



Lightyear Capital LLC

Environmental, Social, and Governance Policy

April 2023

This Environmental, Social, and Governance Policy (the “**ESG Policy**”) is the sole property of Lightyear Capital LLC (together with its affiliates and subsidiaries, the “**Firm**” or “**Lightyear**” or “**We**”). The contents of the ESG Policy are highly confidential and must be returned to Lightyear if one’s relationship with Lightyear ends for any reason. Any users of this Policy may not reproduce, duplicate, copy, or make extracts from or abstracts of this Policy or make them available in any form to third parties without Lightyear’s consent.

I. Overview

What ESG means to Lightyear

Lightyear partners with growth companies at the nexus of financial services and technology, healthcare, and business services. For over 20 years, we have been committed to building value and creating market leading businesses. Lightyear's ESG Policy applies to all Portfolio Companies which are majority owned or are effectively controlled by Lightyear Fund V, L.P, Lightyear Fund V-A, L.P., their related investment funds, and any successor funds (each such portfolio company, a "**Portfolio Company**").ⁱ

We believe that Environmental, Social, and Governance ("**ESG**") factors play a role in creating long-term value for all stakeholders, and we are committed to the evaluation and on-going review of ESG opportunities and risks associated with the Portfolio Companies owned by our private fund clients (each a "**Fund**", together, the "**Funds**"). Lightyear believes that consideration of ESG opportunities and risks is an important component of the value creation process for its Portfolio Companies and that attention to ESG factors is an important factor in creating long-term value for all stakeholders.

Scope and Purpose

This ESG Policy outlines Lightyear's approach to integrating ESG considerations into its investment practices and ongoing monitoring program. Lightyear's Funds typically have majority control of the board of directors of their Portfolio Companies, and each board of directors provides oversight of its applicable Portfolio Company's audit, risk management, compensation, compliance, and ESG frameworks, among other areas. Typically, we evaluate and aim to raise each Portfolio Company management team's awareness of ESG opportunities and risks in order to strive to improve long-term performance and create value for our investors.

To the extent that a Fund owns a minority interest in a Portfolio Company or does not have majority control of the board of directors, Lightyear typically seeks the right to appoint at least one director to the board of directors of such Portfolio Company. There can be no assurance that any Portfolio Company will adopt these or similar ESG policies and procedures.

Oversight and Responsibilities

Lightyear's ESG Policy and program is overseen by an ESG Committee which includes senior members across various business units, including members of the Firm's Investment Committee, and meets on a monthly basis. The ESG Committee is responsible for (i) overseeing adherence to the ESG Policy, (ii) arranging for annual ESG training for relevant Lightyear employees, (iii) managing the pre-acquisition ESG diligence process for potential investments and on-going monitoring of ESG opportunities, risks, and enhancements related to the Portfolio Companies, and (iv) providing updates and reports on ESG matters to Fund investors.



To assist in the implementation of the ESG Policy, Lightyear will typically engage with third-party ESG consultants (“**ESG Consultants**”) to assist with initial pre-acquisition ESG diligence, ongoing monitoring of ESG factors, and the assessment of the progress of ESG enhancements at Portfolio Companies.

Additional Commitments

Lightyear is a signatory to the UN Principles of Responsible Investing (“**UN PRI**”), ILPA’s Diversity in Action Initiative (“**ILPA DIA**”), and the Women’s Awareness Initiative (“**WAI**”) and collects ESG-related metrics from each Portfolio Company derived from the standards set by the Data Convergence Project and ILPA.

ESG Focus Areas and Materiality

Lightyear invests in financial services companies and has identified certain ESG factors that we believe to be considerations when considering a potential investment. Such factors include, but are not limited to:

Environmental

- Environmental compliance risks
- Sustainability and carbon footprint

Social

- Diversity, equity, and inclusion
- Employee engagement and labor conditions
- Anti-harassment and whistleblower policies

Governance

- Ethics and compliance
- Data privacy and cybersecurity
- Reporting and transparency
- Anti-bribery, anti-corruption, and anti-money laundering policies

Lightyear considers these and other factors, but primarily focuses on material ESG opportunities and risks to the Firm and Portfolio Companies. Lightyear considers a material ESG opportunity or risk to be one that Lightyear determines may have the potential to materially impact a potential Portfolio Company’s ability to create, preserve, or lose economic value.

II. Incorporating ESG Into the Investment Process

Lightyear’s review of ESG factors typically begins during the pre-acquisition diligence phase, continues during the investment decision-making process, and is ongoing throughout a Fund’s ownership of a Portfolio Company.

Pre-Acquisition ESG Diligence

Members of Lightyear’s Deal Team and Portfolio Solutions group typically work with ESG Consultants and due diligence vendors to evaluate ESG factors at potential Portfolio Companies during pre-acquisition diligence. Lightyear typically arranges for its ESG Consultants to receive access to all necessary investment due diligence materials and seeks to have its ESG Consultants attend meetings with a potential Portfolio Company’s management team.

Initial evaluations by ESG Consultants usually include an assessment of the potential impact of ESG factors on a potential Portfolio Company with a focus on material ESG opportunities and risks. The ESG Consultants will typically provide (i) analysis on ESG factors related to the potential investment, (ii) recommended ESG-related enhancements, and (iii) recommended actions to mitigate certain ESG-related risks identified (if any). The ESG Committee and Deal Teams will discuss such analysis, recommendations, and mitigation plans with the ESG Consultants and review each Portfolio Company’s progress on implementing such recommendations on an annual basis as further described below.

Upon completion of pre-acquisition ESG diligence, a summary of findings and recommendations is presented to Lightyear’s Investment Committee for consideration prior to making an investment. If a material ESG risk is identified during pre-acquisition diligence, the Investment Committee, in consultation with the ESG Committee and ESG Consultants, will consider how to mitigate such risks prior to proceeding with the investment.

Ongoing Monitoring and Portfolio Company Engagement

Lightyear aims to help enable its Portfolio Companies to have a positive impact on each of their stakeholders and to avoid materially negative impacts.

Ongoing assessment and monitoring of ESG opportunities, risks, and enhancements take place throughout the course of each investment. ESG Consultants typically assist in the ongoing assessment and monitoring of a Portfolio Company’s ESG opportunities, risks, and enhancements, with assistance from Lightyear’s Portfolio Solutions group, ESG Committee, and the management teams of each such Portfolio Company. Lightyear and its ESG Consultants discuss ESG factors with Portfolio Company management teams and/or boards of directors on at least an annual basis, typically as part of the ongoing monitoring process or during periodic board of director meetings.

As part of this on-going monitoring process, Lightyear has adopted a standardized set of ESG-related metrics derived from the standards set by the Data Convergence Project and ILPA to be collected from each Portfolio Company. We use these metrics to compare Portfolio Companies to industry benchmarks, monitor the progress of ESG enhancements, and identify trends and additional opportunities for ESG enhancements.



III. Stakeholder Engagement, Transparency, and Reporting on ESG Matters

Lightyear’s goal is to provide transparent communications to relevant stakeholders by providing periodic updates on ESG-related matters to the Funds’ LP Advisory Committees and reports to Fund investors on ESG-related matters.

Last Updated on April 25, 2023

ⁱ Lightyear’s ESG Policy applies to all portfolio companies which are majority owned or are effectively controlled by Lightyear Fund V, L.P, Lightyear Fund V-A, L.P., their related investment vehicles, and any successor funds and are subject to change in the sole discretion of Lightyear. To the extent there is any conflict between this ESG Policy and any applicable limited partnership agreement, private placement memorandum, or other operative document (the “Governing Fund Documents”), the terms of such Governing Fund Documents will control.