

# One Team. One Mission.

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Oak Hill experienced another year of growth and progress as we witnessed the positive results of embedding environmental, social, and governance principles within both our Firm and our investment portfolio. Most notably, we executed a key portion of our corporate governance succession plan. After more than 33 years with Oak Hill, J. Taylor Crandall, one of the Firm's founding members, has transitioned from Managing Partner to Chairman Emeritus. In addition to many other successes at the Firm, J.'s dedication and passion for environmental and social issues helped establish Oak Hill as one of the first private equity firms to integrate ESG considerations throughout the investment process. J.'s entrepreneurial spirit, innovation, and talent helped build an organization that is designed for long-term sustainability and truly "built to last."

In conjunction with J.'s retirement, Brian Cherry and Steve Puccinelli were promoted to Managing Partner in September 2019 and will join Tyler Wolfram, our CEO, in managing the firm. This is the culmination of an approach conceived in 2012 when J., along with the two other Managing Partners, thoughtfully designed a succession plan for the Firm. Succession in the private equity industry can often be complex, and J.'s methodical design was visionary.

Tyler, Brian and Steve are focused on all key pillars of success for the firm, which includes a strong commitment to cultivating the Firm's Human Capital. The Firm continues to build a team that is unified by common values, founded on trust, and strong enough to overcome adversity. We are committed to "Develop the holistic you," both personally and professionally. And, we know that our approach to responsible investment has helped build our team in a way that all of these things are achievable.

ESG integration has also helped us manage risk, seize opportunity,

and create value for our investors, our portfolio companies, our Firm, and our communities. In this report, we describe some recent accomplishments in: Integration, Results, and Leadership.

**Integration** - We added expertise to Oak Hill's Operating Network (page 6) and supported portfolio management with information and strategies for dealing with emerging issues (pages 13-14).

**Results** - We made our first Fund V investment in Mercer Advisors (page 15), which advances both responsible investment and opportunities for women. The Firm continues to support innovation and growth at companies with distinctive solutions to environmental and social challenges, as exemplified by the following investments; Vast Broadband's expansion of digital access to underserved markets (page 16); Safe Fleet's continued product development (page 17); and Charter NEX Film's intensified focus on sustainability (page 18).

**Leadership** - Oak Hill continues its efforts to address societal issues beyond the Firm through combating climate change by helping launch a pioneering financing solution to protect forests (page 19-20). The Firm also impacts its communities through its expanded youth mentoring program and new partnership aimed at increasing gender diversity in our offices (pages 21-22).

We invite you to read this report and learn more about how Oak Hill strives to create value for all of our stakeholders. We appreciate your continued partnership and are excited to share our progress with you.

## Oak Hill's ESG Committee



# Our Responsible Investment Policy

During 2019, we updated our Responsible Investment Policy, which was first adopted in 2013. While we have retained the fundamental principles and commitments, the updated policy better aligns with our current responsible investment approach, which has matured and evolved over the years.

This updated policy considers a range of international ESG guidance documents, including the United Nations Principles for Responsible Investment, the United Nations Global Compact, the American Investment Council Guidelines for Responsible Investment, and Environmental Defense Fund's ESG Management Tool for private equity. It positions us well for the future, while remaining true to our history and the values that have shaped our Firm.

Oak Hill will, in accordance with our fiduciary responsibility to our stakeholders:

- 1 Identify ESG issues throughout our due diligence process related to potential investments.
- 2 Refuse to invest in any business that willfully exploits underserved or underprivileged communities and/or creates significant damage to society. This includes, but is not limited to, guns, ammunition, payday lending or gambling. Diligence should consider the macroeconomic environment required for potential investments to succeed and whether that aligns with the Firm's values.
- 3 Seek to grow and improve portfolio companies while benefiting multiple stakeholders. To that end, Oak Hill will work with portfolio companies on environmental, health, safety, and social issues with the goal of improving performance and minimizing adverse impacts.
- 4 Develop and maintain the resources to achieve implementation of the Firm's ESG initiatives including: an ESG Committee, ESG Officer, and working with our strategic ESG partners, BSR and EDF.
- 5 Make ESG integration an ongoing endeavor. The ESG Committee will meet to review the Firm's efforts semiannually.
- 6 Adhere to the highest standards of conduct to avoid even the appearance of negligent, unfair, or improper practices. This includes proactively complying with applicable national, state, and local labor laws in the countries in which we invest; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.