

Hercules Capital

Environmental,  
Social and  
Governance  
Policy



A large orange circle is positioned on the left side of the page. Inside the circle, the text "Financing the growth of tomorrow's companies today" is written in white, centered and stacked in five lines.

Financing the  
growth of  
tomorrow's  
companies  
today

Hercules Capital is financing the growth of tomorrow's companies today. With employees spread across the United States, Hercules has built a diverse team of individuals united in their commitment to delivering compelling investment returns for our shareholders over the long term.

That commitment includes active consideration of environmental, social and governance factors. As a company, we strive to balance our focus on delivering the best possible total return to our investors with our obligations to our employees, portfolio companies and the communities in which we operate.

We believe that by focusing on both, we can continue to generate strong operating results and shareholder returns while continuing to build a company that makes our employees, portfolio companies and communities proud of how we conduct ourselves.

Our **core values** serve as a compass for the contributions we make as individuals and as a company to our communities.

Discipline

Fairness

Inclusion

Integrity

Respect

Teamwork

**We believe that environmental, social and governance factors are an important driver of long-term shareholder returns from both an opportunity and risk-mitigation perspective.** Our investment strategy is centered around financing growth-oriented companies in both Technology and Life Sciences. Many of these companies are on the cutting edge of developing new and innovative technologies or are advancing novel drug candidates that have the possibility of providing significant benefits to patients in a variety of areas, including those with unmet needs. **Several of these companies are focused on sustainable and responsible products and services, and we are proud to support their efforts.**

**At Hercules Capital, we believe the inclusion of factors related to sustainable and responsible investments provides meaningful value to our employees, portfolio companies, shareholders and community.** Our mission is to provide our shareholders with an investment strategy that delivers strong risk-adjusted, long-term performance. We employ a disciplined investment process that seeks to both uncover opportunities and evaluate potential risks while striving for the best possible return. Consistent with these objectives, **we take a comprehensive approach to integrating environmental, social and governance (ESG) criteria into our investment process.**



As a corporate citizen, Hercules Capital's commitment to ESG starts in our own offices. The following standards represent practices that Hercules Capital promotes and implements across its corporate culture.



# environmental

We limit consumption of scarce and/or non-renewable resources by being mindful of the products we use in our business.

We utilize an aggressive recycling and composting policy to reduce landfill.

We limit emissions of greenhouse gases and other forms of harmful waste by managing our energy use.

Our investment philosophy ensures that we generally do not invest directly in the oil and gas industry, mining, forestry, logging, and other areas that we believe are detrimental to our values and principles.

Our investment strategy in the sustainable and renewable technologies sector has centered around the reduction of greenhouse gas emissions through our investments in vehicle electrification and renewable resources such as solar and wind power.

# social

We mandate zero tolerance of discrimination and harassment of any kind including but not limited to sexual, gender, race, religion, ethnicity, age among others.

We promote diversity, inclusion and belonging in the hiring and retention of our employees with both our gender and ethnic consideration.

We have an established platform of giving that is focused on the health and well-being of our entire society and encourages our employees to give to their charities and communities by matching their charitable contributions and providing volunteering opportunities that better their communities.

We ensure our business gives back to the communities where we operate by partnering with charitable organizations and making donations to a diverse set of charities and organizations.

# governance

We manage our business with integrity and high moral conduct.

We have a corporate governance structure with clear responsibilities and procedures and a separation of the chairman and chief executive roles.

Our Board of Directors also reflect and practice the core values and beliefs of the Company and supports diversity and inclusion in its composition.

We comply with all applicable laws and regulations (including those related to human rights, child labor, forced labor, bribery and corruption and California Senate Bill 826 – Women on Boards) while striving to always do what we believe is right irrespective of any law or regulation.



With these principles in mind, we are committed to taking ESG considerations into account with respect to our corporate activities and corporate culture at Hercules Capital, including the evaluation of investments to create sustainable value.