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## ATL Partners ESG Annual Report 2022

ATL Partners takes environmental, social and governance (“ESG”) considerations fully into account in its business decisions for two reasons. First, ESG considerations help the ATL team develop sustainable, long-term strategies for portfolio companies, creating real value for all of ATL’s stakeholders, including limited partners, employees of portfolio companies, and the team at ATL. Second, and of equal importance, a comprehensive ESG policy enables ATL to create a positive and meaningful impact on all of the many areas that ESG touches. This report will overview ATL’s progress in 2021 in its efforts to advance its ESG goals, both at the firm level and at its portfolio companies.

### ESG Firm-Wide Update

ATL’s 2021 ESG Annual Report touched on ways in which ATL focused on improving processes and procedures related to ESG. ESG has been part of the ATL firm makeup since inception, however, incorporating certain processes, such as including a formal ESG filter in Investment Committee screens, enables us to ensure our work is repeatable and scalable. This year, ATL turned outward to engage in the ESG discussion with the broader marketplace. In February, ATL was interviewed alongside PE firm Apollo and Fund of Funds Capital Dynamics on the future of ESG (article [here](#)). In June, ATL ESG Officer Ruth Lane spoke on best practices in ESG investing at the Private Equity International Investor Relations Forum as part of a panel discussion moderated by Goby, Inc., an ESG platform, with other ESG representatives. In June, ATL spoke on the future of ESG with New Private Markets (article [here](#)).

ATL is always looking to improve and stay up to date on ESG trends. In September, ATL’s ESG Officer completed two continuing education courses on ESG investing with the PRI Academy, the UN PRI’s school on ESG.





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**Environmental**

In 2019 ATL established a carbon-offset program for all travel taken by firm employees and members of the ATL Executive Board. This past year ATL Partners was highlighted as a Climate Ranger by Sustainable Travel International for its offset program and for requiring portfolio companies to do the same. In January 2022 ATL offset all employee air travel for the previous year through Sustainable Travel



International with an investment in forestry, renewable energy and blue carbon projects. ATL’s Carbon Offset Certificate is attached as an Appendix to this report. For more information about these projects, visit STI’s project portfolio at [www.carbonoffsets.org](http://www.carbonoffsets.org).

**Social**

ATL encourages all employees and Executive Board members to give back to the community. ATL Executive Board members are offered the option to waive all or some of their annual board stipends in lieu of a donation in their name to a charity of their choice. In 2021, the ATL Executive Board collectively opted to donate over half of their stipend funds to charitable causes. In addition, per the ATL employee donation match policy, charitable donations made by an employee up to \$500 are fully matched by the firm, and donations granted to an organization to which that employee also invests his or her time and effort in a way that provides for direct contact with the constituencies served by each organization are matched up to \$2,000. We are pleased to report that in 2021, ATL Partners donated over \$130,000 to worthwhile causes. Such charities included:

- **Futures and Options**, a non-profit organization focused on empowering New York City’s underserved youth through career development, mentorship & paid internships
- **The Tiny Miracles Foundation**, a non-profit organization with a mission to provide support and services to families with premature babies
- **The Beacon Health Foundation**, a non-profit health care organization dedicated to improving the health and well-being of local community members in Indiana
- **The Felix Fund**, a non-profit that provides emotional support and financial assistance to EOD and Search Veterans in the United Kingdom





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### **Social – Diversity, Equity & Inclusion**

Diversity is important to ATL, and through the firm’s portfolio companies, ATL believes it can make a significant difference to increase diversity within its sectors. As such, ATL requires each portfolio company to report on diversity metrics to the board. ATL is also focused on increasing diversity at the board level and has successfully done so for three of ATL’s five portfolio companies: GEOST, Valence and Pilot. Finally, ATL works to ensure that all compensation and promotion decision-making ensures adherence to all applicable equal pay laws and regulations.

### **Governance**

In 2021, ATL Partners launched a cybersecurity initiative for all portfolio companies to enhance our already robust firm-level cybersecurity efforts. Currently, the ATL Compliance Department reviews cyber policies and procedures as part of new hire training for all employees, and conducts ad-hoc employee awareness training on topics such as phishing, malware, and other issues that may impact our company and employees. As cyber risks are constantly evolving, so do our responses. As such, cybersecurity is a central part of ATL employees’ annual compliance training. With the assistance of our outsourced IT service provider, ATL conducts phishing, vulnerability and penetration testing on its employees.

In 2021 ATL engaged a third-party consultant to understand better enterprise risk management and cybersecurity risks at ATL portfolio companies. As of the date of this report’s publishing, ATL is in the final stages of hiring a firm to assess cybersecurity across the portfolio and provide incident response capability along with passive surveillance. We look forward to sharing additional progress with you in the future.

### **ESG at ATL Portfolio Companies**

While ATL is proud of our ESG initiatives at the firm level, the ATL team realizes that it can have a magnified impact through ATL’s portfolio companies, who have large employee bases and environmental footprints. While ATL’s work in ESG starts on the home front, ATL’s focus on ESG fully extends down to each portfolio company and as such, ESG is a critical element of portfolio company management for ATL. Upon investing in a company ATL requires each to establish a formal ESG policy if none exists, and then ensures the company reports regularly and consistently on ESG and D&I. The reporting includes:

1. Annual Strategic Plan: ESG/DEI goals and objectives are laid out as a distinct agenda item in a company’s annual strategic plan
2. Annual ESG Report: Each company is required to publish an annual ESG report
3. Quarterly Board Meeting: ESG progress and KPIs are reported quarterly as part of the quarterly board presentations

While the ESG opportunities for each portfolio company may vary depending on the business of that specific company, there are a few overarching items that ATL encourages each company to address. For example, ATL asks each company to establish a policy that, like ATL’s policy, encourages employees to give back to their community through their time, not just their wallets. Second, ATL requires each



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company to establish a carbon offset program for company travel. Third, ATL asks portfolio companies to report diversity metrics, and their plans for improving company diversity. In the following pages, ATL is pleased to share some additional highlights from the ESG progress that each active portfolio company made in 2021.

### Arrive Logistics

In 2021 ATL invested in Arrive Logistics (“Arrive”). Arrive is a leading technology-enabled provider of North American freight brokerage services which ATL sourced proprietarily, away from a process. From a returns perspective, ATL was excited about Arrive’s incredible growth and technology platform against the backdrop of a highly attractive industry. From an ESG perspective, ATL was drawn to the fact that Arrive had made considerable progress on ESG already, and as part of ATL’s initial 180 day plan, the ATL team worked with Arrive to understand the company’s current state and path forward to continued improvement. This included establishing a formal ESG policy, which was finalized and approved at Arrive’s Q4 2021 board meeting. ESG at Arrive is overseen by J-Ann Tio, Chief Strategy Officer.



**Environmental:** Arrive is focused on reducing empty miles within the brokerage industry. Since inception, Arrive has been focused on developing its Private Fleet, which is defined as an in-house truck fleet operation owned and operated by a shipper/parent organization, whose primary business is not trucking, such as retail or manufacturing. Arrive’s program identifies and fills backhauls for these fleets to minimize empty mileage and minimize CO2 emissions. Arrive has also been focused on its Committed Capacity program, which is a means by which carrier-lane commitments can be inputted and positioned within Arrive’s internal systems for the purpose of visibility and auto-tendering. This helps to maximize coverage and minimize empty miles within a carrier’s network. In 2021, Arrive eliminated 10,200 metric tons of CO2 from empty miles through these programs. Finally, Arrive is a proud SmartWay Transport Partner, a certification from the EPA verifying the Company’s compliance with EPA regulations, including fuel efficiency ranges and emissions standards.





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**Social:** Arrive fosters an inclusive culture in which employees feel safe and valued, while also engaging with local organizations to support the community. In 2021 Arrive established a number of Employee Resource Groups (ERGs) to encourage dialogue and inclusion, and also to help expand diversity efforts within recruiting. Such ERGs include: Black Logistics Group, Prisms: LGBTQ+, Women in Logistics, Emerging Professionals, and Salute: Veterans Group. Furthermore, Arrive’s #MovewithUs initiative is an employee-led group that organizes community philanthropy on behalf of the company. Second, Arrive is proud to partner with Truckers Against Trafficking, an organization that works to educate, equip, empower and mobilize members of the trucking, bus and energy industries to combat human trafficking. Finally, Arrive has an Employee Emergency Relief Fund, used for employees during times of personal emergency or natural disaster.



This is funded through donated reward points earned through recognition from peers and leadership or acknowledgement of personal milestones (work anniversary or birthdays) throughout the year.

**Governance:** Arrive strives for transparency in communication with stakeholders; the company created an Audit & Finance Committee to provide independent oversight of Arrive’s accounting and financial reporting process. The Committee also oversees and reviews enterprise risk management and potential risks related to cybersecurity and disaster recovery. Finally, the Audit Committee encourages feedback from employees and has many different channels to receive anonymous feedback from employees. Arrive also established a Compensation Committee which, among other things, reviews and makes recommendations to the Board regarding compensation, including performance and equity-based compensation, for executive-level officers of Arrive Logistics.

### **GEOST, LLC**

In 2021 ATL Invested in GEOST, LCC (“GEOST”). GEOST is a leading designer and integrator of small-to-medium sized electro-optical/infrared sensors for high-value, national security space missions, which ATL sourced proprietarily, away from a process. ATL was excited about GEOST’s market position as the leading provider of low-cost domain awareness sensors, a market experiencing sharp growth with high revenue visibility. From an ESG perspective, GEOST, though a small company, is focused on ESG and is working to establish formal processes and procedures to further improve. ATL helped GEOST establish a formal ESG policy which was formally approved at GEOST’s most recent board meeting. ESG at GEOST is overseen by Jenn Celi, Senior Director of Contracts and Administration.

**Environmental:** ATL worked with GEOST to establish a formal carbon offset program, as is the case with all of ATL’s portfolio companies. At the time of acquisition, GEOST also already had a number of



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environmentally-oriented policies in place, including corporate recycling, and efforts to reduce corporate paper waste and water waste.

**Social:** GEOST is an equal opportunity employer and is committed to an environment free from discrimination, harassment, retaliation, and/or sexual misconduct. In 2021, GEOST increased the diversity of its workforce by 9%. In the coming year, the company has committed to establish more systematized diversity assessments. GEOST has always actively promoted the hiring of veterans and nearly 20% of GEOST workforce is comprised of military veterans. Finally, in line with ATL’s requirement for companies to encourage employees to give back to local communities with their time, not just their wallets, GEOST



has a number of commendable philanthropy initiatives in place. For example: GEOST sponsors an employee toy drive day during which employees work together to build bikes and toys to the Marine Corps Toys for Tots drive. In the fall, GEOST sponsored employees to participate in the 911 Tower Challenge and made an additional corporate match donation to support the families of first responders that lost their lives on September 11<sup>th</sup>. Additionally, GEOST sponsors a bimonthly blood drive, providing employees time and ability to donate blood to the American Red Cross.

**Governance:** Given the nature of GEOST’s work, contracts and customers, good governance and cybersecurity is of utmost importance to the company. GEOST remains up to date on all applicable regulations and the company underwent a number of self-inspections to ensure compliance with all security regulations and adherence to customer policies. Furthermore, GEOST continued its strong focus on cybersecurity and engaged a number of procedures to test and address any vulnerabilities. Finally, in 2021 GEOST achieved AS9100 certification, which is a critical certification for aerospace manufacturers and suppliers that certifies quality management systems and processes. GEOST also has an outside director that is a cleared person.

**Global Critical Logistics**

Global Critical Logistics (GCL) is the largest global provider of international forwarding solutions to the Music Touring, Fine Art, Sports, Film & TV Production, and other “zero-tolerance for failure” markets. ESG at GCL is overseen by Sasha Goodman, GCL’s Chief Administrative Officer.



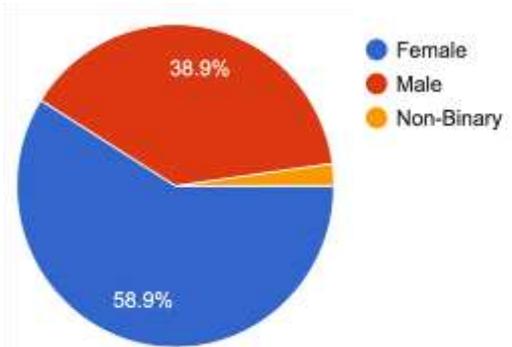
**Environmental:** In 2021, GCL’s Global Compliance Team implemented an ESG Vendor Program that will serve as the foundation for a long-term commitment to partner with our vendors to reduce the environmental impact of the freight industry supply chain. This program includes conducting an annual ESG vendor survey to identify



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key initiatives and areas for improvement, highlighting environmentally sound services in our internal vendor data-base and facilitated conversations with vendors working to implement environmentally preferable practices. In addition, GCL’s Carbon Offset Program continues to grow. In addition to offsetting carbon output that has been generated by corporate travel, which is required by ATL, GCL educates clients on the carbon footprint of their freight forwarding activities and offers carbon offsets to mitigate the carbon footprint of transporting their goods.

**Social:** GCL aims to create a safe and inclusive work environment that fosters diversity and gives back to local communities. In 2021, GCL hired a third-party consultant to conduct an anonymous culture and inclusion survey of all of full-time employees in an effort to continually improve the corporate culture and drive retention. This has already led to a number of laudable changes. For example, one survey finding showed a significant employee interest in continuing education: 12% of GCL employees did not pursue education beyond high school and 20% did not complete college. As a result, GCL is in the process of implementing a continuing education program available to all employees. Second, the culture survey also showed that nearly 10% of the company workforce is comprised of US veterans. As a result, GCL named Veterans Day a formal corporate holiday. Finally, GCL is committed to diversity. The company has achieved a relatively diverse US employee base and in 2021 the company expanded its corporate diversity tracking to all global regions. 39% of GCL global employees identify as female, while 2% identify as non-binary. The company also tracks by race and is in the process of implementing more transparent hiring practices to augment its diversity initiatives as well as career development support to promote retention.



**Governance:** GCL utilizes Veroot and Gisnet compliance management platforms, to centralize all required employee trainings and manage vendor compliance. Through this partnership 100% of global employees and vendors have completed training in the governance issues that are most material to GCL operations including, but not limited to: FCPA and UK Bribery Act compliant on identifying and reporting potential fraud and corrupt practices, as well as TSA IAC Training, CBP, CTPAT, OSHA, Department of Homeland Security, and Department of Transportation compliance. In addition, GCL also independently manages a number of policies to ensure a safe work environment such an Open Door Policy and Anti-Harassment Policy Training.



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### Pilot Freight Services

When ATL acquired Pilot Freight Services (“Pilot”) in 2016, the company was a closely-held, family-run business with a strong reputation for customer service. During diligence, ATL identified the opportunity to drive value through institutionalizing Pilot’s management, infrastructure and processes, including developing policies regarding ESG, implementing those policies, and tracking implementation at the management and board level. While ATL mandates that its portfolio companies implement specific ESG practices, Pilot has embraced being an ESG thought-leader within freight forwarding. Today, ESG is formally overseen by Lisa Coyle, Pilot’s Chief Administrative Officer, who reports on the progress of ESG strategic initiatives to Pilot’s Board of Directors quarterly. Additionally, Ms. Coyle and her team publish an Annual ESG Report to update Pilot’s customers and suppliers on ESG progress at the Company.



**Environmental:** Pilot is a proud SmartWay Transport Partner, a certification from the EPA verifying the Company’s compliance with EPA regulations, including fuel efficiency ranges and emissions standards. Furthermore, Pilot procures transportation through other SmartWay Partners when possible. Pilot offsets its corporate travel through multiple global projects with Sustainable Travel International (“STI”) and was recognized as a Climate Ranger by STI in 2021 for its efforts in offsetting global carbon emissions. Pilot actively seeks opportunities to reduce its environmental footprint whether internally through initiatives such as replacing fossil-fuel powered forklifts with electric forklifts or in partnership with customers through initiatives such as enabling recycling programs for mattress and bedding customers. Finally, in 2021, Pilot partnered with a leading global transportation services provider and a top commercial vehicle manufacturer to launch a pilot program for an EV box truck. While vehicle is pre-production and many details are confidential, ATL shared additional information in our latest [ATL ESG Spotlight](#) last December.



**Social:** Pilot’s Social Responsibility Initiatives include a corporate match program, as well as a fulsome employee training program which includes 223 courses across a number of skill certifications and regulatory compliance. Pilot has also established a number of employee workplace initiatives including safety training and harassment prevention, available in both English and Spanish. Human Resources tracks Company-wide employee diversity metrics across race and gender for both corporate and field employees. As of Q3 2021 over half of field employees and a quarter of corporate employees are diverse. From a gender perspective, approximately a third of Pilot employees are female, both at the manager and non-manager level.



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**Governance:** Pilot has established cybersecurity and data protection best practices through a partnership with Drawbridge Partners, an industry-specific data security platform, to establish preventative programs and conduct penetration testing. As of Q3 2021 no incidents have been reported of breach or intrusions.

**Valence Surface Technologies**

Valence Surface Technologies (“Valence”) is the largest independent aerospace surface finishing platform in North America. ESG at Valence is overseen by Rita Mould, Valence’s VP of HR.



**Environmental:** ATL’s diligence on all potential platform acquisitions includes ESG diligence, so environmental risk assessment was and remains a major focus for the investment team given the nature of Valence’s business. The company holds itself to the highest standards in the industry for environmental consciousness and impact. Valence management and the Board of Directors regularly reviews Environmental Audits of its facilities which includes Air, Sewer Sanitation, Fire, Ecology DEQ and OSHA to ensure all sites are in compliance and violations, if any, are aired and addressed. GEOST also established a carbon offset initiative for company travel as per ATL’s portfolio company ESG policy.



**Social:** Valence is in the process of implementing an alternative to its Human Capital Management system to improve its reporting across payroll and performance & compensation management. Furthermore, Valence is in the process of establishing a separate Diversity & Inclusion Policy which is expected to be finalized by the next board meeting. Valence already has industry-leading diversity metrics and tracks diversity across gender and ethnicity, as well as across its management. Finally, ATL is working with Valence to formalize its



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commitment to giving back to local communities with employees' time, not just their wallets. As such, Valence is exploring a Community Reinvestment Plan which will offer employees paid time to participate in local charitable events and causes.

**Governance:** Governance, quality, and compliance is a critical aspect of Valence's ability to deliver on its commitment to customers. As such, Valence operates in compliance with all CUI, ITAR, EAR, and FAA regulations. Valence is also committed to cybersecurity and data security. The Valence Board regularly reviews an ongoing assessment of various cyber threats/vulnerabilities along with current mitigating actions and status.

ATL is pleased to share this progress and looks forward to keeping you apprised of the firm's continued developments throughout the year. Should you have any questions for us, do not hesitate to reach out to our team.

Sincerely,  
ATL Partners