

PROFILE

The

By Krystal Scanlon

The Drawdown (TDD): Hamilton Lane has been formally collecting and evaluating ESG

information at both firm and fund levels for more than 10 years. How have ESG practices and processes changed since you joined and how much involvement have you had with setting it up/improving it?

Paul Yett (PY): I've been with Hamilton Lane for 22 years. When I started with the firm, it was a small organisation with about 20 people, and on the investment team we took a generalist approach.

As I reflect on the evolution of our journey with ESG, I'd say from the beginning we always had governance right. As we looked into investing in funds and co-investing alongside management teams, getting the "G" right was critical. Since day one: how compensation is calculated, how decisions are made, the governance structure, transparency, culture and so on, those were embedded in our analysis from the beginning.

Back then, there were no chief ESG officers or directors of ESG, none of those titles existed. Whereas today, we see more and more private markets firms with diversity and ESG officers, who are specifically focused on these issues.

Since 2010, Hamilton Lane has issued an ESG questionnaire as part of our due diligence process. The biggest change I've witnessed is in the responses. Initially, we received some from firms saying they don't have formal ESG policies but offered us their views on how they invest. Nowadays more firms respond with their ESG policies, what they're doing and their specific areas of focus. I've been on our investment committee for nearly two decades and have focused on the evolution of our questionnaire and the responses. Over the years our investment teams have done a terrific job improving and adapting questions to the current market.



DIRECTOR OF ESG & SUSTAINABILITY AT HAMILTON LANE

PAUL YETT, discusses the evolution of the firm's ESG processes, setting up its DE&I council and why diversity is important to him on a personal level

TDD: Your director of ESG & sustainability role is newly created. Why did the firm choose to create this specific role now?

PY: Overall, we do ESG across a number of areas. The fund investment team has their specific processes, as does the secondary team and so on. Hamilton Lane's Green Committee also helps to improve energy efficiency across our 17 global offices and we also have our long-standing diversity, equity & inclusion council. All of these components across the firm focus on different areas of ESG.

As ESG evolves, it's more important to consolidate efforts and ensure we're consistent across all areas. With my new role, we're now in a position to look across the entire organisation holistically, identify best practices and house our efforts in one centralised area so we can all benefit from collaboration.

TDD: Mario Giannini, Hamilton Lane's CEO was quoted saying, since day one you've demonstrated an aptitude and passion for ESG through your work at the firm since 1998. What initially sparked your interest in these areas?

PY: When I joined Hamilton Lane in 1998, there was a clear focus on diversity, which was important to me, personally. I was born during the time when there was a focus to push US civil rights. I'm bi-racial and was put up for adoption in part because of the challenges of those times and the prospect of raising a mixed-race child. One of my aunts was very instrumental in politics when I was growing up and her focus was also diversity. Understandably, my whole life has given me a passion for diversity.

When I joined the firm, I brought this knowledge and understanding with me. It's been part of my DNA so I was pleased to join a firm that shared similar values.

YETT BIO

Between 2010-19, Paul served on the governing board of the Robert Toigo Foundation. During the past 30 years, the foundation has fostered career advancement and increased leadership presence of underrepresented talent in the financial industry. This is understandably a cause close to Paul's heart, given his own personal and professional experiences of diversity.

TDD: You helped to establish Hamilton Lane's diversity, equity & inclusion council in 2015 and you're currently a member. What was involved in the set up and what are the council's responsibilities?

PY: The original premise behind the set up was to turn the lens on ourselves, look across the firm and ask if we can improve our own diversity metrics. We also look externally at the managers and types of people with whom we place capital. One of Hamilton Lane's mantras, *Do the right thing*, fell into line with setting up a DE&I council to focus on diversity. It's under the notion that if we can't measure it, we can't manage it.

Lots of clients I've worked with since day one, particularly pension plans and some endowments, have been vocal about the need for increased diversity. We want to listen and be respectful to our clients, while also applying our own mantra to it. That was the catalyst behind creating the committee. Some ideas we initiated from day one, we're implementing today, such as our speaker series where we get influential people from different ethnic backgrounds, histories and geographies in the marketplace to tell their stories.

TDD: The D of D&I is increasingly on everyone's radar as more and more firms understand the

benefits of having a diverse workforce. How much emphasis do you put on inclusion and what strategies are in place to handle this?

PY: This comes back to the idea if we can't measure it, we can't manage it. When I was part of our VC team, I'd look at various VC firms and see lots of the partners looked alike, and probably went to the same university. It was so collegiate and tight, there was no diverse thinking among those groups. By contrast, adding women and people of colour to the partnership changes the dynamic and the discussion.

I read a statistic recently that said at the next US election, there will be more people of colour of voting age than white males. This needs to be reflected in companies we invest in and on boards, otherwise we'll miss a huge opportunity. If we get that wrong, it could be financially detrimental.

TDD: In your new role, you're spearheading the firm's ESG integration strategy across the fund, direct investment, secondary, real asset and direct credit teams. What are your initial focuses for the next six months?

PY: My first focus entails upgrading and updating our recently completed ESG policy and statement.

My next focus will be working with those teams mentioned above. As the firm is doing a lot on ESG, I want to bring all those moving parts together in a more informed way. We'll be scrutinising our ESG best practices, ensuring we're asking managers the right questions, examining how we measure and score the managers and so on. We've had an ESG rating system for some time, so we may make adjustments to ensure it captures the changing landscape. Different regions naturally have different priorities, so we want to bring that all under one umbrella, while considering our *Do the right thing* mantra at every step. ♦

—THE— TIMELINE



1994 - 1998

**STONE PINE ASSET
MANAGEMENT**
ASSOCIATE



1998 - 2001

HAMILTON LANE
HEAD OF VC & REAL ESTATE



2002 - 2020

HAMILTON LANE
MANAGING DIRECTOR,
RELATIONSHIP MANAGEMENT



2010 - 2019

**ROBERT TOIGO
FOUNDATION**
BOARD MEMBER



2020 - present

HAMILTON LANE
DIRECTOR OF ESG &
SUSTAINABILITY