



ESG Report

— 2022



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Letter from Jim Mahoney and Gabriel Mesanza

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We are pleased to share Huron Capital's 2022 ESG Report. At Huron, we invest in companies with business models that adopt responsible environmental, social, and governance practices. This approach is essential to creating long-term value for our investors, portfolio company employees, and the communities in which we invest.

The past few years brought economic disruption and uncertainty which compelled us to revisit and recommit to many of our core principles, including a longstanding focus on ESG practices. In 2022, we formalized our ESG program by appointing an ESG Board and cross-functional committee to oversee ESG initiatives at Huron and our portfolio companies. We also took proactive steps to ensure that our operations and practices are fair, equitable, and create a supportive and inclusive workplace, and we continued to strengthen our governance policies by increasing transparency and accountability in due diligence and other decision-making processes. Finally, we continue to support Detroit-based impact organizations and the local communities in which we have a presence.

This report highlights the many ways in which we integrate ESG considerations into our investment processes, how Huron has advanced ESG priorities and is planning for future initiatives, and the meaningful steps our portfolio companies have made to embed ESG into their business strategies.

We are dedicated to ongoing ESG improvement and believe it will continue to drive our success as a Firm. By purposefully engaging and collaborating with stakeholders, we can uphold our duties as fiduciaries and global citizens. We look forward to advancing our ESG work over the year ahead.



Jim Mahoney

Managing Partner



Gabriel Mesanza

Partner, ESG
Committee Lead

Huron at a Glance

FIRM OVERVIEW

Founded in 1999, Huron Capital (“Huron”) is a leading lower-middle market private equity firm headquartered in Detroit, Michigan. Since inception, the Firm has raised six funds totaling approximately \$1.8 billion and invested in over 260 companies.

Huron employs a thematic approach to investing, centered around the intersection of long-term secular trends and the Firm’s three primary industries of focus: commercial and industrial services, professional services, and consumer services, all in which the Firm has deep experience, a proven operational playbook, and a history of success.

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 have business model characteristics which make them uniquely positioned to grow as market-leading businesses of scale with well-defined paths to exit.

Huron executes its strategy through its Firm-wide systematic origination process, with dedicated, Partner-level investment professionals as “Sector Captains” focusing on ten core sectors within our three primary industries of focus. The team is further supplemented by two investment professionals who are dedicated to supporting Huron’s proprietary ExecFactor® strategy, where the Firm identifies thesis-driven opportunities to build leading companies in partnership with seasoned CEOs.

Founded in
~
1999

Raised Over
~
\$1.8B



Huron's Approach to ESG

ESG considerations have long been ingrained into our organization; beginning with how we identify risks and value creation opportunities in potential investments, including the standards by which we hold ourselves accountable throughout our investment period, as well as how we can make a positive impact within communities in which we operate.

We believe companies that proactively address ESG matters can create greater value by actively addressing financial, operational, and reputational implications.

Created in 2016, Huron's ESG Policy defines our guiding principles and approach to responsible investing, including our commitment to identifying and supporting socially and environmentally responsible practices at our portfolio companies. In 2022, we enhanced the ESG Policy to address activities at both the Firm and portfolio companies.



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 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 Detroit community through a number of community service and giving programs.



Huron's 2022 ESG Focus and Initiatives

We introduced several new procedures in 2022 to enhance our existing ESG practices at the Firm and across our control investments. These procedures give us insight into current and future company performance indicators, including risks and value creation opportunities.

GOVERNANCE


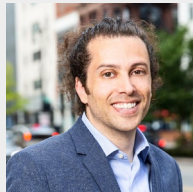
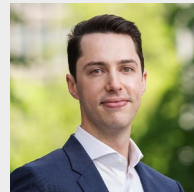

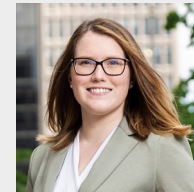
In 2022, Huron established a formal ESG Committee and Board who are responsible for:

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

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

- | | | |
|--|--|--|
| <p>Jim Mahoney
Managing Partner</p> | <p>Pete Mogk
Founding Partner</p> | <p>Matt Hare
Partner, CFO, COO, & CCO</p> |
|--|--|--|

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

- | | | | | |
|--|--|--|---|---|
|  <p>Gabriel Mesanza
Partner
RESOURCE GROUP</p> |  <p>Jordan Stewart
Vice President
RESOURCE GROUP</p> |  <p>Ryan Costello
Senior Associate
INVESTMENT TEAM</p> |  <p>Leah Ierardi
Associate, ExecFactor
INVESTMENT TEAM</p> |  <p>Kate Hennessy
Associate
FINANCE</p> |
|--|--|--|---|---|

FOCUS AND INITIATIVE SETTING

In 2022, we developed the following guiding principles for ESG activities at the Firm level and at our portfolio companies. Activities must be:

MEANINGFUL	IMPACTFUL	ACTIONABLE
We have deep conviction in the initiative	The area can positively impact company performance	We can take action that will likely result in meaningful outcomes

In order to more meaningfully engage and collaborate with our portfolio companies on ESG topics, we established a **Center of Excellence Forum**. The forum includes Huron’s ESG Committee and one designated ESG Liaison from each active control investment. Each Liaison is responsible for working with their executive team to strategize and execute upon initiatives that are meaningful, actionable, and impactful to their company. The Center of Excellence Forum meets bi-annually and serves as a way for Huron and its portfolio companies to share ESG best practices and measure progress made against various initiatives.



Metrics Strategy

In 2022, Huron conducted various ESG surveys of its control investments throughout the year to identify ESG policies, programs, and procedures at each portfolio company. The data has been used to track progress over time and identify opportunities for value creation. In late 2022, we reevaluated our metric collection process and reviewed industry best practices, including guidelines from organizations such as the World Economic Forum and Sustainability Accounting Standards Board (SASB), among others. Based on this assessment, we became a signatory of the **ESG Data Convergence Initiative (EDCI)**, an initiative backed by the Institutional Limited Partners Association (ILPA) to align General Partners and Limited Partners to a set of standardized ESG metrics.

ESG REPORTING

Huron plans to collect and report metrics from our portfolio companies to, and as defined by, the EDCI in April 2023 for the 2022 calendar year reporting period. In addition to the required EDCI metrics, Huron’s ESG committee identified other metric categories which will be captured in the annual survey, including metrics around data security, employee benefits and compensation, and governing principles.



THE LIST OF METRICS THAT WE WILL COLLECT FALL INTO THE FOLLOWING CATEGORIES



Energy Use

- These questions focus on the company's energy use practices and policies. It includes questions about the company's beliefs regarding environmental impact, whether the company has written policies and efforts to minimize its environmental impact, its efforts in recycling, and energy reduction, among others.



GHG Emissions

- We are asking our portfolio companies to submit greenhouse gas scope 1, 2, and 3 emissions data as part of our ongoing effort to measure and manage our environmental impact. This data provides us with a comprehensive understanding of our emissions and allows us to set targets and implement strategies to reduce our carbon footprint. This information is critical to our ESG reporting and helps us to communicate our commitment to sustainability to stakeholders.



Renewable Energy

- Data will include information such as the proportion of energy consumption from renewable sources, our goals for increasing the use of renewable energy, and any initiatives or projects underway to further integrate renewable energy into our operations. This information will help us better understand our impact on the environment and inform our ongoing sustainability strategy.



Diversity

- We are capturing demographic data to better understand the diversity of our employee base, leadership teams, and board for ESG purposes. This data will give us valuable insights into the representation of different demographic groups within our organization, and will help us track our progress in promoting diversity, equity, and inclusion. By regularly assessing and reporting on these metrics, we aim to create a more diverse and inclusive workplace, and to support the sustainable development of our business and communities.



Work-Related Accidents

- These metrics provide important insights into the safety of our workplace and the well-being of our employees, and help us evaluate and prioritize initiatives aimed at creating a safer and healthier work environment. By tracking and regularly reporting on these metrics, we are able to monitor our progress and continuously improve our efforts to ensure the safety of our employees.



Net New Hires

- We are monitoring our workforce metrics, including new hires and turnover. These metrics give us insight into our talent acquisition and retention efforts, which are important indicators of a company's overall health and sustainability.



Employee Engagement

- We are capturing data on our annual employee survey, including the percentage of employees who respond and the hours of training per employee. Additionally, we are tracking metrics related to compensation, including the average hourly rate and benefits cost per employee, as well as participation in company benefits. This information will help us better understand the overall well-being of our workforce and provide a more comprehensive view of our ESG performance.



Cybersecurity and Governance

- This data will help us understand the measures we have in place to protect sensitive information, such as the number of known data breaches and the percentage of these breaches that involved personally identifiable information. Additionally, we will be evaluating our plans for disaster recovery and threat monitoring, as well as our insurance coverage to address financial risks. We will also assess the effectiveness of our feedback mechanism for employees, customers, and vendors to report issues without fear of repercussions.

Corporate Responsibility

We are committed to leading by example and following the same process as our portfolio companies to identify ESG opportunities for Huron as a Firm.

DEI

Huron promotes DEI across all levels of the Firm. Our hiring initiatives are designed to to be as equitable as possible and ensure fairness at each stage in the hiring process.

We focus our recruiting efforts on sourcing diverse talent when hiring for internal positions as well as executive and board roles at our portfolio companies. We evaluate candidates applying for the same role by using a standard set of questions and evaluation criteria, which is focused on determining skillset and ability to perform the role.

Specifically for our Analyst class, we have taken steps to source diverse candidates. In 2022, we designed and deployed a **DEI-Focused Summer Internship Program** to immerse students into our investment teams and train them on the skills necessary to succeed in Private Equity. Four of the five interns from our inaugural class are from under-represented groups. Additionally, we have widened our pool of applicants by recruiting our Analysts directly out of undergraduate institutions, which gives us greater access to candidates earlier in the recruiting cycle. We currently partner with 22 undergraduate institutions across the country and maintain relationships with affinity groups to source diverse candidates.

BENEFITS

Huron continually reviews its compensation and benefits. We are focused on promoting progressive programs that support mental health, provide for short-term and long-term disability coverage when needed, and strive for inclusion and belonging in the design of our programs.



FOOTPRINTS

Huron coordinates its Firm-wide philanthropic activities through the Footprints initiative, which includes employee volunteer programs and corporate giving initiatives. This year, Huron volunteered with over a dozen Detroit-based organizations, including Crossroads of Michigan and Life Remodeled.

Crossroads  of Michigan

GLEANERS
EST. 1977
FEEDING PEOPLE. NOURISHING LIVES.


HAVENHOMES
of Detroit

LIFE
REMODELED


RacquetUp
Detroit

DETROIT
REPUBLIC



Sunland Asphalt & Construction



COMPANY OVERVIEW

Sunland Asphalt & Construction (Sunland) offers construction and maintenance services including asphalt repairs, crack sealing, and sealcoating, among others. Sunland has completed an array of projects across the United States, upholding high standards around safety performance to ensure the protection of all of its stakeholders, including its 700 employees and the communities in which it operates.

INDUSTRY SECTOR

Infrastructure and Utility Services

HEADQUARTERS

Phoenix, Arizona

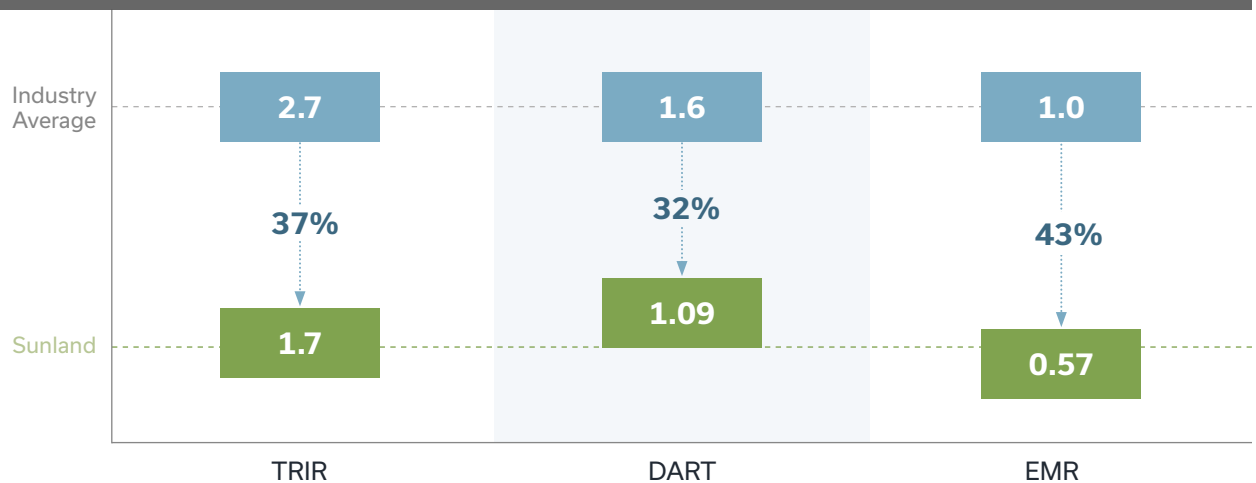
INVESTMENT YEAR

January 2021

ESG SPOTLIGHT - EMPLOYEE HEALTH AND SAFETY

At Sunland, the health, safety, and wellbeing of its employees are of utmost importance. The Company has developed and implemented extensive safety and training programs to ensure Sunland is operating with the highest safety standards in mind and to reward those employees who exemplify the company's safety values.

2022 SUNLAND HEALTH & SAFETY METRICS¹



Sunland outperforms industry benchmarks for health & safety standards, including Total Recordable Incident Rates (TRIR), Days Away, Restricted, or Transferred (DART), and Experience Modification Rate (EMR).¹

HEALTH AND SAFETY PROGRAMS AND INITIATIVES

Sunland's corporate oversight is directed by its Vice President of Safety and Risk Management, who reports directly to the company's CEO. Additionally, Sunland has had a long-standing dedicated **Safety Committee** consisting of a cross-functional team of approximately 26 individuals with representation among both field and management positions to reinforce the importance of safety across the organization. The Safety Committee meets monthly to review Sunland's 'Safety Scorecard' and assess performance, incidents, and opportunities for improvement.

¹ GRAPH 1. Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, 2020 (bls.gov), NAICS 237310 - "Highway, Street, and Bridge Construction" industry.

Weekly Incident Reviews are collected to summarize practices that have occurred and relevant safety tips on topics such as distracted driving, blind spots, back injuries, illness prevention, etc.

Continuous training → All trainings, safety communications, and policies and procedures are documented in English and Spanish to ensure Sunland's bilingual workforce receives consistent communication around safety standards and training.

- **SAFE Program** – Sunland's mentorship program is designed to ensure that team members with fewer than two months of experience at the Firm receive guidance and support. SAFE ensures that employees feel supported during onboarding, reduce their likelihood of injury, and are retained as valuable contributors to the organization.
- **Critical Behavior Observation (CBO) Program** – THE CBO Program was developed by a cross-functional, diverse team of employees and is led by a team of safety consultants. The program encourages each Sunland employee to correct unsafe behavior, regardless of their role in the company. Identification and recognition of these behaviors helps prevent unsafe practices and create a safer working environment.
- **Driving Training Program** – Sunland offers behind-the-wheel driver instruction and classroom training, e-learning, safety, and compliance consulting.
- Each site performs **Weekly Toolbox Talks** to discuss safety concerns at the Firm and specific sites.
- **S5 Program** – Twice a year, Division Managers invite employees who exemplify Sunland's core values and a dedication to safety to the S5 Program. The program consists of five levels, including various tasks, trainings, certifications, and meetings, and is required for an employee to become a Sunland Safety Ambassador.



Albireo Energy



COMPANY OVERVIEW

Albireo Energy is a leading independent provider of smart building technologies that enhance energy efficiency and optimize building performance while reducing operational expenses. Albireo operates in 39 offices worldwide and has service offerings that include building automation, systems integration, energy benchmarking, and renewable energy sourcing and procurement.

INDUSTRY SECTOR

Facility Services

HEADQUARTERS

Edison, NJ

INVESTMENT YEAR

May 2014

ESG SPOTLIGHT – ENERGY SOLUTIONS AND EMPLOYEE ENGAGEMENT, DEVELOPMENT, AND RETENTION

Through its energy services, Albireo Energy has helped customers across the U.S. and in over 40 countries manage their buildings, increase their building efficiency, and purchase energy from renewable sources. Albireo Energy promotes an employee-centric company culture, dedicated to building a workplace where employees are respected, engaged, and valued.

ENERGY MANAGEMENT INITIATIVES

Albireo Energy offers its customers a range of building controls and energy services, designed to enhance efficiency, reduce operational expenses, and improve safety.

- **Building Automation Systems (BAS)** – Provides customers with a centralized platform through which to monitor and regulate various building systems, allowing building owners to integrate operations across systems and increase operational efficiency.
- **BEYOND Analytics** – Albireo Energy's artificial intelligence software platform, which works in tandem with the BAS to aggregate building data, identify and correct areas of energy waste and inefficiencies, and report on opportunities for reduction in energy use and greenhouse gas (GHG) emissions. Since its launch in 2019, BEYOND Analytics has been deployed in over 60 sites and has identified an estimated 4,500,000 kilowatt hours (kWh) in energy savings for Albireo Energy customers.
- **Electric Power Monitoring System (EPMS)** – serves customers with mission-critical systems, helping to safeguard their equipment against damages that could be caused by poor energy quality. The monitoring systems identify power quality issues and recommend tailored system upgrades, allowing these businesses to reduce energy consumption and extend the life of their equipment.
- **Renewable Energy** – Albireo Energy works with customers to procure renewable energy solutions including adding renewable energy sources to their energy supply, installing on-site solar energy generation, or enrolling in community solar projects. In 2021, Albireo procured 150,000 MWh of green power projects and renewable energy credit deals.



94%

Employee Retention

in 2019, 2020, and 2021

EMPLOYEE PROGRAMS

As part of its commitment to fostering a workplace built on inclusion and respect, Albireo Energy has developed an array of programs designed to support employee engagement and development, which have contributed to the company's high employee satisfaction ratings and low turnover in recent years.

- **Employee Engagement** — Albireo Energy has participated in the Great Place to Work (GPTW) survey since 2018, and has been awarded the title for five years running. In response to the 2021 survey, 86% of employees said that the company is a great place to work, 27 points higher than the average U.S.-based company.
- **Diversity & Inclusion** — In 2021, Albireo Energy established its Diversity & Inclusion (D&I) initiative and established a cross-departmental D&I committee. The committee is tasked with ensuring fair and equitable practices across the institution, providing regular communications to Albireo Energy staff on DEI topics, and developing DEI practices and policies.
- **Development** — Albireo Energy offers various employee training programs, including Systems Specialist Bootcamp, Technician Bootcamp, Project Management Training, and Sales management training. Additionally, Albireo offers employees up to \$4,000 per year in tuition reimbursement for job-related continuing education.
- **Health and Safety** — Albireo Energy's Safety Committee, composed of Divisional Safety Managers and led by an Executive Sponsor, meets quarterly to discuss the company's safety programs. New hires are required to undergo a week-long safety training program, after which they are paired with experienced technicians for hands-on training on the job. All field-based employees undergo regular refresher trainings, and Safety Managers introduce weekly safety toolbox topics to increase employee awareness of common risks.

Conclusion & Looking Forward

We are proud of the work we have accomplished in 2022 to enhance our ESG program. Yet, we recognize ESG is a journey through which we will continue to evolve. As such, we commit to continuously improving the practices of our program to ensure meaningful impact at Huron and our portfolio companies. We look forward to advancing our ESG work over the year ahead and sharing future accomplishments with our stakeholders.

