



# ANNUAL ESG REPORT

A progress report on the firm's integration of environmental, social, and governance issues for our investors, partners, and stakeholders.

NOVEMBER 2014

## **ABOUT OAK HILL CAPITAL PARTNERS**

Oak Hill Capital Partners is a private equity firm with more than \$8 billion of initial capital commitments from leading entrepreneurs, endowments, foundations, corporations, pension funds, and global financial institutions. Since inception 28 years ago, the professionals at Oak Hill Capital and its predecessors have invested in more than 70 significant private equity transactions across broad segments of the U.S. and global economies. Oak Hill Capital applies an industry-focused, theme-based approach to investing in the following sectors: Consumer, Retail & Distribution; Industrials; Media & Communications; and Services. Oak Hill Capital works actively in partnership with management to implement strategic and operational initiatives to create franchise value.

## **ABOUT THIS REPORT**

We continue to believe that responsible corporate citizenship is a fundamental tenet of good investing. Since the firm's inception, we have considered the broader environmental, social, and corporate governance (ESG) impact of our investments and activities. This second annual report describes our most recent efforts to measure and improve our performance with respect to the ESG principles that have historically guided the firm's investments.

This report covers the time period from August 2013 to August 2014, as well as some of our plans for the future. We value your feedback on our ESG initiatives and welcome your comments on both the report and our performance to date. You can contact us at [InvestorRelations@oakhillcapital.com](mailto:InvestorRelations@oakhillcapital.com).

This report was prepared to summarize our ESG program only and not to summarize investment performance. With regard to our program, the information contained herein may contain estimates and forward-looking information, which is subject to uncertainty and risk factors. This report is not a solicitation related to any security offering. Any use of this report requires the express permission of Oak Hill Capital Management, LLC.

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# MEASURING OUR PROGRESS



“Our commitment to responsible investment remains constant, but our approach continues to evolve. By measuring our ESG initiatives, we can manage and adapt accordingly.”

—J. TAYLOR CRANDALL,  
MANAGING PARTNER,  
OAK HILL CAPITAL

Last year, we began annually reporting on our ESG efforts and are excited to share our recent progress. The foundation we have built continues to expand as we further integrate responsible investing into the everyday operations of our business.

Specifically, we continue to measure our progress in three key areas. The first is **ESG INTEGRATION**, continuing to systematize the necessary processes and systems into the core of our firm. In the coming pages, you will find more information about our responsible investment policy, how we have integrated ESG into our due diligence process, our recent commitment to the Principles for Responsible Investment, and how we structure responsibilities for ESG management across the firm.

Of course, we also continue to measure the **ESG RESULTS** that we are creating. We are pleased to report the first year of results from our diligence process including detailed ESG information for three of our new investments. In addition, we have included case studies from a few of the initiatives that we undertook in partnership with our portfolio companies. We also met with experts in impact investing

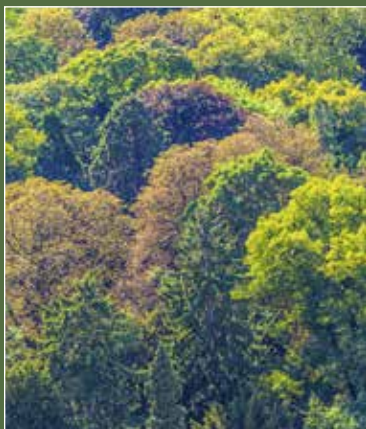
and reporting to find the best way to develop and collect ESG metrics across our diverse portfolio. We expect to begin reporting on some of these metrics in 2015.

We continue to be committed to **ESG LEADERSHIP**, with the mission of advancing environmental and social innovation in both the private equity and nonprofit sectors. As one of the leaders of ESG management among middle-market private equity firms, we know that our work is being closely watched by our peers and continue to publicly share the lessons we learn through this report, as well as at industry conferences and trade media.

We are excited to announce two new volunteer service initiatives at Oak Hill Capital. Professionals in our New York office are serving as mentors to local high school students through the Student Sponsor Partners program and our Menlo Park professionals have developed a business-focused mentorship program with a nonprofit group called BUILD. These activities are further detailed in the report.

We appreciate your support and look forward to continue sharing our progress with you.

# INTEGRATING ESG INTO OUR FIRM



“We are already seeing the business benefits of integrating ESG into our processes. Now, as in any other area of the firm, we have to focus on continuous improvement.”

—TYLER J. WOLFRAM, MANAGING  
PARTNER, OAK HILL CAPITAL

## OUR RESPONSIBLE INVESTMENT POLICY

In developing our current policy, we have remained true to our history while also considering a range of guidance documents, including the United Nations Principles for Responsible Investment, the United Nations Global Compact, PEGCC’s Guidelines for Responsible Investment, and the Environmental Defense Fund’s ESG Management Tool for private equity.

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

**1** Identify ESG issues throughout our *due diligence process* on potential investments and refuse to invest in any business that willfully exploits underserved or underprivileged communities and/or creates significant damage to society.

**2** Seek to grow and improve portfolio companies while benefiting multiple stakeholders. To that end, Oak Hill Capital will *work with portfolio companies* on environmental, health, safety, and social issues with the goal of improving performance and minimizing adverse impacts.

**3** Have the *resources to achieve implementation* of the firm’s ESG initiatives including:

- ESG Committee
- ESG Officer
- Continued partnership and engagement with leaders in the responsible investment movement

**4** Adhere to the *highest standards of conduct* to avoid even the appearance of negligent, unfair, or improper practices. Proactively comply 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.

**5** Respect the *human rights* of those affected by our investment activities and seek to confirm that our investments do not support companies that utilize child or forced labor or maintain discriminatory policies.

**6** Regard *ESG integration as an ongoing project*. The ESG Committee and ESG Officer will review the effectiveness and implementation of the policy on a semiannual basis.

**7** Ensure *all Oak Hill Capital employees* are aware of the firm’s culture of social responsibility dating back to its inception and encourage them to strengthen that culture. Provide ESG training for relevant employees of the firm. Encourage all firm professionals to engage in nonprofit giving and socially responsible volunteer activities.

**8** Encourage *dialogue with our Limited Partners* and other stakeholders on how we can manage ESG issues in a way that is consistent with their initiatives. Work with our Limited Partners to foster transparency with regard to our ESG performance.

**9** Distribute this policy and related ESG information to all appropriate *employees of our portfolio companies*.

“Oak Hill Capital’s process for investment evaluation and decision making has improved due to the integration of ESG factors.”

—STEVEN B. GRUBER, CHAIR OF INVESTMENT COMMITTEE, MANAGING PARTNER, OAK HILL CAPITAL

## ESG IN THE DUE DILIGENCE PROCESS

Since the firm’s inception, we have considered our potential investments with an eye toward ESG issues, and have walked away from investments that did not fit our criteria for responsibility. Over the past two years, we’ve embedded ESG analysis throughout our due diligence process. Every potential investment presented to our Investment Committee during the reporting period has included a detailed analysis of potential ESG risks and opportunities conducted by our ESG Officer. We not only look at the company’s ESG impact, but also the impact of the broader industry.

When we need additional ESG expertise, we engage BSR, a nonprofit sustainability consulting and research

organization. With over 100 sustainability experts in eight offices around the globe, BSR’s subject matter experts help us to consider ESG risks and opportunities throughout a target company’s business.

Our theme-based investing approach allows our ESG diligence process to continuously improve as we build more expertise in the key environmental and social issues across our investment themes.

In the following pages, we feature three of the investments we sourced during this year’s reporting period, and provide information about certain ESG features of these investments that we will continue to improve upon during our ownership period. To our knowledge, we are one of a few private equity firms in North America to implement and publicly report this type of ESG analysis.

## PROCESS FOR INTEGRATING ESG IN DUE DILIGENCE

PHASE I	PHASE II	PHASE III	PRIOR TO SIGNING	CLOSING
<ul style="list-style-type: none"> <li>Deal teams brief internal ESG team on potential investment.</li> <li>An initial ESG screen is applied to understand materiality.</li> </ul>	<ul style="list-style-type: none"> <li>As needed, Oak Hill Capital engages with BSR to identify key ESG risks and opportunities in an initial report.</li> <li>Phase II presentations to the Investment Committee are required to contain an ESG slide.</li> </ul>	<ul style="list-style-type: none"> <li>The ESG Officer obtains answers to specific ESG related questions through meetings with management.</li> <li>Phase III presentations to the Investment Committee contain the necessary information to address any ESG concerns raised during Phase II.</li> </ul>	<ul style="list-style-type: none"> <li>ESG data is compared against Oak Hill Capital’s ESG policy.</li> <li>As needed, Oak Hill Capital’s Investment Committee discusses material ESG issues in the final diligence meeting with the company management team.</li> </ul>	<ul style="list-style-type: none"> <li>If the company has material environmental and/or social impacts, then 100 and 365 day management plans incorporate the necessary steps to mitigate risk and/or capitalize on the opportunity.</li> <li>The company, investment professionals, and ESG Officer will set a recurring time to discuss ESG efforts at the company.</li> </ul>



## ESG INTEGRATION OBJECTIVES FOR NEXT YEAR

**1** Publicly report to the Principles for Responsible Investment and obtain feedback on areas of potential improvement.

**2** Conduct our ESG in Private Equity training for new investment professionals.

**3** Collect and analyze ESG metrics across our portfolio.

## SIGNING THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

In 2014, Oak Hill Capital was one of the first middle-market private equity firms in North America to become a signatory to the Principles for Responsible Investment (PRI). We made this decision due to the PRI's increased level of engagement with the private equity asset class, and we look forward to engaging with their private equity working group. In 2015, we will begin submitting the annual PRI report.

*Signatory of:*



## ESG COMMITTEE

We hold quarterly ESG Committee meetings to discuss firm-level activities and specific initiatives within our portfolio companies. The four voting members of the committee include two of our Managing Partners, J. Crandall and Steven Gruber, as well as two Partners.

In an effort to keep all levels of the firm engaged in our ESG initiatives, we also have four non-voting members of the committee including Investor Relations, Legal, and junior investment professionals. The ESG committee is chaired by the General Counsel of the firm, John Monsky.

## ESG OFFICER

Lee Coker serves as our ESG Officer, leading our ESG diligence and working with our portfolio companies on ESG initiatives. Before working with Oak Hill Capital, Lee managed Environmental Defense Fund's (EDF) Green Returns initiative with leaders in the private equity sector, including KKR, Carlyle, and Oak Hill Capital to identify opportunities to reduce environmental impacts and to build more valuable, competitive companies. He also led the creation, development, and communications surrounding EDF's ESG Management Tool for the private equity sector.

Lee earned his M.B.A. from the University of North Carolina and his B.A. in Environmental Studies from the University of Alabama.



# RESULTS FROM OUR ESG INITIATIVES



“SmartPak was founded with a commitment to social responsibility. It’s great to have partners like Oak Hill Capital that understand the value of our company’s culture and want to work with us to continue to enhance it.”

—PAAL GISHOLT, CEO, SMARTPAK

## ESG IN OUR NEW INVESTMENTS: SMARTPAK

In June, we invested in SmartPak, the leading distributor of equine supplements and horse supplies across the United States. SmartPak’s success has been powered by a passion for delivering an unbeatable customer experience. SmartPak has received the Bizrate Circle of Excellence award the past four years and also has an “Elite” rating from STELLAService, a company that objectively measures and rates the customer service performance of online retailers.

From an ESG perspective, we were focused on industry-wide issues related to the sourcing of nutritional supplements and animal feed. The company is a proven leader in maintaining a safe and clean supply chain. SmartPak’s dedication to quality control and safety was featured in an article in a Harvard Business School publication describing its management of the melamine pet food recall of 2007.

During that recall, SmartPak successfully managed an industry-wide supplier contamination of rice protein imported from China and tainted with the chemical compound melamine, a poisonous fertilizer. With millions of pounds of pet feed contaminated, almost every major manufacturer of pet food was affected. SmartPak proactively issued a recall and immediately reached out to its customers to describe the problem, credit the order, and replace the product. The company’s actions garnered a warm customer response and reinforced many of the customers’ decisions to purchase SmartPak products.



After the recall, SmartPak began testing all products for melamine and cyanuric acid and worked with one of their largest co-manufacturers to stop sourcing from China. These actions not only led to greater customer engagement, but also proved to us that the management team had built strong procedures and processes.

As SmartPak moves forward, we will continue to support an impressive set of ESG initiatives including:

- An extensive focus on reducing the environmental impact of the business that has included the reduction of packaging, waste, and other materials
- Service by the CEO on the board of the National Animal Supplement Council, the nonprofit organization in charge of setting safety standards for the industry
- Annual philanthropic contributions to organizations dedicated to the health and well-being of horses, including the American Association of Equine Practitioners (AAEP)
- Excellent employee benefits including meals, gym memberships, a dog-friendly office, 401k plans, and a horse-riding program

“At Pulsant, we have a commitment to invest in initiatives that will reduce the intensity of our environmental impact. By partnering with Oak Hill Capital, we are excited to have found a financial partner that aligns with this strategy.”

—MARK HOWLING, CEO, PULSANT



### ESG IN OUR NEW INVESTMENTS: PULSANT

In July, we completed an investment in Pulsant, a leading provider of managed, hosted data centers, and IT infrastructure services to middle-market businesses in the United Kingdom. As we had previously seen with our investment in ViaWest, a focus on power management in these facilities is not only indicative of good business management, but also profitability. We are backing a sophisticated approach to energy management at Pulsant, proven by the following:



- Pulsant’s power contracts are negotiated, purchased, and managed by a global specialist in energy procurement and management. The company exclusively sources renewable electricity even though it incurs a small premium to fossil fuel sourced electricity.
- Due to energy efficiency initiatives and better utilization, Pulsant’s overall Power Usage Effectiveness (PUE), the most important metric for energy efficiency in data centers, improved by 12% between 2011 and 2013.
- Pulsant’s CTO, Matt Lovell, is a member of the Green Grid, the leading group focused on energy efficiency in IT.
- Pulsant was named “IT Operator of the Year” in the U.K.’s Green IT awards in 2013.

Pulsant’s energy sourcing and management is part of their commitment to responsible corporate citizenship and has proven to be an important aspect of the sales process. As Pulsant expands, we will support and develop additional initiatives to reduce the environmental impact of the business while increasing the value of the company.



“As we looked for our next investor, it was essential to partner with a firm that shares the same culture and belief system as Berlin Packaging. We are extremely pleased to be part of the Oak Hill Capital family, which has a proven commitment to investing responsibly.”

—ANDREW BERLIN, CHAIRMAN AND  
CEO OF BERLIN PACKAGING



## ESG IN OUR NEW INVESTMENTS: BERLIN PACKAGING

Oak Hill Capital’s last investment of the reporting period was in Berlin Packaging (Berlin), a leading full-service strategic supplier of rigid packaging products and value-added services. Berlin serves over 7,500 customers in diversified end-markets, providing over 35,000 different packaging SKUs made from a variety of plastic, glass, and metal materials sourced from over 700 suppliers worldwide. Berlin combines the best attributes of value-added distributors and manufacturers providing an array of services including inventory and supply chain management, custom packaging design, worldwide sourcing, capital financing, and quality management.

The plastics portion of Berlin’s business was our primary area of focus for the environmental portion of our diligence. We thoroughly researched the environmental and human health issues related to plastics and found minimal risk to Berlin’s business. The large majority of the company’s plastic products are made from the four most commonly recycled plastics and are not known to pose threats to human health. The company is also a member of the Sustainable Packaging Coalition and has done considerable research on green packaging for its clients. We plan to work with Berlin to continue to minimize the environmental impact of its products.

Berlin performed very well in the “social” portion of our diligence. We were impressed by the company’s employee retention rates, incentive programs, and



record of safety. In addition, we believe Berlin’s supply chain auditing programs are best-in-class. All of their global suppliers are randomly audited for both environmental and social issues. Many of the company’s customers are required to be in compliance with the California Transparency in Supply Chains Act. For those customers, Berlin adds value by providing a unique perspective on supply chain risk across industries and geographies. With the full support of Oak Hill Capital, Berlin also utilizes its business for the greater good. Recently, the Dangerous Goods division of Berlin donated protective shipping containers to aid Ebola eradication efforts in Liberia. In partnership with the Clinton Health Access Initiative, Berlin has provided third-party certified products for the transport of blood samples to laboratories for Ebola testing. We will work with management to continue to improve and expand these social initiatives during our ownership.

“Oak Hill Capital was an early leader in recognizing the value that EDF Climate Corps can provide to its investments to reduce energy use. This trend has grown tremendously as we have now placed over 40 fellows in the private equity sector to date.”

—TOM MURRAY, VICE PRESIDENT,  
CORPORATE PARTNERSHIPS,  
ENVIRONMENTAL DEFENSE FUND



### THE HILLMAN GROUP: CONTINUING OUR PARTNERSHIP WITH ENVIRONMENTAL DEFENSE FUND

We introduced one of our investments, The Hillman Group (Hillman), to EDF Climate Corps, a program that embeds top graduate students inside companies looking to reduce costs and environmental impact through better energy management.

EDF Climate Corps fellow Gary Gao analyzed energy use at Hillman’s warehouse and office facilities in Cincinnati. Gary identified several opportunities to improve employee comfort and reduce energy costs, which he presented to Hillman’s management team and Oak Hill Capital’s investment professionals.

First, he recommended implementing a building management system that could control rooftop HVAC units and warehouse fans, allowing for more comfortable temperature settings while extending the life of the equipment.

Second, Gary determined that occupancy sensors could be installed in low traffic areas to reduce lighting costs, while photo sensors could be used to maximize existing daylight panels.

Finally, when faced with unexplained demand peaks, Gary discovered that forklift charging was the culprit. To fix the problem, he recommended implementing conditional charging settings that would shift electric



EDF Climate Corps fellow Gary Gao

demand to off-peak hours, reducing electricity costs while lowering demand for “peaker” plants.

Overall, Gary’s recommendations could reduce Hillman’s energy use by approximately 20% and reduce carbon emissions by 600 tons annually.

## DAVE & BUSTER'S: PREPARING FOR CONTINUED GROWTH

### Energy Efficiency

At Oak Hill Capital, we have spent considerable time developing an understanding of clean technologies that can benefit our investments. One of the more promising companies we have found is Entouch Controls, an energy management solution that provides automation systems, reporting, and an emergency call center to support HVAC systems in restaurants and schools. Entouch can also provide refrigeration monitoring systems for coolers and freezers, which provide alerting and emergency response to any potential food safety issues reducing the amount of food waste. The majority of Entouch's customers reduce energy usage by 15%, reduce emergency maintenance costs by 10%, and extend equipment life by at least two years.

“Building a relationship with Oak Hill Capital is exciting for us because, if our energy management solutions continue to perform well, we can serve not only Dave & Buster's but also future investments that can benefit from our technology.”

—GREG FASULLO, CEO, ENTOUCH CONTROLS



Entouch Control's product offering



Earlier this year, we introduced Entouch to Dave & Buster's (D&B), a portfolio company in our third fund. The introduction led to a pilot project at one of D&B's largest facilities. Early results from the pilot have been promising and the companies are now working together to expand the project to other facilities.

### Democratizing the IPO Process

As we prepared Dave & Buster's for its initial public offering, we worked with the company to ensure employees would have the opportunity to participate.

The company utilized the LOYAL3 Social IPO Platform™ to simplify the process for employees who wanted to purchase shares in the offering at the same price as institutions and other large investors during the IPO.

### Corporate Governance

Oak Hill Capital currently remains the controlling shareholder after the IPO. We have prepared D&B for its future as a public company with strong corporate governance practices. In accordance with recommendations from ISS and other proxy advisory firms, the board of directors is not staggered and the company does not have a “poison pill” mechanism.

## PORTFOLIO COMPANY OBJECTIVES FOR NEXT YEAR

**1** Continue to research and monitor developments in clean technologies that will benefit our investments, the environment, and surrounding communities.

**2** Ensure new investments are provided the opportunity to work with our partners at BSR and EDF.

**3** Work with new investments to capitalize on ESG opportunities we identified in due diligence.

## AVOLON: INTEGRATING ESG ISSUES INTO BUSINESS STRATEGY

In 2010, Oak Hill Capital invested in Avolon, and built a top ten global aircraft lessor. With a deep understanding of two specific ESG issues that affect the global aircraft leasing market, we focused on developing strong processes for risk management and properly positioning the company to meet the growing need for more fuel-efficient aircraft. This year, we have worked extensively with Avolon and its other investors to prepare the company for continued growth while capitalizing on the following:



### Governance

We believe that the many financial and business risks that aircraft leasing companies encounter require best-in-class corporate governance. The audit and risk management committees that report to the Board have been a key component of our success. We will continue to work with Avolon to ensure the company remains focused on risk management and has a strong governance structure in place.

### Fuel Efficiency

The operating cost differential between newer and older aircraft has continued to widen with improvements to the efficiency of each new generation of aircraft. With expectations that additional regulations and taxes on carbon emissions will be put in place over the long term, it is likely that the replacement of aging and inefficient fleets will further accelerate.

Avolon's focus on acquiring and leasing young, modern, fuel-efficient aircraft has well positioned the company to capitalize on these issues. The company's current owned portfolio of 122 aircraft has an average age of 2.5 years, which is the youngest fleet among the world's top ten aircraft leasing firms.





“ESG integration is part of our business strategy and it makes us better investors. We hope to spur others to do the same.”

—JOHN R. MONSKY, GENERAL  
COUNSEL, CHAIR OF ESG  
COMMITTEE, OAK HILL CAPITAL

## DRIVING CHANGE IN THE PRIVATE EQUITY SECTOR

As one of the early adopters of ESG in private equity, we know that our work is being observed by other firms. One reason we publicly release this report each year is to provide similar firms with a blueprint for the development and implementation of an ESG program. We seek to increase the number and quality of public resources on the topic. To that end, we have done the following over the past year:

- Issued the first public ESG report from a U.S. based middle-market private equity firm
- Presented at Private Equity International’s Responsible Investment conference in London
- Contributed to PRI’s “Integrating ESG in Private Equity, a Guide for General Partners”

In addition, our ESG efforts were recently featured in three leading publications:

- California Public Employees’ Retirement System’s “Towards Sustainable Investment and Operations”
- Mergers and Acquisitions’ “PE firms focus on ESG”
- Private Equity International’s “The Responsible Investment Special 2014”

## ENGAGING WITH NONPROFIT ORGANIZATIONS

We continue to believe that to succeed at incorporating ESG initiatives in our investments, we must also set a strong example with our philanthropic and community involvement. Recently, the firm has focused on honoring and supporting U.S. veterans. This year, the firm was particularly focused on issues affecting veterans and civilians impacted by the Vietnam War. Our annual meeting presentation, “Vietnam at 50,” was developed by our General Counsel and featured a collection of 282 engraved Zippo lighters with accompanying live music and photographs, to portray the history of the war from the perspective of foot soldiers who served.

In connection with the meeting presentation, the firm and its partners made charitable contributions to organizations that support veterans and civilians affected by war, including Children of Fallen Patriots, Habitat for Humanity International, Human Rights First, and Harvard Law School’s tuition assistance program for veterans. The firm has also made special employment opportunities open to veterans and will be looking to develop this area further in the future.

In addition, Oak Hill Capital donated a portion of its revenue to nonprofit organizations that share our mission of improving the lives and education of young people. Some of the organizations that the firm has supported this year include A Better Chance, Boys and Girls Clubs, Big Brothers Big Sisters, and Harlem RBI.



## LEADERSHIP OBJECTIVES FOR NEXT YEAR

**1** Ensure potential investors in Oak Hill Capital Partners IV have the information to clearly understand our policies and processes related to responsible investment.

**2** Serve as an advisor to a relevant industry working group on the topic of responsible investment.

**3** Continue our support of Student Sponsor Partners and BUILD.

## VOLUNTEER SERVICE

Throughout the year, our firm's Vice Presidents and Associates worked with senior leadership to develop two additional volunteer programs with Student Sponsor Partners (SSP) in New York and BUILD in Menlo Park. Both programs have been very rewarding for the firm and we've seen strong support in both time and financial contributions from all of our investment professionals as well as many members of our legal and administrative teams.

SSP is a nonprofit organization based in New York that provides underserved students with four years of college preparatory education. For 25 years, SSP has addressed the high school dropout crisis in New York City and has consistently delivered results. Each Associate partnered with a senior investment professional to provide both mentorship and financial sponsorship to a student involved in the program. Highlights from the past year include:

- Kickoff event at the New York Historical Society to watch our General Counsel present "Vietnam at 50" followed by a pizza party
- Dave & Buster's game night
- Field trip to Madame Tussauds Wax Museum
- Basketball games, Broadway shows, and dozens of one-on-one mentoring sessions

BUILD is a Bay Area nonprofit organization that uses entrepreneurship to promote college readiness among underserved high school students. Oak Hill Capital employees in our Menlo Park office:

- Participated in BUILD's "VC Investor" program, with our professionals joining the "boards" of six high school student-run business teams from the Oakland area
- Attended initial "investor presentations" and received monthly business updates, providing business plan advice and guidance throughout the year to help the teams build their businesses
- Contributed financially to the program, providing start-up capital to fund the teams' business plans





## MORE ABOUT OAK HILL CAPITAL PARTNERS

### Family Office Heritage

Oak Hill Capital traces its roots to Robert Bass, one of the four brothers who founded Bass Brothers Enterprises in Fort Worth, Texas. In the 1980s, Robert Bass formed an independent firm to invest his capital in private equity. His goal was to build a firm that delivered strong risk-adjusted returns and fostered a culture that incorporated his philosophy of “doing well while doing good.” Partners of the firm were expected to share the principles of giving back to society and investing responsibly. In addition, Mr. Bass focused on attracting talented investment professionals who were team players that could collaborate with one another and work effectively with company management teams.

This principles-based approach proved to be a very successful strategy that led the family office to expand. From 1986 to 1998, the firm and its predecessor investment vehicles directed more than 26 transactions, representing investments of more than \$1.2 billion of equity capital. In 1999, with Mr. Bass as the lead investor, the firm launched Oak Hill Capital Partners, L.P. To date, the group has invested \$8.5 billion in 79 transactions since 1986.

### Long-Term Focus

Oak Hill Capital’s unique heritage supports a culture that embraces long-term partnerships. Mr. Bass and the Oak Hill Capital team have developed a reputation as value-added, high integrity partners for entrepreneurs, management teams, and corporations. With a focus on long-term relationships and responsible stewardship, ESG principles are naturally at the firm’s roots and are considered in every transaction that the firm undertakes.

Oak Hill Capital offers strategic expertise, value-added support, and operational insight to portfolio company management teams, with a particular emphasis on:

- Developing a value creation roadmap to execute against the strategic vision
- Analyzing merger and acquisition opportunities and risks
- Providing capital support and implementing flexible financial structures
- Recruiting talented executives to augment the existing team and to help drive operational improvements
- Managing, supporting, and motivating management teams to grow the business in alignment with the strategic vision
- Optimizing value realization

### Aligning Interests

Oak Hill Capital’s philosophy of aligning economic interests has been a guiding principle of our success. We partner with exceptional entrepreneurs, management teams, and corporations that share a common vision for maximizing value creation. We structure each investment to align the economic interests of all constituencies: co-owners, management teams and employees of our portfolio investments, our funds’ Limited Partners, and Oak Hill Capital’s investment professionals. This alignment extends to a mutual interest in promoting ESG principles because all parties have a stake in the reputation and success of our portfolio companies.

## Important Information

This ESG Annual Report (the “Report”) is provided by Oak Hill Capital Management, LLC (together with its affiliates, “Oak Hill Capital” or “Oak Hill”) for informational purposes only and is solely intended to provide an overview of the ESG processes and initiatives of Oak Hill and certain of its portfolio companies; it is not intended to describe the performance of any investment or company. This Report should not be relied upon for any other purpose. This Report does not constitute an offer to sell, or the solicitation of an offer to buy, any security, product, or service, including interests in any investment fund managed by Oak Hill (the “Funds”). References to portfolio companies are intended to illustrate the application of Oak Hill’s ESG priorities only and should not be viewed as a recommendation of any particular security or company. Any information provided in this Report about past investments is provided solely to exemplify various aspects of previously utilized ESG processes and strategies. Any past performance information provided herein is not indicative nor a guarantee of future returns. Not all ESG metrics are applicable to Oak Hill or each company, and methodologies for measuring ESG metrics differ across industries and asset classes. While Oak Hill integrates certain ESG factors into its investment process in accordance with its ESG policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements, there is no guarantee that Oak Hill’s ESG policy will be successful or that it will create a positive ESG impact. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Oak Hill, or any judgment exercised by Oak Hill, reflects the beliefs or values of any particular person or industry participant. There are significant differences in interpretations of what positive ESG characteristics mean by region, industry and issue, and these interpretations are rapidly evolving.

The investments described in the selected case studies were not made by any single Fund or other product and do not represent all of the investments purchased or sold by any Fund or other product. It should not be assumed that investments in the securities or companies identified and discussed herein were or will be profitable. The information contained in this Report may not necessarily be complete and may change at any time without notice. Oak Hill does not have any responsibility to update this Report to account for any such changes. Certain information contained herein may be “forward-looking” in nature. Due to various risks and uncertainties, actual events or results of the actual performance of any Fund may differ materially from those reflected or contemplated in such forward-looking information. As such, undue reliance should not be placed on such information, and no individual or entity should rely on such information in connection with buying or selling any securities or making or selling any investment. Forward-looking statements may be identified by the use of terminology including, but not limited to, “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue”, or “believe”, or the negatives thereof or other variations thereon or comparable terminology.

Oak Hill makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness, or completeness of any of the information contained herein, including without limitation, information obtained from portfolio companies or other third parties. Some of the information contained herein has been prepared and compiled by the applicable portfolio company and has not necessarily been reviewed or independently verified or assured by Oak Hill or any other third party. Oak Hill does not accept any responsibility for the content of such information and does not guarantee the accuracy, adequacy, or completeness of such information.



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## STAMFORD

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