Wafra

Sustainable Investment Policy

April 2024

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 the consideration of material environmental, social and governance ("ESG") factors can be a component of both the preservation and creation of long-term financial value, and Wafra 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.[1]

Wafra views ESG as an investment approach that aims to reduce risk or capture opportunity as it relates to material ESG factors. Wafra is committed to seeking to integrate these considerations within its applicable investment processes[2] to holistically assess investment risks and build long-term sustainable businesses ("ESG Integration").

Purpose

The purpose of this policy[3] (the "Sustainable Investment Policy" or "Policy") is to provide a broad framework on Wafra's approach to considering material ESG factors during the pre-investment ESG Integration process as well as post-investment value creation initiatives.[4]

Scope and Limitations

This Policy is designed to provide a broad framework for Wafra's approach to ESG integration across its investment strategies.[5] Investors may use this Policy as a complement to fund constituent documents to further understand any applicable ESG framework for particular strategies.

Wafra's ESG integration strategy primarily focuses on ESG factors, including ESG risks and/or opportunities that are deemed financially material. For the purposes of this Policy, "material" ESG factors are defined as those ESG factors that Wafra, in its sole discretion, determines have – or have the potential to have – a significant impact on an organization's going forward ability to create, preserve, or erode economic value for that organization and its investors. Wafra may utilize sector-specific guidance issued

---

[1] Wafra's views may be different than PRI's, and Wafra's status as a signatory is subject to change at any time in its sole discretion.

[2] Subject at all times to the scope and limitations set out in this Policy.

[3] The term "sustainable investment" or any variation thereof in relation to this policy is not intended to imply that Wafra seeks to make "sustainable investments" pursuant to Regulation (EU) 2019/2088 or Regulation (EU) 2020/852. No commitment is made that any investment made by Wafra complies with or meets a particular environmental or social definition, standard or benchmark and as such Wafra's approach may not align with the views, beliefs or values, internal policies or preferred practices of any particular investor or with future market trends and/or regulatory requirements.

[4] Wafra is an SEC registered investment adviser 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.

[5] 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 Wafra's Sustainable Investment Group in January 2018. ESG Integration was implemented at different times for various funds. Please reach out to Wafra for questions.

by organizations such as the Sustainability Accounting Standards Board ("SASB")[6] as a baseline and lean on its proprietary materiality framework to establish a set of material 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 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 it invests 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 factors 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 may include where a fund is a minority shareholder or 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, co-investment, or where a fund is a lender with no indicia of influence or control.

Governance

In 2018, Wafra established the Sustainable Investment Group ("the 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. The 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, the SIG conducts pre-investment due diligence on material, sector-specific ESG factors with an emphasis on primarily financially material risks and opportunities. To the extent that the relevant investment team or the SIG identifies a material ESG risk, the SIG works with the investment team to determine whether and how identified risks should be addressed in the investment decision-making process and/or managed during the ownership process.

II. Value Creation: For private direct investments, the SIG engages in a collaborative dialogue on investment-specific key performance indicators ("KPIs"). Wafra views its investments as partnerships in which it aims to educate, engage, and empower its portfolio companies to adopt strong ESG

[6] SASB forms part of the IFRS Foundation, a global non-profit that oversees financial reporting standard-setting. 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/.

practices, capture efficiencies, and pursue innovative business & technology opportunities in order to enhance financial value.

III. Research & Industry Outreach: The SIG develops insights on strong ESG practices and participates 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 consider material ESG factors throughout the lifecycle of an investment (which may include via a proprietary ESG scoring approach) 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 have been shown to violate global norms and frameworks including the UN Global Compact Principles.[7] To do this, Wafra may conduct due diligence in the pre-investment process or may utilize a third-party data source. Additionally, Wafra may also screen for evidence of labor and human rights violations to assess and monitor its portfolio companies' practices towards employees and external parties.

In order to incorporate material ESG factors 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. The SIG typically uses a proprietary ESG scoring approach to highlight material ESG risks and opportunities to the investment team during the due diligence and decision-making process. An ESG scorecard may be 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 including to support the long-term resiliency of the Firm's portfolios in respect of climate risk. Where deemed material by Wafra in its sole discretion, the SIG may conduct a forward-looking climate analysis as part of its diligence process. This assessment aims to identify and assess material climate risks and opportunities, evaluating each potential portfolio company quantitatively

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

under different future climate scenarios, where possible. Specifically, the 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 generally included in Wafra's investment committee materials and may help inform the SIG's post-investment engagement approach for individual portfolio companies. Specifically, the 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), the SIG typically seeks to understand how a portfolio company evaluates and manages climate-related risks and opportunities within its own investment process.

II. Value Creation

Wafra is committed to being an active owner and seeks to incorporate consideration of material ESG factors 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]

For certain private direct investments, the 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 value creation 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, 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, and C) any other legal or fiduciary duty considerations.

Wafra's ESG scoring approach in diligence allows for a structured approach to setting short- and long-term KPIs for portfolio companies and tracking progress over time. The specific KPIs vary by portfolio company and by strategy, but engagement can follow three pathways:

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 analysis.[9];

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

[9] Workshops were limited to partner managers within Constellation in the past but may be offered to other strategic partnership strategies going forward.

3) **Efficiency Enhancements and Sustainable Site Improvements:** Specific value creation projects can bring financial benefits to several of Wafra's assets including enabling provision of energy services, water services, waste efficiency fixtures, EV charging, and solar.

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, including two UNPRI papers entitled "Technical guide for limited partners: Responsible investment in private equity" (May 2020) and "Starting up: Responsible investment in venture capital" (January 2022).

Strategy-Specific Frameworks

Private Equity

Wafra's private equity strategy targets direct investments in alternative asset management businesses across established and next generation 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.

I. 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 strategic partner. This can include factors such as the expertise of a strategic partner'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 its own investment process.

II. 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. The SIG takes a systematic approach to helping portfolio companies integrate material ESG factors, including climate considerations, into their investment processes, 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. Certain funds may be subject to specific reporting standards such as the ESG Data Convergence Initiative ("EDCI").

Constellation

Within Wafra's private equity strategy, Constellation is an innovative, global joint venture making structured, growth-oriented investments in next generation, alternative investment management firms ("Partner Managers") and supporting value creation by providing strategic direction and operational support. The Constellation platform presents an opportunity to facilitate the adoption of strong, long-term ESG practices, not only among the platform's Partner Managers but also across their underlying investments ("Underlying Investments"). This approach allows Wafra's ESG expertise to be leveraged at the Partner Manager level and flow through to the Underlying Investments. This enables Constellation's objective to help build long-term value for businesses that are well positioned to navigate future challenges and opportunities. The Constellation platform requires Partner Managers to (i) undergo diligence of material, sector-specific ESG factors at the firm level and of their ESG investment process, (ii) engage with the SIG at least once on an annual basis on ESG risks and opportunities identified, if requested, and (iii) complete an annual ESG questionnaire that aims to track each manager's ESG progress and quantify specific ESG outcomes. The SIG will present findings from ESG diligence for consideration during the investment committee approval process. If the relevant investment team or the SIG identifies a material ESG risk, the SIG coordinates with the deal teams on potential areas of value creation. All Partner Managers are expected to participate in annual reporting, and Wafra will report these findings on an annual basis to Limited Partners. The platform also requires formal acknowledgment by Partner Managers of Wafra's Sustainable Investment Policy in contractual agreements.

Real Estate and Real Assets

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

I. Investment Integration: As an owner and operator of a range of real estate and real assets investments, Wafra recognizes the importance of developing a holistic understanding of material ESG factors. Therefore, the 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 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"), the SIG may conduct additional diligence on governance and social practices of the prospective JV partner.

II. Value Creation: Post-investment, the SIG aims to drive value at Wafra's assets through risk mitigation initiatives and longer-term opportunities. The team focuses on value creation initiatives that are typically project-focused and may target opportunities such as optimizing an asset's resource efficiency (e.g., LED lighting, low-flow water fixtures, etc.), implementing sustainability-focused site enhancements (e.g., rooftop solar and electric vehicle charging stations), and enhancing the asset's resilience to climate risk. These initiatives are tailored to each asset, building on the findings from Wafra's ESG and climate diligence.

Absolute Return

Absolute return strategies seek to access attractive, risk-adjusted returns for Wafra's 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 engage or create value on ESG topics post-investment.

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 material ESG factors, 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.[10].

[10] This fully amended and restated policy is initially adopted as of April 2024. It fully replaces and supersedes any policies or commitments made public prior to its effective date.