



# HARBOURVEST ESG POLICY

(ENVIRONMENTAL, SOCIAL, AND GOVERNANCE)

## LONG-TERM COMMITMENT

HarbourVest views ESG as an integral part of its business, and the Firm’s ESG Policy formalizes its longstanding view of considering all stakeholders in investment and management decisions. HarbourVest is a leading global investment firm sourcing thousands of investment opportunities from general partners (GPs) on behalf of hundreds of clients through a dedicated and diverse investment staff. By focusing on ESG, the Firm believes it can take a high-performing asset class – private equity – and improve it further. HarbourVest strives to ensure that it operates in an aligned and ethical fashion that considers the potential impact its investment and operational decisions could have. The Firm also has appropriate governance structures in place to help ensure consistent implementation across the organization, and to help drive better risk-adjusted returns.

Given this view, and reflective of the increased importance clients are placing on ESG in their decision-making, the Firm has sought to integrate core ESG principles across its investment processes, in ongoing monitoring and reporting to key stakeholders, and across its corporate culture globally.

### INVESTMENT PRACTICE

- > Integrate ethics into investment processes
- > Foster GP adoption and support

### MONITORING & REPORTING

- > Provide transparency to stakeholders

### CORPORATE CULTURE

- > Govern efforts through ESG Committee
- > Reflect values in policies and products

Aligned Interest | Transparency | Performance

### RESPONSIBLE INVESTING

#### PRI SIGNATORY

HarbourVest has been a proud signatory to the Principles for Responsible Investment (PRI) since 2013 and is committed to incorporating these principles into its investment process when evaluating private markets opportunities, regardless of strategy, sector, or location. HarbourVest strives at all times to adhere to the letter and the spirit of the PRI, and to go beyond the principles to ensure that, where appropriate, the Firm's internal policies and investment products reflect the core values of the PRI. For example, HarbourVest has been managing cleantech-focused programs since 2008, which invest in private equity funds as well as directly into cleantech-oriented companies. The Firm also issues side letters to investment partners that include specific reference to the PRI and expectations for adherence to them.

**HarbourVest undertakes efforts to engage GPs to further adopt ESG policies by requesting the inclusion of ESG issues on advisory board agendas and through active ongoing conversations.**

#### DUE DILIGENCE

Every investment opportunity the Firm considers undergoes a thorough review of ESG risks and potential benefits before being approved. Integrating ESG into the Firm's due diligence process enables an assessment of the risks posed by each investment and highlights any value enhancement opportunities, while the Firm's proprietary ESG scorecard allows it to assess GPs' compliance utilizing both quantitative and qualitative information. While fundamental to the assessment of investments, this information also forms an objective basis for feedback and comparison, and can subsequently be used to provide guidance to GPs on potential improvements they can make across their operations, investment processes, and/or reporting. Finally, HarbourVest looks to monitor ESG on a regular basis across investments to

ensure that value enhancement is captured, potential risks are flagged in advance, and any lack of compliance is addressed promptly and appropriately.

#### ACTIVE ENGAGEMENT

HarbourVest undertakes efforts to engage GPs to further adopt ESG policies by requesting the inclusion of ESG issues on advisory board agendas, through ongoing dialogue, and by leveraging its proprietary scorecard to highlight potential areas for improvement. High-level findings are also communicated broadly to educate GPs on key developments both regionally and globally.

#### EXCLUSION LISTS / ADHERENCE TO INTERNATIONAL CONVENTIONS

HarbourVest will not knowingly invest into companies that do not comply with the relevant legal system governing their local and/or global activities. In addition, the Firm has made an active decision to categorically exclude from consideration any investments that have negative implications for society, whether local or global. These include, for example, investments that benefit from, or engage in, child labor, forced labor, the sex trade, human-trafficking, and non-OFAC compliance.

Further, HarbourVest takes a cautionary approach to a range of additional investments, evaluating these on a case-by-case basis and with careful consideration of their potential to de-risk their business models over time with respect to ESG. These include, but may not be limited to, firms that are involved in deforestation, firearms/weapons manufacturers, business models that can be construed as preying on vulnerable populations, and "vice" or "sin" industries such as alcohol, gambling, and tobacco. Also included are firms that have material class action or other litigations outstanding against the company or manager. Finally, for opportunities based in emerging geographies, the existence and structure of an external board of directors and the overall quality of internal controls are carefully reviewed.

## CORPORATE CULTURE

### DEDICATED ESG COMMITTEE

The Firm's ESG efforts are overseen by an eight-person interdisciplinary committee. The Committee is chaired by Christopher Walker, a Principal in the Firm's Primary investment group, and is comprised of senior representatives from Investments, Investor Relations, Client Service, and Operations.



**CHRISTOPHER WALKER**  
Principal  
Investments



**JULIE EIERMANN**  
Managing Director  
Operations



**JAMES KASE**  
Managing Director  
Investor Relations



**DIANA MCEACHERN**  
Office Manager  
Operations



**MARK REALE**  
Managing Director  
Operations



**LAURA THAXTER**  
Managing Director  
Client Service




**JOHN TOOMEY**  
Managing Director  
Investments



**MCCOMMA GRAYSON**  
Principal  
Investments

### TRAINING & EDUCATION

HarbourVest's investment team is ultimately responsible integrating ESG into the Firm's due diligence processes. Dedicated training sessions are conducted regularly to ensure that staff members are well-versed with the processes and goals underpinning the Firm's ESG approach. Given the importance HarbourVest ascribes to engaging limited partners (LPs) on their ongoing ESG requirements, these training sessions have also been introduced to the Firm's global investor relations staff.



**HarbourVest and its employees actively support many worthy causes and organizations in the communities in which they work and live.**

### COMMUNITY ENGAGEMENT

HarbourVest is a firm believer in giving back to the communities in which it operates. The company has introduced several initiatives aimed at encouraging employees to participate and contribute to a range of charitable organizations. The Firm, for example, holds annual Global Volunteer Weeks in June and October that allow staff members from our 10 global offices to work together and donate their time to local causes during business hours.

Some common causes include youth mentoring, child/adult special education, gender diversity, poverty and homelessness, various health causes, women's leadership, and the arts. This commitment to doing good by others flows through the organization and extends from senior management to all levels of the Firm.

In 2018, HarbourVest staff donated more than 1,700 hours of time to 23 non-profit organizations globally. The Firm has also introduced an employee matching gift program to allow staff to further support their communities with matching corporate donations. Through the program, HarbourVest matches employees' charitable donations up to \$1,000 each calendar year.

GLOBAL VOLUNTEER WEEK



**DIVERSITY & INCLUSION**

Since its founding more than 35 years ago, HarbourVest has consistently focused on building teams that reflect the business opportunities and clients with whom it engages around the globe. The Firm provides a broad range of career opportunities and empowers its professionals by including its diverse workforce in all aspects of the Firm’s decision making. HarbourVest leads by example and advocates for increased diversity and inclusion across the private equity industry.

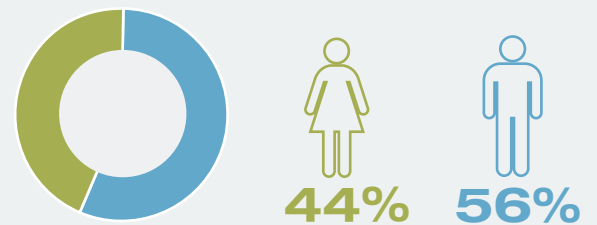
The Firm strongly believes that diverse and inclusive teams make better decisions and deliver better overall outcomes for clients. This belief has been supported by several recent studies that have found positive correlations between higher diversity and financial performance, and between above-average diversity and innovation-based revenue, a key value creation driver in the private markets.<sup>1</sup>

Due to its longstanding focus on building and developing diverse teams, HarbourVest is proud to have above-average diversity statistics relative to many of its peers. Through June 30, 2019, women held 30% of all senior-level positions at the Firm, more than double the industry average of 12%. In addition, 28% of HarbourVest’s managing directors were women.

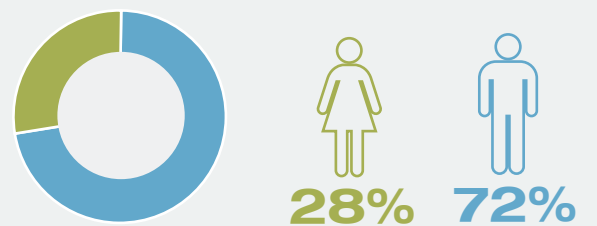
<sup>1</sup> The Boston Consulting Group, “How Diverse Leadership Teams Boost Innovation,” 2018

**We are pleased to share some of our key gender diversity and inclusion statistics:**

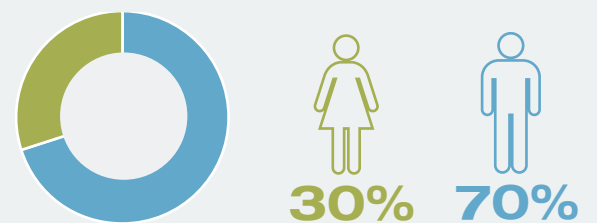
**> GLOBAL STAFF**



**> MANAGING DIRECTORS**



**> SENIOR LEADERSHIP (PRINCIPALS, SVPs, VPs)**



## MONITORING & REPORTING

### MONITORING

As a firm with a strong ethical and compliance-oriented culture, HarbourVest strives to be transparent to all stakeholders, including its clients, around its decision-making process. The Firm also holds itself to the highest business and ethical standards and practices. As part of its ESG framework, HarbourVest seeks to regularly monitor investments through the following three key preemptive measures:

#### Side Letter Notifications

When committing to a GP, HarbourVest typically includes an explicit reference to the PRI in a side letter.

**As a firm with a strong ethical and compliance-oriented culture, HarbourVest strives to be transparent to all stakeholders around its decision-making process.**

#### Annual Meetings / Advisory Boards

HarbourVest actively engages GPs on the topic of ESG. The Firm's agenda is straightforward: to promote increased awareness of ESG and a greater degree of compliance. HarbourVest's engagement and message to GPs may vary widely depending on circumstances and the manager's current level of ESG adoption. As a rule, HarbourVest requests that managers discuss their existing situation and plans around ESG as part of both their annual meeting and advisory board discussions. These efforts are expected to draw an increasing level of attention to the benefits of ESG across the universe of GPs in the Firm's network.

#### Data Mining

HarbourVest's portfolio analytics team actively scans online media to track news that may be relevant to the Firm or its portfolio companies. HarbourVest has put an emphasis on ensuring that the ESG and Executive Management Committees – and particularly its clients – are made aware of any material ESG issues promptly and accurately given the reputational risk these can pose.

### REPORTING

HarbourVest produces and distributes a detailed ESG Report each year. The current report can be provided on request and is also made available on the Firm's website. HarbourVest also shares ESG updates at its annual meeting and in periodic investor updates and reports throughout the year.

### SUMMARY

From its very beginnings, HarbourVest has sought to align its interests with those of its investors, investment partners, and employees. This has allowed the Firm to proudly build and maintain a culture of ethical behavior, transparency, and social responsibility with regards to both its investments and its operations. To formalize this commitment, HarbourVest has adopted a comprehensive Environmental, Social, and Governance (ESG) approach. From initial due diligence to post-investment monitoring, the Firm evaluates ESG considerations at all stages of the investment process and works with its investment partners to understand, and potentially formalize, their own policies. Once an investment is made, the Firm continues to actively monitor investments for ESG risks. Finally, as a signatory to the PRI, HarbourVest is committed to upholding these principles when evaluating and monitoring the global set of opportunities the Firm accesses on behalf of its clients.



Beijing | Bogotá | Boston | Dublin | Hong Kong | London | Seoul | Tel Aviv | Tokyo | Toronto  
[www.harbourvest.com](http://www.harbourvest.com)

HarbourVest is an independent, global private markets investment specialist with 36 years of experience and more than \$64 billion in assets under management, as of June 30, 2019. The Firm's powerful global platform offers clients investment opportunities through primary fund investments, secondary investments, and direct co-investments in commingled funds or separately managed accounts. HarbourVest has more than 500 employees, including more than 125 investment professionals across Asia, Europe, and the Americas. This global team has committed more than \$37 billion to newly-formed funds, completed over \$21 billion in secondary purchases, and invested over \$11 billion directly in operating companies. Partnering with HarbourVest, clients have access to customized solutions, longstanding relationships, actionable insights, and proven results.

