



# CLEARLAKE VALUES IN ACTION

2023 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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<sup>2</sup>Equity to Clearlake means promoting fair treatment for all people, considering a totality of the circumstances, including potentially improper biases or barriers that may exist, and taking appropriate action to eliminate such barriers, so that practices and policies ensure that identity is not predictive of opportunities or workplace outcomes. The application of equity principles must in all circumstances comply with existing and applicable law.

SECTION 1

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# INTRODUCTION

## ABOUT THIS REPORT

This 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 efforts to continue advancing 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 a lot of meaningful initiatives to implement at the portfolio. We would like to thank our investors, portfolio company management, advisors, and suppliers for their ongoing support as we continue towards our objective of integrating high ESG standards in our operations.<sup>3</sup>

<sup>3</sup>This report documents activities for calendar year 2023. As such, information and data included herein is as of December 31, 2023, unless otherwise noted. Certain metrics may include data as of December 31, 2022 or may otherwise include 2022 data where 2023 data was not available. Where applicable, we have included an update on progress and planned activities for 2024.

## A MESSAGE FROM OUR CO-FOUNDERS

In a nod to our inaugural ESG Report published in 2022, Clearlake continues to stand behind the belief that there is a strong connection between ESG management and the long-term sustainability of our companies and investments. While Clearlake's priority is to deliver favorable returns for its investors, we believe that investing responsibly and delivering favorable returns are not mutually exclusive but, in fact, complimentary.

As business operations are intertwined with ESG considerations, our objective as a private equity manager is to seek strategic advantages, including through the consideration of ESG factors in order to unlock value, while concurrently complying with regulations and mitigating business and investment risks.

At Clearlake, we aim to assess a broad spectrum of ESG considerations throughout the life of our investments, from diligence, to monitoring, to exit. Upon the identification of material ESG-related factors based on exposure and capacity, we seek to proactively engage with management and advisors and integrate these considerations into our initial investment thesis as well as our operational improvement approach, O.P.S.<sup>®</sup> (Operations, People, Strategy). Through this method of value creation, we can improve the performance of our portfolio companies and maximize business opportunities. We at Clearlake have seen this across the portfolio in such examples as direct cost savings via appropriate implementation of cyber insurance, increased customer retention and sales from more sustainable offerings, decreased compensation claims and lost time from a more comprehensive suite of worker health and safety trainings, and lower employee turnover rates from improved engagement initiatives. We have also believe these efforts tend to bring with them certain extrinsic, and sometimes intangible, benefits such as improving our communities, better stewarding resources, and reducing exposure to reputational risk.

Clearlake believes the integration of ESG analysis into business and investing decisions is a component of long-term or-

ganizational success and a driver of value for all stakeholders. As such, Clearlake has spent the last year further streamlining our ESG processes, continuing our data collection initiatives, and further educating our portfolio company management teams. Additionally, we are proud to say that in 2023, Clearlake became a signatory of both the United Nations' Principles for Responsible Investment ("UN PRI") and the ESG Data Convergence Initiative ("EDCI"), publicly signaling our long-term commitment to ESG.

In 2023, Clearlake completed its second year of standardized annual data collection across the controlled portfolio. With this exercise, our team was able to begin examining and refining for quality versus quantity of data with the goal of better integrating collected KPIs into our annual monitoring and stewardship processes and fostering enhanced benchmarking and identification of additional areas for risk reduction and value creation across the portfolio. Additionally, with our new commitment to EDCI, we are confident in Clearlake's ability to further streamline our collection and reporting processes with a concentration on transparency and progress towards ESG improvements.

This year also marked the launch of our ESG Knowledge Base—an internal resource compendium that allows management teams to stay up-to-date on ESG knowledge and best practices, ask questions, and discuss ESG lessons learned in a common forum with teams from other Clearlake portfolio companies. Our ESG Knowledge Base is intended help improve efficiencies and further prepare management teams to identify and appropriately consider next steps in tackling risk mitigation and value creation opportunities.

This has been an exciting year at Clearlake, and we remain dedicated to our ongoing ESG journey. As always, we aim to meet evolving stakeholder needs while leaving a positive impact in the community. 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.



*“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.”*

**BEHDAD EGHBALI**  
CO-FOUNDER &  
MANAGING PARTNER

**JOSÉ E. FELICIANO**  
CO-FOUNDER &  
MANAGING PARTNER

# 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, Operations, People, Strategy (O.P.S.<sup>®</sup>). Our core target sectors are technology, industrials, and consumer. Clearlake currently has over \$75 billion<sup>4</sup> of assets under management. Clearlake’s senior investment professionals each have an average of 20 years of finance and investing experience<sup>5</sup> and in the aggregate have led or co-led investments across

approximately 450 transactions (including transactions at prior firms). The firm is headquartered in Santa Monica, CA with affiliates in Dallas, TX, London, UK, Dublin, Ireland, and Singapore.

Clearlake is led by José E. Feliciano and Behdad Eghbali, who have worked together to build 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.

## CLEARLAKE AT A GLANCE

**\$80B+**

Assets under management

**150+ EMPLOYEES**  
**35+ 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.<sup>®</sup>)**

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

<sup>4</sup>Includes estimated assets under management ("AUM") as of December 31, 2023. Estimated AUM is adjusted for recently closed capital commitments and/or divestitures, as applicable

<sup>5</sup>Includes investment professionals at the VP-level and above. May include experience at firms prior to Clearlake.

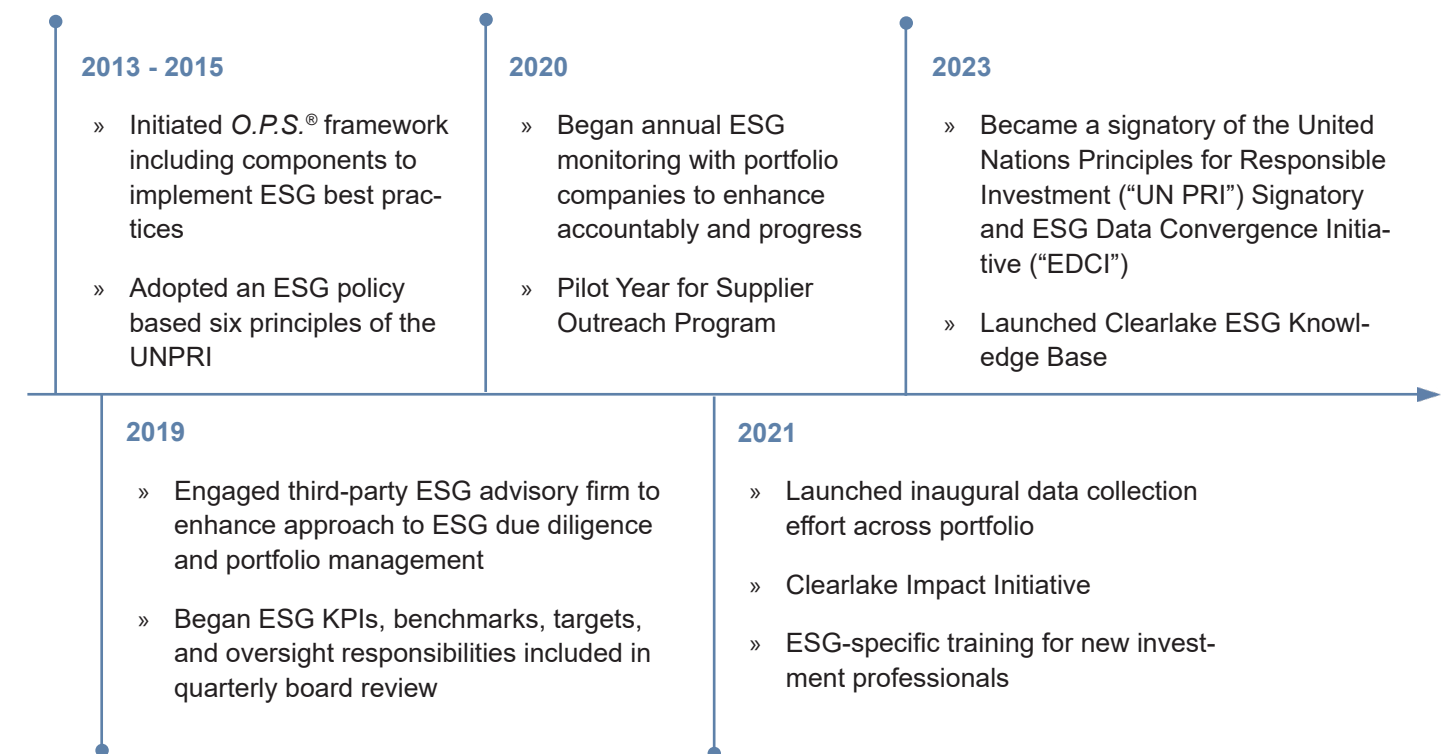
## OUR ESG PHILOSOPHY

Clearlake believes that ESG principles are a component of developing strong, resilient companies and assets that deliver long-term value for our investors. We strive to conduct our business in a responsible manner and believe integrating ESG value creation and risk mitigation factors within our investment process and operating philosophy can drive value in the long-run. 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 encourages strong corporate governance practices—including responsible management, compliance, and cybersecurity—and represents reputable standards of ethics, transparency, 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 impact of our operations in line with the expectations of our investors, partners, suppliers, and the community;
- Incorporate ESG principles into our own firm and fund operations by partnering with procurement providers that share the Firm’s initiatives;
- Develop and implement programs to achieve key performance indicators (“KPIs”) and ESG value creation opportunities as part of our O.P.S.<sup>®</sup> framework;
- Maintain awareness of environmental issues to help minimize risks and improve sustainability in core products, solutions and/or services.

## OUR ESG JOURNEY: SELECT MILESTONES



## CLEARLAKE'S OPERATIONAL APPROACH (O.P.S.®)

Clearlake continued to factor ESG considerations into our investment process and operational improvement, O.P.S.® approach through engagement, measurement, and reporting.

Clearlake maintains an operational improvement approach in the form of our O.P.S.® proprietary framework intended to drive active value enhancement in private equity, special situations, and distressed investments. Clearlake's operational improvement approach has evolved through our proprietary O.P.S.® framework. Through O.P.S.®, Clearlake seeks to execute upon our Firm's 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 the 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 our Firm's broader operational goals. Material ESG-related risks and opportunities that are identified during initial ESG due diligence are frequently integrated into the 100-day action plan for new portfolio companies.



SECTION 2

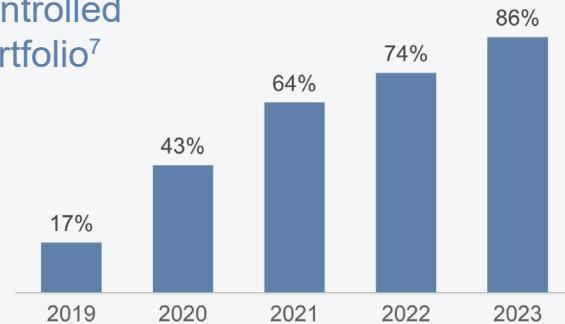
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# APPROACH TO ESG



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

### ESG Monitoring of the Controlled Portfolio<sup>7</sup>



Expanding upon the inaugural year, Clearlake has finished our second year of ESG data collection, increasing the number of KPIs and continuing efforts to centralize, benchmark, and report portfolio companies' ESG performance. Additionally, Clearlake now regularly monitors 86% of the controlled portfolio for progress on ESG risk reduction and value creation initiatives.

40+

Data points collected across environmental, social, and governance categories

25+

Additional board and employee diversity metrics collected as part of Clearlake's focus on DEI

~70%+

KPIs aligned with one or more of the SASB, GRI, EDCI, and/or TCFD frameworks

## ESG GOVERNANCE

### OVERSIGHT RESPONSIBILITIES, RESOURCES, AND REPORTING

Clearlake's investment and ESG teams are responsible for assessing and understanding material ESG risks and opportunities to the extent they are identified and considered material during the investment due-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 managed 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> and legal teams, as needed based on the area of ESG focus (together, the "Clearlake ESG team").

This support is further enhanced through the engagement of outside service providers with expertise in compliance, cybersecurity, carbon accounting, ESG program implementation, and monitoring.

Additionally, 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 encourages its portfolio companies to regularly report to their boards on ESG milestones and KPIs that are relevant to their business and to focus on material, priority ESG initiatives for risk reduction and value creation opportunities identified by Clearlake, in consultation with applicable advisors.

## ESG INTEGRATION PROCESS

### IDENTIFYING AND EVALUATING ESG MATERIALITY

Clearlake determines materiality by evaluating a company's exposure and capacity to manage ESG risks **exposure** (frequency and magnitude of risk events) and **capacity** (controls in place to manage risk events).

Risk level is determined as a function of the extent to which action is required to ensure capacity is appropriate to manage risk exposure. Opportunities are identified when a particular company maintains differentiated ESG policies and processes and/or has the capacity to meet or exceed industry best practices within a material ESG focus area.

### CORE ESG FOCUS AREAS AND PROGRAM COMPONENTS



**Diligence:** Assess material ESG risks and opportunities in collaboration with third-party ESG advisors

**100 Day Plan:** Formulate a roadmap for ESG initiatives, implementation, steps, and oversight

**Engagement:** Partner with management to implement ESG action items and create long-term value

**Monitoring:** Track progress on material issues through quarterly board reporting and/or annual assessments

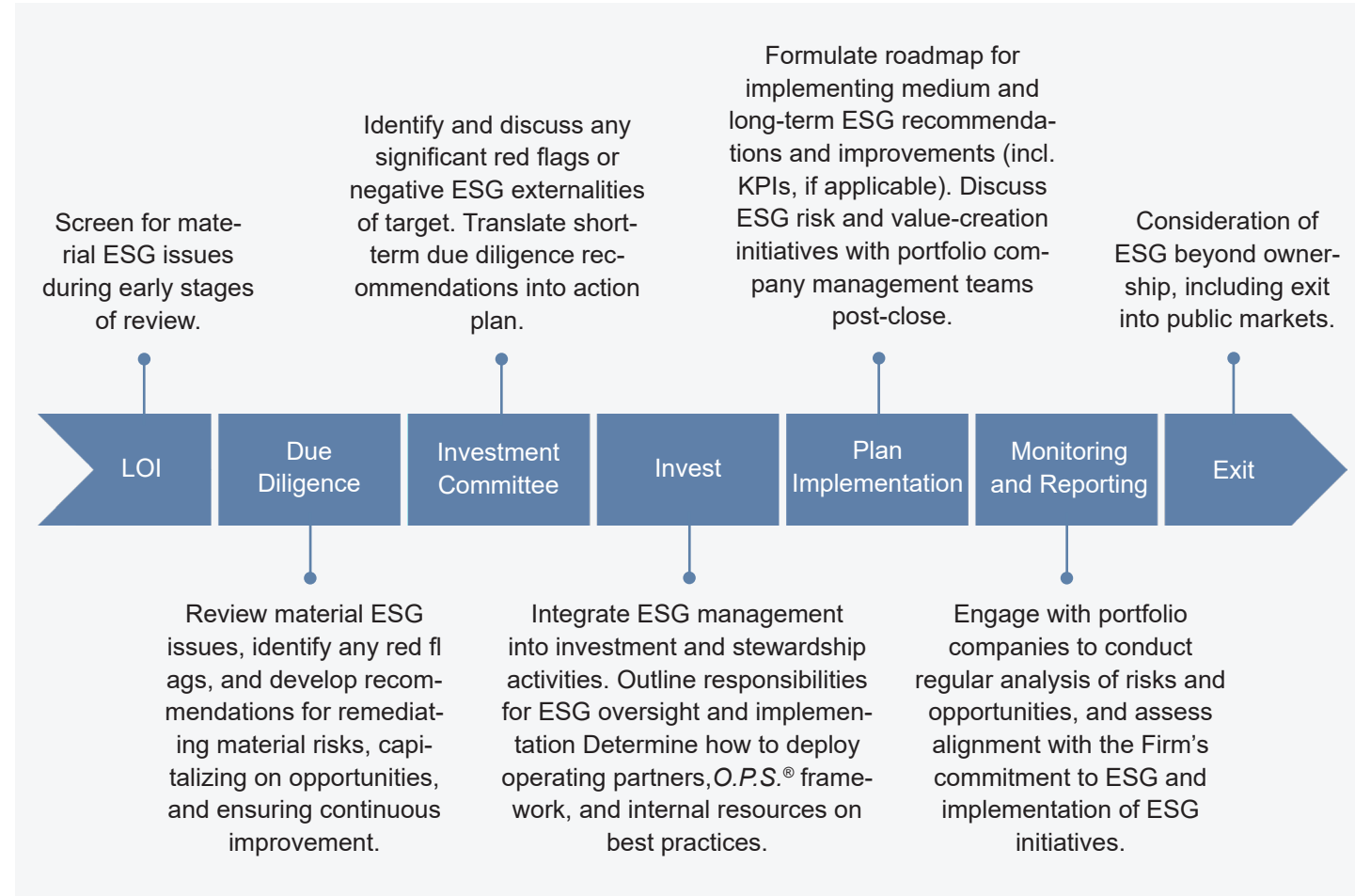
**Reporting:** Foster transparency through standardized and company-specific ESG reporting

<sup>6</sup>Data provided herein as of December 31, 2023, 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.

## ESG INTEGRATION ACROSS THE INVESTMENT LIFECYCLE

Clearlake endeavors to incorporate ESG considerations regarding risk reduction and value creation into each phase of the investment lifecycle from due diligence, to monitoring, to exit:



## HIGHLIGHT: COMMITMENT TO FRAMEWORKS AND PARTNERSHIPS

### ESG Frameworks

In 2023, Clearlake became a signatory of both the UN PRI and the EDCI.



### Industry and Corporate Partnerships

Clearlake actively engages with organizations that promote the attraction and retention of diverse candidates.



## ESG CONSIDERATIONS IN CREDIT

Clearlake's investment strategy has remained consistent since the inception of the Firm, aiming to invest consistently and successfully across economic and credit cycles. Utilizing an all-weather investment approach, Clearlake's credit strategy focuses on non-control special situations investments utilizing the Firm's sector-focused approach. Clearlake believes its credit strategy offers downside protection, contractual returns, current yield, and/or equity upside potential by focusing on opportunities where creativity, flexibility, and active sponsorship are rewarded, and where the Firm's abilities and value investing approach may generate attractive risk-adjusted returns.

Clearlake's credit strategy typically spans the entire capital structure in both private and public markets including, but not limited to, secured debt, high yield bonds, rescue financings, PIPEs, non-control equity, debt and equity securities of structured vehicles (i.e., structured credit; Collateralized Loan Obligations ("CLOs") and other structured products managed by affiliates of the Firm; and credit SPVs; etc.), stressed real assets, as well as public equities and other targeted opportunities.

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. Clearlake's credit strategy is expected to continue to benefit from Clearlake's expanded platform capabilities derived from the WhiteStar acquisition, including extensive experience in the senior performing credit space, as it pursues investment opportunities.

WhiteStar has integrated ESG considerations into its credit strategy for a number of years. 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.

At WhiteStar, 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 numerous 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.

Moving forward, Clearlake is considering how to synthesize our ESG process with WhiteStar's so all credit investments integrate material ESG factors in a similar manner to assess risk reduction and value creation opportunities.

WhiteStar—in alignment with Clearlake—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. Managing 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.

SECTION 3

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# CASE STUDIES



Packaging solutions for a sustainable future

LOCATION: Chesterfield, MO	SECTOR: Industrials / Packaging	INVESTMENT DATE: January 2020	CURRENT STATUS: Partially Realized
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ABOUT

Headquartered in Chesterfield, Missouri, Pretium Packaging, LLC (“Pretium” or the “Company”) is a full-service designer and producer of sustainable packaging solutions to a diverse set of end markets including food and specialty beverage, healthcare, wellness, personal care, and household & commercial chemical. Pretium’s focus on innovative, technology-forward solutions is underscored by investments in automation, fixed assets, infrastructure, data analytics, supplier development, and manufacturing technology. Pretium’s multi-use packaging solutions are designed to meet specific customer and market needs, particularly in enabling customers to achieve their sustainability goals. Pretium differentiates itself through flexibility, innovation, automation, short changeover times, and a global footprint of 25 automated manufacturing facilities.

FOCUS ON SUSTAINABLE PRODUCTS

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 reduced consumption of new natural resources and waste.

As a technology-forward rigid packaging producer, Pretium has demonstrated a commitment to sustainability, having spent more than 15 years working with customers to develop more sustainable materials, such as post-consumer resins (“PCR”) and plant-based resins, and executed input material reduction initiatives to reduce the weight of its bottles and jars by as much as 30% for certain projects. To further improve its environmental footprint, several of Pretium’s product lines minimize the waste generated from production by regrinding and reusing waste resin. The reprocessing of waste materials reduces excess pollution from production and decreases the inputs required.

As a result of these initiatives, Pretium’s product and packaging alternatives have helped customers reduce their emissions by approximately 25% relative to traditional packaging methods. The Company continues to implement alternative product lines across its manufacturing technol-

ogies. Pretium’s value proposition of greater recyclability, emissions benefits, multi-use attributes, and shatter resistance position the Company as a favorable choice for customers focused on sustainability.

PRETIUM GUIDEWHEEL

In 2023, Pretium launched their Guidewheel program, which provides technology solutions to monitor and reduce energy consumption across all production lines. This technology enables Pretium’s operations teams to monitor energy usage on each individual machine. Pretium has already conducted several case studies, leading to new best practices and policies to reduce idle time across all locations.

More about Guidewheel

- A large number of machines in factories worldwide remain unconnected to the cloud. Many manufacturers therefore rely on manual tracking to understand operations on the factory floor. This approach makes it difficult to identify and quantify issues that could impact production, and nearly impossible to identify opportunities to improve energy efficiency and sustainability.

- Guidewheel’s innovation, however, has created a fast and accessible solution to onboard those assets onto the cloud and drive bottom-line impact. Inspired by the fact that every machine on the factory floor uses power, Guidewheel is inserted into the electrical draw of any machine to transform its production analytics into a connected, active learning software system that empowers teams to reduce lost production time as well as increase efficiency and performance over time. It creates a single pane of glass for understanding core performance metrics like uptime, cycle time, and energy usage. This solution enables manufacturers to drive bottom line results while identifying opportunities for energy savings in their operations.
- By tying energy consumption and sustainability into the operating foundation of the business, Guidewheel empowers manufacturers, like Pretium, to achieve much greater impact than previous solutions.

CELEBRATING WOMEN IN MANUFACTURING



“Pretium is a workplace that strives to inspire women in manufacturing leadership roles.”  
- Lisa Huett, Director of Sustainability & ESG

Since 2022, Pretium has deployed a concerted effort to shine a spotlight on its best female employees through a series called *Celebrating Women in Manufacturing*.

Pretium stands as a workplace dedicated to fostering women’s professional growth and development. The Company’s efforts have resulted in an impressive representation of female talent, and the company is dedicated in its mission to inspire and champion women in leadership roles within the manufacturing industry. Across its global network of more than two dozen locations, over 43.7% of its employees are female, which is well above the industry standard average of 32.1%.<sup>8</sup>

2023 highlights include:

**Pretium’s Plant Manager in Salt Lake City, Utah:** Pretium’s largest and most complex manufacturing facilities, representing virtually every resin and molding platform utilized within the Pretium network.

**Pretium’s VP of Innovation, Design & Quality:** a both technical and customer-facing leadership role that spans across all departments to drive excellence.

<sup>8</sup>Represents global data as of 5/31/2022. US data available for H1 2023 notes 38% female representation compared to an industry benchmark of 30%.



Shared wellbeing for pets, people, and the world

LOCATION: Burlington, MA  
 SECTOR: Consumer / Pet Food  
 INVESTMENT DATE: December 2020  
 CURRENT STATUS: Unrealized

## ABOUT

Wellness Pet Company is the an independent North American based premium pet food and treats company. The Company goes to market through various brands under a Wellness® Masterbrand or Wellness®- endorsed brand strategy, which include: Wellness®, Old Mother Hubbard®, WHIMZEES®, Good Dog®, Good Kitty®, Eagle Pack®, Holistic Select® and Sojos®. Wellness Pet Company crafts natural, proven nutrition that sits at the nexus of nature and science 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 creating mutual wellbeing of pets and their families, the Company is also committed to the wellbeing of the environment, its employees and the communities Wellness serves.

## MINIMIZING WASTE AND ENSURING FOOD SAFETY

The pet food industry has historically emphasized a protein-centric approach to pet health, which has environmental consequences, including those related to resource intensity and emissions. Today, pet food consumers 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—which can be found in Wellness Pet’s inaugural 2022 Impact Report.

Wellness Pet strives to position itself as an industry leader in sustainable and environmentally friendly practices regarding operations and product outputs. Wellness Pet maintains a sustainability commitment that includes initiatives on reducing energy utilization at its facilities, recycling

initiatives, and sustainable packaging. Wellness Pet has also taken steps to reduce the energy utilization and waste produced by its facilities and via its product inputs. Packaging is a critical component for protecting product quality and nutritional integrity, but can also be a source of waste. To begin tackling this challenge, as of 2022, roughly one-third of Wellness Pet’s product portfolio was recyclable for curbside pick-up and the Company was the first US-based pet food brand to partner with TerraCycle.

Beyond packaging, food waste represents both financial and environmental costs as the growing and transporting of ingredients contribute to greenhouse gas emissions. In recent years, Wellness Pet has made strides on minimizing these costs through a focus on and deep commitment to food quality and safety as well as production efficiencies.

Wellness Pet strives to ensure the health and safety of pets and prevents food waste via its goal to craft the highest quality pet food and treats. The Company strives to ensure products are developed with nutritional excellence and manufactured safely. Food safety is critical to the part Wellness Pet plays in converting only high-quality ingredients into complete and balanced food or healthy treats. Establishing a high food safety standard and quality program requires an ongoing process of training, monitoring, trending, as well as adjusting programs, when necessary, in order to create the most efficient practices.

Additionally, by focusing on quality and minimizing excess ingredient and product scrap, Wellness Pet can avoid needlessly sending products to landfills and save on input costs. In 2022, Wellness Pet’s food waste was consistently

2% or less across manufacturing sites, and the Company continues to strive for improvement. This minimization of food waste came from the Company’s dedication to efficiency and best-practices across multiple departments. Wellness Pet has introduced and executed on various initiatives, including operator training on production parameters, quality assurance and quality control during production to avoid out of spec products, and preventative maintenance programs to ensure equipment efficiency.

Finally, as further evidence of the Company’s commitment to advancing sustainability goals, welfare of people and communities, and reducing the environmental impact of products, Wellness Pet has actively partnered with the Pet Sustainability Coalition (PSC) for the past five years and remains a proud ICON member of the organization.

## QUALITY SUPPLY CHAINS

Wellness Pet’s mission is to provide wholesome, natural pet food that is the best it can be. The Company holds its suppliers to stringent requirements and adhere to high standards, exceeding even the strictest requirements from the FDA. Wellness Pet is determined to go further, to do better and to take as many precautions with their pet food, as is taken with human food for safe, uncompromising nutrition.

Wellness Pet employs rigid manufacturing procedures and other protocols, enabling the Company to produce nutrient-dense food that is safe, wholesome and delicious. Throughout the entire manufacturing process, ingredient are carefully handled to preserve the vitamins, minerals and other nutrients.

To ensure maintained quality, Wellness Pet only works with suppliers it believes are respectable, trust-worthy and able to deliver superior ingredients. They scrutinize suppliers and test ingredients to ensure it meets Wellness Pet’s quality and assurance standards. Wellness Pet is proud to operate manufacturing facilities that have attained the British Retail Consortium’s (“BRC”) ratings of A+ and AA. BRC is one of the Global Food Safety Initiatives (“GFSI”) certifications that a company can achieve following a stringent third-party audit of company culture, processes, training, and compliance practices. GFSI is a coalition of leading food retailers and brands that provide oversight of standards for businesses with the goal of assuring access to safe food for people and pets. Today, 95% of Wellness Pet’s suppliers have GFSI accreditation.

FOCUS AREAS	AMBITION	ACTIONS
<p>Manufacturing</p>	Drive lower environmental manufacturing impact	<ul style="list-style-type: none"> <li>» Completed life cycle analysis at Veendam site</li> <li>» Increased solar panels use</li> <li>» Prioritized packaging material changes</li> </ul>
<p>Waste Reduction</p>	Reduce landfill waste caused by multi-laminate plastic packaging	<ul style="list-style-type: none"> <li>» Currently developing sustainability roadmap with goal of transitioning to monolayer packaging by 2025</li> </ul>
<p>Animal Protein</p>	Lower animal protein usage to minimize environmental and animal welfare impact	<ul style="list-style-type: none"> <li>» Created a plant-forward dog recipe template for the future of R&amp;D</li> <li>» Conducted consumer insight research on attitudes regarding alternative proteins recipes</li> <li>» Ongoing discussion on precision fermentation opportunities</li> </ul>



Take your marketing from meh to marvelous

LOCATION: Waltham, MA      SECTOR: Technology / Software      INVESTMENT DATE: February 2021      CURRENT STATUS: Unrealized

## ABOUT

Headquartered in Waltham, Massachusetts, Constant Contact, Inc. (“Constant Contact” or the “Company”) is a leading provider of marketing automation software. The Company’s products enable SMBs to enhance customer engagement through a comprehensive suite of tools including email, SMS, social media marketing, landing pages, events, CRM and analytics tools, and ecommerce integrations.

### FOCUS ON ETHICAL AI

In recent years, Constant Contact made strides in integrating Artificial intelligence (AI) into its product features. With its potential to automate complex processes and tasks, AI is rapidly transforming the way individuals live and work. AI has the potential to drastically improve efficiency, minimize errors, automate repetitive tasks, streamline customer experience, and advance research and data analysis.<sup>9</sup> Small businesses can use AI as a tool to help drive growth and stay competitive.

However, in order to responsibly and effectively leverage AI, it’s important to follow best practices. AI can suffer from inherent bias—occurring because human beings choose the data that algorithms use (study design, data collec-

tion, entry, and cleaning), decide the algorithm and model choice, and elect how the results of those algorithms will be implemented, disseminated, and applied.<sup>10</sup>

Ultimately, this can exacerbate existing inequities in socioeconomic status, race, ethnic background, religion, gender, disability, and/or sexual orientation.

Constant Contact has not only implemented user feedback and tracked inaccuracies in their ChatGPT in an effort to mitigate biases where possible, but also continues to publish AI best practices to on their website better educate the market.

<sup>9</sup>Source: <https://www.wgu.edu/blog/benefits-artificial-intelligence2204.html#close>  
<sup>10</sup>Source: <https://www.forbes.com/sites/bernardmarr/2022/09/30/the-problem-with-biased-ais-and-how-to-make-ai-better/#:~:text=AI%20bias%20occurs%20because%20human,and%20perpetuate%20those%20biased%20models> and <https://www.hsph.harvard.edu/ecpe/how-to-prevent-algorithmic-bias-in-health-care/>

## AI BEST PRACTICES<sup>11</sup> A Constant Contact Resource

With its potential to automate complex processes and tasks, Artificial intelligence (AI) is rapidly transforming the way we live and work. Small businesses can use AI as a tool to help drive growth and stay competitive. However, in order to responsibly and effectively leverage AI, it’s important to follow best practices. Incorporating AI into your business strategy can be a game-changer, but it’s important to do it right. Following these best practices will allow you to harness the power of AI in a way that aligns with your brand and business goals.

### Start with a clear goal

Before implementing AI, be sure to identify specific business goals you want to achieve. Then, define your metrics for success.



### Keep your brand top of mind

While AI can help you generate content quickly, it will need your input to ensure you are producing content that adheres to your voice and brand. Remember, AI should help you enhance your brand, not detract from it.



### Be direct and descriptive

The content you receive from AI is only as good as what you put into it. Your input must be as clear and descriptive as possible, right down to the tone of voice. This will help AI get as close to what you need as quickly as possible.



### Test and iterate

Like any other marketing approach, it’s important to test to find out what works best for your business. Continually monitor the performance of your AI-generated content and make adjustments to optimize its effectiveness and ensure it achieves your desired outcome.



### Understand the limitations of AI

While AI can be a powerful tool, it is not perfect and has its limitations. Be aware of what AI can and cannot do, and identify areas where it will still require human input and review.

### Don’t use AI for research

AI can be a powerful tool, but it should not be used as a substitute for thorough research. Take any research done through AI with a grain of salt and ensure it’s accurate by double-checking all information obtained from it.

### Be prepared to edit and refine

AI can struggle with nuance, tone, and context so be prepared to edit and refine any content obtained via AI generation. While AI is great to help you get past the dreaded “blank page,” it should not be used to write copy without human input.

### Ethics and compliance

AI comes with ethical and compliance considerations, including data privacy, security, and bias. Be sure you or your tool have the necessary safeguards in place to ensure the ethical and compliant use of AI.



<sup>11</sup> Source: <https://www.constantcontact.com/features/ai-marketing>



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