DIVERSITY AND INCLUSION POLICY
Updated as of 1st June, 2018

Context
Pegasus (or, the “Firm”) first launched a Diversity & Inclusion Policy in 2016. It was evaluated for its effectiveness at the end of 2017, and certain additions have been made in this version.

Basic Principles
Pegasus values a work environment that is inclusive and embraces the contributions of all people from a variety of diverse backgrounds. We welcome and support differences in age, race, color, gender, religion, culture, national origin, ethnicity, sexual orientation, physical ability, thinking style and background, and we recognize that such differences and diverse perspectives enhance our business strategies and foster a creative, dynamic and productive workforce.

We value individuals’ differences, as well as similarities, so that all can maximize their potential and their contributions to our strategic goals and objectives. We believe that attracting, developing and retaining a diverse base of talent, both within our Firm, as well as with our investees, is important to our success. We believe that a workforce with diversity represented at all levels of an organization encourages:

- more effective and efficient optimization of resources and work by eliminating structural and cultural barriers to working together effectively;
- license to operate by recognizing, respecting, and taking into account in decisions, the needs and interests of diverse stakeholders;
- strong performance and growth by being able to attract, engage, and retain diverse talent;
- innovation by drawing on the diverse perspectives, skills, and experience of our employees and other stakeholders; and,
- ability to adapt and respond effectively to changing societal expectations.

Overall, we believe that a wider range of perspectives helps us and our investees reach better business decisions.
Implementation
In fostering a diverse and inclusive work environment, we seek to:

- establish diversity and inclusion awareness through periodic (at least annual) mandatory training programs for all staff, both at Pegasus and, where feasible, at investees;
- recruit, hire, retain, and promote talent that help advance a diverse working environment, including both at Pegasus and, where feasible, within our investees;
- source investment opportunities with diverse founders and / or leadership;
- source investment opportunities that meet the needs of diverse and potentially underserved communities; and,
- as practical, establish relationships with a diverse supplier network within both Pegasus and our investees.

Pegasus is an Equal Opportunity Employer. Under no circumstances shall discriminatory practices or harassment be tolerated at Pegasus and/or investees. Pegasus seeks to work with each investee throughout 2018 to have a similar diversity and inclusion policy, as well as procedures for implementation.

Pegasus believes in providing opportunities for work arrangements that accommodate the diverse needs of individuals at different career and life stages. For instance, we have related practices and/or policies regarding equal employment opportunities, family care and pregnancy-related absences. Please refer to the Employee Handbook or contact CAO, Anne Frank-Shapiro for additional information.

Pegasus staff and investees are expected to pursue inclusive practices, including evaluating opportunities for sensitivity to and equity of minorities. To the extent practicable, such initiatives may include, but are not limited to:

- implicit bias training;
- evaluating and reducing pay gap ratios;
- making efforts to interview minority candidates in hiring practices;
- offering flexible work arrangements to staff;
- creating products and services that benefit underserved populations;
• engaging stakeholders in a participatory manner when products or services of our investees might impact them; and,
• making efforts to identify minority-founded or minority-led businesses as potential investment opportunities).

Pegasus’ ESG Management System includes additional guidance on implementation of such practices. Pegasus expects to publish a Human Rights Policy in 2018 that is also expected to reference these standards on diversity and inclusion.

**Grievances**

At Pegasus, all grievances shall be handled confidentially and without retribution through the Firm’s standard internal Grievance Mechanism. A similar process is expected of all investees.

**Responsibilities & Oversight**

A senior manager (currently the CAO) shall be responsible for overseeing the foregoing efforts and our overall approach to diversity and inclusion at Pegasus. The Firm’s ESG Manager shall be responsible for evaluating how the Firm’s investees manage diversity and inclusion. The Firm’s ESG Manager is expected to work with each investee to implement, to the extent practicable, its own diversity and inclusion policy that at a minimum prohibits discrimination and harassment, and that policy should be enforced through procedures, roles, and responsibilities.

Pegasus intends to conduct reviews (at least annually) of its diversity and inclusion efforts, including this policy, and will seek to make improvements as necessary and appropriate. Such reviews are expected to be carried out by the Compliance Committee in coordination with the Sustainability Committee. Pegasus’ ESG Manager is expected to conduct a periodic (at least annual) review and evaluation of investee diversity and inclusion efforts and seek to make improvements as necessary and appropriate.