



ESG REPORT

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

December 2018

About Oak Hill Capital Partners

Oak Hill Capital Partners is a private equity firm managing funds with more than \$12 billion of initial capital commitments and co-investments since inception. For more than 30 years, the professionals at Oak Hill and its predecessors have invested in 90 private equity transactions across broad segments of the U.S. and global economies. Our firm applies an industry-focused, theme-based approach to investing in the following sectors: Consumer, Retail & Distribution; Industrials; Media & Communications; and Services. Oak Hill actively collaborates with our portfolio company management to implement strategic and operational initiatives to create franchise value.

About this Report

This sixth annual environmental, social, and corporate governance (ESG) report describes our recent efforts to sharpen our focus on measuring and improving performance on the ESG issues that are most important to the firm's investment activities.

This report covers the period from August 2017 to August 2018. We value your feedback on our ESG initiatives and welcome your comments on both the report and our performance to date. You may contact us at 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.

About the Cover

In 2018, the firm became a founding supporter of Climate and Forest Capital's project to develop a nonprofit impact investment vehicle that will reduce deforestation with market-based financial incentives. Developed in partnership with Environmental Defense Fund, the project will play an important role in the fight against climate change.

See page 16 for more details.



Powerful Partnerships Drive Our ESG Program

We believe that ESG integration – when done right – can create stronger risk-adjusted returns and positively impact our stakeholders and the broader communities we operate in around the world. Our sixth annual ESG report focuses on the partnerships that have driven the evolution of the firm’s ESG program.

This report highlights how our ESG efforts have evolved over the past year, growing in scope and sophistication. We continue to measure our accomplishments in three key areas: Integration, Results, and Leadership.

Integration

A foundation of ESG policy and processes ensures that ESG factors are strongly embedded into the firm’s culture and investment process. This report presents our firm’s Responsible Investment Policy, which guides our efforts, and describes our approach for integrating ESG analysis into our due diligence process. It also features a table showing the implementation of our ESG policies against the six core principles developed by the U.N. Principles for Responsible Investment (PRI).

Results

As in past years, we worked to drive Results by measuring relevant ESG factors, partnering with individual portfolio companies, and offering support on relevant ESG issues across the Oak Hill portfolio. This report features in-depth case studies of four of our most recent investments as well as briefer updates on the progress of three other portfolio companies. Two investments made this past year – Safe Fleet and VetCor – demonstrate our firm’s maturing approach to responsible investment. These investments not only generate tangible financial returns but also create significant positive social impacts. Additionally, we refined and expanded our measurement of specific ESG metrics across portfolio companies.

Leadership

This past year, we broadened our Leadership platform to address critical global environmental issues. Oak Hill became a founding supporter of Climate and Forest Capital’s project to develop a nonprofit investment vehicle that offers a market-based solution for protecting forests globally. The report also provides updates to our ongoing involvement with PRI as well as our engagement with several nonprofit organizations that the firm supports.

As our ESG initiatives have grown and evolved over the years, so has the firm’s overall investment approach. In 2017, Oak Hill was honored to win Private Equity International’s Mid-market Firm of the Year in North America. The award cited the firm’s focus on aligning interests, noting that Oak Hill is the largest investor in each of its funds and is frequently joined by current and former portfolio company management teams. Private Equity International also referenced Oak Hill’s Operating Network of senior industry executives, many of whom participate in our ESG initiatives.

We appreciate your continued partnership in these efforts and are excited to share our progress with you.

Oak Hill’s ESG Committee



Our Responsible Investment Policy

In developing our current Responsible Investment 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, the American Investment Council's Guidelines for Responsible Investment, and Environmental Defense Fund's ESG Management Tool for private equity.

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

- 1 | Identify ESG issues throughout our due diligence process related to 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 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: an ESG Committee, ESG Officer and 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 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.

Our ESG Management Approach

At Oak Hill, our cross-functional ESG Committee and dedicated ESG Officer integrate ESG management across the firm's activities. The ESG Committee and ESG Officer have developed a number of partnerships to promote our ESG program.

ESG Committee: Developing and Implementing Strategy

Oak Hill's ESG Committee develops and implements the firm's ESG strategy. The committee seeks to reduce risks and increase opportunities related to environmental, social, and governance issues across the firm and within our portfolio companies.

The current members of the committee include Managing Partner J. Crandall, Partners John Monsky, Kevin Mailender, John Rachwalski, and David Scott, as well as professionals across investment, investor relations, and legal functions.

John Monsky serves as chair of the ESG Committee. He also serves as General Counsel of the firm, a role that is uniquely suited for ESG integration, as John is heavily involved in every potential transaction that the firm considers. He also advises the firm's portfolio companies with respect to the full range of ESG issues.

ESG Officer: Leading Due Diligence and Portfolio Company Initiatives

Along with John Monsky, Oak Hill's ESG Officer, Lee Coker, works across investment teams to analyze ESG issues in potential investments and with portfolio companies on ESG initiatives. Before working with our firm, Lee managed Environmental Defense Fund's (EDF) Green Returns initiative. At EDF he worked with several firms in the private equity sector, including KKR and The Carlyle Group, to identify opportunities for reducing environmental impacts and building more valuable, competitive companies.

Oak Hill Investment Teams: Embedding an ESG Perspective

Keeping our investment teams aware of current and emerging ESG issues creates better decision-making throughout all phases of the firm's investment process. News and insights from our partnerships with Ceres, BSR, and Environmental Defense Fund inform our quarterly ESG briefings for the firm's investment professionals. These briefings, which are tailored to the firm's four core sectors of investment, address a range of ESG issues including corporate governance, climate change, human rights, and employee engagement. Oak Hill's ESG Committee Chair and ESG Officer augment these quarterly briefings, providing frequent updates on relevant ESG topics during Oak Hill's weekly firm-wide meetings.

Oak Hill Operating Network: Providing Deep Strategic Expertise

The Oak Hill Operating Network of senior business executives provides expertise in all phases of the investment process, including the creation, development, and monitoring of ESG initiatives. Following our investment in a company, Senior Advisors typically serve as highly engaged board members, ensuring that each company has best-in-class corporate governance practices. This past year we expanded our network with the addition of T. Michael Glenn, former CEO of Fedex Corporate Services. Additionally, Senior Advisor John Zimmerman joined the firm's ESG Committee. John led the integration of ESG reporting requirements into the firm's annual Portfolio Company Review Process.

The Power of NGO Partnerships

We partner with leading sustainability nongovernmental organizations (NGOs) to enhance our ESG activities on many levels. These groups help us inform and engage our investment professionals, enhance our communication with investors, and remain current on and shape best practices.

BSR: Considering Sustainability Risks and Opportunities

The firm consults with our partners at BSR, a leading nonprofit sustainability consulting and research organization, for additional expertise on relevant potential transactions. With more than 100 sustainability experts in eight offices around the world, BSR has subject matter experts who help us consider ESG risks and opportunities across a target company's entire business. We also leverage their network of experts to advise our portfolio company management teams on relevant ESG issues.

Ceres: Addressing Climate Change

In 2017, the firm joined the Ceres Investor Network on Climate Risk and Sustainability, the leading nonprofit organization addressing investment risks and opportunities related to climate change in North America. Through this membership, we participate in investor working groups and collaborate on ESG issues to advance leading investment practices, corporate engagement strategies, and policy solutions.

Environmental Defense Fund: Taking Action to Drive Change

Our partnership with EDF began in 2010 and now encompasses several initiatives. During 2018, we worked with our portfolio company Charter NEX to host an EDF Climate Corps fellow to identify and address corporate sustainability opportunities across the company's activities. We partnered with EDF to become a founding supporter of Climate and Forest Capital's development of a nonprofit impact investment vehicle that will reduce deforestation through market-based incentives. Both initiatives are further detailed in this report on pages 15 and 16, respectively.

PRI: A Commitment to Transparency

In 2014, Oak Hill was one of the first middle-market private equity firms in North America to become a signatory to the PRI, in part because we wanted to provide investors the ability to assess the firm's progress with transparent, accessible, and consistent information. Our most recent PRI report detailing our responsible investment activities can be viewed on the [PRI's website](#). This year, our firm's ESG Officer continued his service on the PRI's Private Equity Advisory Committee, advising PRI staff in developing tools, resources, and events that promote responsible investment in private equity globally.



Signatory of:



INTEGRATION

ESG in Due Diligence

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 six years, we have formally integrated ESG analysis into our due diligence process. We work across investment teams to ensure that every potential investment presented to our Investment Committee includes a detailed analysis of potential ESG risks and opportunities. We look not only at the company's ESG impact, but also the macro-level ESG issues within the broader industry.

We believe that employee issues should be an integral part of any ESG review for a potential investment. To that end, we have developed long-term partnerships with industry-leading experts to cover the full range of diligence issues. We involve these experts in almost every transaction that the firm reviews.



Risk Management – Matt Folk, head of Oak Hill's Operational Risk Management team, has been engaged with Oak Hill for nearly 14 years. Matt reviews each potential investment's insurance strategy to ensure that the company is adequately covered for incidents that could result in negative ESG impacts including environmental contamination, third-party cyberattacks, product liability, and/or product recall as well as any injuries to employees. In addition, Matt takes an active role with each Oak Hill portfolio company to improve these practices. The benefit of Matt's work often far outlasts the firm's ownership period.

Human Resources – Gerald ("Jerry") Hathaway, a Partner at Drinker Biddle, possesses more than 35 years of experience assessing companies' compliance with human resources laws. During due diligence, Jerry evaluates how closely a company follows best practices related to human resources management. Jerry reviews each potential investment's policies, processes, and expertise related to hiring, onboarding, and training new employees. Finally, he analyzes the company's policies and processes to ensure that the proper systems are in place to classify employees, monitor compliance with developing equal pay laws, avoid discrimination of any kind, and train employees about the expectations for workplace conduct.

Pensions, Benefits, and Health Care – Leslie Nielson, a Managing Director at Alvarez & Marsal, and her team of dedicated M&A consultants support Oak Hill with pre-acquisition due diligence regarding global employee benefits, remuneration plans, and human resource operations. Leslie and her team provide a financial review of any qualified or supplemental pensions, including advice as to how these obligations impact enterprise value, prior to negotiating deal price. This process includes a review of actuarial assumptions, sufficiency of balance sheet accruals, analysis of run-rate employee benefit and pension costs, future cash funding requirements, and related Quality of Earnings adjustments.

RESULTS

Building on the Success of Oak Hill's ESG Webinar Series

Recognizing that many of our investments face similar ESG challenges, we provide professional development opportunities that share best practices for addressing these issues. In addition, we introduced a new effort to encourage our portfolio companies to share human resources management best practices and discuss common challenges with each other on quarterly conference calls. Expert moderators guided each discussion and ensured that we were able to properly leverage the diverse set of skills, knowledge, and experience that each professional brings to the group. Moving forward, we plan to find additional ways to engage this important group of professionals.

This year, we also invited professionals across our portfolio companies to participate in three webinar presentations by leading experts, with a primary focus on employment practices.



Understanding the State of the American Workplace

Employee engagement is a critical issue facing businesses around the world. Consider the recent Gallup research finding that 70 percent of American workers are not engaged at work. Gallup Director William Reid shared research-based insights on how organizations and teams can become highly effective by intentionally developing the strengths of their people and focusing on proven strategies to increase employee engagement.

How to Implement a Successful Diversity and Inclusion Program

Building on her previous webinar presentation on diversity and inclusion strategies, BSR Director Aditi Mohapatra highlighted implementation approaches in this webinar. She described diversity initiatives that have shown the greatest success (even in smaller companies), building a company culture of respect, and ensuring respectful conversations on race and gender in the workplace.

Assessing the Physical Risks of Climate Change

The need to incorporate the physical risks of climate change into corporate planning has become more clear as severe weather impacts more businesses each year, including several in the Oak Hill portfolio. To help inform and equip the real estate, corporate planning, and supply chain professionals in our companies, we turned to Emilie Mazzacurati, CEO of Four Twenty Seven, a consulting firm focused on analyzing physical climate risks for leading investors, municipalities, and Fortune 500 companies. Emilie and her company shared how to uncover and quantify risks from floods, droughts, and other severe weather for both the footprint and supply chains of Oak Hill portfolio companies.

GALLUP



RESULTS

Measuring Our Impact

Each year we measure our progress against PRI's six principles for responsible investment. In 2018, we also analyzed our portfolio companies' corporate governance and human resources information, including independence of the board, employee retention rates, monthly job growth, OSHA safety incidents, and ESG-related training programs.

Mapping Our Results to the UN PRI

Our involvement with PRI encompasses using its six principles as a framework for setting our ESG goals and measuring our progress. We map our ESG activities against this framework annually and provide the results to our ESG Committee as a means for it to identify target areas for growth. This year's table can be found on page 18.

100% of our portfolio companies now offer workplace conduct training to employees.

Measuring the Impact of Business Growth on Employment

One of our portfolio companies' greatest social impacts is creating and maintaining high quality jobs. We seek to grow the businesses in which we invest and we were encouraged to find in our most recent human resources survey that current Oak Hill portfolio companies now employ over 40,000 people around the world. Over the last 12 months, Oak Hill's portfolio companies* have increased their total employee count by 22 percent.

*Data is from a survey that includes OHCP III and OHCP IV portfolio companies where the relevant fund owned a majority of the equity value as of 8/31/18 with the exception of VetCor (new acquisition), Vertex (in sale process), and SmartPak (controlled by a public company). Data presented is from Sept. 1, 2017 to Aug. 31, 2018, and is inclusive of acquisitions.

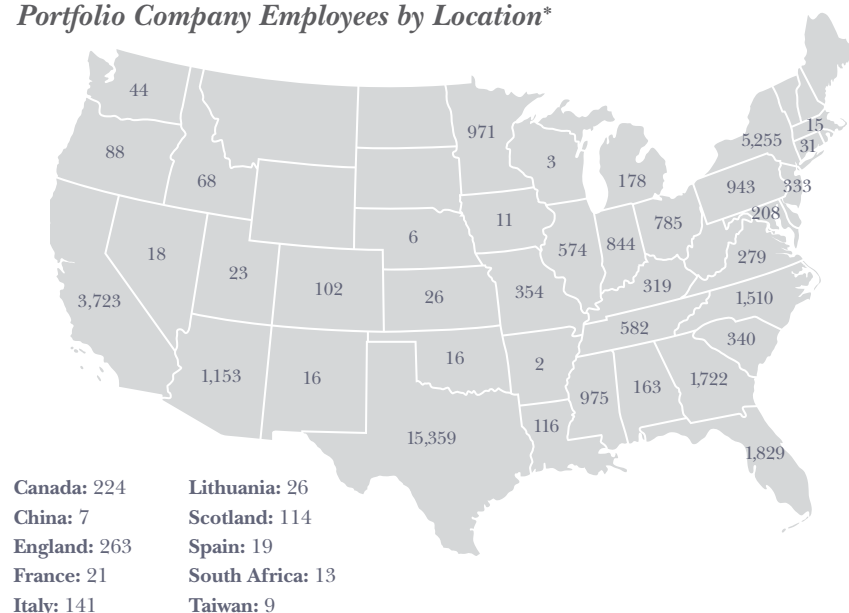
Professional Development Produces Quantitative Results

We assess the results of our professional development and webinar initiatives, particularly those on diversity and inclusion and workplace conduct, which consistently are areas of interest to our portfolio companies. In just one year, our training efforts produced gratifying results. In 2017, 66 percent of our portfolio companies offered employees training focused on workplace conduct and only 33 percent offered diversity and inclusion training. In 2018, those numbers grew to 100 percent for workplace conduct and 78 percent for diversity and inclusion.

Complying With Labor Regulations

Staying current and compliant with human resources regulations across geographic locations can be challenging. To assist our portfolio companies in ensuring best-in-class compliance, we monitor the location of our companies employees to help them stay aware of changing local and state regulations relevant for their employees.

Portfolio Company Employees by Location*



RESULTS

Safe Fleet Saves Lives...



In February 2018, we invested in Safe Fleet, the market-leading provider of safety and productivity solutions for fleet vehicles. Oak Hill was attracted to the company's unique and growing portfolio of solutions coupled with its proven ability to innovate for the greater good. "Safe Fleet Saves Lives" is not just a tagline for the company; it is a core part of Safe Fleet's mission. According to the National Safety Council, over 40,000 people died in motor vehicle crashes last year in the United States, and another 4.7 million sustained injuries serious enough to require medical attention.

We are working with Safe Fleet to reduce these numbers and eliminate preventable accidents by designing and manufacturing solutions that improve the safety and productivity of fleet operators, passengers, and pedestrians around the world. Safe Fleet has grown through acquisition and serves many markets, including numerous large municipalities.

As one of our first ESG initiatives with the company, we developed a social impact report to document how Safe Fleet's existing and new products are creating safer communities. We would like to describe two of the many ways Safe Fleet is leading the public transit marketplace.

Improving the Safety of Public Transit

In 2016, the Federal Motor Carrier Safety Administration reported a six percent increase in fatal truck and bus crashes, resulting in 4,564 fatalities and 119,000 injuries. As traffic and congestion have increased, particularly in urban areas, municipal transit buses must confront the mounting challenge of keeping riders, pedestrians, and cyclists safe. Safe Fleet has developed several products and services to help transit operators accomplish this mission.

In buses equipped with Safe Fleet's Smart Pedestrian Detection™ technology system, drivers are alerted when pedestrians and cyclists are in close proximity. The company's InView 360™ vehicle monitoring system eliminates drivers' blind spots by giving them a real-time, 360-degree view around the entire vehicle. Safe Fleet also offers a transit video surveillance solution that captures and delivers up to 16 camera views, audio, and vehicle telemetry data for every incident. This data provides transit operators, administrators, and district attorneys with a complete picture of every incident.

These products and services yield data that provides powerful insights into transit operators' real-time operations. Safe Fleet customers use this data to improve driver performance, decrease negative environmental impacts, and increase their systems' safety.



RESULTS

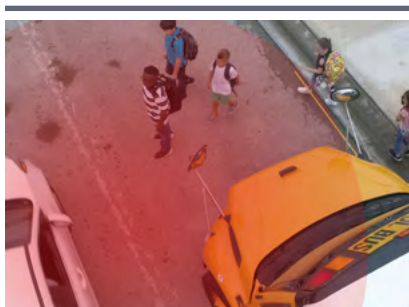
...Through a Focus on Innovation



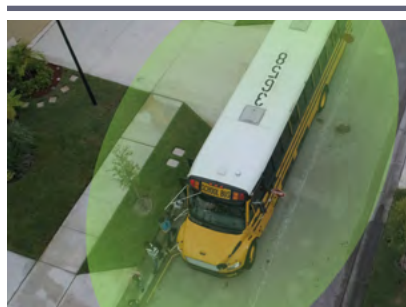
Increasing the Safety of School Children

Due to increasing safety measures, school buses are now one of the safest ways for students to get to and from school. However, students remain at risk of injury during loading and unloading. In fact, nearly two-thirds of school bus-related fatalities occur when students are outside of the bus. Often, these incidents are the result of buses accidentally hitting students after they have departed the bus. Safe Fleet is dedicated to transforming this “Danger Zone” into a safety zone.

The company began the work of improving the safety of school transportation with electromechanical products such as stop arms, cross arms, and escape hatches that it still sells today. We recognize that Safe Fleet’s focus on product innovation can increase safety for both drivers and students within and around the school bus. Below are a few examples of how this focus has created new safety products to serve the school bus market.



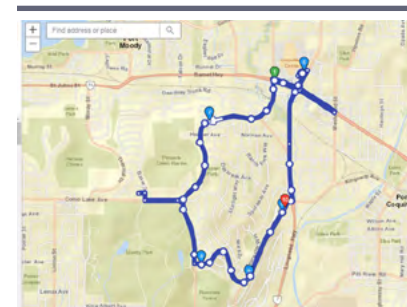
A predictive warning system combines radar, analytics, and integrated video in order to provide advanced audio/visual warning to both drivers and students that a motorist will likely not come to a complete stop during loading or unloading.



Exterior vision systems with intelligent analytics provide school bus drivers with audible and visual notification and verification of any students that may be directly around the bus prior to departure.



Multi-view, high-definition audio/video within and around the bus can capture and monitor student and driver behavior while reducing instances of bullying. Real-time access to video provides greater visibility in crisis situations.



Live fleet tracking services provide a map-based view with real-time vehicle speed and location while Student Ridership Tracking offers real-time student location and parent notification services.

Oak Hill is focused on providing Safe Fleet the tools and resources necessary to inform the broader market of these important products. We are driven in part by our knowledge that as Safe Fleet partners with local officials and school administrators to install these products on more school buses around the world, it amplifies the positive impacts that we are creating.

RESULTS

VetCor: A Shared Commitment to Serving Communities



In June 2018, Oak Hill announced it would be the lead investor in VetCor, one of the largest operators of veterinary hospitals in the United States, managing over 300 locations across 28 states and employing over 950 veterinarians. VetCor hospitals provide a full range of general medical and surgical services for pets, as well as pharmacy needs and ancillary services such as boarding, grooming, and pet products. VetCor seeks to balance the benefits of our corporate backing while maintaining a level of independence that is important to many established veterinarians. This reputation has served as a foundation for the company's continued success.

The strength of VetCor's business and management team led to a very competitive investment process. Fortunately, the VetCor team was aware of and appreciated Oak Hill's long-standing emphasis on responsible investment, which helped convince them that we were the ideal partner to support the company throughout its next stage of growth. Being a local veterinarian means more than running a successful business; it also means caring about the welfare of animals and one's community. VetCor management saw that Oak Hill shares the core values necessary for a business like this to continue to grow and this was a factor in making them comfortable with our investment.

Employee Engagement and Retention

We were impressed with VetCor's ability to manage change during the acquisition of new veterinary hospitals as demonstrated by its excellent retention rates: just 13 percent total turnover for veterinarians in 2017. We aspire to continue this outstanding performance by supporting existing VetCor initiatives that drive employee engagement and retention as well as by providing the human resource management network, tools, and resources that the firm has developed over the course of its ESG program.

Customer Satisfaction

VetCor uses advanced analytical tools to measure and track customer satisfaction of the new veterinary businesses it acquires. In addition to measuring businesses' Net Promoter Scores, VetCor monitors customer reviews on Yelp, Google, and Facebook to ensure that each new business is satisfying its customers and meeting the corporate goal for ratings. VetCor also provides tools and resources to improve each practice's social media presence.

Corporate Levels of Training and Compliance

VetCor brings formal systems of training and compliance to small, family-run businesses. For example, the company has a zero tolerance anti-harassment policy and promotes an ethical workplace. VetCor operates a third-party compliance hotline that enables employees to anonymously report inappropriate behavior and other workplace issues. The depth of its commitment to an ethical workplace is evidenced by the fact that senior management addresses every reported incident.



RESULTS

MetroNet: Bringing High-Speed Fiber Optic Networks to Local Communities



Over the past eight years, thoughtful governance and strong relationships between the Oak Hill and MetroNet teams have forged an environment of trust and respect, enabling MetroNet to grow at a rate that many industry observers previously considered impossible. MetroNet provides broadband data, video, and voice services over an all-optical, 100 percent fiber-to-the-premises network. MetroNet's networks now serve residential and commercial customers in more than 30 communities throughout Indiana, Illinois, and Kentucky.

In 2010, Oak Hill's Media & Communications team first developed a relationship with the Cinelli family, MetroNet's founders and majority shareholders. This led to an exclusive investment opportunity in early 2014, and our successful partnership has continued to grow with several additional equity investments.



Corporate Governance Drives Business Growth...

Oak Hill worked with the Cinelli family and MetroNet's management to develop a corporate governance structure that aligns the interests of all stakeholders. This system maintains respect for sole historical control and day-to-day operating responsibilities of the family and management while providing Oak Hill and its investors with necessary input and oversight.

Our approach is paying off. Since our first investment in 2014, MetroNet's network has more than tripled, now serving over 300,000 residents, schools, hospitals, and businesses.

...and Creates Social Benefits

MetroNet serves markets traditionally underserved by communications carriers. A lack of high quality communications resources can inhibit the economic growth of communities. When MetroNet enters a new market, it builds the latest generation fiber optic network, which provides high-capacity broadband services to the local community. This digital access, in turn, helps residents, schools, hospitals, and businesses to operate more efficiently.

Research indicates that quality access to the internet through broadband and fiber optic networks provides a range of benefits to communities including:

- Higher annual growth rates of GDP, business formation, and employment.
- Increased population growth and property rental rates.
- Improved educational performance and standardized test scores.
- Expanded access to telemedicine services.

MetroNet also provides strong, locally based service and customer support, key differentiators for regulators and potential customers.

Oak Hill's investment in MetroNet and its corporate governance solution have accelerated the pace of change for MetroNet and the communities it serves.

RESULTS

Berlin Packaging Continues to Benefit from a Focus on ESG Issues



Oak Hill's relationship with Berlin Packaging grew deeper in 2018 as we built on advances in human resources practices and identified opportunities related to sustainable packaging.

Taking Human Resources Management to the Next Level

Over the past year, we worked with Berlin Packaging management to build on its industry leadership in human resources strategy. Past Oak Hill ESG reports have featured some of these accomplishments, such as Berlin's proprietary techniques for capturing employer and employee expectations, and its annual employee engagement reviews. Our reports have also noted the involvement of Stanford University Professor Dr. Jeffrey Pfeffer, a renowned expert on leadership and organizational effectiveness. Berlin's recent accomplishments include:

- Launching mandatory employee training programs on health and safety in the workplace, anti-bribery and corruption, and preventing sexual harassment.
- Updating the company's Non-Discrimination and Anti-Harassment Policy, distributing it to all employees, and conducting in-person trainings for relevant employees.
- Implementing a new ethics and compliance reporting system that allows employees to report concerns anonymously and provides a formal mechanism to track reports and responses while maintaining employee anonymity.

Discovering Opportunities Through Environmental Due Diligence

In 2018, our Investment Committee sought to determine how the market movement toward more sustainable packaging could affect Berlin's Hybrid Packaging Supplier™ business model. To answer that question, we engaged Anthesis Group, a global sustainability consultancy with significant experience analyzing global sustainable packaging issues. Our extensive research included a review of initiatives undertaken to date by Berlin and Oak Hill to capitalize on the opportunity. It also included a survey of 120 Berlin sales representatives to assess the company's current sustainable packaging expertise as well as customer demand. We then considered the potential impacts of common sustainable packaging initiatives such as "lightweighting" materials, implementing extended producer responsibility, and utilizing alternative packaging materials.

The findings of our research were encouraging. Given Berlin's business model, expertise, and platform-agnostic approach to packaging, we found far more ESG-related opportunities than risks and intend to pursue this as a growth area during our ownership period.



RESULTS

Continuing ESG Partnerships Across the Portfolio

While the firm has reported on the following companies in previous ESG reports, we are pleased to share further progress we have made with them during the past year.

Charter NEX Identifies Energy Reduction Opportunities

This past summer, Charter NEX, a manufacturer of highly engineered specialty films, helped continue Oak Hill's long-standing partnership with Environmental Defense Fund by hosting an EDF Climate Corps fellow to improve the company's energy management. During the 12-week fellowship, Climate Corp fellow and trained graduate student Asami Tanimoto established baselines for energy intensity, greenhouse gas emissions, and utility costs for Charter NEX. Asami then provided recommendations for improving energy efficiency, waste reduction, and corporate sustainability reporting.

We also introduced Charter NEX to Artis Energy, an energy consultant and analytics firm. They are now working to better measure energy consumption and greenhouse gas emissions to find additional reduction opportunities.

The company is not just focused on energy initiatives to reduce its environmental footprint. Charter NEX has a goal to create net zero scrap throughout its operations by the end of 2019 and continues to see increased demand for its GreenArrow line of recyclable films.

Earth Fare Advances its Social and Environmental Performance

Earth Fare, an Oak Hill Capital Partners III portfolio company that is one of the largest natural and organic food retailers in the country, continued to advance its ESG initiatives.

In 2018, Earth Fare's strong employment practices were nationally recognized. Forbes, in partnership with market research company Statista, named the company one of America's Best Midsize Employers as well as one of the Best Employers for Women.

The company now guarantees that all of the seafood it sells is 100 percent traceable, sustainably sourced, and has no preservatives, antibiotics, additives, or added hormones.

Earth Fare also committed to remove the chemical Bisphenol A (BPA) from its branded canned products, serving trays, and receipt paper. BPA, which is often used as a protective layer in metal cans, receipts, and other places in grocery stores, is an EPA "Chemical of Concern."

EPIC Strengthens its Human Capital Leadership

When the firm invested in EPIC Insurance Brokers & Consultants in 2017, we knew that capitalizing and building on EPIC's "people first" culture through sustained employee engagement and retention would be key to the success of our investment as EPIC continues to grow rapidly across the country. We encouraged EPIC to create a new Chief Talent Officer position and supported their selection of Janine Walter to fill that position and to join the EPIC Executive Committee. A leading human capital professional, Janine brings 11 years of experience in senior executive positions at major insurance intermediaries.



Oak Hill Acts on Climate Change

Founding Supporter of Climate and Forest Capital's Initiative to Protect and Preserve the World's Forests

The world needs to protect forests from destruction if we want to reduce emissions to the levels needed to safeguard the planet against the worst impacts from climate change. Of course, reducing deforestation is not only beneficial in the fight against climate change but also makes important contributions to protecting biodiversity and supporting sustainable local development. Recognizing this enormous potential, Oak Hill helped to catalyze an innovative effort to reduce global deforestation through a market-based solution. The firm became a founding supporter of the mission-driven investment and advisory firm Climate and Forest Capital (CFC) to support the development of a new fund to invest in REDD+ credits.

Developed in partnership with EDF, CFC's fund will be a model for deploying impact investment capital into tropical forest communities. By creating and delivering financial incentives that make forests worth more alive than dead, CFC's fund can significantly reduce forest degradation and the greenhouse gas emissions caused by deforestation. Other supporters of the initiative include The Rockefeller Foundation and The David and Lucile Packard Foundation.

By creating and delivering financial incentives that make forests worth more alive than dead, CFC's fund can significantly reduce forest degradation and the greenhouse gas emissions caused by deforestation.

In addition to our firm's financial support to CFC, Oak Hill General Counsel John Monsky and Managing Partner J. Taylor Crandall provided expertise and personal financial contributions to EDF to support the development, analysis, and promotion of the environmental benefits of this market-based solution. They are also leveraging their relationships across the private equity sector to connect CFC with legal and business expertise that can further our shared goals of forest protection. Finally, John Monsky recently joined the CFC Advisory Board, helping to guide the overall strategy of the organization.

Continuing Our Commitment to Clean Energy

We believe in the value of advancing clean energy not only in our investment activities, but also in our own operations. For the second year in a row, we continued purchasing Renewable Energy Certificates (RECs) for 100 percent of our electricity usage at all three Oak Hill offices. Through our partnerships with Earth Day Initiative and Arcadia Power, we purchased RECs that allow the tracking of renewable electricity from the source (e.g., wind turbine, solar farm) to the end user. These Green-e certified RECs serve as a claim on the social, environmental, and other non-power related attributes of electricity produced by renewable sources.



**Arcadia
Power**



Partnerships to Serve the Greater Good

We are proud of the Oak Hill professionals who volunteer their time and skills to build stronger communities through firm-sponsored projects and personal initiatives.

Mentoring Tomorrow's Entrepreneurs Through BUILD



Professionals from our Menlo Park, California, office served as Venture Capital Advisors through BUILD, a national nonprofit organization that uses entrepreneurship to promote college readiness among underserved high school students.

Over the past five years, the firm's investment professionals have provided business advice and mentorship to BUILD's student teams. With financial support from all of our Menlo Park professionals, we have contributed seed capital for beta testing of each team's business plan. As the result of our growing relationship with BUILD, our team is now one of the largest groups of VC Advisors throughout the Bay Area. We plan to expand this partnership to our New York City office in 2019.

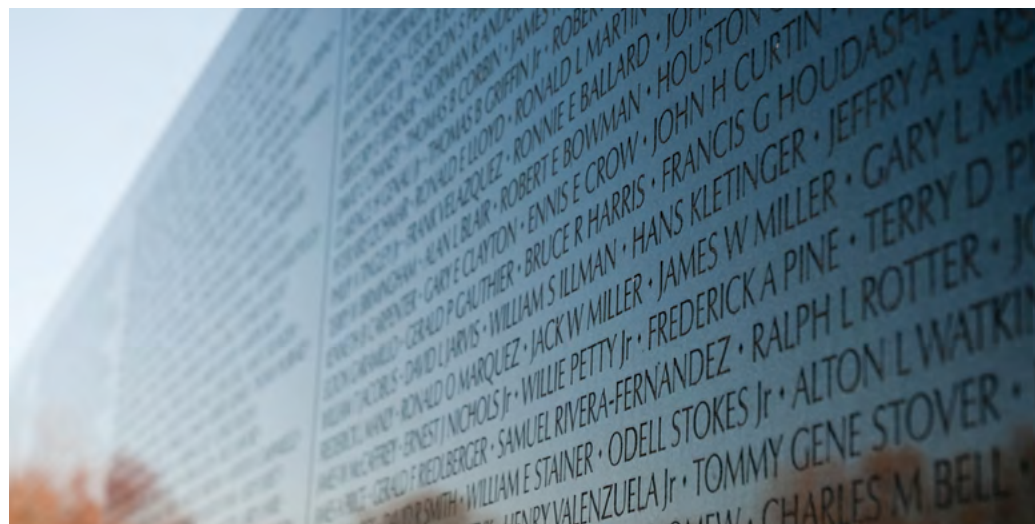
Growing Healthier Communities with Earth Day Initiative

With limited access to affordable fresh vegetables, food pantry patrons often have slim options for healthy eating. To address this need, volunteers from our New York City office worked with Earth Day Initiative and Hell's Kitchen Farm Project to maintain the rooftop garden that provides all of the fresh produce grown to the Rauschenbush Metro Ministries Food Pantry. This enables the pantry to add fresh greens and vegetables to its weekly food distribution that serves local residents most in need of nourishment. In addition, Oak Hill's ESG Officer joined the board of directors for Earth Day Initiative and will help plan the organization's celebration of the 50th anniversary of Earth Day in 2020.

Honoring Our Military Veterans

With the support of our firm, Partner and General Counsel John Monsky creates live, multimedia productions on historical topics that honor the achievements of Americans, including military veterans. His outstanding production on the Vietnam War debuted at the Oak Hill Annual Meeting in 2014 and was performed at the New York Historical Society. In March 2018, it was also presented to a sold-out crowd at New York City's Carnegie Hall as part of *"The '60s: The Years that Changed America,"* a citywide festival inspired by Pulitzer Prize-winning author and journalist Robert A. Caro.

This year, we welcomed summer employee William Vuillet, a young veteran of the U.S. Navy and a graduate of the TOPGUN fighter pilot program who is currently pursuing his MBA. While William was with the firm for only a short time, we provided him with broad exposure to the private equity sector and hope to work with him again.



Mapping Oak Hill's ESG Initiatives to the PRI

We recognize our investors' increasing appetite for consistent, comparable performance data and use the Principles for Responsible Investment's reporting framework to share our progress on integrating ESG issues into our investment process. Furthermore, Oak Hill's focus on developing specific ESG metrics at portfolio companies and at the firm itself will be a continued area of focus over the next 24 months. The firm is in the process of hiring a Chief Data Officer who will assist in the development of more robust data systems across the portfolio.

Principle 1 Incorporating ESG Issues into Investment Analysis

- Since 2013, **100% of potential investments** presented to the firm's Investment Committee have undergone ESG analysis throughout the firm's due diligence process. We apply the Sustainability Accounting Standards Board's materiality map to identify industry-specific ESG issues to our research, and we partner with EDF, BSR, and Ceres to stay informed of emerging macro and industry-specific ESG issues to include in our analysis.
- In the past two years, we have directly engaged with BSR on **7 potential transactions** for deeper dives on specific ESG issues that we have uncovered at potential investments. BSR's staff of 100+ global sustainability experts can help us understand the materiality and potential impact of emerging sustainability issues at potential investments.

Principle 2 Incorporating ESG Issues into Ownership

- Oak Hill's ESG Officer has completed **12 consulting engagements** at Oak Hill portfolio companies that focus on improving environmental and/or social performance. He has also engaged directly with human resource professionals at **100% of current Oak Hill portfolio companies** to reinforce Oak Hill's strong focus on employee engagement, retention, and compliance.
- The firm has developed and hosted **11 professional development webinars** focused on ESG issues for portfolio companies since 2014. Topics have included creating a responsible sourcing initiative, mitigating risks from climate change, implementing diversity and inclusion initiatives, and building a veterans hiring program.
- The firm has placed **4 EDF Climate Corps** fellows at portfolio companies. These fellows have identified specific initiatives that can reduce greenhouse gas emissions and energy costs at Oak Hill portfolio companies.

Principle 3 Disclosure on ESG Issues

- ESG initiatives at **100% of Oak Hill's investments since 2013** have been detailed in Oak Hill's annual ESG reports.
- Investment professionals, senior advisors, and/or our ESG Officer frequently have focused discussions regarding relevant ESG initiatives with portfolio company management teams and request company-specific ESG-related data.

Principle 4 Promotion of Responsible Investment

- Since 2011, the firm's professionals have spoken at **10 industry forums** related to ESG in private equity and Oak Hill's ESG program has been featured in **5 trade publications**.
- The firm's professionals have assisted PRI and EDF in the development of **4 sets of tools and resources** that seek to further ESG integration across the global private equity sector.

Principle 5 Progress Through Partnership

- The firm has been a partner of EDF since 2010, a member of BSR since 2012, a PRI signatory since 2013, and a member of the Ceres Investor Network on Climate Risk since 2017.

Principle 6 Reporting and Transparency

- Oak Hill has issued **6 annual ESG reports**.

Signatory of:



More About Oak Hill Capital Partners

Family Office Heritage

Oak Hill 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 its first fund, Oak Hill Capital Partners, L.P.

Long-Term Focus

Oak Hill’s unique heritage supports a culture that embraces long-term partnerships. Mr. Bass and the Oak Hill team have developed a reputation as value-added, high integrity partners for entrepreneurs, management teams, and corporations.

Aligning Interests

Oak Hill’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’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.

Oak Hill 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

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.

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