



2019 ESG REPORT

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

2019 ESG Report Oak Hill Capital

About Oak Hill Capital

Oak Hill Capital is a private equity firm managing funds with approximately \$15 billion of initial capital commitments and co-investments since inception. Over the past 33 years, Oak Hill and its predecessors have invested in over 90 private equity transactions across broad segments of the U.S. and global economies.

// Our Investment Approach

Our Firm applies an industry-focused, theme-based approach to investing in the following four sectors: Consumer, Retail & Distribution; Industrials; Media & Communications; and Services. Oak Hill works actively in partnership with management to implement strategic and operational initiatives to create franchise value.

// About This Report

This seventh annual environmental, social, and corporate governance (ESG) report describes our recent efforts to measure and improve performance on the ESG issues that are most important to the Firm's investment activities.

We are changing the reporting period of our ESG program and moving forward we will report on a calendar year basis, which corresponds with our fiscal year. Thus, this report details our efforts from August 2018 through December 2019.

We value your feedback on our ESG initiatives and welcome your comments on this report and our performance to date. You may contact us at InvestorRelations@oakhill.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.

Oak Hill Capital 2019 ESG Report

One Team. One Mission.

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

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

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

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

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

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

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

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

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

Oak Hill's ESG Committee

Oak Hill Capital

Our Responsible Investment Policy

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

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

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

- Identify ESG issues throughout our due diligence process related to potential investments.
- Refuse to invest in any business that willfully exploits underserved or underprivileged communities and/or creates significant damage to society. This includes, but is not limited to, guns, ammunition, payday lending or gambling. Diligence should consider the macroeconomic environment required for potential investments to succeed and whether that aligns with the Firm's values.
- 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.

- Develop and maintain the resources to achieve implementation of the Firm's ESG initiatives including: an ESG Committee, ESG Officer, and working with our strategic ESG partners, BSR and EDF.
- Make ESG integration an ongoing endeavor. The ESG Committee will meet to review the Firm's efforts semiannually.
- Adhere to the highest standards of conduct to avoid even the appearance of negligent, unfair, or improper practices. This includes proactively complying with applicable national, state, and local labor laws in the countries in which we invest; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

Oak Hill Capital INTEGRATION 4

- 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.
- 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 Firm employees. Encourage all Firm professionals to engage in nonprofit giving and socially responsible volunteer activities.
- Encourage dialogue with our Limited Partners and other stakeholders regarding how we can manage ESG issues in a way that is consistent with their initiatives. Work with our Limited Partners to foster transparency in all aspects of the Firm's activities, including our ESG performance.
- Distribute this policy and related ESG information to all appropriate employees of our portfolio companies.



5 INTEGRATION Oak Hill Capital



Our Approach to ESG Management and Governance

A robust governance structure guides our ESG approach, providing clear lines of responsibility, accountability, and transparency so that the entire Firm functions as one team. Our cross-functional **ESG Committee** and dedicated **ESG Officer** integrate ESG management across the Firm's activities with the support of our investment professionals and Operating Network.

// 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 composition of this committee changed this year to reflect the changes in our Firm's senior leadership. The committee now includes Managing Partner Brian Cherry, Partners John Monsky, Kevin Mailender, John Rachwalski, and David Scott, as well as professionals across investment, investor relations, and legal functions.

ESG Committee Chair John Monsky 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 acquisition.

Oak Hill Capital INTEGRATION 6

// 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 private equity firms, including KKR and The Carlyle Group, to identify opportunities for reducing environmental impacts and building more valuable, competitive companies.

// Investment Teams: Embedding an ESG Perspective

To promote better decision-making throughout all phases of the Firm's investment process, we inform our investment teams on current and emerging ESG issues through quarterly briefings. These briefings are tailored to the Firm's four core sectors of investment and address ESG issues such as the growing risks from climate change, board diversity, and shareholder activism. Oak Hill's ESG Committee Chair and ESG Officer augment these briefings with updates on relevant ESG topics during our weekly Firm-wide meetings.

// Oak Hill Operating Network: Providing Deep Strategic Expertise

The Oak Hill Operating Network of senior business executives provides expertise throughout 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 year, Todd Cullen joined our Operating Network as a Senior Advisor. Todd brings a strong history of data analytics experience, having served as Managing Director and Enterprise and Customer Analytics practice lead at KPMG, Chief Data Officer at Ogilvy, and Vice President of Global Data Services at Acxiom Corporation. He will use data analysis and artificial intelligence tools to enhance our due diligence and investment process and support portfolio companies in identifying value creation opportunities.

INTEGRATION Oak Hill Capital

Nonprofit Experts Support our Approach to ESG Integration

We believe our team generates better results when we tap the expertise of global sustainability nongovernmental organizations (NGOs) and are guided by international reporting frameworks. These groups strengthen our ESG program as they inform and engage our investment professionals, enhance our communication with investors, and help us remain current on and adopt best practices.

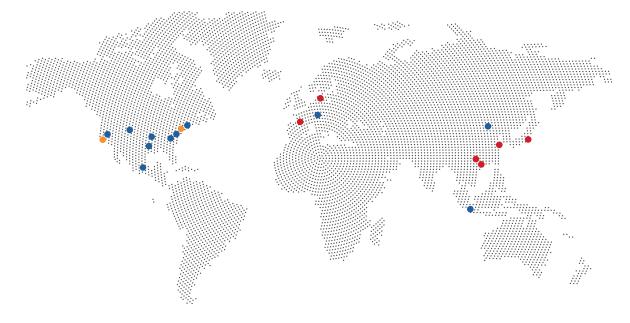
// BSR: Considering Sustainability Risks and Opportunities

The Firm consults with BSR, a leading nonprofit sustainability consulting and research organization, for additional insights on relevant potential transactions. With more than 100 sustainability professionals 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 to advise our portfolio company management teams on relevant ESG issues.

to Drive ChangeOur partnership with EDF began in 2010 when we worked

// Environmental Defense Fund: Taking Action

Our partnership with EDF began in 2010 when we worked together to create a heat map of our portfolio with a focus on the largest environmental opportunities. Today, our partnership encompasses several initiatives. The past two years we have worked closely with EDF to become a founding supporter of the Emergent Forest Finance Accelerator, a nonprofit impact investment vehicle that aims to reduce deforestation through market-based incentives (pages 19-20).



In addition, we have encouraged four of our portfolio companies with significant energy spend to host EDF Climate Corps fellows. These highly trained graduate students work alongside portfolio companies to identify specific initiatives that can reduce greenhouse gas emissions and energy costs.

- BSR Offices
- EDF Offices
- BSR & EDF Offices

Oak Hill Capital INTEGRATION 8

// 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.

// PRI: A Commitment to Transparency

Oak Hill was one of the first middle-market private equity firms in North America to become a signatory to the Principles for Responsible Investment (PRI). Every year since 2014, Oak Hill has participated in the PRI's reporting process, which measures a firm's adherence to ESG-related issues such as strategy and governance, investment processes, and ESG policies and processes. In fact, the Firm utilizes the PRI's six principles as a framework for setting our ESG goals and measuring our progress. We map our ESG activities against this framework annually and use the results to identify target areas for growth (pages 25-26).

Annually, PRI produces an Assessment Report, which assesses how the Firm is doing compared to its peers.

This year, we are pleased to announce that we received an A+ in PRI's report on both of the relevant reporting modules: Strategy and Governance, and Direct Private Equity.*

Our most recent Transparency Report can be viewed on the PRI's website.







Signatory of:



^{*}Principles for Responsible Investment ("PRI") is not considered an official rating agency, and their Assessment Report is one measure of Oak Hill's ESG initiatives. For more information on UN PRI qualifications and reporting metrics, please see unpri.org.

INTEGRATION Oak Hill Capital

Integrating ESG Considerations Throughout the Investment Process

Over the past seven years, we have formally integrated ESG analysis into each step of 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 examine the macro-level ESG issues within the broader industry (pages 11-12).

Phase

1

The Firm considers whether the deal team should explore the opportunity. Deal teams brief the ESG Committee on the potential investment and an initial ESG screen is conducted around the fundamental premise of the business. This could result in the termination of any further diligence if the company's business model conflicts with the Firm's Responsible Investment Policy.

Phase

The Firm reviews
the investment to
determine whether it
merits full scale due
diligence and incurring
significant diligencerelated costs. Oak Hill
considers the key ESG
risk and opportunities
through a preliminary
ESG assessment. We
set forth a road map for
further diligence.

hase

3

The ESG Officer obtains answers to specific ESG-related questions through meetings with the company's management team, review of company data, and discussions with external advisors. Presentations to the Investment Committee include necessary information related to any ESG concerns raised during Phase 2.

Prior to Signing

The company's ESG data is compared against Oak Hill's Responsible Investment Policy. As needed, Oak Hill's Investment Committee discusses material ESG issues in the final diligence meeting with the company's management team.

Closing

If the company has material environmental and/or social impacts, then Oak Hill's investment professionals and ESG Officer coordinate a plan for engagement and monitoring.

Oak Hill Capital INTEGRATION 10

// ESG Management

During ownership, we work with individual portfolio companies as well as across the portfolio to further integrate ESG management into core business activities. Our investment professionals and Operating Network work alongside portfolio companies to build their knowledge of relevant ESG issues through leveraging Oak Hill's ESG webinar series, implementing and measuring ESG initiatives at portfolio companies, and providing oversight of ESG practices at the board level. We have detailed ESG initiatives at every majority investment made since 2013 in one of our seven ESG reports.

// ESG Monitoring

Each year, we measure Firm progress against PRI's six principles for responsible investment (pages 25-26) and portfolio company performance related to corporate governance and human resources. Specifically, we monitor board independence, employee retention, monthly job growth, OSHA safety incidents, and ESG-related training.

We also analyze ESG metrics across the portfolio. 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 are encouraged that Oak Hill's portfolio companies now employ over 21,000 people globally, an increase of 8.5 percent from the previous year.*

*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 August 31, 2019. Data presented is from September 1, 2018 to August 31, 2019 and is inclusive of acquisitions. Data does not include portfolio companies that were sold during the reporting period.



11 INTEGRATION Oak Hill Capital



Our ESG Due Diligence Team

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.

To truly integrate the full spectrum of ESG issues throughout our due diligence process requires long-term partnerships with industry-leading experts. We involve the following experts in almost every transaction that the Firm reviews.

// Risk Management

Matt Folk, Oak Hill's Operational Risk Consultant, has been engaged with Oak Hill for 15 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
- Product recall, and
- Employee injuries

Oak Hill Capital INTEGRATION 12

Thoughtful consideration of ESG issues informs our evaluation of potential investments.



// Human Resources

Gerald ("Jerry") Hathaway, a Partner at Drinker Biddle, has more than 36 years of experience assessing compliance with human resources laws. Jerry evaluates portfolio company human resources management including policies, processes, and expertise related to hiring, onboarding, and training new employees. Finally, he analyzes company policies and processes for proper systems related to:

- Employee classification
- Equal pay law compliance
- All forms of discrimination, and
- Workplace conduct training

// Environmental and Social Issues

Lee Coker, Oak Hill's ESG Officer, reviews each potential investment to ensure the company complies with the Firm's Responsible Investment Policy and analyzes emerging ESG risks and opportunities. Specific issues that he reviews may include:

- Risks and opportunities resulting from climate change
- Sustainable business practices (clean energy sourcing, waste reduction, etc.)
- Employee engagement
- Diversity and inclusion practices, and
- Corporate governance

// Pensions, Benefits, and Health Care

Leslie Nielson, a Managing Director at Alvarez & Marsal, and her team of dedicated M&A consultants conduct financial reviews of any qualified or supplemental pensions, including the potential impact of these obligations on enterprise value, prior to purchasing any company. She also supports preacquisition due diligence regarding:

- Global employee benefits
- Remuneration plans, and
- Human resources operations

INTEGRATION Oak Hill Capital

Expanding Our Team's Knowledge of Emerging ESG Issues

It is a dynamic time in society as a rapidly changing array of issues confront our portfolio companies. We enhance their ability to effectively deal with these issues and manage related risks by providing professional development opportunities in which leading experts share best practices, provide regulatory updates, and offer compliance strategies.

This year, we invited professionals across our portfolio companies to participate in three webinar presentations conducted by leading experts. These presentations focused on emerging ESG issues that affect companies across the economy. Expert moderators guided the discussions and ensured that we were able to properly leverage the diverse set of skills, knowledge, and experience of each participant. These sessions, described on the next page, also serve as outreach to our portfolio company team members to learn more about Oak Hill's ESG program and ways to work with us to create value.

Moving forward, we plan to continue engaging this important group of professionals to further the goals of our ESG program.



Oak Hill Capital INTEGRATION 14



// The Evolving Law of Equal Pay

Presented by Jerry Hathaway, a partner at Drinker Biddle & Reath LLP, this session provided an opportunity for portfolio company counsel to understand how to analyze their wage structure to ensure that equal pay principles are being followed. In addition to helping ensure compliance with relevant laws, addressing the issue of equal pay has a number of workforce benefits, such as increasing efficiency, productivity and commitment, helping to attract the best employees, and reducing staff turnover and absenteeism.

// Cyber and Data Security Compliance

Portfolio company legal professionals received an overview of the Telephone Consumer Protection Act (TCPA), which restricts telemarketing calls and the use of automatic telephone dialing systems and artificial or prerecorded voice messages. Presented by senior legal professionals from Cleary Gottlieb Steen & Hamilton LLP this very practical session addressed important federal and state laws and presented compliance standards.

// Living Wage Overview

Many of our portfolio companies are in regions where there is increasing interest in the issue of living wages. Roger McElrath, BSR's expert on this topic, explained what living wages can mean in different locations and presented calculation methodologies. A solid understanding of this issue will position our portfolio companies to better attract and retain workers, and contribute to their reputation and social license to operate. Roger contributes to BSR's work on building a more inclusive economy and consulted on international and domestic labor issues for the University of Pennsylvania's Wharton School.

15 RESULTS Oak Hill Capital

Advancing Responsible Investment With Mercer Advisors

In October, Oak Hill invested in Mercer Advisors ("Mercer"), a national Registered Investment Advisor (RIA). Mercer is committed to responsible investment, is an industry leader in gender diversity, and is moving to serve a growing group of female investors. These values align with those of our Firm, and we believe that we can use our expertise to accelerate Mercer's growth in these areas.

With more than \$16.5 billion in assets under management, Denver-based Mercer is one of the largest independent wealth managers in the United States with 44 offices and over 370 employees. Drawing on nearly 35 years of wealth management experience, Mercer differentiates itself as a total wealth manager. It serves investors as a fiduciary and provides a broad range of services including financial planning, investments, estate planning, and tax planning and preparation services. The company has a strong commitment to working with its clients to invest responsibly, offering 17 customizable social investment screens focused on gender equity, ESG, and low carbon. Mercer also works with faith-based organizations to create customized investment solutions.

// Sharing Our Expertise

Mercer was one of the first RIAs to sign the Principles for Responsible Investment (PRI), signaling its commitment to formalize its approach to responsible investment. Becoming a PRI Signatory is part of Mercer's broader effort to engage with its asset manager partners to improve ESG integration of client portfolios. Since Oak Hill has been a PRI Signatory since 2014, we appreciate this orientation and intend to use our experience to facilitate Mercer's implementation of the Principles in a way that will drive business value.

We were also drawn to Mercer's commitments to attract more women to the wealth management field, support their ongoing success, and satisfy female investors' unique wealth management needs. Mercer's new InvestHERS initiative addresses these goals through mentorships, scholarships, targeted information, and community building. As women continue to control more personal wealth in our nation, we will help strengthen the Mercer team's capacity to serve them.



Becoming a PRI Signatory is part of Mercer's broader effort to engage with its asset manager partners to improve ESG integration of client portfolios.

Oak Hill Capital RESULTS 16

Vast Broadband and NTS: Expanding Digital Access to Reach Underserved Markets

Building on our initial investment in Vast Broadband ("Vast"), a leading provider of high-speed broadband, video, and voice services, Oak Hill launched a new chapter in Vast's growth in 2019 by supporting its purchase of NTS Communications ("NTS"), a regional broadband fiber company. Prior to the acquisition, Vast served more than 55,000 residential and business customers in South Dakota and Minnesota markets. Through the acquisition, Vast entered new markets and doubled its customer base to encompass over 20,000 additional residential and business customers in Texas and Louisiana. We believe bringing broadband to underserved areas increases opportunities for a wide range of people and promotes growth in local economies.

// Experienced Network Builders

Vast's senior management will join forces with NTS' local management team to build out NTS' fiber network spanning over 2,700 owned route miles passing more than 60,000 homes and businesses. The Vast team has significant experience growing and optimizing broadband network companies, having built NewWave Communications, a rural broadband company that grew to serve 160,000 subscribers before launching Vast Broadband in 2014. With the added financial and operating resources of Vast, NTS stands ready to expand its network and cultivate strong customer relationships.



// Building Stronger Communities

While a lack of high-quality communications resources can inhibit economic growth, communities with access to broadband outperform similar areas in job creation and business growth. This digital access, in turn, helps residents, schools, hospitals, and businesses to operate more efficiently. Quality internet access can revitalize communities through growth in GDP, business formation, and employment; increased population growth and property rental rates; improved educational performance and standardized test scores; and expanded access to telemedicine services.

Vast and NTS reach communities that have been traditionally underserved by communications carriers, and our investment seeks to accelerate their growth. As Vast enters new markets, it builds the latest generation fiber optic network, which provides high-capacity broadband services.

17 RESULTS Oak Hill Capital

Making Progress in Our Portfolio

Our goal is to grow the positive impacts of our investments by providing ESG expertise, financial resources, and best-in-class corporate governance. These updates on two companies featured in previous reports illustrate how the companies are continuing to expand their ESG initiatives.

// Safe Fleet Furthers Its Mission to Save Lives

Our investment in Safe Fleet, a leading provider of safety and productivity solutions for fleet vehicles, has enabled the company to continue its product innovation with the development and introduction of the predictive warning system that we featured in last year's ESG report.

Now deployed for field testing in some of the company's key markets, Safe Fleet's Predictive Stop Arm™ (PSA) for school

Driving Safety Forward™

s helps keep students safe by using radar technology and

buses helps keep students safe by using radar technology and artificial intelligence to monitor oncoming traffic and anticipate if a vehicle is likely to pass the bus without stopping. If so, the Safe Fleet device can immediately warn students and bus drivers that it may not be safe to cross. With nearly two-thirds of school busrelated fatalities occurring when students are outside of the bus, this initiative will have a very important social impact that we are proud to continue to support.



Oak Hill Capital RESULTS 18

// Charter NEX Films Continues to Lead the Way on Sustainability

Amid the growing concern about the environmental impact of plastics,
Charter NEX Films has demonstrated its sustainability leadership. In 2019, Charter
NEX Films added important personnel, advanced its award-winning GreenArrow™ product line, achieved manufacturing objectives, and increased industry involvement.

The Company appointed its first corporate sustainability leader to accelerate the growth of its GreenArrow™ product line, as well as set and reach recycling and sustainability goals. This leader also helps customers achieve their sustainability objectives.

As more customers choose GreenArrow[™] bio-based, recyclable, and recycled content films to help reach their sustainability goals, sales exceeded a record 1 million pounds in 2019. GreenArrow[™] films garnered a Flexible Packaging Association Gold Medal and the Sustainable Packaging Coalition's 2019 Innovator Award.

Achieving Zero Waste - Two Charter NEX Films facilities reached zero waste to landfill status. Together, all plants diverted more than 1 million pounds of waste – items that had been sent to a landfill just last year. A new Corporate Sustainability

Green Team coordinates employee education and community engagement. This cross-functional group also prepared the company's Corporate Social Responsibility assessment by the EcoVadis rating agency. In 2018, Charter NEX Films earned a Silver Medal and ranked in the top 11 percent of 2,646 global companies assessed.

Finally, to stay abreast of best practices in packaging and environmental solutions, Charter NEX Films became an active and engaged member of the Alliance to End Plastic Waste, Association of Plastic Recyclers, and United Nations Global Compact. Through collaboration with like-minded industry leaders, Charter NEX Films will continue to create positive environmental impacts and progress.

CHARTER NEX FILMS



Annie's Homegrown breakfast cereal and its supply chain partner Charter NEX Films worked together to develop a new cereal liner that uses at least 35% postconsumer recycled HDPE and is suitable for direct food contact.

19 LEADERSHIP Oak Hill Capital

Protecting Forests to Combat the Climate Crisis

With Oak Hill's continued support, an innovative, market-based solution to protect and preserve the world's tropical forests has formally launched and will soon complete its first transaction.

Tropical forests play an essential role in achieving the carbon reduction goals of the Paris Agreement to combat climate change, and yet these irreplaceable natural resources are being lost at alarming rates. Oak Hill understands the urgent need to protect and restore the tropical forests that can contribute up to one-third of the emissions reductions the world needs over the next two decades. We also value forests' critical role in protecting biodiversity and supporting sustainable local development.

Recognizing this enormous potential, Oak Hill continued its support of the Emergent Forest Finance Accelerator, an innovative effort to mobilize capital to reduce global deforestation.



Key Steps in Forest Protection Financing

2018

Oak Hill became one of the founding partners and supporters of Emergent Forest Finance Accelerator (formerly known as REDD+ Acceleration Fund). We contributed resources, connections, and intellectual capital.

2019

Oak Hill continued its support of Emergent, which formally launched its efforts to catalyze and accelerate new capital flows into tropical forest protection and restoration globally.

2020

The first Emergent transaction to protect forests will be completed in early 2020.



Oak Hill Capital LEADERSHIP 20



We're mobilizing capital to make forests worth more alive than dead.





// How it Works

Developed in partnership with EDF, Emergent's program will facilitate a market for high-quality carbon credits for forest protection. It will be a model for deploying private sector capital into tropical forest communities. By creating and delivering financial incentives that make forests worth more alive than dead, Emergent can significantly reduce forest degradation and the greenhouse gas emissions caused by deforestation.

Emergent will provide a reputable and trusted means for large corporations and other buyers to easily access credits from jurisdictional-level forest protection programs that meet the highest environmental and social standards.

Emergent will rely on the newly formed Architecture for REDD+ Transactions (ART) to assure the quality of the credits and help protect the integrity of the market.

// Oak Hill's Continued Contribution

In addition to our Firm's financial support, Oak Hill General Counsel John Monsky and Chairman Emeritus J. Taylor Crandall provide expertise and personal financial contributions to EDF to support the development, analysis, and promotion of the environmental benefits of this market-based solution. We also connect Emergent with legal and business expertise by leveraging our relationships across the private equity sector. Finally, John serves as a Senior Advisor, helping to guide the founders' strategy for the organization.

// Renewable Energy from Certified Sources

To reduce our own environmental impact, we purchase Renewable Energy Certificates (RECs) for 100 percent of our electricity usage at all three Oak Hill offices.

21 LEADERSHIP Oak Hill Capital

Developing a Team with Diverse Perspectives

As we seek to develop our human capital and the next generation of Oak Hill leaders, we expanded our involvement in a successful mentoring program and introduced a new partnership to address the underrepresentation of women in the asset management industry.

// BUILD Mentorship Expands to New York

When the nonprofit BUILD expanded its mentorship program to New York City in 2019, we fielded three new teams of Venture Capital Advisors from our New York City office to support this organization that uses entrepreneurship to promote college readiness among underserved high school students. Our New York professionals joined their colleagues from our Menlo Park offices who have served as VC Advisors through BUILD since 2013. The Firm's investment professionals provide business advice and mentorship to BUILD's student teams. With financial support from the Firm and its professionals, we have contributed seed capital for beta testing of each team's business plan and intend to continue to partner with the organization in both locations going forward. As the result of our growing relationship with BUILD, our Firm is now one of their largest groups of VC Advisors.







Oak Hill Capital LEADERSHIP 22







// Welcoming Girls Who Invest

For the first time, our Firm hosted two scholars from Girls Who Invest (GWI), the leading nonprofit that provides training and real-world experience in front-line investing. We introduced this new partnership as part of our commitment to improve gender diversity at our Firm. Founded in April 2015, GWI is dedicated to inspiring and empowering young women to pursue careers in investment management — a field challenged by a lack of gender diversity.

To spearhead our GWI initiative, we assembled a cross-functional team composed of professionals of all levels of seniority from the investor relations/marketing team and several investment verticals. The team developed three key components to the internship: a core content checklist of key learnings, full membership on an investment team, and a capstone project and presentation. Through their integration with an investment team, the interns gained a better understanding of the private equity industry as well as Oak Hill's distinctive culture and approach to investing.



23 LEADERSHIP Oak Hill Capital

Building Teams Outside the Firm

We are proud of the Oak Hill professionals who volunteer their time and apply their creativity as they contribute to and lead teams outside the Firm through both personal initiatives and Firm-sponsored projects.

In addition to the examples described here, our professionals serve as volunteers and donors to a large number of nonprofit organizations that seek to positively impact society and the environment. We applied and support their efforts, as we believe that more well-rounded people make for a better Firm, create a unique culture, and contribute to our long-term success.

// We Chose to Go to the Moon

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 his most recent production focused on the race to space. His outstanding production on the Apollo space missions was presented to two sold-out crowds at New York City's Carnegie Hall to celebrate Apollo 11's 50th anniversary. John was accompanied by a team that included a 30-piece orchestra, Broadway singers, and the son and granddaughter of Neil Armstrong. In addition, the production included stunning photography and film from NASA.

Importantly, the production detailed how photos of the "Earth Rise" from the Apollo 8 mission were a primary catalyst for the world's first Earth Day. As Apollo 8 Astronaut and "Earth Rise" photographer Bill Anders is fond of saying, "We came to explore the moon and what we discovered was the Earth."



Oak Hill Capital LEADERSHIP 24

// Sharing Insights at PEI's Responsible Investment Forum

Continuing our effort to get more of the private equity sector engaged on ESG issues, Oak Hill's ESG Chair John Monsky, alongside a partner from StepStone, provided a keynote address to the third annual Private Equity International Responsible Investment Forum. The discussion focused on the history of the Firm's ESG efforts as well as the surprising benefits of our commitment to responsible investment. In particular, he discussed how it can be a critical advantage in deal origination, when management teams are getting to know numerous private equity firms and seeking out a partner that aligns with their values.

// Countdown to Earth Day's 50th Anniversary

In connection with our Apollo learnings is the Firm's continued support of the Earth Day Initiative. As in previous years, Oak Hill sponsored the annual Earth Day celebration in New York City in 2019, which kicked off a countdown to the 50th anniversary of Earth Day with a live art installation and action center. The artists' creations stimulated conversations about solving environmental problems while the action center provided attendees with simple steps to make a positive environmental impact.

As a member of the Earth Day Initiative's Board of Directors, Oak Hill's ESG Officer is helping plan Earth Day's 50th anniversary celebration in 2020.



25 LEADERSHIP Oak Hill Capital

Measuring Our Progress on Responsible Investment

We recognize our investors' increasing appetite for consistent, comparable performance data and use the PRI's reporting framework to share our progress on integrating ESG issues into our investment process. Below we map the progress of our ESG initiatives alongside the PRI's six principles.



// Principle 1 Incorporating ESG Issues into Investment Analysis

- Since 2013, **100% of potential fund investments** presented to the Firm's Investment Committee have undergone ESG analysis through the Firm's due diligence process. We use industry-specific ESG standards in our research. Finally, 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 three years, we have directly engaged with BSR on **9 potential transactions** for deeper dives on specific ESG issues that we have uncovered at potential investments. BSR's staff of more than 100 global sustainability experts 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 14 consulting engagements to improve environmental and/or social performance at our portfolio companies. He has also engaged directly with human resources professionals at 100% of current portfolio companies to reinforce our strong focus on employee engagement, retention, and compliance.
- The Firm has developed and hosted **14 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 how to build 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.

Oak Hill Capital LEADERSHIP 26



// Principle 3 Disclosure on ESG Issues

- ESG initiatives at 100%
 of Oak Hill's recent
 investments 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 ESGrelated data.
- Completion of PRI Transparency Report each year since 2014.

// Principle 4 Promotion of Responsible Investment

- Since 2011, the Firm's professionals have spoken at 12 industry forums related to ESG in private equity, and Oak Hill's ESG program has been featured in 6 trade publications.
- The Firm's professionals collaborated with PRI and EDF to develop 4 sets of tools and resources 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 and Sustainability since 2017.

// Principle 6 Reporting and Transparency

 Oak Hill has issued 7 annual ESG reports.

Signatory of:



27 2019 ESG Report Oak Hill Capital

A History of **Responsibility** and a Culture of **Teamwork**

We believe that our ability to create shared value is grounded in the values of our founders, which continue to shape our culture today and guide our progress for tomorrow. Oak Hill Capital 2019 ESG Report 28



// 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.

// A Collaborative Culture

Oak Hill strives to create and maintain a collaborative "One Firm, One Mission" culture. The Firm believes that a well-functioning team effort will drive more success than any individual effort or activity. At Oak Hill, success is driven by people and partnership. Senior Oak Hill professionals actively mentor and train junior team members. They cultivate an open environment of discussing investments, investment themes, and the macro factors impacting Oak

Hill's investment strategies so that junior and senior professionals can jointly make good investment decisions. This approach is underscored by a weekly meeting that is open to the entire Firm.

// A Thriving Team

Oak Hill takes hiring very seriously and seeks to ensure that every new team member, at every level of seniority, not only possesses the skills necessary to thrive at Oak Hill, but also has the cultural compatibility to work in the Firm's team-oriented environment.

// Rewarding Collaboration

Compensation is driven by fund and Firm performance, which also helps to underscore the Firm's collaborative team-oriented approach.

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 quarantee 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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