

# Integration of ESG Into Adams Street’s Investment Process

Signatory to Principles for Responsible Investment (“PRI”) since 2010

- ü We have adopted an ESG Policy, established an ESG Committee and conducted firm-wide training regarding integration of ESG considerations
- ü Adams Street integrates ESG Considerations into the investment process focusing on character and integrity of the leadership of the fund or portfolio company; the quality, sustainability and transparency of operations; and impacts of the fund’s investments or portfolio company’s business
- ü Although focus has been on ESG-related identification/mitigation, we have identified the 17 SDG’s\* as an emerging area of interest

## Interacting with GPs/Sponsors/Portfolio Companies

### Pre-investment diligence

- § Evaluate applicable policies/approach to ESG
- § Identify potential ESG risks
- § Consider mitigation of ESG risks and/or positive ESG factors

### Post-investment monitoring

- § Alert to ESG issues that arise
- § Make inquiries with GPs/deal sponsors/ portfolio companies
- § Note material ESG concerns and follow up as warranted

## RepRisk\*\* Monitoring

- § Continuous ESG monitoring of underlying portfolio companies
- § Proactive approach to potential ESG risks

## Examples of ESG Considerations

	Risks 	Opportunities 
<b>Environmental</b> 	<ul style="list-style-type: none"> <li>§ Climate change</li> <li>§ Natural resource depletion</li> <li>§ Environmental damage</li> </ul>	<ul style="list-style-type: none"> <li>§ Clean tech</li> <li>§ Technologies enhancing safety/efficiency of dangerous or harmful processes</li> </ul>
<b>Social</b> 	<ul style="list-style-type: none"> <li>§ Violations of labor laws</li> <li>§ Labor relations problems</li> <li>§ Poor safety practices</li> <li>§ Abuse of human rights</li> </ul>	<ul style="list-style-type: none"> <li>§ Creation of quality jobs</li> <li>§ Development of tech and medicines that enhance quality of life</li> <li>§ Improve working conditions</li> <li>§ Increase diversity and education</li> </ul>
<b>Governance</b> 	<ul style="list-style-type: none"> <li>§ Lack of transparency and disclosure</li> <li>§ Mismanagement of finances</li> <li>§ Corruption/bribery</li> <li>§ Violations of laws</li> <li>§ Conflicts of interest</li> </ul>	<ul style="list-style-type: none"> <li>§ Promotion of transparency and disclosure</li> <li>§ Education on effective management techniques</li> <li>§ Monitoring of finances</li> </ul>

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\* SDG: United Nations Sustainable Development Goals.

\*\* Adams Street has contracted with RepRisk, an ESG research provider whose coverage includes private companies.

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