

Leading by Example

RESPONSIBLE INVESTMENT REPORT 2023

Berkshire
Partners

Message from Managing Directors

Since our founding in 1986, we have focused on creating enduring value through exceptional teams. Three core Berkshire values underpin these teams and act as touchstones for the firm: Relationships Matter, The Power of Teams, and Winning the Right Way. We believe responsible investing upholds and reflects these values; we have seen this belief play out consistently in our own operations and within our portfolio companies. We believe that a long-term, enduring approach creates more attractive investments for our investors, management teams, and employees over time. Treating people fairly and creating an inclusive work environment leads to a culture in which people can make better decisions and do their best. Sharing wealth through employee ownership fosters loyalty, motivation, and retention. We believe that taking the time to conduct thorough due diligence on material issues provides a better understanding of a company's readiness to address risks such as those associated with climate change or its employment practices. Eventually, these efforts are expected to create a flywheel effect, where the benefits accrue from the present and into the future for long-term, sustainable growth.

In this report, we provide detail on how we invest, engage, and seek to drive value. We pride ourselves on approaching our work with integrity and candor, and this extends to how we integrate our responsible investing (RI) principles into our operations and investments. In the following pages, we elaborate on efforts within our firm and with our portfolio companies to pursue excellence in governance, shared ownership, human capital, and decarbonization. We also describe our deep engagement with the communities in which we work and live.

This work is as important as ever to us, and we know that we face external headwinds, including geopolitical uncertainty, socioeconomic tensions, year-on-year record-breaking temperatures and extreme weather from climate change, and a dynamic regulatory landscape. However, if our firm remains steadfast in our commitment to our core guiding principles, we believe that we are better positioned to withstand the challenges and thrive together.

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About Berkshire Partners

Purpose

To build enduring value for our investors, our companies, and our firm by creating and fostering exceptional teams. We believe that our distinctive collaborative culture is a key driver of our success.

Core Values



Relationships Matter

We seek to build meaningful, long-term relationships. We focus on fairness and collaboration, and strive to cultivate personal, lasting partnerships with management teams, entrepreneurs, investors, shareholders, other sponsors, intermediaries, and each other.



The Power of Teams

We foster a culture of collaboration, in which we share both successes and challenges. We believe the group is stronger than any member alone; our emphasis is on inclusiveness, high ethical standards, truth-seeking, and collaborative decision-making.



Winning the Right Way

We take pride in acting with integrity and accountability. Our team is tenacious in our desire to succeed while upholding the highest standards of honesty and fairness in each interaction. We seek to invest responsibly as part of driving long-term success and to win in ways that make us proud.

Berkshire Partners by the Numbers*

\$28.8B

assets under management (AUM)

100%

partner-owned

38

years in business

200+

employees

18

years of average Managing Director 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 these teams achieve their full potential. We bring capital and resources to build management and operating systems to enable scalable, profitable growth, and we act as thought partners in ways that are specific to each company.

We are a multi-sector specialist investor with deep expertise in multiple industry verticals, including services & industrials, technology & communications, healthcare, and consumer.

\$23B private equity assets under management

35 portfolio companies

Berkshire Partners Stockbridge

Stockbridge, the public equity business of Berkshire Partners, has a 15+ year history of investing in high-quality companies with the goal of delivering compelling long-term returns.

\$5.8B AUM

15-20 positions typically held in a highly concentrated portfolio

5+ year hold period targeted

* All data on this page is as of December 31, 2023. There is no guarantee Berkshire will be able to implement its investment strategies or achieve its investment objectives.



Embedding Responsible Investment

Our Principles Guiding Responsible Investment

To create enduring value for our funds and investors, portfolio companies, employees, and other stakeholders, we ground our investment approach in responsible investment principles. We look to:

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.

This past year, we deepened our responsible investment approach with the adoption of asset-class specific policies for Berkshire Partners Private Equity and Stockbridge. Each policy is aligned to the five principles that guide the firm's overall approach and tailored to the unique attributes of each business line.

Berkshire Partners' History of Responsible Investment

We have evolved our approach to responsible investment since our founding in 1986.

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

Berkshire Partners Private Equity collaborates with Advanced Drainage Systems on developing its first broad-based incentive plan.

1994

Three years after joining Berkshire Partners, Jane Brock-Wilson is promoted to Managing Director, the firm's first woman to hold the role.

2007

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

2009

Carl Ferenbach, a Berkshire Partners Managing Director, becomes the Chair of the Environmental Defense Fund after many years serving as a director on its board.

2013

Berkshire Partners forms its first steering committee on responsible investment.

2014

Berkshire Partners Private Equity adopts Responsible Investment Policy.

2016

First responsible investment due diligence questionnaire is developed.

2017

First greenhouse gas (GHG) inventory of firm operations is conducted and Board of Director Governance Toolkit is expanded.

2018

First dedicated responsible investment professional joins the firm in the Portfolio Support Group.

2019

First portfolio company level Survey of Responsible Investment Practices is launched.

2021

Berkshire Partners adopts first three-year strategic plan on responsible investment and a Statement on Diversity, Equity, and Inclusion. The firm becomes a founding member of Ownership Works.

2022

Berkshire Partners becomes a signatory to the UN-supported Principles for Responsible Investment (PRI), communicates expectations on human capital and workplace best practices to US-based portfolio companies, and establishes Climate Strategy Steering Committee to support development of decarbonization goal.

2023

Berkshire Partners launches net zero climate goal,* publishes first Responsible Investment Report, and establishes the Stockbridge Responsible Investment Policy.

Governance at Berkshire Partners

We take the long view in establishing trust with our network of partners. As a firm, we have continued to evolve our own governance with each generational transition. We strive for the highest standards of integrity in every interaction and consider the effects of our work on the people we impact. In addition to taking a systematic approach to governance in our own operations, we also engage with our portfolio companies to support effective governance. We believe that doing this makes us better investors and our portfolio companies' management teams better operators.

The Berkshire Partners Private Equity and Stockbridge Responsible Investment Policies establish accountability for governance of responsible investment.

Embedding Responsibility Across the Firm

Governance & Policy Committee (GAP)

Comprised of members of the firm's senior leadership, this committee is accountable for driving consensus on firm-level issues, strategy, and culture. It is also responsible for fostering efficient and effective communications in furtherance of transparency, inclusion, and creation of a shared purpose. GAP's oversight extends to firm-level responsible investment issues, including climate- and human capital-related goals.

Responsible Investing Committee (RIC)

Co-chaired by the Director of Responsible Investing and the General Counsel as the Executive Sponsor, this committee is charged with setting the strategic direction of the firm's responsible investment program and maintaining associated policies. In addition to its co-chairs, RIC membership includes senior leadership and subject matter expert representatives such as the Managing Director who heads the firm's Portfolio Support Group, Stockbridge's Vice President of Finance & Operations, an Advisory Director experienced in sustainability, the Managing Director of Investor Relations, and the Chief Operating Officer. The RIC co-chairs report directly to GAP.

Director of Responsible Investing

The Director of Responsible Investing is the firm's subject matter expert who drives responsible investing strategy, engages in RI portfolio company value creation, and consults on mergers and acquisitions (M&A) diligence. The director provides responsible investing advice and guidance to industry and deal teams, the Legal & Compliance Group, and firm operations.



Driving Portfolio Engagement

Multiple committees are integral to the execution of responsible investment across our portfolio. These include the **Private Equity Committee** and the **Stockbridge Executive Committee**, which are responsible for strategy, management, and alignment of their respective businesses. Crucial to the advancement of our responsible investment goals across the Private Equity portfolio is the **Portfolio Advisory Committee (PAC)**, which is responsible for value creation and allocation of resources across the Private Equity portfolio. The RIC collaborates closely with the PAC to monitor and support individual portfolio company progress against defined responsible investment goals, as applicable.

Driving Effective Boards in our Private Equity Portfolio

Our portfolio company boards are responsible for management oversight and long-term performance. In general, we are highly engaged in our private equity portfolio company board construction to support development of high-performing boards, and we believe one important component of effectiveness is the inclusion of independent and diverse voices in the boardroom.

Since we began tracking board director demographics in 2017 with limited available information, 57% of our private equity portfolio companies improved the diversity of their board directors.* While we are pleased with this improvement, we aspire to greater progress, and we have been engaging with our portfolio companies to support action. For example, we have adopted a goal that each in-scope portfolio company achieves more than 20% diversity overall, or 33% diversity among independent directors. As of year-end 2023, 59% of all in-scope companies are meeting this goal.**

To further enhance our understanding of portfolio-level board composition, in 2023, we provided individual directors with the opportunity to share personal demographic data via a self-identification survey, and nearly 90% of directors responded. As a result of this initiative, the accuracy of our director demographic database has improved, and we can better identify high-impact engagement opportunities to advance board independence and diversity.

A Focus on Cybersecurity

We believe that another measure of good governance includes cybersecurity. Berkshire Partners recognizes the critical role of cybersecurity measures in safeguarding our firm and its investments, as well as our portfolio companies' operations, to avoid business disruption and liability. We have implemented a suite of strategies to bolster our network's defenses and reduce our portfolio companies' exposure to risk. Our approach incorporates regular third-party cybersecurity evaluations of our portfolio companies to gauge adherence to standards and provide the necessary tools for rapid implementation. Informed by the latest threat intelligence, our security practices are continuously refined, encompassing strengthened endpoint, network, and identity securities, as well as augmented email protections. Our program also emphasizes business resiliency, highlighting "break the glass plans," backups, and disaster recovery to reduce operational disruptions. After making new investments, we assess and encourage company management to align with cybersecurity guidelines, while ongoing engagement with our existing portfolio companies aims to help them bolster the efficacy of their defenses against potential attacks.

* Fifty-seven percent of private equity portfolio company boards improved diversity from their first year of data collection (2017 or time of acquisition) until exit or year-end 2023 for remaining portfolio companies. See endnote 6 for additional details on how diversity is defined for purposes of these statistics.

** In-scope portfolio companies defined as those (i) over which we have effective control and (ii) in which we have been invested at least one year. See endnote 1 for more details regarding this goal, endnote 3 for more details on how we define effective control, and endnote 6 for more details on how diversity is defined for purposes of this goal.

Embedding RI in our Investment Process

We consider RI factors throughout the investment life cycle both for portfolio companies held by Private Equity, in which we often take a majority stake, and the investments that we hold in publicly traded securities, which are almost always minority positions. Given these differing levels of ownership, we take a tailored approach to influence the RI process with the tools at our disposal depending on ownership level and identified opportunities. The diagram below provides examples of how we embed RI into our investment process in Private Equity and at Stockbridge.

Private Equity

Due diligence

- Identifying** material business or legal risks as part of a tailored due diligence scorecard.
- Conferring** with the RIC and Legal & Compliance Group on the results from using third-party tools to identify reputational risks.
- Discussing** relevant RI considerations in interim and final investment meetings.
- Communicating** RI commitments early to management teams and co-sponsors.
- Negotiating** for governance rights, increasing the ability to achieve commitments.
- Integrating** RI 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 RI Practices.
- Aligning** in-scope companies with Berkshire net zero goal.
- Maintaining** a network of responsible investment resources to support portfolio companies.
- Documenting and communicating** portfolio company RI efforts at exit.

100% of new Berkshire Private Equity platform investments went through a tailored due diligence scorecard in 2023

95% of responding portfolio company executives are "satisfied" or "very satisfied" with Berkshire's portfolio support resources

85% of responding CEOs agree that portfolio support resources have expanded and/or improved over time

Stockbridge

Due diligence

- Using** a due diligence process to identify material business or legal risks, including issues such as climate change, human rights, health and safety, employee engagement, board leadership and independence, election of directors, incentive compensation, board diversity, and reporting.

Ownership

- Cultivating** constructive relationships with management through ongoing performance monitoring, stewardship, and evaluation.
- Considering** material RI factors in proxy voting, subject to our voting policy.
- Reviewing** shareholder proposals with an RI lens and communicating concerns.

Partners in Responsible Investment

We participate in select industry initiatives to support progress in responsible investment.

Signatory of:



See our Disclaimer for further information regarding Berkshire's participation in these initiatives.



Engaging and Driving Value

We believe that long-term, trusted relationships drive enduring value for our firm and our key stakeholders – management teams, entrepreneurs, investors, shareholders, other sponsors, intermediaries, employees, and communities. These long-term relationships allow us to conduct more thorough diligence in assessing risks and opportunities of different investments, including on responsible investment issues such as climate change and governance. This also shows up in our high engagement and retention rates among our own employees. We believe that sharing success aligns goals and helps drive value creation, which contributes to our motivation for encouraging shared ownership at our portfolio companies. Lastly, civic engagement in the form of time, talent, and financial resources allows us to join our employees in giving back to our communities.

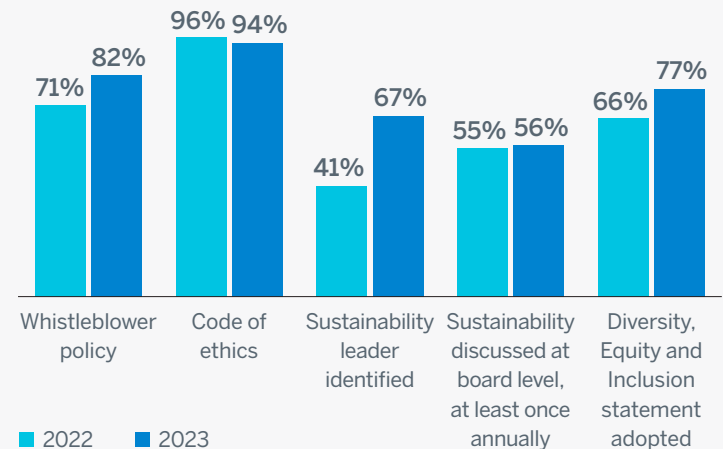
Advancing Responsible Investment Performance at our Private Equity Portfolio Companies

We assess portfolio company performance using relevant factors, including traditional financial metrics, as well as considerations related to policy and governance, environmental impact, human capital engagement, supply chain management, and diversity. We believe these factors can contribute to financial and operating performance. We conduct an annual survey of our private equity portfolio companies' responsible investment practices to identify material issues, risks, and opportunities; enhance transparency; and identify and share best practices among companies. We collect up to 125 discrete data points from various portfolio companies, and companies can select metrics that are most relevant to their businesses.

Highlights from our Portfolio Companies

Since 2019, Berkshire Private Equity has gathered key performance indicators (KPIs) from portfolio companies across a range of responsible investment issues. In 2022, we advanced and streamlined our data collection process through an online, third-party platform with the related goals of increasing efficiency in tracking data, improving year-over-year comparisons, and drawing out actionable insights. A snapshot of year-over-year performance from participating portfolio companies is included below.

Percentage of responding portfolio companies who have the following:



See endnote 2 for the scope of portfolio companies represented by this survey.

Please see the other sections of this report for additional survey results from our portfolio companies.



Partners in Shared Ownership

To build on our commitment to share wealth creation opportunities with employees, in 2021 we became a founding member of Ownership Works, a nonprofit organization that partners with companies and investors to provide employees with the opportunity to build wealth at work.



**Ownership
Works**

Shared Ownership

Shared ownership, or broad-based employee ownership, offers a company's employees the opportunity to share in the value they help create. This approach is not common, but we believe that it creates benefits for many, instead of concentrating it among a few. For employees, it can help build wealth and financial acumen, and it improves their alignment with business goals. For companies, the ownership culture and mindset are intended to drive growth, attract talent, enhance engagement, and increase loyalty, productivity, and retention. For investors, shared ownership helps align interests, increase competitiveness, and demonstrate a commitment to responsible investment and employee welfare.

The concept of shared ownership is a critical part of our identity. Our lack of hierarchy, spirit of partnership, "team of teams" approach across age and experience, and ownership by current partners of the firm are intended to broaden the opportunity to succeed across generations. Nearly all investment staff members at Berkshire Partners choose to co-invest in new fund investments in an amount intended to be meaningful and focusing for them. Berkshire Partners employees become eligible to participate in profit-sharing opportunities, and we believe that this creates alignment for our shared success.

We also have a long history of supporting shared ownership among the companies in which we invest. In 1993, our portfolio company Advanced Drainage Systems (ADS) implemented a broad-based employee ownership plan, which we believe was uncommon at the time for companies with private equity ownership. Participants in its employee stock ownership plan have experienced growth in the value of ADS stock allocated to their accounts in excess of \$1 billion since the plan's inception.

Another early adopter of broad-based employee ownership programs is the firm's private equity portfolio company SRS Distribution. All of the company's employees are eligible to participate in SRS's incentive equity plan, in addition to more than 1,500 employees who are direct investors in the company. It is expected that approximately 9,000 employees will receive payouts after the company's recently [announced sale to The Home Depot](#). SRS employees collectively own a significant percentage of the company.

Shared Ownership by the Numbers

Eight portfolio companies have shared ownership plans reaching more than a quarter of their eligible employee bases, supporting more than 12,000 participants.



FoodChain ID provides an all-in-one solution for food contact, food safety, product certification, testing, regulatory compliance, and risk assessment.

Participating employees

477



PDQ builds information technology tools for device management that simplify work for system administrators.

Participating employees

214



Harvey Performance Company designs and manufactures Computer Numerical Control (CNC) cutting tools that solve complex machining challenges for their end users.

522



Point Broadband provides a high speed fiber-to-the-premise internet solution to residential and business customers in small, rural communities across the United States.

557



MedOne provides carrier-neutral colocation, interconnection, and hybrid cloud services.

57



SRS Distribution is a building products distributor in the United States.

9,805



Opensignal is a global provider of independent insights into mobile network experience and market performance.

265



Tango is a real estate and facilities management software platform, delivering a connected solution for lifecycle management and integrated workplace management.

182

Source: Data on employee participation is from the Survey of Responsible Investment Practices and portfolio company management teams.

Human Capital

We believe employees are attracted to Berkshire Partners in part due to the way we treat our colleagues and business partners with respect. In our most recent engagement survey, 98% of participants said they are “proud to work for Berkshire Partners.”* We work hard to build a reputation as a firm that values integrity and ideas – a place where people can bring their whole selves to work. Our strategic approach to human capital is mission critical for our business and is intended to shape our long-term success.

Supporting Berkshire Partners’ employees

Berkshire Partners’ three core values are centered on people – Relationships Matter, the Power of Teams, and Winning the Right Way. We put this into practice by supporting and driving an inclusive and collaborative culture and by working to ensure all employees have equitable access to opportunity and the resources they need to succeed.

Our talent team manages investment staff hiring, training, staffing, and succession planning, along with diversity and inclusion efforts. Members of our talent and human resources teams meet regularly with both our investment and professional services staff to keep a finger on the pulse of our firm, ensure we are living up to our values, and continuously improve our processes.

Mentoring Opportunities

Berkshire Partners is committed to supporting formal and informal mentorship. Our formal firm-wide mentorship program pairs newly hired employees with experienced mentors. The cohort-style program encourages attendance at content sessions, group discussions, and other activities, plus one-on-one meetings to foster personal and professional development. Additionally, the program facilitates an environment of informal mentorship that extends beyond the formal curriculum, with the firm actively creating avenues for genuine networking through special events and collaborative involvement in cross-functional projects. In 2023, 100% of new employees participated in the program, supporting onboarding and facilitating the success of new team members.



Human Capital by the Numbers

92% of employees say they understand how their work contributes to the firm’s mission*

94% average annual retention from 2018–2023 for firm (excluding Associates)**

18 years average tenure of Managing Directors

10 years average tenure of investment staff at Berkshire Partners Private Equity and Stockbridge (excluding Associates and Senior Advisors)***

* 94% of employees completed the most recent Berkshire Partners engagement survey in July 2023.

** The average annual retention rate is defined as the average of the retention rates in the 5 years between 2018–2023.

*** Associates are typically with Berkshire Partners for two-year engagements, and Senior Advisors are generally former Managing Directors and are not considered to be full-time staff.

Championing Human Capital at Our Portfolio Companies

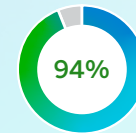
As part of our value creation planning efforts in private equity, we work closely with portfolio company leaders to evaluate whether they have the talent management skills to deliver on their plans. When we recognize a gap, we seek to address it quickly, while respecting the importance of a company's culture, as we view both skills and culture as important elements of success. Our 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 often invite outside experts to discuss top-of-mind human capital issues.

We provide portfolio companies with a Workplace Talent Toolkit that communicates our expectations and provides tools and best practices for policies, data tracking, goal setting, and reporting for human capital topics.

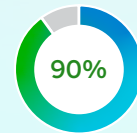
Human Capital in Portfolio Companies



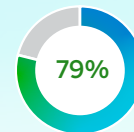
of employees
paid above state
minimum wage



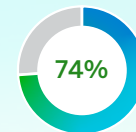
have an anti-
harassment
policy



offer training
and upskilling
opportunities



track health
and safety
metrics



deploy employee
engagement
surveys



increase in
portfolio company
employees in 2023

See endnote 2 for the scope of portfolio companies represented by this survey response and calculation methodology for portfolio company employees.

CASE STUDY:

Partnering with Harvey Performance on Core Values and People

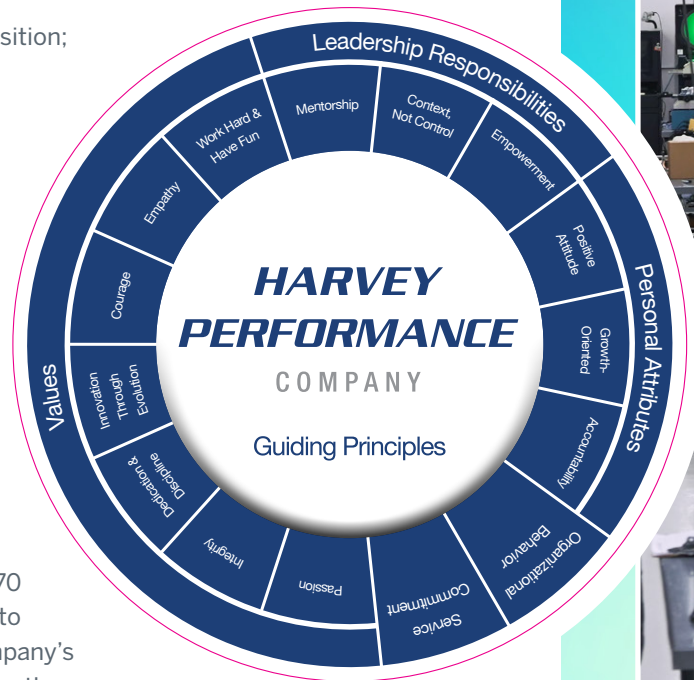
Harvey Performance Company designs and manufactures CNC cutting tools that solve complex machining challenges for its end users. Since the inception of Harvey over 30 years ago, the company has fostered a unique culture intended to position the company for continued growth. Its guiding principles include accountability; mentorship and empowerment for leaders; and service, growth, and passion for all employees.

When Berkshire Partners invested in the company over two years ago, we recognized that culture was an essential part of Harvey's value creation process. We continue to believe that it is important to nurture that culture through the evolution of the company's talent journey as it experiences substantial growth.

In 2023, Harvey created a comprehensive organizational enablement framework as part of its 2026 Talent Journey vision. This enablement framework provides a roadmap to embed Harvey's core pillars across the organization and advance a data-driven mindset. Key tenets and work to date include:

- Developing and socializing a new Employee Value Proposition;
- Designing new, and enhancing existing, leadership and manager training programs;
- Boosting recognition and engagement programs and resources;
- Building on existing, and creating career pathing programs for technical and entry level roles;
- Creating a Diversity, Equity, and Inclusion statement and commitments;
- Conducting benefit program benchmarking;
- Enhancing Harvey's benefits plans with additional supplemental benefits and resources; and
- Adopting a shared ownership plan.

Since the start of our investment, Harvey has grown from 370 employees to more than 550. Harvey believes it is on track to meet its 2026 Talent Journey vision, staying true to the company's values and preparing the team for the company's future growth.



Diversity and Inclusion

Our belief in the power of teams drives our collaborative approach to investment decision-making. We believe that we reach better decisions when we have a diversity of inputs and perspectives. We strive for greater diversity and inclusion not only within Berkshire Partners, but within our portfolio companies as well.

Building a Diverse Talent Pipeline

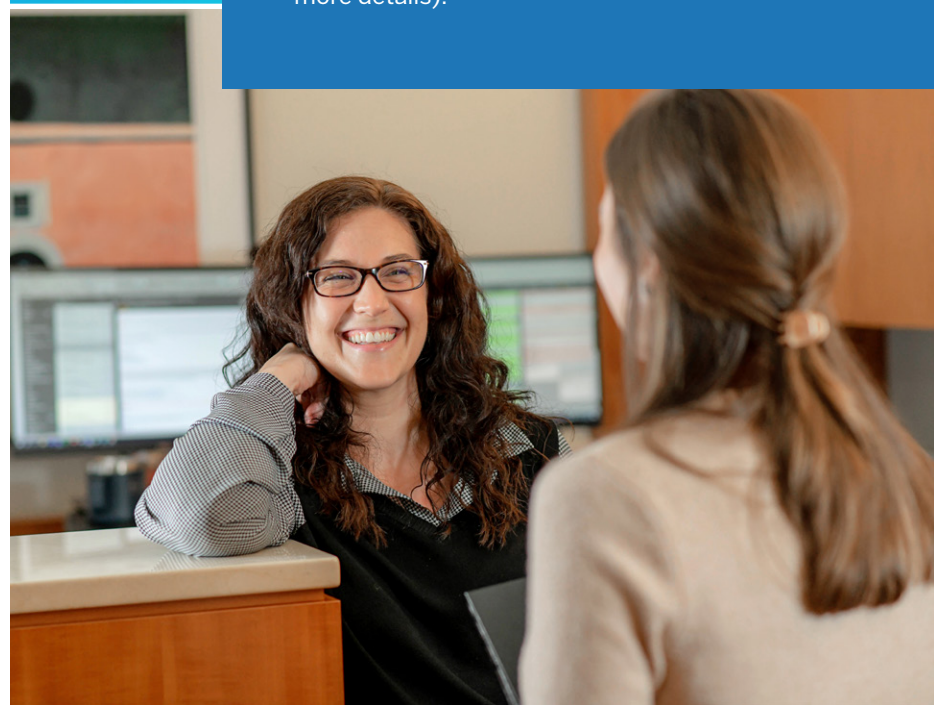
Berkshire Partners has strengthened its approach to hire the best talent at the associate stage by recruiting from a broad and deep candidate pool. We also partner with a range of external organizations working to cultivate diverse, early-career talent to help build the pipeline into our firm and the private and public equity investing industry more broadly.

When we assess candidates for different roles, we use scorecards with rubrics based on consistent, objective questions that are designed to eliminate bias and assess for “cultural enhancement” instead of “cultural fit.” New job opportunities are posted internally to foster inclusion and to offer all qualified candidates, including existing employees, the opportunity to be considered. We have also removed gender references from recruiting and onboarding documents. Ultimately, we aim to hire the best candidates who emerge from this process, and we capture diversity metrics at the beginning and conclusion of each hiring process to monitor our performance.

We work hard to attract diverse candidates and retain employees through intentional efforts to foster a sense of inclusion. For example, we provide unconscious bias and diversity and inclusion training, as well as structured mentorship, to employees. We also provide ongoing education and firm-wide learning opportunities through cultural heritage celebration months, including Black History, Women’s History, Asian American Pacific Islander Heritage, Pride, Hispanic Heritage, and Native American Heritage.

Building on a History of Diversity

At Berkshire Partners, we continue to build on a history of gender diversity. Our first CFO was a woman, as were many professionals at our firm at the time. Our first female Managing Director, Jane Brock-Wilson, was elected in 1994. Today, of the firm’s 33 Managing Directors, 8 are women or people of color. Women Managing Directors make up approximately 20% of our deal team leaders and include our Head of Talent and General Counsel. We continue to evolve our approach to consider a broad range of diversity measures within our firm and our portfolio companies (see endnote 6 for more details).



Partners in Diversity and Inclusion

We partner with the following organizations to support diversity and inclusion in our firm and beyond:



SEO Alternative
Investments

girls who
invest

Synergist

o4u OUT FOR
UNDERGRAD

Diversity and Inclusion Within Our Private Equity Portfolio Companies

We believe that enhancing diversity and inclusion in our portfolio companies is a driver for building enduring value. One of the ways Berkshire Partners seeks to accomplish this is in our capacity as board members. Our Workplace Talent Toolkit has diversity and inclusion specific content to educate and support employees who are directors at our portfolio companies. With regard to board composition, Berkshire has a long history of aiming to build high-functioning, effective boards, underpinned by the belief that such boards improve portfolio company performance and investment outcomes.

One attribute of a highly effective board is a diversity of perspectives, and, as a result, we have prioritized adding independent and diverse voices in the boardroom. Our goal is that more than one-third of independent directors on each in-scope* portfolio company board, or more than 20% of each in-scope company's directors overall, are diverse.

As of December 31, 2023, nearly 60% of all in-scope companies in the Berkshire Partners Private Equity portfolio were meeting this goal.

We also provide portfolio companies with tools to support progress in diversity and inclusion. For example, one of our portfolio companies, National Carwash Solutions (NCS), is focused on diversifying its workplace and building an inclusive culture through teamwork. Its efforts include an increased focus on inclusion during recruitment through NCS's employee referral program, moving recruitment in-house where diversity is a team priority, intentional "stretch assignments" and a "promote from within first" philosophy to retain and grow junior talent.

* In-scope portfolio companies defined as those (i) over which we have effective control and (ii) in which we have been invested at least one year. See endnote 1 for more details regarding responsible investment measures and targets, endnote 3 for more details on how we define effective control, and endnote 6 for more details on how diversity is defined for purposes of this goal.

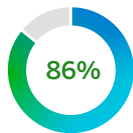


Diversity by the Numbers

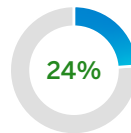
Berkshire Partners



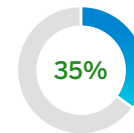
diversity in initial pool of candidates for every role



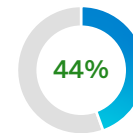
of 2023 job searches met "top of the funnel" recruiting strategies*



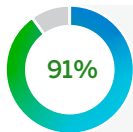
of Managing Directors are diverse*



of the Private Equity deal team members are diverse*



of 2023 investment staff hires self-reported as diverse

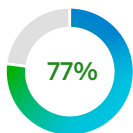


of employees believe that Berkshire Partners is committed to diversity and say they would recommend Berkshire as a great place to work

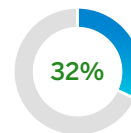
** These statistics are collected from human resources and are current as of December 31, 2023.*

See endnote 6 for more details on how diversity is defined for purposes of this goal.

Portfolio Companies



of portfolio companies have a Diversity, Equity, and Inclusion statement or policy



have set company-specific goals for diversity, equity, and inclusion

See endnote 2 for the scope of portfolio companies represented by this survey response.



Our goal is to enable net zero greenhouse gas emissions by 2050 or sooner across our in-scope investments.*

Climate Change

We believe that climate change is one of the most urgent issues of our time, and we have already seen profound environmental and social changes occurring. Failure to act to limit global temperature rise could create business risks such as rising costs, supply disruptions, and litigation, and societal risks such as degraded ecosystems and reduced quality of life. However, we also believe that there are opportunities for our funds, particularly if they focus on resource efficiency, lower emissions technologies, and adaptation measures. Increasingly, we observe that our portfolio companies' stakeholders – including management, employees, and customers – care about making progress on climate. We believe we have an important role to play in supporting our portfolio companies through the transition to a low-carbon economy in a pragmatic and thoughtful way.

Details on our climate change efforts using the criteria from the Taskforce for Climate-Related Financial Disclosures (TCFD) for Private Equity General Partners framework, authored by PRI and INDEFI, are outlined below.

Our Efforts

Our approach to governance on climate change for our firm and portfolio companies has evolved over time. Initially, our Climate Strategy Steering Committee, comprised of leaders within the firm, helped to ensure executive level input and support for our net zero strategy development. The Steering Committee also worked with external experts to develop tools for analyzing climate-related risks and opportunities and assessing decarbonization pathways for Berkshire Partners' industry segments.

** See endnotes 1, 3 and 4 for more details on our goal.*

Now in the implementation stage, we have embedded climate change-related considerations into workstreams across the firm. Our Portfolio Advisory Committee is responsible for oversight of climate action at in-scope portfolio companies. The Legal & Compliance Group supports investment diligence, the Portfolio Support Group drives value creation planning, and the responsible investment team provides resources, expertise, and tracking against the firm's goal. We assess the related risks and opportunities identified on a case-by-case basis and specific to the unique circumstances of each portfolio company. To support this process, we have assembled a list of vetted tools for portfolio companies to use.

Our Director of Responsible Investing promotes internal capacity building and portfolio company engagement. We also participate in external climate working groups such as Initiative Climat International, which is a global, practitioner-led community of over 200 private markets firms and investors that seek to better understand and manage the risks associated with climate change. Members commit to sharing knowledge, experience, and best practices and to collaborating to develop rich content and resources.

Additionally, we host internal events with speakers on climate and sustainability innovations and have trained our portfolio support and investment teams on climate issues.



In 2023, we set a goal to enable net zero greenhouse gas (GHG) emissions by 2050 or sooner across our in-scope investments. Our portfolio companies are at different stages of the net zero journey, and we aim to support them and drive progress based on their individual starting points. We describe some of the efforts of our portfolio companies in the case studies on [p. 22](#). In our implementation phase, our efforts are initially focused on strengthening portfolio company GHG accounting using the Partnership for Carbon Accounting Financials (PCAF) methodology. We then aim to support decarbonization target setting, tracking, and reporting of progress towards those targets over time. Actions include supporting in-scope portfolio companies in:



Initiating GHG accounting to establish an emissions baseline, including providing practical tools and resources to support these efforts. Our GHG diagnostic tool supports efficient data collection, simplifying the process for those less familiar with GHG accounting. The results of the diagnostic help determine the amount of resources that will be required (time, cost, and employee involvement) to develop a GHG inventory.



Setting decarbonization targets for in-scope portfolio companies by the end of 2027 or within two years of Berkshire's investment for companies acquired after 2025. We encourage management to set interim targets for Scope 1 and 2 emissions. Berkshire Partners also supports portfolio company management teams in adopting meaningful plans to measure, track, and reduce Scope 3 emissions.



Engaging leadership in the multi-step process of achieving net zero emissions, including plans for achieving their targets, identifying the largest emissions sources, and assessing the viability of decarbonization levers, for each company when it is ready.



Gathering relevant energy and climate data annually to assess progress towards goals.

For companies that are not in-scope, we encourage a similar approach, and we may share emissions reduction resources and best practices with them to enable action.

We reported externally on our Private Equity portfolio company GHG emissions (Scopes 1, 2, and 3); net zero strategy, target, and ambition; and our percentage of renewable energy usage for the first time in 2022 through the ESG Data Convergence Initiative (EDCI). For more details on our metrics, see the [p. 23](#).

Climate Action at Portfolio Companies

28%

of portfolio companies have set climate targets

54%

of portfolio companies have a 2023 GHG emissions inventory calculated at a more detailed level than using sector- and region-based emissions factors alone, as specified under Greenhouse Gas Protocol methodology

47%

of Stockbridge invested capital as of December 2023 is in portfolio companies with decarbonization targets

See endnote 2 for the scope of portfolio companies represented by this survey response. See our Disclaimer for more details on reporting limitations and compliance considerations.

Progressing On Decarbonization at Our Portfolio Companies

Berkshire Partners' in-scope portfolio companies are expected to set decarbonization targets by the end of 2027 or within two years of Berkshire's investment for in-scope companies acquired after 2025 (see endnotes 1 and 2). The companies in which we invest are not often equipped with the internal resources to undertake this work, and we meet companies where they are to help them advance, since progress requires a combination of technical knowledge and organizational change. Examples of some of the activities that our portfolio companies have undertaken to tackle climate change include:



Teraco has set a 100% renewable energy goal and in 2024 announced plans to build a 120-megawatt solar farm in the Free State province of South Africa to help power its data centers. When it is fully operational, the solar photovoltaic plant is expected to produce more than 338,000 MWh annually.



IVC Evidensia is a leading veterinary services provider in Europe and North America with more than 2,500 clinics and hospitals across 20 countries. The company published a science-based target in 2023 to reduce by 2030 absolute Scope 1 and 2 emissions by 50% and Scope 3 emissions by 30%. They have also undertaken a climate scenario-based analysis over the short-, medium-, and long-term. IVC currently purchases 85% of its electricity from renewable sources and is focused on reducing the carbon impact of the anesthesia procedures its vets and clinics perform.



Precision Medicine Group, a company that brings together targeted expertise to propel drug development and access, completed and publicly disclosed its Scope 1 and 2 GHG emissions baseline for 2022 and has begun its journey in finding efficiencies through an energy audit.



Tango, a leading provider of cloud-based storage lifecycle management and integrated workplace management software, announced in 2024 a net zero target, which the company has sought to align with the Science-Based Targets Initiative. Its 2023 GHG inventory provides a comprehensive list of both direct and indirect emissions, and the company plans to achieve its decarbonization target through energy efficient procurement policies, sourcing 100% renewable electricity, and securing carbon offsets for the remaining corporate emissions that cannot be further reduced.

Private Equity Portfolio-Level Financed GHG Emissions

	2022	2023
Scope 1 and 2 Emissions (MT CO ₂ e)	544,382	179,192
Scope 1 and 2 Emissions Intensity (MT CO ₂ e/Millions USD)	31.77	9.40

The decrease in financed emissions from 2022 to 2023 reflects improvements in data quality for Scope 1 and 2 GHG emissions in portfolio companies. Data quality improved due to estimates being used in previous years and were replaced by more accurate actual numbers. It does not necessarily reflect a net decrease in emissions. In 2023, 19 companies provided primary data for Scope 1 and 2 GHG emissions compared to 8 companies in 2022. Further, the 2022 numbers have been restated from earlier reporting and now include co-investment vehicles to more closely align with the Partnership for Carbon Accounting Financials (PCAF) methodology. Please note, MT CO₂e refers to metric tons of carbon dioxide equivalent.

Berkshire Operational GHG Emissions

	2021	2022	2023
Scope 1 and 2 Emissions (MT CO ₂ e)	574	542	619
Scope 3 Emissions (Categories 3, 5, 6, MT CO ₂ e)	1,496	2,429	2,612

Our Scope 1 and 2 emissions for 2023 increased due to increased periodic purchases of refrigerants for office equipment and HVAC consumption, and expansion of accounting to include office space in New York. Scope 2 emissions are a market-based calculation. Scope 3 emissions increased from 2022 to 2023, primarily due to increased employee commute and business travel. Berkshire Partners expanded the categories included in its Scope 3 reporting from 2021 to 2023, adding capital goods and employee commute in 2022 and car services and waste-landfill in 2023. We also changed our spend-based methodology from CEDA to EPA EEIO in 2023. EPA EEIO is a publicly available data set that facilitates verification and more detailed industry classifications aligned with NAICS codes, which enhances accuracy, and we restated 2022 emissions to reflect the change. Compared to the in-scope categories and methodology used for reporting last year, 2022 emissions now include an incremental 342.88 MT CO₂e. 2021 emissions have not been restated.

See endnote 4 for more details on calculation methodology, definitions of categories, and assumptions for portfolio company and operational carbon footprint information.

Offsetting our Impact through the New Bedford Landfill Gas Utilization Project

To offset the impact of Berkshire Partners' operational emissions in 2022, we purchased 3,097 metric tons worth of independently verified carbon offsets from the Verra Registry in 2023. These offsets are from the New Bedford Landfill Gas (LFG) Utilization Project in Dartmouth, Massachusetts, a town approximately one hour south of Boston. It was important to us that these offsets have the following attributes: they exist in addition to, or do not occur in the absence of, a market for offset credits; they are independently verified; and they benefit our regional communities. New Bedford collects and destroys methane generated within the Crapo Hill solid waste landfill. While the LFG is used to generate electricity for the local grid, the carbon offset project achieves emissions reductions from a landfill gas collection system and four landfill gas combustion engines, which prevent release of methane to the atmosphere. Methane has a significant impact on climate change, with over 25 times the global warming potential as carbon dioxide over a 100-year time horizon. We believe that the New Bedford LFG Utilization Project satisfied the criteria that we had set for credible offset projects.

See endnote 5 for more details on the project.

Civic Engagement

We are committed to giving back to the communities in which we live and work, and we support our employees in giving their time, talent, and financial resources to the philanthropic activities about which they are passionate.

Most of our Managing Directors serve on nonprofit and/or educational boards, and many employees volunteer at or otherwise support numerous organizations. We also have two internal firm-wide initiatives that all members of the Berkshire team can support: the Berkshire Cares program and our Day of Service. Through the Berkshire Cares program, the firm matches up to \$2,500 in charitable contributions and/or volunteer time per employee per year. The firm-wide Day of Service is a semiannual event that provides an opportunity for employees to volunteer as a group, which also fosters employee engagement.

Civic Engagement by the Numbers

27

Managing Directors serve on one or more boards of nonprofit and/or educational institutions (as of December 31, 2023)

\$2,500

allocated per employee to support the Berkshire Cares matching program

\$257,520

donated through Berkshire Cares in 2023

Partners in Civic Engagement

We also have longstanding charitable partnerships with the following organizations.



Relationships Matter:

A Q&A with Carl Thompson, Boys & Girls Clubs of Boston Blue Hill Club



From left to right: Drew Walker, Carl Thompson

The Boys & Girls Clubs of Boston (BGCB) works to ensure young people ages 6–18 realize their full potential by providing affordable and safe facilities in which to grow and learn. BGCB strives to improve academic performance, promote healthy lifestyles, and develop strong character to prepare the youth in their community for great futures. Drew Walker, a Managing Director at Berkshire Partners and a Board Member of the BGCB Blue Hill Club, asked Carl Thompson, the Executive Director of the club, about his work and the collaboration with Berkshire Partners.

Drew Walker (DW): The relationship between Berkshire Partners and the Blue Hill Club dates back to the club's founding in the 90s. What stands out to me and among the broader team at Berkshire is the positive impact that the club has on its many members in the Dorchester community. We also deeply value our relationship with you, with others on your team, and with club members who we've gotten to know over the years, and who inspire us to be better leaders and more engaged members of the Boston community. Can you tell me about our partnership from your perspective?

Carl Thompson (CT): I've been the Executive Director of the Blue Hill Club since 2014, but Berkshire Partners' relationship with the Boys & Girls Clubs of Boston goes back over 30 years. One of the co-founders of Berkshire Partners, the late Russ Epker, was also chair of the Boys & Girls Clubs of Boston. At the time, there were several Boys & Girls Clubs in the Boston area, but BGCB did not have a Boys & Girls Club in the Dorchester community, and Russ was instrumental in launching the Blue Hill Club. After his passing in 2003, other employees at Berkshire Partners stepped up to continue his legacy, and, in 2016, we received an endowment from Berkshire Partners that provides financial support that helps sustain our club operations.

“The legacy of giving that Berkshire Partners has established with us over the generations supports our ability to provide a legacy of helping our community of young people reach their full potential.”

Carl Thompson

Executive Director, Blue Hill Club

DW: What do you find most valuable about our partnership with the BGCB today?

CT: Beyond the endowment, we really value the time and talent that Berkshire Partners offers. It’s a full circle of support – we have Berkshire employees on both our Board of Directors and Advisory Board, supporting our staff, providing mentorship to young people, and hiring our teenagers as fellows for internships as part of our Ready to Work program.

DW: How do you see alignment between the values of BGCB and Berkshire?

CT: I’ll start by saying that we have worked with many companies that support us for a short period of time, but Berkshire Partners is unique in that they are keen to establish a long-standing relationship with us. We both are truly invested in the education and advancement of youth and honing the idea of servant leadership. More importantly, they take on a generational lens like we do, continually passing the baton to younger generations. We have seen generations of Berkshire Partners’ Managing Directors volunteering their time with BGCB, similar to how we see generations of young people at BGCB participating in the program in various ways. Many of the young people who have been through BGCB’s program have gone on to accomplish incredible things in their lives but never forget the important role that BGCB played. As a result, they make sure to reach back to help the younger generation of club members today. Lastly, both organizations look at how we engage with partners and build relationships – it’s not just from a short-term view – but we also plan for the future. The legacy of giving that Berkshire Partners has established with us over the generations supports our ability to provide a legacy of helping our community of young people reach their full potential.

DW: What are your priorities at BGCB today and in the coming years?

CT: The pandemic widened the gap for our young people in several critical areas. As a result, we doubled down on learning loss to support them with literacy, writing, and math. We continue to provide social and emotional support particularly for those having difficulties with regulating their emotions or making friends. We are also focused on helping our young people with opportunities to be employed or to secure internships in sectors that they’re interested in, whether it’s with us as camp counselors or as a lifeguard, in banking, or in healthcare. Lastly, we are focused on expanding our hands-on, in-person programming for pre-teens. We look forward to continuing to work closely with Berkshire Partners as we work to expand these programs and more.

* Please see endnote 8 for a disclaimer related to this Q&A.

Endnotes

All data in the Report represents the calendar year ending December 31, 2023, unless otherwise noted.

1. There is no guarantee that any responsible investment measures, targets, programs, commitments, incentives, initiatives, or benefits will be implemented or applicable to the assets held by funds managed or advised by Berkshire Partners, and any implementation of such responsible investment measures, targets, programs, commitments, incentives, initiatives, or benefits may be overridden or ignored at the sole discretion of Berkshire Partners at any time and in accordance with relevant sectoral legislation unless otherwise specified in the relevant fund documentation or regulatory disclosures made pursuant to Regulation (EU) 2019/2088. 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. Survey percentages are based on responses to the Berkshire Partners Survey of Responsible Investment Practices from portfolio companies held by the Berkshire Partners Private Equity business segment on December 31, 2023. The survey was sent in February 2024, covering the 2023 calendar year. We received responses covering all 35 private equity portfolio companies. Not all respondents answered each survey question. Statistics do not reflect or represent the entirety of Berkshire's portfolio. In 2023, 33 of 35 companies provided a response about whistleblower policy (28 of 29 in 2022). Thirty-four of 35 companies provided a response about code of ethics (28 of 29 in 2022). Thirty-three of 35 companies provided a response about identifying a sustainability leader (29 of 29 in 2022). Thirty-two of 35 companies provided a response about board-level sustainability discussions. All 35 companies provided a response about having a Diversity, Equity and Inclusion statement (29 of 29 in 2022).

Thirty-four of 35 companies provided data to calculate the number of portfolio company employees in 2023 representing the increase in full-time equivalent employees between the start and end of calendar year. Thirty of 35 companies provided a response about pay relative to state minimum wage. Thirty-four of 35 companies provided a response about anti-harassment policy. Thirty of 35 companies provided a response about training and upskilling opportunities. Thirty of 35 companies provided a response about tracking health and safety metrics. Thirty of 35 companies provided a response about deploying employee engagement surveys. Thirty-four of 35 companies provided a response about having company-specific DEI goals. All 35 companies provided a response about having a long-term decarbonization goal, whether aligned with net zero or another standard.

All 35 portfolio companies in Berkshire's private equity portfolio have GHG emissions calculations or estimates. See endnote 4 for information related to portfolio GHG emissions reporting.

3. 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 relevant Responsible Investing 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) Responsible Investing goals aligned with the trajectories established by Berkshire, and (2) collective control through voting arrangements and/or governance rights related to Responsible Investing that would require such company to meet those goals. The definition of in-scope investments is subject to change.

4. All greenhouse gas (GHG) emissions data represent calendar year 2023.

For portfolio GHG emissions, we used the *Partnership for Carbon Accounting Financials (PCAF) (2022)*, *The Global GHG Accounting and Reporting Standard Part A: Financed Emissions Second Edition*, which has been reviewed by the *GHG Protocol* and is in conformance with the requirements set forth in the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, for Category 15 Investment activities. PCAF emission factors (version March 2023) were applied for the financed emission calculation. A financial control consolidation approach was used and, consistent with PCAF methodology, covering 100% of portfolio companies within our private equity holdings held on December 31, 2023. Scope 1 and 2 emissions intensity calculations reflect economic emissions intensity as described by PCAF, and the denominator is AUM.

Primary greenhouse gas and energy data were collected for 54% of private equity portfolio companies for a PCAF data quality score 1 and 2 calculation. Estimation based on revenue and investment amount were made for 46% of private equity portfolio companies, for a data quality score 4 and 5 calculation. None of the data or related claims have been externally verified.

For operational GHG 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 (Fuel- and 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 a 19% increase in emissions. Calculations for Scope 3 do not include Category 15 (Investments), which is reported as portfolio GHG emissions. None of the data or related claims have been externally verified.

5. The offsets were purchased from the Verra registry, with the VCU serial number of 8609-33780208-33783304-VCS-VCU-1590-VER-US-1-138-01012020-30062020-0 and project ID VERR 138. The project name listed in the registry or program is the New Bedford Landfill Gas (LFG) Utilization Project. The offset project type is landfill gas capture/combustion. The specific protocol used to estimate emissions reductions or removal benefits was *ACM0001: Flaring or Use of Landfill Gas*, and there was independent third-party verification of company data using the VCS Project Validator GHD Services Inc.
6. For the purpose of these goals and 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, veteran status, educational background, immigration status, and religious, cultural, or political affiliation.
7. For Private Equity platform investments, 100 percent of late-stage investment deals went through a tailored due diligence Responsible Investing Scorecard in 2023. Our tailored due diligence scorecard includes evaluation of business and legal risks on topics such as exposure to climate risk; environmental management and compliance; human rights risks; diversity, equity, and inclusion; labor relations; management structures; employee engagement; compensation; and compliance with relevant laws.

For details on Berkshire Partners' net zero goal, see endnotes 1 and 3 respectively for more details on the goal and in-scope companies.

The CxO Survey, Berkshire Partners' survey for C-suite members at portfolio companies, was completed in summer 2023 with 77 respondents from then-current portfolio companies. The majority of respondents have been in their role since 2020 (69%).

The CEO Survey, completed in summer 2023, has 33 respondents across both current (76%) and former (24%) CEOs, with about half of respondents leading longer-tenured Berkshire portfolio companies that joined the portfolio prior to 2017. Represented portfolio companies span a mix of industry focus areas and Berkshire investment levels.

8. Disclaimer: These endorsements are provided by certain executives of companies or organizations that have business relationships with Berkshire Partners. None of the executives were compensated for providing these endorsements. However, as a result of the business relationship with these companies or organizations, 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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The information included in this Report is only current as of the date indicated and may be superseded by subsequent market events or for other reasons, and Berkshire assumes no obligation to update the information herein. Certain information contained in this Report has been obtained from third-party sources. While such information is believed to be reliable for the purposes used herein, Berkshire has not independently verified such information and makes no representation or warranty, express or implied, as to the accuracy, correctness, reasonableness, or completeness of the information contained herein, and we expressly disclaim any responsibility or liability therefor.

This Report is not and may not be relied on in any manner as legal, tax, investment, accounting, or other advice, nor is it to be relied on in making an investment or other decision. This Report should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

Responsible Investment goals are aspirational and not guarantees or promises that Berkshire will meet such goals or successfully implement and make investments in companies that create a positive impact or outcome. Responsible investing activities will generally be aimed at identifying material risks or enhancing value opportunities or sought out in furtherance of pursuing favorable investment outcomes, in line with the investment objectives of the applicable fund. Although Berkshire views its responsible investment program to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Berkshire cannot guarantee that its responsible investment program, which depends in part on qualitative judgments, will positively impact the performance of any individual investment, fund, or the firm as a whole. To the extent that Berkshire engages with companies on responsible investment practices and potential enhancements thereto, such engagements may not achieve the desired results, or the market or society may not view any such changes as desirable. Additionally, the act of selecting and evaluating material responsible investing factors is subjective by nature, and there is no guarantee that the criteria utilized by Berkshire, or any judgment exercised by Berkshire, reflect the beliefs or values of any particular investor, and such actions may not align with any investor's objectives or market trends. There are significant differences and distinctions in interpretations of what positive responsible investment characteristics mean by fund sponsor, region, industry, and issue, and these interpretations are rapidly evolving.

Additionally, there can be no assurance that Berkshire or its investments will be able to achieve any responsible investment objectives (in the time or manner set forth herein or at all), that their actions will not result in outcomes that could be viewed as having a negative effect, or that any historical trends will continue to occur. Actual results may be significantly different from the forward-looking statements herein. There is no guarantee that any responsible investment measures, targets, programs, commitments, incentives, initiatives, or benefits will be implemented or applicable to the assets held by the applicable fund, and any implementation of such measures, targets, programs, commitments, incentives, initiatives, or benefits may be overridden or ignored at the sole discretion of Berkshire at any time and in accordance with relevant sectoral legislation. Any responsible investment measures, targets, programs, commitments, incentives, initiatives, or benefits referenced are not promoted to investors and do not bind any investment decisions or the management or stewardship of the applicable fund for the purpose of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

Certain information contained herein relating to responsible investment goals, targets, intentions, or expectations, including with respect to net zero targets and related timelines, reflects current thinking and may be subject to change, and other than where binding commitments have been made in accordance with Regulation (EU) 2019/2088 no assurance can be given that such goals, targets, intentions, or expectations will be met. Further, statistics and metrics relating to responsible investment matters may be estimates and subject to assumptions or developing standards (including Berkshire's internal standards and policies).

In gathering and reporting upon the responsible investment information contained herein, Berkshire may depend on data, analysis, or recommendations provided by investments of Berkshire or by third-party advisors or data sources, which may be incomplete, inaccurate, or out of date. None of the figures or claims included in this Report were audited, assured, or independently verified by auditors or third-party assurance providers. Berkshire does not independently verify all such information it receives from investments or third-party advisors or data sources, and it may decide in its discretion not to use certain information or accept certain recommendations. Berkshire makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness, fitness for use, or completeness of any of the information contained herein and expressly disclaims any responsibility or liability therefor. Where data is obtained directly from a portfolio company, this data may be inaccurate, and the collection of such data may be limited due to human error and/or rounding errors when processing the data. In these situations, the quality and/or consistency will vary between portfolio companies based on potentially diverging approaches.

Case studies presented herein have been selected in order to provide illustrative examples of Berkshire's application of its responsible investment program. Information about individual portfolio companies is not intended to be reflective of all investments, and responsible investment results at companies across the portfolio vary materially. Descriptions of any responsible investment achievements or improved practices or outcomes are not necessarily intended to indicate that Berkshire has substantially contributed to such achievements, practices, or outcomes. For instance, Berkshire's responsible investment efforts may have been one of many factors – including such other factors as engagement by portfolio company management, advisors, and other third parties – contributing to the outcomes described in each of the selected case studies. References to these particular portfolio companies should not be considered a recommendation of any particular security, investment, or portfolio company or be used as an indication of the current or future performance of Berkshire's investments.

California's Voluntary Carbon Market Disclosures Act (AB 1305) is new, and it is uncertain whether and how it applies to Berkshire. By providing any information required to be disclosed under AB 1305, Berkshire is not conceding that any specific item is required to be disclosed or waiving any arguments about the interpretation of AB 1305. Berkshire's approach to providing information in response to AB 1305 could change over time. Additional information may be available in other reports and/or public disclosures.

There is no guarantee that Berkshire will remain a signatory, supporter, or member of any responsible investing initiatives or other similar industry frameworks.