

An aerial photograph of a wind turbine in a field of young trees. The turbine is white and stands out against the dark brown soil and green saplings. The trees are planted in a grid pattern, creating a rhythmic texture across the landscape. The lighting suggests a low sun, casting long shadows from the turbine and the trees.

Stonepeak

Stewardship Policy

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As an owner and operator of assets that provide products and services that are essential to the everyday functioning of society, and are managed on behalf of hundreds of institutions representing millions of individual beneficiaries, Stonepeak believes that responsible asset stewardship is an inviolable part of its fiduciary duties. We seek to embed and reinforce this mindset within and across the organization by rewarding those who act responsibly and with integrity, encouraging transparent debate, education, and discussion on sustainability issues, and by instilling individual accountability and ownership.

Stonepeak's investments range from non-controlling minority equity, debt, or hybrid interests, to controlling equity investments, and as such, Stonepeak's stewardship and engagement approach necessarily varies between its investments. In general, and particularly for investments in which Stonepeak holds Board of Directors (or equivalent supervisory body) representation, Stonepeak seeks to actively steward its investments and exert its influence with respect to the operating environment and performance of the relevant investee company. Stonepeak believes being an active steward of assets is of heightened importance given – among other considerations – the criticality of the infrastructure and real assets Stonepeak owns and operates, the complexity of the largescale construction projects Stonepeak funds, and the potential for these projects and assets to impact local communities.

These stewardship and engagement efforts take place across the investment team but are typically led by the relevant portfolio company's Senior Managing Director, who – as seasoned industry experts – are best-placed to lead Stonepeak's active engagement approach with portfolio company senior executives.



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Scope and application

This stewardship policy covers all assets under Stonepeak management. Compliance with this policy is mandatory for all Stonepeak investment team staff.

In instances where Stonepeak has a limited ability to influence and control an investment – for example, where Stonepeak is a minority shareholder or lender without Board of Directors representation, or where other circumstances affect Stonepeak’s ability to steward a company’s sustainability-related performance – it may not be practicable to implement this Policy. In these instances, Stonepeak will use reasonable efforts through the exercise of its minority governance rights to engage these portfolio companies.

- Being available and transparent in communications with our investors, as well as receptive to input and information or reporting requests; and
- Contributing time and thought leadership via active participation in organizations and collaborative industry groups whose goals include sustainability such as the American Council on Renewable Energy (ACORE), United Nations Principles for Responsible Investment (UNPRI), and the Global Infrastructure Investor Association (GIIA), among others.

Stonepeak believes its connected and open culture naturally fosters the communication of its stewardship efforts across the organization. Internal formalized processes that support this include:

- Weekly discussions pertaining to each investee company;
- Detailed quarterly portfolio reviews of each investee company; and
- Firmwide dissemination of formal sustainability reporting.

2

Approach to external and internal stewardship collaboration and communication

Stonepeak believes that engagement and stewardship activities are most impactful when effectuated through a commercially collaborative approach which – in addition to investee company engagement objectives listed below – we seek to practically carry out through:

- Actively influencing other investors with respect to sustainability matters (where relevant, and depending on the board composition of the investee entity);

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Investee company stewardship objectives

The objectives of Stonepeak’s stewardship of its investee companies necessarily vary based on the facts and circumstances applicable to each investment; however, key points of engagement include but are not limited to:

- Informing company management of Stonepeak’s responsible investment, stewardship, responsible contractor, supplier code of conduct, and other pertinent policies and operating principles;
- Maintaining constructive and regular dialogue with the investee company’s senior executives and other Board members as to the importance and development of material sustainability issues;

- Particularly for nascent or newly formed businesses without preexisting formalized policies, actively working with management teams to shape and influence policies, sustainability reporting, and business practices;
- Sharing and championing the adoption of governance and sustainability best practices between investee companies;
- Operationalizing sustainability leadership by working with investee management team partners to appropriately benchmark material sustainability KPIs, set appropriate targets, and design incentive structures to drive the business toward its targets;
- Working to align reporting of material governance and sustainability issues with standardized materiality and sustainability frameworks;
- Ensuring appropriate economic alignment between investee company management and Stonepeak, and, where practicable and in alignment with reducing company operating risks or improving financial returns, incentivizing management team partners specifically with respect to desired sustainability KPIs and outcomes;
- Ensuring fundamental tenets of good governance such as subcommittees, reporting structures, and financial controls are embedded;
- Acting as conduits between capital markets and investee companies to apprise management team partners of the practical implications to their businesses resulting from policy and regulatory developments; and
- Ensuring that positive sustainability characteristics are appropriately incorporated into sales materials, in recognition of the belief that capital markets participants across both listed and unlisted markets are increasingly seeking out and selecting assets for positive sustainability characteristics.

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Definition and prioritization of objectives

Engagement priorities are defined based on the facts and circumstances particular to the specific investment, and – as a highly active infrastructure sector specialist and investor with an inside and detailed view of investee company operations – are practically informed through observation and the considerable combined experiences of the investment professionals. Additionally, engagement priorities are honed with the use of tools, diligence, and analyses including but not limited to:

- **External and third-party diligence:** Depending on the investment opportunity, Stonepeak may use various technical advisors to support diligence including but not limited to technical advisors (e.g. environmental or EH&S assessments, sustainability advisors, natural resource assessments etc.), legal and financial advisors, FCPA and risk advisors, and cybersecurity advisors.
- **Internal due diligence procedures:** Deal teams utilize a detailed pre-transaction responsible investment DDQ to summarize and centralize numerous diligence workstreams including third party diligence reports, industry expert and investee company management responses, comparisons to public peers, site visits, and other reports. This is circulated to the entire firm's deal team 48 hours in advance of investment committee to encourage review and further questions.

- **Investment committee feedback:** Stonepeak’s investment committee discussions are transparent and focus on those sustainability and stewardship risks and opportunities most relevant to the investment opportunity at hand, informed by transaction-specific diligence and the combined experiences of committee participants.
- **Onboarding assessments and management questionnaires:** Stonepeak deal teams – in conjunction with Stonepeak’s Legal & Compliance function as well as third party service providers – perform post-transaction onboarding assessments pertaining to FCPA, cybersecurity, and other operational risks.

Individual investee company governance and sustainability stewardship efforts are led by the relevant company’s Board of Directors, which is responsible for defining strategy and policy. Practically, the most senior Stonepeak investee company Board of Directors nominee is ultimately responsible for that company’s sustainability performance as well as the selection and prioritization of issues on which to engage the investee company, taking into account:

- The materiality of the sustainability issue to that business’ performance;
- The systemic importance of the sustainability issue;
- Investor feedback; and
- Other considerations on a case-by-case basis.

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Voting and proxies

Stonepeak actively exerts its governance rights with respect to controlled investments through exercising its shareholder and Board of Directors voting rights. As pertains to sustainability matters, Stonepeak seeks to exercise its voting rights in a manner generally consistent with this and its Responsible Investment policies, with general guidelines including:

Governance

- Where feasible (based on Board size and Stonepeak’s governance rights), appointing a minimum of one independent director;
- Adopting company constitutive policies which are consistent with Stonepeak’s Responsible Investment Policy, and industry best practices;
- Forming, appropriately constituting, and delegating operative matters to company-relevant governance bodies – such as audit, finance, compensation, and sustainability committees – in furtherance of general principles of effective governance; and
- Instituting executive compensation packages aligned with company performance and the interests of Stonepeak’s investors; where relevant, Stonepeak may seek to align part of senior executives’ short-term incentive compensation awards to specific sustainability objectives which in Stonepeak’s view reduce company operating risks or contribute positively to financial performance.

Social

- Instituting material company incident notification procedures owed to Stonepeak directors;
- Seeking company-appropriate reporting and disclosures pertaining to worker and contractor health and safety records and construction project updates; and
- Supporting reasonable company expenditures pertaining to community, charitable, and stakeholder engagement activities.

Environmental

- Seeking reporting and disclosures pertaining to company relevant environmental indicators, as well as any material incidents;
- Supporting reasonably budgeted company operating and capital expenditures pertaining to resiliency and reduction in environmental impact which reduce company operating risks or improve returns; and
- Supporting reasonably budgeted operating expenditures pertaining to hiring of company resources – and potentially third parties – which reduce company operating risks or improve environmental performance.

Stonepeak did not manage a publicly listed equities strategy at the time of this Policy; however, Stonepeak-managed private funds may, from time to time, own publicly listed equities in connection with its private funds' investment activities. In circumstances where Stonepeak-managed private funds own publicly listed equities, any voting would be subject to the operative documents of the relevant fund; however, as a matter of historical practice, Stonepeak does not cast votes or proxies with respect to publicly listed equities.

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Climate-related risks and opportunities

As noted in its Responsible Investment Policy, Stonepeak stewards and supports its investee companies' management team partners in adopting business plans that seek to address the challenges and opportunities posed by climate change through:

- Establishing comprehensive greenhouse gas emissions inventory reporting systems, calculated and documented according to recognized industry standards;
- Encouraging and challenging management team partners to incorporate into investee companies' strategic business plans practical and tangible projects designed to (a) contribute to the decarbonization of business operations over time (with a preference for gross emissions reductions in lieu of offsets), and (b) capture opportunities or mitigate risks potentially resulting from the impacts of climate change; and
- Having regard to the above, setting appropriate emissions reductions targets.

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Conflicts

Stonepeak's employees have a fiduciary duty to investors to avoid conflicts of interest with funds or investors, and Stonepeak expects all its employees to adhere to the highest standards with respect to any potential conflicts of interest with funds or its investors. The effective management of conflicts is governed by Stonepeak's Regulatory Compliance Manual and overseen by the firm's Legal and Compliance function.

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Escalation

As noted above, Stonepeak believes that engagement and stewardship activities are most impactful when effectuated through a collaborative approach. As an active owner and operator, Stonepeak focuses first on constructively deescalating and addressing concerns or issues directly with investee company senior management via either the Board or other regular channels of communication.

In circumstances where constructive de-escalation is believed to provide insufficient redress, Stonepeak may choose to exert certain governance rights – such as the appointment of new senior management or the redirection of capital expenditures – to address the issues.