



# GRAHAM PARTNERS 2018 SUSTAINABILITY REPORT

PUBLISHED APRIL 2019

## A LETTER FROM THE DIRECTOR OF SUSTAINABILITY

.....

Graham Partners is pleased to put forward its 4th Annual Sustainability Report, which outlines our 2018 accomplishments. With the continued pursuit of our sustainability goals, it is important to reflect upon purpose. Purpose is defined as “the reason for which something is done or created or for which something exists.” Our position as a private equity firm focused on advanced manufacturing offers us the opportunity to be a part of two very different communities: investors and manufacturers. Each of these groups plays a unique role in our economy, and, as a result, sustainability for each of them takes a different shape.

In his 2013 book *Conscious Capitalism*, John Mackey, the founder of Whole Foods, wrote that “true investors have an important purpose to their work and collectively create great value for society.” At Graham Partners, we are fortunate to have investors in our funds that embody that principle. From university endowments creating lasting support for their institutions, to pension funds aimed at providing long-term financial stability to their employees, our investors have a purpose. As investors in businesses, we care not only about financial returns, but also that our investments are having a positive impact on the world.



*“As investors in businesses, we care not only about **financial returns**, but also that our investments are having a **positive impact on the world.**”*

Our businesses themselves also have purposes: freeze-dried strawberries provide a healthy snack, emergency lighting keeps people safe, medical diagnostic kits determine treatment courses, and high-quality premium food keeps our family pets healthy. As owners, we see our purpose in growing these businesses in sustainable and responsible ways.

Our sustainability program currently focuses on the areas with the greatest impact: energy usage and employee health and safety. By engaging directly with our portfolio companies, they are able to execute their purpose, while minimizing negative impacts on their people and our planet.

We are enthusiastic about the program we have built and look forward to continuing to develop in the years to come.

*Sarah B. Kolansky*

### Table of Contents

- Pg. 3: Sustainability by the Numbers
- Pg. 4: Oh, How We’ve Grown!
- Pg. 5: EHS Initiatives
- Pg. 6: Sourcing with Sustainability in Mind
- Pg. 7: Case Study – EasyPak
- Pg. 8: Case Study – OptConnect
- Pg. 9: Spotlight: Energy Audits
- Pg. 10: Internally at Graham
- Pg. 11: Impact Award Recipients

## SUSTAINABILITY BY THE NUMBERS

ACHIEVEMENTS ACROSS OUR PORTFOLIO THROUGH 2018

\$2.1  
MILLION

ANNUALIZED SAVINGS  
IMPLEMENTED FROM  
ENERGY, WATER, AND  
WASTE REDUCTIONS

100%

GRAHAM IV PORTFOLIO  
COMPANY ENGAGEMENT  
ON HEALTH AND SAFETY

49

ENERGY / LIGHTING  
ASSESSMENTS  
COMPLETED AT  
COMPANY LOCATIONS

2,750+

FULL-TIME EMPLOYEES  
ACROSS ALL CURRENT  
PORTFOLIO COMPANIES

Graham's sustainability resources sit within the Operations Team and engage directly with portfolio companies to drive value creation

## OH HOW WE'VE GROWN!

.....



Graham Partners employs sustainability initiatives to benefit our **people** and our **planet**, and drive **profit** for our investors. Just as we employ a **'growth mindset'** with our investment processes and the businesses we own, we apply those ideals to our sustainability program as well. Since our focus on sustainability began in 2013, we have continuously worked to deepen our engagement, developing the robust sustainability program we have today and going beyond "checking the box." We plan to continue to identify ways to further advance our **environmental stewardship** and **commitment to human capital**, with the ultimate goal of generating enhanced returns.



### Then (2013)

- One Summer Sustainability Intern
- Performed Energy and Lighting Assessments at Select Portfolio Companies

### Now (2018)

- **One** Full-time Director of Sustainability
- **One** Sustainability Operating Partner
- **Two** EHS Operating Partners
- **49** Energy and Lighting Assessments Performed
- **Two** EHS Summits Held
- **Four** Annual Sustainability Reports Released

## ENVIRONMENTAL HEALTH & SAFETY INITIATIVES

.....

Graham Partners' work on portfolio company environmental health and safety (EHS) is founded on the belief that keeping our employees safe while on the job is fundamental. Through Graham's years of experience in advanced manufacturing, we have also concluded that strong safety performance is an indicator for high performance in areas like quality and profit, which directly impact our investments. We provide on-the-ground resources to help our companies improve in this area.



### EHS SUMMIT

A summit was held in January 2018, where representatives from our portfolio companies came together to discuss items such as new safety standards, employee retention, drug-free workplaces, incident management programs, ergonomics, and more.

Participation was strong and feedback was very positive, and another summit is scheduled for May 2019.



### EHS QUARTERLY CONFERENCE CALL

EHS representatives and key safety leaders from each portfolio company participate in a quarterly conference call to share safety best practices on a regular basis.



### EHS OPERATING PARTNERS

Two EHS Operating Partners have been engaged to evaluate areas for improving safety practices at portfolio companies, support employees in maintaining safe workplaces, and work with management teams to emphasize the importance of safety leadership.



Adaljisa Rodriguez at Easypak in Leominster, MA.



Safety Committee at BrightPet in Lisbon, OH.



Jamesia Robinson at Medbio in Grand Rapids, MI.



Diana Rivas at Mercer in Modesto, CA

## SOURCING WITH SUSTAINABILITY IN MIND: FOOD SAFETY

.....

*“We understand the **importance of food safety**, as consumers demand clean labels and hold increasingly high standards for their food.”*

- Andrew Snyder, Managing Principal with Consumer & Food Technology Sector Coverage

Graham Partners has done extensive research in this area, and has completed several investments that are helping advance clean labels and food safety:



### CASE STUDY: UNIVERSAL PURE

.....

Graham Partners acquired Universal Pure in 2014 after conducting an in-depth industry study on high pressure processing (“HPP”) technology. Universal Pure provides HPP and other value-added services to the food and beverage industry. HPP is a method of eliminating contaminants from food without the use of high temperatures, chemical additives or preservatives. This high-growth technology provides clean labels and safe products to food and beverage manufacturers and significantly extends the shelf life of foods, benefiting retailers, consumers, and our world’s resources. In 2018 we exited Universal Pure; see this [link](#) for a press release on the investment.

## CASE STUDY: EASYPAK



Graham Partners acquired and integrated three plastic packaging businesses in 2017 and 2018, forming a mid-sized leading thermoformed packaging platform, EasyPak. Part of our investment thesis was premised on an appreciation for how EasyPak is well positioned to positively contribute to sustainability, particularly as consumers are increasingly focused on plastic products being sustainably produced and recyclable. Graham has taken an active approach, partnering with the EasyPak team to implement several sustainability-related initiatives to ultimately give a second life to plastics:



**96%** of resin used for extrusion at two of the facilities in 2018 was recycled material, **80%** of which was post-consumer recycled content.



**Six MegaWatts** of annual energy savings opportunities were identified through **three** energy audits – the equivalent energy needed to drive a car from Alaska to Florida, and back, year after year.



**\$25K** in savings coupled with better lighting levels for employees was realized by converting metal halide lights to **LED lights** in portions of the Reading, PA and Vernon, CA facilities.



The company has already started to see safety improvements as of Q4 2018 from the integration of the **three** businesses, as they share best practices to achieve company-wide **safety** objectives.



EasyPak understands the importance of designing for recyclability with approximately **73%** of EasyPak's products being recyclable.

In 2019, EasyPak will undergo a sustainably-focused strategic planning session with the goal of further developing the company's approach to sustainability and tying it to revenue and earnings growth.

Visit EasyPak's Sustainability Page here: [www.easypak.com/sustainability](http://www.easypak.com/sustainability)

## CASE STUDY: OPTCONNECT

.....



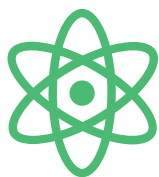
Graham Partners acquired OptConnect in December 2017. OptConnect is a provider of one-stop managed wireless connectivity solutions for unattended equipment, such as ATMs and self-service kiosks. As the Internet of Things (IoT) conversion progresses, OptConnect's customers are able to cost-effectively gain insights into their business through connected devices. Additionally, OptConnect's service furthers sustainability across several of its customers, in new emerging areas the company has begun to penetrate:



OptConnect serves **energy sub-metering customers**, who enable manufacturing and industrial facilities across North America to view their energy usage real-time. These energy insights allow operators to make changes to help reduce a facility's energy usage and also reduce overall stress on the grid.



**Electric vehicle charging stations** are another end market where OptConnect provides connectivity solutions, allowing the stations to deliver analytics and transaction information back to the charging station provider.



OptConnect's technology is used in innovative companies that help reduce waste. For example, **smart water machines** are connected to OptConnect's technology, enabling immediate service, support, and refills. This results in lower costs and reduced waste from consumption of aluminum canned beverages and plastic water bottles. At Graham Partners, we are employing this technology in our offices.



## SPOTLIGHT: ENERGY AUDITS

---



**Industrial  
Assessment  
Center**  
U.S. DEPARTMENT OF ENERGY

**49**

energy  
assessments

have been  
completed at

**37**

portfolio company  
locations

Graham Partners began performing energy assessments at our portfolio company facilities in 2013 with engineering graduate interns. In 2015, we expanded our efforts on this front, partnering with the [U.S. Department of Energy's Industrial Assessment Centers \(IACs\)](#).

The IACs perform energy assessments on small to mid-size manufacturing facilities. Sponsored by the U.S. Department of Energy, the centers are run by university faculty and offer students an opportunity to gain real world experience, while providing facilities free energy assessments.

Prior to the assessment, the plant manager provides an IAC team information about the primary energy consumption pieces of equipment, such as boilers, HVAC equipment, compressors, and chillers, among others. They also provide all energy, water, and waste bills from the past year.

The IAC facilitates an on-site facility visit with a group of students, most of which are graduate-level students with a focus in engineering / energy management. The assessment team collects data on the equipment performance and daily usage trends. Ultimately, a study is prepared for the portfolio company, identifying priority areas in which energy use can be reduced and costs can be saved, and Graham Partners works with the companies to implement these suggestions.

Prior to Graham Partners' investment, many of our companies overlooked utilities as an opportunity for cost savings, and instead saw them as a cost of doing business. By introducing our companies to the IAC program we are able to help them identify low to no cost opportunities to reduce energy usage significantly and capitalize on incentives.

Graham Partners instills a culture of continuous improvement in our portfolio companies, and actively supports various initiatives during ownership to make them bigger, better, and safer, while also driving value for investors. We see energy efficiency as one aspect of continuous improvement, which drives value while reducing environmental impact.

## INTERNALLY AT GRAHAM

---



### IMPACT AWARDS



Graham Partners held our **third annual Impact Awards** in 2018. The program rewards employees of our portfolio companies who are going to extraordinary lengths to make an impact. We recognize that the success of our businesses depends on the hard work of many individuals. **Twenty-eight** employees were nominated, and **four** recipients were selected and recognized at the 2018 Annual Investors Meeting. Please see the following page for details on this year's winners.

### THE VALUE OF DIVERSITY



At Graham Partners, we recognize that our people are our greatest asset from our plant floors to our investment and operations teams. We also recognize that having perspectives from diverse backgrounds and experiences should enable us to create greater value for our investors and attract and retain top talent. That is why we are committed to developing a culture rich in different backgrounds and perspectives in all aspects of our business. We are in the process of developing our approach and we look forward to sharing progress in the coming years.

### SUSTAINABILITY POLICY



Graham Partners continues to place increasing focus on sustainability, including ESG matters throughout our investment process and across our portfolio. In order to solidify this focus, Graham Partners developed a sustainability mission statement and a **10-point policy related to ESG matters**, addressing workplace quality, fostering transparency, encouraging sustainability advancements, investing in ESG, and others. To download a copy of **our sustainability policy**, [click here](#).

## 2018 IMPACT AWARD RECIPIENTS

.....  
RECOGNIZING INDIVIDUALS WHO MAKE A DIFFERENCE



**ERIN ROGERS**

Director of Programs  
**Atlas** (Graham II, Realized)



**JOHAN CRUZ**

Information Systems Manager  
**EasyPak** (Graham IV, Unrealized)



**CORRINE TYLER**

Director of Customer Development  
**Mercer** (Graham IV, Unrealized)



**RANDY GREENLAND**

Program Manager  
**Medbio** (Graham IV, Unrealized)

Graham Partners would like to thank these individuals and the other nominees for their dedication and contributions in helping us grow our purpose-driven businesses.

## About Graham Partners

Graham Partners is a private investment firm focused on investing in businesses with advanced industrial technologies, innovative product offerings, and strong growth potential. Graham Partners targets companies with EBITDA between \$5 million and \$50 million, and will invest in smaller companies to the extent they complement one or more of its other holdings. Since the firm's founding in 1988 by Steven Graham, Graham Partners has closed over 120 acquisitions, joint ventures, financings, and divestitures. Based in suburban Philadelphia, the firm has access to extensive operating resources and industrial expertise and is a member of The Graham Group, an alliance of independently owned and operated industrial and investment management businesses that share in the common legacy of entrepreneur Donald Graham.

