

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

* 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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