

HGGC Responsible Investment Policy

Established in 2012

Revised October 2024

HGGC, LLC (“HGGC,” the “Firm” or “we”) seeks to act in the long-term interest of our investors, and endeavors to maximize risk-adjusted returns for our investors and other stakeholders by investing responsibly. We believe companies with environmental, social, and governance (“ESG”) standards are typically better run, have fewer business risks, and may ultimately deliver better value. We seek to integrate consideration of material ESG factors into our investment analysis and decision-making, as appropriate, because we believe that the effective management of ESG issues may contribute positively to returns through alignment of interests across our funds, applicable investors, portfolio company management teams, employees, and other key stakeholders.

For the purposes of this ESG Policy, “material” ESG factors are defined as those ESG factors that HGGC determines have – or have the potential to have – a significant impact on an organization’s going-forward ability to create or preserve economic value.

Purpose and Limitations

The purpose of this Responsible Investment Policy (this “Policy”) is to define HGGC’s approach to managing ESG factors across the investment process.

Our ability to influence and exercise control over the companies in which our funds invest will vary depending on the investment structure and terms. In cases where we determine that our ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment is limited, whether at the investment or at the fund-level, we will seek only to apply those elements of this Policy that we determine to be practicable. Examples of such cases at the investment-level include where a fund is a minority shareholder, has limited governance rights, or where other circumstances affect the fund’s ability to assess, set, or monitor ESG-related performance goals. Notwithstanding anything in this Policy to the contrary, HGGC does not expect to subordinate any fund’s or investor’s investment returns or increase any fund’s or investor’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

ESG Governance and Oversight

Responsibility for ESG oversight, accountability, and implementation rests at various levels within the Firm under the guidance of HGGC’s ESG Committee. The ESG Committee is responsible for overseeing the Firm’s ESG initiatives and aims to review this Policy annually and update it as it deems necessary.

ESG Focus Areas

Through this Policy, HGGC endeavors to evaluate material ESG considerations throughout the investment process in order to highlight significant ESG risks and/or value creation opportunities. HGGC has identified specific ESG focus areas that generally are relevant to the portfolio companies in which the Firm invests. These selected topics are intended to be informed by global ESG standards, such as the Sustainability Accounting Standards Board (“SASB”), and industry expertise. Focus areas may include but are not limited to:

Environmental

- Resource Usage
- Environmental Impacts
- Regulations and Compliance
- Greenhouse Gas Emissions

Social

- Employee Health and Safety
- Labor Practices
- Employee Recruitment, Development, and Retention
- Diversity, Equity, and Inclusion (“DEI”)
- Corporate and Social Responsibility (“CSR”)

Governance

- Business Ethics, Anti-Bribery, and Anti-Corruption
- Competitive Behavior
- Alignment and Compensation
- Transparency, Audits, and Taxes
- Information Security and Data Privacy
- Risk Management

Human Rights

HGGC seeks to foster a culture of dignity, equity, and social responsibility. We are committed to upholding and respecting internationally recognized human rights across our operations, investments, and interactions. Should HGGC identify actual or potential negative human rights outcomes resulting from portfolio company operations, we strive to work with the portfolio company management team to take action to prevent or mitigate the identified negative outcomes.

Screening and Parameters

HGGC seeks to screen potential investments for business activities that present a level of ESG-related risk that HGGC and our limited partners view as unacceptable. Accordingly, HGGC does not expect to invest in any company that:

- Uses child labor, forced labor, or trafficked persons; or
- Does not comply with applicable local, state, national, and international laws, including the U.S. Foreign Corrupt Practices Act and similar anti-bribery and corruption regimes.

ESG in the Investment Process

Pre-Investment

Subject to HGGC’s reasonable determination based on the attendant facts and circumstances at the time, for each prospective investment advised on by HGGC, we will seek to evaluate material ESG risks and value-creation opportunities related to our targeted investments. Prior to an acquisition, HGGC’s deal professionals aim to identify ESG-related risks and/or value-creation opportunities, as appropriate. As we deem necessary, HGGC engages with third-party advisors to conduct due diligence on particular ESG topic areas.

Post-Investment

HGGC seeks to foster strong long-term financial performance for our investments through active engagement with our portfolio companies post investment. We seek to support portfolio company management teams as needed at the board level.

The Firm seeks to actively monitor certain ESG metrics at all control investments, with each portfolio company board striving to work closely with portfolio company management teams with the intention to oversee material ESG-related issues.

Stakeholder Engagement and External Reporting

To promote transparency with our limited partners, HGGC intends to provide annual updates to our limited partners regarding material ESG-related issues as determined by HGGC.