



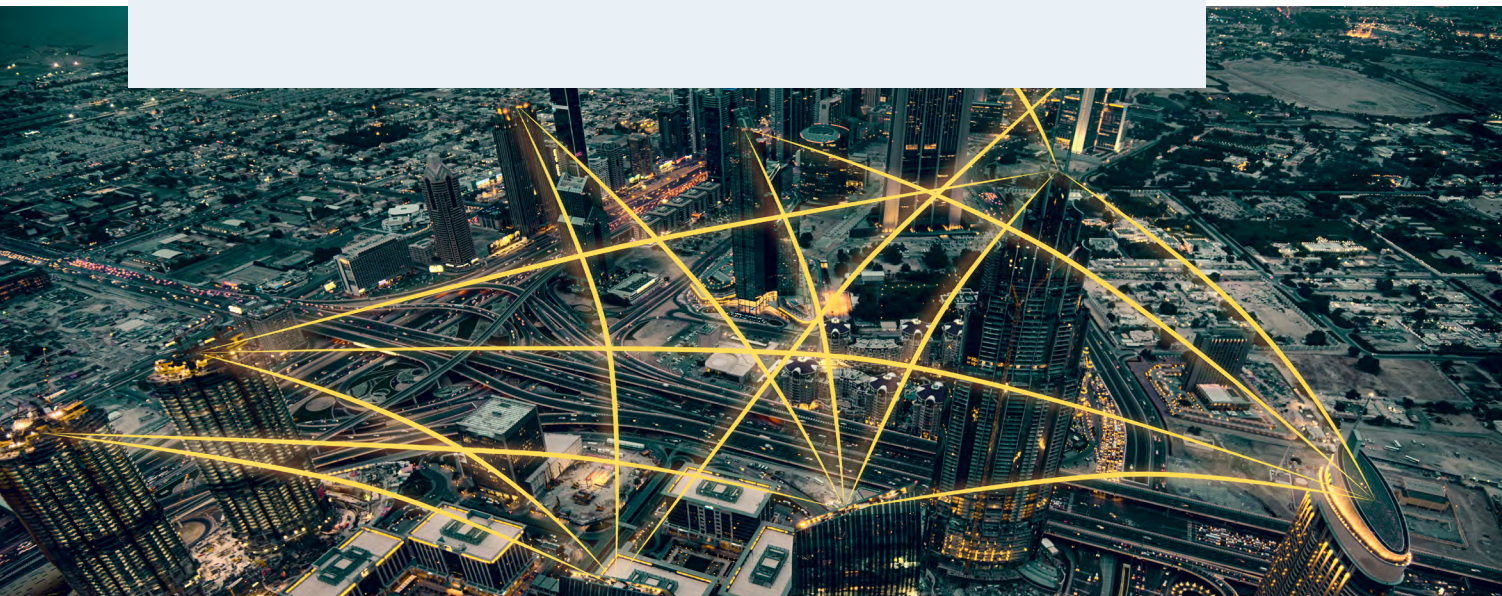
# ESG Report

2023



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# Letter from Jim Mahoney

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We are delighted to present Huron Capital's 2023 ESG Report, which highlights our ongoing commitment to environmental, social, and governance principles. We believe that responsible business practices are essential to foster long-term value creation for our investors, enhance the well-being of our portfolio company employees, and contribute to the growth and resilience of the communities we serve.

Over the past year, we have continued to progress ESG efforts within our portfolio companies and Huron. Our focus has been on ESG initiatives that have a meaningful and positive impact on our businesses. Specifically, we have concentrated on enhancing safety, employee engagement, and cybersecurity practices across our portfolio.

Additionally, employees of Huron and our portfolio companies continue to stay engaged in our community through volunteer work and philanthropic activities, further demonstrating our commitment to making a positive impact where we live and work.



**Jim Mahoney**  
— Managing Partner

— This report highlights several ways in which we integrate ESG considerations across our portfolio companies' strategies and within our firm.

**Together, we are driving positive change that benefits all our stakeholders.**



# Huron at a Glance

## FIRM OVERVIEW

Established in 1999, Huron Capital (“Huron”) is a leading lower-middle market private equity firm headquartered in Detroit, Michigan. Since its inception, the Firm has raised six funds totaling approximately \$1.9 billion and has invested in over 275 companies.

Huron employs a thematic approach to investing, focusing on the intersection of long-term secular trends and the Firm’s primary sectors of focus including infrastructure services, facility services, and residential services. The Firm has deep experience, a proven value creation playbook, and a history of success in these industries. Huron executes its strategy through a Firm-wide systematic origination process, with dedicated, Partner-level investment professionals focusing on our core sectors.

The Firm maintains a disciplined investment strategy, targeting control investments in services-based, family- and founder-owned companies in North America. These companies operate in fragmented markets and possess business model characteristics that uniquely position them for growth as market-leading businesses in their respective fields. Huron is proud to be on Inc.’s list of Founder-Friendly Investors, a cohort of private equity firms that support the growth of founder-led companies.



Founded in  
~  
**1999**

Investments  
Made  
~  
**275+**

Funds Raised  
Since Inception  
~  
**\$1.9 Billion**

**Inc.**  
**Founder  
Friendly  
Investors**  
2023



# Huron's Approach to ESG

## OVERVIEW

ESG principles have been embedded in our organization for years and guide our approach to environmental stewardship, social responsibility, and governance practices. We actively seek ways to reduce our environmental impact, promote social equity, and enhance governance standards. This commitment is evident in how we assess and mitigate risks, identify opportunities for value creation, and uphold standards of accountability throughout the investment period. Our dedication to ESG reflects our belief that focusing on ESG is not only the right thing to do, but it's also good for business.

We are committed to addressing ESG issues in a manner that reflects our values and benefits the long-term sustainability and profitability of our portfolio companies. At Huron, our service focus has always been centered around our people. Ensuring a safe and supportive work environment fosters growth and success at our companies.



**Huron's ESG Policy was initially established in 2016 and defines our guiding principles and approach to responsible investing.**

This policy emphasizes our commitment to identifying and supporting socially and environmentally responsible practices at our portfolio companies.

## HURON'S ESG POLICY

- 01 Promoting ESG Principles in Investing** – Huron advocates for the incorporation of ESG factors in investment decisions and views them as an essential component of responsible investing.
- 02 Exercising Influence and Responsibility in Investment** – As a control investor, Huron recognizes its responsibility to influence the practices of portfolio companies towards greater social and environmental responsibility.
- 03 Driving Impact with Proactive ESG Management** – Huron believes that companies which proactively address ESG issues are better managed. These investments have the potential to deliver leading outcomes for Huron's investors, the firm, and the communities in which these companies operate.



Huron has a longstanding, systematized process for conducting thorough investment due diligence, including a focus on ESG. Many considerations, including environmental matters, property and working condition assessments, employee benefits and labor relations, and financial controls and governance, are routinely evaluated through internal and third-party diligence processes. ESG considerations identified during diligence, including material issues, risk remediation approaches, and value creation opportunities, are escalated and reviewed by our Investment and ESG Committees.

Upon investment, we discuss risks and opportunity areas with management teams to set ESG improvement objectives, which are incorporated into 180-Day and Annual Operating Plans (AOPs). We collect annual ESG surveys from each active portfolio company to measure progress made towards ESG initiatives and to understand how Huron can best support those initiatives.

**Our commitment to ESG spans beyond governance of our portfolio companies to our own Firm and local community.**

We are focused on various DEI initiatives and are involved in our local community through a number of community service and giving programs.





# GOVERNANCE

## Our ESG Committee and Board are responsible for:

- 1** Evolving Huron's ESG approach and overseeing ESG integration efforts within the Firm and our portfolio companies
- 2** Managing ESG data collection
- 3** Reporting and communicating on ESG efforts to external stakeholders

The ESG Board provides guidance and oversight of Huron's ESG program. The Board is composed of senior members of the Huron team, including:

**Jim Mahoney**

Managing Partner

**Peter Mogk**

Founding Partner

**Matt Hare**

Partner, CFO, COO, & CCO

The ESG Committee is comprised of a cross-functional team representing investment, operations, and finance and administration expertise:



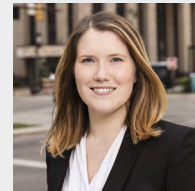
**Leah Ierardi**

Vice President  
INVESTMENT TEAM



**Ryan Costello**

Vice President  
INVESTMENT TEAM



**Kate Hennessy**

Senior Associate  
FINANCE





# Huron's 2023 ESG Focus and Initiatives

## INTRODUCTION

**Our commitment to advancing ESG principles remained firm in 2023.**

Select initiatives pursued include robust ESG metric tracking and identifying areas for improvement. We also facilitated more best practice and knowledge-sharing forums with leadership teams across our portfolio.



**Additionally, we supported our portfolio companies in executing their own unique ESG initiatives.**

## METRICS STRATEGY & ESG REPORTING

Huron remains committed to advancing ESG principles, exemplified by our continued participation in the ESG Data Convergence Initiative (EDCI). The EDCI initiative is a coalition of over 400 General Partners and Limited Partners and includes data from more than 4,300 portfolio companies. Participating in the EDCI allows Huron to benchmark its ESG metrics against comparable and peer portfolio companies. These metrics serve as a foundational tool for measuring progress over time and identifying opportunities for value creation.

Huron intends to collect and report ESG metrics from its portfolio companies to the EDCI for the 2023 calendar year. Beyond the required EDCI metrics, Huron's ESG committee has also identified several additional metric categories to be included in the annual survey. These categories include data security, employee benefits and compensation, and governing principles.





## FORUMS

### **Huron has demonstrated its commitment to ESG best practices through the launching two new cross-portfolio forums in 2023:**

**The CIO Forum** – This forum includes IT leaders from our portfolio companies and provides a dedicated space to address specific issues impacting our portfolio, such as IT governance and cybersecurity.

**Safety Leaders Forum** – The Safety forum brings together safety leaders from Huron’s portfolio companies to address specific issues impacting our services-focused businesses. This forum has facilitated discussions on topics such as safety metric reporting and driver safety.

### **In addition to launching two new forums,**

Huron continued to facilitate the ESG Center of Excellence Forum. This forum brings together appointed ESG Liaison at each of our portfolio companies to focus on targeted ESG topics, such as employee feedback mechanisms. This Forum continues to serve as a platform for Huron portfolio company ESG leaders to collaborate and share best practices.

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## INDIVIDUAL PORTFOLIO COMPANY INITIATIVES

Huron's commitment to advancing ESG principles includes empowering portfolio company executives to execute ESG priorities at their companies. In 2023, our portfolio companies underwent a process to identify annual ESG initiatives. These initiatives were based on a careful assessment by the CEO and executive team, focusing on areas deemed most meaningful, impactful, and actionable for their business. Huron's ESG Committee providing oversight and support as needed. This approach ensured that the initiatives were aligned with the companies' strategic goals and had a tangible impact on their operations. Progress on these initiatives is reported at quarterly board meetings and reviewed on an annual basis.

The collaborative effort between Huron and its portfolio companies has helped drive meaningful change some of which is highlighted in the Portfolio Company Accomplishments section of this report.





## HURON CAPITAL ACCOMPLISHMENTS



### Cybersecurity

- Cybersecurity is a key governance focus for Huron. Cybersecurity activities play an important role in safeguarding our firm's and portfolio companies' sensitive information, digital assets, and business operations. These measures enhance overall reliability of our IT systems and contribute to the resilience of our businesses.
- In 2023, Huron made significant strides in enhancing its cybersecurity measures. We initiated an internal review and evaluation of our portfolio companies' cybersecurity defenses to test the efficacy of our systems. Many of our Chief Information Officers led thorough cybersecurity reviews and others engaged in third-party assessments to identify and mitigate security risks.
- One cybersecurity activity implemented across several portfolio companies was the adoption of an email security AI tool. This tool serves as an essential line of defense against potential cyber threats.
- Huron recognizes that cybersecurity is not a point-in-time solution but rather a continuous area for improvement. Because of this, cybersecurity analysis is integrated into our due diligence process and conducted on a regular basis across portfolio companies to mitigate risk.

### Talent and Training

- Huron continued to offer its robust Internship Program for the next generation of private equity professionals. Huron worked with more than 15 undergraduate schools across the nation to source intern candidates. These partnerships allowed Huron to attract candidates from different backgrounds and with varying perspectives.
- The 2023 program immersed interns in the same training program as new, full-time Associates experience and provided them opportunities to work closely with the team on live investment opportunities.
- In addition to Huron's internship program, Huron also worked with recruiters to source quality applicants with diverse skillsets and experiences for new Associate positions.

## FOOTPRINTS

Huron coordinates its firm-wide philanthropic activities through the Footprints initiative, an employee-led endeavor to support local not-for-profit organizations. We have proudly partnered with organizations that address critical community needs, from providing stable housing and combating food insecurity to offering enriching afterschool activities and valuable youth mentorship programs. This year, Huron volunteered with and financially supported over a dozen organizations, including Gleaners Food Bank, Life Remodeled, and Crossroads.

Crossroads  of Michigan

**GLEANERS**  
EST. 1977  
FEEDING PEOPLE. NOURISHING LIVES

**RacquetUp**  
Detroit

  
**HAVEN HOMES**  
of Detroit

**Ruth**  
**Ellis**  
**Center**

**LIFE**  
**REMODELED**

 **HolyCrossServices**

**THE Joyce Ivy**  
**FOUNDATION**

  
ArtLab J

**FORT**  
Schoon

**GIRLS**  
**ROCK**  
**DETROIT**

 **Cass**  
Community

**DETROIT**  
**REPUBLIC**

  
**KEEP GROWING**  
**DETROIT**



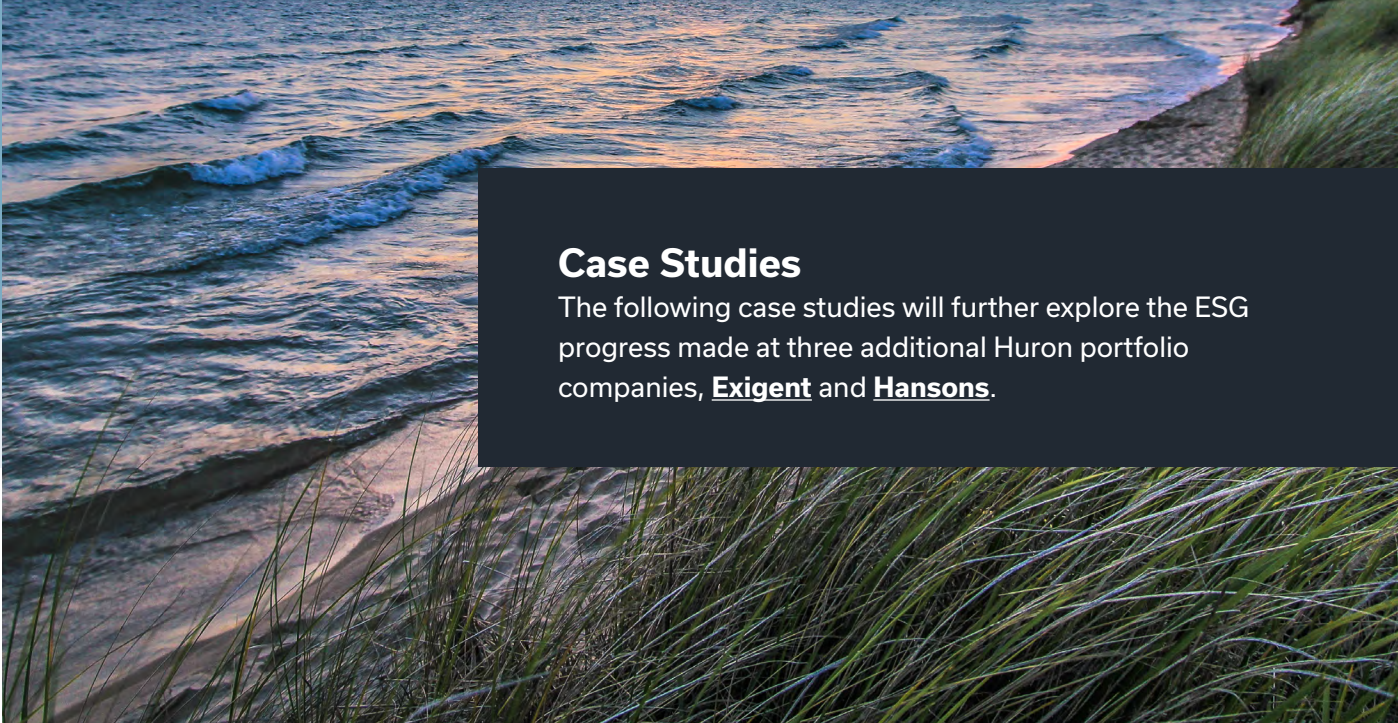


# Portfolio Company Spotlights

## INTRODUCTION

Huron’s portfolio companies are actively advancing ESG initiatives in various ways.

Among the notable initiatives, **Albireo** implemented an internal governance structure to set the tone for responsible decision-making and focused on establishing an environmental baseline. **Horsepower** created Safety Councils at each operating location. **Aquamar** prioritized environmental stewardship by reducing food and water waste. **Direct Connect Logistix (DCL)** invested in education, creating a professional development program to support employee growth. **Sunland** focused on preventable safety incident programming and enhanced cybersecurity. **ExperiGreen** embraced digital transformation and reduced environmental impact by transitioning to paperless invoices.



### Case Studies

The following case studies will further explore the ESG progress made at three additional Huron portfolio companies, **Exigent** and **Hansons**.

## COMPANY OVERVIEW

Exigent is a leading provider of highly technical mechanical services including HVAC, plumbing, power, and energy efficiency. The Company provides service, repair, maintenance, and retrofit installation of boilers, chillers, cooling towers, split systems, pumps, and piping.

### INDUSTRY SECTOR

Facility Services

### HEADQUARTERS

Virginia

### INVESTMENT YEAR

2022



## ESG SPOTLIGHT Comprehensive Technician Skills Training

- Exigent recognizes the critical role that technician skill development plays in ensuring long-term company resilience. Exigent recently launched a proactive training program and embarked on a journey to set a new standard for excellence in the industry. This transformation demonstrates Exigent's commitment to investing in its workforce's professional development, enhancing job satisfaction, and promoting a culture of continuous learning and improvement.
- Exigent's commitment to employee growth and retention began with a comprehensive assessment of the competencies of its technicians. This assessment served as the foundation for identifying specific training needs that could be tailored to each technician. By understanding the skills and expertise of its workforce, Exigent has developed a training strategy that not only met the needs of the business, but also empowers each employee to reach their full potential.
- Core to Exigent's approach was the development of personalized training programs for each technician. These programs are designed to enhance technical expertise by combining internal training, external courses, as well as coaching. By aligning training programs with the career aspirations of its technicians, Exigent can ensure that its workforce is adaptable and qualified to provide the services demanded by its customers.
- The impact of Exigent's new approach is already being felt across the company. Technicians are eager to participate in the skills assessment programs and have recognized it as an opportunity for professional growth. This enthusiasm has resulted in a more skilled workforce, opportunities for higher wages commensurate with higher skill competencies, increased job satisfaction, and improved efficiency in service delivery. The program has also provided Exigent the ability to work on more complex and technical projects and better service its customers.
- By investing in its people, Exigent is laying the foundation for a sustainable future and ensuring it remains a leader in the facility services industry. As Exigent continues to refine its training programs and expand its impact, it is setting a new standard for excellence and sustainability in the industry.



## COMPANY OVERVIEW

Hansons is a leading marketer and distributor of replacement windows, roofing, siding, and gutter, and bathroom products through branch locations throughout Michigan, Ohio, Colorado, Utah, Nebraska, South Dakota, and Iowa. Founded in 1988, the company leverages its marketing expertise and strong project management infrastructure to develop a leading brand in its markets.

### INDUSTRY SECTOR

Residential Services

### HEADQUARTERS

Michigan

### INVESTMENT YEAR

2017



## ESG SPOTLIGHT Recruiting and Retaining Talent

- Hansons has advanced their efforts on becoming a preferred employer in the residential services market. Hansons recognized increased competition around recruiting and retaining top technician talent and saw an opportunity to differentiate itself through an improved wage and benefit program.
- Included in the new program is a revised compensation scale. This scale is based on a combination of factors, including tenure at Hansons, overall experience, and specific job function. Hansons recognized the value of experience and expertise and wanted to reward long-serving employees while also ensure employees in specialized roles were compensated appropriately. This adjustment not only aligned wages to market standards, but also demonstrated a continued commitment to their employees' well-being.
- The impact of this change was immediate and significant. For current employees, it improved overall morale and job satisfaction and led to a reduction in turnover. It has also attracted higher-quality candidates for new positions.
- Hansons focus on the well-being of its employees has reinforced its strong reputation and helped it remain a leading employer in its market.