



ESG POLICY

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1. POLICY

This Environmental, Social and Governance (“**ESG**”) Policy (“**Policy**”) defines Instar Asset Management Inc.’s (“**Instar**”) approach to assessing ESG risks and value creation opportunities related to investments being considered or made by one of its investment funds (“**Funds**”). Instar considers material ESG matters in the course of its due diligence and management of portfolio investments for its Funds as described in this Policy. For the purposes of this Policy, material ESG issues are defined as those issues that Instar in its sole discretion determines have or have the potential to have a direct substantial impact on an organization’s ability to create or preserve economic value as well as environmental and social value for itself, the communities where it operates, and other stakeholders.

Examples of ESG matters include:

- **Environmental:** energy use and efficiency, carbon emissions, pollution, and waste and water management;
- **Social:** human rights, equality, health and safety, community impacts; and
- **Governance:** management and board structure, anti-money laundering and conflicts of interest.

Instar’s ESG efforts and priorities are fully embedded within our business strategy and purpose as an organization, which is to enrich people’s lives.

2. PRINCIPLES

We believe that active portfolio management and deep engagement with stakeholders and partners are critical success factors for our business. We focus on creating value across our portfolio companies primarily through growth initiatives, operational enhancement and de-risking strategies, and ESG value drivers.

Instar addresses ESG risks and opportunities across our organization as part of our investment strategy to create long-term sustainable value for our investors and stakeholders in the communities our portfolio companies serve. We also seek opportunities for our investee companies to make a positive impact and believe there is a correlation between improved ESG practices and long-term economic value for our portfolio companies.

Instar is a signatory to the Principles for Responsible Investment (“**PRI**”), an initiative supported by the United Nations that provides a voluntary framework to help institutional investors incorporate environmental, social and corporate governance issues into investment analysis, decision-making and ownership practices. Instar thus adopts UNPRI’s six principles – as set out below – as a frame of reference in the design of our own responsible investment and ESG program as:

1. We will incorporate ESG issues into investment analysis and decision-making processes;
2. We will be active owners and incorporate ESG issues into our ownership policies and practices;
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest;
4. We will promote acceptance and implementation of the Principles within the investment industry;
5. We will work together to enhance our effectiveness in implementing the Principles; and
6. We will each report on our activities and progress towards implementing the Principles.

3. OBJECTIVES

Instar seeks to:

- A. Consider environmental, governance, safety and social issues in Instar's evaluation of prospective investment opportunities and ongoing portfolio management and stewardship.
- B. Continually engage with relevant stakeholders, including, but not limited to, local communities, First Nations and all levels of government, either directly or through representatives of portfolio companies, as appropriate, to communicate on ESG matters and priorities.
- C. Actively develop and improve the long-term sustainability of our portfolio companies for the benefit of multiple stakeholders.
- D. Work with partners, management of portfolio companies, contractors and stakeholders to the extent reasonably possible to improve and advance ESG initiatives at Instar and its portfolio investments.
- E. Promote transparency and timeliness in communication with stakeholders and Instar's limited partners on ESG matters.
- F. Follow strict guidelines that prohibit bribery and other improper payments to public officials and follow anti-money laundering laws and regulation globally.

Through its infrastructure focus and portfolio companies, Instar also aims to positively contribute towards the UN Global Compact's Sustainable Development Goals ("UN SDGs"), particularly in the areas of good health and well-being, gender equality, affordable and clean energy, decent work and economic growth, reduced inequalities, responsible consumption and production, climate action, and life on land.

We believe that integrating ESG considerations throughout our investment and ownership lifecycle will help us to drive the value of our portfolio companies, future-proof our platform and enable a more sustainable, equitable and resilient future.

4. EXCLUSIONS

Instar avoids investment opportunities with certain profiles that we believe may be associated with significant risks and liabilities to the environment, society or health. These include:

- Companies that generate their revenue from coal production or coal-fired power generation; oil sands and other conventional energy businesses;
- Companies using environmentally unsound technologies;
- Companies that have a negative social impact; and
- Companies or projects that do not respect or follow human rights, including the use of child or forced labour or engaging in discriminatory practices.

5. ESG WHEN MAKING AN INVESTMENT

Instar targets investment opportunities poised to benefit from strong macro tailwinds and identifies ESG practices and qualities that can generate a risk-return dynamic that aligns with our investment strategy.

Instar invests in dynamic, scalable businesses that are poised to address the following themes:

- Drive to lower greenhouse gas emissions and achieve carbon neutrality

- Managing the socio-economic impact of aging populations
- Leveraging rapid digitization, data analytics, and artificial intelligence
- Improving security and safety of local supply chains
- Preserving ecosystems, human health and economic opportunity

When reviewing potential investments, Instar considers relevant ESG issues associated with those opportunities, by:

- Screening investments using an ESG due diligence template, guided by the Sustainability Accounting Standards Board materiality maps, which outlines material ESG issues that are reasonably likely to impact the financial condition of a company
- Performing a climate risk assessment to evaluate the impact (likelihood and severity) of indirect climate risks as well as physical climate risks related to wildfires, extreme heat, sea level rise, flood zone designations, composite flood risk and water stress over a 30-year time horizon
- Engaging external advisors to provide specific technical or market analysis where necessary, including identifying mechanisms for mitigating potential ESG risks and capitalizing on opportunities to add value to the portfolio company post-acquisition

Instar's Investment Committee, which comprises Instar's Executive Committee and senior investment professionals, reviews diligence findings, risks and mitigation strategies, and value creation plans for each proposed investment, including ESG challenges and opportunities. Our Investment Committee considers all material issues and the overall sustainability profile of the business, and approves all investments made by Instar.

6. ESG AS PART OF PORTFOLIO MANAGEMENT

Instar includes ESG risks and opportunities in its evaluation of potential investment opportunities and subsequently incorporates these factors into its ongoing portfolio management and monitoring activities. Instar focuses on the factors that matter most to our businesses, our people, and our stakeholders. Our primary sustainability values include:

- Governance and ethics
- Stakeholder engagement
- Climate change
- Promoting health and safety
- Diversity, equity, and inclusion

While Instar is an active steward of the portfolio companies in which it invests, the extent of such management and monitoring may be affected by the level of control or influence of Instar on a portfolio company's Board of Directors and/or as a shareholder of the portfolio investment. Our view is that effective management of ESG risks and opportunities can enhance the value of a portfolio investment, and we work with our management teams and co-investors to encourage and promote the adoption of sustainable practices across our businesses.

Instar:

- A. Incorporates the ESG risks and opportunities identified during due diligence into the post-acquisition action plan for a new investment.

- B. Requires ongoing disclosure from portfolio companies, in the form of quarterly reporting of key performance indicators, which are discussed at the portfolio company Board level and with Instar's own Advisory Board.
- C. Incorporates ESG matters into the compensation structure as part of a portfolio company's incentive program.
- D. Works with C-suite executives at the portfolio companies to define and embed the company's own distinctive ESG purpose throughout its operations and engagement with employees, customers and communities.
- E. Ensures ESG is incorporated into governance practices at each portfolio company as a strategic matter and is addressed in board-level committees, reporting and discussion,
- F. Complies with applicable local, state, provincial, national and international labour laws and standards applicable to the jurisdictions in which it invests. Instar strives to provide a safe, healthy and supportive work environment at all of its portfolio investments and supports competitive wages and benefits for its employees.

7. REPORTING AND TRANSPARENCY

Instar has implemented formal quarterly ESG KPI reporting across its platform to monitor how the activities of its portfolio companies impact the environment and the communities in which they operate, which is largely aligned with principal adverse impact regime under the EU Sustainable Finance Disclosure Regulation.

This systematic reporting allows Instar to track changes and improvements during its ownership period, identify and prioritize the management of material ESG risks and opportunities, as well as assess the impacts and contributions made by portfolio companies towards the UN SDGs.

Instar prepares an ESG report annually which is distributed to the limited partners in its Fund(s). As a supporter of the Task Force on Climate-Related Financial Disclosures ("**TCFD**"), Instar is committed to working toward the implementation of the TCFD recommendations in its reporting.

Additionally, as a signatory to the PRI, Instar participates in its assessment processes and submits publicly available transparency reports on an annual basis.

8. SCOPE AND RESPONSIBILITIES

Sustainability is one of Instar's priorities, and Instar's Executive Committee, which includes Instar's CEO, COO, and two Managing Partners, is responsible for Instar's ESG strategy. The day-to-day implementation and coordination of Instar's ESG approach and processes is led by the Associate Vice President, ESG.

Senior professionals of Instar's investment and asset management team are responsible for ESG matters related to our portfolio investments in collaboration with Instar's stakeholder relations and legal teams. External ESG specialists are also retained and appointed to assist on specific technical subjects, such as climate risk assessments.

Education and training on ESG is assessed on a continual basis and provided in a variety of forms across the organization.

9. AUTHORITY

The Board of Directors has approved the provisions of this Policy, which shall be reviewed and updated, as applicable, on an annual basis.