

# Sustainable Investing and Impact Policy



## Our Firm

GCM Grosvenor (Nasdaq: GCMG) is one of the world's largest and most diversified alternative asset management firms. We invest on behalf of clients who seek allocations in private equity, infrastructure, real estate, absolute return strategies, credit, and multi-asset class solutions.

GCM Grosvenor has offered alternative investment solutions since 1971. The Firm is headquartered in Chicago and serves a global client base of institutional and high net worth investors.

## How We Work With Clients

As a pioneer of innovative alternative investment solutions, we partner to solve client challenges and achieve client goals, seeking to generate strong performance for over 50 years. Our intellectual capital drives our ability to deliver deep, global alternatives expertise that yields client insight and access not found elsewhere. Our clients and their experience with us are at the center of all that we do. This dedication to client centricity is at the foundation of the superior, custom experience our clients enjoy – one that is second to none.

As we engage, we bring a partner-first mentality, building long-term trusted partnerships as a priority over any immediate transactional value. Operating with purpose, we foster a culture of belonging and responsible intent in how we engage, run our business, manage our people, and how we align our investments to client choice.

*No assurance can be given that any investment will achieve its objectives or avoid losses.*







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## Mission Statement

GCM Grosvenor (the “Firm”) is committed to investing responsibly, operating our business with integrity, supporting environmental responsibility, and building a workplace where our employees can thrive. Since 1971, we have been dedicated to acting in the long-term interests of our stakeholders, including providing choices for our clients, which has been a cornerstone of our culture for decades, and this core value continues to shape our Firm. This philosophy also motivates us to volunteer and provide resources for organizations that strengthen the communities where we live and work as well as our global community. By focusing on these guiding principles, we believe we are contributing to a successful future – for our clients, our employees, the industry, and our communities.

We illustrate our commitment to impact investing, responsible business practices, and industry leadership in our annual Impact Report, which can be found using the following link: **[Our Impact](#)**

The GCM Grosvenor Sustainable Investing and Impact Policy (the “Policy”) provides a framework for how we apply sustainability and impact considerations to how we operate our business, how we engage with the communities in which we do business, and the way in which we pursue, evaluate, and implement investments.

The Firm takes into account sustainability considerations at the firm, investment, and client levels.







## Sustainability at GCM Grosvenor

With over 25 years of experience building custom client solutions, we are dedicated to meeting clients' varied needs, including significant sustainable and impact investments.

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Building and offering capabilities that further the best interests of our clients, our team, and the world we live in.

Measuring progress and driving growth at the overall staff and senior professional levels.

Substantial assets invested to support energy transition / climate solutions.

### Deep investment expertise with a proven custom approach

Experienced teams focused on delivering superior risk-adjusted returns through the consideration of sustainable and impact factors.

Leveraging our experience building custom programs, we deliver sustainability and impact solutions aiming to achieve client goals.

### Ensuring we proactively evolve and apply best practices

Key Partnerships: PRI, ILPA, TCFD, IFRS/SASB and more.

Strategic Initiatives: evaluations and integration, data gathering and reporting, portfolio solutions, corporate sustainable footprint.

## Proactive, Constant Evolution

At GCM Grosvenor, our highest priority is the long-term success of our stakeholders. As investors, we seek to deliver solutions that achieve our clients' objectives.

Accordingly, we consistently strive to evolve our approach to sustainability and impact alongside our clients and the industry.

We continue to broaden our choices for clients who are pursuing customized sustainability and impact oriented investment solutions. Meanwhile, we're enhancing information gathered from investment managers and partnering with industry organizations to help drive a more transparent market. We seek to continuously improve the way we analyze both financial and nonfinancial material factors in seeking to enhance returns and protect value in a way that is in the best long-term interest of our clients.

Beyond investing, we believe that GCM Grosvenor's inclusive culture is one of our greatest assets and that the diverse perspectives of our team lead to better outcomes for our investors. We remain consistently focused on creating a workplace where employees of all backgrounds belong and can reach their full potential as professionals.

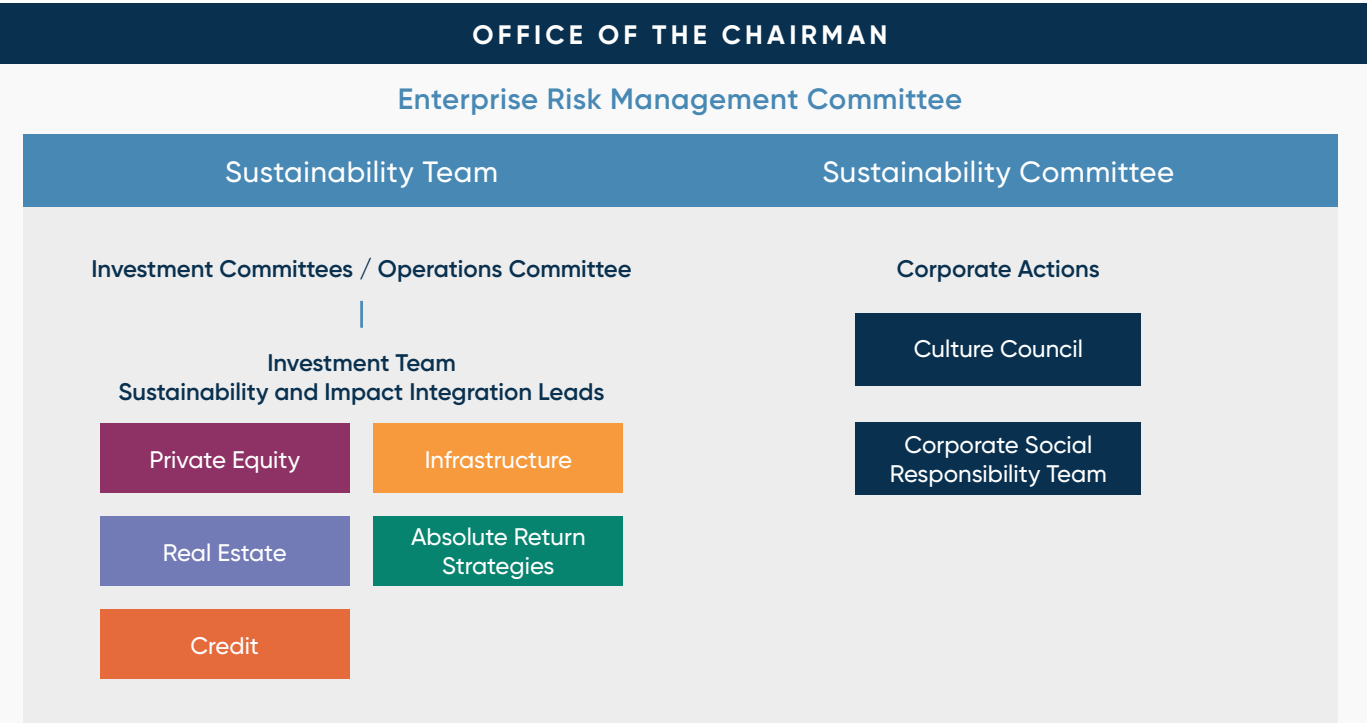
We donate our time and resources, including providing financial assistance where it can be most helpful: beautifying neighborhoods, mentoring young people, providing meals, and helping those in need.

*No assurance can be given that any investment will achieve its objectives or avoid losses.*



# Policy Governance

We have intentionally built a multi-layered sustainability governance structure for accountability and oversight, which starts at the highest levels of the organization and has integration leads embedded within investment teams. This framework enables us to implement solutions to further client objectives, and to ensure our corporate actions align to our sustainability and impact philosophy and policies.



Given that sustainability and impact are a top firm priority, the Office of the Chairman, comprised of the Firm’s most senior leaders, has ultimate governance over firmwide sustainability and impact matters and is responsible for establishing key strategic initiatives for the Sustainability Committee and GCM Grosvenor’s Sustainability Team.

The Sustainability Committee, in turn, has responsibility for translating the firmwide sustainability and impact initiatives into this formal Sustainable Investing and Impact Policy, which is reviewed and updated regularly and serves as a guide for activities and integration across the various business lines, including the Corporate Social Responsibility Team and Culture Council.

The Sustainability Committee includes select members of the Office of the Chairman, our Head of Sustainability, Chief Investment Officer, Chief Compliance Officer, and senior investment professionals representing multiple asset classes. Our dedicated Sustainability Team is responsible for coordinating the implementation of our firmwide sustainability and impact strategy, adoption of evolving industry best practices, managing and developing partnerships, and sustainability and impact integration across GCM Grosvenor.

Our Investment Committees have ultimate responsibility for the evaluation of sustainability and impact factors as appropriate and based on client needs and objectives. Each investment team presents key findings and considerations relative to sustainability and impact factors affecting performance and risk to the Investment Committee for their evaluation and any potential issues are discussed by the Investment Committee.



## Investment Approach<sup>1</sup>

We believe responsible investing issues impact investment return, volatility, and risk mitigation, and therefore that the consideration of such factors is relevant to our investment selection process. We believe that assessing sustainability factors through due diligence and monitoring whenever possible and appropriate is important for preserving value and generating potential return over the long-term. As a result, our due diligence process includes an examination of the way sustainability issues (which include, but are not limited to, environmental impact, human rights concerns, business ethics and risk management) are addressed by the management teams of the entities in which GCM Grosvenor considers for investment.

We have substantial experience constructing sustainable and impact-oriented portfolios based on client's objectives, desired investment strategy, and structure.

In partnership with the Sustainability Team, our investment professionals deploy an established set of common best practices throughout the investment process, applying these tools and frameworks in a manner customized to the various alternative investment asset classes offered by the Firm.

### Proprietary Approach to Investment Integration

We've established common building blocks and use best practice tools, allowing for flexible application of the most effective framework.

#### INTEGRATION BUILDING BLOCKS



#### TOOLS AND FRAMEWORKS CUSTOMIZED BY ASSET CLASS

SASB Materiality Mapping  
Impact Management Project (IMP)  
GRESB Reports  
Global Impact Investing Network (GIIN)

MSCI ESG Pillars  
SFDR Regulations  
TCFD Framework

GCM Grosvenor Sustainability Mapping  
GCM Grosvenor Sustainability & Impact Ratings  
UN PRI Rating

**1. No assurance can be given that any investment will achieve its objectives or avoid losses.**

GCM Grosvenor applies the investment approach described throughout this section across the vast majority of our business where it is deemed appropriate and possible.



## Investment and Operational Due Diligence

Sustainability analysis for investments is completed by a combination of our investment teams and Operational Due Diligence Team. As we view sustainability factors as key for consideration in the investment process, we have incorporated sustainability and impact analysis where appropriate. In addition to this early-stage diligence, our investment professionals also conduct ongoing monitoring for sustainability and impact factors as part of their day-to-day investment responsibilities.

From the initial screening and sourcing stages of the investment process, our investment professionals have upfront awareness of, and internal discussions with respect to, potential sustainability issues. During due diligence, we discuss our sustainability processes and requirements with managers and sponsors, and examine the way sustainability issues are addressed by the manager/sponsor we are evaluating. A sustainability questionnaire is included as part of our standard due diligence package as well as annual monitoring process.

Our dedicated Operational Due Diligence Team, comprised of legal and finance professionals who operate independently of the investment teams, also assesses the sustainability practices of potential and existing investments. Analysts present key governance findings and considerations for committee evaluation and discussion.

We evaluate investments based on the level of incorporation of sustainability factors as part of the investment due diligence and underwriting process according to a multi-tier framework as illustrated on the following page.

## Sustainability Integration Will Vary by Strategy and Investment Type

Depending on the type of investment, we will have differing levels of control and transparency during the underwriting process and after an investment has been made, which changes the way we assess and integrate sustainability and impact factors. **Please see the following examples:**

### Fund / Secondary Investments

The Firm considers the level of integration of sustainability factors by a fund manager as part of our manager due diligence process. This includes the degree to which the manager assesses sustainability factors in its investment due diligence and decision making and the level of ongoing portfolio oversight and governance.

### Co-Investments / Direct Investments

The Firm looks at the company or asset in which it is investing and assesses the degree to which it incorporates sustainability factors. This may include evaluating a company's social or environmental impact, key sustainability initiatives, corporate governance or reviewing its sustainability policies and resources.

We partnered with Danesmead, a boutique sustainability and impact advisory firm in the UK, to establish a proprietary evaluation framework and a firmwide sustainability attribute and rating classification system, based on industry-leading best practices. These common building blocks and best practice tools allow for flexible application of the most effective framework by asset class. The investment team generally compiles sustainability findings and incorporates those findings into investment materials (e.g., memos, presentations, etc.) to present to the applicable Investment Committee. The Investment Committees consider sustainability and impact considerations when contemplating investments for approval.





# Investing Responsibly: Measuring Sustainability

## Investment Due Diligence

We evaluate qualitative and quantitative factors:

Sustainability  
Questionnaire

Investment Committee  
Memorandums

Assessment of Integration  
by Managers or Investments

| Grosvenor Rating          | Criteria  |
|---------------------------|---|
| Not Present               | Sustainability principles not factored in firm-level processes, or no approach to sustainability or oversight across its operations.    |
| Considered                | Policy may be in place and may be considered in the due diligence process, but not deeply ingrained in the overall investment strategy. |
| Driven                    | Principles incorporated into the investment process and at the firm-level, and impact components may begin to be measured or defined.   |
| Financially Driven Impact | Sustainability and impact are core to operations and overall strategy, and impact targets and measurement are clearly disclosed.        |
| Considerations Monitoring | We monitor investments through an annual sustainability monitoring questionnaire process.   |



## Monitoring and Engagement

Critical to our sustainability and impact investment integration is monitoring both the managers and invested companies post close. Utilizing a proprietary annual questionnaire, we track material sustainability and/or impact risks and opportunities that were identified upon initial investment. We also monitor whether our partners adopted our suggestions or further embraced material initiatives and engage when appropriate. This annual monitoring affords us the ability to observe changes and improvements to managers' sustainability and impact practices. Throughout the monitoring process, we evaluate progress and enhancements made by managers in their sustainability and impact efforts on a year-over-year basis.

To properly monitor, we recognize the importance of identifying key sustainability and impact initiatives and tracking their progress towards stated goals. Thus, we have put a significant amount of work into collecting sustainability and impact data or key performance indicators to improve our ability to assess and monitor sustainability initiatives.

As part of these efforts, we are a member of the ESG Data Convergence Initiative which demonstrates our commitment to streamlining the industry's fragmented approach to collecting sustainability data, enabling greater transparency of managers and investments. We collect a range of custom and universal KPIs, including but not limited to: greenhouse gas emissions, work-related injuries, and employee turnover.

Additionally, we have partnered with a sustainability SaaS analytics and reporting platform based in France to expand our abilities to collect, use, and report sustainability data.

We place critical importance on the way in which our investments interact with and have an impact on workforce rights and human rights. We believe that it is not only the right thing to do, but a better investing practice from risk standpoint.

The Firm has a proxy voting policy that guides how the Firm exercises its authority to vote on or make recommendations on fund activity decisions, as well as public securities. For public securities, the respective GCM Grosvenor investment team covering the company is responsible for directing voting responses in accordance with the guidelines detailed in the proxy voting policy. The vast majority of our public security positions relate to direct investments and in-kind distributions from underlying fund managers.

When evaluating whether voting on or making a recommendation on a proxy request will be in the best economic interests of a portfolio we manage, we treat sustainability and impact goals as economic factors when we believe that the goals present material business risks or opportunities that investment professionals would typically treat as economic considerations.





## Portfolio Construction

When working with clients we have utilized various approaches to create sustainability and impact focused programs, as we recognize that sustainability and impact definitions and methodologies vary amongst clients. Accordingly, we seek to use a flexible approach that is based on client choice and fits the needs of each specific client.

This may or may not include an exclusions list as part of the investment guidelines for their program. Rather than implementing a firmwide exclusions list, we have chosen to tailor exclusion lists to client preferences and our ability to execute on the desired portfolio objectives when appropriate.

## Client Reporting

We have formed partnerships with leading sustainability consultants and technology providers that have enhanced our investment analytics, monitoring, and reporting capabilities. Through the creation of a proprietary sustainability ecosystem, we can provide a range of reporting depending on the situation and driven by our clients' requests and data availability. Our sustainability and impact reporting suite provides clients transparency into nonfinancial factors and outcomes. We are constantly evolving our collection methods to improve the quality and detail of each report and will continue to work to provide increasing transparency over time to material issues, both to our clients and investment professionals.



## Impact at GCM Grosvenor

### Differentiating Impact

GCM Grosvenor recognizes that “impact” differs in its definition, application, and intentionality from sustainability-integrated investments. The Firm has built robust impact-specific assessment frameworks which are applied on top of our standard sustainability assessment process to best serve clients looking to achieve impact goals.

### Targeting Investments that Catalyze Positive, Measurable Environmental or Social Outcomes Alongside Financial Return

GCM Grosvenor generally ascribes to the Global Impact Investing Network definition of Impact – investments which catalyze positive, measurable outcomes that align with our clients’ goals while seeking to provide competitive investment returns.

All our activities start with seeking competitive risk-adjusted returns, but we are firm believers that we can also achieve targeted sustainable outcomes at the same time.

### Proprietary Impact Assessment Frameworks

We have built upon our standard sustainability and impact assessment framework to develop robust impact assessment frameworks. We use world class practices to ensure impact investments meet the necessary impact criteria set by our clients while also making sure we remain focused on generating competitive risk-adjusted returns. At our core we focus on **three main characteristics** for any impact investment:

#### INTENTIONALITY

Investing with the specific intention to have a positive social or environmental impact.

#### ADDITIONALITY

Positive impact or outcomes that would not have otherwise occurred without additional business activities, resources, or capital investment.

#### MEASUREABILITY

Committing to measure and report social and environmental performance and progress using specific metrics and benchmarks (when available).



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We have developed a multi-pronged due diligence and monitoring process to evaluate impact criteria in addition to seeking to achieve a targeted risk-adjusted return profile by leveraging our world class primary and co-investment/ direct underwriting process. This impact assessment process builds upon our existing standard sustainability evaluation process by using world class practices such as those developed by the Impact Management Project, a leading impact assessment framework.

## GCM Grosvenor Proprietary Impact Framework

Impact assessment is combined with a rigorous primary fund underwriting process seeking to ensure nonconcessionary, world class manager quality.

| Initial Considerations  | Impact Assessment   | Measurement and Reporting  |
|---|---|--|
| <p><b>Sustainability and impact strategy</b> are core to the company's operations and strategy.</p> <p><b>UN SDG alignment</b> consistent with portfolio objectives and investment themes.</p> <p><b>Measurable impact</b> that can meaningfully contribute to the portfolio's desired outcome.</p> | <p><b>What:</b> Impact outcomes and their effect on the people or planet.</p> <p><b>Who:</b> Beneficiaries of the outcome and how underserved they are in relation to the outcome.</p> <p><b>How much:</b> Quantifiable and measurable impacts, including how much of the outcome occurs and at what scale.</p> <p><b>Contribution:</b> Enterprise contribution to what would likely happen.</p> <p><b>Risk:</b> The potential to people and planet if the impact does not occur.</p> | <p><b>Identify relevant KPIs</b> that measure specific impacts.</p> <p><b>Monitor company's progress</b> of sustainability related business factors.</p> <p><b>Report environmental and social initiatives</b> undertaken to achieve impact.</p> |

**Incorporates [The Impact Management Project](#) - a leading impact assessment framework**

## Measurement and Reporting

Clients are increasingly identifying specific impact themes they want to address via their investment portfolios. These solutions require not only investment acumen, but also robust ancillary services, including in particular, customized reporting on the relevant objectives to provide transparency regarding both the program's investment performance as well as its impact.

We have combined the power of our existing data and analytics with the impact reporting capabilities of leading third-party vendors. Through our systems, we capture detailed quantitative and qualitative KPIs across our investments. We can then deliver a portfolio-wide view of impact to our clients.



## Customized Impact Solutions

GCM Grosvenor has invested significant capital across a range of environmental and social themes through programs that seek to deliver competitive risk-adjusted returns while also achieving the customized impact objectives of our clients.

**2003**

Earliest Impact Program

**2008**

First Investments to Support Energy Transitions

We extend the same flexibility that we have offered for decades to our custom separate account clients to impact programs. We can create highly targeted programs that are focused on only one theme or asset class as well as broad impact programs that cut across multiple themes and asset classes.



Primary Investments



Co-Investments



Direct Investments



Seeding

### Customization Across Sustainability Themes

We work closely with clients to design and implement flexible solutions tailored to the theme most relevant to them and implement through a variety of investment types.

### Key Sustainability Types

#### CLIMATE SOLUTIONS

Clean Energy

Energy Efficiency and Infrastructure

Waste / Circular Economy

Sustainable Agriculture

#### ESSENTIAL SOCIAL SERVICES

Health and Nutrition

Education

Inclusive Finance

Affordable Housing

#### HUMAN CAPITAL

Small and Emerging Managers

Workforce Standards

We leverage our open architecture sourcing platform to broaden our funnel of impact investments.

Our investment teams have been trained to identify impact opportunities that align with our various client programs, regardless of whether they originated from a dedicated 'impact manager' or one of our hundreds of generalist managers.

This enables us to both invest at scale and also have significant deal flow to successfully implement highly targeted impact-oriented programs.

The specific targeted outcomes and sometimes even the definition of impact can vary amongst client programs.

The money is not ours—it belongs to our clients—and it is our job to deliver competitive outcomes that align with their goals.

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## Responsible Business Practices

We are committed to incorporating sustainability into how we manage our business. Our strategy is governed by executive management, which, in collaboration with the Firm's Sustainability Committee as well as its Culture Council, oversees the integration of sustainability and impact considerations into how the Firm is managed.

The establishment of our Equal Opportunity Policy and commitment to an inclusive culture ("EOP") is rooted in the belief and recognition that having a broad pool of talent is a business imperative which fosters a culture of innovation and creativity, allows the Firm to remain competitive, and that a diverse meritocracy of excellence leads to better outcomes for investors.

### **The EOP is committed to:**

- 1. Hiring and cultivating a broad pipeline of talent**
- 2. Driving education and belonging via dedicated employee resource groups**
- 3. Partnering with a broad slate of vendors**
- 4. Enhancing training and allyship programs**
- 5. Providing greater access to opportunity within our communities**

We believe a diverse meritocracy of excellence is critical to our ability to successfully create and deliver value to our clients. We are committed to creating an inclusive environment where all professionals have a sense of belonging and can thrive professionally. We are dedicated to training, retaining, and promoting all employees, including underrepresented professionals such as minorities, women, LGBTQ employees, veterans, and individuals with disabilities.

In addition, we seek to positively impact the broader industry through our partnership with professional organizations.

We are committed to assessing the sustainability factors that impact our business, managing the risks associated with such factors, and striving to improve the way we operate our business in accordance with these factors. This includes identifying opportunities to reduce the Firm's own environmental footprint, enhancing the culture of the organization, having a positive impact on the communities in which the Firm operates, and operating with a emphasis of compliance.

We are committed to constantly improving our ability to measure climate change and supporting the transition to a low carbon economy across our business. We have partnered with third party environmental advisors to assess our carbon footprint and have achieved Carbon Neutrality through a combination of reduction efforts and financing a portfolio of sustainable projects that offset our remaining footprint.

At the investment level, we continue to make strides to integrate climate change risks and opportunities into our deal assessment and broader investment due diligence process.

Our sustainability practices are also influenced by our collaborations with and endorsement of third-party organizations and policies.





## Industry Leadership and External Collaboration

We believe we are uniquely placed within the industry, given our size and scale, to drive broader integration of sustainability factors among investors in alternatives. Therefore, we are engaged in multiple partnerships with organizations committed to enhancing the integration of sustainability factors and driving greater industry transparency.

### Industry Partnerships



A founding Signatory  
Since 2012



Member of the Industry Leading  
Impact Investing Network



- Firm Strategy Aligned with TCFD
- Released Inaugural TCFD Report in 2022



Serves as Foundation of  
Proprietary Sustainability  
Framework



- Alliance Membership
- Utilizing Materiality Mapping in Certain Investment Frameworks

### Additional Affiliations



We partner with a broad range of organizations to help us identify top talent in our recruiting efforts and many of our employees are actively involved with sustainability-focused organizations.

We seek to advance the missions of third party organizations committed to broadening access to capital in the asset management sector through conference sponsorships, speaking engagements, employment opportunities, mentorships, financial support, and scholarships.

Across our business we are leaning further into our responsibilities to our clients, employees, communities, the environment, and society at large. We believe it is critical to provide our investment teams with sustainability education so they can properly assess a company's environmental positioning and ability to successfully manage a green transition, which we believe has the potential to impact ultimate residual value.

To properly evaluate and monitor these risks and opportunities, improved data collection is paramount. We appreciate the need to work collaboratively across the private markets ecosystem to collect better, more standardized information so that we can evaluate, monitor, and report with improved accuracy and transparency on sustainability and impact factors.

## GCM Grosvenor Impact Report

Read about our commitment to making an impact through how we invest, how we manage our business, and how we serve our communities.

[Download Full Report](#)



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GCM Grosvenor (Nasdaq: GCMG) is a global alternative asset management solutions provider across private equity, infrastructure, real estate, credit, and absolute return investment strategies. **For any questions, please contact GCM Grosvenor Investor Relations at [investorrelations@gcmlp.com](mailto:investorrelations@gcmlp.com).**

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