



Hamilton Lane European Investors SCA SICAV-RAIF Impact II Parallel Sub-Fund

Website disclosure for Hamilton Lane European Investors SCA SICAV-RAIF Impact II Parallel Sub-Fund (the Sub-Fund) according to SFDR Regulation 2019/2088 and Commission delegated regulation (EU) 2022/1288 dated 6 April 2022 of the EU Commission supplementing Regulation 2019/2088 SFDR.

October 2022

Summary

No significant harm to the sustainable investment objective

The Impact-Specific Diligence Screening and Post-Investment Monitoring Process seeks to ensure that any investments do not significantly harm any of the environmental objectives of Article 9 of the Taxonomy Regulation or any social sustainable investment objective. The Impact due diligence process overseen by the Responsible Investment Committee (the "RIC") seeks to ensure positive impact by identifying the impact need and the applicable investment's solution (along with any potential negative externalities to be considered), ensuring intentionality and alignment of all stakeholders to the impact goals and the applicable investment's ultimate success, determining appropriate impact metrics are tracked and can be regularly reported, ensuring the Fund's capital is directed towards an impact solution and by evaluating the risk/return profile of the impact investment opportunity. Those metrics vary depending on the type of investment but for example, in relation to environmentally sustainable investments, Hamilton Lane would consider GHG Emissions indicators and in the case of social investments Hamilton Lane would screen for compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises. The investments carried out by the Sub-Fund ensure the alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights (including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights).

Sustainable investment objective of the financial product

The Sub-Fund's objective is to achieve attractive risk-adjusted returns and generate a measurable social and environmental impact. In this respect, the economic activities underlying the investments made by the Sub-Fund contribute to the environmental objective of climate change mitigation.

Investment strategy

The Sub-Fund seeks to make investments with a dual objective of generating attractive risk-adjusted returns as well as a measurable social and environmental impact. The Sub-Fund intends to make investments that satisfy the definition of "Impact Investing" – that is, investments in companies, organizations and funds with the intention to generate a social and environmental impact alongside a financial return. Every investment starts with good governance, so of the "E," "S" and "G" factors, we always start with the "G." Factors related to the General Partner (GP), or investment's governance structure are critical to establishing a corporate foundation for responsible investing. If we cannot get comfortable around "G" risks, an investment is declined early in our investment process. The investment team completes a good governance practices assessment of investee candidates in particular with respect to sound management structures, employee's relations, remuneration of staff and tax compliance.

Proportion of investments

Approximately 50% of the investments underlying the Sub-Fund will be in economic activities that qualify as environmentally sustainable under the EU Taxonomy. Approximately 50 % of the Sub-Fund's investments will be in sustainable investments with a social objective.



The Sub-Fund will in principle only target direct exposures in investee entities.

Monitoring of sustainable investment objective

In particular, measuring carbon emission reduction (using the GHG Emissions indicators) will be one of several impact metrics tracked and reported to investors and monitored throughout the lifecycle of the Sub-Fund. As for the social sustainable investment objective, the Sub-Fund invests in companies that have a link through company specific metrics to underlying indicators of the relevant UN Sustainable Development Goals (“SDG”) targets such as access to quality healthcare and quality jobs created. The specific metrics are agreed at the time of investment, typically in side-letters with the GP or investee company directly and fused to measure the attainment of the sustainable objective.

Methodologies

Hamilton Lane considers potential material negative externalities during the due diligence process. To ensure the Sub-Fund’s capital is meaningfully deployed in impact investments, Hamilton Lane screens potential investments to ensure that they are aligned with our impact mission and that positive impact outcomes will continue beyond our ownership. Such due diligence process overseen by the RIC seeks to ensure positive impact by identifying the impact need and the applicable investment’s solution, ensuring intentionality and alignment of all stakeholders to the impact goals and the applicable investment’s ultimate success, determining appropriate impact metrics are tracked and can be regularly reported, ensuring the Sub-Fund’s capital is directed towards an impact solution and by evaluating the risk/return profile of the impact investment opportunity. Hamilton Lane obtains contractual agreement on specific impact metrics that the GP must report on during Hamilton Lane’s ownership. Those metrics vary depending on the type of investment but for example, in relation to environmentally sustainable investments, Hamilton Lane would consider GHG Emissions indicators to gauge impact over time and in the case of social investments Hamilton Lane would screen for compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

Data sources and processing

Hamilton Lane collects data directly from the company’s management team or the GP and gets agreement to regular impact metric reporting in our legal documents. This can take several forms but is often the same information used by

management to manage the business. We rely on the GP’s sponsors and management teams to provide us accurate and complete information. Hamilton Lane’s Direct Equity Impact team tracks and reviews the data. There is little to no estimation on Hamilton Lane’s end to estimate data, but rather the companies or the GP will provide directly to us.

Limitations to methodologies and data

Hamilton Lane relies on the investee companies or the GP to provide us with accurate and complete information. Hamilton Lane reviews and tracks the information, and checks it for reasonableness, but as a passive, minority-investor, we do not typically have the ability to confirm data with any independent third party consultant. During the due diligence process, Hamilton Lane ensures intentionality and alignment of the investment with our impact goals; as such, the companies we ultimately invest in have a very strong impact alignment and often the impact goals are inseparable from the business mission. This ensures management and all stakeholders are actively working towards furthering the impact of a given investment. Hence the limitations in data will not affect the attainment of the sustainable investment objective.

Due diligence

All potential investments for the Sub-Fund need approval from the RIC to be considered. The RIC helps to guide and provide oversight on the Sub-Fund’s impact diligence, and ultimately approves the impact underwriting for each investment. The impact diligence is focussing on five key areas; identifying the impact need or challenge, ensuring intentionality and alignment of all stakeholders to the impact goals, determining appropriate impact metrics are tracked and regularly reported, ensuring value-add capital resources are directed towards the impact solution and evaluating the risk/return profile of the impact investment opportunity.

Engagement policies

Hamilton Lane has integrated the PRI and the SDGs throughout the investment appraisal, due diligence, decision-making and post investment monitoring process. Hamilton Lane has also incorporated the PRI in its investee GP appraisal, due diligence and decision-making.

Attainment of the sustainable investment objective

No index is designated to attain the environmental or social characteristics promoted by the Fund.