



Connecting the Future

ESG REPORT: JULY 2023-JUNE 2024





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Introduction

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About Palistar

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Our ESG Highlights





About this Report

This report summarizes Palistar’s approach to integrating Environmental, Social, and Governance (ESG) considerations into our strategy and summarizes our ESG goals and progress from July 1, 2023, to June 30, 2024, unless otherwise stated. This report has been prepared with reference to leading ESG reporting frameworks—both in private equity, such as the Institutional Limited Partners Association (ILPA) and the ESG Data Convergence Initiative (EDCI), as well as beyond private equity. The Palistar team is monitoring ESG reporting developments and related regulations closely and will consider expanding its ESG reporting, as appropriate.

In the years ahead, and as deemed necessary, Palistar intends to have its information assured in future reports.





About Palistar

A long history of success in digital infrastructure investment

Palistar, led by Founder and Managing Partner Omar Jaffrey, is dedicated to investing in the future of digital infrastructure. With our specialist team of investment and operational professionals with deep expertise in the telecommunications sector, the Palistar team manages over \$2.5 billion in digital infrastructure assets on behalf of its investors and partners. Together with Symphony Wireless, an affiliate of Palistar, we have approximately 100 professionals dedicated to delivering on a focused digital infrastructure strategy that serves our long-term investment goals.¹

To meet this aim, Palistar has incorporated ESG considerations into its operations since day one. Operating sustainably and ethically seeks to ensure the long-term health of our infrastructure investments. Our commitment to a holistic approach to ESG strives to secure the long-term success of our strategy and supports building an inclusive, collaborative culture at our firm and among our limited partners and other stakeholders.

Palistar believes that there is a substantial and growing worldwide market opportunity with digital infrastructure, estimated to be a global investment opportunity of more than \$1 trillion over the next decade.²



¹ Symphony Wireless (“Symphony”) is an affiliate of Palistar that provides dedicated easements origination and related services to funds managed by Palistar. Any compensation or remuneration paid to Symphony in connection with such services, including in relation to compensating its employees, is borne by the respective funds and is not offset (or does not otherwise reduce) any fees or expenses payable by such funds, including any management fees.

² White & Case “M&A Explorer” website (December 2022). Average of global Technology, Media, and Telecommunications (TMT) Merger and Acquisition (M&A) activity from 2018 through 2022 YTD as of December 9, 2022.



OUR ESG FOCUS AREAS

Underpinned by the results of Palistar’s double materiality assessment completed in 2024, our ESG strategy aims to support resilient investment outcomes. These seek to serve the long-term interests of our investors, our employees, and the communities in which we live and work.³

To support the execution of these strategies, Palistar has developed the following ESG focus areas to drive impact and alignment across our firm and portfolio companies:

PILLAR 1: Operate Sustainably and Ethically

Ensuring the safe and sustainable operations of our firm and our portfolio companies is critical to our long-term success. Palistar implements processes and policies to help ensure environmental and labor compliance. Our goal is to maximize the positive sustainability benefits inherent to digital infrastructure. We aim to do this by aligning our ESG efforts with best practices, as well as international standards and frameworks.

PILLAR 2: Create an Engaged and Inclusive Company Culture

A core element of Palistar’s culture is maintaining an inclusive work environment. We support our employees’ well-being by offering competitive medical, dental, vision, and mental health coverage and resources. We aim to foster collaboration and camaraderie through regular employee outings and volunteer opportunities. Our annual employee engagement survey helps guide our programming, working to meet the needs and expectations of our employees.

PILLAR 3: Support Economic Empowerment and Digital Inclusion


Our unique investment focus seeks to support digital access in rural communities. Approximately 94% of Palistar’s assets are in rural or suburban areas, which helps to promote digital inclusion. By coupling our investment strategy with volunteer programming, we help support the economic empowerment of people in underserved communities.



PALISTAR AT A GLANCE


 **\$2.5B**
assets under management (AUM)

 **30+**
professionals with significant investment, operational, and industry experience

 **4,000+**
owned or managed digital infrastructure assets

 **NYC**
headquarters

 **25 years**
senior team members’ average relevant experience

 **94%**
of towers located in rural or suburban areas⁴

³There is no guarantee that Palistar will be able to successfully implement its investment strategy, including with respect to creating positive impact while enhancing long-term company value and achieving financial results for investors.

⁴Estimates are based on December 2023 data. “Rural” is defined as an area with a population density of 0–596 people per square mile. “Suburban” is defined as an area with a population density of 596–7,911 people per square mile.



The Digital Infrastructure Ecosystem

Paths for Capital Deployment



Macro Wireless Infrastructure

Towers and cell sites that provide network access



Carrier Partnerships & Funding Structures

Established track record to support increased access to Information and Communications Technology (ICT)



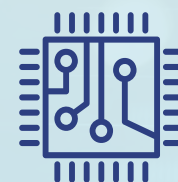
Fiber & Cable Infrastructure

Essential for delivering connectivity at increased speeds



Data Centers

Critical for computing, storing, and managing information to support the rise of artificial intelligence (AI)



Other Digital Infrastructure

Small cells, wireless internet service providers (WISPs), and satellites to enable flexible connectivity options



A Letter from Our Founder & Managing Partner



We are excited to share our inaugural Environmental, Social, and Governance (ESG) report with you, our stakeholders. This report details Palistar’s ESG program, which we have built steadily since our founding in 2019 when we developed our Responsible Investment Policy.

At Palistar, we invest in mission-critical digital infrastructure assets that connect the future. Digital infrastructure is the backbone to modern society, and it plays a critical role in connecting people and communities to economic, educational, and social opportunities. This became increasingly evident during the COVID-19 pandemic, and its importance has heightened since then. By investing in this space, we help enhance connectivity between individuals, businesses, and communities in an increasingly connected world. This catalyzes opportunities for access to education, employment, health care, and other resources that help people thrive and prosper.

Our investment strategy has proven to be resilient throughout economic cycles and over the long term. Given our focus on resiliency, longevity, and opportunity, Palistar is committed to responsible ESG practices as an integral part of running our business. Like other top performers in our industry, we recognize the business case for ESG: improving risk management and creating—and protecting—long-term value.

We continue to advance our ESG initiatives every year. After developing our Responsible Investment Policy the year Palistar was established, we further advanced that policy and put it into action in 2020.

- In 2021, we became a signatory to the United Nations’ (UN’s) Principles for Responsible Investment (PRI), established our ESG Committee, standardized our ESG due diligence processes, and started monitoring ESG factors of portfolio companies on a quarterly and annual basis.
- In 2022, all Palistar employees participated in ESG training.
- In 2023, we adopted the CFA Institute’s Diversity, Equity, and Inclusion (DEI) Code.

Today, we are bolstering our ESG program further with the publication of our inaugural report. Importantly, this report marks our intention to enhance Palistar’s ESG reporting going forward as we strive to increase transparency in the years ahead. Throughout 2024, we have had other major ESG milestones, such as completing a double materiality assessment in line with regulatory best practices. The results of this materiality assessment helped refine our approach to ESG this year, and also informed the development of our focused ESG pillars.

When we take a step back and think about what we have accomplished, we are confident that fostering business integrity and cultivating sound ESG practices help us better align our firm, along with our investment activities, with the broader interests of society. In the past few years, Palistar and other businesses around the world have had to grapple with rapidly evolving environmental and social issues, including, but not limited to: energy independence; the global decarbonization effort; diversity, equity, and inclusion; artificial intelligence; and major industry and regulatory changes. Despite these external forces, we continue to pursue our ESG strategy in alignment with our firm’s values and fiduciary responsibilities.

We are excited about the opportunities ahead as we continue along our ESG journey. Our progress depends on the efforts of our employees and portfolio companies, as well as the continued support of our investors. In closing, I want to thank you and all our stakeholders for the critical role you play in helping our mission to connect the future.

– OMAR JAFFREY
Founder and Managing Partner at Palistar



Our ESG Highlights

Palistar and Our Portfolio Companies



At Palistar, we believe a holistic ESG strategy is vital to the long-term success of not only our firm, but also the mission-critical infrastructure we invest in. Palistar's ESG approach is rooted in industry best practices and aligned to what is important to our investors, our employees, and the people in the communities where we live and work.”

– TAYLOR GILLESPIE
Director of ESG at Palistar

Overview

At Palistar, we are focused on investing in mission-critical infrastructure that connects the future. We apply this focused approach to our ESG strategy, prioritizing progress on ESG opportunities that serve our investment goals and contribute to sustainable operations. Below are highlights⁵ for the prior one-year period ending June 30, 2024, that demonstrate our ongoing commitment to ESG at Palistar and our portfolio companies:

Environmental

- Completed financed emissions estimates across our asset portfolio as of July 1, 2023
- Conducted emission estimates across our asset portfolio as of July 1, 2023
- Partnered with portfolio companies to support emissions reduction strategies



Social

- Assessed tower morphology on a quarterly basis to support access to information and communications technology (ICT) for underserved areas; 94% of Palistar's assets are in rural or suburban areas⁶
- Hosted ESG training for all Palistar employees and portfolio companies
- Engaged 60% of Palistar employees in volunteering opportunities and organized monthly employee events
- Formalized our commitments to key Diversity, Equity, and Inclusion (DEI) frameworks and standards, including:
 - Institutional Limited Partners Association's (ILPA's) Diversity in Action initiative
 - The CFA Institute's DEI Code
 - National Association of Investment Companies (NAIC), formally accepted in 2024

Governance

- Conducted double materiality assessments at Palistar
- Submitted to the United Nations' Principles for Responsible Investment (PRI) and ESG Data Convergence Initiative (EDCI) ESG frameworks
- Refined Palistar's ESG Framework
- Established a requirement for portfolio companies' ESG reporting to align with market-dominant ESG standards and frameworks
- Improved metrics and targets to track impact across material United Nations Sustainable Development Goals (UN SDGs)
- Included contributions toward ESG goals in annual employee performance reviews as part of self-selected personal objectives

⁵Past performance is not indicative of future results.

⁶Estimates are based on December 2023 data. "Rural" is defined as an area with a population density of 0-596 people per square mile. "Suburban" is defined as an area with a population density of 596-7,911 people per square mile.



Our ESG Approach

In this Section

ESG Oversight &
Corporate Governance

Material ESG Factors

Our ESG Framework

Palistar's ESG Partners





Our ESG Approach

Aligning our digital infrastructure strategy with positive social and environmental outcomes

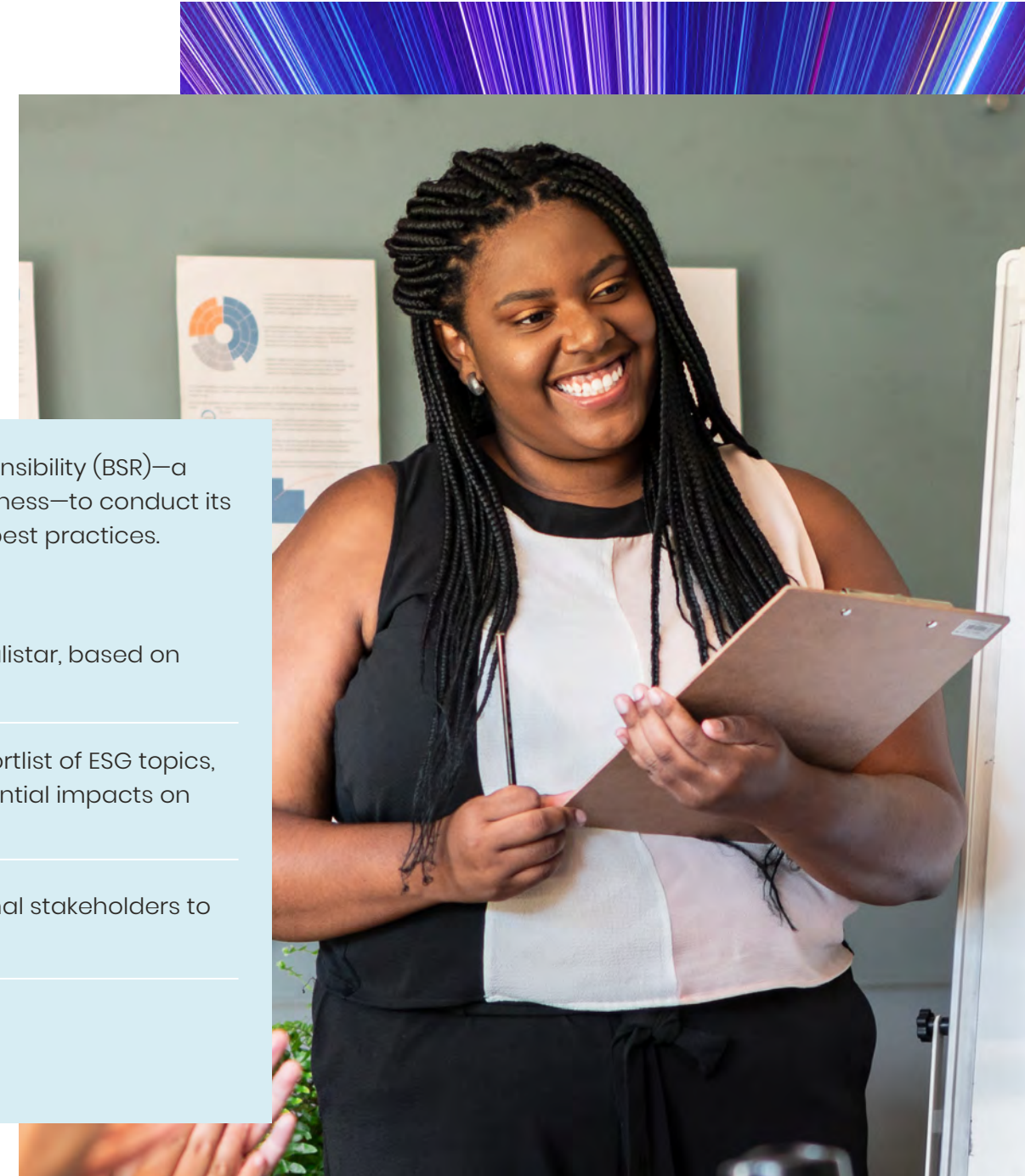
The demand for digital infrastructure is increasing, and Palistar aims to contribute to the responsible and sustainable growth of the infrastructure industry through its ESG strategy. Through this strategy, Palistar aims to mitigate risk, support investor interests, and drive positive impact at both Palistar and portfolio company levels.

Our ESG program aligns with our investment focus and investor needs, and seeks to support our business growth as we look to expand into new verticals. Leveraging industry standards and best practices, our approach to ESG is based on our double materiality assessment results and on what should drive positive long- and short-term returns for our firm and our investors.⁷

Palistar partnered with Business for Social Responsibility (BSR)—a non-profit focused on creating sustainable business—to conduct its double materiality assessment, in line with ESG best practices.

Our methodology followed this approach:

- 1 Identify shortlist of ESG topics relevant to Palistar, based on relevant ESG standards
- 2 Assess the severity and likelihood of our shortlist of ESG topics, and score those topics based on their potential impacts on society and the environment
- 3 Conduct interviews with internal and external stakeholders to validate the scoring of ESG topics
- 4 Revise assessment and validate results with internal stakeholders



⁷There is no guarantee that Palistar will be able to successfully implement its investment strategy, including with respect to creating positive impact while enhancing long-term company value and achieving financial results for investors.



ESG Oversight & Corporate Governance

ESG Oversight

To effectively govern our ESG efforts and manage ESG integration into our investment strategy, Palistar takes a collaborative, cross-functional approach. Our ESG strategy is overseen by Palistar’s Chief Operating Officer (COO)/Chief Financial Officer (CFO) and the Director of ESG.

ESG Committee

Palistar’s ESG Committee was established in 2021 and meets quarterly to discuss our progress against the company’s ESG goals, ESG due diligence, and ESG trends. The objective of the ESG Committee is to support Palistar’s ongoing commitment to managing ESG risks and maximizing long-term financial value.

These quarterly ESG Committee meetings include the COO/CFO (Chair), the General Counsel/Chief Compliance Officer (CCO), an Investment Partner, the Director of ESG, and a Senior Associate. Outcomes from the ESG Committee are escalated as necessary with both quarterly and ad-hoc updates to the Managing Partner.

Investment Committee

Palistar’s Investment Committee (IC) is responsible for reviewing the results of all aspects of our ESG due diligence and for incorporating these findings into investment memos. IC members include Palistar leaders, several of whom also serve on our ESG Committee and other governing bodies.



Our commitment to ESG began from the inception of Palistar in 2019. Given the rise of regulatory requirements and both employee and investor interest in ESG, it has been exciting to see our programs continuously evolve to meet new challenges and opportunities.”

– CHESTER DAWES
COO and CFO at Palistar

Responsible Investment Policy

Our Responsible Investment (RI) Policy serves as the foundation for ensuring ethical and sustainable operations. This policy highlights our overall approach to ESG integration and formalizes our commitment to adherence to the UN’s Principles for Responsible Investment (PRI). Our RI policy is reviewed on at least an annual basis.



Material ESG Factors

To determine which ESG topics are the highest priority (or “most material”) to our stakeholders, we partnered with a third-party agency to conduct a materiality assessment. Based on this assessment, Palistar considers ESG factors as material to our investment strategy, and will monitor and measure performance against these factors both prior to and during the investment holding period.



Material ESG issues vary by the type of investment, and below are some examples of the criteria we consider as part of our ESG due diligence process:

- Climate Change
- Biodiversity
- Energy Consumption and Management
- Access to Information and Communication Technology (ICT)
- Digital Inclusion
- Diversity, Equity, and Inclusion
- Talent, Retention, and Development
- Community Engagement and Land Rights
- Employee Health and Safety
- Just Transition
- Cybersecurity and Privacy
- Proper Governance, Ethics, and Compliance

Palistar leverages the results of our ESG due diligence process, among other factors, to inform our investment decision making and to identify potential risks and opportunities for improvement.

Post-investment, Palistar seeks to manage risks by establishing open communication on at least a quarterly basis with ESG leaders at portfolio companies and by monitoring material ESG issues. To support both the tracking of ESG metrics and the timely response to ESG risks, we collect ESG metrics on a quarterly basis to establish ESG baselines with investments, track ESG progress over time, and encourage the escalation of ESG issues.



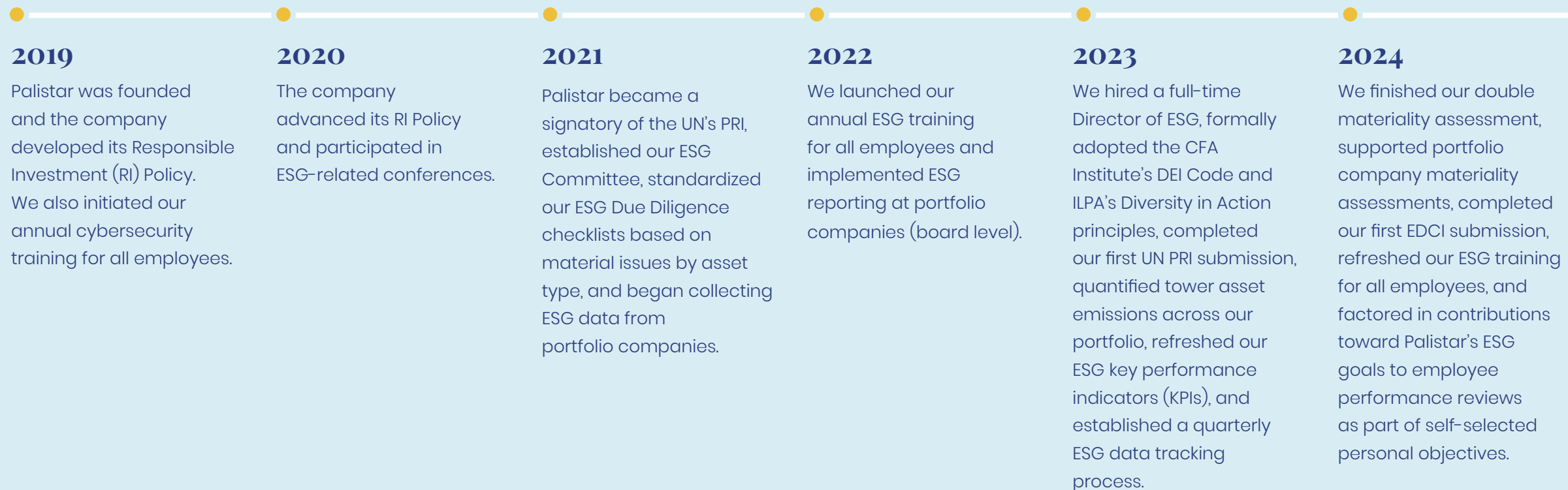


Our ESG Framework

Palistar’s ESG Framework is based on our materiality assessment results and priority issues for our stakeholders.⁸



ESG MILESTONES



⁸Past performance is not indicative of future results.



Palistar's ESG Partners

Industry Standards & Frameworks

As part of our ongoing commitment to ESG, Palistar has sought to align our strategy, due diligence process, and reporting initiatives with the following ESG standards and frameworks to help further drive our ESG impact and transparency:



United Nations Principles for Responsible Investment (UN PRI)

Establishes six responsible investment principles and annual reporting framework to track progress against ESG goals



United Nations Sustainable Development Goals (UN SDGs)

Comprises 17 global goals designed to drive a sustainable future; Palistar's ESG strategy focuses on driving impact across UN SDGs 8, 9, 10, and 13



ILPA Diversity in Action

Advances diversity and inclusion among both fund managers and institutional investors



CFA Institute's Diversity, Equity, and Inclusion Code

Establishes six principles to support DEI initiatives



ESG Data Convergence Initiative (EDCI)

Voluntary ESG data disclosure to increase transparency in the financial services industry and encourage effective tracking of ESG impact



ESG Integrated Disclosure Project (ESG IDP)

Palistar leverages these standardized metrics to support ESG integration for credit investments



Progress Toward the UN SDGs

Palistar focuses on driving impact across the following material UN SDGs, leveraging indicators and targets to measure progress.⁹



The number of investors asking for nuanced ESG data is increasing, and we recognize the importance of aligning our efforts with established frameworks and standards. This not only helps ensure that our strategy is aligned to best practice, but also instills confidence that our investment approach supports our limited partners in their own ESG journey. It’s a win-win-win.”

– BRITTENAY BANH
Head of Investor Relations and Capital Formation at Palistar



Palistar aims to support the development of digital infrastructure that Palistar believes serves UN SDG target 8.2, “Achieve higher levels of economic productivity through diversification, and technological upgrading and innovation, such as through a focus on high-value-added and labor-intensive sectors.”



Through its singular investment strategy focus on developing mission-critical digital infrastructure, Palistar aims to improve UN SDG target 9.C, “Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet.”



Palistar aims to increase equality through digital inclusion. A majority of Palistar’s investments aim to support digital infrastructure in rural or suburban areas, thus providing greater connectivity availability for people in remote areas. We believe this supports UN SDG target 10.2, “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.”



Palistar aims to contribute to progress on climate action by seeking to support UN SDG goal 13.2, “Integrate climate change measures into policies, strategies and planning,” through developing our emissions strategy.

Progress

Palistar has supported several energy efficiency upgrades to LED lighting at our portfolio companies and is exploring investment in opportunities that leverage innovative new wind energy solutions and other sustainable energy technology.

Palistar has over 94% of its tower assets located in rural or suburban areas,¹⁰ supporting increased connectivity access.

In addition to investment in towers in rural and suburban areas, Palistar supports the economic empowerment of women through our ongoing partnership with Sanctuary for Families.

Palistar has completed initial emissions estimates across our portfolio assets as of June 30, 2023.

⁹ Past performance is not indicative of future results.

¹⁰ Estimates are based on December 2023 data. “Rural” is defined as an area with a population density of 0–596 people per square mile. “Suburban” is defined as an area with a population density of 596–7,911 people per square mile.



ESG Collaborations and Memberships

Palistar works with the following organizations to support our ESG work and goals:



Business for Social Responsibility (BSR)

BSR is a global non-profit dedicated to supporting sustainable business; Palistar worked with BSR to conduct materiality assessments at Palistar and its portfolio companies.



National Association of Investment Companies (NAIC)

NAIC is the largest network of diverse-owned asset management firms; Palistar joined NAIC in 2024 to further support our investment strategy and community engagement (formally accepted in 2024).



Quinn+Partners

Quinn+Partners is a certified B-Corp and leading management consultancy firm specializing in corporate sustainability and sustainable finance; Quinn+Partners supported our annual ESG training at Palistar and all its portfolio companies.



Sanctuary for Families

Sanctuary for Families is a local New York City non-profit organization dedicated to supporting the economic empowerment of women and people affected by gender violence. Palistar supports Sanctuary for Families through regular volunteer engagements and sponsorships.

ESG Stewardship

Palistar leaders have been involved with the following organizations and working groups that support ESG best practice within our industry:



UN PRI Human Rights and Social Issues Reference Group

Palistar’s Director of ESG is an active member of this working group. This cross-functional working group meets quarterly to review and discuss human rights and social issues across diverse industries. Best practices and learnings from these meetings are used to inform Palistar policies and practices.



EDCI Infrastructure Working Group

Palistar’s Director of ESG was a former member of this working group, which is focused on the development of infrastructure sector-specific metrics that capture the nuances in ESG data reporting for the industry.



University of Waterloo Sustainability Business Council

Palistar’s COO/CFO is a participating member of the University of Waterloo’s Sustainability Business Council and participates in regular meetings to advance sustainability integration by convening a network of cross-functional and cross-industry experts to develop leading sustainability integration practices.





Ethics & Responsible Investing

In this Section

Code of Conduct

Investment Process & Deal Sourcing

Our Approach to ESG Integration





Ethics & Responsible Investing

A holistic approach to ESG strategy implementation

Code of Conduct

At Palistar, ethical operations are at the core of our firm and embedded in our firm culture. Our Employee Code of Conduct and Employee Handbook serve as the guiding documents for how Palistar employees are required to conduct business. Our Code of Conduct is reviewed annually, and all employees must certify annually. Palistar’s Chief Compliance Officer is responsible for overseeing employee adherence with our Code of Conduct.

Palistar leverages an online tool to facilitate the management of key compliance documentation and adherence to Palistar policies. In addition to complying with the Employee Code of Conduct, Palistar employees are required to certify accounts and transactions on a quarterly basis.



“

At Palistar, we are committed to creating a culture centered on trust, transparency, and integrity. Our compliance program serves as the foundation to support that mission. Our aim is to operate efficiently and ethically, and to act as a role model to the companies in which we invest. We believe good governance is critical for long-term success in the best interest of our limited partners, employees, and other stakeholders.”

– NITIN KHAKEE
General Counsel and Chief Compliance Officer at Palistar



Investment Process and Deal Sourcing

Palistar seeks to employ a disciplined and systematic investment process that integrates ESG considerations throughout. Below is a diagram of our overall investment process, showing where key ESG diligence touchpoints occur.



PALISTAR'S SCALABLE AND REPEATABLE INVESTMENT PROCESS

Deal Sourcing

Proactive outbound sourcing and inbound leads generated through relationships across multiple channels globally

Established network of C-suite and other senior relationships, including asset managers/owners, banks, and advisors

Sourcing is generally relationship- and solutions-based, not driven by rote process or auction

As applicable, use analytical tools and databases for network intelligence and asset-level intelligence

Deal Diligence & Structuring

Conduct bottom-up analysis, along with downside scenarios for merited screening and selection

Strategic and financial analysis, evaluation of pricing and terms, and exit scenarios

Further deep due diligence, along with internal memo drafting

Preliminary legal review, ESG review, and deal structuring

Hiring of consultants and technical experts, onboarding of banks and financing sources, evaluation of base downside-upside cases, and identification of key diligence hurdles and questions

Preliminary assessment, red flags, and go/no-go decisions for due diligence, entering into exclusivity for deep dive

Investment Approval

Formal Investment Committee discussions

Review of investment risks and merits, comparables, valuation, motivations, and incentives of key players

Formal approval required for all investments

Drafting legal documentation and structuring, including governance and jurisdiction

Execution

Completion of final legal documentation and transaction execution/funding

Onboard transaction to asset management

Portfolio & Risk Management

Regular review of financial and operating performance, plus audit and valuation, as needed

For directly owned assets, our in-house asset servicing team provides additional operational support (e.g., financial operations, growth, and efficiencies)

Where applicable, evaluate follow-on and add-on investments (repeat earlier steps, if needed)

Ongoing effort designed to optimize investments and maximize potential returns

Where applicable, ongoing implementation of Palistar ESG initiatives

Continued evaluation of exit opportunities



Our Approach to ESG Integration

As a part of the investment approval process, Palistar evaluates certain ESG risks during both informal and formal stages of review and due diligence. Palistar worked with an ESG consultant to develop a custom ESG due diligence framework based on material factors depending on the asset(s) or target company we are evaluating.



As a member of both the Investment Committee and the ESG Committee, it has been energizing to see significant enthusiasm and collaboration when evaluating ESG considerations that enhance our overall due diligence process.”

– JOHN APOSTOLIDES
Investment Partner at Palistar

To help ensure the consideration of these ESG risks, we:

- Leverage custom ESG due diligence tools to support standardized ESG analysis as aligned with the unique investment opportunity
- Present ESG findings for each potential investment at Investment Committee (IC) meetings
- Utilize internet searches and paid services to undertake a detailed review of publicly available information before committing substantial time and resources
- Review historical litigation, complaints, issues, and regulatory interactions
- Interview management teams and complete background checks
- Assess key ESG risks and provide input to allow the IC to make informed decisions, considering ESG factors and the company’s capacity to address risks and capitalize on opportunities

For credit investments, Palistar leverages industry standards as we do with equity investment due diligence. For primary origination transactions, Palistar leverages the full ESG Integrated Disclosure Project (IDP) questionnaire; for secondary transactions, Palistar leverages a custom due diligence questionnaire (DDQ) process that aligns with the ESG IDP, where possible.





PALISTAR HAS ESTABLISHED A SIX-STEP ESG DUE DILIGENCE PROCESS FOR EQUITY INVESTMENTS:

Gather Data

Collect publicly available ESG information (e.g., ESG report)

Collect supplementary information from counterparty ESG team

Sourcing is generally relationship- and solutions-based, not driven by rote process or auction

Complete ESG DDQ

Complete an ESG due diligence questionnaire (DDQ), highlighting any data gaps or concerns

Sample ESG DDQ topics:

- Environmental sustainability
- DEI
- Digital connectivity
- Governance

Conduct Additional Due Diligence

Review additional ESG frameworks to supplement any other ESG data needs

Engage third parties to support additional due diligence, as needed (e.g., Phase 1 analysis)

Engage Consultancy

On an as-needed basis, review findings and approach with ESG consultancy to support long-term reporting efforts and investment decision making

Review Results

Finalize ESG findings and summarize them based on inputs from ESG DDQ, additional due diligence, and consulting efforts

Identify data gaps and raise issues

Sourcing is generally relationship- and solutions-based, not driven by rote process or auction

Monitor

Define and maintain regular monitoring of ESG key performance indicators (KPIs) that are aligned with Palistar’s ESG reporting strategy



Connecting Responsibly

In this Section

Providing Connectivity in
Rural and Suburban Areas

Cybersecurity & Data Privacy

Risk Management



Connecting Responsibly

Our commitment to powering a more resilient and equitable future

Providing Connectivity in Rural and Suburban Areas

In a world increasingly disrupted by unpredictable weather and unprecedented health and humanitarian crises, access to connectivity is an increasingly important factor in building community resiliency. The digital divide is a human rights issue, and communities deprived of connectivity access are often excluded from full participation in society. The digital divide can manifest through physical (lack of available connection) or financial (inability to afford access) forms.

A 2021 study revealed more than \$186 billion of economic output and more than 875,000 additional U.S. jobs would have occurred

had there been a 10% increase in broadband access across the country in 2014.¹¹

How digital infrastructure supports community resiliency:

- Reduces barriers to education
- Increases opportunities for marginalized groups to participate in economic activities
- Improves access to emergency services in times of crisis
- Reduces inequalities for underserved groups and communities

To help combat the negative effects of the digital divide, Palistar has focused on supporting digital infrastructure in rural and suburban areas.

As of December 31, 2023, over 94% of Palistar’s 4,000+ assets are in rural or suburban areas.¹²



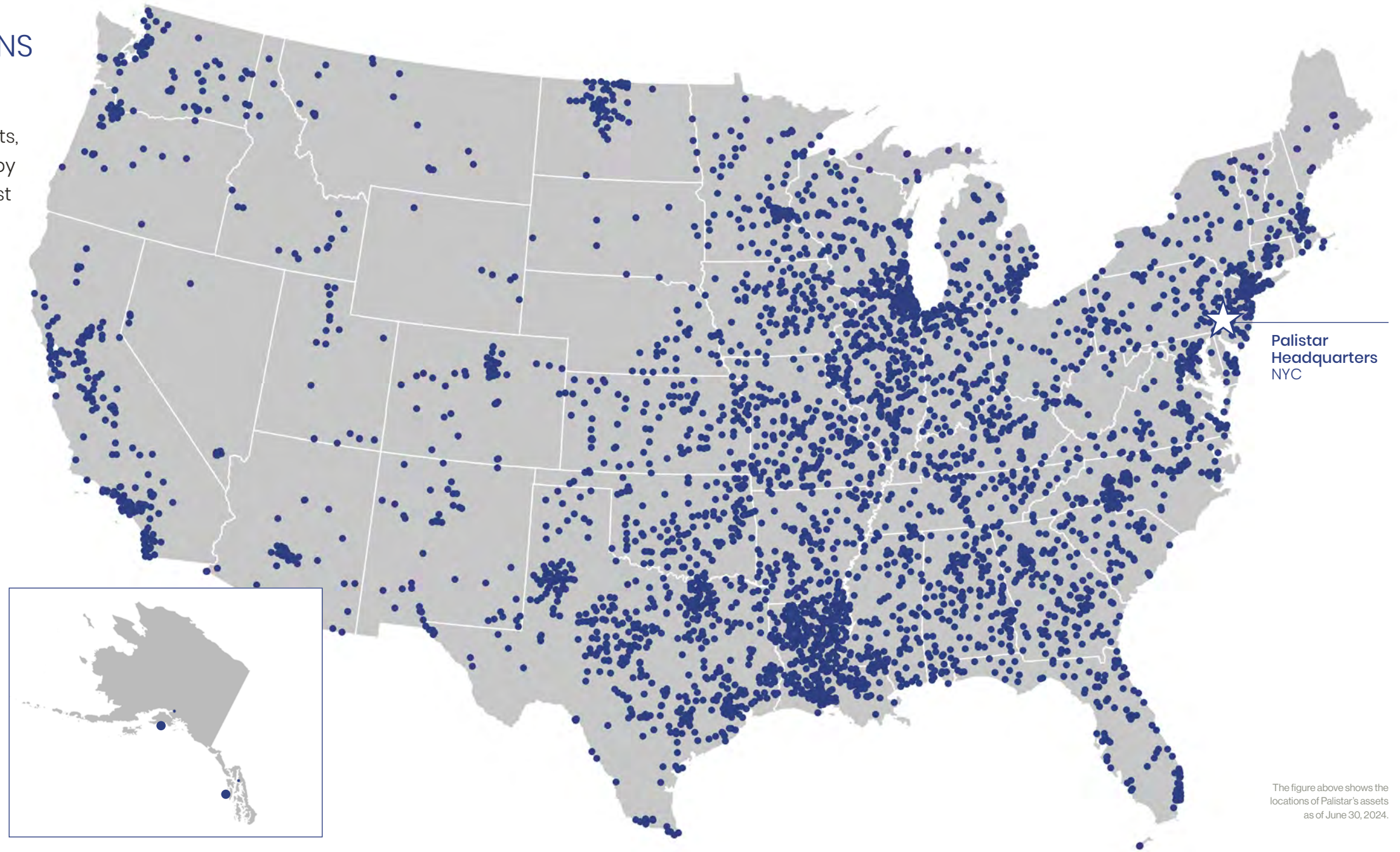
¹¹ Bridging the Digital Divide with Broadband, Deloitte US, 2021. The term “digital divide” refers to the gap between people who can easily use and access technology and those who cannot.

¹² Estimates are based on December 2023 data. “Rural” is defined as an area with a population density of 0–596 people per square mile. “Suburban” is defined as an area with a population density of 596–7,911 people per square mile.



PALISTAR'S ASSET LOCATIONS

In addition to tracking asset morphology, and to further support community benefits, Palistar aims to expand impact tracking by collecting data on the number of low-cost carriers on our assets.



The figure above shows the locations of Palistar's assets as of June 30, 2024.



PORTFOLIO COMPANY CASE STUDY

Harmoni Towers: Supporting Employee Safety, Satisfaction, and Success

Through various health and safety initiatives and employee engagement programs, Harmoni Towers prioritizes the overall well-being of its employees. Harmoni has implemented several initiatives to promote a safe and inclusive company culture:

Completed an employee engagement survey with 98% participation, which resulted in several initiatives designed to bolster culture and engagement—including a recognition program and more regular updates from leadership to increase transparency

Enhanced Employee Handbook and Code of Conduct to strive for continued adherence to company policies and provide a safe and inclusive workplace environment

Established rigorous safety program leveraging Occupational Safety and Health Administration (OSHA) and American National Standards Institute (ANSI) best practices

The Harmoni Health & Safety program builds on general industry safety standards across three key areas of focus: Culture and Clarity, Planning, and Verification





Cybersecurity & Data Privacy

Palistar prioritizes privacy and security for the protection of our investors and employees. Palistar has defined risk management governance, along with roles and responsibilities, in our Employee Code of Conduct.

All employees are responsible for understanding their roles and duties to protect our firm and are required to participate in annual cybersecurity training.

Palistar works with a cybersecurity advisor to conduct annual assessments in order to identify risks in security controls, technical infrastructure, or procedures. Based on these assessments, Palistar updates its cybersecurity program and policies annually. Palistar is dedicated to identifying potential risks on an ongoing basis and, where appropriate, developing policies to minimize exposure to any such risks.

FREQUENCY	DAILY	WEEKLY	QUARTERLY	ANNUALLY
Assessment	Internal Vulnerability Scans	External Vulnerability Scans	Phishing Exercises	Cybersecurity Training, Penetration Testing, and DR/BCP Testing ¹³
Purpose	Identify vulnerabilities from inside the network Identify what a hacker could do if controls are breached	Scan perimeter defenses like websites, web applications, and network firewalls in order to identify weaknesses	Test Palistar employees' abilities to recognize and respond to a phishing attack by sending fake phishing emails to employees	Train all Palistar employees on cybersecurity best practices and internal protocols

¹³ DR = Disaster Recovery; BCP = Business Continuity Planning



Risk Management

Managing risks is critical for Palistar’s long-term success and we embrace a proactive approach to build our business resiliency. As part of our standard investment cycle, Palistar conducts a thorough analysis of sensitive factors to determine their potential impact on each investment and to ensure that the investment opportunity meets the requirements for the Fund’s risk/return profile. Such factors include the quality and integrity of management, our comfort in counterparty contracts and risks, our use of leverage, expected valuation and jurisdiction, regulatory and legal issues, and ESG factors.

We also incorporate several controls, depending on investment type, to help mitigate potential risks for our investments. In the case of control investments, Palistar strives to implement robust operating agreements, shareholder agreements, and board agreements to protect our position in a majority-stake ownership.

In minority or structured investments, Palistar strives to have a level of influence and control over the asset through minority rights, board rights, and/or consent rights on major decisions. Palistar also seeks to exert influence and control through senior ranking of the Fund’s security where Palistar believes it is beneficial to do so.





People & Communities

In this Section

Our Human Capital Strategy

Our Commitment to DEI





People & Communities

Ensuring an inclusive employee culture and a thriving community



As our Chief Diversity Officer, my goal is to embed inclusive principles and practices throughout our operations and our company culture. As a minority-owned firm, we recognize the value of diverse perspectives and experiences.”

– CHESTER DAWES
COO and CFO at Palistar

Our Human Capital Strategy

Talent and Retention

Palistar is committed to fostering an inclusive and diverse workforce while upholding our dedication to equal employment opportunities for all. It is our policy to engage in recruitment activities without regard to race, color, religion, sex, gender, gender identity or expression, sexual orientation, national origin, pregnancy, disability, age, or other criteria.

As part of our alignment with ILPA’s Diversity in Action initiative and the CFA Institute’s DEI Code, Palistar’s internal policies and procedures reflect our commitment to creating a diverse and inclusive workforce. As a 30-person firm, Palistar recruits on a case-by-case basis, but requires our recruiting partner to make its best effort to provide a diverse candidate slate in line with our DEI policy. We also embed these principles into our recruiting approach.

Performance

Our employees are required to set annual goals to document their progress and encourage their career development and personal growth. In 2024, all Palistar employees set a personal goal aligned with one of our ESG focus areas, fostering engagement with our broader strategy. Employees participate in an annual performance review with their managers and receive feedback based on their goals and the firm’s needs. Contributions toward our ESG goals are considered as part of the annual performance and compensation review.



Engagement Survey

Palistar launched its first Employee Engagement survey this year to better understand what matters most to our employees. Approximately 97% of our employees completed the survey, and this feedback complements input from our double materiality assessment—proving critical to building a strong company culture. In 2024, our annual employee survey helped us identify the next wave of programs and initiatives that will be meaningful to our employees. As a result, we launched our Team Engagement program, which hosts monthly events to promote teamwork and collaboration.

Our leadership team continues to incorporate results into future employee engagement opportunities and programs.

Training

Learning and development are critical to the success of our firm, and Palistar enables employees to participate in training and educational events as they pertain to their roles. In addition, to refine critical skills, Palistar also offers annual training on the following topics:

- Communication training for non-managers: **100% completion**
- ESG training: **100% completion**
- Cybersecurity training: **100% completion**
- DEI training: **93% completion**

Health and Well-Being

Palistar is committed to providing competitive benefits to support our employees. Our comprehensive benefits include medical, dental and vision coverage, as well as disability coverage, life and legal insurance, and an emotional wellness program known as the Employee Assistance Program (EAP). Palistar employees also receive commuter benefits, a gym membership, a lunch and dinner stipend, paid sick leave, parental leave, and financial planning offerings.

Volunteerism

Our ESG strategy and focus areas guide our community engagement programming, and we leverage the results of our Employee Engagement survey to ensure that our volunteer efforts support community needs and employee interests. As of June 30, 2024, over 60% of our firm has participated in at least one volunteering opportunity.

Palistar is proud to continue its longstanding partnership with Sanctuary for Families, a non-profit organization dedicated to the economic empowerment of women affected by gender violence. Palistar has supported several sponsorship opportunities and participated in volunteer programs, including mentoring women who are returning to the workforce, and participating in gift-donation drives to support families during the holidays. Palistar has also participated in charity 5K runs or walks to support the Central Park Conservancy.





Our Commitment to DEI

Since our founding, Palistar has recognized the value that diversity brings to our organization



Sanctuary for Families has been a fantastic partner in helping Palistar achieve its ESG goal of supporting underserved local communities. Together, we have been able to support local women who want to re-enter the workforce through interview practice sessions and charity drives. This work supports Palistar’s aim to promote equity in our community.”

– OMAR JAFFREY
Founder and Managing Partner at Palistar

As a minority-owned firm, we believe that inclusive and diverse teams are more resilient and can drive better outcomes for our stakeholders. Our commitment to ILPA’s Diversity in Action initiative and the CFA Institute’s DEI Code supports our mission to understand our current workforce representation, identify key areas of improvement, and strengthen our efforts to build an inclusive and diverse team.

Our DEI strategy is centered on the three focus areas below that support Palistar, employee, and community goals.

DEI FOCUS AREAS		
 <p>Inclusive Culture</p> <ul style="list-style-type: none"> • Minority-owned • DEI training • Inclusive recruiting policies • Employee Engagement survey • DEI promotion at portfolio companies 	 <p>Community & Industry Support</p> <ul style="list-style-type: none"> • Volunteering and sponsorship to support diverse communities • Commitments to ILPA’s Diversity in Action initiative and the CFA Institute’s DEI Code • Attendance at DEI-focused conferences 	 <p>Promoting Digital Inclusion</p> <ul style="list-style-type: none"> • Support access to digital connectivity through investment focus • 94% of Palistar’s assets are in suburban or rural areas, providing digital access to people in underserved areas¹⁴

¹⁴Estimates are based on December 2023 data. “Rural” is defined as an area with a population density of 0–596 people per square mile. “Suburban” is defined as an area with a population density of 596–7,911 people per square mile.



Workforce Representation

Palistar is committed to fostering an inclusive and diverse company culture, as demonstrated by our workforce representation metrics. At Palistar, 80% of our ownership, 62% of our workforce, and 43% of our Investment Committee come from racially or ethnically diverse backgrounds and/or are women, reflecting our commitment to a more inclusive workplace.

DIVERSITY SNAPSHOT

This data includes metrics on racial/ethnic and gender diversity.



PALISTAR OWNERSHIP

80%

EMPLOYEES

62%



INVESTMENT COMMITTEE¹⁵

43%

¹⁵Data is as of June 30, 2024. It includes all permanent members (voting and non-voting).



Climate & Environment

In this Section

Operating Sustainably

Emissions





Climate & Environment

Managing climate risk and optimizing for efficiency

Operating Sustainably

According to the United Nations Office for Project Services (UNOPS) research, the Infrastructure Sector is responsible for 79% of all emissions, and, while Palistar is part of this sector, our exclusive focus on digital infrastructure has significantly lower emissions risk when compared to the broader Infrastructure Sector profile, which is highlighted in the figures here.

Given Palistar’s focus on digital infrastructure, which represents only 2% of emissions for the infrastructure industry, we expect to have low environmental risk and should have the potential for positive social impact through increasing digital connectivity, as shown in Figure 2. Since digital infrastructure reduces reliance on other more polluting sectors, an investment in digital infrastructure can support achievement of 81 UN SDG targets (48% of all UN SDG targets) across all 17 of the UN SDGs.¹⁶

¹⁶ UNOPS, 2021: [Infrastructure-for-climate-action_EN.pdf \(unops.org\)](#)

FIGURE 1. CONTRIBUTION TO TOTAL GHG EMISSIONS

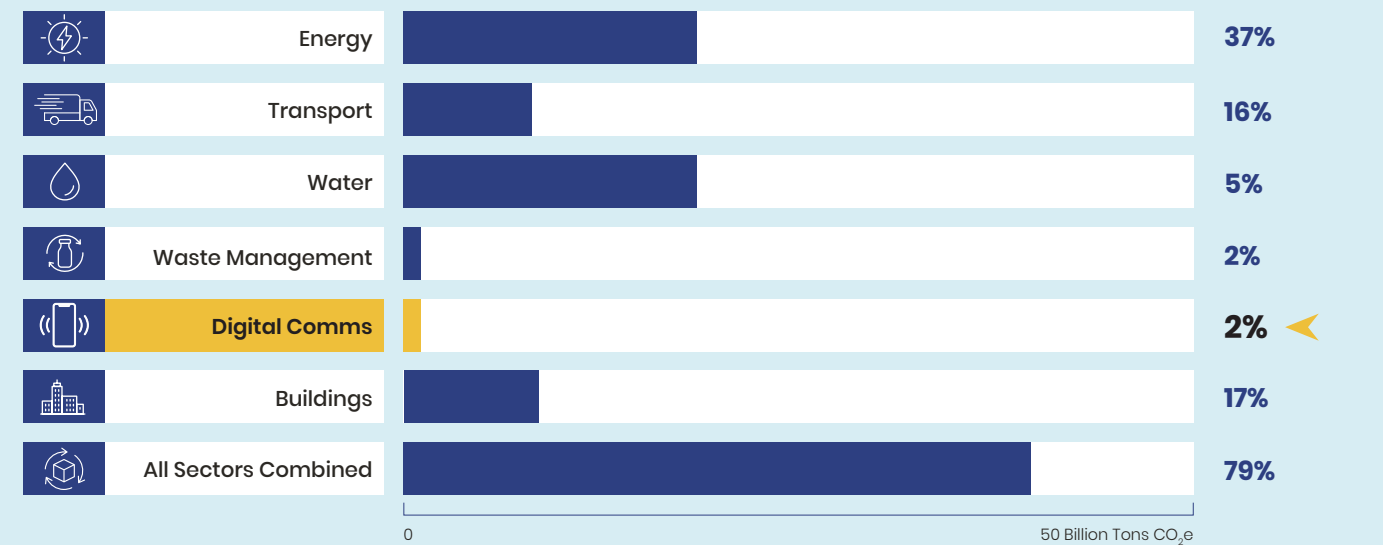
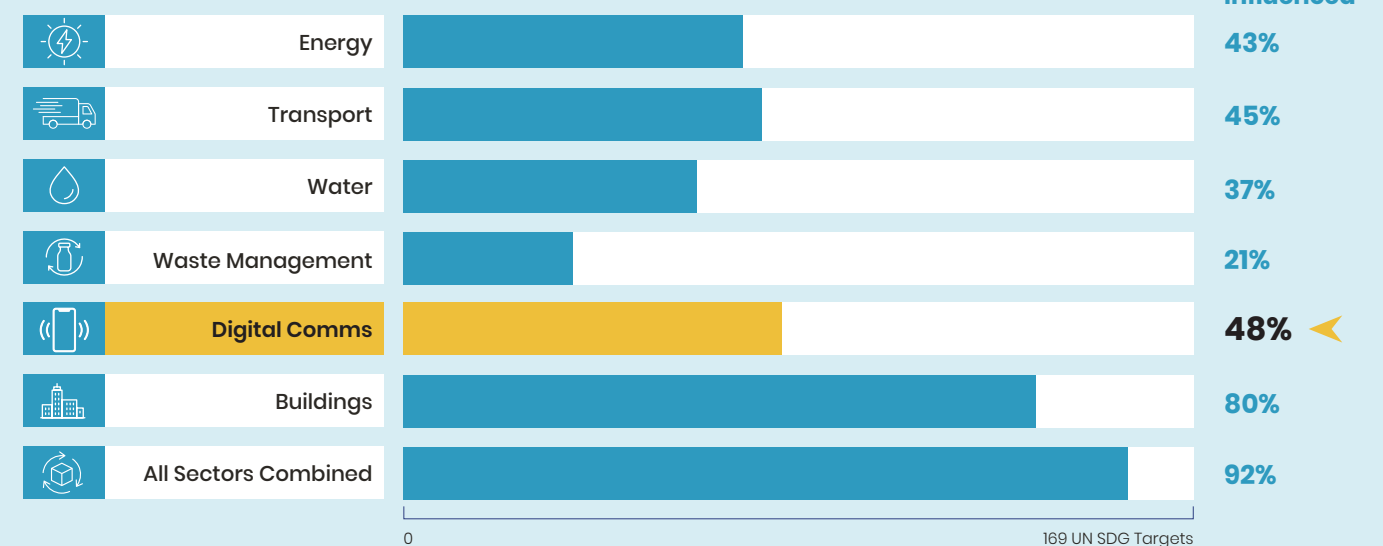


FIGURE 2. INFLUENCE ON SDG TARGETS





To date, our environmental strategy has focused on understanding our current environmental baselines at both the Palistar and portfolio company level. Given our relatively low emissions risk, our focus remains on ensuring that we conduct proper environmental due diligence throughout our investment cycle to mitigate any real or potential environmental risks or impacts.

As part of our due diligence process, Palistar may engage external experts to conduct additional environmental due diligence to better understand current asset health and risks. Working with our portfolio companies, we have identified several environmental projects to reduce costs and emissions and to pilot emerging technology to further scale reduction impact.

PORTFOLIO COMPANY CASE STUDY

CTI Towers: Environmental Strategies to Cut Costs and Emissions

As part of its ongoing commitment to ESG, CTI Towers has implemented several environmental programs to support cost and energy savings.

Examples of programs:

Launched a program to systematically replace its incandescent lighting systems with LED systems, and it currently has 64% of its tower portfolio running on LED systems

Piloted analytics software to gain better insights into towers' physical health, reducing the need for systematic truck rolls

Continued success in significant amount of untenanted to tenanted tower conversions, driving value creation at an enterprise level

Implemented requirement for vendors to recycle steel after tower decommissioning, thus driving down operating costs while saving energy, reducing greenhouse gas emissions, and eliminating additions to landfills





Emissions

As part of Palistar’s ESG strategy, we have completed several exercises to better understand our environmental baselines, including emissions estimates at both the Palistar and portfolio company levels.

For this process, Palistar leveraged a third-party tool to calculate our financed emissions for our entire portfolio as of July 1, 2023, based on revenue data from the year prior. These results have a Partnership for Carbon Accounting Financials (PCAF) score of 4.00,¹⁷ as noted in figures 3 and 4 on this page.

Based on peer analysis and Palistar’s emissions calculations, Palistar’s overall financed emissions are generally lower than the broader infrastructure industry average—likely due to our portfolio of newer, more efficient towers and the inherently low emissions of communications infrastructure.¹⁸

FIGURE 3. ESTIMATED SCOPES 1 & 2 COMBINED FINANCED EMISSIONS OF PALISTAR PORTFOLIO

4.00

PCAF

0.66 tCO₂e

Emissions per million USD

904 tCO₂e

Financed emissions

Asset	(PCAF)	Emissions per million USD invested (tCO ₂ e)	Financed emissions (tCO ₂ e)
CTI Towers	4.00	0.82	233.57
Harmoni Towers	4.00	0.58	493.38
Palistar Easements	4.00	0.72	172.64
Palistar Towers	4.00	0.49	3.69

FIGURE 4. ESTIMATED SCOPE 3 FINANCED EMISSIONS OF PALISTAR PORTFOLIO

4.00

PCAF

4.47 tCO₂e

Emissions per million USD

6,181 tCO₂e

Financed emissions

Asset	(PCAF)	Emissions per million USD invested (tCO ₂ e)	Financed emissions (tCO ₂ e)
CTI Towers	4.00	5.58	1,598.13
Harmoni Towers	4.00	3.97	3,375.81
Palistar Easements	4.00	4.91	1,181.23
Palistar Towers	4.00	3.39	25.25

¹⁷ Given that Palistar’s Structured Solutions portfolio had no activity until 2023, there is no 2022 revenue and, therefore, has been excluded from our estimate.

¹⁸ Refer to Figure 1 and Figure 2 on page 36 of this report. Figures based on 2021 data from UNOPS: [infrastructure-for-climate-action_EN.pdf](https://www.unops.org/infrastructure-for-climate-action_EN.pdf) (unops.org).



In Conclusion

This report marks an important milestone on our journey to connect the future. Going forward, we are excited to share our progress on an annual basis as we continue to embed ESG best practices into our daily operations. Our aim is to continue to refine our strategy, scale our impact, and increase transparency around material ESG issues.

Thank you for your interest in Palistar.

For ESG inquiries, contact:
Taylor.Gillespie@palistar.com

