ESG and Stewardship Policy

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Lexington defines responsible investment as a strategy and practice to incorporate environmental, social, and governance ("ESG") factors into our Firm's operations and investment analysis and monitoring processes. Our ESG and Stewardship Policy affirms our commitment to responsible investment as well as our support of the Principles for Responsible Investment ("PRI"). Lexington firmly believes that a commitment to strong ESG and stewardship policies and practices can create lasting value for our limited partners, enhance long-term investment performance, and support alignment with Lexington's PRI signatory commitment while promoting ESG principles in our industry and society.

Lexington's primary objective is to generate attractive, risk-adjusted returns for the investors in our funds. We have incorporated relevant ESG factors (including, but not limited to, those outlined in Annex A) into our secondary and co-investment policies and procedures and believe that such consideration of ESG principles in our investment process is integral to achieving our desired investment outcomes and is consistent with our fiduciary duty.

We strive to foster a culture of sustainability and encourage awareness of ESG issues in our work. In addition, we consider it our responsibility to provide transparency to our clients and investors regarding our approach to incorporating ESG principles into our investment process. In addition to sharing this Policy publicly, we aim to report at least annually on our ESG progress and provide updates on our ongoing monitoring and engagement with sponsors.

As a substitute limited partner in a secondary transaction or passive co-investor alongside a lead sponsor, Lexington is not always positioned to engage meaningfully with or influence a sponsor on ESG topics. It should be noted that, where Lexington is not in a strategic position to persuade or encourage sponsors to advance ESG principles, the Lexington funds will still make the investment in certain cases based on consideration of other investment criteria, opportunities, and risks.

Purpose & Scope

The purpose of this Policy is to define Lexington's approach to ESG and stewardship in relation to the Firm's operations and investment activities. Lexington evaluates ESG-related opportunities and risks in conjunction with other investment criteria, opportunities, and risks, supportive of our signatory commitment to the PRI. This Policy applies across all secondary investment, primary investment, and co-investment activities that Lexington undertakes.

Leadership & Oversight

Lexington has a cross-functional ESG steering committee that oversees the Firm's ESG initiatives, including:

- Upholding, revising, and ensuring adherence to the ESG and Stewardship Policy
- Implementing the ESG strategy and reviewing and tracking progress
- Disclosing material ESG concerns to internal committees
- Verifying alignment with Lexington's ESG and Stewardship Policy, inclusive of managing conflicts of interest as applicable to the investment opportunity in accordance with Lexington's compliance policies

- Educating the Firm's professionals on ESG issues and priorities
- Supporting transparency and timely reporting to limited partners on ESG topics

Integration of ESG Risk Analysis

As part of our investment analysis, Lexington's secondary and co-investment professionals comprehensively evaluate each transaction that advances to confirmatory due diligence, including material short-term and long-term ESG risks and opportunities. We define material ESG risks and opportunities as those which may have a meaningful impact on the financial performance of a transaction. The process combines detailed "bottoms-up" analysis with a qualitative assessment of a sponsor's strategy and reputation. Investment professionals are expected to report any identified material ESG issues during the due diligence process.

Recognizing the importance of ESG to limited partners, the private equity industry, and broader society, Lexington seeks to incorporate the following guidelines into our Firm's operations and investment process:

- Consider relevant ESG issues (including, but not limited to, any or all of those outlined in Annex A) in investment analysis and decision-making processes
- Maintain policies and procedures for Lexington professionals that support a high standard of ethical business conduct, including mitigating potential conflicts of interest and compliance with local laws, regulations, policies that prohibit bribery and corruption
- Foster a culture of transparency by providing timely and relevant ESG information and reporting to limited partners, underlying sponsors, and Lexington professionals
- Seek to engage with sponsors on ESG during post-investment monitoring to foster awareness among a highly diversified portfolio of sponsors regarding ESG best practices
- Where possible, encourage sponsors to advance these principles in a way that is consistent with their duties to stakeholders with the goal of improving long-term sustainability and performance and minimizing adverse ESG impacts
- Provide adequate resources to support the implementation of the Policy

Stewardship

As a manager of secondary and co-investment funds, Lexington does not typically control the underlying investments of the Lexington funds and, therefore, Lexington has limited ability to engage portfolio companies directly on ESG-related issues. However, we believe that ongoing communication with sponsors can help us to achieve common goals, including but not limited to improving data transparency among sponsors, encouraging greater integration of ESG practices, and promoting strong business practices including the mitigation of conflicts of interest. Lexington's stewardship approach aims to foster two-way communication through an annual survey requested of underlying sponsors in actively investing funds, as described below. As applicable, we pursue opportunities to align with organizations in pursuit of common goals. Our approach to stewardship applies across Lexington's operations and investment strategies.

Post-investment, Lexington conducts an annual survey of underlying sponsors in our actively investing secondary and co-investment funds inquiring about their ESG policies and approach. The survey, inspired by PRI guidelines, is intended to capture the underlying sponsors' views on responsible investment, obtain insights into these sponsors' ESG initiatives, and collect relevant data to advance our stewardship activities. The survey's anonymized and aggregated findings are summarized in the Firm's annual ESG report and made publicly available on Lexington's website. Annual survey results are recorded in the Firm's internal database to support sponsor due diligence and monitoring. We believe our commitment to regularly surveying and reporting aggregate findings demonstrates our commitment to promoting acceptance and implementation of ESG best practices among a highly diversified portfolio of sponsors.

In addition, Lexington supports collaborative stewardship efforts through its membership in industry organizations. Lexington has been a signatory to the PRI since 2014 and aligns its ESG approach with the Principles of Responsible Investment.

Human Rights

Lexington acknowledges the human rights risks that can exist in business operations and supply chains, including child and forced labor, modern slavery, and violations of labor rights. We believe human rights risks are limited within the operations of the high-quality sponsors with whom we invest, and we engage with sponsors through our annual survey regarding their human rights policies and procedures. While Lexington has limited ability to influence portfolio companies' practices as a secondary and co-investment fund manager, we consider human rights and modern slavery risks during due diligence, focus on understanding underlying sponsors' ability to manage risks within their portfolios, and seek to stay apprised of serious human rights violations in our portfolios.

Exclusions

Lexington specifically excludes investments in: (i) companies primarily engaged in the production of cluster munitions; weapons of mass destruction; landmines; or nuclear, chemical, or biological weapons; (ii) companies that exploit child labor; (iii) companies which are currently involved in serious systematic human rights violations; or (iv) companies engaged in illegal prostitution or the production or sale of illegal drugs. Exclusions are based on the information available to Lexington at the time of initial investment in an underlying fund, in the case of secondary investments, or portfolio company, in the case of co-investments, and are subject to the governing documents of the respective fund.

Conclusion

Lexington is committed to staying informed of ESG developments and best practices on an ongoing basis. We will evaluate our ESG and Stewardship Policy regularly and consider changes as appropriate. We will endeavor to be accessible to our clients and other stakeholders regarding ESG topics.

Please contact ESG@lexpartners.com for any inquiries.

Appendix A – Illustrative ESG Factors

The following list, provided for illustrative purposes, includes potential ESG factors that Lexington may consider in its due diligence process in conjunction with consideration of other factors:

ENVIRONMENTAL
Physical climate change
Transition to a low carbon economy
Carbon emissions
Energy and electricity generation, production, and consumption
Resource depletion
Air and water pollution
Waste management

SOCIAL
Human rights
Employee engagement and opportunity
Health and safety
Supply chain management
Community impact
Data privacy

GOVERNANCE
Alignment Business ethics
Data security & privacy
Anti-bribery and anti-corruption
Risk management