



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

*CONFIDENTIAL*

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) FRAMEWORK

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Steward Asset Management (“Steward”) serves as an Institutional Anchor Investor to emerging private equity and opportunistic asset managers.

*Our capital has the potential to improve access to capital for diverse talent, support successful entrepreneurship, accelerate the adoption of fiduciary standards and build sustainable business practices.*

Aligned with our Limited Partners, Steward expects our program to have compounding effects for future private fund offerings, positive impact on the industries where we invest and for society at large. Our anchor capital helps to create a pivotal moment for entrepreneurs by stabilizing a firm’s long-term cash flow at the point they are defining their investment universe, policies and staffing.

### GUIDING PRINCIPLES

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#### **Transparency and Advocacy**

Steward will incorporate ESG issues into investment analysis and decision-making processes.  
We will communicate ESG benefits and risks to our stakeholders in the most objective fashion.

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#### **Diversity and Inclusivity**

Steward’s strategy will encourage a culture of meritocracy and fairness and provide more equal access to business formation opportunities to emerging and diverse managers.  
We have a proven track record in identifying strong talented teams that have owners and leaders from underrepresented groups in the asset management industry.  
Steward’s advanced ‘debiased’ decision-making methodologies will ensure priority of attaining strong financial returns while attracting diverse talent.

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#### **Fiduciary Standards**

Steward will be diligent in negotiating key legal terms and governance provisions with our partners to maintain structural and fiduciary alignment.  
Steward’s team is comprised of industry veterans who operate by the highest standard of ethical code and fiduciary obligations demanded in the asset management industry.

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| <b>Job Growth and Workplace Stability</b> | <p>Steward’s middle market strategies include injection of capital for private corporate buyouts, growth equity for existing business platforms, and investing in real assets and credit products to drive innovation and job growth opportunities.</p> <p>Our focus will be on asset management businesses with long-term committed capital and contracted cash flows.</p> <p>Steward will seek capital returns while also promoting access to education, high quality training and on-the-job education programs, responsible recruiting and workforce retention practices and resource efficiency.</p> |
| <b>Protecting Our Environment</b>         | <p>Steward is committed to investing in sustainable, renewable, and tech-enabling solutions in improving our environment - we do it with economic goals in mind because advancement without a sustainable model falls short of seeing generational impact.</p> <p>We acknowledge the positive transformations occurring in reducing climate risk and have a pipeline of managers who are addressing a wide spectrum of opportunities in their specific industries.</p>  |
| <b>Wellness and Safety</b>                | <p>Steward is actively underwriting asset managers with immediately deployable business plans that target healthcare value-chains, infrastructure, food supply, waste and water projects through equity and debt structures. Some are product driven, while others support data security and efficient and safe delivery of healthcare and community services.</p> <p>We target infrastructure investing, including innovations in water and waste water management, alternative energy systems, and agricultural technologies.</p>   |

## STRATEGY DEPLOYMENT

### Opportunities Unique to Anchor Investing

As an anchor investor, Steward combines the traditional investment underwriting and due diligence analyses with rigorous stress testing for success of newly formed businesses and platforms that comprise our Anchored Transactions. Typically, our managers have built successful careers at larger brand name organizations and have stellar training in their areas of expertise.

Recognizing that ESG attributes are some of the hardest to quantify, the Steward team has utilized quantitative scoring to measure hundreds of qualitative variables for decades to ensure debiased decision-making. Having an ‘ESG Lens’ helps us to better understand the long-term risks and opportunities presented by selection of each Anchor Transaction. We pride ourselves on being conscientious in our ability to select the leaders, the teams, and viable and profitable business enterprises that reflect our own diverse makeup. This lens underpins responsible business formation in the asset management industry and is a gauge for our ultimate investment success.

## Tenets of Steward's ESG Alpha

### Source Diverse Talent

- Seek the broadest array of talent and believe in the value creation of diverse perspectives to enhance a team's decision-making
- Solve the mathematical equation – capitalize more multi-cultural and gender diverse teams and create a transparent path to encourage more of them. They are among the least capitalized groups while private markets strategies in asset management are capital intensive businesses
- Build debiased decision-tools and processes to support success
- Encourage inclusionary and less traditional hiring practices to broaden the range of voices and strengthen decision-making

### Guide Robust Entrepreneurship

- Teams make better decisions than any one individual on the team
- Asset management is an apprenticeship business requiring responsible industry training and active build-up of a track record
- Entrepreneurship is one of the greatest tools for society's growth to support economic inclusion. Shared ownership helps reduce team turnover
- Prior experience working together decreases workplace volatility and is supportive for future success

### Steward Fiduciary Standards & Policies

- Fiduciary practices and co-investment create long-term alignment between LPs and GPs
- Shared goals between policy makers, investors, workforce and customers provide a more stable basis for growth
- Worker and contractor relations are the cornerstone of strong businesses to maintain low turnover

### Support Sustainable Practices

- Sustainable practices support business longevity. Investments in infrastructure can have long-term stabilizing effects on the communities they serve
- Technology provides a tool for resource efficiency in delivery through the value-chain
- Transformation in energy sources and consumption is a generational opportunity
- Responsible consumption, waste and water management support city infrastructures and food security providing a platform

## ADDITIONAL GUIDANCE

We are thankful to PRI, the United Nations Department of Economic and Social Affairs and CFA Institute. Our policies and advocacy have been developed with their principals and continues to be influenced by their guidance.

- Principals for Responsible Investing's (PRI's) Six Core Principles
- 17 SDGs (Sustainable Development Goals) - United Nations Department of Economic and Social Affairs
- Recommended Action List (20) from CFA Institute's Driving Change: Diversity and Inclusion in Investment Management