

Wafra

Sustainable Investment Policy

March 2023

This fully amended and restated policy is initially adopted as of March 2023. It fully replaces and supersedes any policies or commitments made public prior to its effective date.

Introduction

In keeping with its institutional heritage, Wafra Inc. (“Wafra” or the “Firm”) seeks to provide long-term oriented investment solutions that can span not just years, but generations. Wafra believes environmental, social and governance (“ESG”) factors are a component of long-term financial value creation and became a signatory to the Principles for Responsible Investment (“PRI”) in 2016. The PRI is a global investor network, supported by the United Nations, that seeks to facilitate the integration of ESG considerations into signatories’ investment decision-making and ownership practices.

Wafra views ESG as an investment approach that aims to reduce risk or capture opportunity as it relates to ESG factors. Wafra is committed to seeking to integrate these considerations within its applicable investment processes¹ to holistically assess investment risks and build long-term sustainable businesses (“ESG Integration”).

Purpose

The purpose of this policy (the “Sustainable Investment Policy” or “Policy”) is to provide a broad framework on Wafra’s approach to considering ESG factors during the pre-investment ESG Integration process as well as post-investment value creation initiatives.²

Scope and Limitations

This Policy is designed to provide a broad framework for Wafra’s approach to ESG integration across its investment strategies³. Investors may use this Policy as a complement to fund constituent documents to further understand the ESG framework for particular strategies.

Wafra’s ESG integration strategy primarily focuses on factors that are deemed financially material. For the purposes of this policy, “material” ESG factors are defined as those that Wafra in its sole discretion determines to be reasonably likely to impact the financial or operating performance of a prospective investment. Wafra may utilize sector-specific guidance issued by organizations such as the Sustainability Accounting Standards Board (“SASB”)⁴ as a baseline and lean on its proprietary materiality framework to establish a final set of relevant ESG factors to assess in diligence. Material ESG risks are among many factors that may be considered in Wafra’s overall investment analysis. Material ESG factors can vary

¹ Subject at all times to the scope and limitations set out in this Policy.

² Wafra is an SEC registered entity and none of its existing funds are registered for marketing in the EU. Therefore, Wafra does not currently make disclosures in accordance with the EU’s Sustainable Finance Disclosure Regulation (SFDR), as a firm or in respect of its existing funds.

³ This policy supersedes any policies or commitments made public prior to its effective date. For the avoidance of doubt, ESG integration did not apply to investments preceding the formation of the SIG in January 2018. ESG integration was implemented at different times for various funds. Please reach out to Wafra for questions.

⁴ SASB forms part of the Value Reporting Foundation, a global non-profit focused on developing sustainability accounting and disclosure standards. Originally established in 2011, the SASB Standards identify a set of ESG factors that are likely to impact the operating or financial performance of a company within a particular industry. More information can be found here: <https://www.sasb.org/>

based on the asset class, sector, intensity, geography and likelihood of a risk or opportunity, and investment time horizon. These factors may affect the financial performance of an investment and thereby are assessed holistically alongside other attributes. The presence of material ESG risks will not necessarily preclude Wafra from acquiring or owning any investment on behalf of an investor. Wafra's ESG integration approach may differ materially across its various funds and related investment strategies.

The Firm's ability to influence and exercise control over the companies in which particular strategies invest will vary depending on the investment structure and terms. In cases where the Firm determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, whether at the investment or at the fund-level, the Firm will only apply those elements of this Sustainable Investment Policy that it determines to be practicable. Examples of such cases at the investment-level include where a fund is a minority shareholder, has limited governance rights or where other circumstances affect the fund's ability to assess, set or monitor ESG-related performance goals. Examples of such cases at the fund-level include a jointly managed fund or where a fund is a lender with no indicia of influence or control.

Governance

In 2018, Wafra established a Sustainable Investment Group ("SIG") to lead efforts to integrate ESG-related considerations into the investment process for investments and to work with its investment teams to provide associated guidance. SIG is led by Wafra's Head of Sustainable Investing, who reports directly to the Firm's Chief Investment Officer. The SIG is responsible for:

- I. Investment Integration: For private direct investments, SIG conducts pre-investment due diligence on sector-specific ESG factors with an emphasis on primarily financially material risks and opportunities. To the extent that the relevant investment team or SIG identifies a material ESG risk, SIG works with the investment team to determine whether and how identified risks should be addressed in the investment decision-making and/or ownership process. The securities team utilizes a third-party data provider for their sustainability-focused fund and may consult SIG on a case-by-case basis
- II. Portfolio Engagement Approach: For private direct investments, SIG engages in a collaborative dialogue on specific key performance indicators. Wafra views its investments as partnerships in which it aims to educate, engage, and empower its portfolio companies to adopt strong ESG practices, capture efficiencies and pursue innovative business & technology opportunities, in order to enhance financial value. For public direct investments, the securities team exercises active ownership practices by means of proxy voting and engagement with companies
- III. Research & Industry Outreach: Developing insights on strong ESG practices and participating in industry research. The SIG participates in a number of advisory groups and regularly contributes

to ESG-related research publications. Additionally, the team conducts research on emerging ESG-related industry trends to share with Wafra's investment teams

Approach to ESG

The Firm believes responsible ownership can lead to risk reduction, growth of investment efficiencies and increased brand value. Wafra seeks to integrate ESG-related considerations throughout the lifecycle of an investment (which may include via a proprietary ESG scorecard) in support of its aim to assess and build long-term sustainable businesses.

I. Investment Integration

Wafra views material ESG risks as potential investment risks and therefore seeks to pay close attention to these factors within the diligence process. Depending on the investment vertical, diligence can range from a screening approach to a quantitatively driven ESG scoring approach.

In some cases, investors may be values-based allocators and ask for screens of investments that have certain business involvements or that violate UN Global Compact Principles⁵. To do this, Wafra may conduct due diligence in the pre-investment process or may utilize a third-party data source.

Private Direct Investments⁶

In order to incorporate ESG considerations into Wafra's process for private direct strategies, the SIG is integrated into investment diligence and aims to provide its own analysis based on potential investment-specific risks and opportunities. SIG uses a proprietary scoring system to highlight material ESG risks and opportunities to the investment team during the due diligence and decision-making process. An ESG scorecard is presented alongside any identified potential opportunities for enhancing financial value through ESG engagement (if applicable) for consideration during the approval process.

Climate-Related Factors: Wafra seeks to understand how potential portfolio companies may be impacted by climate change and to ensure the long-term resiliency of the Firm's portfolios in respect of climate risk. Where deemed material by Wafra in its sole discretion, SIG may conduct a forward-looking climate analysis as part of its diligence process. This assessment aims to identify and assess relevant climate risks and opportunities, evaluating each potential portfolio company quantitatively under different future climate scenarios, where possible. Specifically, SIG may focus on material physical risks (e.g., exposure to wildfires, hurricanes, flooding), transition risks (e.g., exposure to shifts in regulations and consumer preferences) and climate-related opportunities (e.g., resource efficiency initiatives, adoption of low-carbon technologies). In line with the team's ESG analysis, findings are included in Wafra's investment

⁵ The UN Global Compact specifies a set of minimum standards as it relates to human rights, labor rights, environmental practices and corruption.

⁶ Wafra's private direct strategies are defined as private equity, real assets, real estate and absolute return strategies. Excluded are strategies investing in publicly listed securities and fixed income strategies. For further details on each of these strategies, please refer to the Strategy Specific Framework below.

committee materials and help inform SIG’s post-investment engagement approach for individual portfolio companies. Specifically, SIG seeks to conduct diligence on material physical and transition risks for private direct strategies. For strategic partnership investments made by Wafra’s private equity strategy (as defined below), SIG typically seeks to understand how a portfolio company evaluates and manages climate-related risks and opportunities within its own investment process.

Public Securities⁷

For its listed equity ESG strategy, Wafra’s investment team seeks to utilize external ESG ratings and research to deepen its understanding of risks and opportunities as part of the stock selection process. The SIG, while not involved in the stock selection process, conducts a quarterly review of the portfolio to monitor its ESG profile and share additional ESG-related insights with the investment team.

II. Portfolio Engagement Approach

Wafra is committed to being an active owner and primarily seeks to incorporate ESG considerations where financially beneficial throughout its asset management practices. The Firm believes that meaningful engagement with portfolio companies may enhance its long-term value and aid in managing risk over time.⁸

Private Direct Investments- Value Creation

For certain private direct investments, SIG seeks to engage portfolio companies on financial value creation opportunities. Engagements typically focus on issues identified during diligence that may, in Wafra’s view, create material risks for a portfolio company or offer significant opportunities. As part of this process, Wafra may focus on investment-specific issues as well as broader systemic risks, including those created by ESG factors such as climate change, corruption and data privacy concerns. The decision to engage with a company is generally based on a combination of A) practical considerations such as the size of investors’ exposure and the expected likelihood of the engagement’s success, and B) topic-specific considerations such as the urgency and severity of the issue for the portfolio company relative to the industry in which it operates.

Wafra’s ESG scoring methodology in diligence allows for a structured approach to setting short- and long-term key performance indicators (“KPIs”) for portfolio companies and tracking progress over time. The specific KPIs vary by portfolio company and by strategy but generally engagement can follow three pathways:

⁷ For the purposes of this policy, Wafra’s public securities strategies are defined as strategies investing in publicly listed equity securities. Excluded are strategies investing in publicly listed fixed income securities.

⁸ Please refer to the section titled Strategy-Specific Frameworks below for details on engagement for each investment strategy.

- 1) **One-on-one support:** Bespoke advisory and education sessions with portfolio company management and investments teams to address diligence findings and to support continuous improvement as industry practices for ESG implementation evolve
- 2) **Collaborative workshops:** Periodic events to educate partner managers on relevant industry trends and to encourage collaboration and knowledge sharing. Previous examples include workshops on ESG reporting and climate risk analysis⁹
- 3) **Efficiency Enhancements:** Specific value creation projects can bring financial benefits to several of Wafra's assets including enabling provision of energy services, water services, and waste efficiency fixtures

Public Securities- Stewardship

For its ESG listed equity strategy, the public securities team exercises active ownership practices by way of proxy voting and engagement. Wafra seeks to vote proxies in the best interest of the relevant Fund investor. The public securities team has retained a third-party proxy service to provide proxy research and recommendations, as well as record-keeping services, for accounts directed by fund investors to vote proxies. For Wafra's ESG-focused listed equity strategy, proxies are generally voted in accordance with third-party ESG proxy voting guidelines, however, there may be case-by-case exceptions if not in the best interest of the client.

The public securities team also has access to third-party ESG data and research which they may use to engage with companies on an ad hoc basis. Specifically, sector analysts may seek to engage with investments in the portfolio with lower ESG scores to understand any mitigation and/or remediation efforts underway to address the risks identified by third-party data and research providers.

III. Research & Industry Outreach

The SIG actively engages with the broader investor community to share insights on strong ESG practices and to explore opportunities to continue enhancing Wafra's ESG approach. The Firm's leadership participates in ESG-focused working groups and presents at conferences with well-established organizations such as Private Equity International and CFA Society New York. Additionally, Wafra regularly contributes to research and thought leadership such as recent UNPRI papers titled "Technical guide for limited partners: responsible investment in private equity" (May 2020) and "Starting up: Responsible investment in venture capital" (January 2022).

⁹ Previous examples include workshops on ESG reporting and climate risk analysis. Workshops were limited to partner managers within Capital Constellation in the past but may be offered to other strategic strategies going forward.

Strategy-Specific Frameworks

Private Equity

Wafra's private equity strategy acquires minority interests in both growth and established alternative asset managers ("strategic partnerships") and associated adjacent opportunities. Anchored by Wafra's strategic partnerships business, the Firm's private equity capabilities span direct investments, co-investments and secondary opportunities.

Investment Integration: Wafra recognizes ESG integration plays a key role for the Firm's strategic partnerships. The SIG works in close collaboration with the investment teams to apply a two-tiered approach to ESG diligence, assessing relevant issues both at the prospective strategic partner level (Tier 1) and at the level of the Underlying Investments (Tier 2). Tier 1 focuses primarily on governance and social factors of the Partner Manager. This can include factors such as the expertise of a Partner Manager's management team and the firm's Diversity, Equity and Inclusion ("DEI") strategy. Tier 2 goes a step deeper and targets the extent of ESG integration, including sector-specific ESG and climate analyses that a strategic partner may or may not conduct as part of their own investment process.

Value Creation: Post-investment, the SIG may engage Wafra's strategic partners to build capacity for ESG Integration within their respective organizations and enable strong long-term stewardship practices. SIG takes a systematic approach to helping portfolio companies integrate material ESG and climate considerations into their investment process, from due diligence and value creation to monitoring and oversight for ESG. This allows ESG synergies to flow from Wafra to the Firm's strategic partners and finally to their underlying investments.

For Capital Constellation specifically, there is a separate policy that outlines the ESG framework for the platform.¹⁰ Finally, Wafra aims to conduct diligence for co-investment and secondary opportunities using its proprietary scoring system. Opportunities for improvement are assessed on a case-by-case basis.

Real Estate and Real Assets

Wafra's real estate strategy targets alternative strategies focused on niche, thematic investments and traditional strategies. Wafra's real asset strategy targets real assets and infrastructure opportunities across a number of essential industries.

Investment Integration: As an owner and operator of a range of real estate and real asset investments, Wafra recognizes the importance of developing a holistic understanding of material ESG factors. Therefore, SIG works closely with the Firm's investment teams to analyze the ESG performance of both the individual assets as well as certain third-parties. Asset-level analyses are

¹⁰ With respect to the Capital Constellation platform, please also see the separate policy that outlines the ESG framework for the platform at <https://capitalconstellation.com/esg/>

consistent with the SIG team's quantitative and materiality-based approach to ESG diligence. For transactions where Wafra purchases an asset outright, the team may conduct diligence on property managers to assess their ability to implement ESG management programs and practices. For transactions in which Wafra enters a joint venture ("JV"), SIG may conduct additional diligence on governance and social practices of the prospective JV partner.

Value Creation: Post-investment, SIG may engage Wafra's investments on longer-term risk mitigation initiatives or opportunities. These are typically project-focused and may target opportunities such as optimizing an asset's resource efficiency and implementing sustainability-focused site enhancements.

Absolute Return

Absolute return strategies seek to access attractive risk adjusted return for our clients via two channels: special situations and customized hedge fund solutions.

Investment Integration: Wafra may conduct ESG pre-investment diligence that is customized to target a specific set of factors such as governance, geographic exposure and reputational risk.

This strategy generally does not seek to address ESG-related risks or opportunities post-investment.

Public Securities

Wafra's investment philosophy and process for public markets strategies focus on change-oriented investing and the identification of multi-year changes in companies and industries that the investment team believes will lead to differentiated investment ideas.

Wafra's public equity ESG strategy capitalizes on this change-oriented investment philosophy while taking into account ESG considerations:

Investment Integration: The investment team seeks to understand ESG factors using third-party ESG ratings and research to help inform its stock selection decisions.

Investment Stewardship: As part of the ownership process, the investment team may seek to engage with its investments on ESG risks highlighted in the third-party reports and generally votes proxies based on third-party ESG proxy voting guidelines.

To complement this process for the ESG equity strategy, the SIG engages with the investment team quarterly to monitor the portfolio-level ESG characteristics and share insights.

Accountability and Transparency

Wafra generally seeks to promote accountability and transparency with respect to its consideration of ESG issues in relation to its firm-level activities and investment strategies by:

- 1) Disclosing this Sustainable Investment Policy to investors and prospective investors;
- 2) Integrating information concerning ESG issues, fund management activities and progress in periodic reporting and other communications internally and, from time to time, with investors; and
- 3) Reviewing and, as appropriate, revising this Sustainable Investment Policy annually.