

2022 Impact and Engagement Report

Overview

After recently celebrating the Firm's 20th anniversary, we believe it is the perfect time to reflect upon the driving forces behind our sustained growth over the years. **Since MidOcean's inception, our focus on impact and engagement has played an important role in our investment decisions and ongoing monitoring, as we seek to deliver superior returns for our Limited Partners.**

Our approach has continuously evolved, driven by our keenness to take a leadership role in developing a model that meets the needs of our stakeholders while also unifying and engaging the broader asset management industry. We believe this evolution is a key differentiator of our platform today.

Defined and Targeted Goals

Our approach to Impact and Engagement is defined by four specific goals, each focused on creating better results.

1. *Impact Our Industry*
2. *Develop Frameworks and Processes to Drive Value and Outperformance*
3. *Enhance Our Portfolio Companies*
4. *Engage Our Broader Community*



Goal One: Impact Our Industry

Over the last few years, MidOcean has developed and launched a number of programs and workshops focused on providing increased exposure and access to our industry. In July 2022, we launched the industry-wide **Women's Awareness Initiative (WAI)**, a conduit through which to share a framework for firms of all sizes to facilitate a pipeline of new talent into the asset management industry. WAI has received the support of the Institutional Limited Partners Association (ILPA), and has been included in their publicly available Diversity, Equity and Inclusion Roadmap. **Today, WAI is incredibly proud to have twenty-six partner firms, collectively managing over \$2.7 trillion in AUM.** Each WAI partner is committed to creating awareness among women around career paths in the asset management space. Going forward, our plan is to expand this framework and create new opportunities for a wider variety of diverse candidates.

We have also focused on creating opportunities for mentorship and professional development between individuals from different backgrounds and perspectives. In partnership with Churchill Asset Management, we launched the **Quarterly Women's Breakfast Club series**; programming focused on developing relationships and camaraderie among our industry peers. This series quickly expanded across the asset management industry and we were very pleased to include students from a wide range of colleges and universities.

To enhance the professional experience of senior women in leadership roles across our platform, we launched **Rise Up**, a series which brought together 35+ senior women across the MidOcean portfolio. This program fostered new relationships and opportunities for mentorship and professional growth.

Goal Two: Develop Frameworks and Process to Drive Value and Outperformance

Structure and processes is a core building block of MidOcean's investment approach and Firm philosophy across the platform. In 2022, MidOcean Credit introduced an additional Environmental Impact Analysis into the investment selection process, which includes an analysis of an issuer's absolute carbon emissions, carbon intensity, and weighted average carbon intensity (where available). This analysis complements and bolsters the issuer-specific ESG ratings and analysis already included each Investment Memo. As part of our existing process, the Firm's ESG Officer joins daily Investment Committee meetings, where issuers are discussed with our Chief Investment Officer and the Portfolio Managers. We believe that this information provides necessary details and insights into an issuer's

overall profile that are crucial to make informed investment decisions. During 2022, all issuers brought to Investment Committee included a dedicated ESG analysis for consideration and discussion.

Alongside our ongoing investment process, the Investment Team continued to build out our library of Impact and Engagement case studies, which showcase the sustainability-related opportunity and/or risk of our issuers and/or passed investments, as well as their MSCI and MidOcean sustainability ratings. We worked to maximize value from our relationship with MSCI, and are working to expand our universe of issuers and coverage. As part of our 2023 initiatives, we plan to onboard additional sustainability ratings vendors to expand our universe of coverage and include a wider set of sustainability perspectives.

Within our private equity business, we have historically looked at our investments from over forty different angles to assess business risk and opportunity. During 2022, we expanded the ESG analysis included within our Investment Memos to include cultural assessments. **We recognize that some of our greatest levers of value creation are the leaders and employees who operate our companies.** In partnership with our CHRO, Jim Scarfone, we have developed a consistent process of assessing our Management teams and the culture of each of our portfolio companies in order to identify areas of strength and risk. We utilize this information to develop plans to address opportunities to improve our leadership, organizational structure and culture thereby increasing the likelihood of achieving our value creation plans and creating successful businesses.

Goal Three: Enhance Our Portfolio Companies

MidOcean has a firm commitment to engage in ongoing dialogue with our portfolio companies in order to build strong and sustainable businesses. From a Human Resources perspective, we utilize our expertise and networks to make introductions to key industry players, and work together to find creative ways to attract and retain talent. In 2022, our CHRO, conducted a culture assessment of each portfolio company. This exercise was a useful tool to uncover gaps as well as to identify opportunities to enhance the culture and morale of the employee base of each portfolio company. Working with Jim, we encouraged the launch of over 150 new training programs (with over 2000 training sessions held!) to improve professional development opportunities across our companies.

In an effort to create awareness and action plans around environmental impact, we introduced our management teams to CarbonFund, a program that helps businesses calculate, reduce and offset carbon footprint. These introductions resulted in an engagement by 84% of our portfolio companies. Additionally, we worked with management teams to conduct a risk analysis to determine the physical and transitional risk of climate change on our businesses. These exercises complemented the Firm's own engagement of CarbonFund, which resulted in an offset of an estimated 180.1003 tons of estimated CO2 emissions.

Goal Four: Engage Our Broader Community

Giving back to our communities is a vital part of creating a strong and sustainable culture – as well as stronger, more sustainable companies. Over the course of 2022, members of our Firm made financial contributions to over 200 non-for-profit organizations. MidOcean offers a Charitable Match program, providing an even greater impact to each recipient organization. We also recognize that actionable impacts are an important aspect of giving back to our community. Over the summer, we organized our first annual MidOcean Volunteer Day at the GrowNYC Teaching Garden at Governor’s Island, a local urban farm that features vegetable beds made from recycled plastic lumber. The MidOcean team a day out of the office helping the farm with cleaning and organization efforts – while enjoying the team building and time with our colleagues!

At a portfolio company level, we are pleased to share that our portfolio reached over 70 not-for-profit organizations through giving and collaborative partnerships. We are incredibly proud of these contributions, in particular those who have worked to combat the challenge of growing food insecurity. A few examples include Questex’s partnership with the [Southern Smoke Foundation](#) to create Thanksgiving kits for deserving local families, LFF’s collaboration with Second Harvest/Greater Baton Rouge Food Bank, and KidKraft’s work with [Rise Against Hunger](#), a global movement focused on ending hunger by empowering communities, nourishing lives, and responding to emergencies.

Conclusion

Since our inception, integration and engagement have been deeply embedded throughout our business and processes, enabling us to make practical and consistent progress over the years. Looking ahead, we are focused on continued progress within each of our individual goals, working hand-in-hand with our partners across the platform. **To us, success can be measured through business results, but also importantly, through the wide-ranging impact we have across our range of stakeholders.**