

Hall Capital Partners

Full Consequence Investing Impact Report Excerpts

2021

Full Consequence Investing 2021 Highlights

Investment Impact

- **Investing:** In 2021, we committed to a number of FCI Central¹ funds that seek to solve problems across education, healthcare, affordable housing, financial inclusion and climate change. **Climate-related investing continues to be a significant area of focus for us** as we seek to accelerate climate impact and generate attractive risk-adjusted returns across asset classes that include early-stage innovation, growth capital, renewable infrastructure, structured credit and public equities.
- **Measuring:** We further enhanced our impact measurement approach by incorporating the Impact Management Project's framework into diligence and monitoring for FCI Central investments, in addition to the Sustainable Development Goals and company-specific Key Performance Indicators.

Market Impact

- **Anchoring & Advising:** We continued to help catalyze third party managers' impact by committing anchor capital to first time funds and engaging with investment leadership as LPAC members for numerous impact funds.
- **Backing Diverse Investors:** We are proud of our support of underrepresented investors; 40% of HCP-approved investments over the last 12 months² were majority led by women and/or people of color.

Ecosystem Building

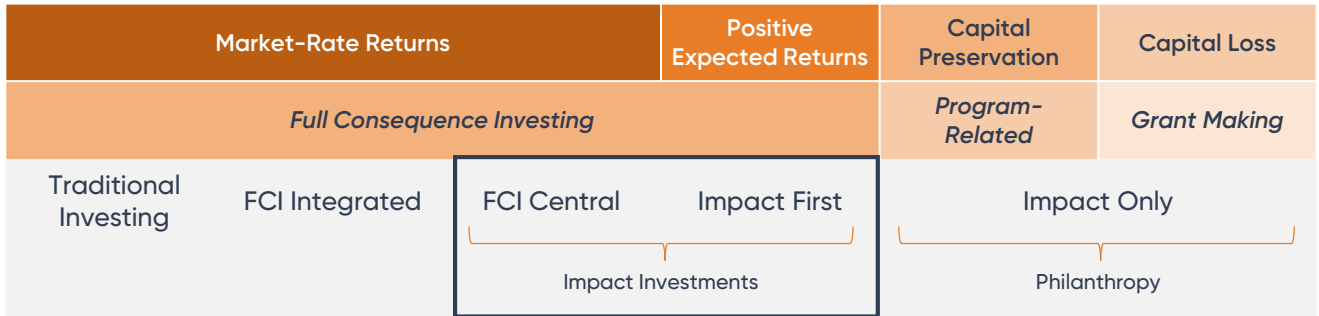
- **Partnering:** We joined Ceres, a climate-focused investor network, to collaborate with investment managers on Net Zero standards and we partnered with Bluemark to publish a white paper aimed at improving the quality of impact reporting in private asset classes.
- **Learning:** We hosted our first-ever Diversity, Equity, & Inclusion (DEI) Summit in 2021, convening GPs to discuss building and supporting diverse and inclusive organizations. We also expanded our own recruiting partnerships, improved our monitoring of DEI stats, and engaged with managers on DEI practices.

¹ See page 3 of this report for an explanation of FCI Central and related considerations.

² As of May 2022

FCI Investment Philosophy

Hall Capital Partners' Full Consequence Investing framework reflects our conviction that the pursuit of financial returns and thoughtful consideration of environmental and social investment outcomes are not only compatible, but also can be mutually accretive.



FCI Central strategies integrate social and/or environmental considerations into the investment process with intentionality and incorporate that lens to make investment decisions, aiming to generate positive measurable impact while seeking market rate returns. These strategies may also measure impact and/or seek catalytic opportunities.

Impact First strategies catalyze measurable positive social and/or environmental impact and may involve liquidity or other investment tradeoffs, though this category of investments is nascent.

The core focus areas of our FCI Central investments include:



EDUCATION

- Innovative education technology across early childhood education, K-12, and college
- Seek to increase access to quality education, lifelong learning, and workforce development



HEALTH & WELLNESS

- Aim to increase access to and reduce costs of healthcare products, services, and systems
- Fund development of new therapies & medical devices



ECONOMIC ACCESS & OPPORTUNITY

- Seek to increase access to quality affordable housing and financial services
- Innovative approaches to drive capital and resources to low-income populations, small businesses, and underrepresented groups



RESOURCE EFFICIENCY & SUSTAINABLE CONSUMPTION

- Seek to develop and scale climate solutions across mitigation, removal, and adaptation strategies
- Aim to improve and expand sustainable production & consumption

Partner Organizations:¹



Signatory since 2014



Member since 2021



Partner on impact measurement standards



Founding Charter Member

¹The company logos on this page are for informational purposes; their use does not imply any endorsement of Hall Capital by such companies.

Measuring Portfolio Impact

In 2021, we incorporated the Impact Management Project (IMP) into our three-pillared approach to impact measurement across our investments, complementing the Sustainable Development Goals and Key Performance Indicators. We now leverage the IMP's Five Dimensions of Impact in diligence of FCI Central investments, and in monitoring and reporting the progress of those investments toward target impact outcomes over time.

Impact Management Project

Five Dimensions of Impact

- What
- Who
- ≡ How Much
- + Contribution
- △ Risk

- The Impact Management Project (IMP) provides a forum for building global consensus on measuring, assessing and reporting impacts on people and the environment. By convening over 2,000 practitioners within the impact universe, the IMP reached consensus that impact can be measured across five dimensions: What, Who, How Much, Contribution, and Risk.
- We use these five dimensions to assess the impact potential of strategies we view as FCI Central, as well as evaluate the impact that these strategies achieve over time.

Key Performance Indicators



- We also work with select managers to identify customized key performance indicators for individual portfolio companies to measure and track both impact and financial returns.
- Select examples of key performance indicators include:
 - Education: Number of students served who are eligible for free and reduced lunch
 - Healthcare: Patients served and lives saved
 - Affordable Housing: Average rent paid by residents relative to market-rate rents
 - Renewable Energy: Carbon emissions avoided

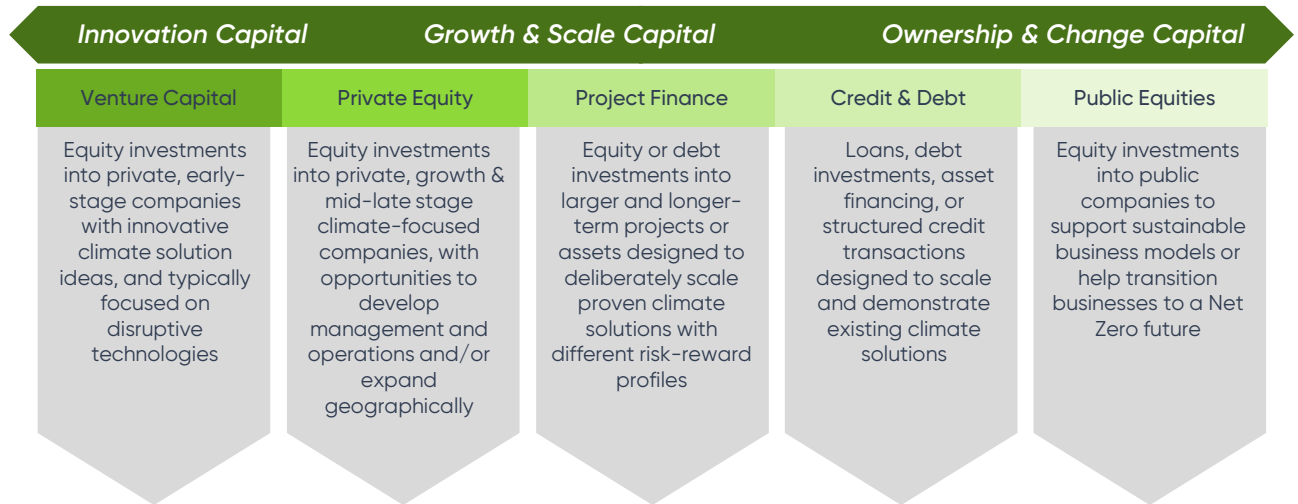
Sustainable Development Goals



- We use the Sustainable Development Goals as a helpful guide to understand what positive social and environmental outcomes to which our FCI Central investments are contributing.
- The United Nations Member States created the SDGs in 2015 as part of the 2030 Agenda for Sustainable Development, which provides a shared blueprint for achieving a more equitable and environmentally sustainable society by 2030.

2021: Deploying Capital Market Tools to Address Climate Change

In an effort to more systematically address climate challenges & opportunities, we developed our climate-related investment framework and directed ~\$450 million of HCP client capital into climate-related strategies in 2021. We think about climate-related investment strategies across the spectrum of our Full Consequence Investing framework and pursue opportunities with an emphasis on meaningful and measurable environmental impact.



CARBON PORTFOLIO ADVISORS

Voluntary Portfolio-Level Offsets

In partnership with Carbon Portfolio Advisors, we began offering voluntary portfolio-level carbon emissions offsets to our clients in 2021.

Carbon accounting methodologies are works in progress, but we have based our current estimation methodology on our collaboration with industry and academic experts at Harvard and UC Berkeley.



Investor Community Partnership

In 2021, HCP partnered with Ceres, an investor network with 185 institutional investor members managing ~\$31 trillion in assets to help asset owners and asset managers think through sustainable investment practices, portfolio company engagements, and the risks and opportunities arising from themes such as climate risk and water scarcity.

2021 HCP Operational Carbon Offsets

HCP has been carbon neutral by offsetting our estimated firm-level emissions since 2014. Our 2021 firm-level offsets came from Foam Supplies Inc. This project was borne out of the need for a more environmentally friendly way to manufacture foam, which is used in everyday-day items such as clothing, household appliances, food packaging, automobiles, and electronics. The HFC-134a gas, which is traditionally used as a blowing agent, is particularly harmful for the environment, with 1,300 times more global warming potential than carbon dioxide. In response, Foam Supplies Inc. has developed Ecomate®, a new blowing agent technology which is free from all ozone depleting materials and has zero global warming potential.

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Force majeure events, including public health crises that affect local economies or the global economy, may adversely affect Hall Capital and underlying fund managers. For example, uncertainties regarding the COVID-19 outbreak have resulted in serious economic disruptions across the globe. These types of crises can cause severe decreases in core business activities and lead to instability in the market, asset price declines, heightened volatility, and extreme and unpredictable governmental measures, as has occurred in connection with COVID-19. In addition, associated disruptions may affect our ability and that of underlying managers to maintain normal business operations for an extended period, which could negatively impact the identification, monitoring, operation and disposition of investments.

Prior to investing, you must carefully consider the risks and review all applicable offering documents for complete details. All investments carry the risk of permanent loss of capital and may lose value. While the material may present information about potential returns and investment performance, Hall Capital does not provide any assurance that any investment will be profitable. Past performance is no guarantee of future results.

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