

Constellation Platform

Environmental, Social and Governance (ESG)
Policy

March 2021

1. Purpose

The purpose of this policy is to outline the Environmental, Social and Governance (“ESG”) approach for Wafra Inc. (“Wafra” or the “Firm”) as it relates to Capital Constellation L.P., Constellation Generation III, L.P., Constellation Generation IV Fund-A, L.P., and Constellation Generation IV Fund-B, L.P. (collectively, “Constellation” or the “Platform”). Constellation is an innovative global joint venture making structured, growth-oriented investments in alternative investment management firms (“Portfolio Companies”) and driving value creation by providing strategic direction and operational support.

Wafra defines ESG as an investment approach that aims to reduce risk or capture opportunity as it relates to environmental, social and governance standards. As a signatory of the Principles for Responsible Investment (“PRI”), a global investor network supported by the United Nations focused on facilitating the adoption of responsible investment practices, Wafra agrees that addressing ESG issues can positively affect the performance of its investment portfolios. The Firm believes that embedding material ESG considerations in its investment decision-making and approach to asset ownership can help Wafra manage financial risk more holistically and identify opportunities that aim to create additional value for the Platform’s investors.

2. Integration Approach

Constellation presents a unique opportunity to drive the adoption of strong, long-term ESG practices, not only among the Platform’s alternative managers but also across each of their underlying investments (“Underlying Investments”). Wafra’s Sustainable Investment Group, responsible for the Firm’s ESG efforts, seeks to facilitate the integration of ESG considerations into the investment processes of Constellation’s Portfolio Companies. This approach aims to generate a multiplier effect, allowing ESG expertise and best practices to be established at the Portfolio Company level and flow through to the Underlying Investments (see Figure 1). In this way, Constellation’s objective is to help build long-term sustainable businesses that are well-positioned to navigate the challenges and opportunities of the future.

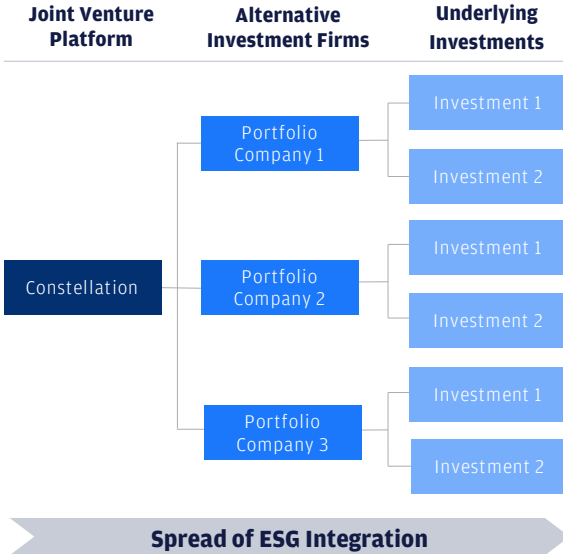


Figure 1: Spread of ESG integration throughout the Constellation Platform. For illustrative purposes only.

3. Scope and Goals

This policy is applicable to the Portfolio Companies and is intended to provide an overarching framework for Wafra's ESG integration strategy across the Platform.

Recognizing that each investment opportunity is unique and therefore faces different risks and opportunities, Wafra's ESG analysis is customized for each Portfolio Company based on its industry focus, asset class and geography. 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 utilizes sector-specific guidance issued by the Sustainability Accounting Standards Board ("SASB") as a resource to frame the materiality discussion for each Portfolio Company.

4. Oversight

Wafra's Sustainable Investment Group facilitates the implementation of this policy and is responsible for reviewing and maintaining the policy on an annual basis. The team is led by Wafra's Director of Sustainable Investing who reports to the Firm's Chief Investment Officer with additional oversight from the Chief Operating Officer, both of whom have accountability for ESG.

5. Implementation

Wafra has developed a customized approach to ESG integration that is founded in the principles of financial materiality and tailored to the ownership and governance structure of each Portfolio Company. The strategy is executed in the following steps:

5.1 Due Diligence

Wafra expects Constellation's Portfolio Companies as well as their Underlying Investments to operate responsibly within the parameters of widely-accepted ethical business practices. The Firm strives to screen each alternative investment manager for potential violations of the UN Global Compact Principles, which outline fundamental responsibilities to maintain the positive implementation of human rights and labor rights, and prohibit investing in companies that participate in environmental controversies, bribery and corruption. Furthermore, Wafra commits not to invest in alternative investment managers that primarily receive revenue from investments in armaments. All Portfolio Companies shall observe an exclusion from investments that derive financial benefit from cluster munitions.

For each prospective Portfolio Company, the Sustainable Investment Group analyzes how ESG risks and opportunities affect the investment thesis and as appropriate, what measures may be required to mitigate such risks or capture value creation opportunities. The team applies a two-tiered approach to ESG diligence, whereby ESG issues are assessed both at the Portfolio Company level (Tier 1) and at the level of the Underlying Investments (Tier 2). Tier 1

focuses primarily on governance considerations, including but not limited to understanding the backgrounds of the Portfolio Company's board of directors and its senior management, pending material litigation and existing procedures to address conflicts of interest. Tier 2 goes a step deeper and focuses on the sector-specific ESG diligence that Wafra would expect each Portfolio Company to conduct as part of their own investment process.

The Sustainable Investment Group shares its diligence findings with the investment team and highlights any material concerns that need to be addressed prior to closing. If the Sustainable Investment Group identifies potential risks that require mitigation, a custom set of ESG terms and protections may be integrated into the relevant contractual agreements with the Portfolio Company to ensure a formal commitment. An ESG analysis is included in Wafra's investment committee materials and helps set the framework for the Firm's ESG engagement strategy during ownership.

5.2 Value Retention & Value Creation

Wafra takes a two-pronged approach to ESG engagement that focuses on:

- (i) Value retention by attempting to mitigate material ESG risks identified during due diligence; and
- (ii) Value creation by supporting each Portfolio Company in developing and implementing a customized, sector-specific ESG integration strategy.

Wafra strives to hone the focus of its ESG engagement so that each Portfolio Company can adequately address a limited set of key priorities. The Sustainable Investment Group typically engages a particular Portfolio Company on only two to three material ESG factors per year and aims to develop feasible solutions that are customized based on the needs of each unique situation.

5.3 Monitoring & Reporting

Throughout ownership, each Portfolio Company is required to complete an annual ESG diligence questionnaire. In line with the Platform's two-tiered diligence approach, this assessment will focus both on ESG considerations at the Portfolio Company level and their approach to integrating material ESG factors within their own investment process. Wafra uses a proprietary scoring system to benchmark each Portfolio Company's responses relative to the Firm's view of leading practice in the market and evaluates relative performance across the Platform. The results may be shared with each Portfolio Company as part of an annual ESG review and allow Wafra to determine key performance indicators to focus its value retention and value creation efforts during subsequent periods. Over time, it is anticipated that this scoring system will allow Wafra to track each Portfolio Company's progress and quantify specific ESG outcomes achieved across the Platform.

Finally, Wafra seeks to be transparent in its approach to ESG integration for Constellation by providing the Platform's investors with ad hoc updates upon request and by preparing an annual written ESG report.