

SIGULER GUFF



A SPECIALIZED PRIVATE MARKETS INVESTOR

Siguler Guff Responsible Investment Letter

Responsible Investment Initiatives,
Practices, and Progress

July 2024

A Message from Our Leadership

High ethical standards have been a cornerstone of Siguler Guff & Company, LP (“Siguler Guff” or the “Firm”) since its founding in 1991. As a private markets investment manager, Siguler Guff has historically sought to make a positive impact on the companies and communities in which it invests. The Firm became a signatory of the Principles for Responsible Investment in 2013 and has developed its responsible investment policies and practices around this respected framework. We believe that understanding and managing responsible investment and sustainability factors can help mitigate risk and deliver better returns for our clients. We are proud of our long-standing commitment to responsible investing and pleased to share with you our progress and accomplishments in the Firm’s inaugural responsible investment letter.

In recent years, Siguler Guff has expanded its engagement with industry organizations to join communities of practice related to responsible investment. In 2023, Siguler Guff became a public supporter of the Task Force on Climate-Related Financial Disclosures (“TCFD”), and in early 2024, Siguler Guff joined the initiative Climat International (“iCI”), a global, practitioner-led community of private markets firms and investors that seek to better understand and manage the risks associated with climate change. Siguler Guff also recently became a member of the ESG Data Convergence Initiative (“EDCI”), which seeks to drive convergence around meaningful environmental, social, and governance metrics for the private equity industry.

While we have made significant strides in the formalization of our responsible investment program to date, this is still an emerging landscape, and we will continue to develop and improve our practices over time. We encourage our portfolio companies, deal partners, and borrowers to join us on this journey, and we look forward to further updating everyone on our progress over the coming years.

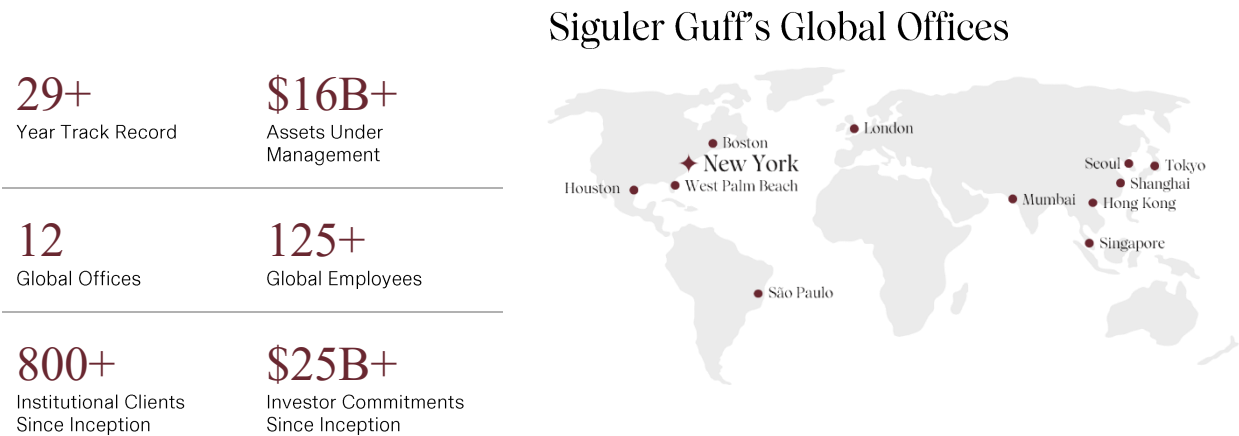


Drew Guff

Co-Managing Partner &
Chief Investment Officer

About Us

Founded in 1995, Siguler Guff is a global, multi-strategy private markets investment firm dedicated to uncovering and capturing niche private markets inefficiencies.



800+

Institutional Clients Since Inception

\$25B+

Investor Commitments Since Inception

Siguler Guff's Global Offices

Locations marked on the map: Houston, West Palm Beach, New York (marked with a star), Boston, London, São Paulo, Mumbai, Singapore, Hong Kong, Shanghai, Seoul, and Tokyo.

Dedicated to Uncovering and Capturing Niche Private Markets Inefficiencies

<div>Small Business, Buyouts</div> <div>A preferred investment partner to leading U.S. small businesses through commitments to private equity funds and equity co-investments</div>	<div>Credit & Special Situations</div> <div>Invests in performing, originated private credit across Specialty Finance, Corporate Lending, and during periods of market dislocation, Traded Credit</div>	<div>Small Business, Direct Lending</div> <div>Directly finances U.S. small businesses, providing mezzanine and first lien loans to sponsor-backed companies across a diversified set of sectors</div>
<div>Emerging Markets</div> <div>Investment opportunities across core investment segments: multi-manager, special situations, and growth</div>	<div>Real Estate</div> <div>Opportunistic, direct, equity and debt investments in North America and Western Europe</div>	<div>Energy</div> <div>Special situations, drilling joint ventures, and emerging technologies focused on decarbonization</div>

Commitment to Responsible Investment

Siguler Guff believes that understanding and managing responsible investment and sustainability factors is fundamental to a portfolio company's well-being and can help mitigate risk, which may directly impact a portfolio company's business, financial performance, and market position.



Longstanding Commitment to Responsible Investment

In 2013, Siguler Guff formalized its commitment through responsible investment-related training, policies, and practices, and by becoming a signatory to the Principles for Responsible Investment



Thorough Evaluation of Investments

Siguler Guff evaluates a wide range of potential responsible investment issues on new prospective investments and has integrated a responsible investment scoring system as part of the process



Senior Leadership Governance of Responsible Investment

Siguler Guff's Responsible Investment Committee is comprised of senior professionals across the organization who lead the Firm's efforts to further enhancing our responsible investment program



Advocate for Sound Responsible Investment Practices

Siguler Guff encourages GPs to adopt or strengthen their commitment to responsible investment, while serving as a resource to help smaller funds

Industry Affiliations

Signatory of:



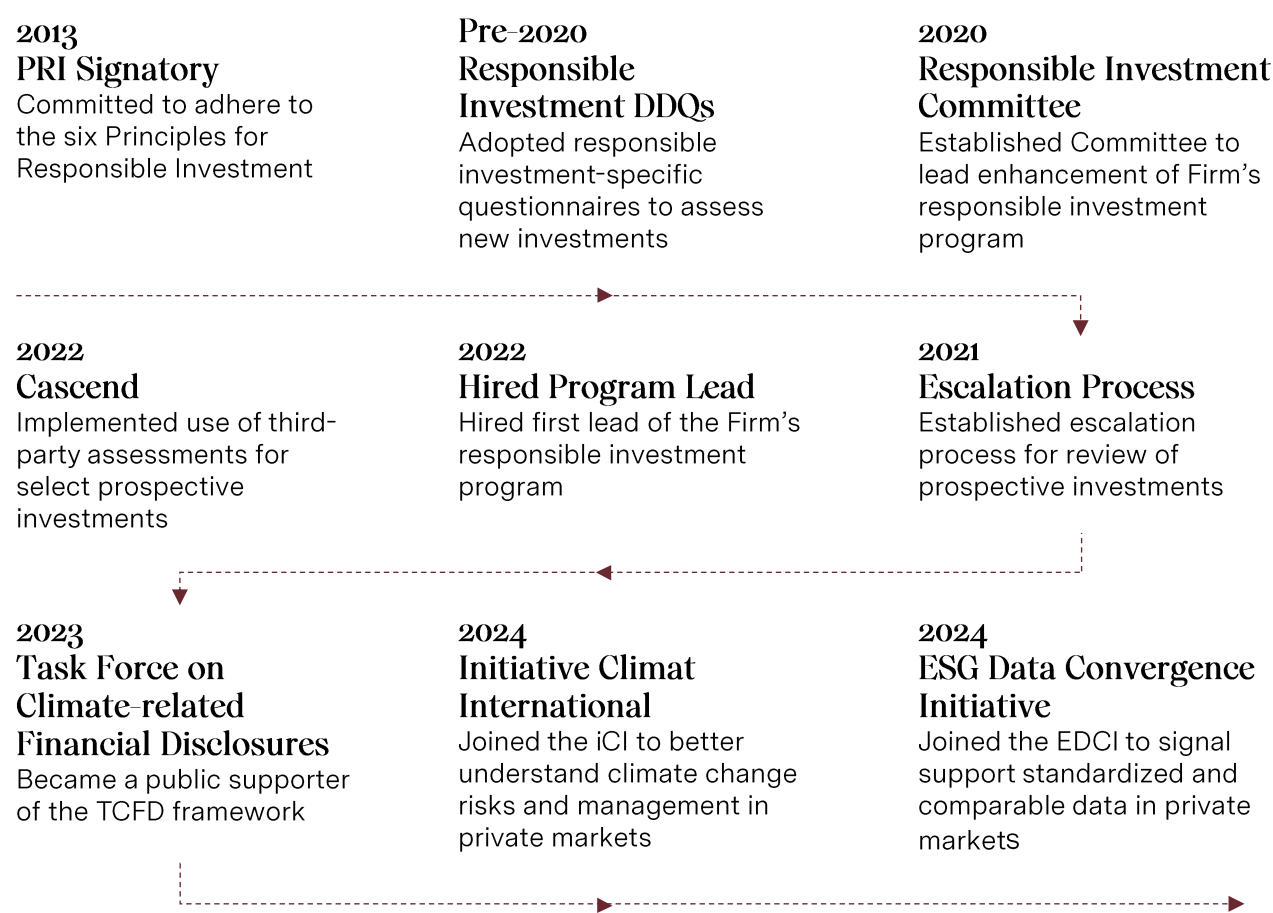
Our Responsible Investment Journey

Responsible investment practices have been a core part of Siguler Guff’s investment process to mitigate material risk and identify opportunities for better financial returns.

In 2013, Siguler Guff formalized this commitment to responsible investment by incorporating a review of environmental, social, and governance factors into its investment decision making process, adopting a responsible investment policy, and becoming a signatory to the PRI.

Siguler Guff has since taken additional steps to enhance its governance of environmental, social, and governance issues across strategies and asset classes, to develop its in-house responsible investment expertise and resources, and to expand its participation in responsible investment-focused industry organizations and initiatives.

Responsible Investment Milestones



Responsible Investment Integration Process

Siguler Guff considers responsible investment factors in the investment process to better identify opportunities for risk mitigation and long-term value creation, including¹:

- Whether responsible investment issues might add risk to an investment
- Whether responsible investment issues might pose significant reputational risks
- Whether responsible investment issues make a potential deal incompatible with the Firm's values or, in the case of a separate account, the values of the client



Responsible Investment Across the Portfolio

Siguler Guff believes that transparency on responsible investment and climate factors, as well as the convergence of private markets around a harmonized set of environmental, social, and governance-related metrics, serve an increasingly important role in meeting evolving client demands and regulatory requirements. To that end, Siguler Guff recently joined the iCI and the EDCI, and is working to enhance its collection of responsible investment and climate-related data throughout the investment process.

Within its responsible investment review process, Siguler Guff seeks to assess responsible investment-related risks and opportunities associated with a prospective investment, as well as how its prospective portfolio companies, borrowers, deal sponsors and partners implement sound responsible investment practices and manage material risk factors.



Responsible Investment Across the Small Business Strategies



Responsible Investment Oversight

The Responsible Investment Committee is comprised of professionals across the business who represent a diverse view of opinions, backgrounds, and teams to provide a wholistic lens on responsible investment-related issues. The Responsible Investment Committee holds regular meetings to discuss strategic matters across the Firm's operations, investments, and portfolio oversight activities. Its responsibilities include:

- Evaluating responsible investment considerations in Siguler Guff investments
- Assessing the effectiveness of internal responsible investment policies
- Addressing the responsible investment considerations of Siguler Guff's clients
- Reviewing trends in responsible investment regulation and marketing
- Addressing, mitigating, and detecting responsible investment risk indicators

Siguler Guff's Responsible Investment Committee



Sara Bowdoin

Committee Co-Chair,
Managing Director,
Small Buyouts



Sean Greene

Committee Co-Chair,
Partner, Head of Direct
Lending



Michael Apfel

Partner, Head of Credit
and Special Situations



Clifford Yonce

Managing Director,
Marketing



Sandip Kakar

Managing Director,
Managing Counsel –
Fundraising &
Corporate



Marcelo Philips

Managing Director,
Chief Compliance
Officer



Meghan Conaty

Principal, Head of
Investor Relations



Michael Malinics

Vice President, Director
of Responsible
Investment

Carbon and Climate

In June 2023, Siguler Guff became a public supporter of the TCFD recommendations as part of its commitment to greater transparency on climate-related financial information. Siguler Guff seeks to develop a meaningful understanding of how the effects of climate change may materially impact its operations and investments, and to identify opportunities to strengthen portfolio resiliency on behalf of its clients.

Governance

The TCFD's recommended disclosures on governance relate to disclosure of an organization's governance structure around climate-related risks and opportunities.

Siguler Guff updated its responsible investment policy at the start of 2024 to include an articulation of its climate change strategy and governance. Siguler Guff's Responsible Investment Committee is ultimately responsible for overseeing climate-related risks and opportunities in the firm's investment strategies and operations. The Committee is comprised of professionals across the business who represent a diverse view of opinions, backgrounds, and teams to provide a comprehensive lens on responsible investment-related issues. The Responsible Investment Committee holds regular meetings to discuss strategic responsible investment matters which may include the Firm's approach to identifying and managing climate-related risks and opportunities in investment portfolios.

Siguler Guff's Director of Responsible Investment is responsible for advising the Responsible Investment Committee and implementing the firm's approach to climate-related risks and opportunities in the investment process. The Director of Responsible Investment works in partnership with our investment teams to integrate climate-related considerations into the investing and diligence processes, and to provide the firm with ongoing training on responsible investment and climate-related considerations.

Strategy

The TCFD's recommended disclosures on strategy focus on disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

As part of its responsible investment review process, where deemed material to a given investment, Siguler Guff seeks to understand, review, and assess relevant climate-related risks, such as physical risks and transition risks, and opportunities, such as those created by the transition to a low carbon economy, associated with a prospective investment.

Siguler Guff is focused on developing strategies and capabilities to strengthen portfolio resiliency on behalf of its clients and address the interests of our climate-focused clients, where appropriate and practicable. The Firm is also focused on continued research and consideration of various collaborative initiatives that promote responsible investment practices, to ensure that Siguler Guff is in alignment with best practices and industry standards.

Carbon and Climate

Risk Management

The TCFD’s recommended disclosures on risk management focus on the disclosure of how the organization identifies, assesses, and manages climate-related risks.

Siguler Guff’s approach to climate change is embedded within its overall approach to responsible investment and risk management practices. As part of its responsible investment review process, where deemed material to a given investment, Siguler Guff seeks to understand, review, and assess relevant climate-related risks such as physical risks and transition risks, and opportunities, such as those created by the transition to a low carbon economy, associated with a prospective investment. The tools and processes applied for identification and management of climate-related risks vary across investments based on the level and quality of information available, as well as Siguler Guff’s degree of influence. In 2023, Siguler Guff updated its responsible investment due diligence questionnaire to have deal partners, portfolio companies, and borrowers identify relevant climate change risks, mitigation plans, and climate change-related opportunities. Siguler Guff plans to use the information gathered during the responsible investment review process to help prioritize engagement with deal partners, portfolio companies, and borrowers on responsible investment-related topics including climate change.

Metrics and Targets

The TCFD’s recommended disclosures on metrics and targets focus on the disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Where appropriate and practicable, Siguler Guff may help interested clients with their own carbon and climate goals. In February 2024, Siguler Guff joined the iCI, a GP-led initiative to collaborate on risk analysis tools to aid private equity action on climate change. Members of iCI commit to recognizing the risks and opportunities that climate change presents to their investments, contribute to the Paris Agreement’s objectives, and actively engage with portfolio companies to reduce their greenhouse gas emissions. Members work collaboratively across a variety of working groups to implement their commitments. The initiative aims to address key data and disclosure challenges in private markets by developing common metrics and methodologies for measuring and reporting emissions and building consensus amongst practitioners on approaches to disclosure and target-setting.

Final Reflections

While Siguler Guff has made great strides to date, the Firm seeks to continue to build out its firm-level responsible investment program, and to work with its deal partners, portfolio companies, and borrowers to help grow their responsible investment practices. Over the course of the next few years, Siguler Guff seeks to:



Enhance Responsible Investment Program

Develop internal capabilities to meet the evolving responsible investment-related needs of its clients and to align with emerging best practices and standards



Continue to Advocate Responsible Investment Practices

Support deal partners and portfolio companies as they develop and strengthen their responsible programs



Bolster Data Collection for Enhanced Reporting

Enhance our ability to collect and analyze data from deal partners, portfolio companies, and borrowers to support external reporting



Foster a Culture of Continuous Improvement

Mature internal responsible investment understanding and expertise through training on evolving market practices



Seek to Have a Meaningful Impact in its Communities

Engage with local organizations to have a meaningful impact on its local communities through community engagement and philanthropic efforts