



TAILWATER  
CAPITAL



# 2025

Building Value  
Responsibly



FULL *immersion* INVESTING  
ACROSS THE ENERGY VALUE CHAIN

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## To Our Investors, Partners, and Employees

Tailwater has steadily built and refined its approach to Responsible Investment as a core component of how we create value. What began as a structured effort to incorporate these considerations into our investment process has evolved into a fully integrated framework that informs how we evaluate opportunities, partner with management teams, and drive performance across the portfolio.

Today, Responsible Investment at Tailwater is not a parallel workstream – it is embedded in how we create value. It enhances how we assess risk, identify operational efficiencies, and position our companies for long-term resilience and stronger exit outcomes. This evolution is reflected in the renaming of this report to Building Value Responsibly, which more accurately captures how we view these efforts: not as a standalone initiative, but as a fundamental driver of investment performance.

We have built the infrastructure, governance, and processes necessary to operationalize this approach. We have developed a consistent framework for diligence, established portfolio expectations, and created mechanisms to measure progress and share best practices across our companies. Just as importantly, we have continued to refine our focus on the areas most material to our investments and stakeholders.

This progress is reflected in our 2025 PRI Assessment results. Tailwater achieved another strong set of outcomes, with all category scores improving year-over-year and performing well above cross-industry median benchmarks. Our

Private Equity module score again approached the highest distinction, just short of a five-star rating, complemented by strong performance across Policy, Governance, and Strategy and a five-star result in Confidence Building Measures. These results reinforce the consistency of our approach and the discipline with which it has been applied.

As we look back, the most important takeaway is not any single initiative or milestone, but the cumulative effect of sustained integration. Responsible Investment has become a practical, decision-oriented lens through which we evaluate opportunities and support our portfolio companies. It is a tool that helps us build stronger businesses.

We remain focused on continuing this trajectory: deepening integration, refining our approach, and ensuring that responsibility and value creation remain closely aligned across everything we do.

We appreciate your continued partnership.



**Jason Downie**  
Co-Founder and  
Managing Partner



**Edward Herring**  
Co-Founder and  
Managing Partner



**David Cecere**  
Partner



**Stephen Lipscomb**  
Partner



**Doug Prieto**  
Partner



**Drew Winston**  
Partner

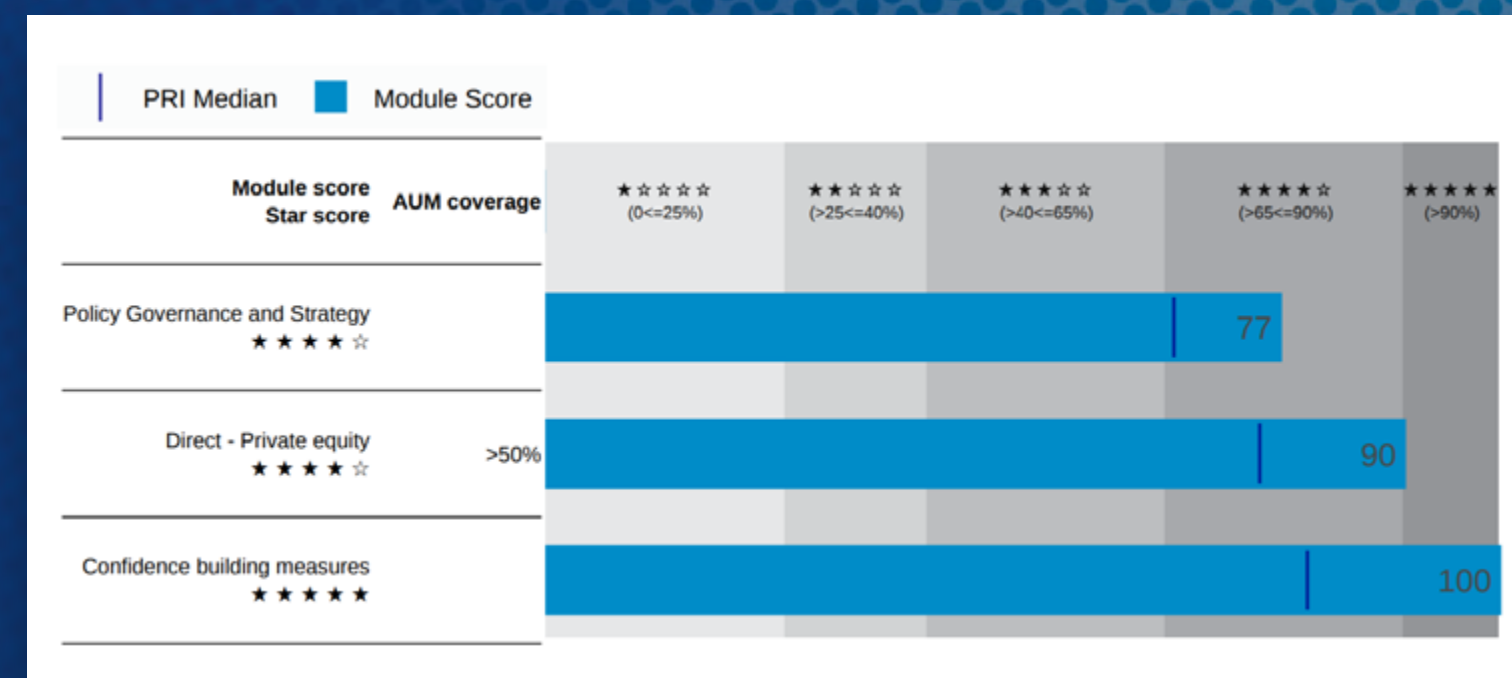


### VALUES

Uncompromising Integrity  
Unyielding Work Ethic  
Unparalleled Teamwork

*Responsible Investment has become a practical, decision-oriented lens through which we evaluate opportunities and support our portfolio companies.*

## PRI Summary Scorecard





# The Value of Responsibility

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# 01

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# The Tailwater Ecosystem

Founded in 2012, Tailwater Capital is a Dallas-based private equity firm with ~\$6B in committed capital and a strong track record in energy and infrastructure. Through a research-driven, Full Immersion approach, we partner with top management teams to build scalable, sustainable assets that address bottlenecks in the market.

## Pillars of Differentiation

<p><b>01</b></p> <p><b>Team</b></p> <p>Highly experienced team with a strong history of success</p>	<p><b>02</b></p> <p><b>Strategy</b></p> <p>Differentiated “Full-Immersion” strategy backed by extensive sector expertise</p>	<p><b>03</b></p> <p><b>Fundamentals</b></p> <p>Supportive macro tailwinds with attractive risk-reward profile</p>
<p><b>04</b></p> <p><b>Approach</b></p> <p>Research-driven approach and strong industry relationships leading to proprietary deal flow</p>	<p><b>05</b></p> <p><b>Portfolio</b></p> <p>Portfolio enhancement through focus on value creation with downside protection</p>	<p><b>06</b></p> <p><b>Seeded Portfolio &amp; Pipeline</b></p> <p>Diverse portfolio with a pipeline of compelling add-on and organic growth opportunities</p>

## Strategic Investment Sectors



### ENERGY INFRASTRUCTURE

Natural gas is playing a crucial role in the global energy transition, offering a cost-effective and lower-emission solution to meet rising energy demands fueled by electrification, AI, data center expansion, and increasing exports.



### NON-OPERATED UPSTREAM

Tailwater E&P’s non-operated funds invest minority capital (typically 10% to 40%) alongside high-quality public and private operators in leasehold positions and oil and gas wells across Tier 1 basins in the Lower 48.



### MINERALS & ROYALTIES

Tailwater E&P’s minerals & royalties is a yield focused strategy focused on acquiring mineral and royalty interests in core, Tier 1 basins across the Lower 48, sourcing assets directly from mineral owners and in partnership with leading oil and gas operators.



### OPERATED UPSTREAM

Seeks to be the partner of choice for management teams with operated positions in core basins across the Lower 48.

**~\$6B**  
of Committed  
Capital

**300+**  
Transactions

**>\$29B**  
in Total  
Transaction Value

**45+**  
Talented  
Professionals

# Intentional Development

Tailwater has taken an intentional approach to building its Responsible Investment program – aligning its development with the needs of the portfolio, the expectations of investors, and the realities of operating across the energy value chain.

What began as a focus on establishing foundational capabilities has progressed into a structured, repeatable framework embedded across the firm’s investment lifecycle. Each phase of development has built upon the last, strengthening governance, improving data visibility, and deepening integration into decision-making.



*“Responsible Investment is ultimately about building more resilient businesses. Our program today reflects a balance of discipline and flexibility, leaving us better-positioned to support our portfolio companies and create value for our investors.”*

**Roger Fox, Head of Responsible Investment**

## Pre-2021 → 2021 → 2022 → 2023 → 2024 & Beyond →

- Establishment of dedicated technical resources entity
- Research of innovative investment solutions to environmental challenges
- Discussions begin toward sponsorship of Women’s Energy Network scholarships



- Appointment of Head of Responsible Investment
- Formation of Responsible Investment Steering Committee
- Formalization of Material Core Areas of Responsible Investment Focus
- Expansion of Responsible Investment Policies

- Refinement of RI reporting Scorecard and Playbook
- Distribution of first-ever Responsible Investment Report to investors
- Enhancement of data collection for material responsible investment areas



- Signatoryship to PRI
- Membership to EDCI
- Alignment to SDGs
- Launch of Tailwater Mentorship Program



- Climate analysis in alignment with TCFD
- Integration of RI in Due Diligence Questionnaire / IC materials
- Portfolio engagement around critical value areas
- Hosted first-ever Leadership Summit
- Added Emergency Response guidelines to Responsible Investment Policy and Playbook



## Stewarding Resilience

Tailwater's Responsible Investment program is supported by a governance structure designed to ensure accountability, continuous improvement, and long-term resilience. Over time, this structure has matured alongside the broader program, reinforcing alignment between our investment strategy and responsibility.

### Responsible Investment Steering Committee

At the center of this approach is the Responsible Investment Steering Committee, which provides oversight of the firm's priorities and performance. The Committee's membership brings together investment, operational, and technical expertise to strategically integrate and implement sustainable practices across both our portfolio and our firm.

- Establishes annual priorities at both the firm and portfolio levels
- Meets regularly to assess progress and refine focus areas
- Oversees Responsible Investment Policy and Playbook updates
- Ensures integration within diligence and investment decision-making
- Monitors emerging trends and evolving best practices



Tailwater's Responsible Investment Policy and Playbook serve as the foundation for consistent application across the investment lifecycle. These documents solidify the firm's philosophy, define expectations, and provide practical guidance for both the investment team and portfolio companies. Reviewed and updated regularly, they reflect the firm's evolving understanding of material risks and opportunities, while ensuring alignment with industry frameworks and investor expectations.



### Portfolio Company Requirements

To translate strategy into action, Tailwater has established a clear set of expectations for its portfolio companies. These requirements are designed to focus management teams on areas material to operational performance and long-term value creation.

- Measurement and management of Scope 1 and Scope 2 emissions
- Implementation of initiatives to reduce greenhouse gas intensity
- Maintenance of robust asset integrity and leak detection systems
- Formal safety management programs with tracked performance metrics incorporating Emergency Response annual drills
- Employee engagement initiatives and structured feedback mechanisms
- Evaluation of workforce demographics throughout recruitment processes
- Established governance policies, including employee handbooks and compliance frameworks
- Alignment of executive incentives with performance outcomes
- Cybersecurity protocols supported by training and system testing

These expectations provide a consistent baseline while allowing for flexibility based on company-specific context.

# Full Lifecycle Integration

Responsible Investment at Tailwater is embedded throughout the full investment lifecycle – from initial screening and diligence through portfolio onboarding, ongoing portfolio partnership, and, ultimately, exit. This integrated approach ensures that material considerations are identified early, addressed systematically, and tracked over time. We believe this integration strengthens portfolio performance and positions companies for attractive exit outcomes.

## Material Core Areas of Focus

Tailwater concentrates its efforts on a defined set of material areas that are closely linked to operational performance and long-term value. These areas reflect both industry dynamics and portfolio-specific considerations.



Emissions/  
CO<sub>2</sub> Avoidance



Recruitment



Leak Detection



Safety



Efficiency/  
Utilization



Governance



Power Sources



Demographics  
& Engagement



Cybersecurity

**RI Scorecard** CONFIDENTIAL

Materiality: 1=High, 2=Medium, 3=Low  
 Status: 1=Ahead of Schedule, 2=On Schedule, 3=Behind Schedule  
 Evaluation: Green=Outperforms, Yellow= satisfactory, Red=Requires Improvement

MATERIAL AREA	MATERIALITY	YEAR ENDING 12/31/24		YEAR ENDING 12/31/25	
		FINAL STATUS	EVALUATION	CURRENT STATUS	EVALUATION
EMISSIONS / CO <sub>2</sub> AVOIDANCE	1	2	Yellow	2	Yellow
POWER SOURCES	3	2	Yellow	2	Yellow
EFFICIENCY / UTILIZATION	2	1	Yellow	2	Green
LEAK DETECTION	1	1	Green	2	Green
SAFETY	1	1	Green	2	Green
RECRUITMENT	3	2	Yellow	2	Yellow
DEMOGRAPHICS AND ENGAGEMENT	2	1	Green	2	Green
GOVERNANCE	2	1	Green	2	Green
CYBERSECURITY	1	2	Yellow	2	Yellow

**Key Objectives** CONFIDENTIAL

MATERIAL AREAS	INITIATIVES	TARGET METRICS AND/OR DATES	PROGRESS
EMISSIONS / CO <sub>2</sub> AVOIDANCE	Perform carbon footprinting exercise across next portfolio companies	Q3 2025	Not pursued
	Identify project decarbonization showcase opportunities	Q2 2025	Examples of best practice highlighted in Annual Report
POWER SOURCES	Continue to evaluate potential for long-term contracted renewable energy PPAs across portfolio	Q4 2025	Insufficient demand, portfolio companies lacking
EFFICIENCY / UTILIZATION	Update and share portfolio wide preferred consultants listing across portfolio	Q2 2025	Shared as requested
	Capital program review process in use for all applicable projects	Q1 2025	Completed
LEAK DETECTION	Consider an asset integrity base line assessment scoring tool for portfolio wide scope	Q3 2025	Not considered necessary
SAFETY	Identify lessons learned sharing initiatives between portfolio companies for Leadership Forum	Q2 2025	Leadership Summit topic
RECRUITMENT	Continue demographic tracking for associate recruitment process	100%	Completed
DEMOGRAPHICS AND ENGAGEMENT	Award 2025 scholarship winners, evaluate program merits and decision to recommit for 2026	Q2 2025	Reviewing variety of options for scholarship sponsorship
	Hold regular staff engagement events, roll out formal community engagement plan	Each quarter	Teambuilding and other events held, updated community engagement plan drafted
GOVERNANCE	Publish 2024 Annual Responsible Investment Report	Q2 2025	Completed
	Complete PRI and EDCI submission for 2024	Q3 2025	Completed
CYBERSECURITY	Maintain informed view of PE trends in Responsible Investment practices	Q4 2025	Completed
	Ensure portfolio companies follow through and maintain risk mitigation road maps for 2025	100%	Completed

## Responsible Investment Scorecard

Tailwater's proprietary Responsible Investment Scorecard is a central tool in this process, tracking against the Material Core Areas of Focus on a quarterly basis. Our RI Scorecard facilitates structured dialogue with portfolio company management teams and Boards enabling:

- Identification and tracking of key performance indicators across material areas
- Prioritization of initiatives aligned with value creation
- Transparency into progress and areas requiring attention
- Consistency in measurement across the portfolio

By combining standardized focus areas with company-specific context, the Scorecard supports both accountability and actionable insight.

# Full Lifecycle Integration - Diligence & Onboarding



As a family-owned business with 50+ years of history, Central has proven operational acumen and unique positioning to capture value from Gulf Coast LNG demand. Tailwater's Responsible Investment Due Diligence focused on fundamentals for scaling with safety, efficiency, and resilience.

Central Midstream provides transportation, storage, and terminal services – including a multi-model terminal connecting Ohio Utica production to Gulf Coast markets. Often serving as the primary or sole transportation and terminal solution for customers in its service areas, Central Midstream has a diversified customer base across LNG, pipeline, refining, petrochemical, and trading sectors.

## Initiating a Responsible Relationship

Material RI Factor	Readiness & Opportunities	Investment Value
<p>Cybersecurity</p>	<ul style="list-style-type: none"> <li>→ Planned penetration testing</li> <li>→ Planned formalization of training</li> <li>→ Usage of Tailwater RI Scorecard to formalize cybersecurity; considering Tailwater's Cybersecurity audit during ownership</li> </ul>	<ul style="list-style-type: none"> <li>→ More secure company operations reduce risk</li> <li>→ Heightened awareness of phishing and targeted employee email risks</li> <li>→ Seeking reduced insurance costs</li> </ul>
<p>Leak Detection</p>	<ul style="list-style-type: none"> <li>→ Evolve automated tank sensors and visual flyovers to a formal LDAR system</li> <li>→ Pursuing leak detection monitoring, now cost-effective at the scale supported by Tailwater</li> <li>→ Adding proactive maintenance, pigging, and inspection programs</li> </ul>	<ul style="list-style-type: none"> <li>→ Improved efficiency – and profitability – in operations</li> <li>→ 24/7 rapid response and problem resolution</li> <li>→ Minimized future maintenance costs and enhanced operational reputation</li> </ul>
<p>Emissions</p>	<ul style="list-style-type: none"> <li>→ Addressing barge emissions with marine vapor destruction unit</li> <li>→ Considering adjusted fuel sources to reduce propane consumption</li> </ul>	<ul style="list-style-type: none"> <li>→ Immediate opex savings</li> <li>→ Responsible operatorship has commercial attractiveness to investment-grade customers</li> </ul>

### TAILWATER'S RESPONSIBLE INVESTMENT SCORECARD IN ACTION

As a value-added partner with experience across the energy and infrastructure value chains, Tailwater uses its Responsible Investment diligence process as an opportunity to highlight each company's best practices – as well as integrate improvement areas into investment growth planning.

**Responsible Investment Scorecard**

Material Area	Materiality	Quarter Ending 3/31/26		Evaluation
		Current Status	Evaluation	
Emissions / CO2 Avoidance	2	2	3	Outperforms
Power Sources	2	2	2	Satisfactory
Efficiency / Utilization	3	1	2	Requires Improvement
Leak Detection	1	2	2	Satisfactory
Safety	1	2	2	Satisfactory
Recruitment	3	2	2	Satisfactory
Demographics and Engagement	3	2	2	Satisfactory
Governance	2	3	3	Outperforms
Cybersecurity	1	3	3	Outperforms

**Noteworthy Developments in Quarter:**

- Central continues to execute a strong safety and EHS program across the Gulf Coast and Ohio.
- Identified Leak Detection as an area for improvement.
- Currently, Central performs visual flyovers on the pipeline system and monitors tank levels with a third-party electronic monitoring system.
- As volumes on the respective systems increase, Central plans to evaluate 24/7 active leak detection and monitoring on pipelines.
- Cybersecurity has room for improvement throughout the organization.
- Receiving a quote from F1 Tech for a security audit to improve on the ability to improve on the phishing and targeted emails received by employees.

**Key Objectives - 2026**

Initiatives	Target Metrics and/or Dates	Progress
Flare tip in Ohio to improve	• 2Q26	Flare tip has been ordered, will be installed in Q2
2nd first purchase OPEX	• 3Q26	On Target
Leak detection options	• 4Q26 (Initiative for new VP - Ops)	On Target
Action to OSHA TRIR	• TRIR Target less than 2.5	On Target
Insurance	• 2Q26	On Target
Internal audit by Weaver	• 2Q26	On-going
Insurance provider and F1 tech security audit	• Q326	No Progress



*“Throughout Central Midstream’s long history, growth has always been a catalyst for improving operations. Tailwater’s lens of responsible investment has taken this to a new level, providing not only expertise in best practices but a method for measurement and tracking. To us, responsibility makes sense for the environment and our people, but also is a real upgrade for our business.”*

George Jordan, Chief Executive Officer

# Full Lifecycle Integration - Engagement & Value Creation



Throughout Tailwater's ownership, Blue Tide has continued to leverage the firm's Material Core Areas of Responsible Investment Focus to identify, roadmap, and take action on business features that are critical to investment success.

Blue Tide is focused on building and developing a network of used motor oil (UMO) recycling facilities across North America. The company offers sustainable solutions to the lubricants industry, bringing advanced hydroprocessing technology to produce high-quality paraffinic Group II+ base oils from UMOs.

## Focus on Core Areas of Responsible Investment



### EMISSIONS / CO<sub>2</sub> AVOIDANCE

- Lifecycle Carbon Assessment and planned Emissions Calculator translated GHG reduction into commercial attractiveness

**365,000 metric tons per year of reduced CO<sub>2</sub> potential**



### CYBERSECURITY

- Site segmentation, testing, vendor diligence, and policies added critical data security

**Zero cyber breaches in entire company history**



### DEMOGRAPHICS & ENGAGEMENT

- Regular communication and recognition events paired with clear Vision, Mission, and Code of Conduct statements enhanced employee engagement

**84% participation in 2025 employee engagement survey**



### EFFICIENCY / UTILIZATION

- ISO 9001 Quality Management and barge overdredging increased long-term company resilience

**Barge slip dredged from recommended 9,000 feet to future-forward 13,000 feet**



### RECRUITMENT

- Introduced training, development, and benefits to high-grade talent during transition from construction to operations

**Over 5-year transition from operations to manufacturing, workforce increased 5x**



### GOVERNANCE

- Rigorous set of governing bodies and Manual of Authorities increased critical oversight and cost efficiencies

**Now has eight subcommittees, including Responsible Investment, Human Resources, and Contracting & Procurement**



### SAFETY

- OSHA's 14 Process Safety Management standards set the roadmap for systemic safety under new operations

**Zero recordable incidents in 2025, following shift from construction to operational startup**

# Full Lifecycle Integration - Exit

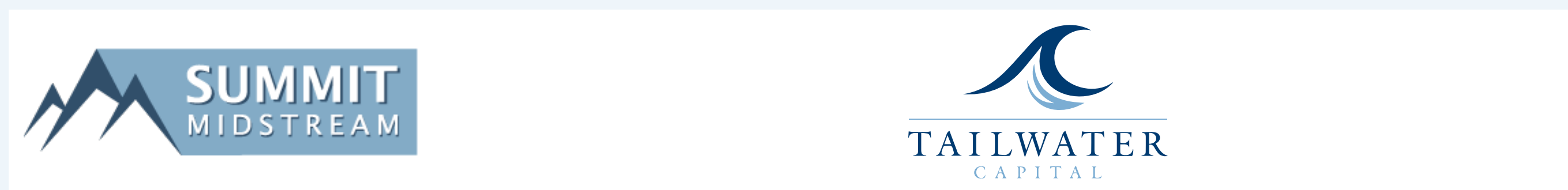


By integrating sustainability considerations from initial diligence through active ownership, Tailwater works to strengthen operations, mitigate risk, and position portfolio companies for long-term success. This disciplined approach not only supports value creation during the hold period but, in our view, also enhances long-term resilience, buyer attractiveness, and underscores the ability to efficiently transition to new ownership.

The transaction involving Tall Oak and Summit Midstream (NYSE: SMC) detailed here represents the third instance of M&A with a publicly listed energy company since the start of our Responsible Investment Program.

## A History of Industry Best Practices

In 2025, Tailwater sold Tall Oak to Summit Midstream, a publicly listed company with a long history of integrating Responsible Investment best practices. For years, Summit's sustainability commitments have enhanced shareholder value, while also supporting financing and insurance rates. In Summit's diligence of Tall Oak, the structure and history of Tailwater's Responsible Investment Program proved to mirror that of Summit's own. This alignment prevented any sustainability-related roadblocks in the transition of ownership, while validating Tailwater's Responsible Investment roadmap.



Annual sustainability reporting since 2021	✓	✓	Publishing fifth Responsible Investment Report
Materiality tied to Sustainability Accounting Standards Board (SASB) and EIC/GPA Midstream Reporting Template	✓	✓	Material Core Areas of Responsible Investment developed from SASB, EIC/GPA template, GRI, and UN SDGs
Reporting Scope 1 and 2 GHG emissions	✓	✓	Reporting Scope 1 and 2 GHG emissions
2022 – Standardized data collection process	✓	✓	2022 – Developed Responsible Investment Scorecard along with annual data collection
2024 – Developed due diligence process for new acquisitions	✓	✓	2024 – Established due diligence questionnaire and standard IC materials
Developed Biodiversity Policy	✓	✓	Considering potential ecological impacts in diligence reviews
Climate Governance in alignment with TCFD	✓	✓	TCFD reporting in public annual Responsible Investment Report
Zero cybersecurity data breaches in last 12 months	✓	✓	Zero cybersecurity data breaches in last 12 months across portfolio

### NEXT EVOLUTION IN PROGRAM

Advance physical and transition climate risks and opportunities analysis when appropriate	→	→	Physical climate risk assessment being considered for portfolio
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### ALIGNMENT WITH INTERNATIONAL FRAMEWORKS



Tailwater draws on the UN Sustainable Development Goals (SDGs) as a framework to identify where its investment strategy can address financially material sustainability priorities and broader sustainability-linked investment themes. By integrating these considerations from diligence through active ownership, Tailwater strengthens portfolio company performance, manages risk, and aligns our portfolio with the responsibility priorities of our industry and planet.

# Investing Behind Sustainable Thematics

# 02

# Energy Reliability



WTG Energy is a natural gas distribution and transmission business operating in Texas and Oklahoma. WTG provides “must-run” fixed infrastructure that connects long-haul supply to local demand – delivering reliable, last-mile natural gas to the households, farms, businesses, and digital infrastructure that anchor communities

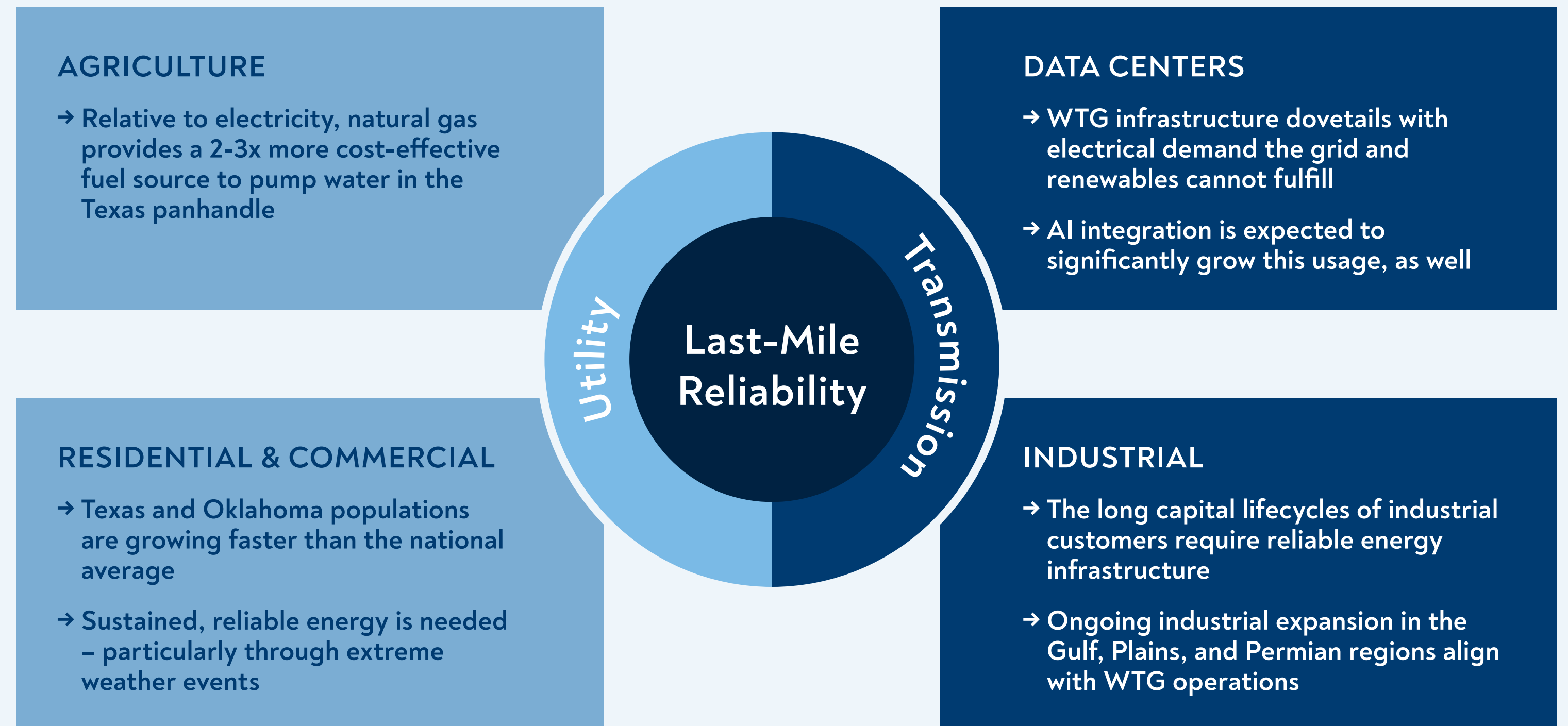


*“Energy reliability means the consistent, uninterrupted, and securely available supply of natural gas. Failure in this reliability is catastrophic for industry and society, particularly as demands continue to increase in food systems, industry, and technology. We are proud of the service we are providing and will continue to provide as our company grows.”*

Charlie Beecherl, Chief Executive Officer

## Critical Utility and Transmission Platform

Across its two complementary business lines, WTG provides the natural gas to underscore essential, reliable energy. This “last-mile” infrastructure supports a broad set of agricultural, residential, commercial, industrial, and technological customers – aligning energy reliability with compounding company value.



**30,000+**

Residential customers

**3,000+**

Agricultural water taps

**22+**

States with data center opportunity

# Energy Security & Independence



Industrial growth in the U.S. is underscored by the availability of and access to critical minerals, which have traditionally been obtained from overseas. As geopolitics become increasingly complex, energy sovereignty for industries including defense, communications, healthcare, intelligence, and mobility relies on finding a U.S. solution. Momentum Technologies (Momentum) has proprietary technology for domestic extraction, advancing national security and supply chain resilience.



*“What began as a solution to reduce battery waste has swelled into a massive opportunity to provide scalable and flexible critical mineral independence in the U.S. and abroad. We expect success in Momentum’s growth will advantage the Tailwater investment while delivering resilience and operational security across essential industrial value chains.”*

Mahesh Konduru, Chief Executive Officer

## Membrane Solvent Extraction (MSX) Technology

Originally developed with support from the U.S. Department of Defense’s Defense Logistics Agency and the Department of Energy’s Critical Materials Innovation Hub, Momentum’s licensed MSX Technology recovers lithium, cobalt, nickel, and rare earth elements (REEs) from battery scrap, magnet swarf, and other complex feedstocks at commercial purity levels.

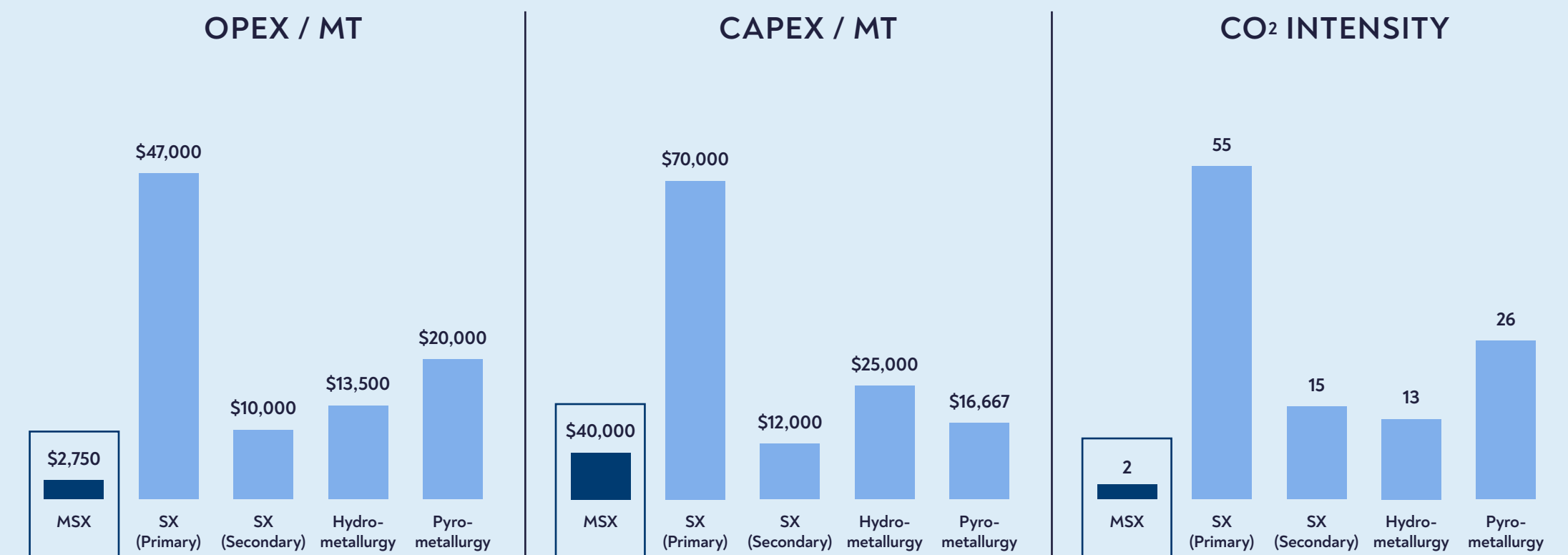
With a successfully operating demonstration plant in Carrollton, TX, and a commercial plant in development, Momentum is demonstrating rapid, low-cost, and modular scale-up to obtain both light and heavy REEs.

### MSX’S ESSENTIAL ADVANTAGE

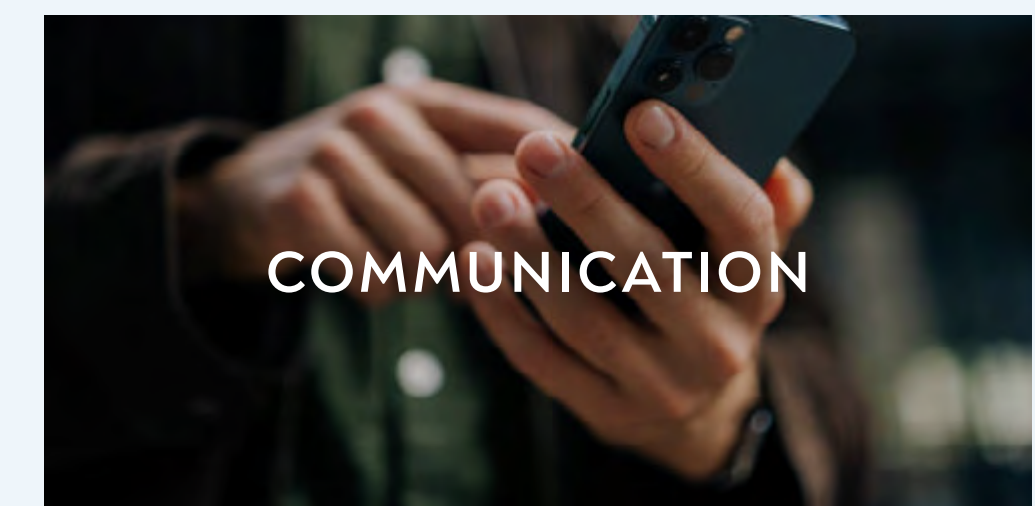
The intersect of rapid industrial expansion, U.S. policy demands for domestic critical minerals production, and a four-decade decline in academic programs for necessary mining and mineral engineering talent have created a maelstrom of REE challenges. MSX solves for these challenges with a safe, adaptable, and localized technology.

- Ability to co-locate versus other large / inflexible solutions
- Streamlining of traditional processing into 1/10th the space
- Reduced energy requirement and decreased waste production
- Attractive cost and emissions profile relative to traditional technologies
- Safe, clean, scalable operations

### LOWER EMISSIONS & LOWER COST



### RARE EARTH ELEMENT NEED CASES CREATING SIGNIFICANT ONGOING TAILWINDS



# Increasing Value from Cybersecurity



With more than 70 years of experience, the management team of Producers Midstream (Producers) focuses on greenfield development, acquisitions, and joint ventures for midstream solutions. In the past few years, a significant add-on acquisition with outmoded technological infrastructure prompted an expansion of the company's existing best practices - enhancing its resilience, safety, and customer value proposition.



*"Cybersecurity can be a big area of both risk and opportunity in our sector. Producers has been highly proactive in this area, growing and learning as our company has continued to scale. With Tailwater's support, we expect our deepening technological program to enhance customer loyalty, reduce risk, and support greater investment value."*

**Matt Flory, Chief Executive Officer**

## GOING ABOVE AND BEYOND

**NERC** Producers' Director of IT's background in operational technology for transmission utilities brought next-level standards to the company. The North American Electrical Reliability Corporation Critical Infrastructure Protection standards (NERC CIP) have acted as guidelines for Producers' expanding technological backbone. While the 13 requirements of NERC CIP are more stringent than is required for Producers' business, they are providing a truly best-in-class path for upgrade.

### 1 Foundational Practices

150 MILES OF PIPELINE

30 PEOPLE

1 PLANT

- SCADA (Supervisory Control and Data Acquisition) system for leak detection
- Third-party managed Control Room to identify pressure drops and flow anomalies
- On-premises data centers with a multi-asset redundant system for cybersecurity

### 2 Post-M&A Risk Assessment

3,500 MILES OF PIPELINE

150+ PEOPLE

3 ACTIVE / 6 INACTIVE PLANTS

- 2,000+ measurement points to be evaluated in real-time
- Immediate focus on migration of systems into broader Producers platform
- Performed two technology audits, identify 20 priority action areas
- Hired Director of IT to lead technology efforts

### 3 Equipped to Scale

GREENFIELD EXPANSIONS IN NEW MEXICO

PERMIAN TO PANHANDLE GAS PIPELINE EXPANSION

- Adding discipline around patch, configuration, and change management, as well as incident response
- Initiated quarterly Operational Technology (OT) and monthly Information Technology (IT) vulnerability scans
- Launched regular internal phishing campaigns with remedial training where needed
- Installed Weekly Change Advisory Board with senior IT leadership
- Contracted expert third-party for 24/7 Network Operations Center monitoring and real-time escalation processes
- Added team members around compute management and adding next-generation compute systems at plants
- Planned migration from proprietary, on-premises SCADA systems to open applications that have stronger functionality and cloud capabilities

# Sustainability & the Marketplace



Frontier Infrastructure Holdings (Frontier) was founded in 2021, combining its team's experience in challenging oil and gas environments to provide carbon sequestration services in southwest Wyoming. As commercial needs around sustainability, the impacts of climate, and global carbon standards have continued to evolve, however, the company's platform is excitingly positioned to solve infrastructure bottlenecks in a market that may increasingly reward higher-durability carbon outcomes.



*"Our company's strategy has evolved from a regional carbon management thesis into a broader industrial infrastructure platform anchored in southwest Wyoming. With the support of Tailwater's expertise and financing, we have the flexibility to capture expanding opportunities across the carbon and power sectors."*

**Robby Rockey, President & Co-Chief Executive Officer**

## Expanding Layers of Potential

<b>MEETING CRITICAL LOCAL NEED</b>	<ul style="list-style-type: none"> <li>→ Southwest Wyoming provides 90% of the world's soda ash (used in glass production)</li> <li>→ Frontier's nine drilled and permitted monitor and injections wells across 750 miles of leasehold are uniquely positioned to capture and sequester associated carbon emissions</li> </ul>	<p><b>10MM TONS OF CO<sub>2</sub> ARE PRODUCED WITHIN 20 MILES OF FRONTIER'S WELLS</b></p>
<b>FOOTHOLD FOR NATIONAL OPPORTUNITY</b>	<ul style="list-style-type: none"> <li>→ Rail pathways can be developed in partnership from existing Wyoming wells to sequester ethanol plant emissions nationally</li> <li>→ Ethanol plants not only emit high-purity CO<sub>2</sub> that is efficiently captured, but are tax-incentivized towards cleaner production</li> </ul>	<p>UNION PACIFIC PARTNERSHIP</p>
<b>GROWING MARKET TAILWINDS</b>	<p>SBTi (Science Based Targets initiative), a global benchmark for corporate net zero planning, recently released a guidelines edit draft, with new provisions that could prove increasingly valuable to Frontier:</p> <ul style="list-style-type: none"> <li>→ Expanding role for services like Frontier's sequestration and Class VI well capacity</li> <li>→ Growing differentiation between temporary offsets and more permanent carbon management</li> <li>→ "Like-for-like" matching of long-lived fossil CO<sub>2</sub> with long-lived storage</li> </ul>	<p>SCIENCE BASED TARGETS <small>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</small></p>
<b>PARTNERING FOR FUTURE OPTIONALITY</b>	<ul style="list-style-type: none"> <li>→ Strategic partnership announced to deploy large-scale carbon capture and storage</li> <li>→ Baker Hughes provides technology and resources, including CO<sub>2</sub> compression, well design, and its industrial NovaLT(TM) gas turbines</li> </ul>	

# Accountability for Responsibility

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# 03

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# Portfolio-Level Data



**100%**

of portfolio companies report Scope 1 and 2 emissions



**100%**

of portfolio companies have procedures for reporting and investigation of harassment and/or discrimination



**26+%**

of total energy consumption from renewable energy sources



**88%**

response rate for portfolio companies that carry out annual employee surveys



**90%**

of portfolio companies reported zero cybersecurity breaches



**100%**

of portfolio companies have equitable pay and family leave policies



**80%**

of portfolio companies have zero lost time incidents

## Company Highlights



- Completed cradle-to-gate carbon lifecycle assessment
- Process contact water effluent discharge project in operation ensuring non-hazardous waste streams from process and minimizing offsite trucking
- Full penetration testing completed with no findings, confirming strong perimeter defenses



- Drilling program maintained zero lost time safety incidents and zero reportable spills



- Stainless steel riser inspection program completed to mitigate potential leaks
- Water reuse program exceeded target, finishing 25% above prior year
- Achieved 70% reduction in spills year-over-year



- Developed suite of governance procedures, including employee handbook, RI reporting, and EHS protocols



- Plant consolidation and disconnection of idle plants completed, minimizing emission sources
- Emergency and crisis response plan training undertaken, recognizing growing asset base and scale of operations
- Remote camera monitoring for early spill detection and monthly monitoring put into service



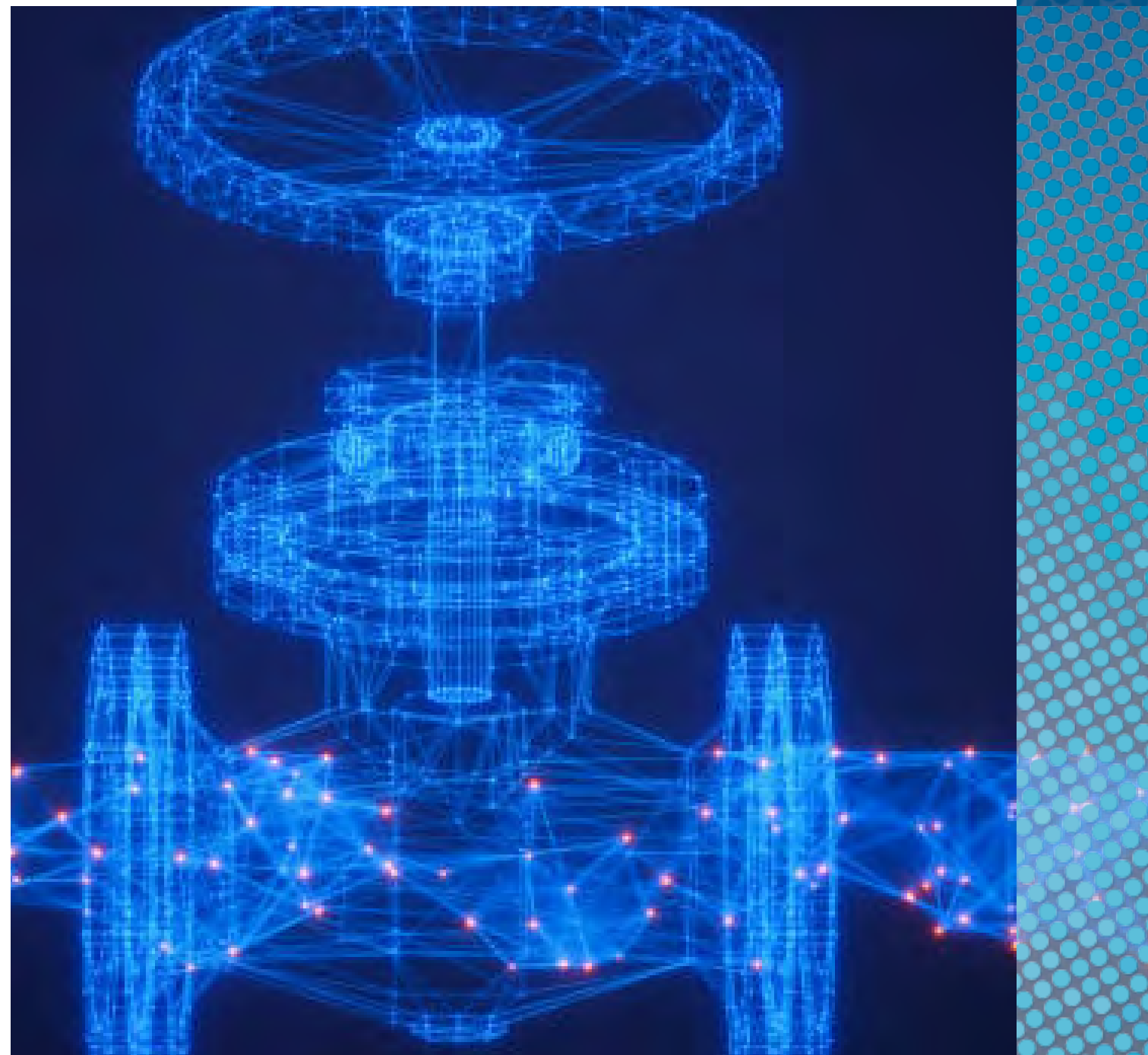
- Continuous program of comprehensive inspection and asset integrity surveys in place
- Segment and gain/loss program created as part of overall leak detection program
- Achieved 7 years without a reportable safety incident



- Several safety initiatives completed post-acquisition, including first regional safety meetings and defensive driving certifications
- Upgraded key hardware and implemented remote monitoring and system management for enhanced cyber security defenses

# Tailwater's Responsible Investment Scorecard

Along with driving improvement throughout our portfolio, Tailwater continues to hold ourselves accountable for the same sustainability and people-focused initiatives and outcomes.



## Emissions/CO<sub>2</sub> Avoidance

- Emissions avoidance and carbon footprinting best practice examples highlighted and shared



## Power Sources

- Continued to evaluate potential for long-term, portfolio-wide renewable energy power purchasing but limited by lack of significant demand opportunities



## Efficiency/Utilization

- Preferred service vendors shared with onboarding portfolio teams to drive cost synergies
- Peer review program continued to be implemented for all material project developments



## Leak Detection

- Leak detection and asset integrity best practices shared where synergies possible across portfolio



## Demographics & Engagement

- Community Engagement plan developed and employee participation at multiple events
- Second phase of Rising Tides Mentorship Program rolled out for new employees



## Recruitment

- Continued objective assessment candidate selection process as part of associate recruitment



## Safety

- Strong portfolio safety performance lessons shared at Leadership Summit
- Emergency and Crisis Response drills added to Responsible Investment Playbook requirements



## Governance

- Published fourth annual Responsible Investment Report
- Completed PRI submission with resulting 4/5-star rating



## Cybersecurity

- Updated portfolio-wide materiality requirements as per EDCI benchmark
- Risk management protocols, including training and testing, put in place across the firm and portfolio

# Tailwater & Community Engagement

Tailwater continues to reflect a values-driven commitment to the communities where we live and work through proactive engagement with our portfolio, our industry, and our surrounding neighborhoods.

## KBH Energy Trek



In October 2025, Tailwater had the pleasure of connecting with students from The University of Texas at Austin as part of the Kay Bailey Hutchison Energy Center's Energy Trek. The program introduced students exploring careers in energy to a range of companies across the industry. It was a privilege to share Tailwater's story, explore the dynamic opportunities in energy, and provide insight into the sector's ongoing evolution and growth.



## Leadership Summit



In April 2025, Tailwater welcomed the leaders of our portfolio companies to Dallas for our annual Leadership Summit. We kicked off the day with a keynote from Jeffrey Emanuel, Founder and CEO of Lumera Protocol, whose sharp, forward-looking perspective on AI and robotics sparked fresh thinking around how innovation is reshaping infrastructure and energy demand. The agenda also included a State of the Firm update covering key priorities across our portfolio, role-specific breakout sessions led by our Partners, and timely insights from Wells Fargo and Kirkland & Ellis on macro trends, regulatory shifts, and deal activity shaping the sector.

# Philanthropy



## TREASURED VESSELS FOUNDATION

Through the Dallas Association of Petroleum Landmen (DAPL), Tailwater sponsored and participated in an event supporting the incredible mission of the Treasured Vessels Foundation, which provides a safe place and vital resources (therapy, education, and community) for survivors of sexual exploitation to heal and rebuild.



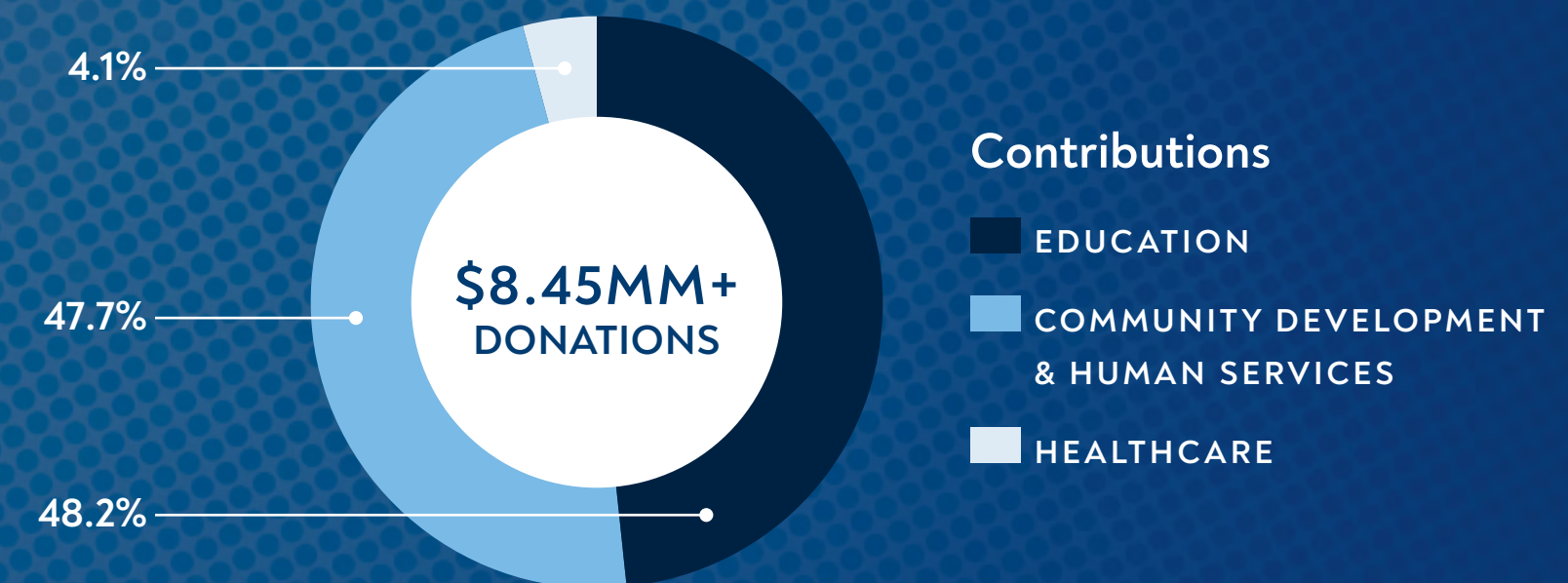
## SALVATION ARMY ANGEL TREE PROGRAM

Giving back to our community is core to who we are at Tailwater, and we were grateful to support The Salvation Army's Angel Tree program by collecting toys and gifts to help ensure every child experienced the joy the holidays can bring.



## ELIZABETH TOON CHARITIES EVENT

The Tailwater team was honored to participate in the 19th annual Elizabeth Toon Charities Concert & Shootout in Dallas. We appreciated the opportunity to support such a meaningful organization and contribute to their mission of helping those impacted by abuse, grief, poverty, disabilities, and terminal illnesses.



## Looking Ahead

We are proud of the progress we have made over the past five years in building and integrating our Responsible Investment approach, and we view this work as a core driver of long-term value creation.

Looking ahead, our focus is on continuing to embed these practices across the investment lifecycle to refine how we evaluate risk, support our portfolio companies, and drive operational performance. We will maintain emphasis on the areas most material to

our investments, while leveraging data, governance, and collaboration to further strengthen outcomes.

At the same time, we will continue to engage with our investors, partners, and industry peers, ensuring our approach evolves alongside a changing energy landscape.

Responsible Investment remains an ongoing process – one that supports stronger, more resilient businesses and sustained value for our stakeholders.





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