

# Leading by Example

RESPONSIBLE INVESTMENT REPORT 2022

Berkshire  
Partners

# Message From Our Managing Directors

Berkshire Partners was founded more than 35 years ago with a vision for an enduring organization that would focus on creating value for stakeholders by building better companies. Our Firm employs a stewardship model, which we believe has enabled us to maintain our focus on long-term, sustainable value creation.

This long-term perspective and focus on stewardship underpin our core values – Relationships Matter, The Power of Teams, and Winning the Right Way. For us, these aren't simply words on paper but, rather, living principles that are embedded in our everyday decision-making. We are 100% partner-owned, with a compensation model that rewards shared success across the organization. We lead our Firm collaboratively and strive to create an inclusive culture, grounded in respect and teamwork.

These values are also the foundation of our investment approach. While this is Berkshire Partners' first dedicated Responsible Investment Report, we've long understood that considering the full impact of our investments on people and the planet is both the right thing to do and makes business sense.

In 2022, we completed the foundational work to develop our Firm's climate change strategy and, in early 2023, we announced our goal to enable net zero greenhouse gas emissions by 2050 or sooner across our investments.<sup>1</sup> We intend for Berkshire's operations to achieve the same goal. We have also advanced other key responsible investment priorities within our portfolio companies, including diversity, equity, and inclusion and employee ownership, which have been strong Berkshire principles throughout our history.

Across all of our efforts at Berkshire Partners, we are committed to leading by example to build enduring value for the people and communities we touch. We invite you to learn more about our efforts in this report, and we welcome your feedback and partnership.

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# About Berkshire Partners

## Purpose

To build enduring value through exceptional teams. We believe that our distinctive culture is a key driver of our success.

## Core Values



Relationships Matter



The Power of Teams



Winning the Right Way

## Berkshire by the Numbers\*

**\$24.4B**

Assets Under Management

**35+**

years in business

**200+**

employees

**18**

years of average MD tenure

## Our Businesses

### Berkshire Partners

#### Private Equity

Berkshire Partners Private Equity seeks to build partnerships with the management teams of growing and enduring businesses, to help them achieve their full potential. We bring capital and resources to build management and operating systems to enable scalable, profitable growth and act as thought partners in ways that are specific to each company.

**\$20.2B**

PE active fund assets under management (AUM)

**33**

portfolio companies

32% Services & Industrials

29% Technology & Communications

25% Consumer

14% Health Care

### Berkshire Partners

#### Stockbridge

Stockbridge seeks to invest in the public equity of high-quality companies with strong competitive positions, attractive growth prospects, and talented management teams. Our goal is to deliver strong absolute returns to our investors over time. Stockbridge's long-term perspective biases it towards companies that are built and run with sustainability in mind.

**\$4.2B**

AUM

**18**

companies held in a concentrated portfolio across our main sub-sectors

\* All data on this page is as of December 31, 2022. There is no guarantee Berkshire will be able to implement its investment strategies or achieve any investment objectives.

We have spent decades seeking to build enduring value, guided by our long-term perspective and stewardship model.\*

## Our Approach to Responsible Investment

Berkshire believes that responsible investing (“RI”) is central to creating enduring value and winning the right way. Our approach to RI is underpinned by five main principles:

1. Seek investment in companies that can consistently operate in accordance with high standards of professional integrity and business ethics;
2. Promote best practice governance standards;
3. Evaluate environmental impacts, including climate;
4. Support initiatives aimed at advancing diversity, equity, and inclusion; and
5. Respect internationally recognized human rights principles.

We believe our commitment to the above principles helps us deliver better outcomes for our key stakeholders, including our funds and investors, employees, and portfolio companies.

We took a number of concrete steps over the past year to advance these principles, including developing asset-class specific responsible investment guidelines and formalizing our engagement, governance, and reporting processes. While there is much more work to be done, we are focused on advancing these important efforts, sharing our progress, and seeking stakeholder input along the way.

\*Past performance is neither a guarantee, nor indicative, of future results.

# Responsible Investment at Berkshire Partners: A Timeline

The integration of environmental, social, and governance considerations in our investment approach has evolved over time. These key milestones demonstrate our commitment to continuous improvement.

## Building the Foundation for Responsible Investment — 1980s - 2000s

### 1986

Berkshire Partners is founded by five individuals seeking to build an enduring organization focused on investing in middle market companies and helping them achieve their full potential.

### ▶ 1993

Private equity collaborates on development of first broad-based incentive plan at Advanced Drainage Systems.

### ▶ 1994

First female partner is elected at Berkshire Partners.

### ▶ 2000s

Berkshire Partners begins its climate education, through engagement with climate scientists and our portfolio companies.

### ▶ 2007

Stockbridge, the public equities business of Berkshire Partners, is founded.

## Embedding Responsible Investment — 2010s - Present

### 2013-2016

- Forms inaugural RI Steering Committee.
- Launches RI Policy, due diligence questionnaire, and expanded Board of Directors Governance Toolkit.

### ▶ 2017-2019

- Conducts greenhouse gas (“GHG”) inventory of Firm operations.
- Engages first dedicated RI professional in the Portfolio Support Group.
- Begins tracking RI indicators at portfolio company level.

### ▶ 2020-2022

- Creates first three-year strategic plan on RI and Statement on Diversity, Equity and Inclusion (“DEI”).
- Becomes a founding member of Ownership Works and a signatory of the UN-supported Principles for Responsible Investment.
- Communicates expectations on DEI to U.S.-based portfolio companies and establishes Climate Strategy Steering Committee to support development of decarbonization goal.

# Governance of Responsible Investment at Berkshire Partners Private Equity

We are working to embed accountability for responsible investment across our Firm to help ensure it is integrated into our investment practices and portfolio company engagement, in accordance with our RI Policy.

## Governance & Policy Committee (“GAP”)

Comprised of members of the Firm’s senior leadership, accountable for driving consensus on Firm-level issues, strategy, and culture. GAP’s oversight extends to Firm-level responsible investment issues, including climate- and DEI-related goals.

## Responsible Investment Committee (“RIC”)

Reports to GAP and is responsible for implementation of the RI Policy. The RIC is comprised of seven individuals from a broad range of disciplines within the Firm, including Portfolio Support, Legal & Compliance, Investor Relations, Responsible Investing, Operations, and Stockbridge.

## Director of Responsible Investing

Coordinates the RIC and provides guidance to the investment teams and the Legal & Compliance Group on responsible investment issues as needed. The Director also engages in the value creation process with portfolio companies and provides training on embedding responsible investment guidelines into due diligence.

There are several committees that work to action responsible investment at the portfolio level. The **Private Equity Committee** is responsible for the strategy, management, and alignment of the Private Equity business, while the **Portfolio Advisory Committee** is responsible for Private Equity a.) value creation execution and tracking, b.) development and deployment of internal and external resources, and c.) allocation of Firm resources across the portfolio. The **Stockbridge Executive Committee** is accountable for the strategy, management, and alignment of the Stockbridge business.

# Embedding RI in Our Private Equity Investment Process

We integrate consideration of RI factors, including environmental, social, and governance issues, throughout the investment life cycle.

## Due diligence

- Identifying material business or legal risks, including those related to responsible investing, as part of a tailored due diligence scorecard.
- Conferring with the RIC and the Legal & Compliance Group and using third-party tools to identify reputational risks.
- Discussing relevant responsible investing considerations in interim and final investment meetings.

## Negotiation

- Communicating responsible investment commitments early to management teams and co-sponsors.
- Negotiating for governance rights, increasing the ability to achieve commitments.
- Integrating responsible investment considerations into shareholders' agreements and/or other governance documents, where appropriate.

## Ownership

- Integrating action items from diligence into value creation planning.
- Instituting tracking mechanisms, such as our Survey of Responsible Investment Practices (see p. 8).
- Aligning in-scope companies with Berkshire net zero goal.\*
- Maintaining a network of responsible investment resources to support portfolio companies.

## Exit

- Documenting and communicating the company's responsible investment efforts.

\*See endnote 2 for more details on the scope of companies included.

## Measuring Progress at Portfolio Companies

We conduct an annual survey of private equity portfolio companies' responsible investment practices to identify material issues, risks, and opportunities; enhance transparency; and share best practices. We collect information on:

- **Policy and governance** (including policies, disclosures, oversight)
- **Environment** (including environmental initiatives, climate strategy, energy management, waste)
- **Social** (including human capital, health and safety, community and philanthropy)
- **Supply chain management** (including sustainable sourcing, codes of conduct, location of suppliers)
- **Diversity statistics** (at the board, management, and workforce levels)

Our portfolio companies employed a workforce of approximately 150,000 people in 2022. In relation to environmental, social, and governance issues, responding companies reported\*:

**45%**

have oversight of environmental, social, governance matters at the board level

**64%**

have a DEI statement or policy and **36%** have set company-specific DEI goals

**96%**

have a code of conduct/business ethics

**68%**

conduct an annual employee survey

**90%**

provide training and upskilling opportunities for entry-level and/or front-line staff

**93%**

offer an Employee Assistance Program (EAP)

## Collaborating to Advance Responsible Investment

We participate in a variety of collaborative industry initiatives and efforts working to advance progress on responsible investment, with a particular focus on climate action and supporting people through human capital development and diversity, equity, and inclusion.

### Industry Leadership



### Climate



Scope 3 working group



**Ceres**

Investor Network on Climate Risk and Sustainability: Private Equity working group

### People



**SEO** Alternative Investments

Fellowship Program (AIFP)



\*Statistics based on responses from 29 out of 33 portfolio companies held by Berkshire Partners as of December 31, 2022, to questions in our annual Survey of Responsible Investment Practices covering the 2022 calendar year, as well as relevant responses from one additional portfolio company to a separate survey. Not all respondents answered each survey question. Statistics do not reflect or represent the entirety of Berkshire's portfolio.



**We aim to enable net zero greenhouse gas emissions by 2050 or sooner across our investments.**

## Climate Change

We believe that climate change is one of the most urgent issues of our time and has a profound impact on ecosystems, livelihoods, and communities – foundations upon which the global financial system relies. We expect that actions to limit global temperature rise will generate both risks and opportunities for our investments, and we are preparing to support our portfolio companies in this transition to a low-carbon economy.

To accelerate progress and focus our climate efforts, we formed a Climate Strategy Steering Committee in 2022 to help develop our goal to enable net zero greenhouse gas emissions by 2050 or sooner across our investments where we have effective control. Within our Digital Infrastructure portfolio, we have set even more ambitious goals for investments for which we have effective control, to achieve net zero greenhouse gas emissions by 2040 or sooner. With regard to data center investments in the Digital Infrastructure portfolio, for investments with effective control, we have set the goal of 100% renewable energy coverage no later than 2035, and within 24 months of new data center investments made after 2033.

Berkshire Partners is at the initial stage of this path, and we are laying the foundation to execute on our ambition by establishing baseline emissions data across our portfolio and analyzing how our focus industries may be affected by decarbonization. We are working to embed accountability for climate throughout the Firm and our investment processes, and we are committed to measuring and reporting to stakeholders on our progress.

Our reporting references the priority actions from the *Task Force on Climate-related Financial Disclosures (“TCFD”) for Private Equity General Partners: A Technical Guide*, published in 2020. The table on the following page outlines the steps Berkshire Partners is taking or considering. Berkshire Partners continues to develop its climate strategy and has not yet taken steps toward achieving each of the TCFD recommended objectives.

TCFD Pillars	TCFD Recommended Objectives	Steps That Berkshire Partners Is Taking
Governance	<p>Raise climate awareness throughout the organization</p>	<p>Hosting Firm-wide speakers on climate and innovations in sustainability and training investment teams on Berkshire's climate change strategy. Our Director of Responsible Investing provides subject matter expertise. Berkshire participates in climate working groups to build capabilities in both the Firm and the industry (see p. 8).</p>
	<p>Define a climate-dedicated governance</p>	<p>Climate change is generally integrated within our overarching responsible investment governance structure (see p. 6).</p> <p>In 2022, we formed a dedicated Climate Strategy Steering Committee, comprised of Firm leadership, responsible investment leadership, and senior investment staff members, designed to ensure executive level input and support for our net zero strategy development. This group also collaborated with external experts to analyze climate-related risks and opportunities and assess decarbonization pathways for the industry segments in which Berkshire Partners invests.</p> <p>We are also taking steps to embed responsibility for climate broadly across the Firm, starting with our Legal &amp; Compliance Group in its role in investment diligence and our Portfolio Support Group in value creation planning.</p>

Table continued on next page.

TCFD Pillars	TCFD Recommended Objectives	Steps That Berkshire Partners Is Taking
Strategy	Develop a simplified implementation plan	<p>GHG accounting is a priority, and we are focused on gathering primary data at the company level and calculating emissions under the industry-led <i>Partnership for Carbon Accounting Financials</i> (PCAF) methodology.</p>
Strategy Risk Management	Conduct materiality analysis on current portfolio holdings to identify climate risk exposure	<p>For the portfolio companies over which we have effective control, we have committed to the following activities:</p> <ul style="list-style-type: none"> <li>• Initiating GHG accounting to establish an emissions baseline, including providing tools and resources to support these efforts.</li> <li>• Setting decarbonization targets by the end of 2027, and within two years of Berkshire's investment for companies acquired after 2025. We encourage management to set targets at interim and long-term intervals for Scope 1 and 2 emissions. Teams also encourage management to adopt meaningful plans to measure, track, and reduce Scope 3 emissions.</li> <li>• Gathering relevant energy and climate data to assess performance against goals.</li> </ul>
	Define key climate performance indicators for each portfolio holding	
Risk Management Metrics and Targets*	Fully integrate climate considerations within the investment process	<ul style="list-style-type: none"> <li>• Engaging companies in the multi-step process of achieving net zero, including how they expect to achieve the target, identifying the largest emissions sources, and assessing the viability of decarbonization levers.</li> </ul> <p>For companies over which we do not have effective control, we encourage a similar approach, and we may share emissions-reduction resources and what we believe to be best practices to help facilitate action.</p> <p>We expect to report portfolio company carbon emissions data through the ESG Data Convergence Initiative (EDCI).</p>
	Support holdings with tools and recommendations to address climate risks	
	Conduct yearly reviews of portfolio holdings to assess progress towards climate objectives	

\*There is no guarantee any RI-related data gathered or evaluated by Berkshire will be accurate, or that Berkshire will correctly interpret or attribute the appropriate amount of weight to any such data.

## Case Study: Decarbonizing Africa's Largest Data Center Business



Solar-powered cooling in Johannesburg, South Africa.

**TERACO**  
DATA ENVIRONMENTS

Teraco is the leading data center platform in Africa, operating a growing fleet of carrier-neutral data centers across seven campuses in Johannesburg, Cape Town, and Durban, South Africa. Since Berkshire Partners invested in Teraco in early 2019, we have supported the company's progress on certain environmental and social matters in many ways.

Data centers are energy intensive, so improving facility efficiency and transitioning to cleaner energy sources is a clear environmental win for Teraco and for South Africa. Berkshire Partners supported the company in **setting an ambitious goal to have 50% of its energy consumption come from clean sources by 2027 and 100% by 2035** – and we and our co-investors are helping Teraco achieve this goal by investing \$230 million over five years to help the company develop and build two 100 MW solar farms, as well as to scale its rooftop solar program to more than 6 MW by 2023. By the end of 2022, the company had registered the first of its 100 MW solar projects with the National Energy Regulator of South Africa and invested in more than 4.5 MW of rooftop solar across its facilities. Investments in the latest cooling technology, energy-efficient designs, and a commitment to consistent improvement has advanced Teraco's data center energy efficiency. These efforts have realized more than 83 million kWh of energy savings and an improvement of more than 23% in overall efficiency, as measured by power usage effectiveness.

These investments are expected to reduce energy costs and improve Teraco's resiliency and carbon footprint by reducing its dependence on the local, carbon-intensive grid, which Berkshire believes Teraco's customers increasingly value and expect.

### Private Equity Portfolio-Level Financed Carbon Emissions

Scope 1 & 2 Emissions

469,531 ▼  
MT CO<sub>2e</sub> (-26%)

Scope 1 & 2 Emissions Intensity

32.67 ▼  
MT CO<sub>2e</sub>/Millions USD (-13%)

Higher-quality data was a main driver for Berkshire's calculated financed emission changes. In 2022, 15% of private equity portfolio companies by number provided primary data and improved their emissions calculations. Other drivers include changes in portfolio company growth and Berkshire's investments.

### Berkshire Operational Carbon Emissions

Scope 1 & 2 Emissions

542 ▼  
MT CO<sub>2e</sub> (-26%)

Scope 3 Emissions

(Categories 3, 5, 6)

2,118 ▲  
MT CO<sub>2e</sub> (+42%)

Our Scope 1 & 2 emissions for 2022 fell due to a lack of refrigerant refills. Scope 3 emissions increased from 2021 to 2022, primarily due to a rise in post-pandemic travel. We expanded our reporting to include two more categories, which accounts for a further 19% increase.

Trending information in parentheses represents performance of the reporting year (2022) against the previous year (2021). See endnote 3 for more details on calculation methodology and assumptions for portfolio company and operational carbon footprint information.

We seek to create value through relationships and teams at our Firm and portfolio companies by supporting broad-based employee ownership; fostering increased diversity, equity, and inclusion; and by partnering with companies that address societal challenges.

## Creating Value by Supporting People

People are at the center of Berkshire Partners' core values – Relationships Matter, the Power of Teams, and Winning the Right Way. We put this into practice by reinforcing an inclusive and collaborative culture and by working to ensure all employees have equitable access to opportunity and the resources they need to succeed. We seek to extend this approach to support the people in businesses in which we invest – from helping foster increased diversity, equity, and inclusion in their companies to encouraging broad-based employee ownership to enable employees to build wealth.

### Supporting Broad-Based Employee Ownership

As a 100% partner-owned Firm, Berkshire Partners has long recognized the value of broad-based employee ownership – in our Firm and the companies in which we invest. In 2022, we joined as a founding member of [Ownership Works](#), and established broad-based equity ownership programs at five portfolio companies, representing approximately 6,750 employees.

# Advancing Diversity, Equity, and Inclusion

We believe that teams that reflect the diversity of society and the communities in which they operate provide the broad perspectives that lead to better decision-making. We believe this holds true for our portfolio companies, and equally within our Firm.

## DEI at Berkshire Partners

We are working to embed DEI in the full employee life cycle within our Firm, starting with the way we recruit new talent. We want to draw from a broad, deep pool of diverse candidates, so we strive to have a mix of at least 50% gender and racial/ethnic diversity in the initial pool of candidates for every role. We hold all external talent search partners to this same standard. To help build the pipeline into our Firm – and our industry more broadly – we also partner with a range of external organizations working to cultivate diverse, early-career talent (see p. 8).

When we assess candidates for different roles, we use scorecards with rubrics based on consistent, objective questions that are designed to eliminate bias. We capture diversity metrics at the beginning and conclusion of each hiring process, to monitor performance in an effort to ensure we are staying true to our goals. Once new employees join our Firm, we provide unconscious bias and DEI training, as well as structured mentorship. Ongoing DEI education is provided to certain people managers and delivered Firm-wide during our cultural heritage celebration months, including Black History, Women's History, Asian American Pacific Islander Heritage, Pride, Hispanic Heritage, and Native American Heritage.

## DEI Within Our Portfolio

We believe that enhancing DEI in the businesses in which we invest is a driver for building enduring value. One of the key ways Berkshire Partners seeks to accomplish this is in our capacity as board members. We have developed a DEI Board Training toolkit, which is designed to educate and support our employees who are directors at our portfolio companies. In addition, for each new portfolio company in which we have majority ownership, we have set a goal that at least one-third of outside director seats within the first year of ownership will be filled by directors classified as diverse.<sup>4</sup>

We have also communicated our expectations on DEI to our portfolio companies and provided them with tools to support progress in this area.

# 39%

Representation of women and/or people of color on our private equity deal teams, an increase of 30% since 2019

*Statistics represent the period from January 1, 2019-January 1, 2023.*

**During Berkshire's ownership chapter, the percentage of portfolio company directors who are female or racially/ethnically diverse has doubled.**

*Statistics are current as of January 1, 2023, and represent companies acquired between 2017-2021 that remained in the portfolio on January 1, 2023 (22 count).*

## Case Study: Developing Diverse IT Talent at AHEAD



Associate Technical Consultants from Launch engage in collaborative problem-solving sessions as part of the Launch professional development program at AHEAD.

**AHEAD**

AHEAD, a Berkshire Partners Private Equity portfolio company since 2020, builds platforms for digital business and believes that creating a culture of belonging is integral to a strong business. In 2020, the company was looking to scale, and designed an early career program for recent college graduates and/or for those making a career change. It created “Launch @ AHEAD”, a three-month development program aimed at attracting, developing, and supporting top IT consulting talent and the company’s next generation of leaders.

AHEAD then married this program’s business imperative with its commitment to build a vibrant and diverse culture, and focused on recruiting diverse talent into the program. From 2020 to 2022, 49 employees participated in the Launch @ AHEAD cohort, 70% of whom are still with the company as of mid-2023. The January 2023 Launch @ AHEAD cohort is 72% diverse. In addition, Berkshire has been a strong supporter of AHEAD’s desire to advance DEI within the company. In 2023, AHEAD is focused on expanding its DEI Advisory Council and Employee Resource Groups (Moving Women Ahead, PRIDE, and RISE AHEAD for racial minorities) and making a social impact in the communities where employees work and live by encouraging volunteer activities.

**AHEAD has retained 70% of employees who were part of the Launch @ AHEAD program starting in 2020 as of mid-2023.**

## Supporting Human Capital

We believe that investing in the development of our people is integral to the success of Berkshire Partners and the companies in which we invest. In 2022, we enhanced our mentorship program, pairing newly hired employees with senior leaders for six months. The program includes joint attendance at content sessions, group discussions, and other activities, plus one-on-one meetings to encourage personal and professional development.

We also think it is important to support human capital at our portfolio companies. As part of our value creation planning efforts, we work closely with portfolio company leaders to evaluate whether they have the necessary skills from a talent perspective to deliver on value creation plans. When we recognize a gap, we seek to work quickly, while respecting the importance of a company’s culture, as we view both skills and culture as important elements of success. Berkshire Partners Private Equity’s head of talent within the Portfolio Support Group also leads a community of internal best practice sharing for portfolio company human capital leaders. In this forum, we prioritize knowledge sharing and invite outside experts to discuss issues that are top of mind for human capital leaders at our portfolio companies.

## Supporting Businesses That Address Societal Challenges

Some of the companies in which Berkshire Partners invests seek to address societal challenges and prioritize underserved individuals. We believe our investment can help amplify their capabilities.

**According to the company, 98% of clients say they eat healthier and more regularly with Mom's Meals**

**Chronic care meals have been proven to contribute up to an approximately 40% reduction in total cost of care**

*(Source: Journal of Primary Care & Community Health; JAMA Internal Medicine; Health Affairs.)*

## Case Study: Increasing Access to Nutrition and Lowering Costs of Care Through Mom's Meals



Medically tailored meals, delivered weekly to those with chronic conditions and who are at nutritional risk, have been shown to significantly improve health outcomes, reduce health care costs, and enable at-home care.\*

Mom's Meals seeks to meet this need by providing fully prepared, refrigerated meals delivered directly to homes nationwide. The company is a leading provider in the country of medically tailored meals, currently producing over one million meals per week. The company serves the Medicaid, Medicare Advantage, and individual markets through programs to support long-term, chronic, and post-discharge care. Mom's Meals' offerings include food prepared to meet the needs of individuals of all ages with chronic conditions with the goal of reducing hospital readmissions, keeping members healthier and independent at home, and reducing cost of care.

As one example of Mom's Meals' impact on overall quality of health and cost of care, Mom's Meals participated in a pilot program in 2022, with 125 diabetic Medicaid members, in conjunction with Health Plan of Nevada ("HPN"), to deliver meals specially prepared for diabetics. Participants showed, on average, a meaningful reduction in blood glucose levels over the prior three months, and HPN experienced a 32% decrease in total cost of care with respect to participants, an 82% decrease in acute inpatient costs, and an overall increase in participant engagement in the diabetes management program.

\*See <https://newsroom.uhc.com/western-region/moms-meals-nevada.html> for more details.



## Case Study: Q&A with the Founders of Mielle Organics



From left to right, Melvin Rodriguez, Monique Rodriguez, and Marni Payne.

Mielle Organics (“Mielle”) is a natural hair care and beauty brand focused on providing innovative, natural products for the textured hair category and historically underserved customers. Mielle was founded in 2014 by Monique and Melvin Rodriguez, and, in 2021, Berkshire Partners made a minority investment in the company. In 2023, Mielle was acquired by Procter & Gamble and is still led by Monique as CEO and Melvin as COO. Marni Payne, Managing Director at Berkshire Partners and a deal team member for Mielle prior to the Firm’s exit, conducted a short interview with Monique and Melvin in May 2023 to share their story.<sup>5</sup>

### Marni: What is the story behind Mielle?

**Monique:** When we created Mielle, we were focused first and foremost on our community and how we could positively impact the lives of our customers. Learning of the health implications of different hair and skin products, I wanted to create products that were natural as well as functional. So much of the consumer’s hair care journey is a learning opportunity, and part of what Mielle does is help our customers figure out what works best for their hair. Mielle’s mission is to “Educate, empower, and excite.” Creating jobs and giving back to our community is built into the core of what we do. It has been amazing and humbling to see this mission brought to life every day.

### Marni: What drew you to Berkshire Partners to help you grow?

**Melvin:** You share many of the values we have at Mielle – a commitment to community, high ethical standards, long-lasting relationships, transparency, and collaboration. We both believe that having a big, positive impact on the community can go hand in hand with building a great business. We knew from day one that we could establish trust with Berkshire. You helped us become better leaders and bring Mielle to the next level. You rolled up your sleeves and got meaningfully involved in our business, helping us scale quickly and effectively.

### Marni: What’s next for Mielle?

**Monique:** The work continues for us, and our goal is to make Mielle the No. 1 beauty brand in the industry. We plan to continue growing distribution, adding new products, and helping Mielle become a true household name. We also want to scale the “[Mielle Cares Foundation](#),” a philanthropic foundation we created to further the positive impact on youth in the communities. We want to help them see that all things are possible. Melvin and I are proof of that!

# Endnotes

All data in the Report represents the calendar year ending December 31, 2022, unless otherwise noted.

1. Any responsible investment impact, targets, programs, commitments, incentives, initiatives, or benefits referenced in any information, reporting, or disclosures published by Berkshire Partners are not being promoted to investors and do not bind any investment decisions or the management or stewardship of any funds managed or advised by Berkshire Partners for the purposes of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector unless otherwise specified in relevant fund documentation or regulatory disclosures.

2. In-scope investments are those for which Berkshire has effective control. Effective control of a company is defined as one of the following situations in which Berkshire has a high degree of confidence that the decarbonization commitment can be achieved: (i) the applicable Berkshire fund(s) has majority voting control of such company, or (ii) (a) a different investor has majority voting control of such company or (b) Berkshire and one or more other investor(s) collectively have majority voting control, in each case with respect to (a) or (b), with such other investor(s) having (1) climate goals aligned with the trajectories established by Berkshire, and (2) collective control through voting arrangements and/or governance rights related to climate and decarbonization policy-setting that would require such company to meet those goals.

3. All carbon emissions data represent the reporting year of 2022, and trending information in parentheses reflects calendar year 2021.

For **portfolio carbon emissions**, we used the *Partnership for Carbon Accounting Financials (PCAF)(2022), The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition*. PCAF emission factors (version March 2023) were applied for the financed emission calculation. A financial control consolidation approach was used and covers 100% of portfolio companies held on December 31, 2022. Scope 1 and 2 emissions intensity calculations reflect economic emission intensity as described by PCAF, and the denominator is AUM.

Primary GHG and energy data were collected for 27% of portfolio companies for a PCAF data quality score 1 and 2 calculation. Estimation based on revenue and investment amount were made for 73% of portfolio companies, for a data quality 4 and 5 calculation. Data has not been externally verified.

# Endnotes

For **operational carbon emissions**, the *GHG Protocol: A Corporate Accounting and Reporting Standard* was used as the methodology for calculations. A financial control consolidation approach was used and covers our Boston and San Francisco offices. Scope 1 emissions are inclusive of refrigerant used for cooling, Scope 2 emissions are inclusive of our electric power and steam use, using a market-based emissions approach. Scope 3 emissions are inclusive of Category 3 (Energy-related activities not captured in Scopes 1 or 2), Category 5 (Waste Generated in Operations), and Category 6 (Business Travel). In 2023, we expanded tracking to include Category 2 (Capital Goods) and Category 7 (Employee Commuting), which represent an additional 19% increase in emissions. Calculations for Scope 3 do not include Category 15 (Investments), which is reported as portfolio carbon emissions. Data has not been externally verified.

4. For the purpose of these statistics, we track gender and race/ethnicity. However, Berkshire believes that diversity is created by a broad spectrum of human differences, and that each person has a unique background, experience, and perspective based on multiple social identities, including race, gender identity, sexual orientation, socio-economic status, physical ability, and religious, cultural, or political affiliation.

5. Disclaimer: These endorsements are provided by certain executives of companies that are or were owned by funds advised by Berkshire Partners. None of the executives were compensated for providing these endorsements. However, as a result of the ownership structure of these portfolio companies, a conflict of interest exists, because the executives have an incentive to maintain goodwill with Berkshire Partners and to make positive statements about Berkshire Partners.

# Disclaimer

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# Berkshire

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