



# Climate Policy Statement

June 2023

## Our Approach

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 futures of our investors and beneficiaries during our lifetime than that posed by climate change.

## The Complex Risk Matrix of Climate Change

Climate change poses a **systemic risk** that cuts across geographies and business sectors. Although it is too late to prevent some level of climate change, the decisions that we make today will have a large effect on the severity of the outcomes over the long term.

According to the Intergovernmental Panel on Climate Change (IPCC), the effects of climate change that will result from rapid and widespread action – designed to meet the goals of the Paris Agreement and limit warming to well below 2°C above pre-industrial levels – will vary significantly from the likely outcomes if action is taken slowly or if a business-as-usual approach prevails.

**Acute physical risks** of climate change are perhaps the most prominent thought when the topic is raised. Heat waves, increasingly intense storm systems, and rampant wildfires have all rightfully garnered media attention in recent years. **Chronic physical risks** such as sea level rise and equatorial land becoming uninhabitable must also be considered due to the long-term nature of investing in private market assets.

**Transitional risks** of climate change are less tangible, but they too are already being felt. As the world makes strides towards a low-carbon economy, a multitude of new risks will begin to arise, affecting nearly every sector and industry. New products and services, and changes in consumer preferences will lead to a changing marketplace. Stricter regulation from governing bodies will cause policy and legal risks. This is already being seen around the world, as the U.S has recommitted to the Paris Agreement and earmarked significant capital from the Inflation Reduction Act to renewable energy development, energy efficiency, and electrification, and many nations have committed to strict emission reduction plans in light of COP26 and 27. The EU has accelerated permitting of renewables projects as the need for energy independence has come into sharp focus. We have also seen a significant increase in global asset owners and managers joining coalitions to reduce the carbon intensity of their portfolios.



Technological transformation poses another transition risk. Fossil fuel technology and infrastructure will be slowly phased out, and all industries will have to innovate to a low carbon production and operational model. Market and reputation risks will also increase as consumer attitudes shift.

## A Historic Opportunity Set

The magnitude of the above risks contributes to an air of deep-seated concern that surrounds climate change discussions, and can lead to policy paralysis and apathy. And still, Hamilton Lane believes that there is also significant investment opportunity involved in a transition to a low carbon economy.

For the goals of the Paris Agreement to be met, trillions of dollars of capital will need to be allocated globally into clean technology, infrastructure, and energy solutions. Hamilton Lane's global reach and world-class data and technology solutions – designed to help to enable transparency across the private markets -- position us well to be able to help our clients and investors be a part of that solution, while gaining access to an evolving investment opportunity set.

## Hamilton Lane's Carbon Footprint

Hamilton Lane officially supports the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

We have committed to carbon neutrality for our operations starting in 2019. We have calculated and verified our carbon footprint based on our Scope 1, 2, and 3 emissions (excluding financed emissions). As a financial services company, the majority of our emissions stem from purchased energy to run our offices and business travel. We have partnered with Climate Impact Partners to offset the emissions of our operations by supporting projects with third-party verified carbon credits as well as societal benefit. Learn more about these projects by clicking [here](#). We achieved CarbonNeutral® Company certification for our 2021 operations, and plan to achieve this in subsequent years.

We are exploring multiple avenues to reduce our carbon intensity in line with TCFD recommendations, and will update our progress regularly in our annual Sustainability Report.

## Investment Policy

Hamilton Lane is proud to support the Paris Agreement on Climate Change, and its goal of limiting global warming to well below 2°C above pre-industrial levels. We seek to align our investment activities with a transition to the lower carbon economy needed to meet the goals of the agreement wherever possible. **Hamilton Lane pledges to reach net-zero emissions by 2050 or sooner** across all discretionary assets under management. Hamilton Lane is a member of the **Initiative Climat International (iCI)**.

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.

As one of the world's largest allocators of private capital sitting at the intersection of LPs and GPs, Hamilton Lane has a unique vantage point from which to affect positive change. We will seek to engage with our clients around net-zero goals and continue to push our GP investment partners to report on the emissions data and climate risks in their portfolios, as well as to implement and monitor climate action plans across their holdings.



Hamilton Lane's Climate Change Policy is part of our overall approach to ESG and is overseen by our longstanding Responsible Investment Committee. All investment personnel will be trained to identify pertinent climate related risks and opportunities across our platform.

We believe there are immense value creation opportunities associated with moving towards a low carbon economy. These opportunities will be found in renewable energy, infrastructure, electrification, water conservation, sustainable agriculture, environmental mitigation credits and numerous other emerging technologies and products. Hamilton Lane will seek to invest meaningfully into climate solutions and areas where we and our investment partners can drive significant de-carbonization.

Currently, fossil fuel production is still a necessity to provide stable and affordable energy to many people on the planet. However, we will endeavor to invest in this sector only through managers who are working to de-risk these assets in ways aligned with the Paris Agreement.

Given the risks they pose to our planet and collective well-being, we do not invest in thermal coal or oil sands through our discretionary capital. Additionally, special considerations and enhanced scrutiny around climate risk will be given to investments targeted in the energy and utilities sectors. Hamilton Lane will seek to avoid oil and natural gas-related assets (upstream, midstream, or downstream) unless the GP/Deal Sponsor has indicated a full understanding of the climate related risks involved and has adopted a comprehensive ESG policy which includes the ability to measure and report on climate-related risks and mitigation efforts being undertaken in the portfolio. We expect to expand this to other carbon intensive sectors in the future.

Furthermore, given the importance of diverse biological systems to the sequestration of carbon, Hamilton Lane will not use our discretionary capital to invest in non-sustainable forestry practices, and enhanced scrutiny will be given to any investments that could potentially contribute to widespread deforestation.

Across our managed accounts, we are able to customize these and other exclusions according to our clients' preferences and priorities around climate risk and zero-tolerance for fossil fuel exposure policies, with the default option being our standard exclusions.

