



2021 ESG Report
Putting Safety First



1 Summary of Hastings

Since inception in 2004, the Hastings team has invested four funds. The members of the senior management team have worked together at Hastings for, on average, 12 years and have executed a consistent investment strategy focused on founder-led, owner-operated businesses in the U.S. lower middle market. The broader Hastings team combines experience at Hastings with diverse backgrounds across private equity, operations, strategy consulting, investor relations, management, and finance. Hastings is headquartered in Boston, Massachusetts, with a second office in Houston, Texas.

The Hastings team has extensive investing and operational experience in this space, and understands the unique requirements of how to operate, transform and reposition companies in this segment into larger more attractive businesses for future buyers. For the past 17 years, Hastings has unearthed opportunities in growing industries, established partnerships with founder-led, owner-operated businesses and, through a dedicated and hands-on approach, helped these companies scale.

Hastings Overview

- Invest exclusively in lower middle market companies**
- Partner with founders, providing first institutional capital**
- Hands-on approach to accelerate growth & create sustained value**
- Target North American business services & industrial companies**
- Senior team averages 12 years at Hastings**
- Proprietary sourcing funnel, reviewing 750 deals per year**
- 50+ unique investments across four funds**
- Strong focus on safety and employee wellbeing as a theme across our portfolio**
- Adherence, commitment, & implementation of ESG principles**

2 Letter from Joe & Ted



“We operate in a sector where the safety and health of our employees and our portfolio company employees is always top of the agenda”

We are delighted to be sharing this report and excited to present the output of our first formal effort surrounding environmental, social and governance (“ESG”) matters at Hastings. While we have taken a number of significant and formative steps on ESG over the past couple of years, including the engagement of a sustainability consultancy to help us formalize our portfolio company ESG framework and becoming a signatory to the United Nations Principles for Responsible Investment (the “UN PRI”), our focus on the core principles of ESG has been key to our investment approach since the founding of Hastings. This is demonstrated by our longstanding focus on the issue of workplace safety, which we have chosen as the theme for this year’s report. We are proud of the great strides we have made since our founding and the way in which we continue to apply these learnings to each company with whom we interact.

Hastings was founded in 2004 to support founder-led businesses and enable them to continue their growth and development into middle market companies. Our culture is one of true partnership with our investors and our portfolio companies. In particular, proper governance is essential to maintaining the relationship and motivation of founders. In each investment, founders invest alongside Hastings by retaining 25-49% of the ongoing equity. We always provide

minority right protections to founders, including for example pre-emptive investment rights, board seats and tag along rights. Our focus on governance is reinforced by the fact that we appoint an independent board member at each company to provide an outside perspective on the market, business and relationship between Hastings and the founder.

At the core of this partnership with portfolio companies is our focus on continuing to develop a culture that is consistent with the success that the founder has achieved to date. Since our founding, we have helped transform our portfolio companies into employers of choice across our four funds by providing opportunities for growth and advancement to employees, as well as providing robust, competitive, benefits packages that included health insurance for all employees years before a government mandate to do so.

As the majority of our investments are industrial and field-service focused, operating safely is a requirement to achieve success. Prior to the expansion of dedicated ESG policies and frameworks across our industry, the Hastings team developed a framework for workplace safety that we continue to enhance today. Starting with compliance, we advanced to create a safety culture based on fundamental workers’ rights and less on scoring, and we have since progressed

to a path towards zero incidents. A top tier record on safety has also enabled our companies to expand their customer bases and ensure that all employees feel valued and respected. In 2021, Hastings’ portfolio companies logged eight recordable incidents in 7.2 million man hours of time. We are proud of the success in 2021 as we continue to work toward zero incidents.

Through our efforts working with our sustainability consultant, we have begun to track emissions from our extensive fleet of service and delivery vehicles and implement energy efficiency initiatives where possible. As field services businesses, our companies have limited impact on the environment, but we recognize that there will always be room for improvement. This includes the use of more renewable energy sources and, for example, our own energy conservation efforts at our offices and the way we go about our business.

COVID-19 has made us all more aware of the importance of protecting the communities, environments and workplaces in which we work and operate. Alongside our portfolio companies, we were quick to instigate and support a number of critical initiatives, including donating face masks and hand sanitizer, and the construction and circulation of plexiglass shields. We operate in a sector where the safety and health of our employees and our portfolio company

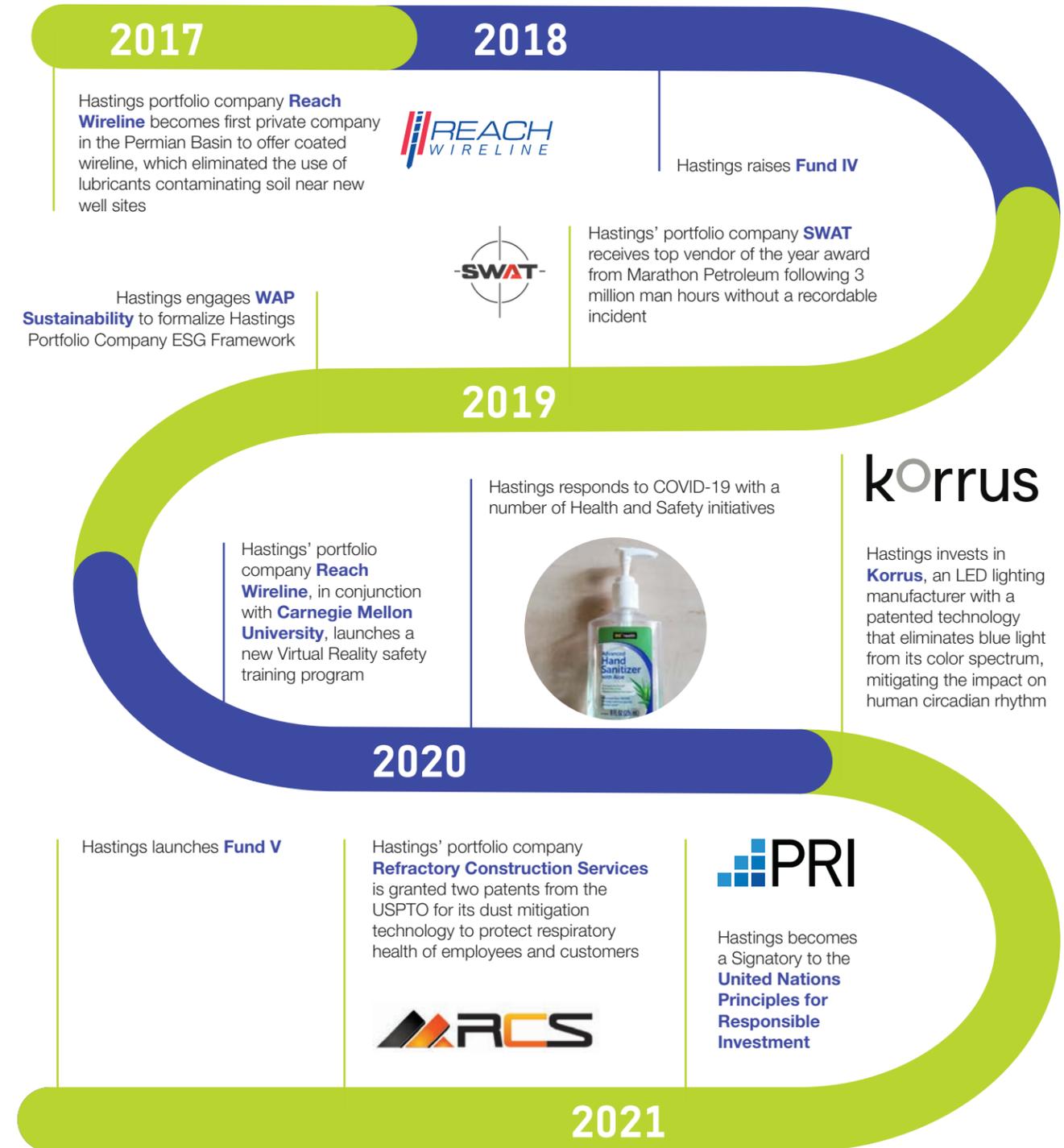
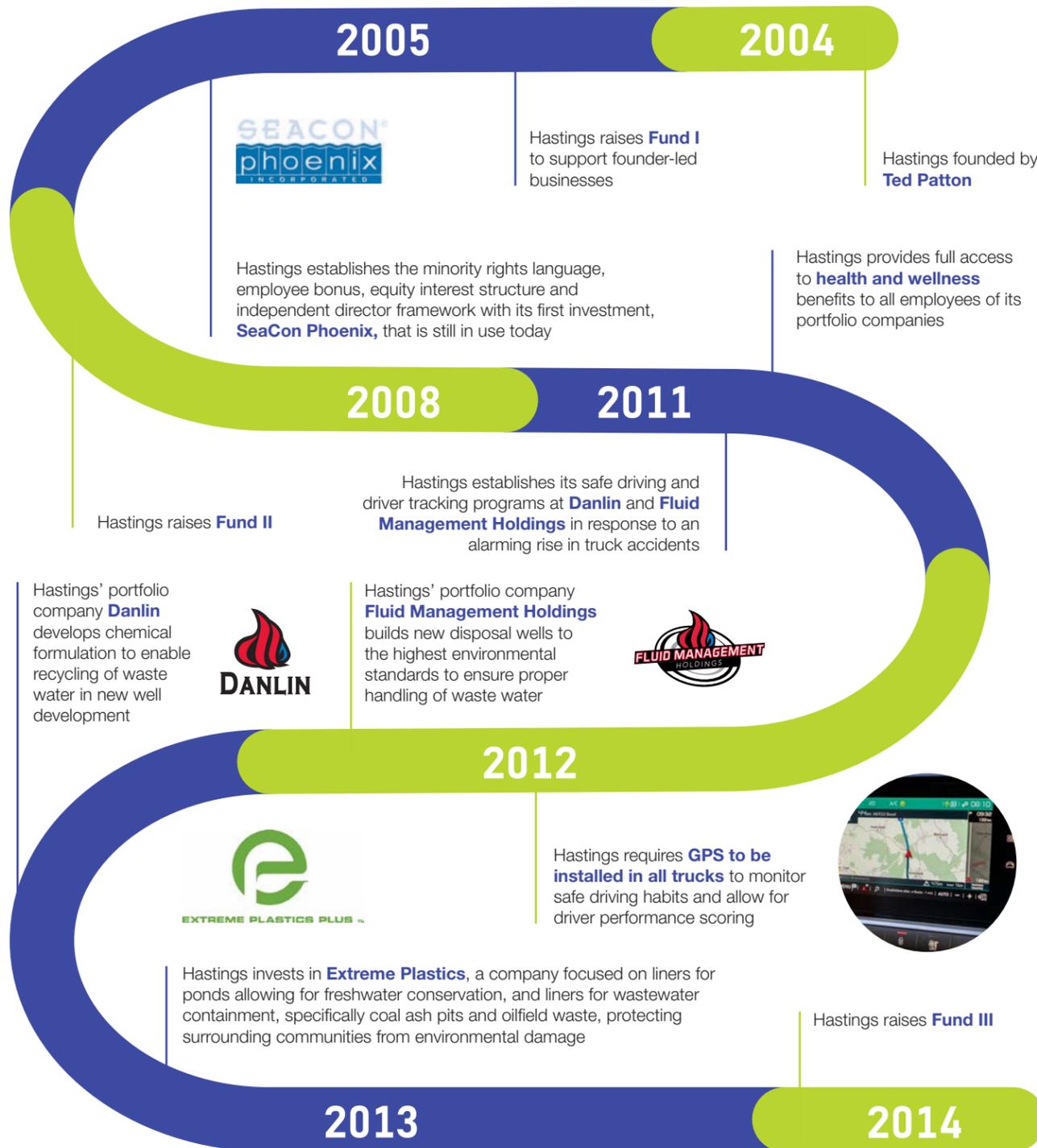
employees is always top of the agenda, and times of health and economic crisis serve as a stark reminder of this for us all.

Going forward, our focus on the core principles of ESG will remain paramount as we aim to continually improve our measurement and monitoring capabilities resulting in enhanced performance across our portfolio companies. This report helps set the scene for our future efforts and ambitions on ESG going into 2022, where we will be prioritizing diversity and inclusion. The workforce is diverse, but senior management and our boards don’t always reflect this. Through initiatives such as mentorship and training programs, we also believe there is room to provide opportunities for qualified field personnel to continue growth.

Joe Conlon
Managing Director

Ted Patton
Managing Director

3 A Brief History of Hastings

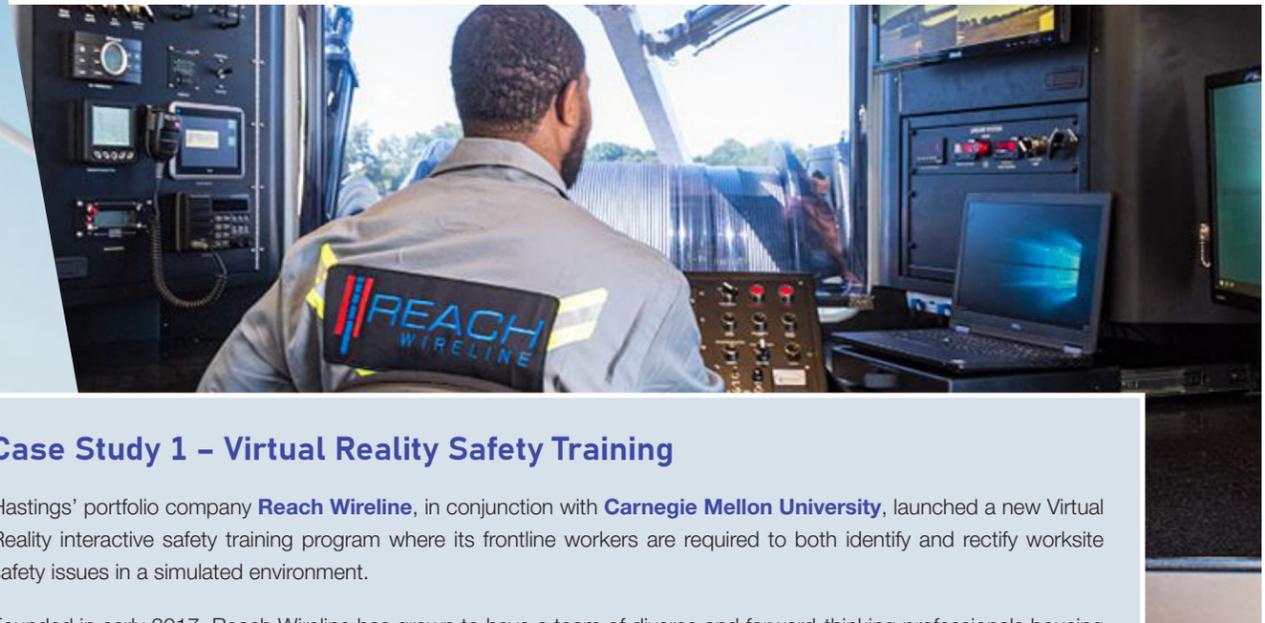


4 Our Focus on Safety

Putting Safety First

Safety has and always will be a core consideration for Hastings and its portfolio companies. Our earliest efforts in safety supported workplace efficiency and customer requirements. In 2011, we experienced a series of severe traffic accidents. These accidents shifted our focus from compliance to culture where every employee is responsible for providing a safe environment for themselves and their coworkers. We established driver safety programs across the portfolio and saw an immediate reduction in accidents.

Safety training at our portfolio companies has also advanced considerably. Basic tailgate and shift safety meetings have been enhanced to include more sophisticated programs, such as virtual reality ("VR") programming designed by Reach Wireline in conjunction with Carnegie Mellon University. The direct effect of all of this has been a steady reduction in recordable safety incidents across our portfolio. Our cumulative Total Recordable Incident Rate ("TRIR") is now at 0.22 which is well under ten times what it was when we started to track this metric. The secondary impact of this effort has been that our employees feel valued and respected, and our customers are rewarding our companies with more work due to their top tier safety records.

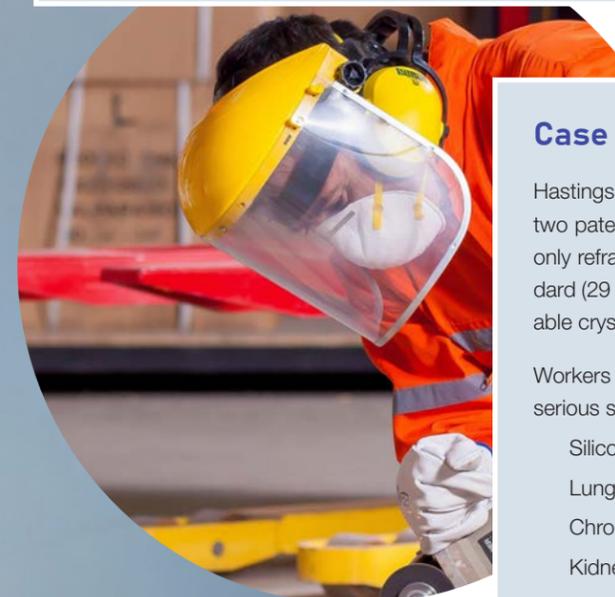


Case Study 1 – Virtual Reality Safety Training

Hastings' portfolio company **Reach Wireline**, in conjunction with **Carnegie Mellon University**, launched a new Virtual Reality interactive safety training program where its frontline workers are required to both identify and rectify worksite safety issues in a simulated environment.

Founded in early 2017, Reach Wireline has grown to have a team of diverse and forward-thinking professionals housing the latest wireline technology. In early 2020, Reach Wireline partnered with Carnegie Mellon's Entertainment Technology Center in Pittsburgh, Pennsylvania. A select group of students, who were completing their Master's Program, were given the task to design a VR system for the Reach Wireline team to help keep employees safe on-site. Reach Wireline had a mission to propel themselves into the future of technology in the oil and gas industry in the United States, and that is exactly what they did.

Reach Wireline is the first oil and gas company to partner with a recognized university in the U.S. to create a VR system made specifically for front-line workers. The partnership between Carnegie Mellon and Reach Wireline is a tribute to the development of technology in high-risk industries. The team at Reach Wireline is committed to staying ahead of the curve to fully develop one of the first (or possibly the first-ever) VR hazard identification/correction health and safety programs.



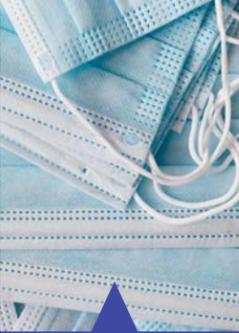
Case Study 2 – Dust Mitigation Technology

Hastings' portfolio company **Refractory Construction Services** was granted two patents from the USPTO for its dust mitigation technology. This makes it the only refractory company providing full compliance to its workforce to OSHA standard (29 CFR 1926.1153), requiring employers to limit worker exposures to respirable crystalline silica and to take other steps to protect workers.

Workers who inhale crystalline silica particles are at increased risk of developing serious silica-related diseases, including:

- Silicosis, an incurable lung disease that can lead to disability and death
- Lung cancer
- Chronic obstructive pulmonary disease (COPD)
- Kidney disease

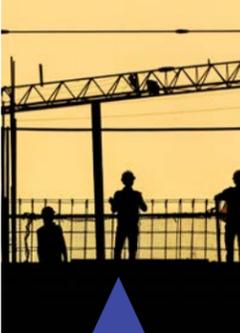
5 ESG Highlights for 2021



Became a formal signatory of the United Nations Principles for Responsible Investment



Supported a number of COVID-19 pandemic initiatives at our portfolio companies, including donating face masks and hand sanitizer, and the construction and circulation of plexiglass shields



WAP Sustainability, our dedicated ESG consultant, completed its first full audit of our current portfolio – future audits and progress reports will be performed on a semi-annual basis



Continued to promote diversity, equity and inclusion across the firm as well as our portfolio companies, including the creation of Human Rights and Diversity & Inclusion policies



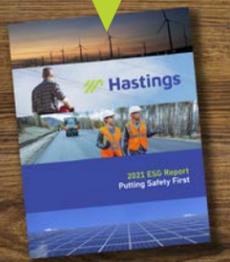
Implemented parental leave policies across our portfolio



Began collecting, tracking, and managing data for energy usage



Updated and formalized our ESG policy in line with the latest developments at Hastings and wider industry trends



Steps taken towards enhanced ESG reporting to our investors and stakeholders including the publication of this report, representing the first of our annual ESG reporting updates



Enhanced Employee Assistance Programs and emergency hotlines within companies



Conducted the first of our semi-annual ESG assessments to be rolled out across all existing investments

6 Our Commitment to ESG

Our Commitment Includes:

Hastings is a private equity partner that focuses on founder-led, lower-middle market businesses that are positioned for rapid growth. As an institutional investor, Hastings has a duty to act in the best long-term interests of its beneficiaries.

In our role, we believe that ESG issues can affect the performance of our investment portfolios, and therefore, it is in our best interest to manage and implement ESG initiatives for both new and existing investments. ESG is not an afterthought at Hastings – it is a guiding principle. Our mission is to have every investment, strategic and operational decision we make throughout the investment lifecycle contribute positively to all stakeholders, including employees, shareholders, the environment, and society at large.

ESG Policy Overview

At Hastings, we recognize the importance of managing ESG considerations within our own operations and within our portfolio. As such, we are committed to advancing how we manage the ESG aspects of our portfolio companies and own operations. We believe that companies participating in ESG initiatives generate higher returns and we are committed to leveraging our financial resources in support of ESG to generate positive shareholder value.



Becoming a Signatory to the UN PRI.



Implementing an Annual ESG Assessment Process for each of our portfolio companies during the investment period based on relevant SASB/IRF & GRI ESG Indicators.



Utilizing an ESG Due Diligence Process for every new investment.



Sharing and implementing our ESG Policy with every investor and every portfolio company.



Reporting on ESG performance to update stakeholders on how our portfolio is doing and what we have achieved pursuant to our ESG strategy.

We are also aligned with each of the UN PRI's six principles for responsible investing (the "Principles"), as outlined below. We are committed to taking further steps toward the advancement of these Principles.



Principle 1: incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: promote acceptance/implementation of the Principles within the investment industry.

Principle 5: work together to enhance our effectiveness in implementing the Principles.

Principle 6: report on our activities and progress towards implementing the Principles.

Hastings is committed to finding and managing investments in ways that improve ESG performance. As such, we are committed to diligently working with our existing investments to provide resources, expertise, and support for expanded ESG practices within each portfolio company. ESG considerations are a part of our annual management and accountability assessments for each of our portfolio companies. We are committed to continually monitoring ESG impacts and implementing best practices into our operations, and this includes basing our assessment activities on reputable standards such as SASB/IRF & GRI ESG Indicators.

At Hastings, we are committed to responsible investments driven by positive outcomes for our partners, while ensuring enrichment of our employees, surrounding communities, and the environment. We employ consistent evaluation and tracking methodologies in order to establish reporting metrics for our portfolio companies. We have identified five core categories which we focus on when integrating ESG considerations, which includes establishing relevant key performance indicators ("KPIs") for portfolio companies based on these assessments.

The core areas are fundamental to our business and the everyday decisions made in our portfolio companies. The core areas are rated on a scale from 1–5 and tracked as part of our continued management and accountability assessments for each of our portfolio companies during the evaluation period and throughout the life of an investment.



The Core Areas of Focus for Hastings

i. Environmental Awareness

The environment is not something outside of us. It exists even within our smallest communities, and affects each individual on an intimate level. Our awareness of environmental concerns – from carbon impact to regulatory compliance – means we insist on commitment to environmental responsibility for all operations.



ii. Health & Safety

We want Hastings and its portfolio companies to go beyond compliance and find new ways to protect employee health and safety by providing the tools and resources portfolio companies need to responsibly enhance their processes.

iii. Employees, Wages & Benefits

Hastings pushes each of its investments to lead their respective peer sets in promoting employee wellbeing and improving performance through strong diversity, equity, and inclusion focused metrics.



iv. Governance & Business Ethics

Our organization has a legacy of ethical business management, governance and operations, and we expect the same from all our partners.

v. Local & Community Impact

Hastings expects all of its leaders, partners and employees to properly respect and support communities and local interests. We continually review and implement new practices as ESG best practices evolve.



7 ESG Approach: Portfolio Company-level

Overview

ESG considerations are a significant factor in our investment decision-making, management processes, and the day-to-day operations of our portfolio companies. We seek to provide sustainable growth and stability to small business to enable them to succeed long beyond the remit and tenure of the founder. This requires a commitment to a range of initiatives and approaches at the portfolio company level, including:

Striving for better investment outcomes while promoting a positive impact on society, the environment, and the local communities.

Ensuring all stakeholders are making positive contributions to the environment, and society at large.

Offering health insurance, stock ownership, training programs, bonus plans, feedback and advancement opportunities.

Encouraging our companies to lead their peer sets in improving performance through diversity, employee wellness and equitable focused metrics.

Establishing the first board of directors at each business and staffing the boards with independent members who promote continuous improvement programs on governance.

Providing the tools and resources needed to protect employee health and safety, including enhanced safety programs and compliance with regulations and laws.

Providing upward mobility for all employees, including, on average 10% equity to management.

Committing to environmental responsibility for all operations.

To assist with our review of ESG considerations at the portfolio company level, Hastings engaged WAP Sustainability, our dedicated ESG consultant.

WAP SUSTAINABILITY CONSULTING

WAP Sustainability partners with management teams to provide both technical and strategic competencies to create measurable change within client businesses. Current market expectations are that companies are actively engaged in measuring and tracking ESG indicators within their own operations while also demonstrating continual improvement.

The WAP Sustainability team is well versed in these expectations, and in creating policies, positions, requirements, reporting frameworks, and processes to help show progress on ESG. Working alongside WAP Sustainability, we have formalized a framework for measuring and reporting on our ESG policies across our core KPIs. This has also included identifying new initiatives and policy implementation across the portfolio, as well as creating ESG Ratings for our companies.

Across each of our current platform assessments, WAP gave the following Sustainability Ratings to our investments for 2021:

Company	Sustainability Rating (2021)
Celerity	3.8
MKD	4.0
Code Red	3.9
Axios	4.0
RCS	3.3
Reach	3.5
Hybrid	3.5
Imperative	4.1



Case Study 3 – Code Red

Code Red Safety provides safety staffing and supplies to support maintenance and operations of industrial facilities, delivering service throughout eight locations concentrated around the Gulf of Mexico and Midwest.

The following key themes were identified during our ESG Due Diligence with Code Red Safety:

2021 Accomplishments	2022 Objectives and Opportunities
Workforce Health & Safety	
Hired a dedicated Safety Director Safety Director who implemented a company-wide safety program Launched MyHub Safety Resource and standardized: Equipment inspection forms Workflow procedures Incident reporting Branch inspections	Transitioned to paperless logs for drivers through "KeepTrucking", a provider of online services including: tracking hours, dashboard cameras, logging speeding and hard breaking events Conduct company-wide Root Causation Analysis for all recordables and near misses Implement company-wide DOT program, including driver hiring policy, driver training, roadside inspection incentive program, fleet management
Recruitment, Development & Retention	
Yearly reviews of firm-wide Benefit Plans Implemented methods to support working parents & employees working from home Improved communication through MyHub, established "Coffee & Conversation" and multi-level collaboration meetings	Investing in employee development, addition of Wellness & Mental Health programs, Change Management Coaching, and Mentorship programs Standardize annual and 360-reviews for management Institute training program on human rights and diversity & inclusion
Environmental & Energy Management	
Moving towards a paperless footprint via MyHub and "KeepTrucking" Collected data on energy usage	Optimize fuel cost savings of rental & vehicle fleet through fuel-efficient options



ESG in the Diligence Process

Hastings leadership team is responsible for assessing ESG risks and opportunities during the due diligence process. Additionally, WAP Sustainability helps to identify ESG risks and opportunities while also performing semi-annual assessments on all existing investments.

Hastings' investment selection is based on comprehensive due diligence and a well-defined decision-making process. The operations and financial due diligence is rigorous and analytical. For every new investment we make, a main priority of ours is to analyze the safety culture of the company upfront. We also check their carbon footprint, which is typically low given the size, and nature, of the companies in which we invest. The diverse background and expertise of the team, coupled with a thorough investment review process, helps to ensure that information is analyzed from a variety of perspectives, which includes consideration of other relevant ESG factors which can be priced in accordingly.

Our companies are generally too small to have an ESG program in place when we purchase them. Since we are primarily focused on both business service and field service companies, their carbon footprint is typically small so the focus during diligence is their safety history, employee attrition rates and general company culture. This gives us a sense for where they stand from an ESG perspective. Soon after we close on a transaction, we engage WAP Sustainability to conduct a full audit of the business and make recommendations for improvements.

8 ESG Approach: Manager-level

In addition to integrating ESG factors at portfolio companies, Hastings is committed to promoting ESG factors across its own business and operations. We believe it is important to practice what you preach and to ensure that ESG is embedded across the firm as part of our day-to-day activities at the manager-level. We are delighted to share some examples of initiatives taking place at Hastings.

Celebrating our Contribution to Society

Hastings has implemented several ESG initiatives at the manager-level. This includes regular participation by Hastings' employee in charitable contributions and initiatives including the creation of the Sonnenberg Scholars Program at Rice Business to award an annual MBA scholarship to Special Forces Veterans to honor an employee and former Navy Seal who passed away. After natural disasters, Hastings' employees conducted community work and helped out in the affected area.

Case Study 4 – Sonnenberg Scholars Program

The Sonnenberg Scholarship fund has been set up at Rice Business School in honor of Alex Sonnenberg, who was one of Hastings' CEOs who lost his life while traveling in 2018. Alex was a Navy Seal who was awarded the Bronze Star Medal, five Joint Service Commendation Medals (two with Valor) and the Navy Achievement Medal. He left the military in 2010, finished college, and was accepted to Wharton Business School, where he earned an M.B.A. and progressed into the world of private equity in Houston.

The Sonnenberg Scholars Program is targeted towards veterans who attend Rice Business School. It will honor the memory of Alex Sonnenberg and remind all who pass through McNair Hall that Rice Business is a one of the top schools in the U.S. for veterans and unconventional students.



COVID-19 Response

Generally, the COVID-19 pandemic has also made us all more aware of the importance of protecting the communities, environments, and workplaces in which we work and operate. Following the outbreak of the pandemic, Hastings and its portfolio companies were quick to instigate and support a number of critical initiatives, including for example donating face masks and hand sanitizer, and the construction and circulation of plexiglass shields.

Case Study 5 – COVID-19 Initiatives at our Portfolio Companies

Imperative Chemical Partners manufactured, donated and delivered 330 gallons (\$75,000 worth) of hand sanitizer to the Medical Center Health System hospital in Odessa, Texas and other area agencies. They were quick to respond to the issues faced locally with sourcing sanitizer and demonstrated tremendous support for the local community.

Reach Wireline worked on an enclosure to contain virus during intubation. They developed a plexiglass enclosure with access points to allow the doctor to reach the patient. They also worked on three-dimensional printed masks and a ventilator design that has been provided as open source from the University of Florida.

Code Red supported their communities with the donation of 10,000 masks and 1,000s of units of Tyvek protective apparel to employees, customers and charities in the Houston and Chicago areas.





Diversity and Inclusion

The Hastings senior team is responsible for the firm's diversity & inclusion initiatives. Hastings is currently formalizing its diversity, equality and inclusion ("DEI") policy in the context of the DEI initiatives that are also actively promoted across the Hastings investment portfolio. Hastings is proud of the gender diversity reflected across the firm, including the fact that three of the total eight senior professionals at Hastings (VP and up) are women. Hastings recognizes that a diverse workforce and inclusive culture makes the firm a more attractive place to work as well as promoting the wellbeing, creativity, and productivity of our employees. A key goal of ours in 2022 is to improve diversity throughout each level of our portfolio companies by identifying high-performing field employees and tagging them for formal mentorship. We have implemented training on human rights and diversity and inclusion for all employees.

Training and Development

Since inception, we have encouraged development and training for our employees, seeking to offer an exciting work environment where employees can learn and thrive. We believe promoting ESG considerations across the Hastings team forms a large part of the overall professional development and education for our employees.

Contributions to Hastings' ESG efforts are recognized informally as part of Hastings' broader performance management and reward processes. Hastings is incorporating formal staff training program on ESG and expects this to form a central part of the firm's broader training and talent development program. We recognize that all employees need to be up to date and conversant in ESG and sustainability issues. It is essential for all employees to be aware of the relevant issues and to support firm-wide ESG initiatives.

9 Conclusion

Thank you for taking the time to read our ESG Report for 2021 and we hope you have learned more about what ESG means for Hastings and its portfolio companies. We are proud of the progress we have made over the course of 2021 and we look forward to sharing further details and reports in the future. Listed below are a few of the ambitions and new initiatives that we hope to progress into the next year and beyond.

Ambitions for 2022 and Beyond

Enhancing our alignment and engagement with the UN PRI

Further implementation and roll out of our ESG Due Diligence Process and Annual ESG Assessment Process

Exploring broader ESG initiatives including an increased focus on inclusion in our hiring policies, board compositions and equal pay across genders and races in our workforce

Improving diversity and inclusion throughout each level of our portfolio companies by identifying high-performing field employees and tagging them for formal mentorship

Better understanding the climate and broader environmental impact of our business and portfolio including steps towards carbon-neutrality and more sustainable practices

For further information or questions about this ESG Report, potential feedback or ESG related topics, please contact Eliza McGrath at emcgrath@hastingsequity.com



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