



RIVERSTONE ESG REPORT 2020

Investing Responsibly

Founders' Statement

We hope you and your families, friends and colleagues have been staying well throughout the COVID-19 pandemic. 2020 was certainly a difficult year in so many respects, with the devastating health and socio-economic impacts of the pandemic spanning the globe. Despite the turmoil through 2020, Riverstone and its portfolio company operations remained highly resilient, working to manage both public health and economic risks as they arose.

As we reflect on the past twelve months and consider the future, one thing has become very clear to us—the importance of investing responsibly has never been greater. Environmental, social and governance (ESG) topics such as climate change, health and safety, community engagement, ethics and compliance, and diversity and inclusion (D&I), are all issues Riverstone continues to monitor and manage. By doing so, we earn the right to be a trusted partner to our stakeholders, enhancing both risk management and value creation opportunities.

2020 In Review

Since we started the firm more than 20 years ago, Riverstone has been steadily focused on improving its ESG program. The firm's approach to ESG in 2020 was multi-faceted, focusing on a few key areas which are highlighted in this report:

- Making climate change a core pillar to our investment thesis
- Building upon our deep renewable energy and decarbonization presence with a number of notable new platform investments
- Enhancing our portfolio company monitoring by creating formalized ESG scorecards to measure performance and identify areas for improvement

- Analyzing climate change risk and opportunities
- Continuing to focus on governance and compliance monitoring programs
- Expanding internal initiatives from measuring and identifying ways to reduce our internal carbon footprint to formalizing our diversity and inclusion policy

In addition, Riverstone became a signatory to the United Nations-backed Principles for Responsible Investment (PRI) in 2020. As a signatory, we are committed to PRI's six core principles which provide us with a blueprint that helps guide our ESG integration throughout the entire investment lifecycle, reporting on ESG, and promoting the PRI within the private equity industry.

Focus on Renewable Energy & Decarbonization

As one of the most active energy transition investors, Riverstone expanded upon the firm's 15+ years of experience and raised over \$1.9 billion in commitments for our renewable energy and decarbonization platform over the past 12 months. Going forward, we expect to continue to grow our investment platform in areas that support broader decarbonization, from traditional power generation to

technology-enabled solutions that reduce the impacts of climate change. Recently, we have made several investments in this area, including in Loanpal, FreeWire Technologies, Lithium Royalty Corporation, and Hyzon Motors and expect to continue broadening our investment presence in 2021.

As the world seeks to accelerate the low-carbon energy transition, we believe our longstanding depth of our experience in renewable energy and decarbonization will be an important differentiator for Riverstone.

Looking Forward

While we are pleased to have made significant progress on a number of important ESG initiatives in 2020, we recognize there is always more that we can do. We will continue to prioritize our commitment to being responsible investors and look forward to providing further updates on our ESG activities in the year to come.

Thank you for your continued support.

Pierre F. Lapeyre, Jr.
David M. Leuschen

“As one of the early investors within low carbon energy, we are also at the forefront of the energy transition, having raised over \$1.9 billion for renewable energy and decarbonization over the past 12 months”

Riverstone at a Glance

Our firm is one of the leading investors within energy, power, and infrastructure with deep industry expertise across all key parts of the value chain. We provide investors with turnkey investment solutions across sectors, geographies and the capital structure.

About Our Business

Founded in 2000, Riverstone is an asset management firm that invests in the private markets primarily within energy, power and infrastructure. Our sole mission is to build great businesses and deliver strong returns to our investors.

Who We Are

Since inception, Riverstone has raised over \$41 billion of capital to invest in all major components of our industry's value chain, both globally and across the capital structure. We are industry experts who provide turnkey investment solutions tailored to investors' needs through our platform of investment strategies:

- Private Equity
- Credit
- Power, Infrastructure & Renewables
- Latin America

Our Philosophy

At Riverstone, innovation and creativity are fundamental tenets that shape the culture we promote—both at our portfolio companies and within our own organization.

We are strong advocates of fresh ideas, which we believe enable us to always be at the forefront of our industry. This helps us adapt quickly to a complex and constantly evolving world to better serve our stakeholders, ranging from investors to employees to communities.

[ESG POLICY](#)

Key Stats

\$43 billion*
Capital committed to transactions



200+*
Portfolio companies



15*
Countries invested in



105+
Employees

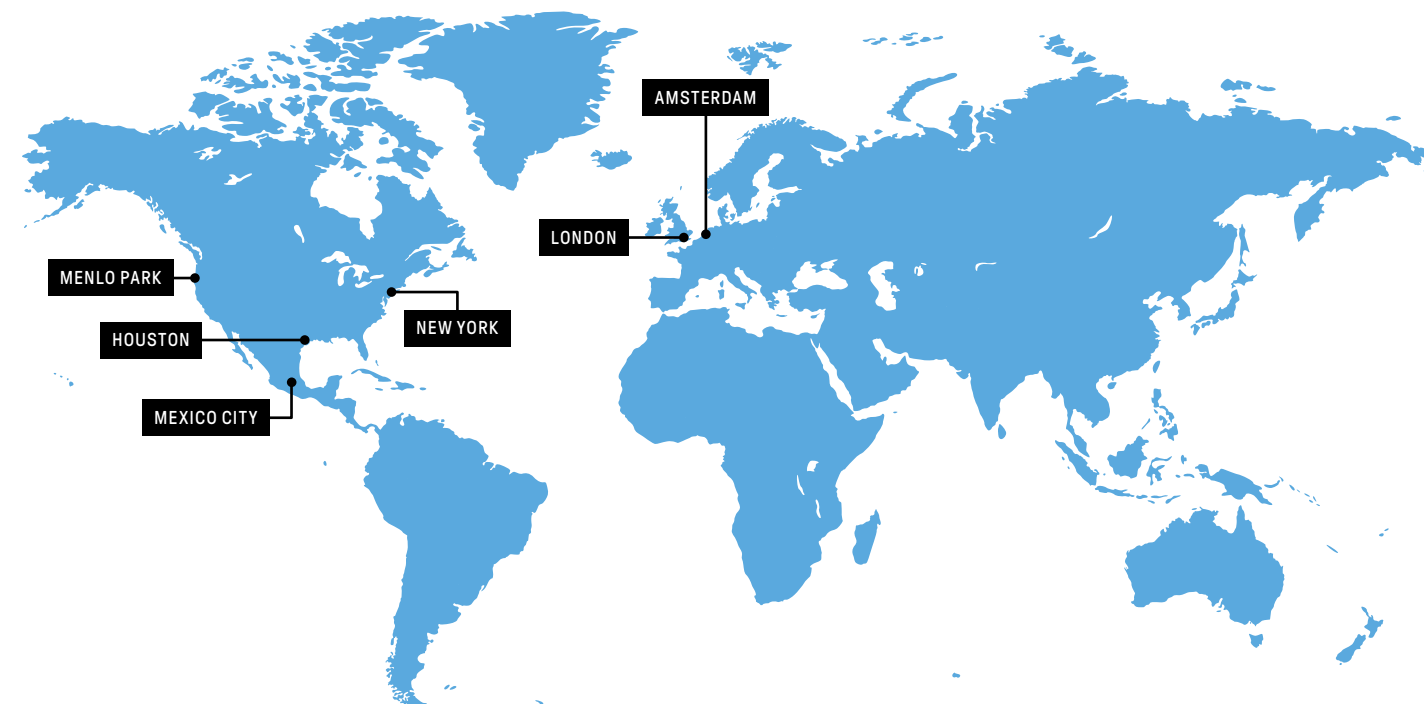


6
Offices globally



**From inception to December 31, 2020*

Riverstone Offices



“Since inception more than 20 years ago, Riverstone has been steadily focused on furthering its ESG initiatives.”

ESG: 2020 In Review

At Riverstone, we always focus on “doing things better”—our approach to ESG is no different.

ESG: 2020 In Review

In our 2019 ESG report, we set out of a number of overarching ESG objectives. Our progress through 2020 against these objectives, and other ESG issues addressed during the year, are summarized on the right and presented in more detail throughout this report.

Due Diligence & Initial Investment

- Developed a toolkit to complement our existing process for the evaluation of ESG risks and opportunities in due diligence and during our Investment Committee process
- Established ESG Minimum Expectations (or “ESG-MEs”) as a set of key performance indicators against which both potential new investments and existing portfolio companies can assess their performance

Portfolio Monitoring

- Introduced procedures to increase engagement with our portfolio companies on ESG risks and opportunities and achieve greater depth and consistency of responses to ESG portfolio questionnaires

- Measured all Riverstone portfolio companies against our established ESG-MEs
- Carried over the ESG due diligence scorecards discussed during our Investment Committee process into formalized ESG monitoring scorecards
- Incorporated ESG management in the performance reviews of Riverstone responsible professionals

Climate Change

- Developed a strategy informed by the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) to evaluate potential risks that climate change may pose to our current portfolio
- Assessed opportunities for Riverstone portfolio companies to consider in order to seek to reduce their impact on climate change
- Identified opportunities for Riverstone to capitalize on the energy transition to generate strong financial returns for investors

ESG Reporting

- Became a signatory to the PRI and its six core principles in June 2020

ESG at Riverstone

- Established an internal working group that meets on a quarterly basis to identify and drive ESG initiatives within our firm
- Published our commitment to diversity and inclusion (D&I) and created a roadmap for executing other important D&I initiatives
- Completed an evaluation of our firm’s greenhouse gas (GHG) emissions from our own operations and developed an offset strategy

COVID-19 Response

- Prioritized the safety and welfare of our employees and the employees and contractors of our portfolio companies, as well as the wider communities in which we operate
- Implemented remote working and safety measures in line with government and public health guidelines within our firm and across our portfolio companies

Due Diligence & Initial Investment

Evaluating ESG risk across the lifecycle of an investment, starting with our underwriting process, is critical to our ability to maximize value for our investors.

ESG Due Diligence Toolkit

In 2020, we enhanced our due diligence processes further by launching a proprietary ESG due diligence toolkit. This provides a framework that supports our investment teams in identifying material ESG risks and opportunities early in the investment process and in a consistent manner.

The toolkit outlines the scope of ESG due diligence required so that it can be appropriately planned, budgeted and resourced at an early stage. It also prescribes the standards for evaluation of investments against our ESG-MEs, which comprise:

- Core qualitative criteria as the base level of performance expected from all our Riverstone portfolio companies
- Fundamental quantitative metrics on which prospective portfolio companies are required to report

ESG Due Diligence Scorecards

The findings of this process are reported to our Investment Committee in an ESG due diligence scorecard.

The information provided to our Investment Committee includes:

- An overall assessment of pre-investment ESG performance (both generally and against Riverstone's ESG-MEs)
- The scope and findings from the detailed diligence (including key ESG risks and opportunities, observed good practices, and areas requiring improvement)
- The short and medium-term ESG actions required if the investment is taken forward

If an investment is made, the due diligence scorecard is converted into a formalized ESG monitoring scorecard which is updated each year as part of our annual ESG portfolio review process.





Portfolio Monitoring

Increased ESG Engagement

In order to ensure that ESG matters remain a high priority for our portfolio companies at both board and management levels, and that best practices are implemented in a timely manner, Riverstone has designated one member from each of its investment teams to be responsible for liaising with each portfolio company on ESG matters (each an “ESG deal lead”).

This has helped increase the engagement Riverstone has with senior leaders and other stewards of ESG management at our portfolio companies on ESG risks and opportunities through 2020.

Annual ESG Reviews

In addition, we have continued to conduct annual reviews to monitor the implementation of ESG processes and to assess year-over-year changes in ESG performance at our portfolio companies. The annual ESG reviews take place in parallel with periodic reviews of our portfolio companies on compliance with laws and regulations relating to anti-corruption, sanctions, cybersecurity, data protection, and the U.S. Federal Energy Regulatory Commission (FERC).

Each designated ESG deal lead, in partnership with Riverstone’s internal legal team, is responsible for coordinating the completion of the questionnaires consistently and in a comprehensive manner.

Accountability

Recognizing the importance of underpinning overall ESG performance with accountability of our personnel, we formalized ESG management as a criterion in annual performance reviews for our investment teams.

ESG Monitoring Scorecards

The output of the annual ESG review process for each portfolio company is an ESG monitoring scorecard.

The scorecards include:

- Overall ESG rating for the company
- Assessment against our ESG-MEs and sector-specific ESG criteria
- Summary of ESG practices undertaken (and any notable achievements)
- Agreed actions to improve ESG performance through the calendar year

The ESG monitoring scorecards are communicated to portfolio company management teams and progress is monitored by the ESG deal lead throughout the course of the year.

ESG Minimum Expectations

Early in 2020, Riverstone established its ESG Minimum Expectations (or “ESG-MEs”), a set of qualitative and quantitative key performance indicators against which all portfolio companies are assessed and benchmarked on a regular basis.

Riverstone’s ESG-MEs will continue to evolve in line with international ESG standards and best practices in order to ensure our portfolio companies can continually improve their ESG performance.

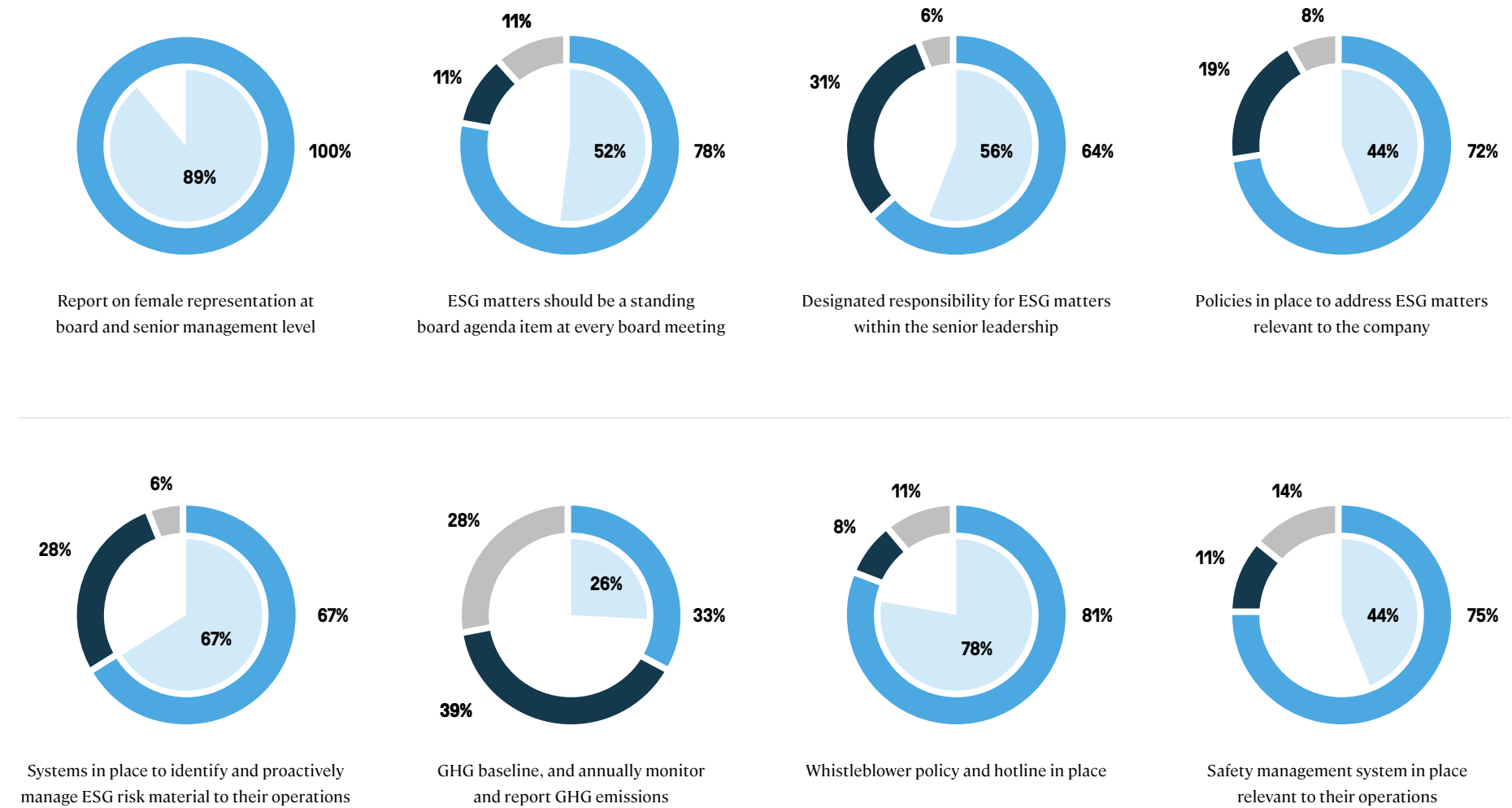
Overall, when compared to 2019, there was an improvement in all Riverstone portfolio companies meeting the ESG-MEs in 2020. All portfolio companies are now reporting on board and senior leadership diversity. Most have regular scheduled and structured discussion of ESG matters at board meetings. There was a significant increase in the number of companies meeting or partially meeting the ESG-MEs for having ESG-related policies in place and systems for identifying and managing ESG risks.

While we still have work to do to further our commitment to addressing climate change, the majority of companies either have completed or have begun the process of calculating greenhouse gas (GHG) inventories covering material emissions sources. There was also a significant improvement in the percentage of companies with formalized safety management systems in place relevant to their operation.

Even though our portfolio companies made progress in 2020, we recognize there are still areas for material improvement (including on ensuring designated senior leadership responsibility for ESG matters and on GHG emissions), which we will continue to address in 2021.

Riverstone Portfolio Companies 2020 Performance Compared to 2019

2019 performance Met Partially met Not met





A Focus on Ethics and Compliance

Riverstone considers anti-corruption compliance to be a critical component of building successful businesses. In line with our commitment to operating with the highest level of ethics, the firm structures its anti-corruption compliance oversight program to ensure that it meets internationally-recognized best practices.

- Riverstone portfolio companies with international operations have all adopted **anti-corruption policies** based on bribery **risk assessments** to ensure that procedures and controls are tailored to actual risks faced by each company
- Compliance policies address critical areas including **third party due diligence** and **hospitality practices**
- Senior leadership is expected to demonstrate **tone from the top** in support of compliance
- Each portfolio company has a dedicated **compliance officer** tasked with overseeing policy implementation and providing compliance guidance when questions arise
- Riverstone provides **periodic guidance and training** to compliance officers of companies facing the highest levels of risk

- Employees, and at times third party business partners, periodically receive **training** on compliance rules and expectations, the identification of sensitive transactions, and protocols for ensuring compliant conduct. Training focuses on specific risks faced by each company
- Riverstone portfolio companies make hotlines or other anonymous **internal reporting mechanisms** available to employees. This enables employees to seek guidance on issues or report concerns. Employees are encouraged to make reports without fear of retaliation
- Riverstone provides support and ensures **adequate resources** to manage program implementation. In the event of issues of non-compliance, Riverstone is dedicated to **investigation** and **remedial and disciplinary actions**, as necessary

To help guarantee effective compliance program implementation, and recognizing the importance of **continuous improvement**, Riverstone applies ongoing, risk-based **reviews and testing** as part of its compliance program.

Climate Change

The energy industry is at an inflection point. The need to address climate change risks and facilitate a transition towards lower carbon forms of energy production and consumption continues to accelerate.

The reshaping of the regulatory environment driven by international treaties such as the Paris Agreement, changing patterns of energy demand, and the emergence of new technologies have all disrupted the existing energy landscape, while creating new opportunities in the market.

In 2020, the COVID-19 pandemic and its impact on energy demand added further to the drivers for long-term change. Climate change, and our response to it, remains one of the most important considerations to our business.

At Riverstone, we recognize the importance of the recommendations published by the Task Force for Climate-related Financial Disclosures (TCFD) in helping companies improve transparency on climate-related risks and opportunities, and we are working on ways to adopt the framework.

Some of the actions we took in 2020 to address climate change included:

Strategy and Governance

We developed our climate strategy through building on market trend insights informed by our understanding of emerging climate policy. It also incorporates our firm's view of structural shifts in commodity supply and demand based on our experience in the energy and infrastructure sectors.

We have increased our level of engagement with portfolio companies, both at board level and through our ESG deal leads, to help them understand climate-related risk, and to enable them to build strategies to mitigate these risks (such as increased exposure to carbon pricing) and capture opportunity (for example, pivoting operations of certain companies towards renewable energy).

Risk Management

Riverstone has worked with external subject matter experts to conduct enhanced climate risk and opportunity screening on a number of our portfolio companies across the sectors and geographies in which we operate.

The assessment covers the risks arising from changes to the climate itself, as well as the risks and opportunities associated with the move to a low carbon economy, under both "business-as-usual" and "low carbon" scenarios.

Using the findings of our screening, we have developed guidance to support our investment teams throughout the investment cycle to:

- Ensure our portfolio companies are positioned to undertake timely and appropriate mitigation and management of climate-related risk
- Enable our portfolio companies to capture climate-related opportunities as they arise

This guidance also includes a high-level briefing on how climate risk and opportunity manifests in the sectors in which Riverstone invest. Riverstone expects to incorporate the guidance into our portfolio companies over the next 12–24 months.

Metrics and Targets

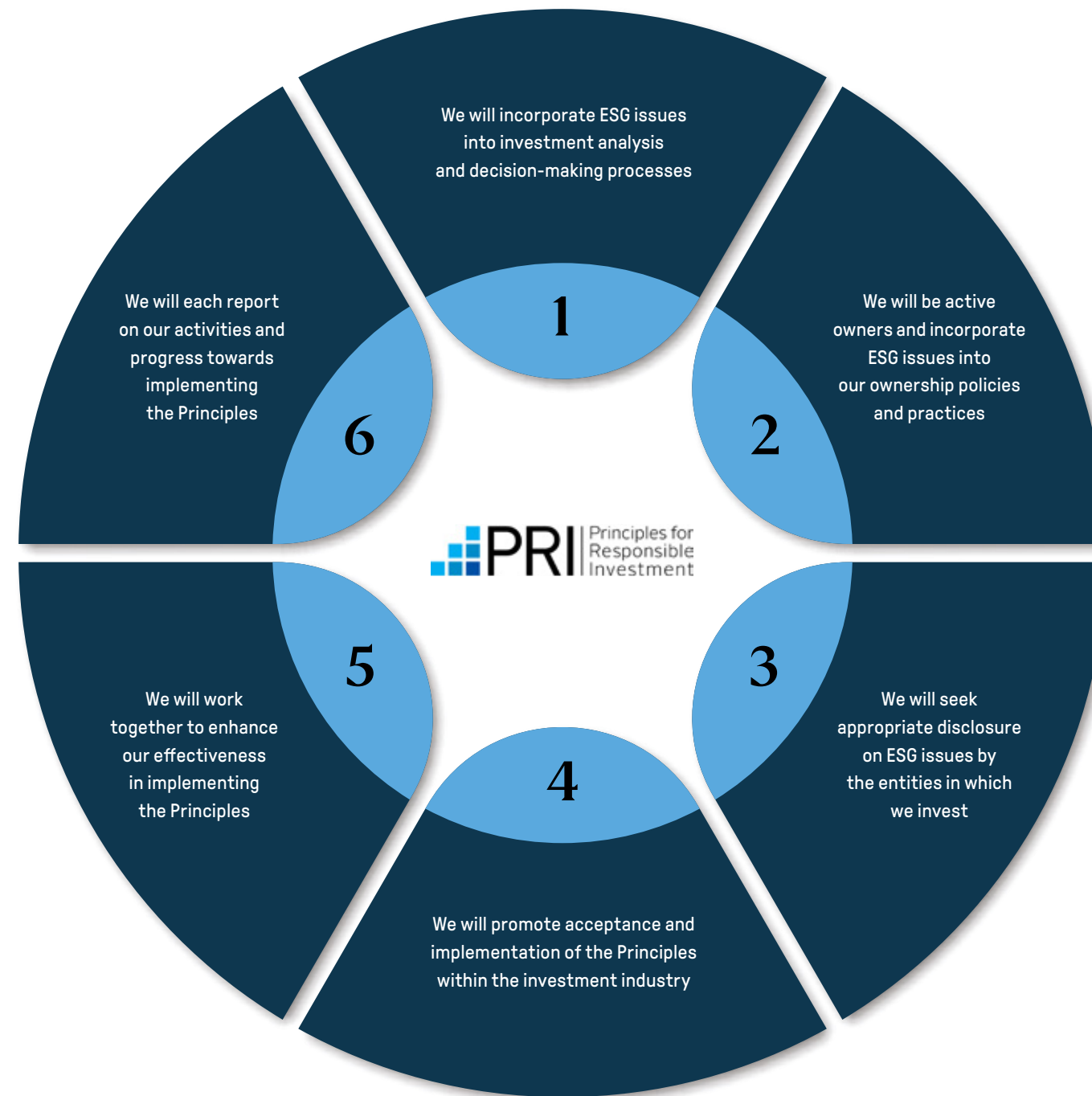
In addition to calculating a carbon footprint of our own operations, one of our ESG-MEs is for our portfolio companies to calculate a GHG baseline, and annually report and monitor GHG emissions. From this established baseline, portfolio companies will be able to measure GHG emissions reductions, to help ensure the climate impacts of our businesses are minimized over time. We recognize there is a significant amount of work to be done with our portfolio companies on this front and will make it a priority for 2021.

ESG Reporting

Riverstone recognizes the importance of ESG and has made proactive implementation of ESG initiatives one of our highest priorities. This is why the firm became a signatory to the United Nations-backed Principles for Responsible Investment (PRI) in 2020.

In line with our ESG Policy, Riverstone has committed to the PRI's six principles for our investment activities.

PRI signatories are required to report on their responsible investment activities annually—Riverstone's first reporting requirement to the PRI will be in 2022.



ESG at Riverstone

Our ESG Committee comprises a cross-functional set of leaders and our external ESG advisor. The ESG Committee meets on a quarterly basis to continually develop our ESG strategy, support ESG initiatives across our organization, grow the capabilities of our investment teams, and analyze and benchmark ESG performance and trends using data from our operations and from our portfolio companies.

To support execution of our ESG strategy internally, Riverstone has also established an internal working group of individuals from each of our offices that are responsible for advancing firm-wide ESG initiatives and practices.

One of our initiatives in 2020 was to calculate Riverstone's corporate Scope 2 (purchased energy use) and Scope 3 (air travel) GHG emissions for the year starting in February 2019*. We achieved this by using appropriate location-specific emission factors, for example from U.S. EPA eGRID database for our U.S. offices, UK Government GHG Conversion Factors for our UK office, and the International Energy Agency (IEA) for our Mexico office.

Riverstone emitted 4,380 tCO₂ from these sources in 2019 as calculated using the GHG Protocol Corporate Accounting and Reporting Standard.

As part of our wider strategic objective to reduce and mitigate GHG emissions associated with our firm's activities, as well as one of our targets for 2020, we have identified an offset strategy for our emissions and plan to offset our firm's emissions for 2020 and then on an annual basis going forward.

Additional internal initiatives that have been implemented include furthering our commitments to diversity and inclusion and further enhancing our ethics and compliance programs which are detailed further in this report.

*As a firm, Riverstone did not generate any Scope 1 (Direct Emissions) during 2019 or 2020.

“Creating a work environment where diversity and inclusion are ever-present, actively discussed, championed and monitored for further improvement is not only the right thing to do, but it also has a direct and positive correlation to our ultimate goal—creating value for our investors.”

Diversity & Inclusion

It is our goal to create an environment in which diverse backgrounds, perspectives, and personnel are represented throughout our business.


Diversity & Inclusion

Riverstone is committed to fostering a culture of inclusion by encouraging diversity and inclusivity (D&I) among our workforce.

It is our goal to create an environment within our firm and to encourage the creation of an environment at our portfolio companies in which diverse backgrounds, perspectives, and personnel are represented throughout our business.

Riverstone has implemented or is in the process of implementing a number of important D&I initiatives at our firm, including:

- Integrating a D&I committee into our ESG committee, which will hold regular meetings to review and improve D&I at Riverstone and throughout our portfolio
- Focus on partnering with a Historically Black College or University (HBCU) to bring interns to Riverstone's U.S. offices for training and an introduction to the private equity industry
- Integrating D&I into part of our diligence process when we first evaluate a company and, following the initial investment, monitoring the company to assess performance against our D&I expectations
- Working with our recruiting firms to ensure that we see diverse candidates pools and that such firms are adhering to Riverstone's Commitment to Diversity and Inclusion policy
- Working towards aligning our practices with the Institutional Limited Partners Association's D&I roadmap and their Diversity in Action initiative
- Ongoing evaluation of our training to ensure it focuses on unconscious bias and provides concrete tools to mitigate the negative effects of bias
- Establishing a set of minimum expectations for our service providers and requiring each of them to meet our requirements
- Compiling and reviewing certain demographic data at Riverstone to better understand where deficiencies exist and how we can improve

[D&I POLICY](#) 

Q&A with Robert Tichio

Partner, Riverstone Holdings LLC

“Creating a work environment where diversity and inclusion are ever-present, actively discussed, championed and continuously monitored is not only the right thing to do, but it also has a direct and positive correlation to our ultimate goal—creating value for our investors.”

Why do you think it’s important to have a strong D&I initiative at Riverstone?

Creating a work environment where diversity and inclusion are ever-present, actively discussed, championed and monitored for further improvement is not only the right thing to do, but it also has a direct and positive correlation to our ultimate goal—creating value for our investors. But, I have to admit, I generally start with that it’s the right thing to do. From a business execution perspective, there is empirical evidence supporting the notion that diverse workplaces create environments where better decisions are made. Bringing different life perspectives, cultures and educational backgrounds into the room improves processes and allows us to look at problems and potential solutions from all angles. I have yet to come to a situation where including people who are otherwise absent or excluded from the nexus of power is not empowering in and of itself.

What challenges do you see in creating a greater focus on D&I both internally and at Riverstone’s portfolio companies?

This is a challenge all institutions are facing and one that needs to be tackled head on. It may even be existential to ones that desire growth. One of the first steps is ensuring buy-in from the senior decision makers, and then building an employee culture that embraces it and values it. It is important to acknowledge that we face a particularly steep climb because our business’s historical roots are in the traditional energy industry, which tends to be rather homogenous and is documented for its relative lack of diversity in the workplace. As we have amplified our focus on investment categories that are rooted in innovation and disruption across renewables, clean tech and decarbonization, we have been able to take concrete and bigger steps to addressing inclusion where we have sought to make progress. Further, we have initiated and advanced partnerships with colleges, universities and organizations aimed at getting historically underrepresented, qualified candidates/interns in the door. I would say it is a start, but we are striving to push ourselves to think bigger and do more.

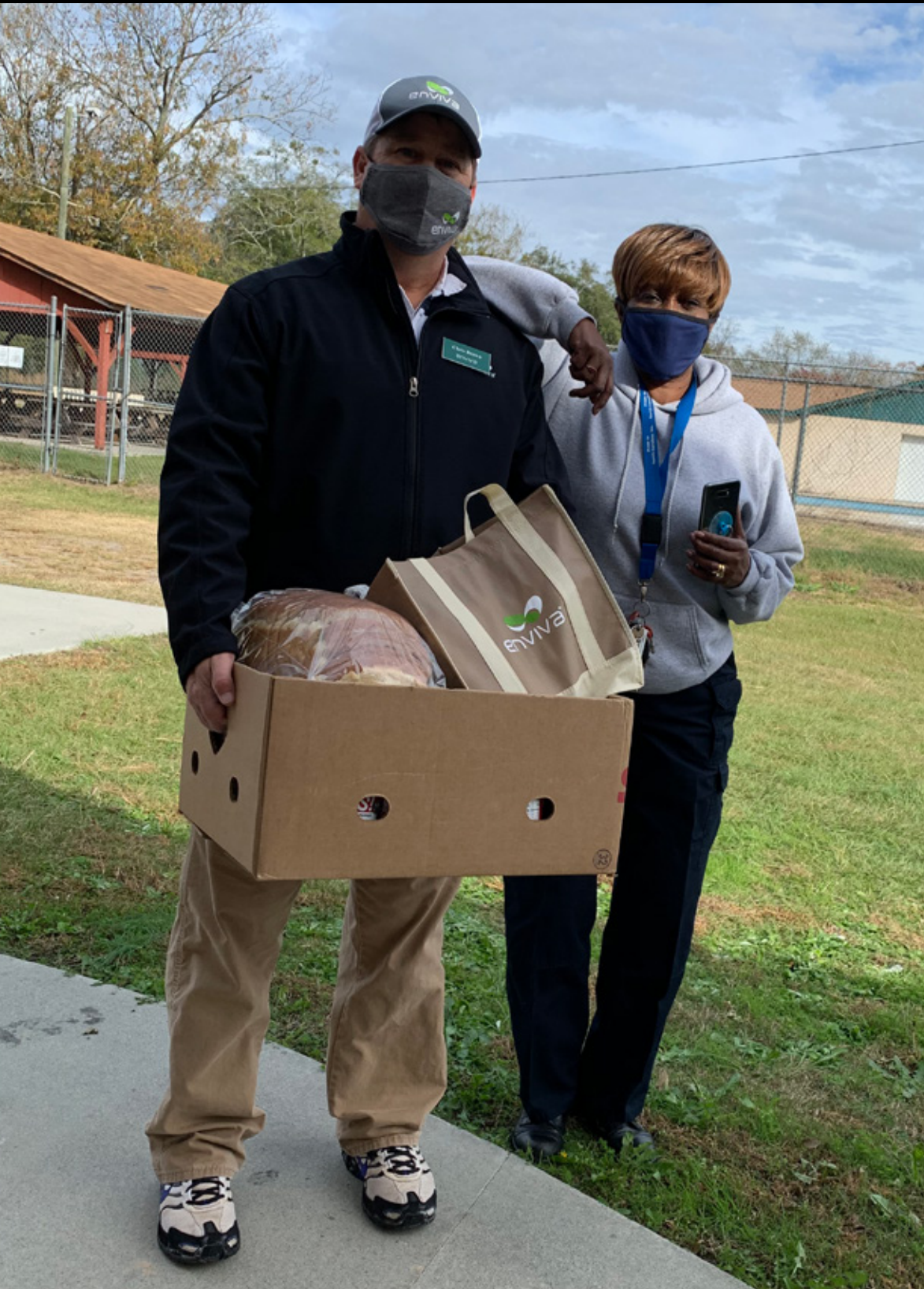
Diversity often gets the most attention when discussing D&I—how important do you think it is to focus on inclusion, as well?

We know that once the demographics of Riverstone’s and our portfolio companies’ workforce more closely resembles the demographics where we operate, the real work is just getting started. The next step is providing the necessary support to these employees to create an environment where our entire team can thrive and succeed. If I had to distill it to a concept, it would be that over the last decade, the investment management landscape started with representation, with the goal making sure people of color, sexual orientation or gender be *seen*. That fell short, and in many cases has failed to advance the transformation of C-suites and leadership ranks. We can no longer check off boxes on an org chart; we need to ensure these individuals have seats at the table. We need to ask ourselves if there are situations where underrepresented individuals do not feel comfortable taking the seat at the table, and why that is.

“Being a trustworthy, fair and transparent partner to each of our stakeholders builds a strong foundation that enables our portfolio companies to succeed.”

ESG in Action

Our portfolio companies are putting ESG into action to drive decarbonization and value creation.



COVID-19 RESPONSE CASE STUDY

Enviva

While not immune to the effects of COVID-19, Enviva's operations through 2020 were not impacted by the pandemic due to enhanced safety precautions that were proactively implemented at every Enviva facility across the United States consistent with the company's culture and values of putting people first.

These included enhanced cleaning and safety protocols, in line with regulatory guidance and recommended social distancing. Temperature monitoring, adjusted shift schedules, increased personal protective equipment, restrictions on local travel and on-site visitors, among other measures, were taken to keep each employee and contractor safe while on site.

In addition, Enviva:

- Formed a COVID-19 steering council to provide risk-based guidance using the latest scientific data so that local leaders could implement mitigation appropriate with the level of risk in their communities
- Partnered with third-party medical experts to perform case management and contact tracing and advise on mitigation strategies. The company also increased the frequency of communications to keep employees and stakeholders updated on evolving mitigation plans
- Adopted an attendance policy that compensated employees at all levels of the company for any time missed due to COVID-19 to encourage open and honest reporting of symptoms and potential exposure

- Implemented a "COVID Commitment Pledge" campaign to encourage employees to make a public statement that they are committed to following COVID-19 safety protocols both at work and in the community. As a result of the actions taken, Enviva believes it has had no confirmed cases to date of "employee-to-employee" spread, and has had no interruptions to operations, production, or shipping

As the communities Enviva calls home continue to cope with the consequences of COVID-19, the company has worked diligently to do its part to support local schools, senior citizens, families, and community programs. For example, in response to statewide school closures, Enviva provided meals and school supplies to underserved students as well as donated WiFi hotspots to help facilitate telework and online school activities for families in need.

Likewise, Enviva helped stock local food banks, delivered groceries to families and senior citizens experiencing food insecurity, and sent meals and boxed food deliveries in appreciation for and support of hospital personnel on the front lines. Throughout 2020, Enviva contributed approximately \$75,000 in monetary donations to support COVID-19 related activities across the U.S. Southeast.

WATCH VIDEO 



DECARBONIZATION INVESTMENT CASE STUDY

Loanpal

Loanpal is a California-based fintech company that provides financing options for the sustainable home improvement industry. Loanpal is able to finance more MW/month than any installer or lender in the United States.

Solar costs in the United States have plummeted in the last 10 years and are continuing to decline making residential solar a cost reducing value proposition for many US regions. Additionally, the trends to encourage the greening of the economy—and especially in US Sunbelt state legislatures—is expected to continue to support the category as seen with the recent extension of investment tax credits that support the sector.

Loanpal provides a scalable solution for large asset managers to generate exposure to high quality green credit.

Furthermore, the company is well-positioned to further expand lending volumes into the home improvement/efficiency markets, which will rapidly increase as global economies work towards decarbonization goals.

The investment supports broad decarbonization, decentralization of zero carbon energy generation, consumer reliability of diverse energy sources, and distributed and decentralized generation.

Going forward, Riverstone will continue to further expand its portfolio to include additional decarbonization investments that we believe will deliver compelling returns to investors.

[READ MORE](#)

DUE DILIGENCE CASE STUDY

IMTT

ESG factors played a key role in our recent acquisition of International-Matex Tank Terminals.

Established in 1939, International-Matex Tank Terminals (IMTT) is an industry leader in the storage and handling of bulk liquid products used in energy, industrial, consumer, and transportation industries.

IMTT operates 19 terminals and has total storage capacity of approximately 48 million barrels across North America.

During our due diligence of IMTT, Riverstone evaluated key ESG considerations using strategic partners and subject matter experts to understand potential risks as well as identify opportunities for value creation throughout the investment lifecycle of the asset. Based on the review, some key focus areas emerged that resulted in the following actions: (1) rigorous review of considerations associated with soil and groundwater legacy risks; (2) detailed assessment of process safety and asset integrity performance;

19

terminals operated



(3) careful evaluation of community engagements regarding offsite odor control; and (4) verification of compliance with air and water discharge permits.

In each of these areas, Riverstone's advisors estimated the short and long-term cost implications necessary to proactively mitigate each risk, as well as screening the medium and long-term risk levels associated with climate change and energy transition on the assets and business.

Additionally, IMTT's ESG performance and disclosure reporting was benchmarked against other sector leaders.

The process revealed a company that was performing very well across most ESG metrics and which aligned with Riverstone's ESG-MEs.

- The Chief Executive Officer, Chief Operating Officer, and VP of EHSS have direct responsibility for oversight of ESG issues at IMTT
- Key metrics such as safety incident rates, near misses, regulatory activity, and training are all carefully monitored by senior management
- IMTT has instituted an Energy Committee which identifies opportunities to improve energy efficiency in the areas of lighting, steam generation, and product pumping. As part of new improvements for 2021, IMTT will be tracking GHG emissions at all locations
- IMTT has an active Diversity and Inclusion Committee whose primary focus is to foster a work environment where all employees are valued and respected

IMTT has also been active in preparing for future risks associated with climate change. IMTT has made significant efforts in recent years to expand its business into the storage of non-petroleum products including vegetable and tropical oils, renewable diesel, and biodiesel. IMTT continues this effort with two of their four largest expansion projects underway supporting a vegetable oil processing facility and a renewable diesel plant.

In all areas where the due diligence team identified ESG improvement opportunities, the advisors and deal leaders were able to identify effective mitigation strategies to protect both financial and reputational interests. The following summarizes some of the key opportunities identified or already in progress to improve ESG performance across the assets.

Environment

- Accelerate resolution of legacy soil and groundwater conditions associated with certain older terminal locations
- Improve leak detection and response capabilities to assure assets operate at the highest level of performance
- Implement program to enhance asset resilience to the effects of global warming

48

million barrels of storage across North America



Social


- Extend model community outreach programs developed for the lower Mississippi terminals to all of the assets
- Continue to aggressively pursue innovative solutions that go beyond compliance to control routine tank transfer orders associated with operations

Governance

- Engage with a sustainability consultant to launch a new program for 2021
- Introduce aspirational and achievable ESG metrics to lead company towards a performance record that exceeds industry benchmarks
- Begin ESG disclosure reporting to track and encourage further change and progress

Through the ESG due diligence process Riverstone not only confirmed that high ESG standards were being achieved by IMTT, but also identified opportunities for further improvement that have been incorporated into post-acquisition planning.

By securing commitment to a detailed review of its existing ESG practices, performance and plans to manage risk, Riverstone has positioned IMTT to grow stronger and move forward creating positive social and environmental benefits well beyond our involvement.

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PORTFOLIO MANAGEMENT CASE STUDY


Talen Energy

Talen Energy is one of the largest privately-owned independent power generation infrastructure companies, with approximately 13,000 MW of generating capacity throughout North America.

Move Toward A Sustainable, ESG-Focused Future

Talen believes in a diverse portfolio and recognizes the value of zero-carbon, renewable energy as part of the evolving generation mix. In 2020, Talen retired approximately 430 MW of coal capacity and in November 2020 it announced a strategic repositioning that will eliminate the use of coal by Talen's wholly owned generation facilities, which collectively represent approximately 35% of the generation capacity across its fleet. Montour, Brandon Shores, and H.A. Wagner will cease coal-fired operations by the end of 2025—Brunner Island will cease coal-fired operations by the end of 2028.

The repositioning is expected to be the first step of a larger transformation of Talen's business that is underpinned by ESG investments that include renewable energy generation and battery storage resources. In addition to the Susquehanna nuclear station which generates 2 GW of 24/7 carbon-free power, approximately 531 MW of photovoltaic solar projects are in various stages of development. Additionally, initial applications for development of 575 MW of battery storage has been submitted with a majority in the feasibility review process.

[READ MORE](#) 

Environmental Performance

Talen is underpinned by solid environmental performance and a strong safety culture. Talen's environmental performance has improved over the past several years as its generation fleet has invested in environmental controls, retired coal plants, and switched to cleaner fuels. Since 2010, as compared to 2019 (on an annual basis), Talen's carbon dioxide emissions have been reduced by 58%, nitrogen oxide emissions by 71%, and sulfur dioxide emissions by 77%. In addition to a reduction in outright carbon dioxide, the carbon intensity (pound of carbon dioxide emitted per megawatt hour of production) has also declined by 29% during that same time period. Talen's Susquehanna generation facility is one of the largest baseload, carbon-free nuclear plants in the United States. Additionally, the Brunner Island generation facility in PJM has the capability to switch between coal and natural gas within a two hour period. In the year ended December 31, 2019, approximately 46% of Talen's power generated was carbon-free nuclear energy.

531 MW

of solar projects are in development



Robust Safety Culture

Finally, Talen focuses on promoting a robust safety culture that centers on its core value of "No Harm" and its safety performance results are reflective of this effort. Talen Energy Supply's OSHA incident rate has declined from 1.4 in 2016 to 0.4 in 2019 (on an annual basis), a five-year low and 69% decline since the company was taken private. Moreover, its current incident rate is well below the industry standard which distinguishes top performance at anything below 1.0. Furthermore, Talen Energy Supply's safety performance is led by Susquehanna. Using the operational and safety standards and metrics adopted by the nuclear industry, Susquehanna is among the best in the United States and inspection findings and performance indicators for each Susquehanna unit were assessed by the Nuclear Regulatory Commission (NRC) to have very low safety significance. With over 1,000 additional contractors on site, Susquehanna completed its annual spring refueling and maintenance outage in 2020 without any reportable OSHA incidents.

29%

improvement in CO₂ intensity from 2010–2019



PORTFOLIO MANAGEMENT CASE STUDY

Ascent Resources

Ascent is the eighth largest producer of natural gas in the U.S. with properties located in Southeast Ohio.

Ascent Resources is committed to the responsible production of natural gas, which is essential to the global low-carbon energy transition, both as a bridging fuel as the world moves away from the use of coal, and to support renewable energy technologies.

The company is guided by the principle of “Integrity First—Safety Always” in acting on this commitment, and this robust, principled approach has driven performance improvement and made Ascent a leader in environment, safety, governance and community relations.

Ascent has fostered partnerships with *The Environmental Partnership* and the *ONE Future Coalition* to implement best management practices to reduce methane emissions across the company’s operations and play a leading role in the industry commitment to reduce the methane emissions intensity of the natural gas supply chain. In 2019, Ascent’s methane emissions intensity was 0.05%, putting it well below the ONE Future Coalition’s 2025 target of 0.28%.

0.24 TRIR

below industry average 0.80




Ascent’s commitment to “Integrity First—Safety Always” underpins their ESG performance.

Through Ascent’s commitment to responsible development of its acreage, they have implemented various industry leading practices including:

- Reusing approximately 75% of its produced water through Q3 2020
- Enhanced Leak Detection and Repair (LDAR) program, monitoring 130,000 components monthly with an average leak occurrence rate of 0.16% through Q3 2020
- Performing 69 contractor safety meetings reaching 171 companies and 2,293 individuals in 2019

Finally, Ascent has been certified a Great Place to Work for the past four years and was named a top 100 Medium Workplace in both 2018 and 2019.

READ MORE 

PORTFOLIO MANAGEMENT CASE STUDY

Ridgebury Tankers

Ridgebury Tankers is a well-regarded and innovative shipping company that owns and operates a growing fleet of high-quality crude and refined-product tankers.

Ridgebury is committed to transparent and ethical conduct throughout every facet of its operations. In addition to the company's focus on best-in-class governance and ethical standards, Ridgebury is dedicated to seeking to manage environmental impacts across its value chain and the entire vessel lifecycle.

As a small owner, Ridgebury makes a significant effort not only to implement strong internal policies, but to join with other like-minded companies to advance industry-wide change.

Key steps to achieve this include:

- Prioritizing seafarer safety and health particularly in facing the challenges of the COVID-19 pandemic, including as signatories to the *Neptune Declaration on Seafarer Wellbeing and Crew Change*

7–10%

fuel savings and carbon emissions reduction



- Investing in energy efficiency through installation of high-frequency power monitoring and fuel management software systems, voyage planning via weather routing, and capital investment in energy saving devices (such as Mewis Duct and Propellor Boss Cap Fin modifications), along with next generation biocidal silicone paints to achieve fuel savings and carbon emissions reduction to date of 7–10%
- Focusing on Climate Alignment via compliance with *Poseidon Principles* reporting, joining with other owners as members of the *Getting to Zero Coalition* and developing ship-specific carbon reduction plans
- Implementing policies consistent with the Hong Kong Convention, together with sales contracts including monitoring and reporting provisions, to ensure that end-of-life vessel recycling is completed in a safe and environmentally conscious manner
- Focusing on elimination of corruption and bribery with a zero-tolerance policy towards facilitation payments and extortion attempts, and working with like-minded owners on Collective Action initiatives via the *Maritime Anti-Corruption Network*

CREDIT FUND INVESTMENT CASE STUDY

Aspen Power Partners

Aspen Power Partners was founded in 2020 by solar and storage industry veterans serving as operating partners of Energy Impact Partners to co-develop, acquire, construct and manage community solar portfolios in attractive markets across the U.S.

In December 2020, Riverstone provided a \$20 million first lien delayed draw term loan to Aspen, to scale growth and secure Tier 1 solar panels and receive the 26% federal solar Investment Tax Credit by year-end.

The first lien term loan includes strong lender and structural protections. Proceeds from the initial draw were used primarily to purchase Tier 1 bifacial solar panels for a 57 MW portfolio in Maine. Future draws will be subject to lender consent and used to fund refundable interconnect deposits to the utility companies.

Community solar refers to local solar facilities shared by multiple subscribers that receive credit on their electricity bills for their share of power produced. Rooftop solar panels are still out of reach for many people due to rental availability, zoning, space constraints, roof structures, and costs. Today, just 34% of U.S. homes are eligible for rooftop solar panels. Community solar opens solar power up to anyone who pays a power bill and typically provides subscribers with cost savings of 5–10% off of their annual electricity costs.

The community solar model continues to grow with strong regulatory support. In the next five years, the U.S. is set to add as much as 3.4 GW of community solar capacity. That is expected to create enough energy to power 650,000 homes.

Based on the average electricity usage for an American household, the solar energy generated for one community solar subscription has the environmental equivalent of:

- 208 trees planted
- 9,766 fewer pounds of coal burned
- 19,638 fewer miles driven

Aspen has a strong commitment to sustainability and we look forward to continuing our partnership on their growing community solar portfolio.

57 MW

of solar capacity in development



“We will continue to prioritize our commitment to being responsible investors and look forward to providing further updates on our ESG activities in the year to come.”

Future ESG Objectives

Riverstone believes that ESG is an ongoing journey that is constantly evolving over time. While we are proud of what we have achieved to date, we are always focused on what we can do better.

Future ESG Objectives

As Riverstone continues to focus on increasing investment exposure to opportunities arising from energy transition and decarbonization, the firm remains committed to continue growing our ESG program and embedding it in our culture. In 2021 and beyond, the firm will look to build on the successes of the past year across five overarching themes.

Due Diligence & Initial Investment

- Further enhance our ESG due diligence process by expanding the scope and coverage of our toolkit

Portfolio Monitoring

- Drive ESG performance improvement across our portfolio through increasing adherence to our ESG-MEs and developing targeted actions for portfolio companies
- Increase the frequency of our engagement with portfolio companies on ESG matters

Climate Change

- Through our portfolio engagement, increase the number of portfolio companies that calculate their GHG footprint
- Assess and identify climate change impacts, risks and opportunities for our portfolio companies, so that climate change issues are embedded in the investment cycle

ESG Reporting

- Prepare and submit voluntary reporting to PRI in 2021
- Develop an action plan based on feedback from the voluntary reporting to prepare for our first mandatory reporting in 2022

ESG at Riverstone

- Continue to roll-out firm-wide ESG initiatives including establishing a D&I committee to grow our D&I program
- Enhance our process for horizon scanning for ESG-related regulatory updates or market changes/drivers
- Develop and implement a GHG mitigation strategy to reduce Riverstone's operations emissions

Contact

For more information on ESG at Riverstone, please visit our Responsible Investing page at riverstonellc.com.

As part of our commitment to continually improve our ESG program, Riverstone welcomes investor input. Please send any comments or questions to lprelations@riverstonellc.com.

This Riverstone ESG report is for the period ending December 31, 2020. This report does not constitute an offer to sell or a solicitation of an offer to purchase any securities. Past or projected performance is no guarantee of future results. No representation, warranty, forecast or other projection is given with respect to any investment results.

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