Sustainable investing is still relatively new in Asia, and most impact funds are investing in businesses with sustainable products/business models rather than being active in driving sustainability improvements in companies. Therefore, the focus is still on a more deal-by-deal basis rather than investing in an impact-specific fund.

TK: There is appetite for Impact investments by some investors but it is still limited and for most, it is just a nice by-product.



In April 2022, the official launch of the Novata product platform was announced. Hamilton Lane is proud to be part of the consortium that created the new public benefit corporation, which also includes the Ford Foundation, S&P Global, and Omidyar Network, and has the support of more than a dozen private equity firms and pension funds. Novata is the leading ESG data management platform built specifically to help GPs collect data from their portfolio companies. The innovative platform provides:

- ✓ **a clear starting point for selecting ESG metrics**
- ✓ **painless data collection into a secure database**
- ✓ **data insights and analytics tools to inform investment decisions**

Directly informed by the needs of general partners and limited partners, Novata is designed to provide users with a clearer view of ESG impact through its secure technology platform. Novata simplifies the ESG data collection process for GPs and their portfolio

companies by providing clear metric definitions, practical guidance on which metrics to collect and how to calculate them, and human support when needed. Most notably, users can customize their metrics selection to ensure they are collecting ESG metrics that are most relevant to their business and investors.

Interest in ESG has been on the rise in the private markets, exemplified by private equity firms that are increasingly focused on effectively quantifying and reporting on ESG impact for investors. Yet ESG measurement remains challenging for the private market participants, most of whom are in the early stages of collecting sustainability and social impact data.

Hamilton Lane has been working with Novata over the past several months to digitize our new fund ESG diligence questionnaire, which will now be issued through the Novata platform. We are targeting the same for our next annual ESG/DE&I survey launch in 2023, and also plan to begin collecting ESG and Impact data for a number of our products hand in hand with Novata.

Most private market managers today are struggling with how to best address ESG, so we asked Novata to explain why data collection and reporting is such an important factor in the ESG space and why it should be a priority for fund managers and private companies right now.



Quick Hits | Talking ESG Data & Metrics
[Watch the Video >](#)



Quick Hits | Talking ESG Metric Selection
[Watch the Video >](#)

Cybersecurity

Cybersecurity is fundamental to our operations at Hamilton Lane and a core pillar of proper governance in our asset class. Our Information Technology Cybersecurity programs and strategies remain ever-evolving in response to new and emerging threats. With the firm’s return to the office in April 2022, we bolstered our systems to accommodate the shift from fully remote connectivity to a hybrid work model. Our new headquarters office, which opened in 2021, was designed with cybersecurity as a core component and has performed well while keeping our systems and data safe.

Take, for example, the increase in phishing attacks seen around the world. Hamilton Lane’s IT department expanded and augmented our email security systems in

response to that potential threat. User education in tandem with the additional pre & post-delivery email security systems have helped to deter attacks and keep our firm and our clients’ data protected. We have also updated and expanded our cybersecurity policies, replaced and upgraded our firewalls, and moved security services to the endpoint in addition to the network edge.

In addition to cybersecurity readiness, we have upgraded network components in our offices around the world to increase performance and mitigate risks. We continue to enhance existing collaboration tools, and work with our business units to offer and integrate new resources to help the firm operate at top efficiency.



Active monitoring of underlying assets was high on the list of best practices as our ESG and Investment teams sought to increase the level of service we could provide to our clients. Discussing ESG events with managers during regularly scheduled calls had been helpful in the past, but implementing real time reviews of investment exposure was an important step that allowed us to assess risks and engage with our investment partners more quickly.

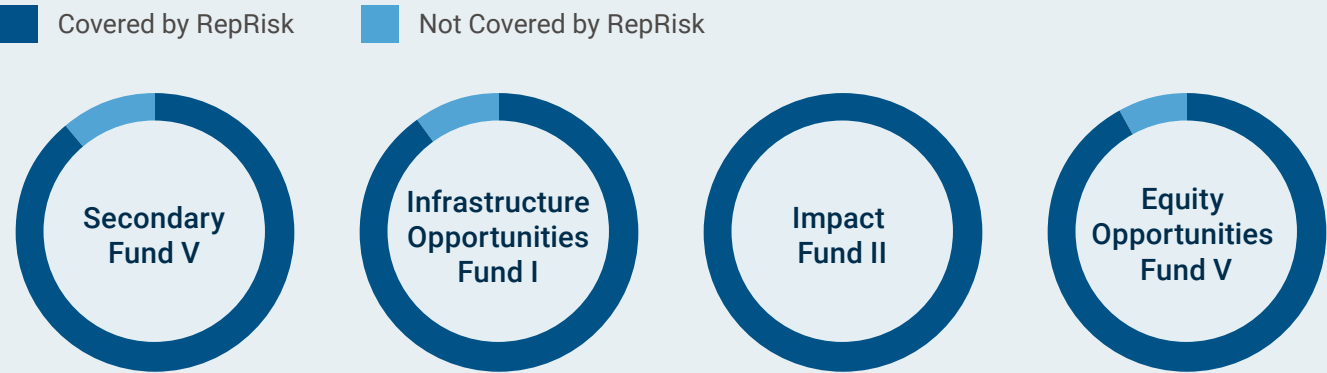
Hamilton Lane evaluated numerous technology solutions before choosing RepRisk as our data provider. RepRisk uses machine learning to scan over 100,000 public sources and stakeholders daily in 23 languages for ESG-related risk incidents tied to companies in our portfolios. These are reviewed by their team of analysts, and data is provided to Hamilton Lane on a monthly basis. Our ESG and Investment teams regularly review these incidents for materiality – monthly for open-ended products and quarterly for the remainder of the discretionary portfolio – and escalate to our Responsible Investment Committee (“RIC”) events that we believe are material. The RIC then determines whether we should engage with the deal team or GP to seek a solution plan, which we track internally. This type of outside-in reporting has our clients’ best interests in mind, seeking to increase insight, lower ESG risk and tackle (or counter) greenwashing.

Our teams have been mapping our extensive database of assets in our funds and discretionary portfolios to RepRisk’s database to allow for easy incident reporting. Overall, we have been able to map roughly 37,500 unique assets to date.*

Let’s take a more detailed look at how our active monitoring process has developed.

*As of June 30, 2022

How do some of our other core funds look?



Covering 90% of NAV or more across our core offerings gives us confidence that we will be promptly alerted to ESG events in our portfolios that could affect value.

So how do we assess materiality of an event to determine whether to share it with the RIC?

We assess the materiality of incidents based on the asset’s share of fund NAV, potential violations of our ESG investment exclusions listed in our ESG Policy Statement and the relation of the incident to the core business model of the asset. When material incidents are identified, the details are escalated to our RIC for further discussion.

What is the required follow up?

The RIC may determine that the event warrants engagement with the GP that manages the investment. In this case, the RIC will work with the investment team leadership who manage the relationships with the relevant general partners.

Do we track the follow up?

Absolutely. Outcomes of ESG event engagement are documented by our Investment teams, whether positive or negative. These discussions are tracked and can be used to provide further insight into our investment partners.

Do we use RepRisk for anything else?

Yes, our investment teams use data from RepRisk during due diligence processes across all strategies to better engage with general partners and management teams around ESG during our due diligence processes. As a reminder, ESG is a fully integrated part of our commercial and operational due diligence processes.

Overall, we are excited about the integration of RepRisk into our process of active monitoring and due diligence. We are looking into other ways that we can leverage this powerful data to better serve our clients and look forward to announcing them in future reports.



Safeguarding Our Planet



We believe the actions
we take today that affect
our environment will
impact all of us.



FIRM POLICY

Environmental Best Practices

Hamilton Lane has been a leader in the private markets for more than 30 years. Our firm has invested across periods of evolving risk and opportunity throughout our history, and our clients have come to expect a thoughtful and pragmatic approach to investing in this ever-changing landscape. Our mission statement is clear: We enrich lives and safeguard futures. In our view, there has been no larger threat to the collective future of our investors and beneficiaries during our lifetime than that posed by climate change.

Read our complete 2022 Climate Policy Statement, which details the risks and opportunities posed by a changing climate and the transition to a lower carbon economy [here >](#)

Hamilton Lane has pledged to reach net-zero emissions by 2050 or sooner across all discretionary assets

under management. In this pledge, we are aligning ourselves with a tremendous amount of capital that is also seeking to find solutions to the rapid pace of climate change. Groups like the Net-Zero Asset Owner Alliance and the Net-Zero Asset Managers initiative have garnered hundreds of signatories in the past couple of years, representing \$10.6 trillion and \$61.3 trillion in AUM respectively. We have joined the Initiative Climat International (iCI) to collaborate with other private market leaders on navigating the path to net-zero. In order to avoid the most severe and costly consequences – to human life and invested capital – of a warming climate, rapid action is needed, according to the recent Intergovernmental Panel on Climate Change (IPCC) [report](#).

Hamilton Lane will seek to invest strategically on behalf of our clients in the transition to a lower carbon future as we simultaneously seek to lower the impact that the private markets have on climate change.

See some of our related market commentary and thought leadership pieces:



Climate Transformed | Climate Investing: The Big Picture
[Watch the Video >](#)



2022 Real Assets Market Overview: Energy Transition
[Read the Article >](#)



On the Right “Tack”: Navigating the Complexities of the Energy Transition
[Read the Article >](#)



Initiative Climat International

As an important first step on our journey to net zero, Hamilton Lane has joined the Initiative Climat International (iCI) to collaborate on climate best practices with leading global GPs.

iCI was founded in 2015 by a group of French private equity groups and has since expanded around the globe. Hamilton Lane joined in early 2022 as a member of the initial launch of the North American chapter. Since then, we have been attending meetings – within our chapter as well as with the UK and Global groups – to share ideas and learn from the organization’s working groups. Conversations focus on the evolving regulatory landscape surrounding emissions measurement, reporting and reduction, and pathways to achieve net zero for private equity managers.

Our commitment to iCI encompasses the following points:

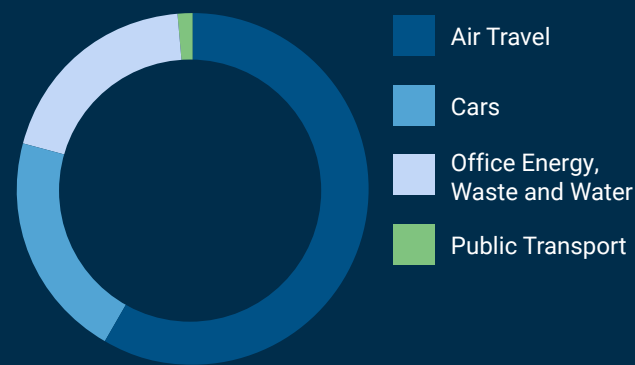
- ✓ We recognize that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments.
- ✓ We will join forces to contribute to the objective of the Paris Agreement to limit global warming to well below two degrees Celsius, and in pursuit of 1.5 degrees.
- ✓ We will meaningfully engage with private equity firms under which our capital or that of our clients is entrusted to develop an emissions reduction and climate change action plan.

Carbon Footprint and Offsetting

As illustrated in the results of our annual survey, emissions data gathering and reporting associated with carbon footprinting is a pain point in the private markets. However, it also provides incredibly insightful information to help plan for the future. We feel if we are going to request this information from others, it is important to lead by example and conduct this analysis on our own operations.

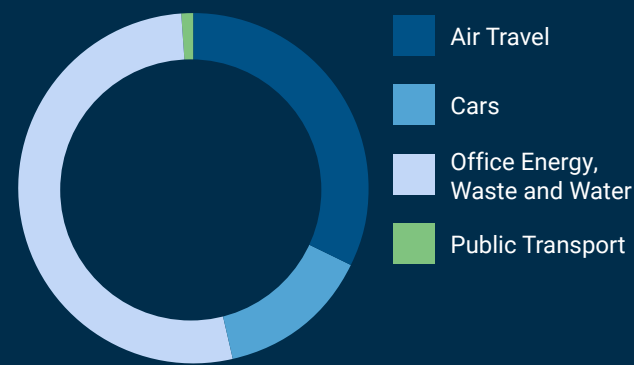
As a financial services company, our direct operations are but a drop in the bucket of the GHG emissions that cause climate change. We do not burn fossil fuels on site to run our business, and thus we do not have material Scope 1 emissions. The majority of our footprint is comprised of Scope 2 emissions (power purchased to run our offices) and select portions of Scope 3 emissions that we are able to capture (business car, rail and air transport, and employee commuting). In order to calculate our carbon footprint, we began by collecting this information for 2019 and 2020 across our global offices.

2019 Carbon Footprint Breakdown



Source: Hamilton Lane Data

2020 Carbon Footprint Breakdown



Source: Hamilton Lane Data

The effects of the COVID-19 pandemic are visible on the makeup of our emissions profile. Total emissions from office energy, transport and travel declined by 70% in 2020 from the prior year, even as our employee headcount increased.

Pre-pandemic, air travel accounted for 58% of emissions, as our executives and salespeople traveled the globe to visit our clients and prospects. Our primary source of emissions shifted to office energy use in 2020 as we witnessed travel shutting down. Our offices were still using their baseload of power even though employees worked almost entirely from home for most of the year.



In 2021, we began working with Climate Impact Partners (f.k.a. ClimateCare) to offset our calculated emissions. Climate Impact Partners has more than 20 years of experience running some of the world’s largest and most innovative voluntary carbon offset programs for clients as large as Microsoft. Climate Impact Partners is a portfolio company in Hamilton Lane’s first Impact Fund, which provided us with great access to its team and comfort with its solution.

We purchased verified offsets through Climate Impact Partners-supported projects that focused on cutting carbon and improving lives. Projects included renewable power development in India, and two world-leading, clean cooking projects in Bangladesh and Ghana. These clean-cooking projects not only cut carbon emissions, helping to tackle climate change, but they improved lives by halving fuel bills for families and reducing exposure to toxic fumes. Through cutting fuel requirements, the projects also reduced deforestation, protecting precious habitat.

Read more about these projects [here >](#)

Looking Ahead

We are currently in the process of calculating our 2021 operational footprint. New this year, we are taking the additional step of working with a third party on data collection and calculation before purchasing offsets. This will expand our data collection to include emissions stemming from remote working and other sources, and will allow us to officially list the firm as Carbon Neutral for the year.

Emissions for 2019 totaled **2,534 tonnes.**

Emissions for 2020 totaled **757 tonnes.**

FIRM POLICY

Green Office Policy

Hamilton Lane employees share the responsibility of effectively stewarding the environment. As a firm, we are committed to making a positive impact, protecting the environment and striving for a reduced carbon footprint on both a global level and in individual daily decisions. The HL Green Office Policy considers what steps the company and its employees can take, as well as the impacts of such decisions on our daily lives and those of our clients. Our goal is to have a positive impact by improving the environmental performance of daily business operations while becoming a global leader in the private markets in the battle against climate change.

On an annual basis, Hamilton Lane will analyze the firm’s carbon footprint and report on progress.

Our areas of focus:

- ✓ Single-Use Products

✓ Waste Management

✓ Paper Use

✓ Energy Conservation
- ✓ Vendor Relationships

✓ Meeting Planning

✓ Transportation

✓ Indoor Environment

HLGreen

A Hamilton Lane employee-led initiative, HLGreen engages employees in practices that help protect the environment and promote sustainability both in the office and at home.

During the pandemic, HLGreen issued a series of videos to help employees lead more sustainable lives while working from home. This included power saving tips, composting information, and waste reduction.

HLGreen has been working with the facilities management team and other global teams to pursue new avenues to help our employees lead sustainable lives both inside and outside the office, and reduce our impact on the natural world. The committee is implementing a new office policy focused on reducing office waste, including the continued phase-out of any single-use plastics, paper waste reduction, and other energy and waste-saving initiatives.

The group also seeks to connect HL’s employees with nature by sponsoring park cleanup volunteer days to protect fragile local waterways.



Hamilton Lane employees attending the annual HLGreen Earth Day park cleanup. Volunteers cleaned up trails and water infrastructure in Wissahickon Park on April 29, 2022.

Our New Headquarters



Since opening the doors in 2021, our new headquarters has officially been awarded LEED Silver for Core and Shell Development and Fitwell certifications. LEED is an extremely rigorous green building certification process issued through the U.S. Green Building Council (USGBC). The building scored points for heat island effect reduction, indoor and outdoor water use reduction, optimized energy performance, construction waste management, lower emitting materials, advanced energy metering, and many other categories. The building is located close to the Philadelphia commuter rail lines and offers charging stations for those who commute via electric vehicle.



A photograph showing the Hamilton Lane headquarters building at night, partially submerged in floodwater, with lights reflecting on the water surface.

Hamilton Lane’s new headquarters in the aftermath of Hurricane Ida in September 2021, as the Schuylkill River rose to its highest point in 150 years. As we continue to observe and experience firsthand the accelerating effects of climate change on our communities around the world, we are determined more than ever to help facilitate positive, lasting change.

Safeguarding Our Communities

As a firm, we recognize that we share in the responsibility to listen to our communities, to understand the issues and to act. We are committed to offering attention, influence and resources to be part of the solution.



Investing in Our Communities

For Hamilton Lane, community means so much more than simply belonging to something; it means doing something together that makes belonging matter.

! HLinAction

The mission of HL in Action is to facilitate and promote company-sanctioned volunteer opportunities that help employees feel connected to their communities and, by extension, our firm.

The HL in Action Committee frequently promotes events for different charitable organizations. As we’ve returned to the office over the past year+, there has been more of an opportunity for employees to participate in in-person volunteer events.

ACHIEVEability Sponsor-a-Child Gift Giving Program 2021



The purpose of ACHIEVEability is to permanently break the generational cycle of poverty for low-income, single-parent, and homeless families through higher education, affordable housing, supportive services, community and economic development, and accountability. For the past several years, HL employees have had the opportunity to participate in a sponsor-a-child gift drive, purchasing gifts for one or more children whose families would not otherwise be able to afford them. HL sponsored a total of 154 children in the local West Philadelphia community. This equates to ordering, shopping,

wrapping, and/or delivering ~\$7,700 in toys and gifts for children. 2021 was our fourth year partnering with ACHIEVEability and the third year in a row during which more than 100 children were sponsored. In total, we were able to contribute in a meaningful way – comprising approximately 20% of the 700+ children that ACHIEVEability was able to sponsor this year.

Donating gifts was not the only way that HL employees helped out. We had 20+ volunteers come together to wrap presents for the gift drive in our Conshohocken Headquarters.

ACHIEVEability Annual Backpack Drive



ACHIEVEability provides Philadelphia youth with school and creative supplies to help enhance their educational experience. Throughout the summer, our employees collected new backpacks, pens, pencils, rulers, markers, binders, notebooks and other school supplies.

Philadelphia Financial Scholars



Our organization supports the work of Philadelphia Financial Scholars (“PFS”), which was founded to address systemic economic inequities by increasing personal finance and entrepreneurship education in high schools in Philadelphia. Head of Evergreen Portfolios Brian Gildea serves as the Vice Chair on the board of the organization.

Several other Hamilton Laners have also generously contributed their time, support and expertise to high school students at Bartram High School in Southwest Philadelphia for the Citywide Entrepreneurship Competition.

Philabundance



Philabundance was founded in 1984 with the simple belief that no one should go hungry while healthy food goes to waste. Their mission is to drive hunger from our communities today and to end hunger for good. The Hunger Relief Center is primarily a processing center and short-term storage facility, distribution center for partner agencies, and Philabundance’s hub of volunteer activity. At this year’s event, Hamilton Lane volunteers helped to pack, sort and prepare donated food for distribution to our neighbors in need.

Cradles to Crayons Clothing Drive and “Welcome Back to School” Card Creation

Cradles to Crayons is the largest national nonprofit focused on ending children’s clothing insecurity by providing millions of packages of essentials like clothing, shoes, diapers and school supplies. Cradles to Crayons was founded on the philosophy that unused resources should be redistributed to places they are needed most.

Cradles to Crayons also places an inspirational note in each of the 50,000 backpacks distributed to children living in low-income and homeless situations across the Philadelphia region.

Hamilton Lane collected new and gently used clothing and shoes from infant to adult sizes in support of this program – and this year, helped create those cards and visited the local warehouse to pack and organize backpacks for the upcoming school year.



Ukraine Relief

Ukrainian Aid Collection Drive

HL In Action organized a collection drive in the Conshohocken office for needed supplies to help the people of Ukraine. Three carloads of supplies were delivered to the Ukrainian Educational and Cultural Center and then shipped to those in need.



Hamilton Lane Giving Fund

Since the Charitable Giving Fund’s launch in June 2020, HL employees have shown up to support our global community – from those fighting on the front lines of the COVID-19 pandemic to the ongoing conflict and crisis in Ukraine. Thanks to the incredible generosity of all the HLMers who participated from around the globe, we raised and directed significant funds in support of three organizations contributing to relief for the citizens of Ukraine.

The organizations, World Central Kitchen, Doctors Without Borders, and USA for UNHCR, were selected based on the mix of relief each offered, which is centered around the themes of medical assistance, food security and refugee support.

United Neighborhood Centers Food Pantry and Clothing Donation

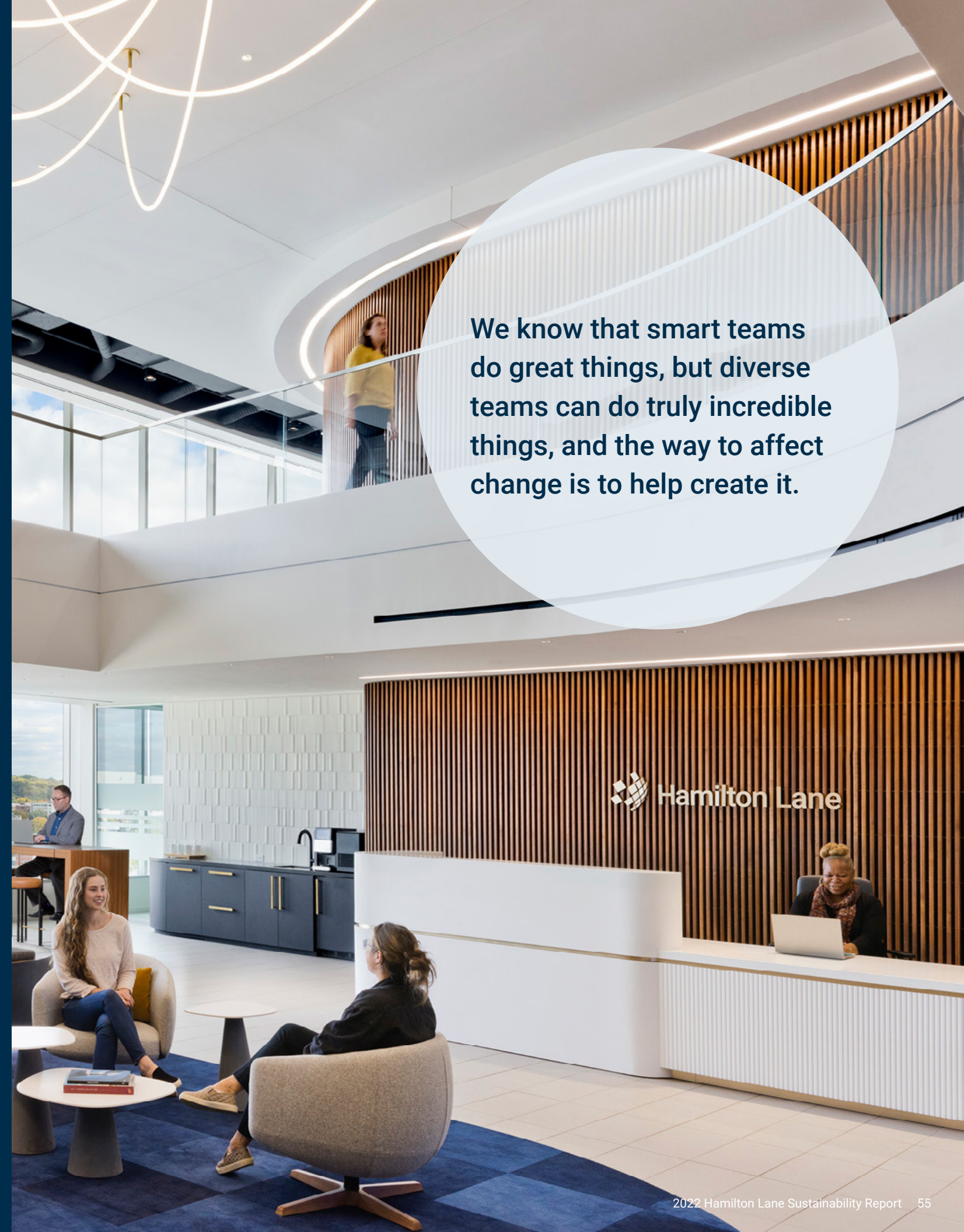


The United Neighborhood Center is a local community organization that provides an array of services to the surrounding communities. Hamilton Lane employees volunteered in their food pantry and free clothing center called Angels Attic. The team spent the day helping sort and put away dry/canned goods. We also organized and cleaned up the clothing center and re-stocked the clothing racks.

We also recently hosted a donation drive to Griffin Pond Animal Shelter and donated a variety of goods for the pets there including cat litter, dog food, dog training treats, dog toys, towels, and blankets. In addition, we are working on coordinating a volunteer event with the shelter for early next year.

Safeguarding Our Employees

We know that smart teams do great things, but diverse teams can do truly incredible things, and the way to affect change is to help create it.





FIRM POLICY

Our Commitment to Diversity, Equity and Inclusion



Diversity, Equity and Inclusion has been at the core of Hamilton Lane’s culture since our firm inception in 1991.

Fulfilling our corporate mission of Enriching Lives and Safeguarding Futures requires tapping into the collective sum of the individual and unique life experiences, knowledge, self-expression, capabilities and talent that each of our employees brings to their work every single day.

To that end, Hamilton Lane fosters, cultivates and preserves a culture of diversity, equity and inclusion where employees are able to do their best work because they are encouraged to bring their entire selves into the workplace.

We embrace our employees’ differences across age, color, ethnicity, family or marital status, gender

identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees – and, by extension, our firm – unique.

Our commitment to diversity, equity and inclusion extends from our workplace into the communities in which we live and the industry in which we operate. Guided by our corporate value of Do the Right Thing, we have an obligation to work toward a more inclusive and equitable Private Markets asset class, and toward social justice across all the geographies we serve.

“The Hamilton Lane All” Policy (“HL All”) sets out a comprehensive framework to intentionally embed diversity, equity and inclusion into our company values, culture and practices.

HL All is a five pillar strategy that includes:

- 1

Workforce Diversity

Ensure that diversity, equity and inclusion is supported by Hamilton Lane’s recruiting, hiring, development and retention practices.
- 2

Training and Development

Incorporate learning and awareness of cultural competency, implicit bias and inclusion into all employee lifecycle experiences.
- 3

Workplace Inclusion

Strive for a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organization’s success.
- 4

Culture and Accountability

Foster a culture of inclusion and engagement by clearly setting expectations, and rewarding and recognizing actions that promote DE&I as indelible components of our employment and commercial brand.
- 5

Supplier Diversity

Build relationships with, and purchase goods and services from, certified diverse enterprises owned by minorities, women, veterans and LGBTQ+ that can help Hamilton Lane succeed and achieve our growth and strategic objectives.

All Hamilton Lane employees share a responsibility to promote workplace civility and treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions, events, and meetings on or off the work site, and at all other company-sponsored and participative events.

Any employee found to have exhibited any inappropriate conduct or behavior against others will be subject to disciplinary action, up to and including termination.

Employees who believe they have been subjected to any kind of discrimination or harassment that conflicts with Hamilton Lane’s policies and initiatives are encouraged to seek immediate assistance from a member of management or the HR team.

Measuring Our Progress

All Employees

51% Diverse

40% Female

20% Underrepresented¹

37%	22%	26%
Asian	Black	Hispanic or Latino
11%	4%	
Two or more races	Other/Did not disclose	

Read our 2022 Diversity, Equity & Inclusion report [here >](#)



As of 9/30/2022
¹Ethnically underrepresented employees globally



OutInvestors

The financial services industry has historically lacked support for the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+) community, and this certainly holds true in the private markets as well. As part of our continued commitment to diversity, equity and inclusion, in June 2022, Hamilton Lane joined as a member firm of [Out Investors \('OI'\)](#), a global network for LGBTQ+ investment professionals. The organization's mission is to make the direct investing industry more welcoming for LGBTQ+ professionals by organizing networking events, speaker series and mentorship programs. Today the network includes more than 80 other firms.



ProcessUnity

In March 2022, Hamilton Lane moved its vendor risk management program to a third-party platform, ProcessUnity. ProcessUnity offers fully detailed diligence protocols, customizable questionnaires, contract review mechanisms and an ability to push out tracking of specific data categories, including ESG metrics. This will allow us to survey our ~800 vendors that our firm uses for their statistics and commitment to diversity.



NAIC

In August 2022, Hamilton Lane officially became a member of the National Association of Investment Companies (NAIC) – the largest network of diverse-owned private equity firms and hedge funds. Through education, advocacy and industry events, [NAIC](#) is focused on increasing the flow of capital to high-performing diverse investment managers often underutilized by institutional investors. Additionally, NAIC produces unique and compelling research on the performance of diverse managers and executes initiatives to strengthen and position the industry for future success. At Hamilton Lane, we believe this membership reflects our commitment to the promotion of excellence and inclusion in the private markets.

Emerging Talent Internship Program

Hamilton Lane partnered with several non-profit organizations to find interns for roles across the firm:

- Steppingstones Inveniam Equity Internship Program
- 10,000 Black Interns
- GAINs (Girls Are Investors)
- SEO (Seizing Every Opportunity)
- Girls Who Invest
- HBCUs
 - » Morgan State
 - » Targeting Delaware State, Florida A&M

The goal is to increase diversity at the entry level and educate marginalized groups about Private Equity, and cultivate an environment where the next generations of leaders are set up for success.



Hamilton Lane had 10 investment team interns, and 13 operation interns through the program. Interns worked in our offices for 8 weeks, culminating in a Capstone Project.

The program was a success, and 6 return offers were made.



Ownership Works

Ownership Works

Earlier this year, Hamilton Lane was proud to be one of 60 partners across the private, public and nonprofit sectors who supported the launch of Ownership Works, a new nonprofit with a mission to increase prosperity through shared ownership at work. Ownership Works will develop and help implement broad-based employee ownership programs to create better work environments and financial opportunities for employees, and to help businesses improve their performance by attracting and retaining engaged employees who are invested in their company’s success. This new movement is particularly timely as many Americans are leaving jobs to seek better pay, benefits and corporate cultures.

Ownership Works aims to catalyze a groundswell of interest in employee ownership across corporate America, and to provide private and public companies with practical models and tools to support program implementation.

By 2030, the nonprofit anticipates that the shared ownership movement will:

- ✓ Create hundreds of thousands of new employee-owners
- ✓ Generate at least \$20 billion of wealth for working families

At scale, this movement has the potential to extend ownership to millions of lower-income workers and people of color who have been excluded from this wealth-building opportunity for generations.

[Read the full press release here >](#)

☑ A LETTER FROM LEADERSHIP

Paul Yett, Director of ESG & Sustainability

I have the pleasure of serving as the Director of ESG & Sustainability at Hamilton Lane, a firm that I have proudly been a part of for 25 of its 31 years. The last two and half decades have witnessed a remarkable amount of change, growth and evolution both within Hamilton Lane and across the expanding universe of the private markets. We have seen our industry shift from being a “niche” investment strategy to playing a meaningful and expanding role in the global financial markets. What has remained constant, however, is the crucial role that governance plays in our asset class.

Governance has been fundamental to our industry since the beginning, long before ESG became a household term. Ours is an asset class founded, initially through control buyout investing, on good governance. An asset class whose participants feature some of the world’s largest investors demanding that managers articulate their governance philosophies and demonstrate their governance policies in action.

Despite this strong foundation, we recognize that our industry, like many others, has work to do on the “E” and the “S” of the ESG acronym. There is a critical need for better ESG reporting – LPs are asking for it, government regulation is beginning to demand it and trying to report with the fragmented and sporadic inputs of today is too hard. That has to change. The push for more responsible investing and for greater transparency in ESG measurement represents, I believe, one of the biggest opportunities in our industry today.



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The next couple of years will be hyper focused on ESG data gathering, reporting & benchmarking. Notwithstanding recent anti-ESG rhetoric and policies in a handful of U.S. states, the concept of ESG as a risk framework stands on solid footing. Investing in, operating and positioning private companies regardless of where you sit in the capital stack requires a comprehensive understanding of risks. Knowledge around the governance, environmental and social risks that could negatively impact a business continues to be a key component to private markets investing.

As regulatory bodies around the world ramp up reporting requirements, investors will in turn be called on to collect, house and report on the data, and to use the findings to help inform and influence investment decisions as well as assess change. In the (not too distant) future, investors will be able to align with individual investment value systems, but having the information to do that assessment is paramount. We are proud to be a founding investor in [Novata](#), a comprehensive ESG data repository service provider. As we look ahead to next year, we are renewing our commitment to identifying and offering solutions to promote responsible investing and continuing to raise the bar in the private markets even higher.

While a lot of progress has been made in the last two years, not all of it has been positive. The term ESG has become seemingly ubiquitous, met with controversy and vitriol in certain pockets of the world even as it finds support and celebration broadly. But the debate clouds the relatively straightforward reality that ESG, at its core, is a financial framework that offers a systematic methodology for risk identification, assessment, measurement, and management. As investors, as managers, as those with a fiduciary duty to our clients, beneficiaries and shareholders – let’s not forget that factoring ESG considerations into the investment process makes good business sense.

I’m not a climber myself, but I think of ESG as somewhat analogous to climbing a mountain. When summitting a peak, a climber is often warned to “proceed at your own risk.” A skilled climber assesses multiple factors before ascending, and conducts frequent, interim assessments throughout the climb. It is more than prudent to assess and reassess risks when moving into the unknown. Some risks can be acceptable, some can be mitigated and some should not be taken. ESG provides a systematic way to evaluate certain risks that can help protect, and in the context of long-term investments, unlock value. As private market investors, where information is crucial, risk assessment is what ESG helps provide. 🌱



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Our Mission & Values

We enrich lives &
safeguard futures



Do the right thing



Integrity, candor and collaboration



The pursuit of excellence



A spirit of competition that inspires innovation



Promoting equity & inclusion from within