

Sustainability - Environmental Social Governance (ESG)

Transparency Requirements under EU Regulation 2019/2088 ("EU Regulation")

At Houlihan Lokey we believe that our ESG-related initiatives, as varied as they may be, come down to one guiding principle: "Do the right thing, every time." Honesty, integrity, and trustworthiness have been our core values for decades, and this dedication to ethical behaviour drives Houlihan Lokey's commitment to helping our employees, clients, and communities promote sustainability and equity.

Information on how sustainability risks are included in our investment recommendations (Art. 3 EU Regulation)

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

We believe that thoughtful and consistent attention to our ESG responsibilities are integral to our operations, our long-term success, and our stakeholder relationships (our employees, clients, stockholders, regulators, and communities). Our process in identifying, assessing, and managing sustainability risks includes:

- Formation of an ESG Working Group at a groupwide level comprising members of various internal departments and external advisors overseen by the Office of the Executives and Board of Directors;
- Ongoing and consistent reviews of the group's policies and practices, and proposing new and additional practices as appropriate;
- Continuous focus on ESG topics most relevant to our business and stakeholders based on leading ESG frameworks, rating agencies, stockholder analyses, best practices disclosures, and internal feedback, with an emphasis on the United Nations Sustainable Development Goals (UN SDGs); and
- Evolving identification of sustainability risks most applicable to our business through aggregation of findings from ESG diagnostics and stakeholder assessments:
 - Talent Recruitment, Development and Retention;
 - Diversity, Equity, and Inclusion;
 - Employee Engagement;
 - Integration of ESG within our Client Services;
 - Professional Integrity and Business Ethics;
 - Enterprise Risk Management;
 - Cybersecurity Oversight;
 - Corporate Governance; and
 - Environmental Initiatives.

As we evaluate sustainability risks most relevant to us, the impact of our actions and practices on our broader stakeholder base is central to our process. From this perspective, Houlihan Lokey has aligned internal sustainability efforts with the UN Sustainable Development Goals (“UN SDGs”). The UN SDGs were adopted in 2015 with the aim of building broad scale support to address the toughest challenges of society, including severe poverty, gender, racial and economic inequality, and environmental devastation. As a responsible firm, we believe that aligning our contributions with the UN SDGs emphasizes our commitment to ESG related issues and will support our future progress. Set out below are some examples of how we seek to further the UN SDGs:

UN SDG 3 – *Good Health and Well-Being*. Our Healthy Living Committee promotes nutritional foods and drinks, activities and fitness, and well-being support for our employees alongside our employee benefit programs.

UN SDG 8 – *Decent Work and Economic Growth*. Our Human Capital Group develops and executes recruitment, career building, and operational initiatives providing opportunities for skills development, mentorship, and advancement within a safe and respectful work environment.

UN SDG 5 and 10 – *Gender Equality and Reduced Inequalities*. Houlihan Lokey’s Diversity, Equity, and Inclusion Council advances representation through engagement opportunities, talent development and recruitment, and awareness-building activities.

UN SDG 12 – *Responsible Consumption and Production*. Houlihan Lokey promotes environmentally responsible practices across our offices through company-wide recycling and energy use programs, local procurement efforts, and employee engagement opportunities.

Declaration on the consideration of adverse effects on sustainability factors (Art. 4 EU Regulation)

Houlihan Lokey focuses its activities on projects, products and services that have a positive sustainability impact. In particular, respect for human rights and the fight against bribery and corruption are of concern to us. We therefore strive not to work with companies or institutions known to us to disregard fundamental human rights or to be corrupt.

However, we try to identify adverse impacts of investment decisions on sustainability factors through media monitoring. Should we identify substantial adverse ESG effects as a result of investment advice given by our company, we will endeavour to react to this.

Houlihan Lokey is aware of its role in society and its responsibility towards clients, business partners and employees. Houlihan Lokey employees therefore adhere to the Code of Ethics, which serves as a normative guideline for their activities whilst working for the company.

The aim of the Code of Ethics is to promote honest behaviour in the company, characterised by ethical considerations and in compliance with the law, and characterised by trust and respect.

Transparency of the remuneration policy in connection with the consideration of sustainability risks (Art. 5 EU Regulation)

Our remuneration policy is consistent with the consideration of sustainability risks. We ensure through our remuneration policy that our employees are not remunerated or evaluated in a way that conflicts with our duty to act in the best interest of clients. Our remuneration policy does not incentivise brokering or holding investments that are not in line with any client's investment strategy. Our remuneration structure does not encourage excessive risk-taking with regard to the brokerage of investment products with high sustainability risks.