PUBLISHED MAY 2024

2023 Environmental, Social, and Governance **Report**

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This report features select fine art landscape photography works for environmental conservation from the collection of Richie Graham. Through his works, Richie seeks to drive awareness and financial support to environmental conservation efforts, including donating all profits from the sale of his works to environmental nonprofits.

Message from **Our CEO**

Graham Partners[1] experienced significant growth in 2023, in more ways than one. Our team increased in size to 80 professionals for the first time since inception. We also forged a number of new relationships with investors and other partners, and we put more capital to work in 2023 than ever before.

It was also a watershed year for our environmental, social, and governance (ESG) efforts. We built upon our systematic ESG program for our portfolio companies where we hold controlling stakes, and we implemented a new integrated approach to data collection. At a time of increasing regulatory scrutiny of ESG activities and continuing "pushback" in the political arena, we have continued working on ways to make a difference for our portfolio companies. We are committed to furthering an approach to ESG that both drives value and delivers positive outcomes for people and planet.

We recognize, however, the challenge of balancing the varying objectives of our investors with the diverse needs of our portfolio companies, while also contributing to our community and beyond. Nevertheless, as we show in this report, we are making progress.

The actual work of integrating ESG into our portfolio companies in a way that addresses all three goals is an ongoing effort that requires mindfulness, dedication, and gaining comfort with the inherent tension within these efforts.

We are committed to moving forward in a direction that enhances our portfolio companies and at the same time delivers favorable investment results to our limited partners. For us at Graham, that means guarding our culture, which values hard work and the contribution of every individual on our team, while building lasting value in our portfolio companies.

Steven C. Graham

CHIEF EXECUTIVE OFFICER AND
SENIOR MANAGING PRINCIPAL

Note: In 2023, our ESG engagement, as described throughout this report unless otherwise specified, was focused on majority-owned portfolio companies in the value creation phase as defined internally via internal operations dashboards that track stage of investment lifecycle, as determined by certain milestones. This engagement generally excludes: companies exited or acquired in 2023 and minority owned companies.

1 Graham Partners, Inc., together with Graham Partners Operating Company, "Graham Partners" or "Graham."

About This Report

In this report, we highlight Graham's key ESG accomplishments in 2023. We look closely at how our firm works with portfolio companies, what companies are doing to enhance value and positively affect the world, and how we engage with stakeholders in the firm and our local community. Over the past year, we worked productively with our portfolio companies on ESG, and we completed a strategic hire to strengthen our team. During the reporting period, we:

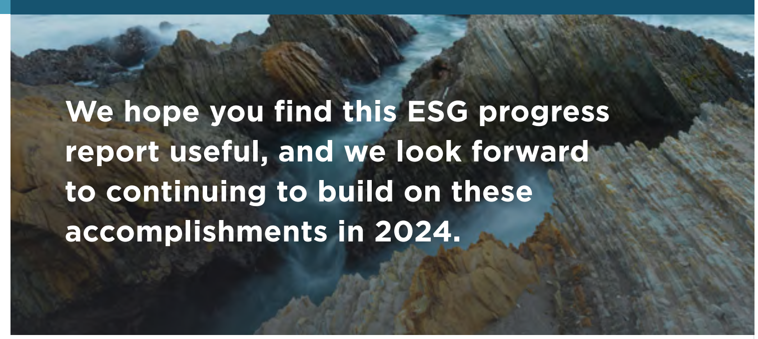
- Completed ESG strategy sessions to link materiality to company mission and growth
- Worked with company leadership teams to finalize materiality matrices that defined ESG impact areas and assigned ownership for tasks
- Developed formal ESG policies that set the direction for goals and improvement targets
- Established ESG action plans that identified concrete steps companies can take to achieve their ESG goals
- Defined key performance indicators to measure and track the results of ESG actions

In addition to working with portfolio company leadership, we carried out independent ESG assessments of our companies to establish a baseline. We partnered with EcoVadis, a globally recognized assessment platform that rates businesses' sustainability based on environmental impact, labor, human rights standards, ethics, and procurement practices. The portfolio company surveys we completed with EcoVadis showed that one of our companies scored in the top 85th percentile of all organizations completing the survey, and four scored in the top 65th percentile,[2] with the majority scoring higher than their industry's average. The scorecard process confirmed that many of our portfolio companies are starting from a solid ESG foundation, but they have scope for further enhancements.

We also established baselines for our portfolio companies on emissions, achieving full scope 1 and 2 emissions calculations for the portfolio.[3] This will enable us to gauge the progress of our portfolio companies in reducing CO_2 emissions over time, one of the important challenges we face, as calls for global action on climate change sound louder each year.

Given that most of the companies in Graham's portfolio have such a strong focus on manufacturing, we recognized the need to highlight health and safety in a tangible way. This began with Graham's ESG team completing Safety Scorecards for each company,[4] which documented a wide range of safety practices across hazard management, general risk management, and commitment by the management teams. Companies followed up on this by holding their own Safety Stand Down events in 2023 to highlight the importance of safety for all employees.

Initiatives like this over the last several years have been making an impact, as the portfolio-wide safety recordable incident rate improved by 52% from 2020 to 2023.



We hope you find this ESG progress report useful, and we look forward to continuing to build on these accomplishments in 2024.

Note: In 2023, our ESG engagement, as described throughout this report unless otherwise specified, was focused on majority-owned portfolio companies in the value creation phase as defined internally via internal operations dashboards that track stage of investment lifecycle, as determined by certain milestones. This engagement generally excludes: companies exited or acquired in 2023 and minority owned companies.

2 The assessment focuses on a range of ESG and sustainability topics within four themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. International Organization for Standardization. Medals are awarded based on the percentile rank of a company which is calculated at the time of scorecard publication. EcoVadis compares a company's performance with all rated companies in its database over the previous 12 months. The percentile rank is calculated across all companies in all industries, not per industry. There are over two million screened companies in the EcoVadis database, which span across over 180 countries and 220 industries. Platinum - Top 1% (99+ percentile); Gold - Top 5% (95+ percentile); Silver - Top 15% (85+ percentile); Bronze - Top 35% (65+ percentile). Ratings were received in 2023 and were based on point-in-time information as of time of assessment, specific to each portfolio company. Graham Partners did not pay to receive this rating directly, but portfolio companies do pay for EcoVadis's services.

3 Includes all majority-owned businesses' facilities with more than 10 employees that have operations such as assembly, warehouse, etc. Excludes two companies that were acquired in Q3 2023. Please see KPI table on page 15 for additional detail.

4 Includes majority-owned companies. Excludes companies exited in 2023 and one company acquired in 2023.

Highlights Across the Portfolio

Graham seeks to invest in companies that we believe are spurring innovation in advanced manufacturing across Industrial Technology, Food & Consumer Manufacturing, and Medical Devices & Life Sciences.

INDUSTRIAL TECHNOLOGY

Barcoding, BrightSign, Gatekeeper Systems, KCF technologies, Myers Emergency Power Systems, Novarc Technologies, OptConnect Managed Wireless Solutions, Signifi Solutions Inc., Surgere, Taoglas

FOOD & CONSUMER MANUFACTURING

ABX, Commercial Bakeries, easypak, PET Plastics, Woodland Gourmet

MEDICAL DEVICES & LIFE SCIENCES

Kinova, Rhythmlink, Velosity

GRAHAM PARTNERS AT A GLANCE

80
Employees[5]

45
Investment Professionals

11
Full-Time Operations Professionals

60+
Operations Executives in the Graham Network[6]

46%
of Employees are Diverse[7]

PORTFOLIO AT A GLANCE

18
Portfolio Companies[8]

4,200
Portfolio Company Employees and Contractors Globally[9]

100%
of Portfolio Companies Majority-Owned by Graham Partners Track their Carbon Emissions[10]

5 The Graham Partners team is comprised of 80 individuals, of which 63 are employed by Graham Partners, Inc., while 17 are employed by Graham Partners Operating Company ("GPOC") as of 12/31/2023.

6 Operations executives are not employees of Graham Partners, Inc. Any compensation paid to operations executives is paid by the applicable Graham Partners fund and/or portfolio company. These payments do not off-set any management fees.

7 Based on a voluntary survey of employees, with 61 of our 73 employees responding as of May 31, 2023. The data collection process was anonymous and the results were kept confidential and used only in the aggregate for diversity reporting and in accordance with applicable laws. The information will not be used for the purpose of making any employment decisions and an employee's team members, peers, and managers will not see their designations. Graham Partners, Inc. does not discriminate on the basis of race, color, religion, age, national origin, disability, sex, sexual orientation, gender, gender identity, gender expression, marital status, veteran or military status, or any other characteristic made unlawful by applicable federal, state or local laws. Graham Partners, Inc. is developing and implementing programs and initiatives to promote diversity and inclusion within our firm's culture. Figure includes employees who identified as female, Asian, Black, Hispanic/Latinx, or Middle Eastern/North African.

8 This list includes all active portfolio companies as of 12/31/2023 across our buyout and growth strategies and excludes one minority investment that does not fall into our three main subsectors of focus.

9 This includes part-time and full-time employees on payroll and contracted temporary employees at portfolio companies, including non-control investments as of 12/31/2023, as reported by the portfolio companies.

10 Excludes two companies acquired in late 2023.

How We Work with Companies on ESG

At Graham, we embed ESG considerations into the lifecycle of an investment, from initial due diligence on a target company to fully fledged ESG action plans post-investment. This starts with our ESG team completing comprehensive ESG diligence before investing in a majority-owned portfolio company, which results in a preliminary materiality assessment. From this initial assessment,[11] we work with company leadership to build a well-defined ESG program, designed to identify the key ESG goals, the levers to achieve these goals, and ways of measuring progress.[12]

In creating ESG action plans, we look to drive value within companies – whether through cost savings, operational improvements, or reductions in business risk. Whatever the specific levers we use, pulling them may also deliver benefits to the environment and society, through smaller environmental footprints and healthier, more engaged employees.

Focus of 2023: Working with Company Leadership to Embed ESG

In 2023, through ESG strategy sessions, we worked to educate the leadership of our portfolio companies so that they could then lead their teams in developing strategies, policies, and key action items designed to enable progress on their triple bottom line.[13] In the following pages, we highlight the common areas of materiality we focused on, as well as examples of specific actions we took in our portfolio to enhance company value through ESG.

PROPRIETARY STRATEGY SESSION

Leadership Training → Finalize Materiality Matrix → Choose Significant Areas of Materiality → Development of ESG Policy

Choose Significant Areas of Materiality → Development of Action Plans and KPIs → Action Plan Execution (Areas of Improvement)

11 Preliminary assessments are completed on majority-owned portfolio companies.
12 The approaches discussed may not be fully implemented, or may be implemented differently, for each portfolio company.
13 Excludes BrightSign, Rhythmlink, Barcoding, Taoglas. Strategy sessions for these companies have or are slated to take place in 2024.

Defining Materiality in Graham's Portfolio

In working with portfolio company leadership on ESG in 2023, we began by considering a wide range of possible themes that could affect their businesses. These themes cut across operations, products and services, supply chains, employees, communities, governance, and the economy. We wanted to learn which areas were most material to their businesses and which ones could best boost each company's growth strategy.

Across the dozens of product offerings, services, and operational formats spanning our portfolio, several common themes emerged in the areas of employees, operations, governance and economy, and supply chain. These themes ran across the full spectrum of E, S, and G, as shown in the table below, and they dovetailed well with the expertise of Graham's Operations Team.

Key Areas of Materiality in Graham's Portfolio

EMPLOYEES	OPERATIONS	GOVERNANCE AND ECONOMY	SUPPLY CHAIN
Employee Engagement & Retention Diversity & Inclusion	Product & Operational Improvements Environmental Compliance Employee Health & Safety	Data Security Financial Controls	Product Sourcing & Transparency

Turning Insights into **Action**

Leveraging the insights of the materiality discussions we held with portfolio company leadership, we worked with them to develop comprehensive ESG policies, as well as action plans with specific timelines and measurable outcomes. Below,[14] we highlight some of the work that our portfolio companies are doing to enhance their ESG programs.

EMPLOYEES

Improving employee health and safety

All Graham companies completed the Employee Health and Safety scorecard and developed an action plan to close gaps in their programs.

Enhancing career paths and earning potential of employees

VPET is currently working to standardize job descriptions, career paths, and pay levels to enhance employee satisfaction and engagement.

Facilitating employee engagement

Gatekeeper deployed an employee engagement survey that led to improvements in their facilities.

OPERATIONS

Reducing scrap waste

EasyPak reduced material scrap waste by 15% in their printed sheet operation.

Minimizing food waste

Commercial Bakeries declared a "War on Waste" and is targeting a reduction in food waste of 250,000 pounds per year by the end of 2024.

Decreasing energy consumption

VPET's Valencia, California plant reduced its energy usage by 14% per pound of product produced from 2022 to 2023.

GOVERNANCE AND ECONOMY

Data security

Implemented industry leading Endpoint Detection and Response solutions, such as CrowdStrike Falcon Complete and other similar providers, to protect against malware at majority-owned portfolio companies.

Data security

We collaborated with majority-owned organizations to increase their BitSight Security Ratings and ultimately decrease external cyber risk and exposure.

SUPPLY CHAIN

Deploying supplier codes of conduct

Woodland Gourmet and VPET developed comprehensive supplier codes of conduct tied to their ESG values and the expectations of their customers.

Creating ESG-focused supplier questionnaires

Woodland Gourmet and Gatekeeper developed supplier ESG questionnaires that will enable the companies to better assess compliance with their supplier codes of conduct.

14 Includes majority-owned companies. Excludes companies exited in 2023 and one company acquired in 2023.

Product Improvement at **ABX**

Packaging Manufacturer ABX Removes "Forever Chemical" from Production Process

Graham portfolio company ABX is a manufacturer of flexible packaging solutions for customers in food, consumer, healthcare, and specialty markets. The company employs over 750 people and operates seven production facilities in five states in the U.S. The ABX leadership team has a long-held commitment to sustainable packaging solutions, but the team recognized that their business had important environmental and regulatory challenges that needed to be addressed.

Like many makers of flexible packaging, ABX used materials from suppliers that included chemicals known as per- and poly-fluorinated alkyl substances (PFAS) in their formulation. The PFAS did not perform a function in the final packaging, but the chemicals were used as part of the plastic extrusion process. In addition, some printing inks used by ABX included PFAS, which improved the rub resistance of the ink. Although PFAS are approved by the FDA for use in food packaging, PFAS are considered "forever chemicals" because of how slowly they decompose after disposal. Related to this, legislation is being introduced by multiple states requiring the removal of PFAS from food packaging.

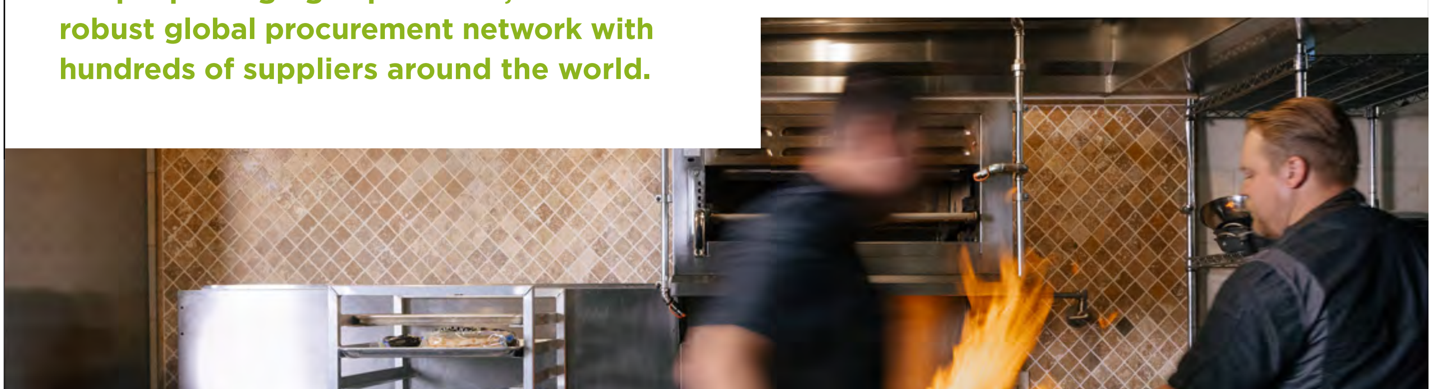
In 2022, the ABX team committed to eliminating all PFAS from their production process, even in the face of objections from customers who preferred their original packaging solutions. The team identified all internal and external sources of PFAS in their products and began working on replacements for these materials across their product offering. The team has also restricted the use of PFAS by their suppliers, and they are updating their supplier code of conduct to reflect these changes.
By taking the initiative to eliminate "forever chemicals" from their production process, the ABX team removed one more source of PFAS in the environment and shielded themselves from future regulatory restrictions around the use of these chemicals.

Supply Chain Success at **Woodland Gourmet**

Plant-Based Ingredient Supplier Woodland Gourmet Improves Food Safety Standards through Innovative Sourcing

Woodland Gourmet is a provider of global plant-based ingredients, including herbs, spices, rice, grains, and other specialty food products serving customers across the foodservice, industrial, and retail channels. Headquartered in Waukegan, Illinois, the company's team of over 300 employees leverages a strong in-house culinary and R&D infrastructure, value-added processing, quality assurance, unique packaging capabilities, and a robust global procurement network with hundreds of suppliers around the world.

For many years, Woodland Gourmet had struggled to find a reliable supplier of Japones peppers, an ingredient typically sourced in India, popular for its versatility in a variety of dishes. Previous suppliers in India processed the peppers in facilities where peanuts were present. This posed a food safety risk – with the possibility of allergen contamination and product recall – which required a creative solution. Brainstorming as a team, they developed a plan to work with one of their current pepper suppliers in Ecuador to create a more reliable and food safe supply of Japones peppers. The supplier sourced Japones seeds, germinated them in a greenhouse, and then planted the seeds in their fields. The team is now moving into its second planting season. In moving Japones pepper production from India to Ecuador, the Woodland Gourmet team reduced the allergen and food safety risk in their supply chain; dramatically reduced the "food miles" traveled by the peppers (which is an area of increasing focus for many suppliers); and gained a more dependable supply of Japones peppers.



Employee Engagement at **Gatekeeper**

Loss Prevention Solution Technology Provider Gatekeeper Systems Boosts Employee Engagement

Gatekeeper Systems ("Gatekeeper") is a provider of IoT-enabled loss prevention solutions protecting retailers' people, products, and profits via a non-confrontational pushout prevention technology. Headquartered in Foothill Ranch, California, the company serves 48 of the 50 largest global cart-based retailers across 60 countries and 8 global offices, employing over 400 people.

Given the technical sophistication of Gatekeeper's solutions, the firm's highly skilled workforce is one of its most important assets. Because of this, the leadership team sought ways to enhance team morale and foster an even stronger company culture, so they launched an employee engagement program in 2023. The cornerstone of this effort was the company's first-ever employee engagement survey, which created a forum for team members to solicit insight into employee satisfaction and identify opportunities for continuously enhancing the work environment and culture at Gatekeeper.

The majority of Gatekeeper staff participated in the survey, where they shared their views on job satisfaction, leadership effectiveness, and other specific employee concerns. Survey results indicated that about 70% of responding employees had positive views of the company, which showed that the leadership team had a solid foundation to build on. The survey identified several areas of importance to employees, centered around gaining a better understanding of how their work contributes to the company's goals and learning how to be successful in their roles. The survey also underscored a promising area of development – employees recognized that their productivity could be enhanced through improvements to their office environment, both physically and culturally.

In response to employee feedback about making the physical workspace more enjoyable, the company carried out office renovations in early 2024, where they expanded the cafeteria, installed new walls to reduce noise, and completed a facelift of meeting rooms and other facilities to make them more appealing. Gatekeeper leadership is also looking at ways to increase collaboration between departments and implement more learning and development opportunities for employees. Gatekeeper anticipates that these efforts will facilitate a more engaged workforce, which will benefit both the company and the community in which it operates.

Process Improvement and Scrap Reduction at **EasyPak**

Food Packaging Provider EasyPak Reduces Scrap Waste Earmarked for the Landfill

EasyPak is a provider of thermoformed food packaging focused on sustainable solutions for healthy and natural foods. The company employs over 475 people and operates five plants in five different states in the U.S. EasyPak is an industry pioneer in recycled content from polyethylene terephthalate (PET) food packaging, which effectively creates a "second life" for plastic. EasyPak uses highly recyclable PET plastic from drink bottles and other sources to create high-quality food packaging.

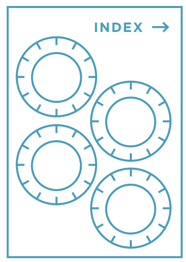
$270,000+

Savings from Material Reduction in 2023

As part of EasyPak leadership's continuing commitment to sustainable manufacturing, the team worked hard in 2023 to significantly reduce scrap waste from its production process. As a result, fewer tons of plastic are expected to end up in landfills, and less greenhouse gases will be emitted in recycling this waste material. It has also resulted in cost reductions that benefit the company's bottom line.

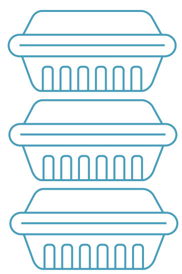
EasyPak focused its efforts on several different fronts, which all helped to reduce scrap waste:

Sheet optimization



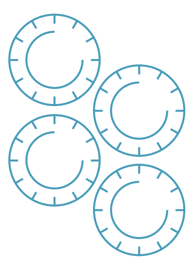
At EasyPak's Oldsmar, Florida facility, the team adjusted the sheet width and index to align more closely with the machine's layout to reduce scrap. This resulted in scrap reduction of 2–7%, depending on the tool size, translating into savings of over $12,000 in 2023.

New polypropylene vendor



For one line of food packaging, the company changed its polypropylene vendor to a new supplier that provides more consistent material, enabling various process improvements. The change resulted in a scrap improvement of 10–15% (depending on run), translating into savings of over $120,000 total over 2022 and 2023.

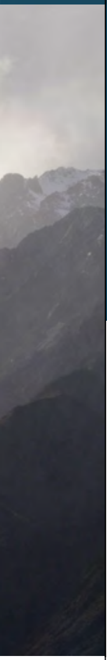
Machine improvements and artwork adjustments



The company replaced machine components and adjusted artwork location on sheets to maximize yield and reduce plastic waste. This had the effect of reducing scrap by more than 15%, resulting in savings of over $200,000 over 2022 and 2023.

The EasyPak team continues to expand their scrap reduction program by taking what they learned and implementing it on other production lines. Other scrap-saving measures include machine and equipment upgrades, procedure changes, startup process improvements, operator training, quality control inspection changes, and material layout optimization. These programs resulted in cost savings of over $270,000 in 2023. The team hopes to expand the program in 2024 and beyond to save even more plastic waste from going into landfills and reduce production costs.

Reducing **VPET's** Energy Footprint



VPET Reduces Energy Footprint by Shifting to Off-Peak Energy Usage

VPET is a maker of plastic containers for packaged food and beverage products. The company operates five manufacturing facilities across the U.S., as well as manufacturing facilities in various locations globally. Given the size of its operations, VPET's management team spotted an opportunity to reduce costs, while also benefitting society and the environment by reducing energy consumption.

Power producers typically look to balance supply with demand by offering lower-cost electricity during times of low demand. Companies like VPET that can make the shift to off-peak times can benefit from cheaper electricity prices. These shifts can also reduce demand on the grid, which helps to avoid blackouts and keeps critical life-saving equipment running.

The VPET team worked with Graham's ESG team to analyze the energy consumption patterns of the company's facilities – even drilling down to 15-minute intervals – to identify times of peak consumption. They looked at hundreds of machines scattered across various sites and considered the energy costs of starting up machines at the beginning of shifts, as well as ongoing electricity consumption. From here, the team considered how to shift certain energy-intensive processes to times of off-peak energy demand, when electricity prices are 30-35% cheaper.

The team found, for example, that second shift coincides with peak demand on the electrical grid (4 pm-9 pm), translating into the highest electricity costs for the day. The VPET team responded by moving energy-intensive grinding activities, which prepare scrap material for disposal, away from second shift to first and third shifts, when energy costs are lower. They also reduced the number of machine start-ups in second shift in favor of start-ups early in the morning or late at night, when energy is cheaper. The net effect of these efforts was to reduce both the cost of power and the total number of kilowatt hours (kWh) consumed.

Energy usage at VPET's Valencia, CA plant shows how these energy savings work in practice. As a result of these smarter working practices and an increase in utilization of solar rooftop panels, the facility reduced energy consumption by 14% per pound of product produced in 2023, and have set the stage for further savings in the future. VPET also shifted production at their Fontana, CA plant in real time according to the power company's needs. This entailed joining an energy curtailment program known as the Base Interruptible Program (BIP), where the VPET plant agreed to curb energy consumption when requested by the utility. The agreement netted VPET an annualized energy savings of approximately $168,000. This, combined with the other measures and newly negotiated power rates, resulted in total savings in electricity costs for 2023 of $286,000.

$286,000

Total Savings in Electricity Costs for 2023

Spotlight on People: Building a **Culture of Safety**

Graham Helps to Enhance Safety Practices at Portfolio Companies

In 2023, Graham rolled out a Safety Scorecard to evaluate occupational safety best practices at each major operating location of its portfolio companies. The scorecard included 76 practices across three different categories: Management Commitment, Hazard Management, and Risk Mitigation. Practices ran the gamut from safety guards for machines and "lock-out/tag-out" mechanisms for machines in need of service to the effective use of a safety committee and regulatory reporting.

All 34 major portfolio company locations completed the scorecard in 2023, and leadership teams developed action plans to implement applicable best practices that were not already in place. They prioritized items based on risk and severity and put plans in place to resolve any further issues in 2024.

Notably, two companies that completed scorecards at the beginning of 2023 significantly improved their scores over the year. For example, **Woodland Gourmet earned an initial score of 36%, which improved to 76% by year-end** by establishing a safety committee, improving safety training, and taking other measures. **Rhythmlink, which Graham acquired with a very limited formalized safety program, improved their score from 58% in May 2023 to 83% at year-end 2023** by establishing a comprehensive safety program that implemented industry-recognized operational best practices.

SAFETY STAND DOWN EVENTS

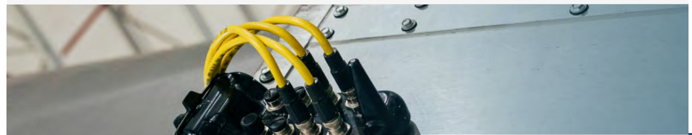
As a part of our broader safety initiatives, all major portfolio company operations held a Safety Stand Down Event in 2023. In these sessions, companies highlighted the importance of safety for employees through events like safety trainings, company-wide safety celebrations, and education sessions focused on specific areas of risk that are material for their company. Going forward, major portfolio company locations will hold a similar event annually to further enhance safety practices.

Risk Mitigation	Contractor and Visitor Safety	Motor Vehicle Safety	Regulatory Reporting	Regular Safety Audit
Hazard Management Best Practices	Lock-out / Tag-out	Electrical Safety	Walking-Working Surfaces	Machine Guarding
	Powered Industrial Trucks	Confined Space	Fall Protection	Other Regulatory Safety
Management Commitment	Safety Leadership and Continuous Improvement	Safety Processes and Procedures	Data and Reporting	Safety Committee
	Emergency / Incident Response	Facility Safety Essentials	Training / Hazard Communication	Annual Safety Stand Down Event
Leadership	Leadership Example	Transparency	Continuous Improvement Mindset	

Note: Major operating locations, major portfolio company locations or similar terms used in this report refer to facilities with more than 10 employees that have operations such as assembly, warehouse, etc. Includes all majority-owned businesses, excluding two of the four companies acquired in 2023.

Growth Companies Spotlight

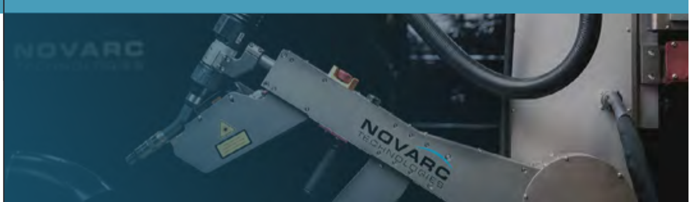
In addition to Graham's control investments, we take minority positions in promising high-growth companies with technology-driven business models. The Graham ESG team does not work as closely with these companies, given the different ownership structure, but many of these firms are pushing forward their own ESG agendas to reduce risks and costs, while also benefitting people and planet.



NOVARC'S ESG FOCUS

NOVARC TECHNOLOGIES

Novarc Technologies ("Novarc") is a provider of AI-driven, collaborative robots ("cobots") specialized in pipe welding for industrial and commercial end markets. The company employs approximately 100 people and operates three plants in North Vancouver, Canada. Pipe welding is an essential component of many global industries, including manufacturing, construction, and more. Novarc is working to revolutionize traditional welding methods to reduce energy use and environmental impacts, such as the release of greenhouse gases, metal pollutants, and waste.



Novarc's flagship product, the Spool Welding Robot (SWR), brings software and automation to traditional manual welding, which results in a more precise and efficient welding process. These efficiencies in turn lead to decreased energy consumption and fewer airborne emissions.

The automation of Novarc's SWR system also allows welding operators to work remotely from the welding arc, reducing their exposure to fumes, harsh UV light, excessive heat, and arc flash (which can cause injury to the welder). This system also eliminates the requirement for certain post-weld testing, further reducing human exposure to X-rays.

Novarc is a telling example of how technology can be brought to bear on a traditionally manual process to increase efficiency while reducing the environmental impact and the risk of workplace injuries.

KCF TECHNOLOGIES: CUSTOMER HIGHLIGHT

KCF technologies

KCF Technologies ("KCF") is a provider of machine health monitoring solutions that include Software as a Service ("SaaS") enterprise software and hardware along with comprehensive engineering support. The company employs nearly 200 people and operates one facility in central Pennsylvania. The company's continuous, real-time "machine health" platform securely processes thousands of data points to alert customers of critical issues and reduce unplanned downtime by proactively identifying the root cause of machine failures.

Aging or faulty machines consume more energy than well-maintained equipment, so identifying these weak links in the manufacturing process helps customers reduce energy consumption. KCF estimates that its systems can help the average manufacturing plant reduce energy consumption by 15,000 kWh per day, or about $365,000 annually. For a sense of scale, the average house in the U.S. uses 10,500 kWh in a full year, so KCF's monitoring solution at a single plant can save the equivalent of 521 homes off the grid for an entire year.[15]

One KCF customer, the pulp and paper producer Georgia-Pacific, deploys roughly 62,000 KCF sensors across over 100 sites worldwide. By integrating these sensors with KCF's machine health monitoring system, Georgia-Pacific can proactively identify crucial issues through timely alerts. Cross-referencing data from various sites allows Georgia-Pacific to identify systematic issues that affect multiple locations, providing opportunities to scale solutions and enhance reliability across their operations. This shift from a reactive to a proactive approach has led to a 50% reduction in unplanned events, resulting in safer work environments, fewer critical machine failures, and more efficient operations.

15 Based on industry data and KCF estimates.

Program Monitoring with a Spotlight on **ESG Data**: BI/AI Implementation

Graham's efforts to track ESG metrics at portfolio companies began in 2013, when we started collecting electricity and natural gas data to monitor usage trends and ESG outcomes. Since then, we have expanded data collection to include safety metrics, water usage, and demographics data where possible, as detailed in the table below. Collecting this data helps in setting ESG goals for companies and ultimately in measuring achievements. It also helps to set the stage for Graham to fully align with the private equity industry's ESG Data Convergence Initiative, which is developing a set of common ESG reporting standards for privately held companies.

2023 saw another evolution for Graham, when we completed a full analysis of scope 1 and 2 emissions for the portfolio companies listed below. We also built a dynamic visual dashboard in Power BI that showcases this data at the level of the fund, portfolio company, and individual location.

Our aim for 2024 is to incorporate this data into the larger set of operational key performance indicators (KPIs) and share it with company leadership, which will enable better decision-making on ESG matters.

ESG KEY PERFORMANCE INDICATORS[16]

Portfolio Company	Scope 1 ($mtCO_2e$)	Scope 2 ($mtCO_2e$)	Total Water Usage (m^3)	Total Recordable Incident Rate	Lost Time Incident Rate	Diversity % Female – Senior Leadership	Diversity % Female – All Employees
ABX	5,357	14,239	135,005	1.5	0.6	0%	23%
BrightSign	30	47	1,271	0	0	0%	23%
EasyPak	886	9,953	13,528	2	0.9	0%	46%
Gatekeeper	774	706	61,148	0.3	0.3	20%	31%
OptConnect	17	36	N/A	0	0	14%	19%
Rhythmlink	0	82	1,419	0	0	13%	13%
Taoglas	568	423	204	1.1	0.5	38%	43%
Velosity	251	6,223	6,093	0.9	0.2	29%	32%
VPET	1,012	11,168	94,746	2.3	0.2	0%	42%
Woodland Gourmet	652	1,315	7,689	4.4	0.4	33%	54%
TOTAL	**9,548**	**44,191**	**321,102**	**1.4**	**0.4**	**24%**	**34%**

UTILIZING MACHINE LEARNING TO CALCULATE COMPANY EMISSIONS

As part of Graham's ESG data tracking efforts, we collected utility data across all major portfolio company operations each month,[17] which proved to be a cumbersome, inefficient process. In 2023, we developed a process that enables us to pull data directly from utility invoices, in a way that maximizes both efficiency and accuracy. In this new process, portfolio companies send their utility invoices to Graham, which are then processed through a proprietary invoice reader that utilizes machine learning to increase accuracy. The tool reads values for usage, cost, and dates and pulls this information into our internal database. We then feed it into the Power BI system, which calculates emissions data using industry-standard emissions factors.

16 ESG Key Performance Indicators Include all majority-owned businesses' facilities with more than 10 employees that have operations such as assembly, warehouse, etc. Includes two of the four companies acquired in 2023. Additional information regarding the selection criteria as well as information regarding all portfolio companies is available upon request. The data reported does not encompass all ESG metrics being collected by Graham Partners. Scope 1 and 2 emissions are as defined by the Environmental Protection Agency. Emissions are calculated using zip code specific emission factors based on the mix of fuel sources for that region, utilizing US DOE's eGrid data for US locations and country level emission factors for non-US locations. Total Water Usage includes water consumed on site from operations. Total Recordable Incident Rate (TRIR) = [Total Recordable Incidents in a Year] × 200,000 / [Total Hours Worked by Employees in a Year]. Lost Time Incident Rate (LTIR) = [Total Lost Time Incidents in a Year] x 200,000 / [Total Hours Worked by Employees in a Year]. Diversity % Female – Senior Leadership = Total Number of Females in Senior Leadership Positions / Total Number of Employees in Senior Leadership Positions. Senior Leadership includes CEO/President and their direct reports. Diversity % Female = Total Number of Females / Total Number of Employees. All figures are LTM, other than diversity figures, which are point-in-time as of 12/31/23. All data has been provided directly by portfolio companies and has not been verified by Graham Partners or any third party. TRIR, LTIR and Diversity KPI totals are weighted averages. Excludes fugitive emissions contributing to scope 1 for ABX and Velosity's Brooklyn Park location.

17 Includes all majority-owned businesses' facilities with more than 10 employees that have operations such as assembly, warehouse, etc., and includes three of the four companies acquired in 2023.

Impact Awards

Fostering Employee Engagement by Recognizing Individual Contributions

As part of Graham's efforts to enhance employee engagement across our network of portfolio companies, each year we recognize team members who have made exceptional contributions to their company. This year, we are pleased to present the winners of our eighth annual Impact Awards, who were personally recognized on stage at our Annual Investor Meeting in November 2023. Launched in 2016, the program recognizes employees within the Graham portfolio who are going above and beyond to drive results and help their companies succeed. These individuals are directly nominated by their management teams,[18] and in 2023, we received 45 nominations from 15 companies. We are pleased to now recognize four finalists, whose hard work and dedication have continued to further the missions of their companies.

Chris Padilla

VPET

Plant Manager

Tenure: **2 years**

Chris served as Plant Manager of VPET's Canyon Plastics add-on acquisition in 2022 and proved to be a key player in onboarding the business into the VPET organization. He **worked diligently to update costing models and pricing approaches, while also driving upgrades to production equipment, plant infrastructure, and warehousing projects.** His efforts have enabled the plant to contribute significantly to VPET's bottom line.

Sabrina Hasty

Rhythmlink

Product Development Manager

Tenure: **8 years**

Since January 2020, Sabrina has helped to bring **173 new medical devices to market, cumulatively driving more than $15 million in revenue.** Her efforts have helped to accelerate time-to-market for new products and boost employee engagement. She has also served as a resident subject-matter expert for product technologies and acted as a key player in acquisition integrations.

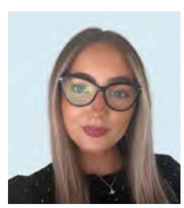
Amin Ghasemazar

Novarc

Product Manager

Tenure: **2 years**

Amin made many contributions to Novarc in 2023, such as taking the lead on improvements to Novarc's Pipe Spool Welding Robot, which resulted in more user-friendly solutions. He also served as interim lead of the AI team, while fulfilling his product management role. In addition, he played an integral role in **securing a $4 million investment in Novarc from Caterpillar, and he spent six months working to secure $3 million in grants to support the NovAI robotic vision system for automated welding.**



Molly Edwards

Gatekeeper

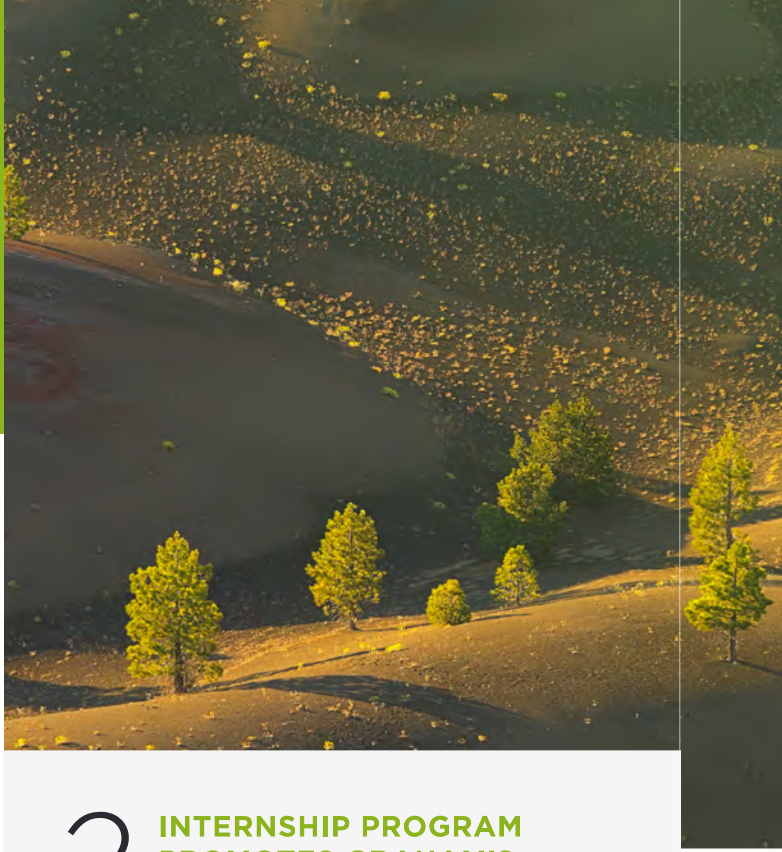
Project and Account Manager

Tenure: **4 years**

Molly took the lead in delivering Gatekeeper's largest rollout of a loss prevention system in the company's history. Her adroit project management helped to **deliver over $30 million in revenue from one customer in less than 12 months**. In addition, Molly managed the rollout of system modifications to another approximately 100 stores for this customer.

18 Graham's nomination committee, comprised of Operations and Investment Team professionals, votes on a top nominee from each company that participated and selects overall winners from that pool. Finalists and winners are chosen based on the employees' performance highlights and accomplishments. More information is available upon request.

The Graham **Difference**



1 HELPING TO ENRICH THE LIVES OF SOCIALLY DISADVANTAGED CHILDREN

As part of Graham's broad commitment to people and planet, our team engages with the local Philadelphia community through the charity Cradles to Crayons. The organization provides low-income children with essential items for thriving at home, in school, and for play. Cradles to Crayons has served over one million children across greater Philadelphia.[19] The city has one of the highest poverty rates among the nation's ten largest cities, so Cradles to Crayons serves a community with deep needs.[20, 21] The Graham team had the opportunity to volunteer with Cradles to Crayons in December 2023, when team members sorted and packed various donations for Philadelphia youths, including books, warm clothes, personal care products, school supplies, and more.

19 www.cradlestocrayons.org/philadelphia/
20 U.S. Census Bureau Data
21 Cradles to Crayons

2 INTERNSHIP PROGRAM PROMOTES GRAHAM'S DIVERSITY GOALS

Graham's strong promote-from-within culture means that our single biggest lever for fostering a diverse workplace is our 10-week summer internship program. It offers high-performing and motivated students from all walks of life an opportunity to gain experience in private equity. In 2023, Graham hosted 25 summer interns, which included undergraduate juniors and seniors, as well as MBAs. The group hailed from 17 different universities across the U.S.

3 INVESTING IN OUR PEOPLE

Graham continues to invest in our people, as they are the key to our success. This year, we further developed our Diversity and Inclusion strategy by participating in affinity-group networking, including the Private Equity Women Investor Network (PE WIN), 100 Women in Finance, and Women Investing for a Sustainable Economy (WISE). We also conducted training and development programs focused on junior and mid-level team, such as PowerBI, Macabacus, ESG, financial operations, and private equity fundamentals. In addition, we worked to recruit diverse internship candidates through outreach to university clubs and organizations comprised of students from groups that are historically underrepresented in finance.

About **Graham Partners**

www.grahampartners.net

Graham Partners is a private investment firm focused on investing in technology-driven companies that are spurring innovation in advanced manufacturing, resulting in product substitutions, raw materials conversions, and disruptions to traditional end markets.

Graham Partners can offer control or minority capital solutions and typically targets companies with EBITDA up to $50 million. Since the firm's founding in 1988 by Steven Graham, Graham Partners has closed over 160 acquisitions, joint ventures, financings, and divestitures. The committed capital raised since inception through the Graham Partners funds together with Graham-led co-investments totals approximately $5.5 billion, which differs from Regulatory Assets Under Management. Investors include college and university endowments, foundations, public and private pension plans, insurance companies, funds-of-funds, and other institutional investors. 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 independent operating businesses, investment firms and philanthropic entities, which all share in the common legacy of entrepreneur Donald Graham.

General **Disclosures**

It should not be assumed that any ESG practices or standards described herein will apply to every investment in which a fund invests or that they have applied to all of Graham Partners' prior investments. ESG is only one of many considerations that Graham Partners takes into account when making investment decisions, and other considerations can be expected to outweigh ESG considerations in certain circumstances. While Graham Partners has valued sustainability for a number of years, Graham Partners started incorporating ESG officially into its decision-making processes in 2016, first through its Gating Committee, and then later through its Investment Committee process. Graham Partners endeavors to carry out its ESG program across its portfolio of investments, but the level of engagement with certain investments may be limited, including, but not limited to, non-control investments. Thus, any portfolio-wide activities highlighted herein may not be applicable to certain investments. In addition, ESG activities undertaken by portfolio companies in which Graham does not have a controlling interest are not necessarily undertaken at the direction or with the involvement of Graham. Any ESG information provided herein is intended solely to provide an indication of ESG initiatives and standards that Graham Partners seeks to apply with an investment as part of the larger goal of maximizing financial returns on investments. There is no assurance that Graham Partners will evaluate the same or all ESG characteristics for every investment. Accordingly, certain investments may exhibit characteristics that are inconsistent with the practices or standards described herein. While Graham Partners seeks to integrate certain ESG factors into its overall investment management processes, including certain of the standards and strategies described herein, there is no guarantee that Graham Partners will be able to successfully apply such standards or strategies or will otherwise be able to successfully implement its ESG policy or make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Graham Partners, or any judgment exercised by Graham Partners, will reflect the beliefs or values of any particular investor. There are significant differences in interpretations of what constitutes positive ESG impact and those interpretations are rapidly changing. Graham Partners' interpretations and decisions are expected to differ from others' views and could also evolve over time. For the avoidance of doubt, however, Graham Partners does not expect to subordinate a fund's investment returns or increase a fund's investment risks as a result of (or in connection with) the consideration of any ESG factors. Graham Partners' investment strategy is subject to significant risks and there is no guarantee that a fund will achieve its investment objective or avoid losses.

While Graham Partners strives to implement ESG practices, there can be no assurance that Graham Partners will be able to identify all ESG issues. The use of ESG metrics in the investment process may be subjective and are not subject to uniform standards, and, as such, there is no guarantee that Graham will be able to accurately assess and measure the ESG risks and ESG compliance of a Graham Partners fund's investments or potential investments. The impact following the occurrence of an ESG initiative/event may vary depending on the nature of the event, asset class, the region, and applicable regulatory regime(s). Where such an event occurs, there could be a negative impact on the value of an underlying asset or other adverse impacts for the underlying asset, Graham Partners or the Graham Partners funds, including as a result of reputational harm.

References to portfolio companies are intended to illustrate the application of Graham's investment process only and should not be viewed as a recommendation of any particular security or portfolio company. The information provided about these portfolio companies is intended to be illustrative and is not intended to be used as an indication of the current or future performance of Graham's portfolio companies. The investments described in the selected case studies do not represent all of the investments made by any Graham Partners fund. It should not be assumed that investments in any portfolio companies discussed herein were or will be profitable. It should also not be assumed that investments made in the future by any fund managed by Graham Partners will be comparable in quality, diversity, or other characteristics (including ESG) to the described portfolio companies. Additional information regarding the selection criteria as well as information regarding all portfolio companies is available upon request. For a complete list of all current Graham Partners portfolio companies, please visit https://www.grahampartners.net/portfolio/#current. The information provided herein is for informational purposes only and is not and may not be relied upon in any manner as advice or as an offer to sell or solicit an offer to buy interests in any Graham Partners fund or other product sponsored or managed by Graham or any of its affiliates. Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable Graham Partners fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering.

The Operations Team is composed of certain Graham Partners Operating Company ("GPOC") employees and third-party contractors, who provide consulting services to the portfolio companies of the Graham Partners funds and, in certain instances, to the Graham Partners funds themselves, or to Graham Partners, its affiliates and related parties. On a full-time equivalent ("FTE") basis, the Operations Team currently approximates 24 people, and includes 13 full-time employees of GPOC with backgrounds in procurement, manufacturing operations, FP&A (financial planning and analysis), revenue enhancement, sustainability, tax and financial controls, among other areas, including ESG. GPOC is a wholly owned subsidiary of Graham Partners. GPOC's services, including services provided for ESG initiatives, are provided by GPOC staff, outside specialty consulting firms or operations executives who operate as third-party contractors to the portfolio companies of the Graham Partners funds and, in certain instances, to the Graham Partners fund entities themselves, or to Graham Partners, its affiliates and related parties. GPOC is an alternative to the outsourcing of such services to third parties. For information concerning the fees and expenses for GPOC's services, along with additional information regarding GPOC, please refer to Part 2A of Graham Partners' Form ADV, available on the Investment Adviser Public Disclosure website.

While any projections, forecast information or estimates provided (the "Estimates") are based on assumptions that Graham Partners believes are reasonable under the circumstances, the actual results will depend on, among other factors, future operating results, availability and terms of financing, the value of the assets and market conditions and any related transaction costs, all of which may differ materially from the assumptions on which the Estimates are based. The inclusion of any Estimates should not be regarded as an indication that Graham Partners considers such Estimates to be a reliable prediction of future events, and the Estimates should not be relied upon by investors.

Parties should review Graham's Form ADV filed with the Securities and Exchange Commission (SEC). Certain of the information contained in this report represents or is based upon forward-looking statements or information. Forward-looking statements are inherently uncertain, and changing factors, such as those affecting the markets generally, or those affecting particular industries or issuers, may cause events or results to differ from those discussed. Therefore, undue reliance should not be placed on such statements, or the conclusions drawn therefrom, which in no event shall be construed as a guarantee of future performance, results, or courses of action.

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