
Growing Sustainability Together

Our 2020 ESG Snapshot
& Future Framework

April 2021

STRICTLY PRIVATE & CONFIDENTIAL



A Message from Our Chairman



Charles Ayres

MANAGING PARTNER AND CHAIRMAN

We are pleased to issue our first Annual ESG Report to share our commitment to building businesses sustainably, demonstrate the strides we have made in formalizing our ESG framework and chart our course for the future.

We are dedicated to growing in this crucial area in the years to come, together with our investors, portfolio companies and the broader private equity industry.

The values of integrity, transparency and partnership have been cornerstones of Trilantic North America's approach to business since our inception in 2009. Today, the pervasive forces of climate change, social and economic disparities and technological disruption serve as constant reminders of the interconnectedness of ESG factors and business performance and resilience. As long-term growth investors, we recognize our duty to live our values and build businesses responsibly by embedding an ESG lens throughout our company's culture, investment decisions and everything we do.

We believe the integration of an ESG framework will enhance our ability to drive sustainable value creation and have a positive impact on our community and those of our portfolio companies. It will also further strengthen our team culture and alignment with our investors. This requires active engagement from leadership and across the organization. Our ESG Committee, chaired by Julianna Ruiz, joined by Kristin DePlatchett, Glenn Jacobson and Li Zhang, have partnered with me and the rest of the Partner and Principal group to help us evaluate, prioritize and measure our annual ESG objectives. We look forward to sharing our progress in the coming years.





Strong heritage in partnering with family- and founder-owned businesses

Our Impact

We are conscious of the type of work environment we create, the communities in which we live and the impact of the companies with which we partner.

Through a holistic and founder-friendly approach, we provide partnership and capital to strengthen businesses and create value through active post-acquisition involvement.

- ▶ Trilantic Capital Management L.P. (“Trilantic North America” or the “Firm”) is an independent private equity firm focused on control and significant minority investments in North America.
- ▶ We employ flexible transaction structures and have a strong heritage of partnering with family- and founder-owned businesses, and provide growth capital to outstanding management teams.
- ▶ We believe we are differentiated from our competition by our Firm’s history of disciplined investing, our demonstrated capability to supply flexible capital, and our ability to be true partners with our portfolio companies’ management teams.
- ▶ We work to apply a “buy in” not “buy out” approach and are determined to deliver value to our Limited Partners, our portfolio companies and their management teams and our communities.
- ▶ We are sector focused, but not sector driven, leveraging our resources to companies in the Business Services, Consumer and Energy/Energy Transition sectors, connecting each of our portfolio companies to specific ESG initiatives identified during our pre-acquisition due diligence, and creating value through our portfolio company engagement.

BY THE NUMBERS ¹

6

Fund Families Managed

\$9.7B

Aggregate Capital Commitments

70+

Founder & Entrepreneur Partnerships

800+

Limited Partner Partnerships

25,000+

Net Jobs Added

1. Numbers reflective of metrics since Fund III (a 2004 vintage fund)



2016–2018

Formalizing our Foundation

As market demands for transparency in ESG-related themes began to take a leading hold in the investment community, our team answered the need by devoting resources to centralize and enhance our existing ESG practices, linking the consideration of material ESG topics to our overall decision-making framework and formally integrating ESG considerations into our due diligence process.

2019–2020

Structuring a Framework

Stemming from the foundational need recognized by our team, we formed an ESG Committee to help prioritize and implement the Firm’s ESG goals, and engaged specialized ESG consultants to assist us with annual ESG tracking and monitoring, and implementing a carbon footprint analysis framework within our Fund VI North America and TEP II North America portfolios.

2021

Executing Commitments

2021 will mark our joining year as a signatory to the United Nations Principles for Responsible Investment (UN PRI) and ILPA’s Diversity in Action initiative. We plan to roll out our carbon footprint analysis through all Fund VI North America and TEP II North America portfolio companies, as well as integration of key ESG policies in select portfolio companies identified during our pre-acquisition diligence or annual monitoring program.

2022...

...and Beyond

We recognize that our ESG commitment is a journey and that our 2021 commitment as a UN PRI signatory will influence the shape of our future-facing ESG program. We anticipate refreshing our firmwide ESG policies and dedicating resources to facilitate our step change in the interest of continuous improvement and value-driven leadership.

Strategic Partnerships
in Our ESG Journey

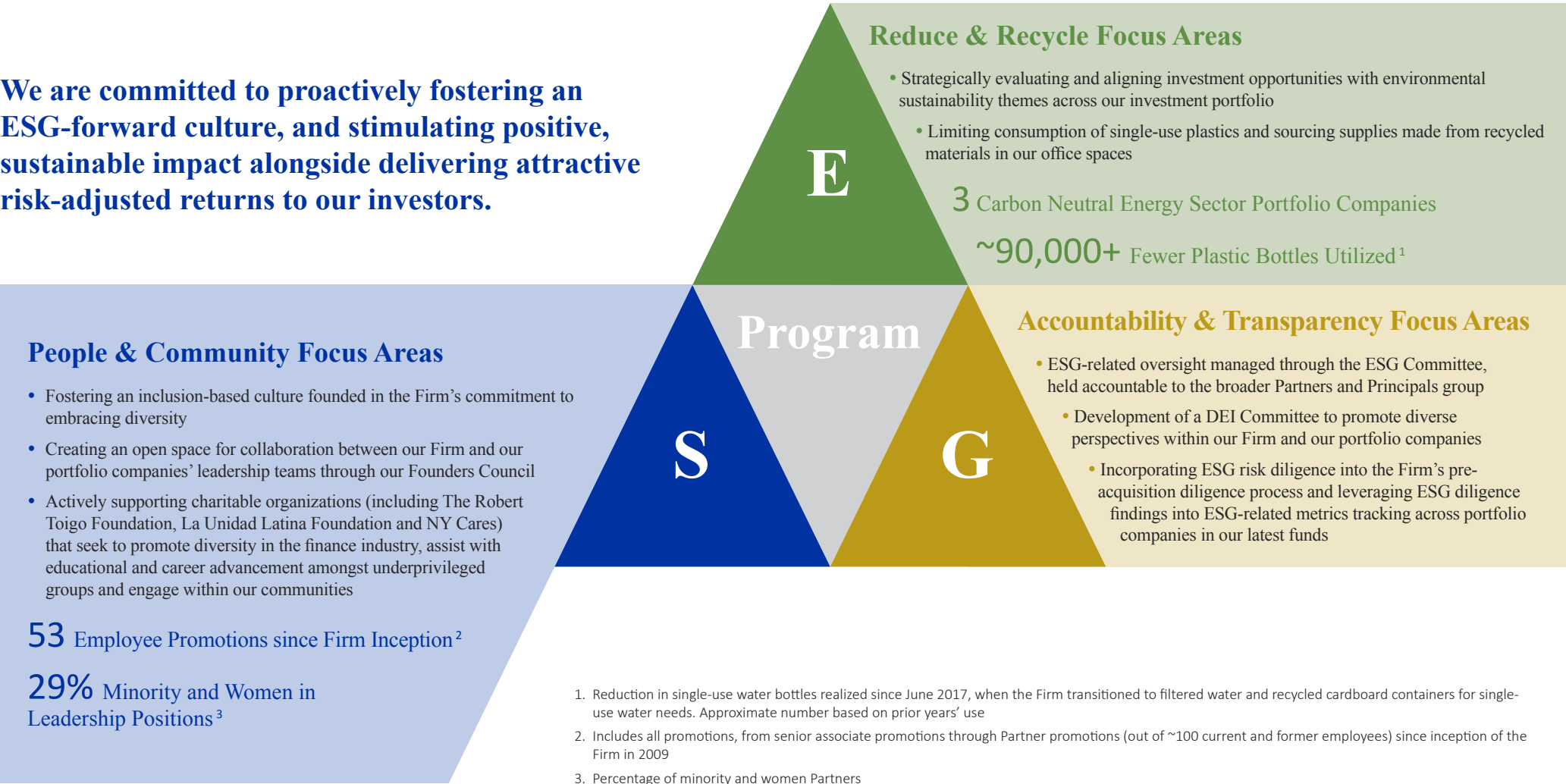


Paul | Weiss



References to external partners herein and on Trilantic North America’s website does not imply an endorsement of Trilantic North America or its practices. The referenced partners have worked with the Firm or its portfolio companies at some point since 2019 and the Firm may or may not have a partnership agreement currently in place.

We are committed to proactively fostering an ESG-forward culture, and stimulating positive, sustainable impact alongside delivering attractive risk-adjusted returns to our investors.



“ We firmly believe that we — and our portfolio companies — can have a positive impact and can use our influence to foster change.”

Giulianna Ruiz
PARTNER, GENERAL
COUNSEL AND ESG
COMMITTEE CHAIR

Our Framework in Action



Our ESG Committee leads our Firm through our sustainability journey.

Comprised of leaders from different departments across the organization, the Committee reports to the broader Principal and Partner group, driving the development and implementation of key firmwide ESG initiatives.

2021 Initiatives

- ▶ UN PRI Signatory
- ▶ ILPA Diversity in Action Signatory
- ▶ Formation of DEI Committee

Diversity and Inclusion Mission Statement

We are committed to embracing and retaining diversity on our team and at our portfolio companies, and strongly believe that by fostering a culture of inclusivity and empowering our teams, we will continue to grow, win, and share in success.

ESG COMMITTEE MEMBERS



Giulianna Ruiz

ESG COMMITTEE CHAIR;
PARTNER, GENERAL COUNSEL

Giulianna has known the team for over 10 years, formally joining the Firm in 2014, and has over 15 years of compliance and legal experience. She is also a board member of La Unidad Latina Foundation and is an observer member on all of our funds' investment committees.



Glenn Jacobson

PARTNER

Glenn has been with the Firm since its inception in 2009 and is focused on the Energy and Energy Transition sectors. Glenn has served on 17 portfolio company boards and is on the Fund VI North America and TEP II North America investment committees.



Kristin DePlatchett

PARTNER, HEAD OF
INVESTOR RELATIONS

Kristin recently joined the Firm, having led her own consulting business for 3 years prior to joining, and prior to which she was a Managing Director at StepStone Group LP.



Li Zhang

PARTNER

Li has been with the Firm since its inception in 2009 and is focused on the Business Services sector, as well as general Firm management. Li has served on 4 portfolio company boards and is on the Fund VI North America investment committee.

We believe that step-change improvements in ESG-focused actions add value to our portfolio.

We also recognize our investors’ growing desire to see ESG criteria considered at the time of investment and to sponsor companies with business constructs embedded in ESG-related principles.

To that end, we have included and continue to refine our pre-investment due diligence process and ongoing monitoring program to examine key ESG themes and their associated risks and opportunities, as relevant to the company’s sector and industry setting – integrating ESG into our investment lifecycle.



“Incorporating an ESG focus at each stage of the investment life cycle, from sourcing to exit, allows us to contribute to the positive, long-term progress of our investments and maximize value for our stakeholders.”

Li Zhang
PARTNER, MEMBER OF ESG COMMITTEE



- Strategically screen potential investment opportunities to identify companies whose business mandates advance ESG factors, with a focus on a series of ESG-related investment themes, including: Health & Wellness, Energy Transition, Recycling, Healthcare Services, and Compliance/ESG Advisory.
- Leverage services within our ESG partnerships to assess material ESG risks and identify value-enhancing opportunities as part of the pre-acquisition diligence process. Develop recommendations to advance identified opportunities and mitigate identified risks, where applicable.
- Present results of the ESG risk assessment to the Investment Committee for review and final recommendations. Material risks which cannot be mitigated and may impact the valuation of the company are brought to the attention of the Partners and Principals group for assessment prior to final investment decision.
- Develop a 100-day plan to address material ESG risks and opportunities identified during the pre-acquisition diligence process. At the time of investment, we hold at least one board seat at each portfolio company to allow for influence on ESG-related factors.
- Key ESG metrics, established based on topic materiality and the 100-day plan framework, are monitored to track company performance in support of positioning the company for a strong ESG showing upon exit.

Social Focus Area—People & Community

Fostering Entrepreneurship and Female Leadership

Diversity of background and experience is a critical component of business performance. These characteristics are an ever-present component of founder- and family-owned and operated businesses and are why our Firm values these business relationships. We are also passionate about empowering the next generation of female leaders, and strive to promote female entrepreneurship.

In support of these themes, we have launched various initiatives aimed at advancing equity and inclusion efforts across the private equity and entrepreneurial communities.



“It’s important to be able to see advancement opportunities as a woman in the private equity industry and I’m fortunate to have started my career at Trilantic North America. The team empowered me to take ownership of my trajectory early on and fully supported my decision to attend Harvard Business School, which is why I was thrilled to rejoin after graduating.”

Natalie Knipp
SENIOR ASSOCIATE



“We are proud to be an early mover in taking a leadership role in several DEI initiatives with our Tuck Partnership and our Founders Council. We believe this leadership will give us an edge competing for talent—both for recruiting talented people to our organization, as well as when trying to partner with a new portfolio company management team. We value diverse perspectives and believe they make us better investors.”

Kristin DePlatchett
PARTNER, MEMBER OF ESG COMMITTEE

Social Focus Area—People & Community

Fostering Entrepreneurship and Female Leadership

The Founders Council

The Founders Council has been established to help support founder- and family-owned and operated businesses and female entrepreneurs and the unique challenges they face. Council members are primarily entrepreneurs and founders within the consumer and business services industries with strong ties to Trilantic North America, including current and former portfolio company management, and is currently comprised of a majority of female entrepreneurs.

With extensive experience starting and growing successful businesses, the Founders Council is a strategic advisory resource for Trilantic North America and its portfolio company management teams.

We believe the Founders Council's unique mix of operational experience, strong leadership in successful companies, and sharing of best ideas for tackling challenges as companies scale, will make us more effective partners to existing companies and position us favorably with potential new management teams.

Thought Leadership

Provide a sounding board on key strategic issues for Trilantic North America's existing and future potential partners

Network

Leverage Trilantic North America's business resources to support value-driven initiatives within our portfolio companies

Voice

Empower founders and female entrepreneurs to lead, giving spotlight to their perspectives and a forum supportive of their challenges and needs



Tuck's Executive Education Program

We have partnered with Dartmouth's Tuck School of Business to create and launch an executive education program dedicated to empowering the next generation of female private equity leaders.

Through the Trilantic North America Fund for Gender Equity, we hope to create a program that will equip private markets leadership teams with the tools to cultivate a diverse talent pipeline, foster an inclusive and equitable workplace environment, develop core skills to promote the advancement of female leaders in the sector and highlight the critical role of male allyship.

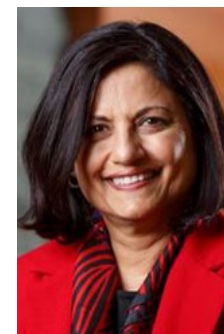
► Targeting February 2022 for Inaugural Session



"Supporting founder- and family-managed businesses on their unique journeys to success is our passion. Our teams think critically about how to best direct our resources to empower leadership and foster success. We also firmly believe that fostering gender equity, especially within the Consumer sector, is of utmost importance and will result in value accretion."

Jamie Manges

PARTNER, HEAD OF CONSUMER



"Trilantic North America and Tuck can leverage our collective strengths to make measurable progress in this critical area."

Dr. Punam Keller

TUCK SCHOOL OF BUSINESS SENIOR ASSOCIATE DEAN OF INNOVATION AND GROWTH; CHARLES HENRY JONES THIRD CENTURY PROFESSOR OF MANAGEMENT

Environmental Focus Area—Reduce & Recycle

Carbon Accounting and Emissions Reductions

We recognize the importance of carbon reduction practices and have taken an active leadership stance to serve as a catalyst for the carbon neutrality movement.

We are proud to recognize three companies within our Energy portfolio (DJR Energy, Indigo Natural Resources and TRP Energy) as having achieved carbon neutral status as of 2021, fostered and encouraged by Trilantic North America’s board leadership.

We have invested in undertaking a portfolio carbon accounting exercise within our Fund VI North America and TEP II North America portfolio companies, across all sectors, to support furthering net zero planning. This will enable us to track emissions over time and continue to foster conversations about carbon reduction and offset plans with our portfolio companies.



“The confluence of economics with ESG characteristics created a compelling case for adopting a robust ESG policy.”

Glenn Jacobson

PARTNER, MEMBER OF ESG COMMITTEE



Promoting Our Framework

Snapshots of our ESG
Priorities Within our
Portfolio Companies



- Sunrise Strategic Partners (“Sunrise”) is a consumer brand accelerator that provides growth capital and expertise to emerging brands in the healthy, active and sustainable living space.

Partnering with good people to build great brands

Sunrise’s founding vision strategically targets brands which incorporate ESG-driven operating concepts into their business framework and speak to millennial and personal value-driven consumers.

Our partnership with Sunrise provides a centralized support framework to allow smaller, emerging brands to tap into the shared experience, advice and best practices of the Sunrise management team, backed by our Trilantic North America team—from governance support to branding and future planning, this centralized expertise gives these companies the tools needed to thrive in the market.



2016

Recognizing a Need

We formed Sunrise in partnership with Steve Hughes, a veteran food & beverage industry executive with more than 30 years of experience. Sunrise invested in and onboarded 4 new companies in 2016 with a forward-thinking ESG framework in mind (e.g., fair-trade commercial practices, sustainable agriculture, health-conscious food products).

2017–2019

Broadening the Scope

Sunrise continued to invest in ESG values-driven brands, in line with prior investments, including companies with diverse founders (e.g. women- and veteran-owned businesses).



2020...

...and Beyond

We continue to partner with Sunrise founders to add strategic value, offer guidance on tactical priorities and leverage industry relationships to help maximize brand potential with existing investee companies.

- Headquartered in Temple, TX and Solomon, KS, Sunbelt-Solomon Solutions (“Sunbelt-Solomon”) provides customized electrical power solutions and services, with a focus on power transformers.

Solution Providers for Electrical Equipment Needs

Sunbelt-Solomon provides end-of-life transformer disposal and recycling solutions to provide utility customers with a regulatory-compliant, necessary service to manage their decommissioned plant and equipment, as well as supply companies with an input source for both their transformer remanufacturing and commodity recycling service lines.



2019

Recognizing a Need

We sponsored a merger between Sunbelt Transformer and Solomon Corporation—joining two previous competitor companies to form an integrated service provider focused on creating a market leader in end-of-life recycling services for the electrical power industry.

2020–2021

Building a Framework and Executing Commitments

As a key profit driver and source of customer solutions, Sunbelt-Solomon invests in the sales, operations and finance organizations to better optimize the remanufactured products supply chain, operations, and go-to-market strategy to try and drive incremental volumes of remanufactured product. Over the past 15 months, the company has sold over 50,000 pieces of manufactured equipment, diverting over 33 million pounds of raw material back into the market for reuse. Additionally, during 2020, the business line also re-used over 80,000 spare parts.

Focused on optimization and efficiency initiatives around recycling services, Sunbelt-Solomon makes investments in new equipment, optimizing plant locations/ footprint and overall operational efficiencies and leveraging capabilities to enhance vertical integration between recycling and manufacturing service lines.

2022...

...and Beyond

Since our investment, Sunbelt-Solomon has recycled more than 11 million pounds of copper and 7 million pounds of aluminum, both precious earth metals, in addition to 62 million pounds of steel. Sunbelt-Solomon will continue to expand recycling service capabilities into new geographies to service customer demand and its vertical integration strategy.

| Raw Material | Recycled in 2020 |
|--------------------------|-------------------|
| Steel | 62,000,000 pounds |
| Copper | 11,000,000 pounds |
| Aluminum | 7,000,000 pounds |
| Brass | 1,000,000 pounds |
| Mixed Metal | 8,000,000 pounds |
| Mineral Oil ¹ | 5,000,000 gallons |

In 2020, Sunbelt-Solomon recycled **62 million pounds of steel** – saving enough electricity to power **over 1,800 homes for a year.** ²

1. Includes both sold and mineral oil recycled internally

2. Kilowatt hour energy usage of recycling steel when compared with production of new raw steel materials

- Solaris Water (“Solaris”) has multiple active or permitted recycling centers strategically located in the Permian Basin, representing a critical component of the company’s fully integrated water infrastructure system. The company’s facilities are capable of handling 900,000 barrels in daily volume (equivalent to 38 million gallons of water per day), making Solaris the largest independent recycler of produced water in the Permian Basin.

The Leading Provider of Recycled Water in the Permian Basin

Over the past several years, Solaris has executed on its strategic plan to aggressively expand its water recycling / reuse business and is now one of the leading providers of recycled water to the oil and gas industry. As a founding investor and board member, we have leveraged our resources and experience to collaborate with management and position Solaris as a leading provider of sustainable infrastructure to the North American energy market.



Flow-down Impact

Solaris’ integrated recycled water infrastructure network has eliminated the equivalent of 1,500,000 water hauling truck trips and avoided an estimated 170,000 metric tons of CO₂—realizing road safety improvements and a reduction in vehicular CO₂ emissions for local communities.

2016–2019

Recognizing a Need

Our partnership with Solaris began in 2016, when we paired with Solaris’ founding partners to launch the company; we jointly developed Solaris’ mission to generate long-term growth and value through the construction and operation of integrated produced water infrastructure systems that provide a more environmentally friendly alternative to traditional oilfield water management practices.

2020

Driving Change in Water Use Practices

Between the 2018-2020 period, Solaris increased its volume of recycled water by more than 200%, growing to become the largest commercial recycler of produced water in the Permian Basin.

2021

Building a Sustainable Framework

In 2021, Solaris issued the first Sustainability Linked Bond (SLB) in the oil and gas or midstream industry. Solaris worked with third parties (Institutional Shareholder Services and BDO LLP) and in alignment with the U.N.’s Sustainability Development Goals to link the SLB to a Sustainability Performance Target specific to sustainable and responsible water use (SDG 6, SDG 12). The SLB Framework was made available online and backed by a second party opinion (SPO) issued by ISS. The SPO noted that Solaris is the ONLY company in their peer group to have set concrete targets to increase recycled produced water—raising the bar for best practice standards in the Permian Basin.

2022...

Looking Towards the Future

2022 is the first SLB Performance observation date, committing Solaris to utilizing recycled water for 60% of their sales, setting the company up for a successful upward trajectory in recycled water delivery.

Applying our Expertise to the Energy Transition

Our directed ambitions to leverage our resources and experience to companies that are driving the net-zero energy transition will only continue to gain momentum.

Our team will continue to apply a directed, future looking lens at how we can be a committed partner to companies that are creating the infrastructure and technology to enable the global shift to reducing the carbon footprint of the global energy supply.



Utility-Scale Renewable Energy

Intersect Power is a utility-scale renewable energy developer known for their ability to quickly bring renewable energy generating opportunities to life. Intersect's niche service platform is based in utility-scale solar, with line-of-sight on expanding service capabilities to green hydrogen, creating the framework for Intersect to become one of the leading renewable energy-sourced independent power providers in the U.S.



Scalable Battery Energy Storage

Powin is a leading provider of utility-scale energy storage solutions. Powin's proprietary technology platform pairs their multi-layered software suite and highly engineering system architecture to achieve industry leading operating efficiencies. This system has allowed Powin to become a key partner to many utilities and independent power producers as they look to design and install an increasing number of energy storage systems across North America.



Electric Vehicle Amenities

SemaConnect is the leading provider of electric vehicle amenities to the North American commercial and residential property market. From stand-alone charging stations to network station management and electric vehicle fleet management solutions, SemaConnect's services provide a technology-enabled, integrated solution designed to facilitate the adoption of electric vehicle usage at scale.



Disclosure Statement

The information provided about funds managed by Trilantic Capital Management L.P. (“Trilantic North America”) (each, such fund, a “Fund”) is for information purposes only, is non-binding and has been modified from the Investor ESG Report previously provided to limited partners of the Funds, which contained certain additional non-public and confidential information. The information contained herein is not, and may not, be relied on in any manner as legal, tax or investment advice, or as an offer to sell or a solicitation of an offer to buy an interest in any Fund. If such offer is made, it will only be made by means of an offering memorandum, which would contain material information (including certain risks of investing in such Fund) not contained in this document and which would supersede and qualify in its entirety the information set forth in this document. Statements contained in this report that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Trilantic North America. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. In addition, certain information contained herein represents or is based upon forward-looking statements or information, including ESG-based initiatives, and while Trilantic North America believes such information is based on reasonable assumptions, forward-looking statements are inherently uncertain and actual events or results may differ from those projected. Therefore, undue reliance should not be placed on such information. In addition, statements in this report are based on Trilantic North America’s views at the time that this report was drafted and do not represent a commitment to ensure that specific targets, policies, programs, or other forward-looking actions are achieved. Certain information contained herein are based on or derived from information independently compiled by the applicable portfolio company or a third-party advisor to Trilantic North America, a Fund and/or such portfolio company, and such information has not been independently verified or assured by Trilantic North America. While Trilantic North America believes that such information is accurate and that the sources from which it has been obtained are reliable, none of Trilantic North America nor any of its affiliates or the Funds take responsibility for such information, nor can they can guarantee the accuracy, adequacy or completeness of such information. Further, the information set forth herein does not and will not, in any way, waive, limit, or restrict the rights of Trilantic North America, a Fund’s general partner or any of their respective affiliates and related persons under the applicable definitive fund documents, including without limitation any confidentiality, indemnity and exculpation provisions.