



# CLEARLAKE VALUES IN ACTION

2022 ESG REPORT

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<sup>1</sup> As used in this Report, the term “portfolio company” generally refers to portfolio companies controlled by Clearlake, and not companies or investments where Clearlake holds a minority interest.

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SECTION 01

# INTRODUCTION



## ABOUT THIS REPORT

This inaugural ESG Report describes Clearlake Capital Group L.P.'s ("Clearlake" or the "Firm") environmental, social, and governance ("ESG") program, approach to integrating ESG considerations into the Firms' investment processes, and some of the outcomes of this approach at the Firm and our portfolio companies. This ESG Report reflects Clearlake's commitment to ongoing measurement, transparency, and discussion in line with our attention to key ESG issues. We hope that this ESG Report will provide a detailed view into how Clearlake incorporates ESG in the Firm and portfolio company policies, procedures, and decision making. We are proud of our ongoing progress and believe we have exciting times ahead of us. We would like to thank our investors and portfolio company management for their ongoing support as we continue towards our objective of integrating high ESG standards in our operations.<sup>2</sup>

<sup>2</sup> This report documents activities for calendar year 2022. As such, information and data included herein is as of December 31, 2022, unless otherwise noted. Certain metrics may include data as of December 31, 2021 or may otherwise include 2021 data where 2022 data was not available. Where applicable, we have included an update on progress and planned activities for 2023.



## A MESSAGE FROM OUR CO-FOUNDERS

While Clearlake's priority is to deliver favorable returns for its investors, Clearlake believes that investing responsibly and delivering favorable returns are not mutually exclusive and are in fact complimentary.

Accordingly, Clearlake appreciates the connection between ESG management and the long-term success of our companies and investments. As business operations are intertwined with ESG considerations, our objective as a private equity manager is to seek strategic advantages from the consideration of ESG factors, alongside other factors, in order to maximize business and investment opportunities, while concurrently complying with regulations and mitigating business and investment risks.

At Clearlake, we believe that by factoring a broad set of ESG considerations into our investment process and operational improvement approach, O.P.S.<sup>®</sup> (Operations, People, Strategy), we can improve the performance of our portfolio companies, while simultaneously achieving extrinsic benefits such as improving our communities, increasing employee retention, better stewarding resources, and reducing exposure to reputational risk.

ESG integration to Clearlake means assessing and monitoring ESG factors in tandem with other factors throughout the investment lifecycle. Clearlake maintains an evolving ESG policy and supports and facilitates the integration of ESG factors in our investment decision making and performance monitoring processes. We do this by incorporating material ESG factors into our analysis of investment risk and performance.

Clearlake also seeks to promote sound ESG practices through regular engagement with our portfolio companies, typically in conjunction with third-party ESG consultants and advisors. Upon the identification of material ESG-related factors or other issues impacting our companies, we seek to proactively engage with management and advisors. The results of these interactions inform our investment decisions and monitoring processes post-acquisition. Clearlake, in consultation with third-party advisors, also measures the progress of its portfolio companies toward achieving ESG targets to improve efficiency and performance.

As a firm, Clearlake seeks to embody the values it encourages at its portfolio companies, including by promoting diversity, governance, and community stewardship.

We are committed to mitigating ESG risks pertinent to our firm and have taken steps to incorporate ESG management into our regular practices. We have adopted governance systems, risk management and controls to support our intention to integrate ESG considerations across our business. A long-term aim of our approach to ESG is a vision of bringing together the non-profit and for-profit sectors to help drive impact.

Clearlake values diversity as an essential element of our corporate culture. We view our diversified workforce is one of our strongest assets, enabling us to better serve our investors and the public. Therefore, maintaining a diverse and inclusive organization is an ongoing strategic priority for the Firm. We endeavor to engage with external networks and affinity groups to raise diverse representation in the industry, help advance investment outcomes, and increase opportunity for women and members of underrepresented communities in investing. Clearlake has promoted diversity and inclusion within private equity through our internal hiring practices and is involved with organizations promoting diversity, such as the Robert Toigo Foundation ("Toigo"), the Association of Asian American Investment Managers ("AAAIM"), National Association of Investment Companies ("NAIC"), and Sponsors for Educational Opportunity ("SEO") Alternative Investments. We strive to enhance our efforts to recruit, invest in, develop, and retain diverse talent. Our ongoing commitment to diversity, equality, and inclusion helps to ensure that people with diverse backgrounds, ethnicities, and life experiences join and then thrive in our firm and our industry.

Clearlake believes the integration of ESG analysis into business and investing decisions is a component of long-term organizational success and a driver of value for our investors. We are dedicated to this ongoing journey and aim to meet evolving stakeholder needs while leaving a positive impact throughout. We take that responsibility seriously, and we're delighted at this opportunity to share our vision. Thank you for taking the time to learn about our approach.



BEHDAD EGHBALI  
CO-FOUNDER &  
MANAGING PARTNER

JOSÉ E. FELICIANO  
CO-FOUNDER &  
MANAGING PARTNER



“We are committed to the tenets of responsible investing and the belief that the private markets have a responsibility to better manage and track ESG performance with the goal of not only generating strong investment returns but also positively influencing society and its future.”

JOSÉ E. FELICIANO AND BEHDAD EGHBALI  
CO-FOUNDERS & MANAGING PARTNERS

ABOUT CLEARLAKE

Founded in 2006, Clearlake is an investment firm operating integrated businesses across private equity, credit and other related strategies.

With a sector-focused approach, the Firm seeks to partner with experienced management teams by providing patient, long term capital to dynamic businesses that can benefit from our operational improvement approach, O.P.S.® Our core target sectors are technology, industrials, and consumer. Clearlake currently has over \$70 billion<sup>3</sup> of assets under management, and its senior investment principals have led or co-led over 400 investments. The firm is headquartered in Santa Monica, CA with affiliates in Dallas, TX, London, UK and Dublin, Ireland.

Clearlake is led by José E. Feliciano and Behdad Eghbali, who have together built a team of investment professionals with a blend of sector and product capabilities through a history of strategic partnerships with management to transform and grow companies. The team has approximately 400<sup>4</sup> years of collective experience with a focus on complex situations.<sup>5</sup>

CLEARLAKE AT A GLANCE

\$70B<sup>+</sup>

assets under management

130<sup>+</sup> EMPLOYEES AND 30<sup>+</sup> OPERATING EXECUTIVES

Experienced team of investment and operating professionals

SECTOR-FOCUSED EXPERTISE

Technology | Industrials | Consumer

INTEGRATED MULTI-PRODUCT STRATEGY

Private Equity | Special Situations | Credit

OPERATIONS, PEOPLE, STRATEGY (O.P.S.®)

Operational improvement approach to transform and grow companies with consideration of ESG factors

3 Estimated AUM as of December 31, 2022 for Clearlake, WhiteStar (as defined below), and affiliates. Estimated AUM is adjusted for recently closed capital commitments.  
4 Including transactions at firms prior to Clearlake.  
5 Including experience at firms prior to Clearlake.

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OUR ESG COMMITMENT

Clearlake believes that ESG principles are a crucial component of developing strong, resilient companies and assets that deliver long-term value for our investors. We strive to conduct our business in a socially responsible manner and are committed to integrating ESG factors within our investment process and operating philosophy. Our approach to ESG extends to our own operations, including how we attract, develop, and retain talent, act as responsible corporate citizens in our communities, and advance responsible business practices. We strive to:

- Serve as a responsible business partner that represents reputable standards of ethics and professionalism;
- Preserve and create opportunity for future generations by encouraging our portfolio companies to apply their time, talent, and expertise to building more sustainable and prosperous communities;

- Manage the social, environmental, and economic impact of our operations in line with the expectations of our employees, investors, partners, suppliers, and the community;
- Incorporate ESG principles into our own operations by partnering with procurement providers that share the Firm’s support of ESG integration – As a private equity investor, indirectly provide solutions which incorporate ESG principles to improve our portfolio companies;
- Develop and implement programs to achieve key performance indicators (“KPIs”) and ESG integration as part of our O.P.S.® framework;
- Maintain awareness of environmental issues to minimize risks through sustainable business practices which have included core products, solutions and/or services provided by our portfolio companies.

OUR ESG JOURNEY: SELECT MILESTONES OF PROGRESS

2013-2015

- Initiated O.P.S.® framework including components to implement ESG best practices.
- Adopted an ESG policy based six principles of the UNPRI

2019

- Engaged third-party ESG advisory firm to enhance approach to ESG due diligence and portfolio management
- Began ESG KPIs, benchmarks, targets, and oversight responsibilities included in quarterly board review

2020

- Began annual ESG monitoring with portfolio companies to enhance accountably and progress.s
- Pilot Year for Supplier Outreach Program

2021

- Launched inaugural data collection effort across portfolio
- Clearlake Impact Initiative
- ESG-specific training for new investment professionals

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2022: FROM COMMITMENT TO ACTION

A year of progress translating our ESG approach into actionable integration processes through engagement, measurement, and reporting

Clearlake’s operational improvement approach is *O.P.S.*® - Operations, People, Strategy.


Clearlake maintains an operational improvement approach in the form of its *O.P.S.*® (Operations, People, Strategy), proprietary framework intended to drive active value enhancement in private equity, special situations, and distressed investments. Clearlake’s operational improvement approach has evolved through its proprietary *O.P.S.*® framework. Through *O.P.S.*®, Clearlake seeks to execute upon its investment thesis and implement necessary changes post-investment.

Once an investment is made, the Clearlake team, together with portfolio company management, strives to continue refining business, including through detailed product roadmap reviews, sales pipeline and backlog analyses, operating expense budget construction, working capital and cash flow management, accounting methodologies, human resource management, and/or addressing information technology issues, in order to formulate and implement value enhancement strategies. Clearlake endeavors to align incentives with management through performance based compensation including annual incentive and equity plans. Importantly, Clearlake's investment professionals develop relationships with portfolio company management teams that engender collaboration, transparency, and communication, supplemented by governance and reporting guidelines.




**OPERATIONS**

Clearlake partners with management and other stakeholders to optimize operations post investment



**PEOPLE**

Clearlake recognizes the criticality to investment value creation of backing the right team



**STRATEGY**

Clearlake provides thought leadership in portfolio companies’ strategies

CLEARLAKE’S *O.P.S.*® FRAMEWORK

Clearlake's *O.P.S.*® framework incorporates ESG into broader operational goals. Material ESG-related risks and opportunities that are identified during initial ESG due diligence frequently are integrated into the 100-day action plan for new portfolio companies.

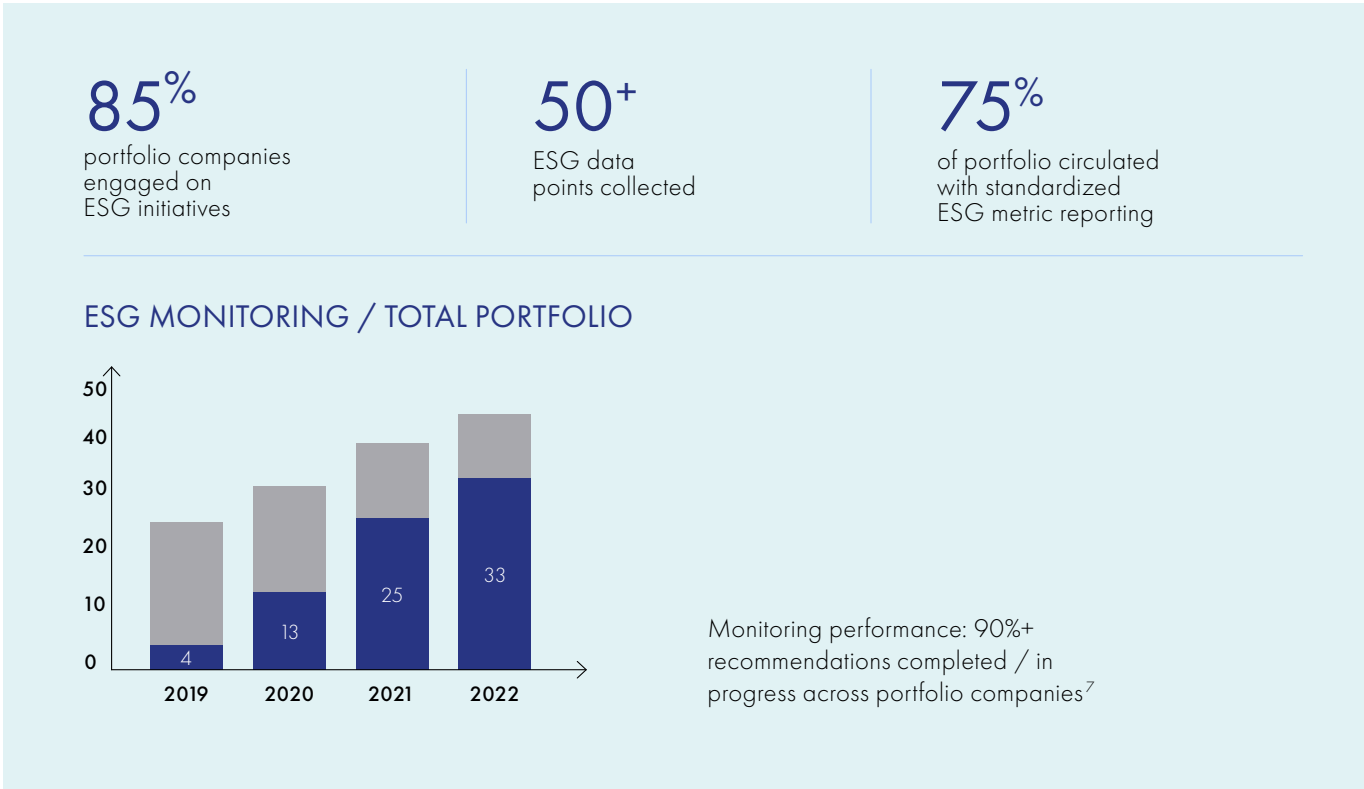


SECTION 02

# APPROACH TO ESG



# CLEARLAKE ESG PROGRAM HIGHLIGHTS<sup>6</sup>



## ESG GOVERNANCE

### OVERSIGHT RESPONSIBILITIES AND INTERNAL RESOURCES

Clearlake’s investment and ESG teams are responsible for identifying and understanding material ESG risks and opportunities to the extent applicable and material during the diligence process. The investment team is supported and directed by the Investment Committee which provides not only a “tone at the top” for ESG risks and opportunities but supplements the work of the investment team with experience leading companies at the director level.

Clearlake’s ESG efforts are further supplemented and directed by Fred Ebrahemi, Partner, Chief Operating Officer and General Counsel (“COO/GC”), with support from other members of Clearlake’s O.P.S.<sup>®</sup> team, on an as needed basis (together, the “Clearlake ESG team”). This support is further enhanced through the engagement of outside service providers with expertise in compliance, ESG program implementation, and monitoring.

<sup>6</sup> Data provided herein is as of December 31, 2022, unless otherwise noted.  
<sup>7</sup> Portfolio companies evaluated in initial ESG due diligence review and/or annual assessment process since rolling out the annual monitoring initiative in 2020.

### ADVANCING PROGRESS THROUGH REGULAR BOARD REPORTING

Clearlake believes the development of an effective ESG program requires a conscious effort that is led by boards and management and implemented throughout the entire company. Clearlake requires its portfolio companies to regularly report to their boards on ESG milestones and KPIs that are relevant to their business and to focus on priority ESG initiatives identified by Clearlake, in consultation with applicable advisors.



# ESG INTEGRATION PROCESS

## IDENTIFYING AND EVALUATING ESG MATERIALITY

Clearlake’s investment professionals evaluate material ESG factors that may arise as part of the diligence process and present material ESG factors to Clearlake’s Investment Committee for consideration in connection with portfolio company acquisition opportunities. Clearlake’s Investment Committee often considers ESG factors in evaluating whether to approve an investment in a portfolio company.<sup>8</sup>

Clearlake’s focus on investments in the technology, industrials, and consumer services sectors requires evaluation of multiple ESG issue areas. The materiality and applicability of ESG factors varies by portfolio company and depends on variables such as industry of operations, its region of operations, applicable legal standards, and the size and nature of operations. Some ESG factors, such as non-discrimination,

tend to be material and applicable to every company. Other factors, such as environmental or cyber, may have a varied potential continuum of application.

Clearlake determines materiality by evaluating a company’s **exposure** and **capacity** to manage ESG risks:

- **Exposure:** Frequency and magnitude of risk events
- **Capacity:** Controls in place to manage risk events

Risk level is determined as a function of the extent to which required action is required to ensure capacity is appropriate to manage risk exposure.



<sup>8</sup> ESG factors may not be evaluated in connection with non-control investment opportunities such as minority equity or debt participation. Depending on transaction timeline, ESG due diligence may be conducted post-close.

## CORE COMPONENTS

**Material ESG Issues:** Clearlake evaluates and assesses material ESG issues and/or opportunities on a quarterly and annual basis to benchmark and monitor a particular portfolio company’s ESG progress. Through KPIs that track ESG performance, we can communicate to investors the results of our efforts to integrate and manage ESG considerations throughout the investment process.

**Strategic Alignment:** Clearlake works with the management teams of portfolio companies to implement strategic and operational initiatives to address material ESG issues on an ongoing basis. Our investment teams seek to address topic areas where the portfolio company can improve operational efficiencies, minimize environmental effects, and increase revenue, profitability and market share.

**Board Oversight:** Clearlake works with management and/or directors of portfolio companies to foster the integration of ESG factors into board deliberations and day-to-day compliance programs. We use our presence on portfolio companies’ boards to influence the process by which ESG factors are integrated into the companies’ operations and evaluated.

**Policies & Initiatives:** Clearlake works with the management teams of portfolio companies on an as-needed basis to adopt compliance programs, policies, and procedures which incorporate ESG factors into day-to-day management and operations. As part of the O.P.S.<sup>®</sup> framework, we work with management teams to develop and implement programs to achieve KPIs and ESG targets.

**Metrics & Goals:** Clearlake aims to engage with portfolio companies (and non-control portfolio companies when possible) on an as-needed basis post close to set appropriate goals, strategies, policies, processes, and/or performance metrics with respect to ESG-related risks and/or opportunities. We encourage the integration of ESG factors at our portfolio companies and incentivize their management teams to achieve ESG objectives.

**Monitoring:** Clearlake works with portfolio companies to evaluate and address material ESG issues on an ongoing basis. We develop a quarterly ESG Monitoring Report based on initial ESG due diligence findings to track progress on KPIs and reassess ESG performance benchmarks on an annual basis. We require management teams to report on progress quarterly and engage third-party ESG consultants to conduct annual ESG monitoring assessments to ensure accountability and continued progress.

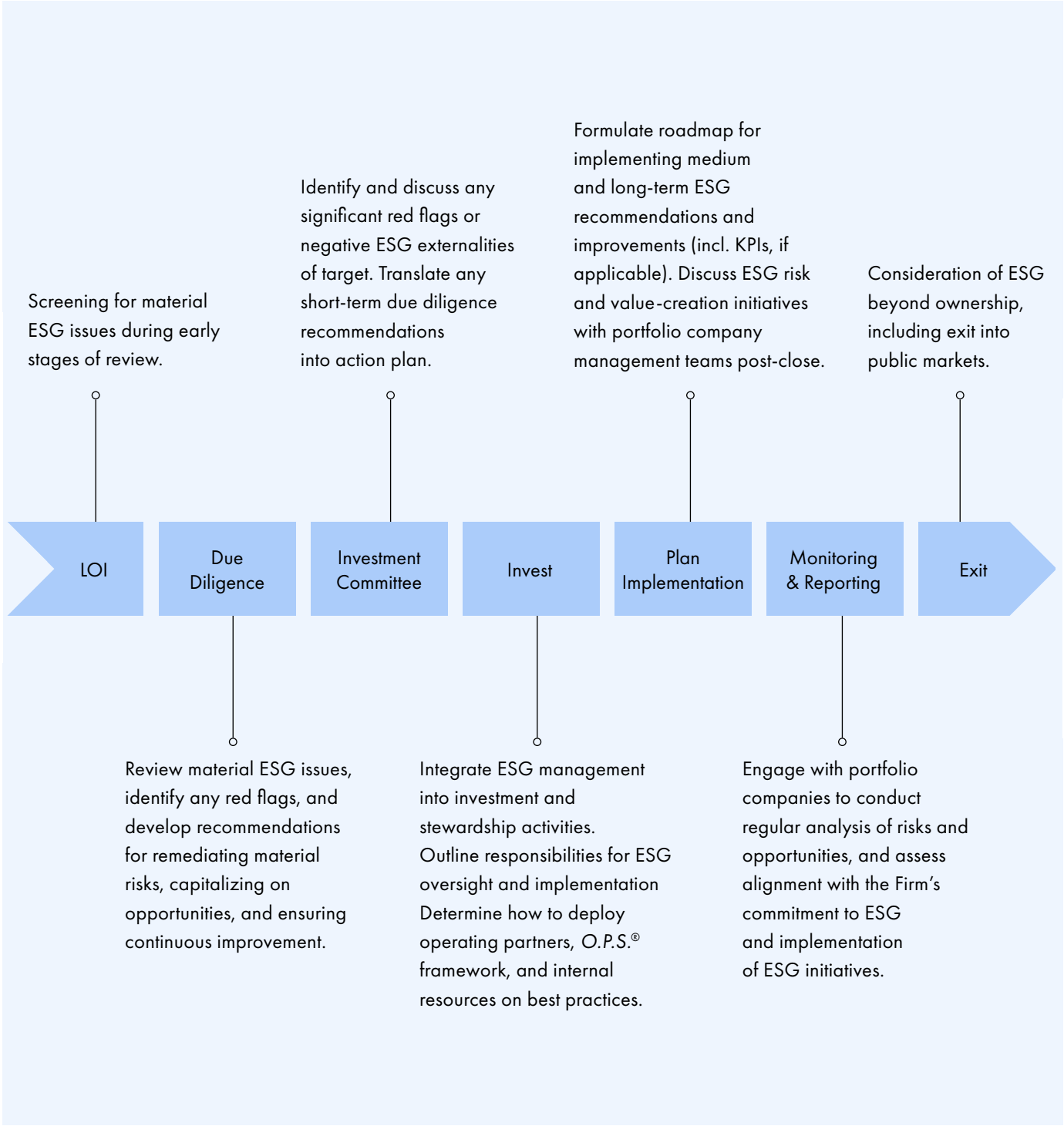


- Diligence:** Assess material ESG risks & opportunities in collaboration with third-party ESG advisors
- 100 Day Plan:** Formulate roadmap for material ESG initiatives, implementation steps & oversight responsibilities
- Engagement:** Partner with management to implement ESG action items & create long term value
- Monitoring:** Track progress on material issues through quarterly board reporting and/or annual assessments
- Reporting:** Foster transparency through standardized & company-specific ESG reporting



ESG INTEGRATION ACROSS THE INVESTMENT LIFECYCLE

Clearlake endeavors to incorporate ESG considerations into each phase of the investment lifecycle from initial due diligence, to monitoring, to exit:



COLLABORATION WITH MALK PARTNERS



In 2019, Clearlake first engaged Malk Partners ("Malk"), an ESG consulting firm, to advance our ESG program and strengthen our approach to portfolio ESG management and performance monitoring. Through this engagement, Malk performs ESG due diligence reviews, identifies ESG risks and opportunities, and recommends mitigation solutions for key ESG risk areas for acquisition opportunities. As part of their ESG management review process for portfolio companies, Malk supports Clearlake's investment professionals and portfolio company management teams to ensure that ESG risks identified are addressed and monitored.

Malk evaluates portfolio companies' ongoing progress in and exposure to ESG issue areas, reports this ESG progress update, and provides updated risk assessments and recommendations on a forward-looking basis. Since Malk's initial engagement, Clearlake has increased the scope and depth of its portfolio performance monitoring and reporting. Malk's services have expanded to include annual independent reviews of progress regarding ESG issues identified in diligence as well as reassessments of ESG performance baselines.





DUE-DILIGENCE

Assess material ESG factors when evaluating portfolio company acquisition opportunities

- LOI: When considering potential investments, Clearlake seeks to identify for material ESG issues during the early phases of opportunity consideration. This continues through the due diligence review process in advance of the investment decision and submission of a letter of intent.
  - ◇ Clearlake’s new investment professionals received training to identify and understand material ESG factors in the context of investment analysis. To the extent that material ESG risks and opportunities arise during the diligence process will be subjected to a more comprehensive review by investment professionals, advisors, and internal and external advisors when necessary. While an investment team’s diligence and analysis is not expected to cover all ESG-related factors, the investment team is expected to review and present to the Investment Committee the ESG factors material to a particular portfolio company acquisition opportunity. The Investment Committee can take these factors under consideration when evaluating whether to approve an investment.
- For control acquisitions, Clearlake typically engages a third-party ESG advisory firm (an “ESG Advisor”) to conduct ESG-related diligence. The ESG Advisor generates an ESG Due Diligence Report for the applicable target company which summarizes key findings, risks, and opportunities for improvement in relation to the target company’s ESG practices. In generating the ESG Due Diligence Report, the ESG Advisor typically reviews publicly available information, analyzes documents provided by management and Clearlake, and interviews key personnel.

From time to time, the investment teams may also engage other third-parties to assist in the evaluation of ESG diligence. The investment teams coordinate with other third-party advisors, if applicable, to avoid duplication of efforts between advisors.

- ◇ Investment Committee Decision: Material ESG factors identified by the investment team and advisors may be incorporated in the Investment Memorandum provided to the Investment Committee in advance of the ultimate decision to pursue or forgo investment opportunities.
- ◇ Invest: Clearlake integrates ESG management into its investment and stewardship activities including by outlining responsibilities for ESG oversight and implementation, determining how to deploy operating partners, considering how to leverage the O.P.S.® framework, deciding how to allocate internal resources, and sharing best practices.
- Plan Implementation: ESG risks and value creation initiatives are often discussed with portfolio company management teams post close. To the extent that particular ESG factors are material to a portfolio company, the investment team, in coordination with its advisors, will develop a company and industry-specific action plan to address ESG-related issues and opportunities. This process may include implementation of a 100-day plan, ongoing management of ESG performance, and active monitoring and reporting of ESG-related progress post-acquisition. Clearlake, in consultation with its portfolio company management teams and advisors, will then formulate a roadmap for implementing medium and long term ESG recommendations and improvements (including KPIs, as applicable).

MONITORING AND REPORTING

Continue to monitor and report on ESG throughout the lifecycle of an investment

- Quarterly and Annual Monitoring & Reporting: Clearlake typically works with the ESG Advisor, company management team, and other third-party advisors, as needed, to evaluate the applicable portfolio companies’ ongoing progress in ESG issue areas and provide updated risk assessments and recommendations on a forward-looking basis. Annual ESG monitoring reviews provide Clearlake with a path forward to address and mitigate key ESG issues as well as the ability to build upon ESG performance baselines for ongoing portfolio company monitoring. Portfolio company management teams are part of both initial ESG review and annual assessment process. Clearlake schedules final readout calls with the ESG Advisor and management teams to discuss findings, recommendations, and KPIs identified. These calls allow the management team to understand recommendations and implementation expectations throughout ownership.
  - ◇ As part of the quarterly and annual monitoring process, Clearlake, in consultation with the ESG Advisor, identifies and establishes company and industry specific ESG KPIs which are incorporated

into monitoring reports (“ESG Monitoring Reports”) that are specifically tailored to the applicable portfolio company. Clearlake uses the KPIs and ESG Monitoring Reports to support and encourage tracking and transparency of relevant ESG factors. During quarterly board meetings, investment professionals discuss ESG factors relevant to a portfolio company to appropriately benchmark and monitor progress.

- ◇ Clearlake also created a standardized template for reporting ESG metrics across its portfolio companies and is currently implementing standardized reporting through the services of Novata and Diligent HighBond.
- Board Oversight & Accountability: Clearlake expects the board of its portfolio companies to review, discuss and incorporate their progress toward implementing ESG KPIs during quarterly board meetings. Clearlake currently encourages portfolio companies to use their best judgement in determining how to effectively incorporate ESG KPIs into board materials while Clearlake continues to refine a standardized template for the inclusion of such materials.

EXIT

Consider exit opportunities and strategy in parallel with ESG factors

- Realized ESG improvements during the investment period can be identified as strengths during negotiations with potential buyers.
  - ◇ Exit Planning: Leading up to exit, Clearlake may identify portfolio company ESG performance and potential economic impacts to enhance marketability, such as promoting company sustainability initiatives, solutions, and/or opportunities.
  - ◇ Demonstrate Value Impact: During engagement with potential buyers, Clearlake may identify the positive impact of its management, by showing improvements in material ESG focus areas, the achievement of ESG KPIs, and the impact on value.

## ESG CONSIDERATIONS IN LENDING



### Whitestar overview

In June 2020, Clearlake acquired WhiteStar Asset Management ("WhiteStar"), as part of our long-term strategy to integrate private equity, credit, special situations, and distressed capabilities into an all-weather investment approach. WhiteStar and Trinitas Capital Management (an affiliated investment manager) operate as managers or in similar capacities of collateralized loan obligations ("CLOs"), structured products, and broadly syndicated credit arm of Clearlake.

WhiteStar is headquartered in Dallas, Texas with international offices in London, England and Dublin, Ireland. WhiteStar's investment professionals are experienced in structuring, investing, and managing senior secured loan portfolios. WhiteStar's team is characterized by a breadth of analytical resources and proprietary market intelligence. WhiteStar has a conservative credit culture focused on fundamental credit evaluation and primarily invests in broadly syndicated senior secured loans and CLO tranches.

### Whitestar ESG integration process

While WhiteStar's core investment philosophy is to seek attractive absolute and risk-adjusted returns, Clearlake and the WhiteStar team recognize the importance of identifying and integrating material ESG factors into credit analyses as part of managing downside risk. ESG risk is assessed throughout the deal cycle and is the direct responsibility of each portfolio manager and analyst on the investment team. The current process considers a number of objectives, as well as subjective factors that culminate in an individual score that is

generated for each portfolio investment. This score is based on an internally developed scoring matrix that is factored into WhiteStar's initial credit screen as well as in the overall credit process. Each credit is scored across a multiple number of E, S, and G factors to give an overall score - each company under review is assigned E, S, and G rankings from 1 (Low Risk) to 4 (Significant Risk). The ESG risk score is embedded in the team's credit review template and has a direct impact on the proprietary internal credit score. At the screening stage, the score is a substantive factor in determining if WhiteStar proceeds to full credit work on a particular asset. Where full credit work is prepared then the initial ESG scoring matrix is refined and updated as part of the credit process.

WhiteStar is committed to prioritizing the effective implementation of its ESG policies across its investment strategies. Senior members across the investment teams in Europe and the US are led by a dedicated ESG Policy committee that oversees the development, implementation, and monitoring of the firm's ESG investment approach. This committee oversees the identification, implementation and sharing of best practices across both jurisdictions and seeks to leverage the different market perspective and experiences of its members. Director, Nathan Hall, who is supported by Vice President, Erik Huckleberry, leads US ESG efforts. Managing Director, Brian McNamara, who has previously served as a member of the UN PRI Structured Credit Group, is responsible for European ESG activities. Collectively, the team monitors and updates the firmwide ESG policy.

## PORTFOLIO COMPANY ENGAGEMENT

### 2022 thematic takeaways: environmental

#### CLIMATE CHANGE

Clearlake is aware of the consequences of climate change and the corresponding risks to investments; it is also aware of the important role the financial sector must play to mitigate climate change. The Firm takes a long-term perspective and uses accountability as a fulcrum for climate stewardship. Accordingly, the firm has identified the need to develop, implement and communicate a strategy that supports climate change policy coherence and orients companies towards global decarbonization. Clearlake views climate risk management strategies as important tools to help measure, disclose, and reduce the carbon footprint of its portfolio in addition to reducing its own direct environmental footprint.

Clearlake engages with its portfolio companies to understand a company's approach to identifying climate-related risks and the policies and practices in place to address such issues. Clearlake works with management to highlight emerging climate-related trends. For example, to mitigate physical risks of climate change, an exercise may entail using forward-looking climate data to discern the exposure and vulnerabilities of different sectors to specific climate impacts based on geographic location and the ability to improve resilience with protective measures. Clearlake seeks three central outcomes through engagement with companies on climate change: improving governance of climate change, reducing emissions, and strengthening climate-related disclosure.



SPOTLIGHT

CONSIDERATION  
OF CLIMATE  
CHANGE FACTORS

ConcertGolf  
Partners

ABOUT CONCERT GOLF PARTNERS

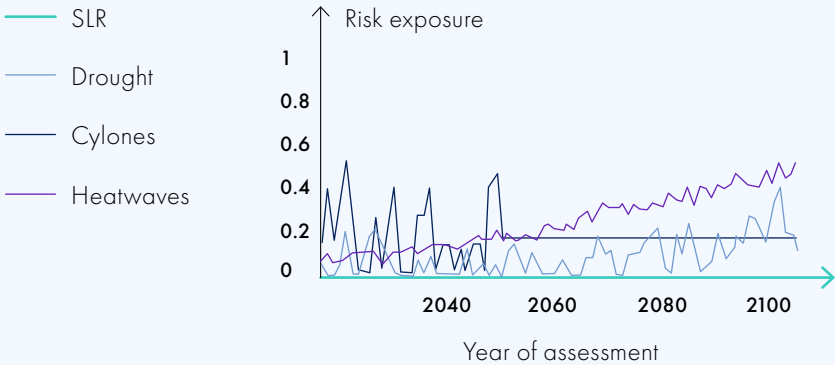
Concert Golf Partners (“Concert Golf” or “CGP”) is a boutique operator of private golf and country clubs focused on providing high-quality lifestyle offerings and amenities for its members. Clearlake acquired Concert Golf in March 2022.

**Challenge:** Golf courses tend to risk exposure to adverse weather events, such as windstorms, hurricanes, ice storms, and floods, which may impact operations. Concert Golf incurred property insurance claims between 2017-2021 for ~20 extreme weather events, which disrupted operations by damaging course landscapes, irrigation systems, and facilities.

**Actions:** Considering costly operational disruptions resulting from extreme weather events, Clearlake partnered with a third-party ESG risk advisor to conduct a Climate Scenario Analysis, using data provided by SUST Global, to assess the risk profile of Concert Golf’s portfolio of 26 US golf clubs. The exercise involved analyzing projected climate risks (wildfire, flood, heatwave, drought, sea level rise, and cyclone) of portfolio golf clubs between 2023-2051 across three different emissions scenarios.

**Results:** Based on the outcome of the Climate Scenario Analysis, Clearlake and Concert Golf endeavored to develop a holistic view of the portfolio’s exposure to physical climate change risks. The analysis can provide climate change insights that better inform operational decisions across portfolio clubs.

EXAMPLE ANALYSIS FOR SINGLE LOCATION



SPOTLIGHTS  
SUSTAINABILITY IN THE PORTFOLIO

ACCELERATING DEPENDABLE  
GROWTH WITH SUSTAINABLE  
MANUFACTURING



ABOUT BBB INDUSTRIES

BBB Industries LLC (“BBB”) is a sustainable manufacturer of non-discretionary automotive, industrial, energy storage and solar parts. Clearlake acquired BBB in July 2022.

Founded in 1987, BBB has been a pioneer in sustainable manufacturing and the circular economy through its operations, which improve and extend the useful life of critical automotive parts. Historically, BBB specialized in the remanufacturing of non-discretionary parts for the personal and commercial vehicle aftermarket, including starters, alternators, brake calipers, steering products, and turbochargers. More recently, the company has embraced the electric vehicle (EV) market, starting with electric power steering and continuing with upcycling and increasing the lifespan of EV batteries. Beginning in 2021, BBB further expanded its offering beyond the automotive segment into renewable energy markets via its newly established TerrePower division. TerrePower is dedicated to solar and EV upcycling, taking a used part or product and sustainably manufacturing it for a second life, thereby avoiding recycling and disposal.

Clearlake’s investment in BBB demonstrates the Firm’s belief that the consideration of ESG factors compliments the analysis of operational and financial factors in investment decisions. Clearlake will support management as the sustainable manufacturing pioneer enters its next phase of growth.

“Our goal is to extend the useful life of products using sustainable manufacturing to prevent materials from entering the waste stream. With our current sustainable manufacturing practices, we offset over 100,000 metric tons of carbon dioxide from entering the atmosphere and 100 million pounds of metal and plastic waste from entering the waste stream. Not only are we keeping vehicles on the road, but we are doing it in an environmentally friendly way.”

TIM ROTH  
Senior Advisor – Strategy,  
Sustainable Manufacturing, M&A Officer



SAFE, CIRCULAR  
AND RESPONSIBLE  
MANUFACTURING



ABOUT INTERTAPE  
POLYMER GROUP INC.

Intertape Polymer Group Inc. (“IPG”) provides a wide variety of sustainable packaging and protective solutions for a diverse set of end markets globally. Clearlake acquired IPG in June 2022.

IPG manufactures and sells a variety of paper and film based pressure sensitive and water-activated tapes, stretch and shrink films, protective packaging, woven and non-woven products and packaging machinery for industrial and retail use.

IPG distinguishes itself with its customer relationships, marked by bundled solutions that create multiple touchpoints with each customer, as well as its strategic approach to sustainability supported by a differentiated product portfolio, with the majority of the Company’s revenue derived from packaging products that are recyclable, reusable, compostable, and/or Cradle to Cradle Certified®.

Clearlake’s investment in IPG highlights its focus on innovation, sustainability, and growth in diverse and recession resilient end markets combining IPG’s customer-centric and sustainability-oriented strategy with Clearlake’s packaging investment experience and O.P.S.® operational improvement approach.



“Safety and well-being extend beyond the four walls of our organization into the community and around the world, which is why our product innovations, efficiencies in the use of raw materials, water and energy, and elimination of waste are inherent to our values. We continue to believe sustainability is one of the core growth drivers of our business, which is why we have taken ambitious actions to lead the industry in making products that are better for the planet, our people, our customers and the global community.”

GREG YULL  
President and Chief Executive Officer

2022 THEMATIC  
TAKEAWAYS: SOCIAL

Diversity, equality and inclusion

Clearlake evaluates target companies’ policies, KPIs, and opportunities for improvement during initial ESG due diligence, and works with management teams to find opportunities to advance diversity practices and programs throughout ownership. We not only look at a company’s diversity statistics overall, but also strive to promote more varied representation at the executive and board levels.

SPOTLIGHT

DIVERSIFYING THE  
BOARD ROOM



ABOUT DILIGENT

Diligent Corporation (“Diligent”) is the global leader in modern governance, providing SaaS solutions across governance, risk, compliance, audit and ESG. Serving more than 1 million users from over 25,000 customers around the world, Diligent empowers transformational leaders with software, insights and confidence to drive greater impact and lead with purpose. Clearlake acquired Diligent in January 2018.<sup>9</sup>

Modern governance requires  
modern leadership

With Clearlake’s support, Diligent launched the Modern Leadership initiative alongside the Diligent Director Network to provide senior leaders with the resources, insights, partnerships, and technology needed to enhance diversity in organizations and modernize governance. Aligning closely with Clearlake’s long-held principle that diversity drives differentiated outcomes, these initiatives bring together existing, rising, and next generation leaders to discuss actions that drive change in the boardroom and at the executive level.

**Modern Leadership Initiative:** Launched in 2020 to provide senior leaders with resources, insights, partnerships, and technology to enhance diversity in organizations and modernize governance.

**Director Network:** Launched as largest and most diverse global community of board-ready executives to widen candidate pools which includes nearly 700,000 CEOs, board directors, and executives.

<sup>9</sup> Through a shared investment.



“Diligent is committed to being a catalyst for greater diversity and inclusion, starting with the highest levels of leadership – and we are using our network of nearly 700,000 board directors and leaders to help drive that change. By increasing the number and visibility of diverse board members, truly changing composition from the top, we believe organizations will be able to better serve stakeholders and create long-lasting, positive change in the world. We hope other companies will join us to create more board and C-Suite opportunities for diverse talent.”

BRIAN STAFFORD  
Chief Executive Officer

Committed to helping leading organizations build more diverse and inclusive boards and executive teams, setting the tone for change from the top.

- Create the ability to source new profiles, including those with an emphasis on diversity, through a unique and trusted nominations process
- Allows directors who are part of the Diligent community the opportunity to recommend the next generation of rising directors
- Clearlake, and other participating private equity firms, have committed to place more than 50 diverse individuals in board seats for increase visibility and transparency for diverse director candidates



2022 THEMATIC TAKEAWAYS:  
GOVERNANCE

Data privacy and security

Clearlake seeks to enhance data management practices and security measures. We partner with management teams to update and implement information security and data privacy policies and procedures and address privacy-related regulatory obligations. In addition, Clearlake engages with management teams to complete internal privacy assessments and enhance data retention policies to mitigate the risk of data breaches.

SPOTLIGHT: O.P.S.®  
FRAMEWORK IN ACTION

CYBERSECURITY IN THE PORTFOLIO

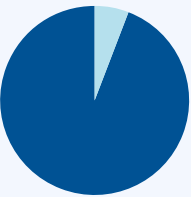
Clearlake is focused on cybersecurity and directing its portfolio companies take proactive measures to prevent and mitigate cyberattacks. Prior to onboarding a new platform or add-on acquisition, Clearlake and/or its advisors diligence potential cyber risks.<sup>10</sup>

Cybersecurity initiatives

- Seek to assist in procuring adequate cyber insurance
- Partner with portfolio companies to complete third-party risk assessments with one of our recommended vendors
- Leverage the use of third-party tools to monitor cybersecurity scores and rankings throughout the portfolio
- Evaluate potential acquisitions’ existing cybersecurity posture, programs, and insurance

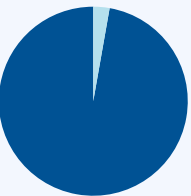
Risk assessment progress

December 2021



6% in progress  
94% completed

December 2022



3% in progress  
97% under compliance

<sup>10</sup> Clearlake's cyber due diligence may take place following the close of an acquisition



Clearlake procurement

Throughout its ownership of a portfolio company, Clearlake's O.P.S.® team offers guidance on service provider partnerships for information technology and corporate services. As part of our procurement efforts, we are able to harness capabilities for investments across the portfolio.

Clearlake maintains a procurement interactive forum across platforms (the “Procurement Portal”), which is designed to allow leaders in the portfolio who oversee purchasing and procurement to engage in discussions regarding best practices and related inquiries. The Procurement Portal provides a centralized point of access to Clearlake’s procurement program and preferred partners.

Key components

<p><b>Stand Alone</b></p> <p>Each company typically enters into its own vendor participation agreement. Companies can typically retain benefits post-Clearlake relationship.</p>	<p><b>Value-Add</b></p> <p>Programs and analysis are intended to identify opportunities for savings and add value to the portfolio company.</p>
<p><b>Versatile</b></p> <p>Clearlake partnerships vary across several vendor categories.</p>	<p><b>A-La-Carte</b></p> <p>Clearlake’s analysis is performed at no direct cost to the portfolio company, leaving partnerships at the company’s discretion to pursue.</p>



Negotiate

- Value-add partnerships with preferred partners
  - ◊ Competitive pricing
  - ◊ Pre-negotiated terms
  - ◊ Dedicated customer service teams
  - ◊ Leverage the buying power of the portfolio for economies of scale
- Each company typically enters into its own standalone agreement
- Companies can often retain benefits post-Clearlake



Cross-Portfolio Work

- Promote the goods and services of portfolio companies to each other
- Connect portfolio companies with each other to share best practices, vendor references, and benchmarking data
  - ◊ O.P.S.® Portals (Procurement, Tech/ Cyber, HR, Legal, ESG)



Mitigate Risk

- Track and make recommendations based on cybersecurity data
  - ◊ Security Scorecard
  - ◊ Third-party risk assessments
  - ◊ Internal/external penetration testing
  - ◊ ISO/SOC2 certifications
- Benchmark cybersecurity insurance coverage and policies
- Perform vendor due diligence on preferred partners

Vendors

Clearlake maintains relationships with vendors, that enable the Firm to offer preferred pricing or special terms to its portfolio companies on various cyber security focused products.

Vendors from Clearlake Portfolio

**BeyondTrust:** BeyondTrust provides privileged access management solutions to stop data breaches and achieve compliance. Services include privileged password management, endpoint privilege management, secure remote access, and cloud privilege protection. BeyondTrust offers special pricing for Clearlake portfolio companies.

**DigiCert:** DigiCert provides high-assurance digital certificates, certificate management software solutions and public-key infrastructure solutions, which enable secure authentication and encryption. DigiCert has agreed to prearranged pricing for Clearlake portfolio companies as well as pre-negotiated terms to streamline the procurement process.

**Quest Software:** Quest provides cybersecurity, data intelligence, and IT operations management software, with a reputation as a critical software solution provider for security-sensitive customers and an innovator in addressing rapidly evolving risks and security threats. Quest enables today’s edgeless IT ecosystem, across people, applications, and data to endpoints, allowing customers to maintain controls, mitigate and contain security threats proactively, and achieve operational up-time while decreasing costs.

Other Vendors

**Cybersecurity:** Clearlake maintains a relationship with several providers of cybersecurity advisory, threat detection, response services, and/or cyber security awareness training. These providers typically offer special pricing for Clearlake portfolio companies.

**Cloud Based File Sharing:** Clearlake maintains a relationship with a provider of cloud-based file sharing solutions designed to improve cloud content security, governance, and collaboration, while improving user productivity and minimizing risk exposure, while reducing IT cost and complexity. This provider offers discounts on services and pre-negotiated terms for Clearlake portfolio companies.





# ESG DATA COLLECTION

Over the past year, Clearlake has worked to enhance its ESG data collection and standardization efforts.

In keeping with these efforts, Clearlake partnered with Diligent HighBond (an ESG reporting platform provided by Diligent—one of Clearlake’s portfolio companies) and Novata (a public benefit corporation and ESG data management platform) to help collect, report, centralize and benchmark portfolio companies’ environmental, social and governance performance.

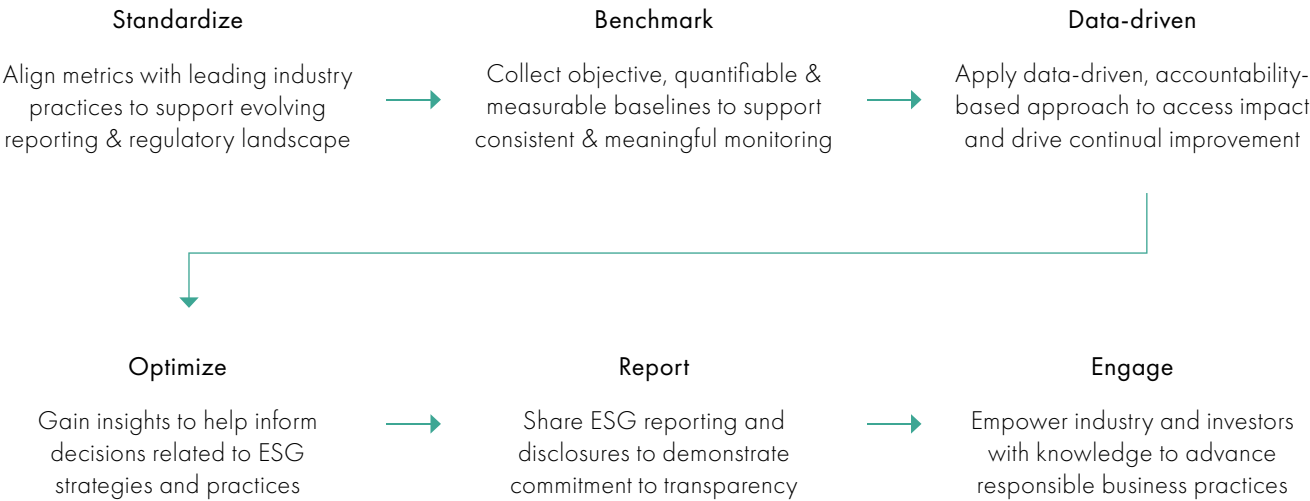
Through this process, Clearlake seeks to collect data on broader, universal ESG topics in alignment with leading ESG frameworks, which supplements information gathered through existing and ongoing engagements with portfolio companies. Core metrics were intentionally curated to address needs

of the evolving ESG reporting and regulatory landscape, for example, portfolio company disclosure surrounding carbon footprint, water and energy consumption, waste management, diversity of board members, and gender and racial/ethnic group representation, among others. Clearlake created its standardized ESG reporting framework and began implementing the framework across its portfolio companies using the Novata and Diligent HighBond platforms. Clearlake aims to leverage these technology platforms to collate and analyze the data received, and work with its invested Limited Partners on how best to meet their ESG and/or DEI reporting needs within its existing reporting.



Partnered with Diligent HighBond & Novata to curate set of core & expanded ESG metrics

Implemented ESG metric reporting across companies to systematically collect, report, centralize & benchmark ESG performance



## SPOTLIGHT GOVERNANCE SOFTWARE FOR STRONG RISK MANAGEMENT

### GOVERNANCE SOFTWARE FOR STRONG RISK MANAGEMENT

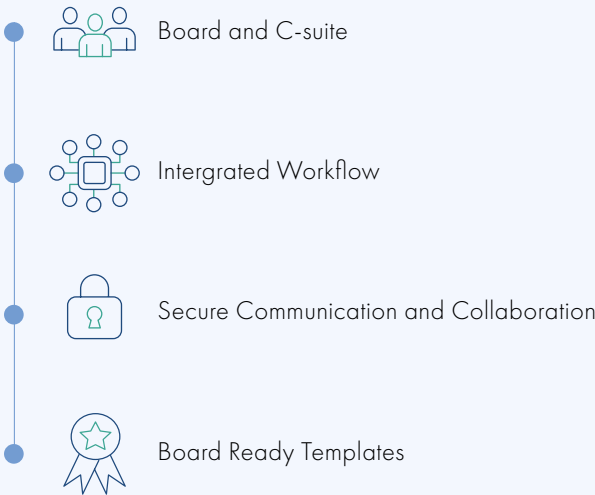


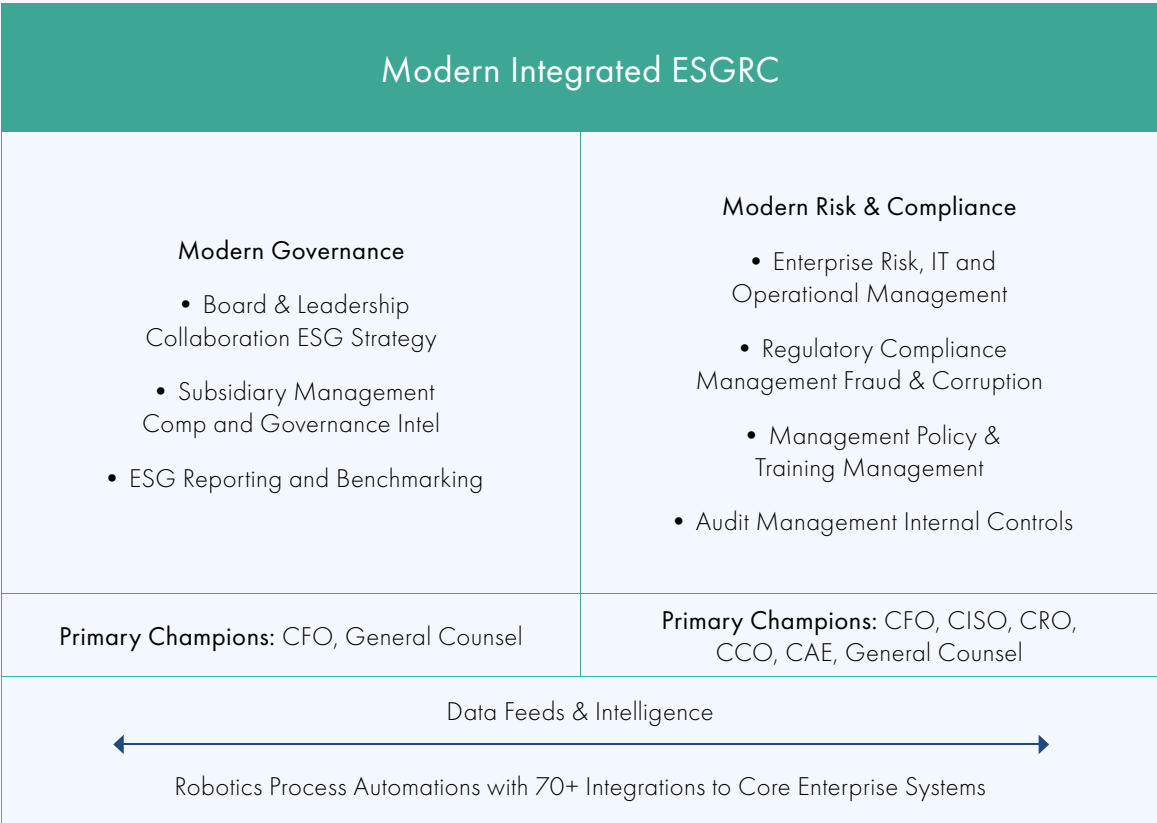
#### ABOUT DILIGENT ESG

As a global provider of Environmental, Social, Governance, Risk and Compliance (“ESGRC”) SaaS solutions, Diligent’s holistic view of ESGRC enables transparency and connectivity across an organization, ensuring executives and other leaders have an integrated view of audit, risk, information security, ethics, compliance and sustainability.

Diligent is a Clearlake portfolio company providing software applications to help streamline the day-to-day work of board management and committees and support collaboration and secure information sharing. As part of Clearlake’s efforts to standardize ESG reporting across its portfolio companies, Clearlake, in coordination with Diligent, implemented ESG metric reporting through HighBond, Diligent’s ESG Reporting Platform.

#### THE DILIGENT PLATFORM





Total economic impact of diligent ESG

Diligent ESG allows organizations to simplify and reduce costs of emissions data collection, aggregation, calculation, and auditing. Diligent commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Diligent ESG. The purpose of the study is to provide readers with a framework to evaluate the potential financial impact of Diligent ESG on their organization.

Key results reported by Diligent

- 50% reduction in auditing costs related to emissions reporting
- 60-80% time savings when collecting, validating and sharing emissions data
- 20-40% reduction in time for creating and filing emissions reports
- Improvement of investor trust & marketplace reputation through improved quality and consistency in reporting, aggregation and collection of ESG data



SPOTLIGHT

ESG SOFTWARE FOR PRIVATE MARKETS



ABOUT NOVATA

Novata is a public benefit corporation providing a platform designed to enable private companies to collect, analyze, benchmark and report relevant ESG information. By providing a flexible ESG framework, a secure contributory data repository and benchmarking tools for analysis and reporting, Novata simplifies the fragmented and opaque process of ESG diligence and provides key insights for private company leaders, private equity general partners, private credit general partners and limited partners—pioneering a unified approach to ESG and ultimately leading to a more inclusive and sustainable form of capitalism.

Solutions

The Novata Framework is built around critical metrics that consistently appear across existing leading ESG methodologies and is designed to comply with regulatory changes and other market forces. It contains 3 key elements: Streamlined ESG reporting framework, secure contributory database, and objective, data-driven benchmarking tools to help private businesses report to investors, regulators, and other stakeholders.

ESG Metrics: Industry Standard, Research-Backed

With guidance from Clearlake and other GPs, Novata selected and socialized a set of commonly-defined metrics to support effective benchmarking. This involved reviewed leading ESG frameworks to identify the core metrics that meet the specific needs and interests of private markets stakeholders. This is intended to establish an objective, quantifiable, and measurable baseline for comparison across companies and portfolios, so users can improve financial performance and have a positive impact. The open architecture adapts over time to meet market expectations as well as new regulatory requirements such as SFDR, TCFD, ESGDC, and CSRD.

Data Collection: Guidance & Guardrails

Novata aims to simplify the process of collecting ESG data with their secure, multi-user platform. Novata provides guidance on how to report metrics, calculators to transform raw data into metrics for submission, and guardrails to ensure high quality data is submitted.

Reporting and Action Planning: Getting Insights and Taking Action

Novata’s platform allows users to analyze ESG performance, develop action plans, and share reporting with key stakeholders. With data-driven insights, Clearlake hopes to enhance reporting to LPs and drive change in its portfolio companies.

Clearlake’s partnership with Novata is part of a commitment to address the economic, environmental, and societal issues that are most pressing and to move the world forward through the power of action, inclusion, and technology.

SECTION 03

# CORPORATE SOCIAL RESPONSIBILITY



# DIVERSITY, EQUALITY AND INCLUSION<sup>11</sup>

Since the Firm’s inception, the Co-Founders have worked to foster and perpetuate a culture of inclusion, diversity and equal opportunity. As Co-Founders of diverse backgrounds, each sets a “tone at the top” by cultivating, nurturing and overseeing a diverse employee workforce at the Firm.

Clearlake has adopted a Diversity Policy and set in motion a series of initiatives to ensure it maintains continued focus on the important goals of diversity and inclusion across all aspects of its business. Clearlake’s diversity initiatives run throughout its policies and practices and the Firm prioritizes the ongoing development of a work environment built on encouraging and cultivating a culture of diversity and equal opportunities.

Clearlake views human capital as its most valuable asset. Each employee’s individual differences, life experiences, knowledge, inventiveness, innovation, self- expression, unique capabilities, and talent contribute to Clearlake and represent a significant part of not only our culture, but our reputation and Clearlake’s achievement as well. We embrace and encourage our employees’ differences in age, race, creed, religious belief, color, gender, sexual orientation, gender identity, marital status, disability, national origin, alienage, or citizenship status, military status, genetic predisposition or carrier status and other characteristics that make our employees unique.

Clearlake is an equal opportunity employer, and Clearlake strives to create an environment that fosters and supports the diversity of its workforce. Each of its employee’s individual differences, unique

talents and capabilities contribute to Clearlake in a real and meaningful way. Clearlake maintains a Diversity Policy to guide our efforts to implement policies and practices designed to ensure we maintain a continued focus on the important goals of diversity and inclusion in all aspects of our business. Clearlake’s diversity initiatives are applicable throughout our practices and policies and the ongoing development of a work environment built on encouraging:

- Respectful communication and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity

Clearlake is minority owned and managed and Nationally Certified by The Southern California Minority Supplier Development Council (NMSDC).

<sup>11</sup> Clearlake defines minorities and/or diverse individuals as those self-identifying in one or more of the following categories: Female, Hispanic or Latino, Black or African American, Native Hawaiian or Pacific Islander, Asian, American Indian or Alaskan Native, Middle Eastern or North African, Two or More Races, and/or Other Ethnic Group (persons of any racial and/or ethnic group not categorized by the foregoing). Diversity statistics provided herein were based on the composition of Clearlake’s employees as of December 31, 2022. Excludes Clearlake part time employees and WhiteStar professionals (over 30 employees).

## OUR APPROACH TO DEI

Maintaining a diverse and inclusive organization is an ongoing strategic priority for the Firm, as such, it continues to push DEI efforts so as to help ensure that people with diverse backgrounds, ethnicities, and life experiences thrive at the Firm and in the financial community. Clearlake continually reviews its recruiting and retention policies to seek better methods to expand or enhance its efforts to achieve a diverse, respectful, and inclusive workplace.

Clearlake uses both quantitative and qualitative measurements to assess workforce diversity and inclusion efforts in areas such as applicant tracking, hiring, promotions, separations, career development, and retention. As part of the onboarding process,

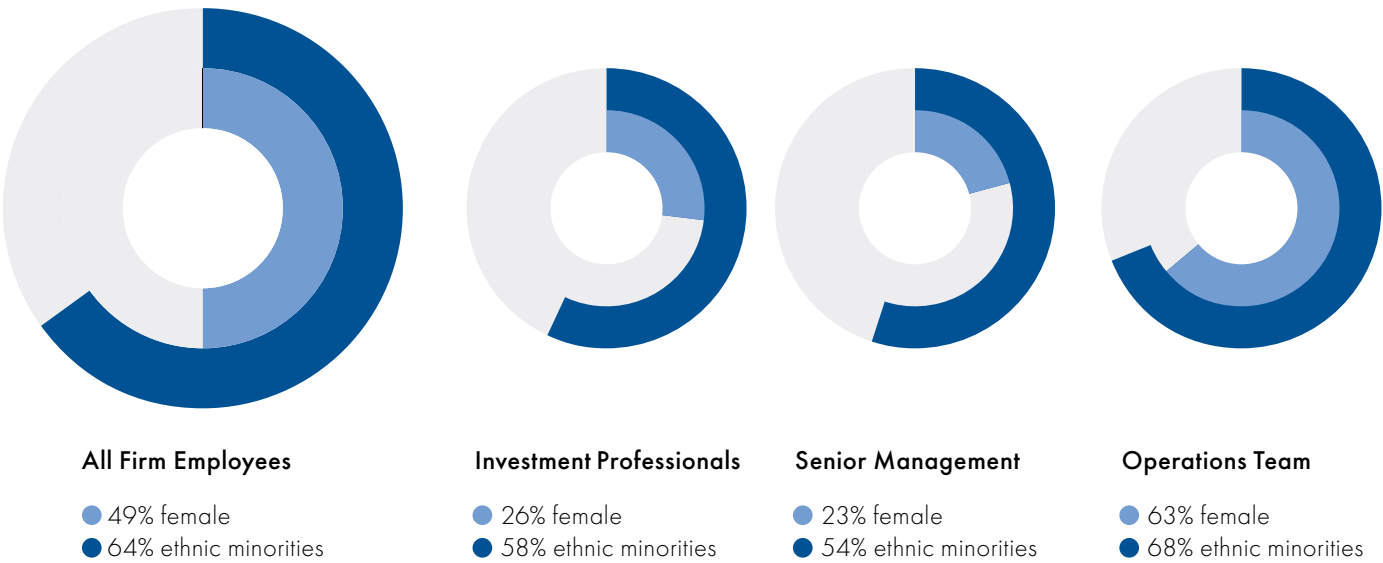
Clearlake collects self-identification demographic data from its employees to understand and track female and racial/ethnic minority representation within its workforce. Clearlake regularly updates its Employee Diversity Report, which tracks the number of women and minorities employed at the Firm. This allows us to:

- **Measure and Report:** Implement controls to monitor, track, and communicate progress toward our diversity goals
- **Empower Change:** Foster a culture that not only drives a diversity agenda, but one where diversity thrives across the entire organization

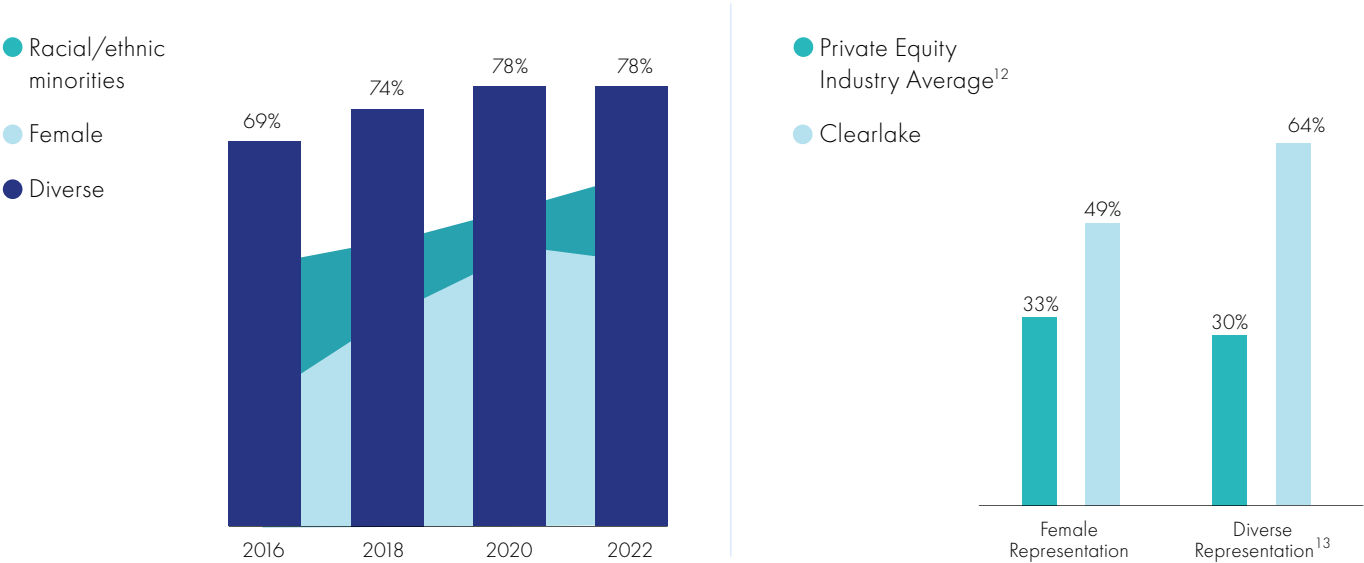


2022 DEI AT CLEARLAKE

We are committed to fostering and cultivating a culture of diversity and equal opportunity



FIRM DIVERSITY REPRESENTATION OVER TIME



<sup>12</sup> Private Equity Industry Average according to [McKinsey & Company 2022 Diversity in Global Private Markets Study](#)  
<sup>13</sup> To compare against the applicable benchmark, Clearlake has excluded non-ethnically diverse females from this figure, as the benchmark defines diverse representation as ethnic and racial minorities in entry-level to managing director roles.

RECRUITING AND RETENTION

Clearlake strives to provide an environment that challenges and incentivizes our employees to progress professionally while providing value to the Firm. Clearlake seeks to employ professionals who have intellectual rigor and diversity of talent, including a broad range of education, life experiences, perspectives, and skills at all levels of the Firm.

A key component of Clearlake’s diverse and female hiring strategy has been to develop strategic relationships with diverse and female oriented nonprofit organizations locally, nationally and internationally. Clearlake’s partnership with diversity-focused organizations provide the Firm with a platform to recruit, employ, educate, and sustain a diverse team as well as strengthen the Firm’s commitment to the development and advancement of diversity in the workforce. Engagement with industry and corporate partners ensures that Clearlake’s DEI strategy and initiatives affect not only those who are at Clearlake, but also those that are directly and indirectly impacted by the firm’s decisions and actions.

Clearlake has deepened its corporate engagement efforts with organizations that facilitate equal employment opportunities and promote the ongoing development and advancement of diverse individuals in careers in asset management and finance. For example, Clearlake has engaged with the Robert Toigo Foundation (TOIGO) and Sponsors for Educational Opportunity (SEO) Alternative Investments. As a part of the TOIGO program, members of the investment team participate in conferences, panels, and one-on-one calls with TOIGO fellows to increase their understanding and awareness of the broader private equity landscape, Clearlake, and navigating the recruiting process. We also recruit summer MBA interns from TOIGO with the intention of further preparing these individuals for full-time careers in private equity. Over the past three years, summer interns have gone on to work at Clearlake, peer private equity funds, and more broadly in finance and asset management. In addition, we participate in SEO’s Alternative Investments Fellowship Program, which supports the advancement of diverse professionals at the undergraduate level. In addition to a financial commitment, Clearlake formally mentors new graduates as they transition from their undergraduate education to roles in investment banking, with a goal of preparing these individuals for careers in private equity before the private equity recruitment cycle begins.

Within the organization, Clearlake takes an active role in the ongoing development and advancement of diverse professionals. Clearlake recognizes the need for sponsorship, mentorship, and inclusive policies to support the long-term success of underrepresented talent. In addition to formal training programs, including participation by rising female leaders in the TOIGO RISE program, Clearlake has sponsored a year-long development course for women in asset management, as well as corporate sponsorship of various external conferences and training.

In addition to our workplace, Clearlake works to facilitate diversity and equal employment opportunities across its portfolio and in the financial community by promoting the development and advancement of diverse individuals in careers in asset management and finance. Clearlake works with organizations in the industry, including one of its portfolio companies, Diligent. Diligent is committed to helping leading organizations build more diverse and inclusive boards and executive teams, setting the tone for change from the top, and assists with pipelining qualified candidates.

Industry and Corporate Partnerships

Actively engage with organizations that promote the attraction and retention of diverse candidates.





# COMMUNITY ENGAGEMENT

Clearlake endeavors to supplement its efforts to promote diversity and inclusion through its philanthropic work and participation in community mentorship programs outreach activities.



The Boys and Girls Club is a nationally recognized non-profit that provides a variety of youth services from kindergarten through high school age children and young adults. Clearlake has historically partnered with local chapters of the Boys and Girls Clubs of Santa Monica and Venice, California to conduct community outreach and volunteer events. Employees have participated in various mentorship programs at local chapters, in addition to some employees having served as members on the board of directors for the local chapters. Clearlake recently renewed its relationship with the Boys and Girls Club of Santa Monica, and has resumed in person volunteer events and outreach, which were suspended during the COVID-19 pandemic.



## SPOTLIGHT

### WHITESTAR IN THE COMMUNITY



#### ABOUT WHITESTAR

In June 2020, as part of Clearlake’s long-term strategy to integrate private equity, credit, special situations, and distressed capabilities into an all-weather investment approach, the Firm acquired a majority stake in WhiteStar.

From time to time, WhiteStar has supported several charitable organizations in the greater Dallas area, through volunteer efforts, donations, and/or financial contributions.

#### Supporting charitable organizations in the Dallas area

**Hunger Busters** is a Dallas-based charity focused on feeding kids and fueling futures by providing a much-needed third meal of the day to food-insecure children in Dallas Independent School District (“DISD”) through its signature “Feed the Need” after school program. Hunger Busters will provides 350,000 meals to 11 DISD schools and 6 after school programs. With the help of committed volunteers, continuing and new partners and donors, Hunger Busters will take a big bite out of Dallas’ childhood hunger epidemic.

**Folds of Honor (“FoH”)** is a charitable organization with a mission to empower military families with educational support and opportunities. FoH provides post-secondary educational scholarships to the spouses and children of service members disabled or killed as a result of their military service.

**The Birthday Party Project (“TBPP”)** is a non-profit organization bringing joy to children experiencing homelessness through the magic of birthday parties. The Birthday Party Project hosts monthly birthday parties at homeless and transitional living facilities with the goal of making the children it serves feel not only celebrated, but also valued. TBPP launched in 2012 hosting one party a month at a single shelter. Due in large part to the dedication of its birthday enthusiasts (volunteers), TBPP now partners with 60 agencies across the country to bring birthday joy to children experiencing homeless. During the pandemic, TBPP celebrates children and young adults, ages 1-21, through their Birthday in a Bag program.

**Austin Street Center** has been committed to providing emergency shelter, food, and clothing to homeless men and women in Dallas. Through crisis intervention, case-management, transitional housing, and work readiness programs, Austin Street Center exists to provide the support and life skills necessary to achieve independence free of charge to more than 2,700 individuals annually.

**Momentous Institute**, owned and operated by Salesmanship Club of Dallas, has been building and repairing social emotional health in kids since 1920. Each year, the organization serves 6,000 children and family members through innovative education and therapeutic services. The organization also invests in research and training to reach far more children than could ever be served directly and hosts the annual Changing the Odds Conference.



SOCIAL  
IMPACT

With the goal of building a better future in mind, Clearlake establishes strategic partnerships with socially responsible organizations to positively influence societal change. We believe that by pairing beliefs with actions, we will inspire others to invest in making their community successful. Our passion for giving back fuels our drive to continually look for ways to do more and a make meaningful impact on society. Together, we can transform lives and enhance the world around us.

CLEARLAKE IMPACT INITIATIVE

Founded in 2021, the Clearlake Impact Initiative (CII) is a philanthropic grantmaking and impact investment foundation focused on supporting education, health and wellness, equal opportunity, and beneficial social change.

CII sponsored UCLA Health’s Operation Mend, which provides surgical and medical treatment, comprehensive psychological evaluation and support, and intensive treatment programs to individuals suffering from PTSD, traumatic brain injury and substance use disorder.

Values

- Inclusivity
- Mentorship
- Progression
- Advocacy
- Commitment
- Transparency



SPOTLIGHT

INCLUSIVE AND  
EQUITABLE ACCESS



ABOUT DISCOVERY EDUCATION

Discovery Education (“Discovery” or “DE”) is a worldwide educational-technology (“EdTech”) company, which provides a digital platform that contains instructional multimedia content and educator professional development resources to K-12 schools. Discovery helps educators deliver equitable learning experiences, engaging students and supporting higher academic achievement on a global scale, serving approximately 4.5 million educators and 45 million students in over 140 countries and territories. Clearlake acquired Discovery in March 2022.

Discovery partners with districts, states, and trusted organizations to empower teachers with EdTech solutions that support the success of all learners. Discovery Education’s community partnership model drives measurable impact at scale. With a focus on equity and access, DE brings the real world to the classroom through dynamic partnerships with organizations that share the company’s mission to positively impact youth achievement. At DE, management is committed to providing research-based products and services and verifying efficacy across educational settings to support deep and sustained learning. DE has a dedicated internal research team and engages independent research organizations to cull insights from qualitative and quantitative data that are used to evaluate program implementation and impact and inform program enhancement decisions. Independent studies have revealed promising results about the impact of Discovery Education partnerships, products, and services on teaching and learning outcomes.

Making a difference in teaching and learning

Findings from multiple studies across the country tell a promising story of how use of Discovery Education’s resources are related to student achievement for students overall, and especially for racial/ethnic minorities and students impacted by poverty, disabilities, and limited English proficiency. Research studies show that students in elementary, middle, and high school with regular access to Discovery Education resources had higher attendance rates and were found to outpaced their peers on state assessments.<sup>14</sup>

Initial findings were based on three separate studies, conducted in districts in Texas, California, and Tennessee and supported by the independent findings of a published university study.

In a Texas study, **73% of high-use students met benchmarks, compared to 30% of low-use students.**

In a Tennessee study, **66% of high-use students met reading benchmarks and 70% met math benchmarks, compared to 50% of low-use students meeting benchmark for both reading and math.**

In a California study, students in Grade 8 high-use social studies and math classes **outperformed their peers on CA assessments for ELA and math.** The study also found significant results for Hispanic students, English learners, and students impacted by poverty.

<sup>14</sup> Discovery Education’s Impact on Student Achievement, Discovery Education, [DE-Impact-on-Student-Achievement.pdf](#)

## SECTION 04

# PORTFOLIO COMPANY CASE STUDIES

Case studies presented herein are for illustrative purposes only, have been selected in order to provide examples illustrating Clearlake's application of its ESG policies and procedures with respect to its portfolio investments and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Further, references to the investments included in the illustrative case studies should not be construed as a recommendation of any particular investment or security. Certain information was provided by third parties and certain statements reflect Clearlake's beliefs as of the date hereof based on prior experience and certain assumptions that Clearlake believes are reasonable, but may prove incorrect. Past performance is not necessarily indicative of future results.



Smarter assets,  
sustainable  
communities

LOCATION:  
Cary, NC

SECTOR:  
Technology  
/ Software

CLEARLAKE  
INVESTMENT DATE:  
June 2019

CURRENT  
STATUS:  
Realized

ABOUT

Brightly Software<sup>15</sup> provides cloud-based operations management software to global customers in the education, government, healthcare, senior living, and manufacturing sectors.

Manufacturers, schools, cities and hospitals are setting aggressive net-zero emissions goals while regulators and shareholders continue to drive ESG accountability. Without data-driven solutions to illuminate energy consumption and waste, it is not possible to effectively manage an organization’s energy consumption and broader environmental impact. Customers find dispersed utility and energy data difficult to manage by way of homegrown solutions and require a centralized solution to track and manage energy use/cost, carbon emissions, budget data, and utility billing information.

- Brightly’s energy management solutions aid organizations in reaching their environmental goals by:
- Identifying opportunities to eliminate waste and reduce carbon emissions
  - Understanding energy consumption trends over time
  - Proving the impact of incorporating ESG strategies

ACTIONS

Clearlake partnered with Brightly management to enhance its Energy Manager solution, which provides customers with the ability to track energy saved (in dollars) and water saved (in gallons). **The Energy Manager tool utilizes real-time data and can help organizations save 20% or more on energy and utilities.**

Brightly’s operations management software allows for its customers’ operations to become more efficient and streamlined through the below workflows:

- Evaluate payback of sustainability initiatives
- Run cost reports (actual vs. projected)
- Track energy-saving initiatives



15 Clearlake completed the sale of Brightly Software in August 2022.

NEXT STEPS

Brightly will continue to invest in its portfolio through innovation and acquisition to further develop new sustainability-focused product strategies in enterprise and strategic asset management that are in-demand globally.

Core ESG Solutions:

- Asset tagging & management
- Energy & carbon tracking
- Informed recommendations & predictions

Building The Platform:

In the last three years, Brightly has made four strategic acquisitions to build out its energy management and sustainability solutions:

- Assetic Pty Ltd. In 2020
- Confirm Solutions Ltd. in 2020
- Facility Health Inc (FHI) in 2021
- Energy Profiles Limited (EPL) in 2022

Brightly’s recent expansions allow it to better partner with organizations across the globe on their journeys towards sustainable, full asset lifecycle management. For example, Brightly’s recent acquisition of Energy Profiles Limited (“EPL”), a software provider enabling ESG optimization for customer facilities, delivers data-driven energy and sustainability data management and ESG reporting and predictive analytics to owners and managers of more than 6,000 buildings. EPL’s cloud-based software platforms, Stream<sup>®</sup> Utility Tracker and Building Intelligence<sup>®</sup>, combine an understanding of building operations and the commercial real estate industry with technology that drives performance, improves cost efficiency, and advances sustainable operations. Energy, water, waste, greenhouse gas (GHG) emissions, and sustainability performance and cost management are integrated to support decision-making at the property, asset class, region, and enterprise levels.

2019

Dude solutions acquired by Clearlake Capital Group

2020

Acquisitions: Assetic & Confirm expansion into EMEA & APAC

2021

Acquisitions: EPL & FHI; Further penetration into HC and sustainability

2022

Rebranded to Brightly. Acquired by Siemens Smart Infrastructure



Selected Accolades:

In June 2022, the Brightly platform earned a coveted industry designation, highlighting the company’s commitment to delivering a comprehensive, data-driven Enterprise Asset Management (EAM) software solution that serves the global market.

In the 2022 Verdantix Green Quadrant®: EAM Software report, Brightly is acknowledged for delivering a comprehensive data-driven EAM solution underpinned by its foundational computerized maintenance management systems (CMMS), more than 20 years of data and breadth of expertise across the markets it serves.

These independent findings support the company’s efforts to proactively build a portfolio that aligns important capabilities to address the challenges of the current time.



RANKED #1 IN SAAS EAM

Brightly continues to be ranked as a leader in SaaS EAM, SAM and CMMS software.<sup>16</sup>



12 <sup>K</sup> clients served	4.6 <sup>M</sup> users empowered	250 <sup>M</sup> citizens impacted	281 <sup>K</sup> permits created
400 <sup>M</sup> work orders addressed	50 <sup>M</sup> assets logged	\$321 <sup>B</sup> of asset value supported	



<sup>16</sup> Additional information about these awards including the criteria for selection and the timeframe can be made available upon request.

BELONGING  
AT BRIGHTLY

Belonging at Brightly is about being employees being their most authentic self. Brightly strives to offer a place where diversity is celebrated, self-expression is validated and peers are **supportive**. Brightly’s resource groups give employees a safe space to connect with one another and share what makes them who they are.

**B GOOD**  
Sparkling generosity at Brightly.

Community and service group foster a culture where employees and clients alike are empowered and inspired to give. Brightly believes together, we can B Good to one another and our communities.

**B HUE-TIFUL**  
Sparkling racial equity at Brightly.

Brightly believes that employees of every hue and skin tone are worthy of equal opportunity, representation and career development. Racial diversity is a B Hue-tiful thing.

**B PROUD**  
Sparkling a celebration of love and self expression at Brightly.

Brightly endeavors to promote a culture of allyship, awareness and LGBTQIA+ inclusive practices where PRIDE is celebrated every day of the year. Brightly encourages employees to B Proud of who they are, whom they love, and how they express themselves.

**B UNSTOPPABLE**  
Sparkling women empowerment at Brightly.

Women coming together to network and support one another in their career and personal development. Brightly believes sharing experiences and creating a safe space to talk, learn and grow, will empower the women of Brightly so they can B Unstoppable.

**B MINDFUL**  
Sparkling neurodiversity awareness at Brightly.

This group reminds employees to engage in self-care and B Mindful of the diversity that we can’t always see. Mental health is a priority at Brightly, and Brightly aims to foster an environment where people of all neurodivergent backgrounds can thrive.

**B SUSTAINABLE**  
Sparkling green initiatives at Brightly.

Helping Brightly and its Sparks B sustainable by actively promoting sustainability projects both large and small, and educating and creating opportunities for all employees to take part in. This group is a resource for all Sparks to support a more sustainable way of living.

**B ACCESSIBLE**  
Sparkling accessibility at Brightly.

Brightly seeks to help employees better understand and empathize with the obstacles their colleagues, family members, or friends may face. Brightly hopes to reduce the stigma around disabilities and learn how to B Accessible as a friend and as a society.

**B HONORABLE**  
Sparkling support for veterans at Brightly.

A place for all employees who have served in the military to connect, socialize and share needs and experiences with one another. B Honorable is open to all service member employees and their supporters.



Power better decisions,  
and new possibilities

LOCATION:  
Pearl  
River, NY

SECTOR:  
Technology  
/Software

CLEARLAKE  
INVESTMENT DATE:  
April 2021

CURRENT  
STATUS:  
Partially  
Realized

## ABOUT

Precisely is a global software company that allows organizations to collect, integrate, sort, and distribute data efficiently.

Recent public advocacy efforts around climate issues, diversity and inclusion, data privacy, and more have been driving forces in pushing ESG to the forefront. As businesses rapidly move towards embracing ESG, they need to ensure that robust data foundations are being put in place to support the success of these initiatives. While environmental, social, and governance priorities will vary from one organization to the next, there are often a few big commonalities: reporting on ESG efforts are manual, time consuming, and costly processes.

Through a unique combination of software, data enrichment, and strategic services, Precisely has empowered businesses to make more confident decisions based on data that's trusted to have maximum accuracy, consistency, and context. As organizations pivot to align with changing ESG initiatives, Precisely's ESG solutions assists in identifying risks as they're happening, rather than after the fact.

## ACTIONS

- With the goal of upholding high standards for ESG data reliability, Precisely intends to continue ensuring that its clients' ESG efforts are comprehensive, compliant, and built on a solid data integrity foundation that supports success for reporting and analytics. To not only meet, but also exceed the latest ESG regulations and requirements, Precisely provides an assortment of products and resources to support companies gain more accuracy in ESG risk and analytics metrics though:
- **ESG Data Solutions**
    - ◊ Assists companies optimize ESG reporting, make real-time decisions and improve ESG analytics.
  - **Data Integrity Suite**
    - ◊ A set of seven interoperable modules that enable businesses to build trust in its data.
    - ◊ [Data Governance module](#): Powers better understanding and greater trust in ESG data, while reducing the manual work in reporting. This module helps reduce risk and compliance violations with visibility and accountability around data policies and standards.
  - **Identifying Key Data Management Steps**
    - ◊ Data Integration, Data Governance and Quality, Location Intelligence, Data Enrichment

### PRODUCT HIGHLIGHT: PRECISELY DATA INTEGRITY SUITE

Precisely's Data Integrity Suite delivers a combination of software capabilities and enrichment data, accessible through a uniquely integrated and interoperable approach. Built-in intelligence and a business friendly user experience make it easy for business and data users alike to make fast, confident decisions that grow your business.

The Data Integrity Suite's SaaS architecture makes it cost- efficient, easy to deploy, and highly scalable. The innovative modules work together to build value at each step of users' journey to data integrity, integrate with Precisely's portfolio of products, and work seamlessly with both traditional and modern tech stacks.

## DATA INTEGRITY SUITE



- DATA INTEGRITY  
FOUNDATION**
- Data Integration
  - Data Observability
  - Data Governance
  - Data Quality
  - Geo Addressing
  - Spatial Analytics
  - Data Enrichment

## RESULTS

Precisely's ESG solutions help accurately demonstrate and quantify businesses' commitment to their ESG initiatives. Precisely offers a variety of solutions to help companies increase the value of ESG initiatives, boost confidence in reporting and insights, and increase efficiencies around sustainability reporting. With more cost-effective data quality processes, time-saving automation of manual efforts, and overall greater confidence in data trust, businesses can be sure that their data-driven ESG reporting is making an impact. By building a meaningful strategy around data integration, data governance and quality, location intelligence, and data enrichment, organizations can be confident that they are making smarter business decisions based on data they can trust.

ESG COMMITMENTS AT PRECISELY

1. Be the Data Integrity partner choice for customers' strategic ESG initiatives.

- Increase speed, accuracy and sustainability of ESG reporting
- Increase visibility of ESG information for leaders and decision makers
- Deliver not just trusted ESG data, but actionable insights
- Improve ESG insights with data enrichment

2. Drive environmental stewardship and diversity, equality, inclusion & belonging

Environmental (including, but not limited to):

- Pro bono product initiatives
- Environmental compliance & awareness program for all employees
- Data center consolidation and hybrid cloud strategy
- Conservation and recycling
- Remote workforce police
- Optimized global facilities management

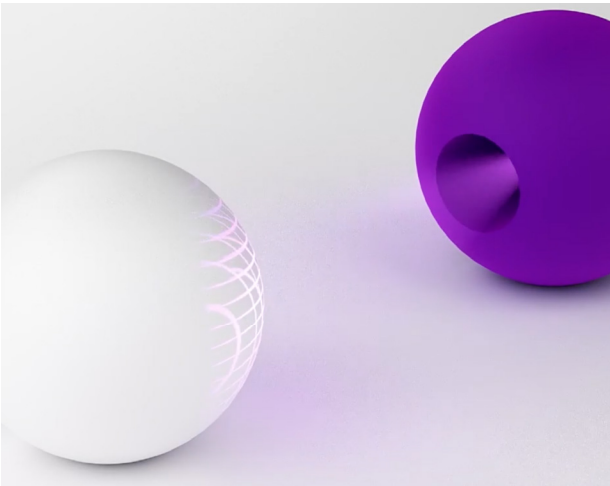
Social (including, but not limited to):

- Girls Who Code Corporate Sponsorship
- Precisely Women in Technology Employee Resource Grp(PWIT)
- Diversity & Inclusion Council
- LGBTQ Employee Resource Group
- Corporate sponsored volunteer hours
- Employee training and education

3. Become a leading voice in ethical data management

Governance (including, but not limited to):

- Trust Center for the Data Integrity Suite
- Thought leadership and education around data privacy
- Ethical data management policies and practices
- ESG due diligence for M&A transactions



DIVERSITY, EQUALITY, INCLUSION, AND BELONGING (DEI&B)

Precisely’s mission is all about integrity – data integrity, but also the integrity of our people. To act with integrity is to act with a moral compass – a compass that’s guided by our values of openness, determination, individuality, and collaboration. Integrity is at the forefront for how Precisely behaves and for how our decisions are guided. It’s how we include diverse thought within our organization and how we champion individuality so that our colleagues can show up as their true self each and every day.

As a company created by the combination of myriad legacy companies, Precisely has spent years bringing together people with different backgrounds, different cultures, different identities, and different experiences.

DEI&B is constantly evolving, therefore Precisely will always remain curious about the growing DEI&B landscape and how it can evolve and shape a future that’s more inclusive.



“One of Precisely’s core values is individuality because we believe that what makes us different, makes us stronger. It’s our engrained respect for diversity at Precisely that I believe makes us unique, and it’s the reason why everything we do promotes the equity, inclusion, and belonging of every individual we work with.”

JOSH ROGERS  
CHIEF EXECUTIVE OFFICER

RECOGNITION FOR PRECISELY ESG ACHIEVEMENTS<sup>17</sup>



<sup>17</sup> Additional information about these awards including the criteria for selection and the timeframe can be made available upon request.





Breathe easier,  
live greener and  
go further than  
ever before

LOCATION:  
Tonawanda,  
NY

SECTOR:  
Industrials  
/ Materials  
Sciences

CLEARLAKE  
INVESTMENT DATE:  
December  
2018

CURRENT  
STATUS:  
Unrealized

ABOUT

Alkegen, formerly Unifrax and Lydall, specializes in high-performance specialty materials designed to reduce fossil fuel usage, decrease pollution, and save energy through long-lasting and safer industrial and battery technologies. Alkegen has 75 manufacturing facilities operating in 12 countries and employs 9,000+ employees globally.

Manufacturers, scientists, and design engineers continue to seek more sustainable transportation, building, and equipment materials. Alkegen provides mission critical specialty materials used in these applications, including electric vehicles, energy storage, filtration, fire protection and high-temperature insulation, among many others. Alkegen’s products are designed with the goal of saving energy, reducing pollution, and improving safety for people, buildings and equipment as part of its mission to help the world breathe easier, live greener, and go further than ever before.

ACTIONS

Alkegen’s extensive research & development efforts show promising breakthroughs in improving lithium-ion battery density at scale through the development of the Company’s Silicon Fiber Anode Battery (SiFAB™) technology, resulting in longer battery lives and faster-charging across numerous applications including electric vehicles, energy storage, industrial batteries and consumer electronics.



NEXT STEPS

Alkegen intends to focus on further maturing environmental aspects of its ESG programming by developing ad-hoc, facility-specific, activities into an enterprise-wide approach (e.g., tracking metrics and KPIs on emissions, electricity use, water use, waste output, and recycling). Alkegen plans to work with an external partner to benchmark metrics and develop the tools needed to craft corporate communications on the company’s data-driven approach to ESG.

Alkegen is also evaluating the potential to extend its ESG programming toward upstream (e.g., supply chain) and downstream (e.g., end users of products) areas after building internal capacity.

In September 2022, Alkegen announced its plan to launch three new High Efficiency Filtration (HEF) products. These are the first new filtration products launched under the Alkegen brand name since the merger of Lydall and Unifrax in October 2021.

PRODUCT HIGHLIGHT:  
SIFAB™

SiFAB™ enables space maximization, extended use between charges, faster charge time, and improved performance for consumer electronics, power tools, aerospace, energy storage, and electric vehicles.

SiFAB™ can deliver up to a 20% increase in gravimetric energy density in lithium-ion batteries versus cells using a legacy graphite anode.

PRODUCT HIGHLIGHT:  
ECO-LYTIC™

Alkegen is developing a new catalyst substrate technology, Eco-lytic™, which reduces the environmental impact of combustion engines and improves energy efficiency in vehicle engines.

With Eco-lytic™, the transportation industry can drive a more sustainable carbon footprint through vehicle weight reduction and packaging options that reduce waste. Recent tests have shown a 40% reduction in platinum group metal over traditional systems.

Eco-lytic™ may help prolong engine life and enable manufacturers to adhere to ESG standards and regulations as the broader automobile industry continues to shift towards electric vehicles (EVs).

TriboStatiX™

Alkegen’s new air filtration media, TriboStatiX™, is a MERV 13 high-performance pleat media that provides lower initial resistance, reducing the amount of energy required in an HVAC unit and lowering overall operating costs. TriboStatiX™ improves indoor air quality through consistent filtration performance and high dirt holding capacity, providing longer service life and reduced energy demand.



“With TriboStatiX, customers can expect high performance with longer service life. This means changing out filters less frequently for a more sustainable solution.”

JOHN ALBERT  
GLOBAL GROWTH LEADER

LyPore® MB

Alkegen’s new line of meltblown liquid filtration media, LyPore® MB, is designed to meet the most critical application requirements, while providing high filtration efficiency, low-pressure drop and excellent dirt holding capacity. Available in Polypropylene and PBT, single layer or composite and calendared to meet the most complex liquid filtration challenges. Chosen for such applications as food and beverage and lube oil, incorporating LyPore® MB into filter designs improves filtration efficiency and extends filter life resulting in a higher performing finished filter and lower total cost for the end user.



“In addition to our expanded portfolio of available grades, our talented research and development team routinely customizes LyPore MB to meet specific customer needs.”

AARON FROST  
GROWTH LEADER

LydAir® GP

Alkegen’s new molecular filtration media, LydAir® GP, offers superior performance with expanded capabilities. State-of-the-art manufacturing facilitates exceptional uniformity and layering of a wide range of functional adsorbents including activated carbon and ion exchange resins. Additionally, particulate filter media can be laminated in line providing a combination media for both molecular and particle filtration. LydAir® GP offers 20%-30% better performance per specific gram of media, which results in higher efficiency and product performance that can be engineered to meet specific application demands.



“This trio of HEF media – one for air, one for liquid, one for molecular applications – represents the first wave of advanced materials developed and released under our new Alkegen filtration product development team. These launches combine Lydall’s well-known filtration and manufacturing expertise with Unifrax’s proven, rapid innovation capabilities. This is the first of many innovations we expect to deliver as our portfolio evolves to meet the continuous demand for ever-higher efficiency and reduced energy consumption.”

PAUL VALLIS  
PRESIDENT OF THE FILTRATION & CATALYSIS GROUP

ALKEGEN’S PRODUCT IMPACT ON THE WORLD

0 number of recalls issued, total units recalled	0 monetary losses due to legal proceedings re: product safety	\$355 <sup>M</sup> revenue from renewable energy and energy efficiency related products
\$731 <sup>M</sup> revenue from pollution control products (emissions/carbon)	80% percent total revenue from energy efficiency and pollution control products (2022 plan, excluding TAS and Luyang consolidation)	December 2022 process to collect customer data on carbon reduction from Alkegen products

COMMITMENT TO DIVERSITY, EQUALITY & INCLUSION

Alkegen’s goals and approach to Diversity, Equality, and Inclusion are summarized below:

ACCOUNTABILITY

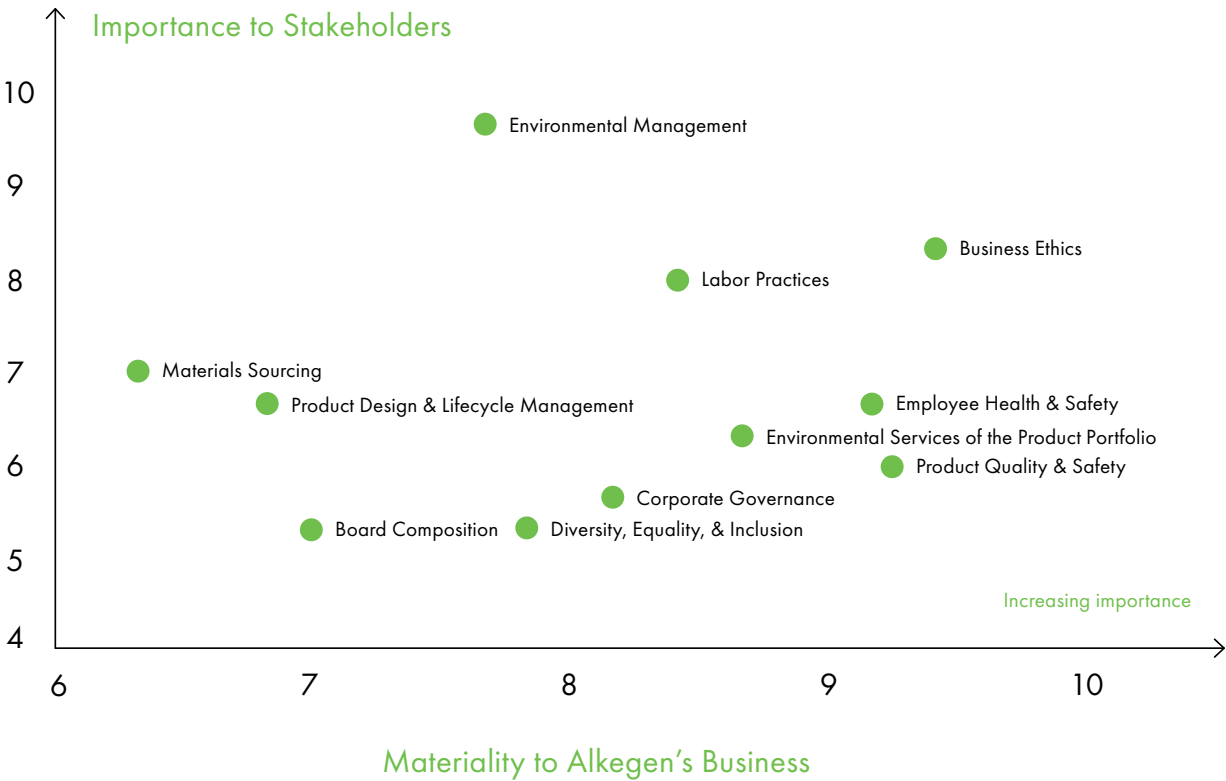
- Have developed structures and strategies that help leaders manage diversity, measure results, share winning tactics and sustain a culture of inclusivity.
- Leadership team understands their impact on DEI and takes an active role in promoting diversity and ensuring an inclusive culture.
- Everyone at Alkegen has fair access to the opportunities and resources they need to succeed and thrive.

REPRESENTATION

- ERGs are visible, supported and empowered to achieve their own goals, support their communities and be a resource to the organization by providing counsel on business decisions.
- Global leadership team is diverse and representative of the greater customer base and industry.
- Local operations are diverse and representative of the broader communities where they operate.

CONNECTIONS & COMMUNITY

- Support the broader ecosystem of industry by providing education, mentoring or engagement to actively create opportunities and inclusion in our industry.
- Take an active stance on DEI in society by communicating our goals broadly, sharing best practices and setting a high bar for others to follow.
- DEI culture is a hallmark of Alkegen’s brand (locally & globally).



# PRETIUM

PACKAGING IDEAS INTO YOUR SOLUTIONS

Solutions for a sustainable future	LOCATION: Chesterfield, MO	SECTOR: Industrials / Packaging	CLEARLAKE INVESTMENT DATE: January 2020	CURRENT STATUS: Partially Realized
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## ABOUT

Pretium Packaging is a full-service designer and producer of sustainable packaging solutions with an automated, innovative, and integrated footprint of 25 operating plants and a focus on short-to-medium-sized production volumes.

Pretium sees opportunity for the packaging and specialty manufacturing industries to develop new options and product offerings to meet growing customer demand for sustainable solutions and respond to increasing regulation of single-use plastics. Significant investments made in automation, fixed assets, infrastructure, data analytics, supplier development, manufacturing technology, and multiple research and development centers underscore Pretium’s focus on innovative, technology-forward packaging solutions. These solutions are designed to meet specific customer and market needs, particularly in enabling customers to achieve their sustainability goals. Consequently, Pretium has developed a unique value proposition to its diverse customer base through its combination of market expertise, international scale, agile operations, local service, and innovative and sustainable solutions.

Pretium’s production capabilities are specialized in rigid polymer-based packaging, which provides sustainability benefits over alternative packaging materials. Compared to glass and metal packaging, rigid polymers require a significantly smaller energy footprint to source and convert raw materials; Furthermore, their superior transportability minimizes greenhouse gas emissions throughout the logistics and handling value chain. Relative to flexible polymers, rigid packaging provides recyclability and durability advantages; Additionally, rigid packaging provides the ability to include post-consumer content in production resulting in a circular supply chain featuring the reduction of new natural resources consumed and a lower amount of waste. Through continued investment in well-positioned product capabilities and innovation, Pretium’s multi-use rigid packaging solutions have differentiated the business in its ability to capitalize on core sustainability trends.



## ACTIONS

For more than 15 years, Pretium has worked with customers to develop more sustainable materials, such as post-consumer resins and plant-based resins, and executed on source reduction initiatives to reduce the weight of its bottles and jars by as much as 30% for certain projects. In addition to its work with customers, Pretium has served as an R&D partner to universities, private companies, raw material suppliers, and inventors seeking to develop packaging that is kind to the Earth.

Pretium’s strategy to reduce the use of virgin resin in its packaging production includes replacing virgin resin content with post-consumer resin (PCR). Pretium’s innovation in PCR-based product lines is evident in the expansion of its product offering to include bottles made with plant-based resins (bioresins), including an HDPE bioresin made entirely from sugar cane byproducts, and Certified Ocean-Bound PCR which prevents plastic from reaching the ocean by collecting waste and converting it into new products.

Additionally, Pretium maintains partnerships with several organizations that address sustainability across various facets. Pretium is a member of the Sustainable Packaging Coalition, a collaborative which brings together packaging stakeholders to catalyze actionable improvements to packaging systems, the U.S. Plastics Pact, a consortium with a core focus on solutions to drive a circular economy for plastic in the United States, and BOTTLE, a consortium supported by the U.S. Department of Energy to emphasize embedding ESG into new product development. Pretium has also partnered with Prevented Ocean Plastic, an organization dedicated to keeping the oceans clean of discarded plastics, and ACRC, an association that works to facilitate the collection and recycling of one-way rigid HDPE in agriculture, and actively participates in the Plastics Industry Association (PLASTICS) which focuses on education, legislative advocacy, and sustainable action across the entire plastics supply chain. This collection of partnerships highlights Pretium’s commitment to sustainable innovation, circular economy initiatives, and environmentally friendly materials.

## OUR SUSTAINABLE OPTIONS



Light weighting



100% PCR



Bioresins



Ocean bound plastic



100% recyclable



# RESULTS

Pretium offers 30% PCR, 50% PCR, and 100% PCR bottles and jars. It is one of few companies that makes bottles and jars with up to 100% PCR in clear and colors, helping customers meet their sustainability goals. As a result of Pretium’s ongoing focus on utilizing PCR, the Company increased its PCR usage by 40% year-over-year for FY2022.

98% of company-manufactured plastic bottles are mono-layer PET or HDPE plastics, which are SPI codes 1 and 2, respectively (the most widely recycled plastics in the world), and less than 1% of Pretium’s volumes are sold from single-use packaging.

Pretium uses recycled HDPE and PET resins that come with an FDA Letter of Non-Objection allowing the post-consumer resins to be used for food, nutrition, and pharmaceutical packaging providing customers with sustainable packaging solutions with significantly similar performance qualities to traditional packaging solutions. Pretium’s partnership with Prevented Ocean Plastics has resulted in the usage of 100% Certified Ocean-Bound PCR across several of Pretium’s recycled PET product lines.



"Pretium is committed to creating a positive environmental impact through streamlined operations and engaging our partners to offer responsible packaging. We are committed to minimizing waste and reducing our carbon emissions while increasing our efficiency. As a company we understand that finding innovative solutions for our customers and our manufacturing facilities is key to preserving our planet."

PAUL KAYSER  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

## PRETIUM LOOKS TO INCORPORATE SUSTAINABILITY CONSIDERATIONS IN ITS OPERATIONAL ACTIVITIES BEYOND PRODUCT DEVELOPMENT:

Pretium has strategically shifted to using recyclable bags for shipping packaging (as opposed to resource-intensive corrugated cardboard boxes) where possible, which yield a lower volume of waste and allow more product to be packed on a single truck.

Pretium strategically positioned its 25 plants to optimize shipping distance between the plants and customers, reducing overall emissions, most recently establishing a presence in Mexico to serve its Latin American customers with a more optimal footprint.

Pretium’s partnership with Prevented Ocean Plastic provides not only a source of recycled content that is preventing plastic waste from reaching the oceans but also a meaningful social impact as the creation of reclamation centers globally creates jobs at the collection, sorting, cleaning, and processing levels of the supply chain in disproportionately underdeveloped countries.

52% of Pretium’s electrical supply is from renewable sources (aim to source 75% of energy from renewable sources by 2030).

# NEXT STEPS

Pretium is aligned with the U.S. Plastics Pact’s key 2025 targets, which include:

- Ensuring all plastic is 100% recyclable, reusable, or compostable
- Defining a list of problematic & unnecessary packaging designs by 2021 & eliminating them entirely by 2025
- Bringing the average recycled content or responsibly sourced bio-based content in plastic packaging to 20% by 2025
- Undertaking actions to recycle or compost 50% of plastic packaging



"Pretium's strategy to fight the global problems of plastic waste while building on the positive impact plastic packaging can have on the reduction of GHG emissions starts with culling of problematic single-use packaging and the elimination of non-recyclable plastic materials from our portfolio... Looking forward, we are increasing our investment in our product offerings to drive more sustainable options for our customers including the incorporation of Prevented Ocean Bound Plastic into our portfolio."

PAUL KAYSER  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

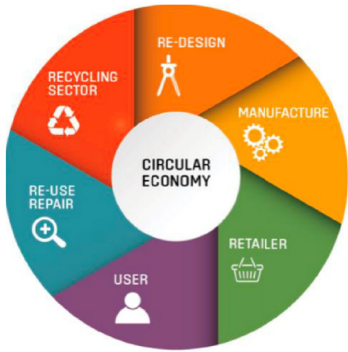


"The future of all packaging is centered around innovative ways to bring new products to the market while also moving us closer to a circular economy. The specific task of the Sustainability & Innovation team is to evoke market demand for sustainable products, to drive innovation to meet that demand, and to quickly and reliably launch sustainable packaging solutions back to our core markets. With this focus in mind, the Sustainability & Innovation team fosters a culture of sustainability focused growth in each of our strategic markets across all of our global regions."

ADAM DOANE  
PRETIUM PACKAGING, SENIOR VICE PRESIDENT OF SUSTAINABILITY & INNOVATION

# FUTURE GOALS

- Focus efforts to displace non-recyclable containers (co-extruded, PVC & PS, etc.) with fully recyclable containers by 2025
- Offer 90% of product lines with post-consumer content up to 100% at customer’s request
- Ensure that less than 5% of all (non-medical) products Pretium produces are made for single-use purposes lessening the overall plastic waste stream
- Product lines to be fully recyclable, reusable or compostable by 2025
- Increase consumption of PCR across Pretium by 50% per year and average 30% across all product lines by 2025
- Ensure that less than 1% of all Pretium containers are non-recyclable on a continued basis





Shared wellbeing for pets, people, and the World	LOCATION: Tewksbury, MA	SECTOR: Consumer / Pet Food	CLEARLAKE INVESTMENT DATE: December 2020	CURRENT STATUS: Unrealized
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ABOUT

Wellness Pet Company is the largest independent North America-based premium pet food and treats company. The Company goes to market through numerous brands under a Wellness® Masterbrand or Wellness®- endorsed brand strategy, which include: Wellness®, Old Mother Hubbard®, WHIMZEES®, Eagle Pack®, Holistic Select® and Sojos®.

The pet food industry’s marketing has historically emphasized a protein-centric approach to pet health, which has created environmental consequences, including those related to resource intensity and emissions. Today, pet food customers are increasingly demanding high quality and sustainable ingredients, conscientious supplier selection, and sustainable packaging. Wellness Pet is working to tackle all three concerns through its sustainability targets and provides transparency around its efforts.

Wellness Pet Company provides products to help pet parents achieve a lifetime of wellbeing with their pets and believes that their mutual wellbeing is linked to environmental sustainability and social responsibility. Just as Wellness is committed to improving the wellbeing of pets and pet parents, the Company is also committed to the wellbeing of the environment, its employees and the communities Wellness serves.

ACTIONS

- Partners with industry peers as a member of the Pet Sustainability Coalition (PSC), which aims to achieve greater social and environmental sustainability through business practices in the pet food industry. Through this partnership, Wellness Pet explores best practices within the pet products industry.
- Works with EU-based sustainability firms to determine a go-forward strategy for product and packaging sustainability; and Launched targeted research and development (R&D) effort with a focus on reducing meat content in its products and pursuing sustainable pet food.



RESULTS

- Wellness Pet developed a public sustainability commitment that covers sustainable packaging. Two brands (Holistic Select and Eagle Pack) source materials through the Sustainable Forestry Initiative’s (SFI) certified sourcing, which certifies sustainable origin;
- In 2022, Wellness Pet introduced its first plant-based pet food recipes to meet customer demand for alternative, sustainable protein sources. Wellness’ CORE brand launched plant-based kibble and health toppers formulated from plant-based ingredients; and In collaboration with PSC, the Company developed a Protein Sustainability Framework, which can assess a given protein’s environmental, social, nutritional, and animal welfare impacts.

NEXT STEPS

The Company has set and is tracking progress towards the following sustainability targets:

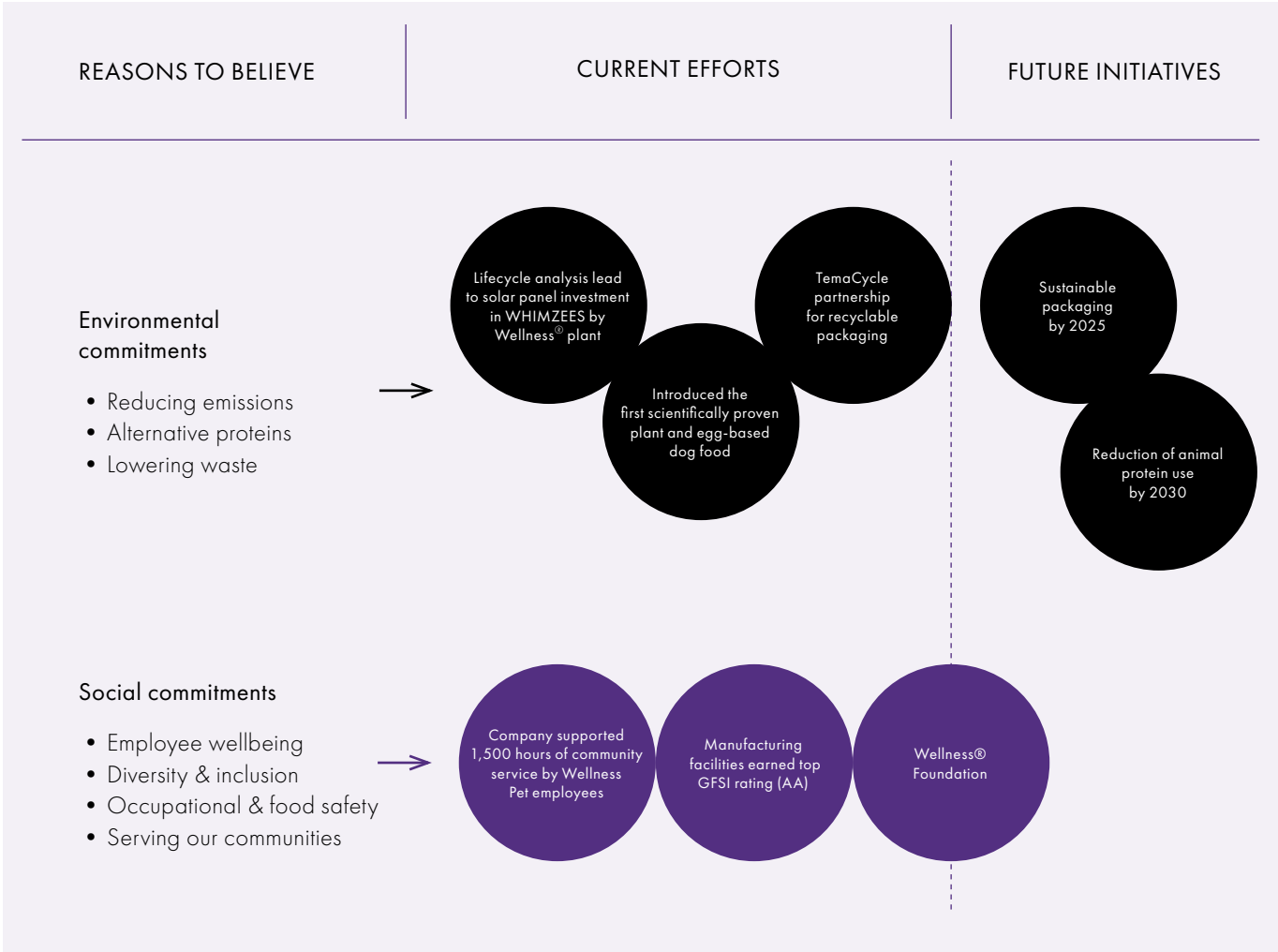
- 100% recyclable, reusable, or compostable packaging by 2025;
- Reducing animal protein in food by 20% by 2030; and Incorporate ISO 14040 (environmental management, life cycle) certification into all processes Wellness Pet is conducting life cycle analyses on the products produced at its Netherlands facility to reduce waste and increase efficiency of its upstream supply chain. The Company is trialing these initiatives within its Netherlands facility and plans to roll out similar initiatives in the US by 2025.

PRODUCT HIGHLIGHT: RECYCLABLE PACKAGING

Wellness Pet is the first US-based pet food company to partner with upcycle and recycle leader TerraCycle to empower customers to easily recycle their pet food packaging and eliminate packaging waste. 230,000+ people currently participate in the company’s Recycle Your Wellness Packaging program by returning packaging to Wellness Pet for repurposing. Customers who send packaging for recycling receive TerraCycle points, which can be redeemed for gifts or cash for local schools and nonprofits.



WELLNESS®, PET AIMS TO  
CREATE MUTUAL WELLBEING  
FOR CUSTOMERS AND EMPLOYEES



ESTABLISHED INITIATIVES

- Dedicated sustainability roles with focuses on carbon accounting, benchmarking, defined metrics and KPI tracking
- Installation of solar panels at Netherlands facility
- Set a goal to reduce animal-based proteins 20% by 2030; leading with the launch of the first scientifically proven natural plant-based diet in 2022
- Committed to increasing diversity 3% annually

GOALS

- Establishing 2025 packaging sustainability milestone
- Conducting product life cycle analyses at owned manufacturing sites
- Establishing carbon accounting methods and targets
- Increasing gender diversity in the organization
- Continuous employee education for a safe & inclusive workplace

ACHIEVEMENTS

- Formed an ESG Task Force
- Became a member/board member of the Pet Sustainability Coalition
- Board of Directors is 14% female and 42% diverse





## CONTACT

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