StepStone Group Stewardship Policy

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I. Introduction

StepStone Group (‘StepStone’ or the ‘Firm’) is a global private markets investment firm focused on providing customized investment solutions and advisory, data and administrative services to our clients. Our clients include some of the world’s largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, which include high-net-worth and mass affluent individuals. We partner with our clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds (‘primaries’), acquiring stakes in existing funds on the secondary market (‘secondaries‘) and investing directly into companies (‘co-investments‘ and ‘direct investments’).

StepStone recognizes the role that effective stewardship activities can play in private markets, particularly given the nature of investment relationships and extended holding periods for investments. Our stewardship efforts are supported and directed by our culture, which is informed by our core values. Our fiduciary duty to our clients is central to our values, which are paramount to the success of our organization and are deeply embedded in all aspects of our business, policies and processes.

This policy is implemented by the Responsible Investment (‘RI’) Committee and applied globally across the firm’s asset classes and investment strategies.

II. Stewardship in our Investment Process

StepStone recognizes our responsibility to advocate for greater adoption of relevant RI practices through the ownership chain from asset owners (‘LPs’) to investment managers / general partners (‘GPs’) and portfolio assets, and across the investment holding period from due diligence through to ownership, engagement, monitoring and reporting.

Annually, we conduct thousands of meetings with GPs to evaluate new investments, monitor investment performance and advocate for change within such organizations, which is critical in driving change in portfolio companies. We also utilize these meetings to identify further opportunities to engage with GPs on responsible investment.

Our active approach to engagement with GPs and assets is achieved through the following methods (where applicable):

- Board seats
- Observer roles on boards
- Participation in annual general meetings (AGMs)
- Participation in Limited Partner Advisory Committee (LPAC) meetings
- Dedicated engagement meetings
- Site visits

We seek to engage with GPs and assets with the objective of achieving meaningful change on relevant Environmental, Social and Governance ('ESG') matters, and a core element of our approach is to support GPs and assets on their RI/ESG efforts. Examples include formalizing GPs' RI policies and programs, bringing GPs into alignment with global frameworks (including the United Nations-supported Principles for Responsible Investment ('PRI') and the Task Force on Climate-related Financial Disclosures ('TCFD') among others) and helping GPs to address relevant ESG risks and opportunities at the asset level.

StepStone has also developed tailored materials targeted for GPs to provide guidance on implementing robust responsible investment programs. This is an effective approach that enables us to reach a large number of GPs in a highly efficient manner, providing them with ready access to RI materials. We seek to share best practices around engagement efforts internally through case studies and discussions.

Escalation

StepStone considers escalation approaches when regular engagement is challenged and collaborates with our stakeholders in this regard. Part of these efforts include escalating critical ESG incidents, where we have developed a structured approach to investigate potential incidents on behalf of our clients. StepStone considers critical ESG incidents to include any violation of the GP's stated ESG policy or potential breach of their code of conduct, as well as any incident that has a material negative impact on the GP/LP's reputation and/or asset/portfolio value.

Upon identifying a critical incident, we seek to work with the GP or company management to mitigate or resolve issues. This may involve bringing in specialists and/or consultants and making amendments to policies and procedures, where necessary. StepStone reviews whether the issue is isolated or symptomatic of broader cultural or systemic issues. Every incident provides an opportunity to evaluate a GP or company's policies and procedures and see whether there is potential for improvement.

Selecting and Prioritizing Engagements

Across asset classes, we select and prioritize RI engagements depending on various factors. A key consideration is the level of materiality of issues that have been identified within assets, which is informed by our RI due diligence and post-investment monitoring. Where material risks and opportunities are identified, this will generally take priority in our engagement decisions. We also take into consideration the level of influence we may have. We generally focus on investments where we expect to have more meaningful and continuous engagement, which is typically those where we have considerable governance rights.

Engagement objectives are typically developed based on the material ESG risks and opportunities identified during the due diligence process and ongoing monitoring efforts. The results of this work inform the ESG topics prioritized during engagement, which will necessarily differ depending on each individual investment. While this means the focus of engagements will differ on a case-by-case basis, we generally emphasize issues that we believe represent systemic risks to value, which can include climate change, cybersecurity and human rights, among other issues.

Public Securities

While StepStone engages in private markets, there are certain situations when exposure to listed instruments occurs for limited time periods (e.g., following the IPO of a private company). In such cases, StepStone reviews and votes on resolutions on behalf of our clients for investments over which we have custody. As a matter of policy and fiduciary duty to our discretionary clients, where we have the responsibility for voting proxies for portfolio securities, we vote in a manner that we believe is consistent with the best economic interest of the client. We monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest. If any material conflict of interest exists, the Chief Compliance Officer (CCO) will determine what actions are the most appropriate to follow. Our policy on proxy voting is embedded within our Global Compliance Manual.

III. Collaborative Stewardship

StepStone looks to contribute to industry working groups and collaborative engagement efforts, as well as engage directly with policymakers through consultation processes where relevant. These efforts include providing formal letters of support and feedback on policy/regulatory issues to contribute to specific policy developments. Further, StepStone is proud to have collaborated with many industry working groups who, in turn, work directly with policymakers.

We also maintain ongoing engagement with our stakeholders, using a variety of channels to expand our reach. Public stewardship channels include our website, social media, our "Reflections on Private Markets" podcast and white papers.

IV. Reporting & Transparency

StepStone endeavors to publish an annual Stewardship Report, alongside annual ESG, TCFD and Diversity, Equity and Inclusion ('DEI') reports, detailing ongoing stewardship initiatives and engagement highlights from the calendar year. In addition, StepStone reports on ESG incidents through its quarterly reports as provided by managers or on an ad hoc basis, depending on the nature of the issue. The firm also provides tailored ESG reporting to select clients as agreed on a case-by-case basis.

StepStone also communicates the results of stewardship efforts internally within the Firm to enable enhanced learning and investment decision making. This is generally carried out through various methods, including during formal RI training and periodic updates to the research team to share results and key lessons learned.

V. Conflicts of Interest

As a registered investment advisor, it is our fiduciary duty to act solely in the best interests of our clients and to make full and fair disclosure of any conflicts of interest. We maintain a Code of Conduct and Ethics in order to maintain the highest level of professional service. Within its pages, our policy on conflicts of interest is outlined. Our policy and practice include the responsibility to monitor corporate actions, receive and vote client proxies, and disclose any potential conflicts of interest. If any material conflict of interest exists, including any in relation to stewardship, the Chief Compliance Officer, among others, will determine what actions are the most appropriate to follow. Further, StepStone looks to help GPs resolve conflicts of interest in their operations as appropriate.

VI. Governance

StepStone's Responsible Investment governance structure provides oversight of any engagement or public position to ensure alignment with the values of the Firm and the objectives as stated in its Responsible Investment Policy.

VII. Reviewing and Amending the Policy

This policy should be reviewed annually by the Head of Responsible Investment and the Responsible Investment Committee and updated as necessary. The Responsible Investment Committee currently includes three members of the Board of Directors of StepStone Group Inc.