



Houlihan Lokey

# ESG SUSTAINABILITY REPORT



2022



Environment

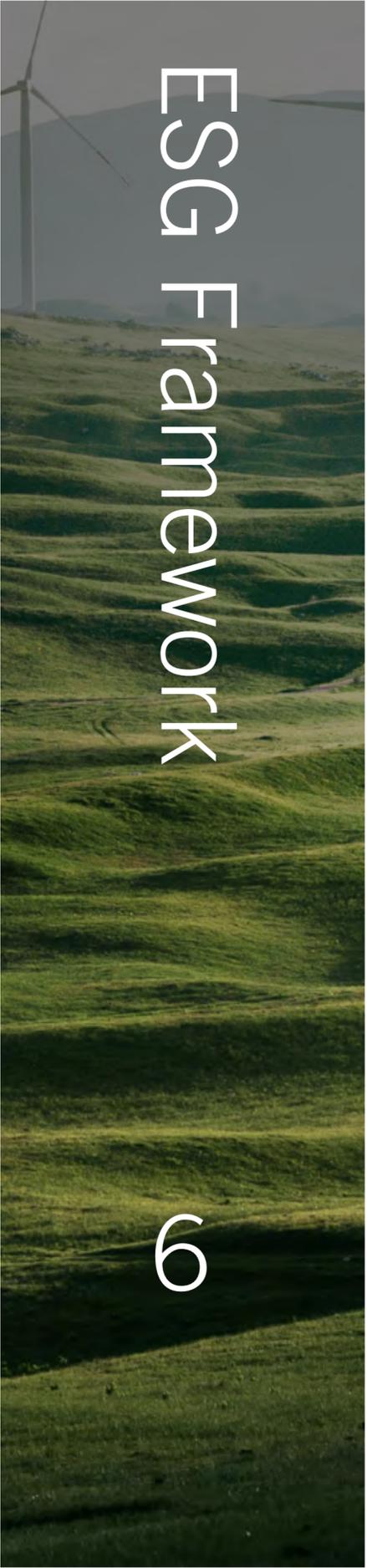
22

Governance

19

Social

8

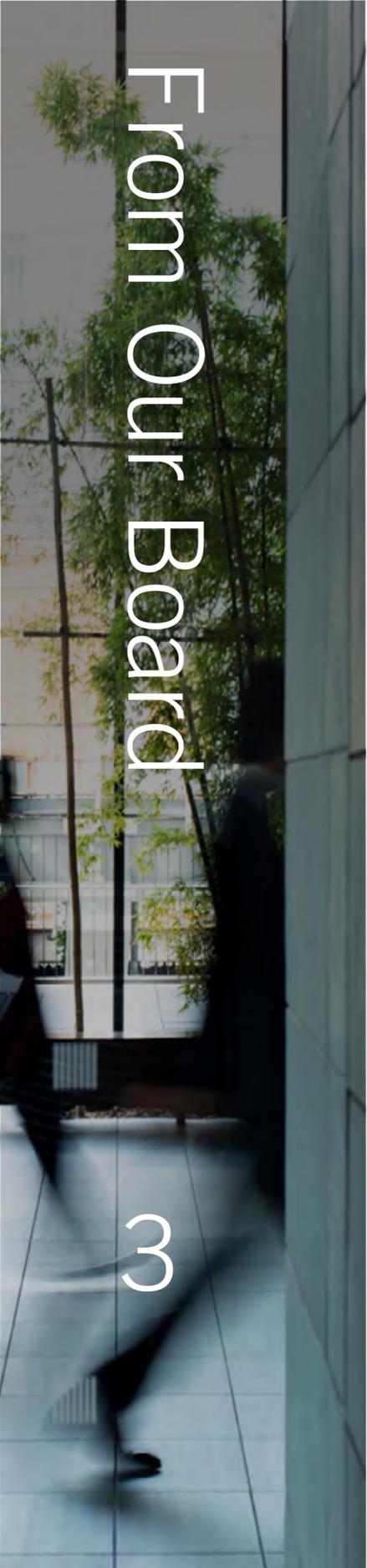


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# I am pleased to present Houlihan Lokey's second annual Sustainability Report.

It has been a watershed year for Houlihan Lokey, as we greatly expanded our global footprint during 2021 while continuing our organic growth, bringing record levels of revenue and profitability. This global expansion, and the extraordinary expertise and experience of the bankers we have added to our team, will benefit our clients in the coming years.

However, the explosive growth of our firm has not reduced the focus of our management team on our efforts to create a more diverse, equitable, and inclusive workplace for all our employees. In this report, you will read about our efforts to expand the reach of our recruiting. For example, the Thrive Scholars program targets talented high school students of color in New York and Los Angeles, engaging them for three years at a critical stage in their career development. This is just one of Houlihan Lokey's many efforts around the globe, aimed at attracting a more diverse group of new bankers each year, and you can read more about them in this report.

During 2021, we also greatly expanded the programs aimed at our existing workforce with the launch of the Houlihan Lokey Communities program. As detailed in this report, we formed five communities to create opportunities for employees to come and support each other while sharing their own unique experiences. These communities help

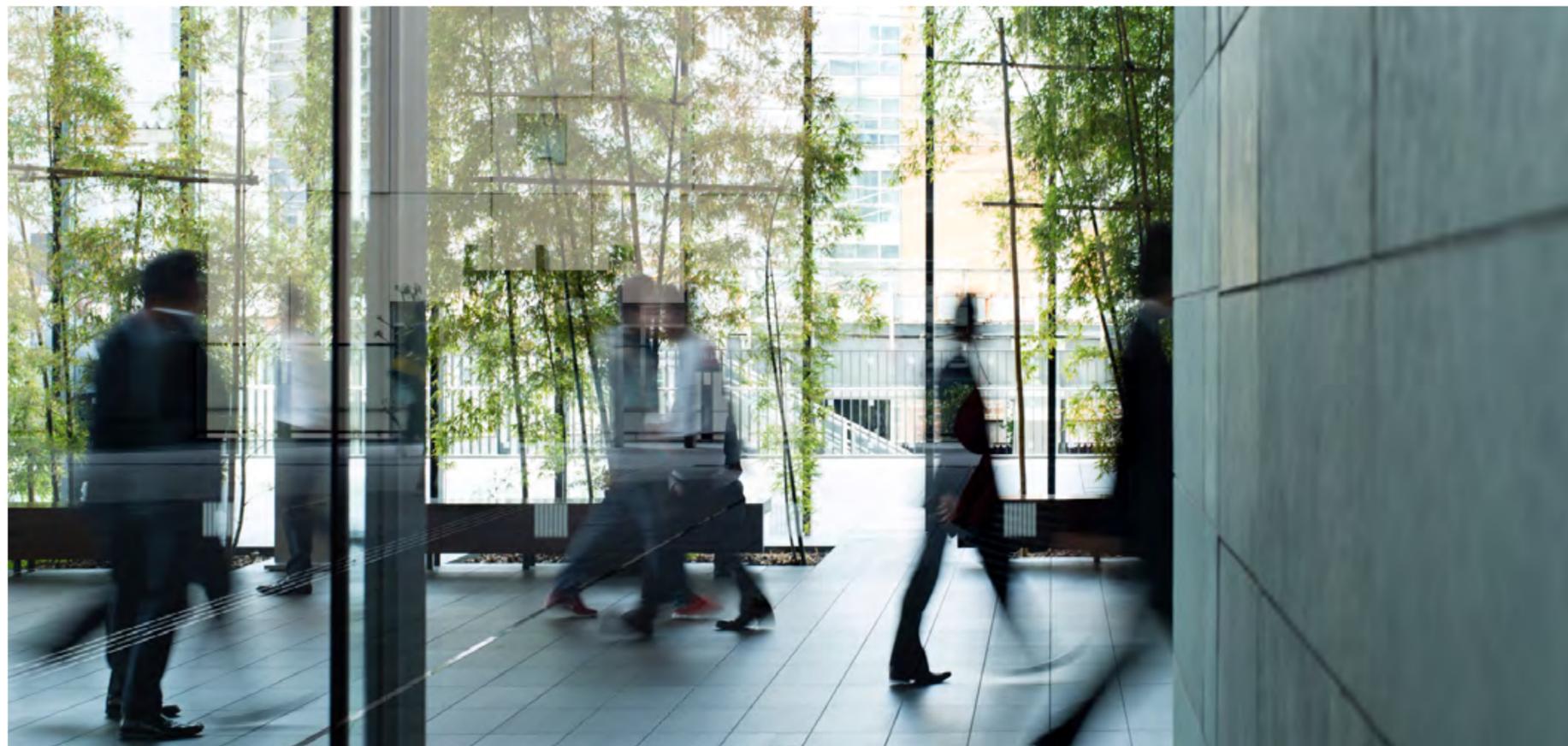
us to better meet the needs of our employees, especially those from diverse backgrounds, and I am personally participating as a senior leader of the Houlihan Lokey Pride community.

Our clients have also continued to increase their focus on the energy transition to a low carbon future, environmental services, and impact investing, and Houlihan Lokey is committed to delivering products and services that address these needs. In addition to our new ESG offerings, our bankers around the world have successfully completed a variety of transactions supporting business with positive impacts on society, including the energy transition. We have included several examples below, and we look forward to continuing to execute transactions that both promote sustainability and deliver for our clients in 2022 and beyond.

I hope you enjoy this year's report and look forward to providing continuing updates on Houlihan Lokey's progress in the years to come.

Sincerely,

**Scott Beiser**  
Chief Executive Officer



“The board remains committed to advancing workplace diversity, inclusion and equity, sustainability, and excellence.”

As we introduce Houlihan Lokey’s second Sustainability Report, the board of directors remains committed to advancing the company’s initiatives to promote workplace diversity, equity and inclusion, sustainability, and excellence in corporate governance. As members of the board, we contributed our time and energy to these efforts during the past year, meeting with employees and investors in a variety of settings.

While our discussions in the boardroom have always reflected the wide variety of personal and professional experiences of our board members, 2021 was the first full year that the board was populated by a majority of independent directors.

In the fourth quarter of 2022, Pamay Bassey and Cyrus Walker joined the board as independent directors. The impact of the new board composition became increasingly clear during the year, leading to a wide range of discussions that will ultimately benefit our shareholders, clients, employees, and communities.

In the past year, we also considered and approved the acquisition of GCA Corporation and its global affiliates, the largest acquisition in Houlihan Lokey’s history. As you will read in this report, GCA’s global footprint and existing suite of ESG services will enhance the company’s understanding of the different ways in which environmental, social, and governance goals are achieved in various countries around the world.

During 2022, we have continued overseeing and assisting management’s efforts to attract and retain a more diverse investment banking team. Specifically, we are actively monitoring the results of the company’s efforts to change the composition of its workforce to include more women and employees of color. Equally important, we are personally participating in these efforts and interacting directly with our employees as part of the various initiatives and events taking place throughout the year.

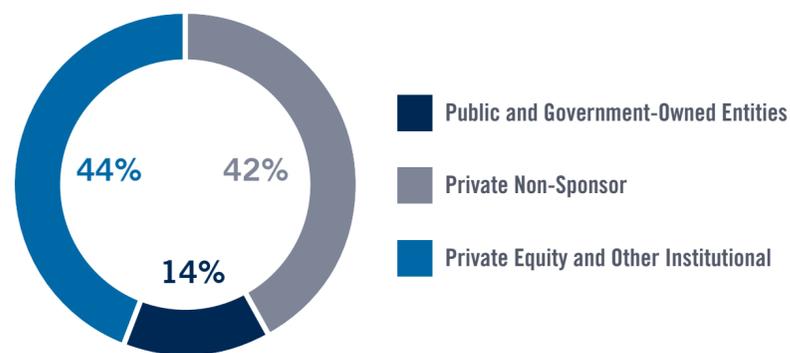
We are optimistic that 2022 will be another year of progress for Houlihan Lokey, which will better position the firm to meet the changing needs of its clients and employees.

# About Houlihan Lokey

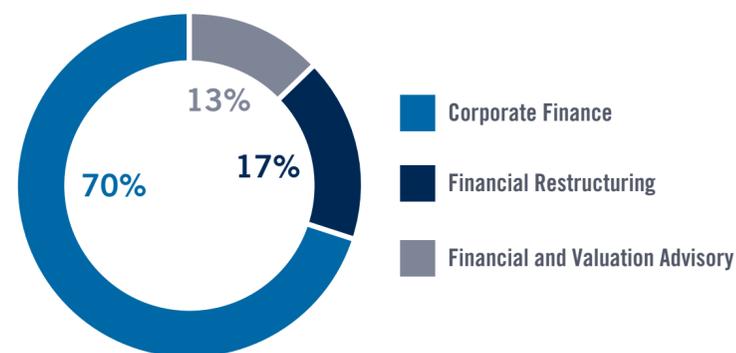
We are a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory services. By applying a rigorous analytical approach to our integrated platform, we advise our diverse set of clients through complex financial and strategic decisions.



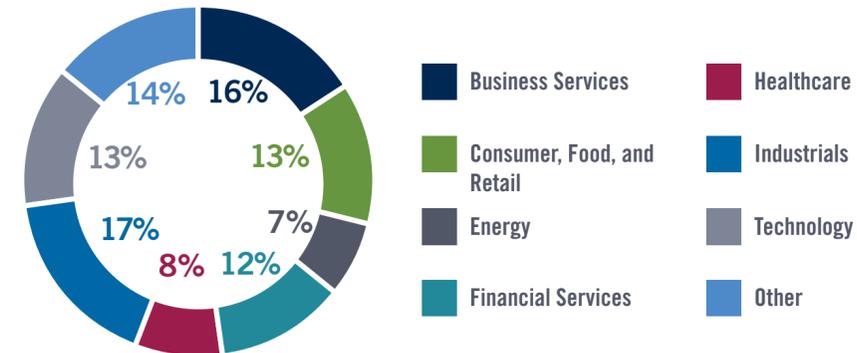
## Who We Serve



## How We Serve



## Industries We Serve



Note: All values in this report are as of March 31, 2022, unless otherwise noted.

# Our Mission

To help our clients achieve superior outcomes by providing thoughtful, caring advice while acting with honor and integrity

# Our Vision

To be recognized globally for providing the finest financial advice and services to our clients and the best place to work for our colleagues

# Our Approach to ESG

This report marks the second installment of Houlihan Lokey's disclosures on environmental, social, and governance (ESG) policies, practices, and procedures. As we celebrate the 50th anniversary of our founding, we look to the next 50 years and remain committed to approaching ESG in a thoughtful and consistent manner, one that considers our activities and their impact on our stakeholders—clients, employees, stockholders, regulators, and communities. This process involves ongoing assessments of our activities and concerted efforts to be accountable and transparent in the advancement of our ESG initiatives.

- **ESG Diagnostic:** Identification and evaluation of business relevant ESG responsibilities through the lenses of our stockholders, ESG rating agencies, peers, and frameworks, such as the Value Reporting Foundation's SASB Standards (SASB) and the United Nations Sustainable Development Goals (UN SDGs).
- **Engagements:** Constructive dialogues and consultations with stockholders, employees, clients, and external advisors to inform the development and enhancement of our policies, programs, and practices.
- **ESG Governance:** Organization, oversight, and communication of our ESG strategy through the ESG Working Group, which comprises employees from internal departments and external advisors, as directed by our executives and the board of directors.

Our ESG approach is informed by leading ESG frameworks.



## Houlihan Lokey's business strategy and ESG approach are interdependent, with an emphasis on the firm's business relevant ESG responsibilities:

- Diversity, Equity, and Inclusion
- Talent Recruitment, Development, and Retention
- Employee Engagement
- Integration of ESG Within Our Client Services
- Professional Integrity and Business Ethics
- Enterprise Risk Management
- Cybersecurity Oversight
- Corporate Governance
- Environmental Stewardship



# Alignment With the United Nations Sustainable Development Goals

We are a worldwide organization as exemplified through our business footprint, our employees, and the clients who engage us. As such, we bear a responsibility to consider the impacts of our decisions and actions with respect to global sustainability initiatives. The UN SDGs provide a framework of 17 action-oriented goals that seek to achieve environmental, social, and economic prosperity. We have identified five UN SDGs that we believe directly align with our ESG strategy and exhibit our contributions to social and environmental initiatives.



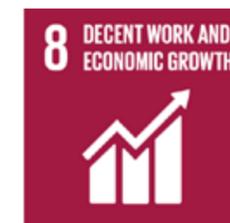
## SDG 3 – Good Health and Well-Being

Our Healthy Living Committee and Human Capital Group support the overall well-being of our employees with wellness programs, events, and comprehensive benefits. Through our advisory services, Houlihan Lokey facilitates healthcare deals that provide access and services to individuals in need of care. In 2021, we remained flexible in response to the COVID-19 variants, held virtual wellness sessions to encourage physical activity, and hosted speakers to raise awareness of the importance of mental health well-being.



## SDG 5 and 10 – Gender Equality and Reduced Inequalities

Our Diversity, Equity, and Inclusion Council spearheads recruitment and pipeline development, culture and community building, and policy and program development initiatives focused on building an organization that respects, values, and promotes the interests of all individuals. Our advisory services include strategic growth and funding opportunities targeted to female-led companies. In 2021, we established five Houlihan Lokey Communities, expanded our unconscious bias training, and released The View: A Series Focusing on Female Founders and Chief Executives.



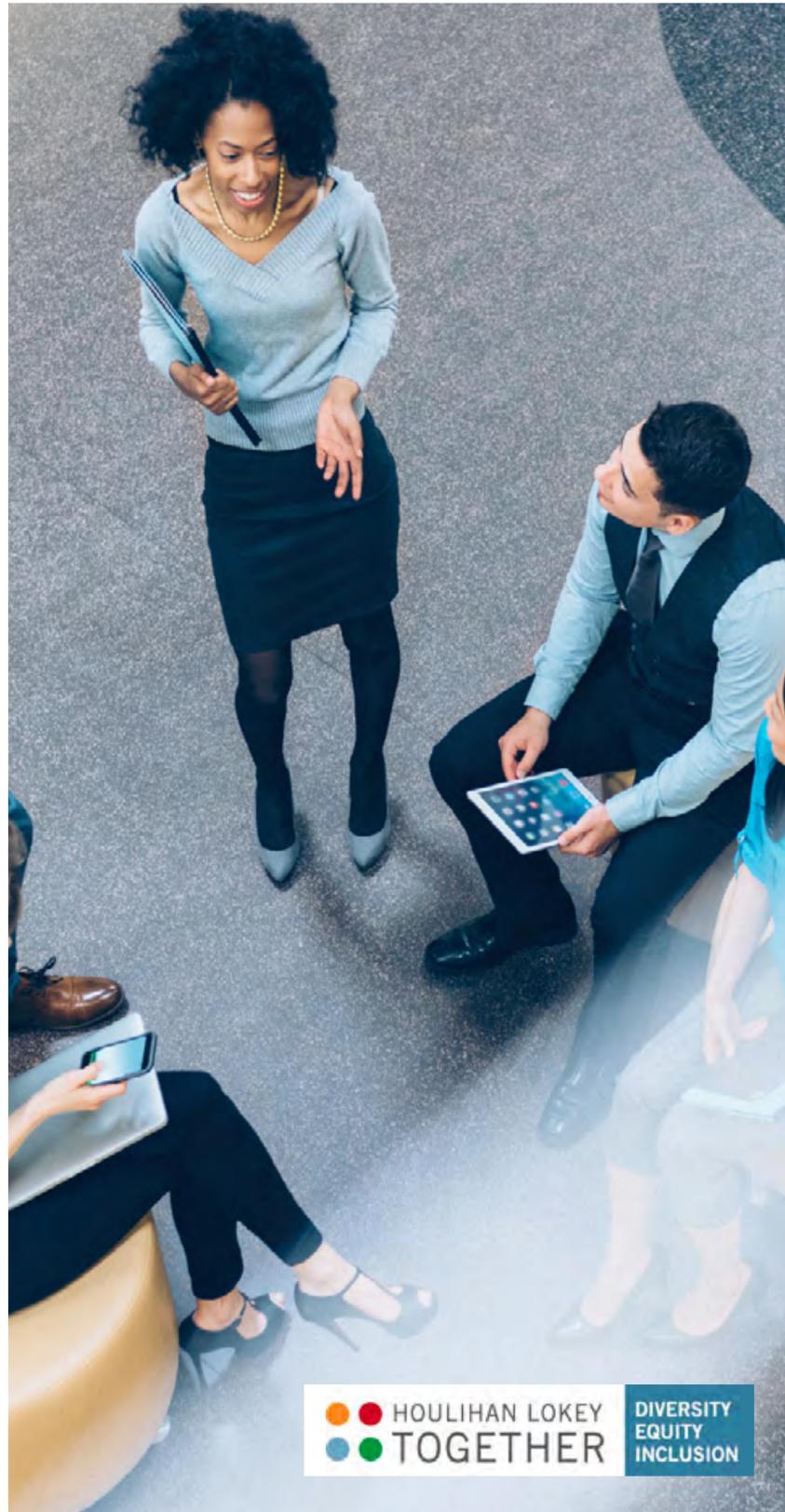
## SDG 8 – Decent Work and Economic Growth

Our Human Capital Group advances the opportunities for current and prospective employees through their recruitment, career-building rewards and recognitions, and operational initiatives. In 2021, we launched our mentorship exchange program, partnered with a leading nonprofit in our first immersive career development externship, and established a fellowship program for MBA students from underrepresented communities.



## SDG 12 – Responsible Consumption and Production

Our facilities and real estate teams and sustainability committees research, identify, and promote partnerships and programs that improve the efficiency and reduce the impact of our physical activities. Houlihan Lokey teams also support deals and provide advisory services for companies on the forefront of sustainability. In 2021, Houlihan Lokey European offices established a region-wide, employee-led sustainability committee, our San Francisco office building achieved the TRUE Zero Waste Silver Level certification, and the Renewables team in our Energy Group advised and developed deals for the energy transition.



# Promoting Diversity, Equity, and Inclusion

Houlihan Lokey fosters a diverse culture that is inclusive of all individuals. This is important not only because it is good for our communities and makes us a stronger global organization, but it also positions us to better serve our clients.

Respect for the value of the contributions, insights, and experiences of all our colleagues is at the center of our diversity, equity, and inclusion (DE&I) program. This program is premised on our commitment to cultivate a workplace that supports people from all backgrounds, regardless of their race, ethnicity, nationality, gender, gender identity, gender expression, sexual orientation, religion, socioeconomic status, political beliefs, age, physical abilities, and military or veteran status. Since our founding, we have prioritized equal representation as an Equal Opportunity Employer and have remained steadfast in our advancement of DE&I.

Our DE&I Council leads our efforts with a focus on developing policies and procedures that promote career growth, providing enriching opportunities for a diverse workforce, and cultivating a strong sense of community. With these aims, we believe we are better able to attract, motivate, and retain the top talent that drives our long-term success and raises our competitive advantage.

- Build external partnerships
- Engage in mentorship
- Support firm and industry awareness



- Celebrate culture and heritage
- Host speakers and events
- Conduct awareness training
- Connect senior leadership and junior professionals

- Launch firmwide engagement opportunities
- Encourage advancement of existing programs and initiatives

## Diversity, Equity, and Inclusion Council

14

### COUNCIL MEMBERS

Including representatives from our executives, Human Capital Group, General Counsel, administrators, chief operating officers and co-heads of our business lines, and MDs

4

### OVERARCHING GOALS

- Increase representation and retention of diverse talent
- Cultivate a culture that celebrates different ideas, perspectives, and backgrounds
- Engage business leaders and decision-makers to drive change
- Communicate DE&I commitments and progress

3

### SUBCOMMITTEES

Comprising employee volunteers and chaired by DE&I Council members

1

### COMMUNICATIONS TASK FORCE

Providing comprehensive firmwide updates on the DE&I Council and subcommittees

# Attracting and Developing Diverse Talent

We are focused on growing our diverse workforce through our recruitment efforts, internships, community outreach, and other special events. By developing new programs and working alongside our international partners, we are creating opportunities for young professionals entering our industry.

## Houlihan Lokey Thrive Scholars

We are supporting talented high school students of color from low-income communities in the New York and Los Angeles areas as they progress in their education and enter the workforce. Through our partnership with Thrive Scholars, we offer direct mentorship to new college students and provide an opportunity for them to join the foundation’s Finance Track, a three-year program focused on developing hard and soft skills for a career in finance.



## INROADS Immersive Training

We participated alongside other financial firms in INROADS Financial Services Institute’s 10-week immersive training program, which aims to build financial industry competencies among college sophomores who self-identify as Black. In 2021, one of the students from the program went on to join our Rising Leaders Program.



### Futures and Options Externship

We hosted our first externship experience in partnership with Futures and Options, a nonprofit empowering New York City youth of color and students from historically underrepresented communities. The four-day immersive career development program, led by Houlihan Lokey team leaders, provided an introduction to the firm and the finance industry in addition to mentorship, skills trainings, and project-based learning.



### Campus Community Engagement

We actively attract talented students from diverse backgrounds in the U.K. through our sponsorship and participation in events hosted by our partners: Bright Network’s Black Talent in Banking and Women in Leadership, and SEO/London’s Insight into the Independents.



### Financial Restructuring MBA Diversity Fellowship Program

We are promoting high-performing MBA students from underrepresented communities through our first-ever fellowship program, which includes a monetary contribution to their studies, a summer internship program, and an opportunity for full-time Houlihan Lokey employment.





DURING 2021, WE ESTABLISHED  
**Juneteenth**  
 AS A COMPANY HOLIDAY IN THE U.S., FIRST  
 OBSERVED ON MONDAY, JUNE 20, 2022.

# Cultivating Recognition and Awareness

As a global firm, our employee base reflects a diversity of nationalities, heritages, and cultural backgrounds. We strive to create a culture of inclusion where we can celebrate our diversity and appreciate our individuality and uniqueness through events, publications, and trainings.

## Celebrations Throughout the Year

We elevate the histories, cultures, traditions, and achievements of our global communities through the celebration of monthly recognitions, including Black History, Women’s History, Asian American and Pacific Islander Heritage, LGBTQIA+ Pride, and Global Diversity. During these months, we host a variety of events, which have included firmwide sponsored lunches at minority-owned businesses, book clubs, guest speakers, and publications of colleague “stories of diversity.”



## Leadership Commitment

We know the importance of having a leadership team that strongly recognizes and celebrates our diversity and is committed to advancing diversity and inclusion in the workplace. We are engaging in coalitions of support and learning from the experiences of others as a signatory to the CEO Act!on for Diversity & Inclusion™. This commitment is shared by our board members who actively participated in several of our DE&I events.

## CEO **ACT!ON** FOR DIVERSITY & INCLUSION

## Global Training

Each of our employees plays a role in the success of our DE&I initiatives, which we reinforce through our training programs. Our global employees, from our financial analysts to our managing directors, participated in our Mitigating Unconscious Bias in the Workplace training sessions. For our senior management, annual executive sessions are held to address our DE&I strategy, to discuss the challenges and opportunities of creating an inclusive culture, and to identify new leadership practices. We also conduct global anti-harassment training with all of our employees on cycles of every one to two years.



**26**  
 TRAINING SESSIONS OF  
 MITIGATING UNCONSCIOUS  
 BIAS IN THE WORKPLACE  
 HELD IN 2021

**~1,400**  
 HOURS OF ANTI-HARASSMENT  
 TRAINING ACROSS THE FIRM  
 IN 2021

# Houlihan Lokey Communities

We launched five Houlihan Lokey Communities. These are spaces that create opportunities for employees to come together, learn more about each other, and support our fellow colleagues from a variety of diversity dimensions. In the process, we are building connections, expanding our networks, providing mentorship and professional development, raising awareness, imparting education, fostering a sense of belonging, and furthering our DE&I goals.

During the kickoff year, our Houlihan Lokey Communities formed their volunteer, employee-led leadership teams, assigned their chairs, defined their missions and goals, hosted signature events, completed inclusive leadership training, and began ideating on next steps. In addition, each Houlihan Lokey Community recruited executive sponsors to serve as advocates for their mission and initiatives.



## Asian and Pacific Islander Community

aspires to create a supportive environment that raises the visibility of our Asian and Pacific Islander employees.



## Houlihan Black Alliance

strives to be an accessible, engaged, and exciting community for employees who identify as Black, are allies of Black employees, and are interested in learning more about the community.



## Houlihan Parents and Caregivers Circle

endeavors to improve, recognize, and humanize the employee experience for working parents and caregivers.



## HL Pride

aims to create an equitable, inclusive, and affirming environment for LGBTQIA+ individuals.



## Women @ HL

commits to foster an inclusive environment where women are supported, validated, and empowered to thrive in their professional roles.

“It has been a privilege to be part of the formation of the Women @ HL Community. Not only is it a further testament to Houlihan Lokey’s commitment of fostering a work environment that embraces everyone, but it also provides me the opportunity to share my experiences and give back.”

– Jesseca Lerdsuwanrut, Member of the Women @ HL Leadership Team

## Connecting With Houlihan Lokey Communities – Year One

- **Mindr Connect** – An online portal to learn about and participate in Houlihan Lokey’s DE&I initiatives
- **Launch Events** – An introduction to the importance and impact of the Houlihan Lokey Communities with executive and community leader speakers and integration in our new hire training
- **Community Virtual Mixers** – Opportunities to learn more about the Houlihan Lokey Communities’ visions, plans, and opportunities for involvement

We recognize that our competitive advantage is the quality of our talent—their intellect, their drive, and their vision. We consistently strive to be a top employer that delivers on our mission by attracting individuals who share our passion, nurturing the development of our employees’ skills and expertise, rewarding and recognizing their contributions, and supporting open and honest engagements.

## Rising Leaders Program

We welcome undergraduate students in their sophomore and junior years to participate in our U.S.-based 10-week Rising Leaders Program. The program builds competencies of our practices, raises awareness of our learning and development programs, and fosters relationships through mentorship from our team members. We leverage our talent partners to identify our engaged participants.



## U.K. Spring Insight Week

This past year, we held our inaugural Spring Insight Week for recent U.K. university graduates who are interested in an investment banking career. The four-day program provides an introduction to our Corporate Finance and Financial Restructuring businesses and includes talks from senior leadership, opportunities to shadow junior bankers, practical skills workshops, and networking events. The program also serves as a pipeline for our Summer Financial Analyst internship.

### HUMAN CAPITAL AREAS OF EXPERTISE

- Talent Acquisition and Development
- Diversity, Equity, and Inclusion
- Employee Lifecycle / Engagement
- Business Partnering
- Benefits / Total Rewards
- Operations and Data Analytics

## Our Human Capital Group consists of dedicated teams focused on creating a consistent approach to our people initiatives across the firm.

# Talent Development

## New Hire and Intern Curriculum

Each of our new hires participates in our three-week onboarding program designed to acquaint them with Houlihan Lokey and introduce them to their new roles through a selection of 13 role-based training assignments. In the past year, we provided more than 1,800 hours of onboarding content. In addition to joining our rigorous training sessions, our new hires and interns participate in our Senior Speaker Series, where our leadership shares their insights and experiences, and are also offered continuing development classes throughout their tenure.

15

CONTINUING DEVELOPMENT COURSES PROVIDED TO NEW HIRES AND INTERNS

35

ONE-ON-ONE SESSIONS HELD WITH OUR LEARNING AND DEVELOPMENT TEAM MEMBERS

## Mindr Mentorship Exchange

We launched our mentorship exchange program in partnership with Mindr to accelerate the achievement of Houlihan Lokey employees'



professional goals and strengthen their relationships across the firm. In its inaugural year, this innovative program paired 50 sets of Houlihan Lokey colleagues for a series of virtual one-on-one and small group mentoring sessions.

## Director Development Program

Our Financial and Valuation Advisory (FVA) business is entering the third year of its Director Development Program. The two-year program is designed to prepare our employees for career advancement and promotions to the Managing Director level. The success of the FVA program has encouraged us to develop and begin rolling out similar programs across our other lines of business.

## Online Learning

Our learning management system offers more than 230 unique courses to enhance and hone our employees' skills and development opportunities.

## Continuing Education

We encourage our employees to pursue ongoing skills development through the use of our tuition assistance program. In particular, we directly support employees who are pursuing their Certified Public Accountant (CPA) accreditation through reimbursements of prep materials and exam fees. We also sponsor Continuing Professional Education (CPE) and offer CPE-eligible courses.

2,000

PARTICIPANTS IN CPE COURSES OVER THE PAST THREE YEARS



37,000

COURSES COMPLETED IN 2021

>5,000

HOURS LOGGED BY EMPLOYEES IN COURSE CONTENT



**Based on exit surveys, more than 95% expressed a favorable opinion of the round table events.**

# Listening and Engaging

## Engagement Surveys

Each year, we conduct global employee engagement surveys that are developed, administered, and analyzed in partnership with Glint. These surveys provide insights covering areas such as career development, culture, recognition, leadership support, well-being, and equal opportunity. The results inform the development of our strategic priorities and action plans to address areas for improvement and continued advancement, as well as opportunities for leaders to engage with their teams.

## Senior Leadership Round Tables

We expanded our round table discussions this year with 18 events held between our associates and financial analysts and our managing directors and senior management. We launched the series in 2020 in response to direct employee feedback and have since had hundreds of participants engage in these discussions. The hour-long sessions provide opportunities for junior financial staff to ask questions of our senior management and learn more about our strategic initiatives.

## Manager Relationships

We promote an employee-centric approach and encourage our managers to foster open dialogues with their team members and provide regular feedback. We facilitate this process through the use of employee self-assessments, manager effectiveness surveys, peer feedback, and annual performance evaluations.



# Employee Health and Well-Being

We believe the support and care of our employees must involve the consideration of their overall health and well-being. This includes comprehensive benefits that attend to our employees' physical, mental, financial, and personal needs such as medical coverage, employee assistance programs, online therapy, and retirement plans.

Our Healthy Living Committee, a firmwide, volunteer-led initiative, spearheads many of our wellness activities, which complement and expand upon our benefits. Through these offerings, we provide opportunities for our employees to learn about and participate in programs that promote healthier lifestyles.

In 2021, we recognized the following occasions:

- U.K. National Stress Awareness Day
- Mental Health Awareness Month
- U.K. National Kindness Day
- World Vegan Day
- World Health Day

And, we ran several programs and hosted multiple events:

- Virtual yoga
- Desk pilates
- Sustainable eating and plant-based diet workshops
- Book clubs
- Time to Talk challenge on mental health
- 12-week virtual wellness challenges in partnership with ZogCulture



## Ongoing Response to COVID-19

Over the past year, we have continued to monitor the progress and spread of COVID-19. The health and safety of our employees has remained our highest priority. Throughout, we have been flexible in our approach, adaptive to the changing environments, and attentive to the needs of our employees so that they are protected and can successfully deliver services to our clients.

# Charitable Giving

We are a company with a strong commitment to philanthropic activities and outreach that promote the economic, social, and environmental well-being of our global community.

We promote charitable contributions with our generous matching program, encourage our employees to give back through volunteerism, and organize team and office events to support local initiatives.

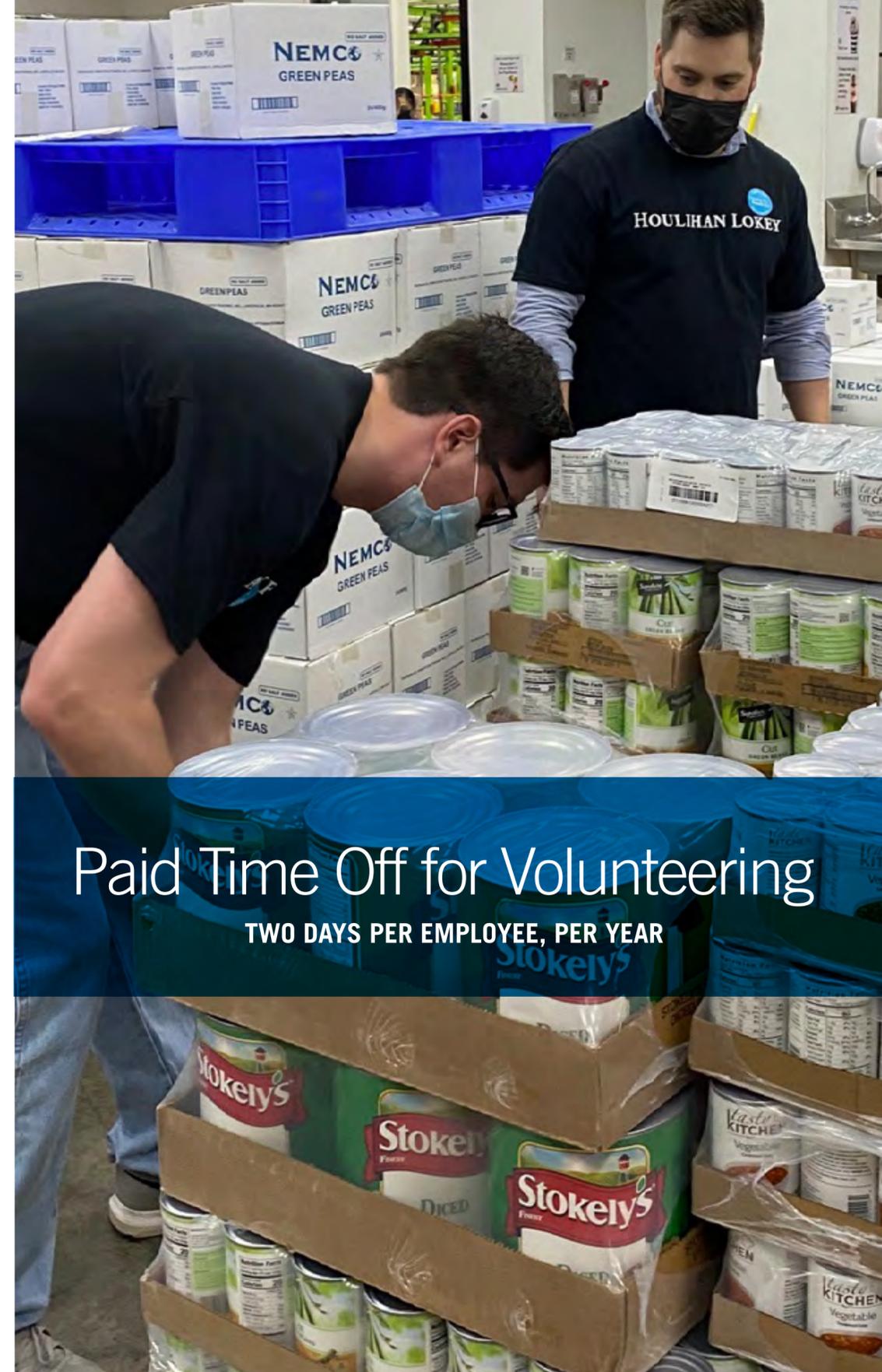
## >\$3 Million (USD)

FUNDS DONATED TO SUPPORT RELIEF EFFORTS FOR DISPLACED UKRAINIANS, INCLUDING >\$750,000 IN MATCHING FUNDS AS OF JULY 2022



## >\$750,000 (USD)

ADDITIONAL CONTRIBUTIONS THROUGH OUT GIVE-A-DAY, MATCHING, AND CORE CHARITY PROGRAMS AS OF MARCH 2022



Paid Time Off for Volunteering  
TWO DAYS PER EMPLOYEE, PER YEAR

# Creating Impact Through Our Business

We are a firm driven to meet the needs of our evolving marketplace and are responsive to emergent preferences and opportunities that spark innovation and challenge the status quo. With the rise of ESG and impact investing, we are expanding into new territory and, along the way, delivering results with more impact.

## Advancing ESG Consulting Services

We have expanded the integration of ESG into our deals coverage. GCA is a signatory to the Principles for Responsible Investment and, through this action, is committed to delivering positive ESG impacts through its M&A advisory services. The team has also been assisting companies with the development of green finance and green bonds, with a focus on sustainability-linked debt issuance in Europe.



>11

SECTORS WITH STRONG COVERAGE AND DEEP ESG KNOWLEDGE

35

ESG M&A SENIOR PROFESSIONALS ACROSS THE U.S., EUROPE, AND ASIA



**REBIKE**  
— MOBILITY

has received a growth financing of EUR 24.0m from

CIRCULARITY CAPITAL

Tengelmann Ventures

Parkshore Holding & existing investors

Financial Advisor

## Rebike Case Study

Our team of ESG experts led the €24 million founding round for Rebike, the operator of online platforms for the sale and lease of new and refurbished e-bikes in addition to e-bike rental locations. To successfully execute the transaction, sustainability impacts were leveraged, including Rebike's refurbishment of more

than 2,000 e-bikes since 2020, the benefits of an e-bike subscription-based rather than ownership model, and the integration of partnerships to promote battery repurposing solutions. The deal attracted investment from Circularity Capital and Vorwerk Ventures, among others.

## Capitalizing on the Energy Transition

Our Energy Group, including its Renewables team, continues to execute transactions that advance the energy transition. By working with innovative utility companies, we are supporting the growth of the energy revolution and the development of new technologies designed to tackle the pressing challenges from climate change and the drive toward carbon neutrality.

Our teams served as the exclusive financial advisors and deal development and negotiators for the sale of Cube District Energy, a landfill-gas-to-power and renewable natural gas company. With capabilities to divert methane that would otherwise flare during the decomposition process at landfills, the deal was attractive to many investors as a long-term investment in renewable energy opportunities.

**cube**  
DISTRICT ENERGY

a portfolio company of

**I SQUARED CAPITAL**

has been acquired by

**FIERA**  
INFRASTRUCTURE

Sellside Advisor

## Aligning With Impact Funds

Key members of our Financial Sponsors coverage group are assisting ESG and impact-minded private equity funds in their mission to identify target companies that meet their ESG policies and directives. The funds' investment mandates cover a range of industries and themes that span the environmental and social spectrum.

Our Healthcare Group served as the exclusive financial advisor for the sale of Community Medical Services (CMS), a provider of medication-assisted treatment for individuals afflicted with opioid use disorder, to FFL Partners and Two Sigma Impact. CMS's contributions in expanding access for those in need was an attractive aspect of the deal, which aligned with Two Sigma Impact's mission of achieving superior returns with positive social outcomes.

**Community**  
Medical Services  
CONNECTING RECOVERY | HEALING COMMUNITIES

a portfolio company of

**CLEARVIEW CAPITAL**

has been acquired by

**FFL PARTNERS** + **2σ Impact**

Sellside Advisor

A controlling interest in

**Thinx**

has been acquired by

**Kimberly-Clark**

Sellside Advisor & Fairness Opinion

Houlihan Lokey's Special Committee Advisory and Consumer Health and Personal Care teams served as the exclusive financial advisors to Thinx, a sustainable feminine hygiene solutions company, when it sold a majority stake to Kimberly-Clark Corporation. The transaction was led by two of Houlihan Lokey's senior women—Youmna Salameh and Susan Roddy—who worked alongside Thinx's CEO Maria Molland to structure and negotiate the transaction and render a fairness opinion.

## Supporting Women-Led Companies

We launched our advisory services for female-led companies in September 2020 with the intent of being the go-to investment bank to advise female founders and CEOs on strategic growth and funding opportunities. We are also thought-leaders driving conversations that address the challenges and successes of female leaders.

**NEW WEBINAR EVENTS**  
The View: A Series Focusing on Female Founders and Chief Executives

**THREE HOULIHAN LOKEY WOMEN BANKERS**  
Recognized among Mergers & Acquisitions' 2022 Most Influential Women in Mid-Market M&A

> \$22B

**TRANSACTION VALUATION**  
for the more than 125 female-led company transactions closed from 2019 to 2021



# Professional Integrity and Business Ethics

Our business is grounded in a commitment to serving our clients. With independent, thoughtful, and caring advice coupled with intellectual rigor, we are a trusted advisor to the top decision-makers around the world.

We maintain this trust by acting with honor and integrity in the interactions with our clients and one another and adhering to the highest standards of business ethics and compliance. This commitment requires continuous, active attention from all of us at Houlihan Lokey, which in turn helps drive superior outcomes for our clients and strengthens our reputation. We build this culture of integrity with a focus on awareness, accountability, and oversight.

## Awareness

Our policies and procedures complement the financial services' rules and regulations we must adhere to in the regions where we operate. They set the expectations for how we conduct business, including the management of potential conflicts of interests, maintenance of proper record keeping, and monitoring and reporting of potentially unethical and fraudulent business practices. Every year, our employees undergo ethics and compliance training and must review and acknowledge our Code of Business Conduct and Ethics.

## Accountability

Our employees, executives, and board each have a responsibility to abide by and uphold our standard of ethics. In the event of actual or perceived unethical behavior or acts of misconduct, employees are encouraged to report them via our internal channels or anonymous third-party ethics hotline and are protected against any form of retaliation. Each incident is investigated in a timely and confidential manner and resolved according to the specifics of each situation.

## Oversight

Our global compliance, ethics, and risk management strategies are managed by our Legal and Compliance and Human Capital Group teams. They ensure we are acting in accordance with all applicable rules and regulations; advise on best practices; develop, administer, and monitor our employee programs; investigate reports of misconduct; and relay their activities to our executives and board. The Audit Committee oversees our ethics and compliance programs and receives quarterly updates on any reports to the ethics hotline.

## Houlihan Lokey's Core Policies

Anti-Bribery and Corruption	Personal / Private Investments
Anti-Money Laundering	Outside Business Activities
Client Due Diligence and Background Checks	Gifts, Entertainment, and Charitable Contributions
Political Contributions	Conflicts of Interest
Whistleblower Protection	Data Privacy / Confidentiality / Cybersecurity
Non-Retaliation	Records Retention
Restricted List / Insider Trading	Communications and Public / Social Media

# Enterprise Risk Management

As a financial services company, we are subject to a number of legal, regulatory, and compliance requirements and must be attentive to the present and emerging threats in our industry. As such, risk management is one of our top priorities. We take an enterprise-wide approach to the mitigation and management of our business and financial risks, which includes ESG factors such as global compliance, cybersecurity, and human capital management. The process is comprehensive in scope and considers the interests of all stakeholders in its development.



## Cybersecurity and Data Privacy

The preservation and protection of our clients’ and employees’ sensitive and confidential information are critical to the success and resiliency of our business. We rely on our information security teams and third-party experts to protect against potential breaches or disruptions to our digital infrastructure by leveraging managed security services and industry-leading security platforms. We engage in tabletop exercises and training to focus on preparation, identification, response, and recovery from cybersecurity threats, which are monitored at the highest levels of our organization. Since cybersecurity is dependent on the activities of each employee, we communicate and reinforce appropriate actions and behaviors on the use, storage, and transmission of data to our employees and clients through our policies and trainings.

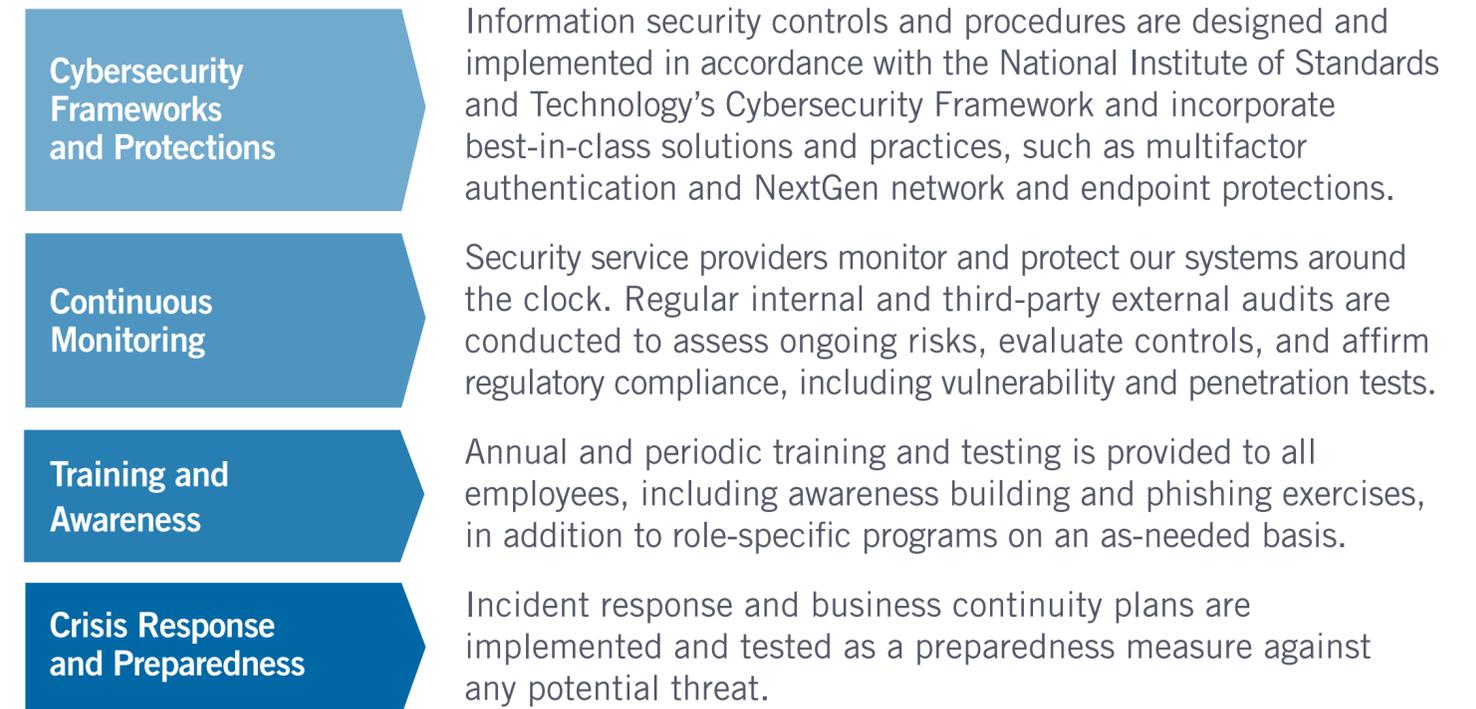
**ADMINISTERED**  
**7,450+**  
 LEGAL AND COMPLIANCE COURSES, TOTALING  
 >1,000 HOURS IN FISCAL YEAR 2022

**CONDUCTED**  
**1,500+**  
 HOURS OF THIRD-PARTY PHISHING AWARENESS  
 TRAINING FROM JULY 2021 TO JUNE 2022

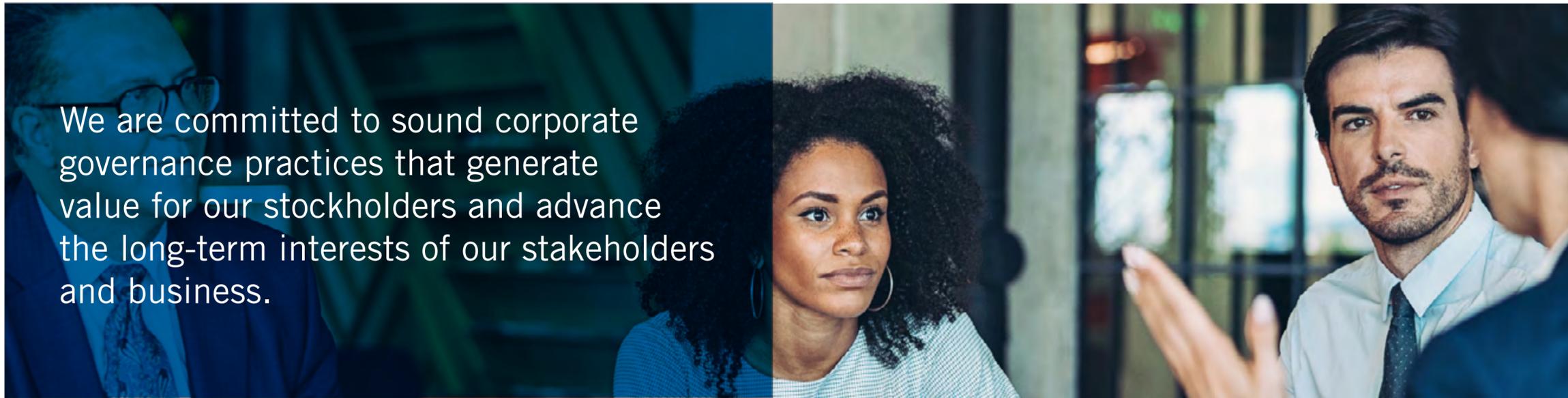
## Multilayered Oversight



## Multifaceted Program



# Our Commitment to Good Corporate Governance



We are committed to sound corporate governance practices that generate value for our stockholders and advance the long-term interests of our stakeholders and business.

## Governance as a Controlled Company

Since going public in 2015, we have maintained a dual-class share structure that retains voting control with those internal to the company, including our executives and former employees. The Houlihan Lokey Voting Trust controlled approximately 78.9% of our capital stock's voting power and approximately 27.3% of the economic interest as of March 31, 2022, and holds certain rights, including the ability to elect our directors and approve updates to our governing documents and potential corporate transactions. Our controlled company status also exempts us from certain corporate governance requirements of the New York Stock Exchange's listing rules.

Our overall board comprises a majority of independent directors, our Audit Committee is fully independent, and our independent directors meet in executive sessions without our executive directors on at least an annual basis.

## Board of Directors

Our board comprised 10 directors as of our fiscal year end. Each of our directors exhibits the qualities, attributes, skills, and expertise that align with our strategic initiatives. During the director selection process, we seek

to identify individuals with a diversity of backgrounds and perspectives and those who uphold a high degree of personal and professional integrity, strong ethics, and the ability to make sound business judgements. We expect each of our board members to adhere to our Code of Business Conduct and Ethics and Corporate Governance Guidelines.

## Board Oversight

Our board is served by three standing committees with the following oversight responsibilities:

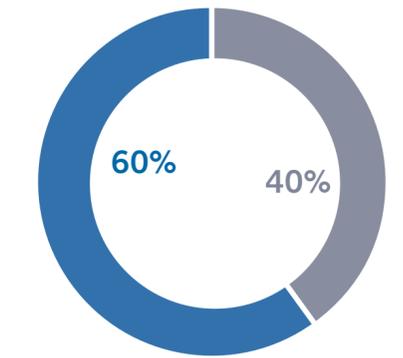
**Audit Committee** – Financial, compliance, and enterprise risk management

**Compensation Committee** – Executive and director pay and enterprise-wide incentive and equity plans

**Nominating and Corporate Governance Committee** – Board refreshment, board and management evaluations, and corporate governance practices

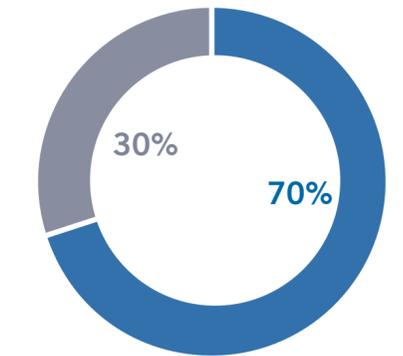
Our board as a whole oversees our ESG strategy and receives routine updates on our programs and initiatives. Throughout the year, certain of our directors participate in employee and investor engagements and outreach opportunities to gain additional perspectives and share their insights on ESG topics, such as DE&I.

## Board Independence



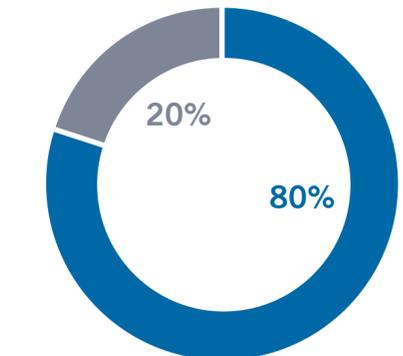
■ Independent Directors ■ Executive Directors

## Board Gender Diversity



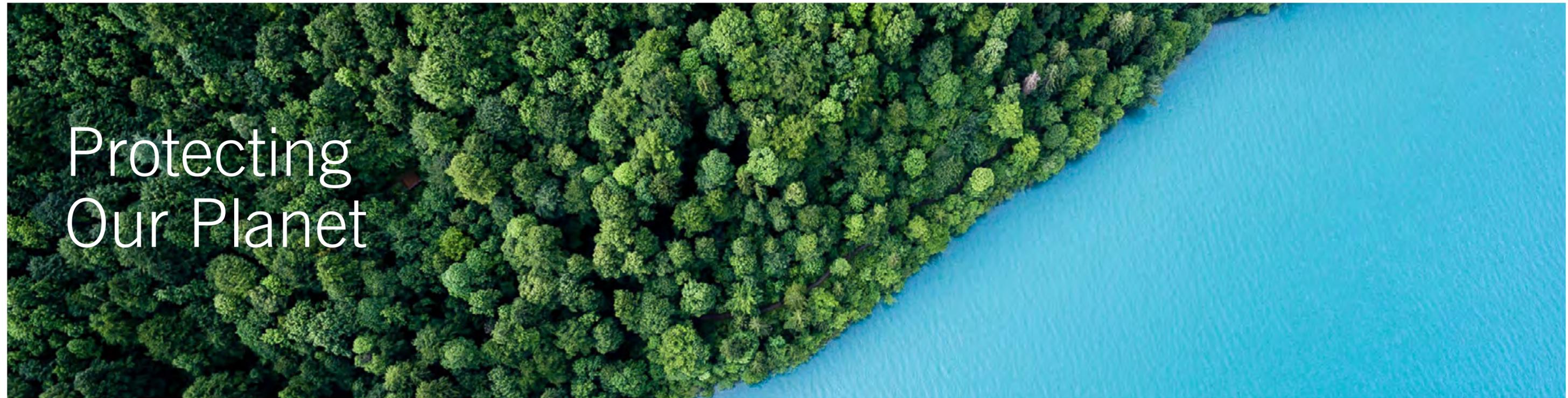
■ Male ■ Female

## Board Racial and Ethnic Diversity



■ White ■ Black or African American

*All charts reflect our board as of March 31, 2022.*



## Protecting Our Planet

### Environmental Stewardship

We are committed to making environmentally responsible decisions that promote sustainable and safe communities for our employees, clients, and neighbors around the world. This requires us to be conscientious of the products we use in our offices, the practices we encourage among our employees, and the places in which we work.

### Sustainability Initiatives and Climate Change

We encourage our employees to take action and get involved. Our European offices launched a regionwide, employee-led sustainability committee focused on implementing environmentally sensitive practices and promoting behaviors that will minimize our environmental footprint. We offer cycle-to-work schemes and encourage carpooling. We also raise awareness about sustainability and conservation by celebrating events such as World Earth Day.

Our attention is also starting to pivot to how we can monitor and measure the impact of our activities. For the past two years, our London office has completed Streamlined Energy and Carbon Reporting (SECR), a report on our energy and carbon emissions, which is a requirement for large businesses. We have also initiated preliminary carbon footprint accounting of our business travel for certain offices and business segments.

This year, we intend to explore and implement a more thorough process to account for our enterprise-wide greenhouse gas emissions. This process will inform future opportunities to reduce our emissions, identify offsetting measures, and advise our oversight process and reporting, including disclosure according to the Task Force on Climate-Related Financial Disclosures. We are also actively monitoring the regulatory environment and will adhere to all requirements.

# Sustainable Offices

The consideration and selection of our real estate options provide us the opportunity to prioritize the integration of sustainable operations and designs at our leased locations around the world. By doing so, we are minimizing our environmental impact and providing spaces that promote positive well-being for our employees and local communities.

Some of the environmental benefits from across our offices include:

### Building Efficiencies

- LED lighting
- Natural light and timed sensors
- Daylight access optimization
- Enhanced ventilation systems
- Automated HVAC systems
- Cool roof technology
- Water conservation devices
- Rainwater harvesting

### Office Practices

- Recycling programs including paper, glass, and toner
- E-waste recycling, including computers and batteries
- Composting
- Locally sourced products and foods
- Compostable plastic and paper products
- Filtered water stations

### Community Well-Being

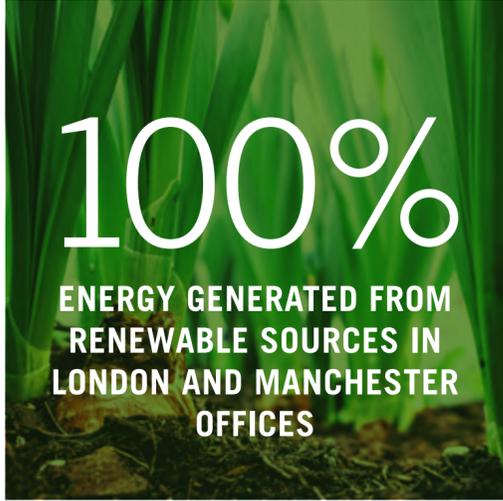
- Green space proximity
- Electric car charging stations
- Access to public transportation
- Bicycle parking and bike share stations

## Office Spotlight

Our San Francisco office space has been recognized for its sustainable design and operations by:

- LEED (Leadership in Energy and Environmental Design) Platinum certification
- BOMA (Building Owners and Managers Association) 360 program designation
- Energy Star rating of 94 out of 100

The property managers diverted up to 90% of the building’s waste from landfills and incineration, achieving the TRUE Zero Waste Silver Level certification.



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## Important Information

Published in July 2022.

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