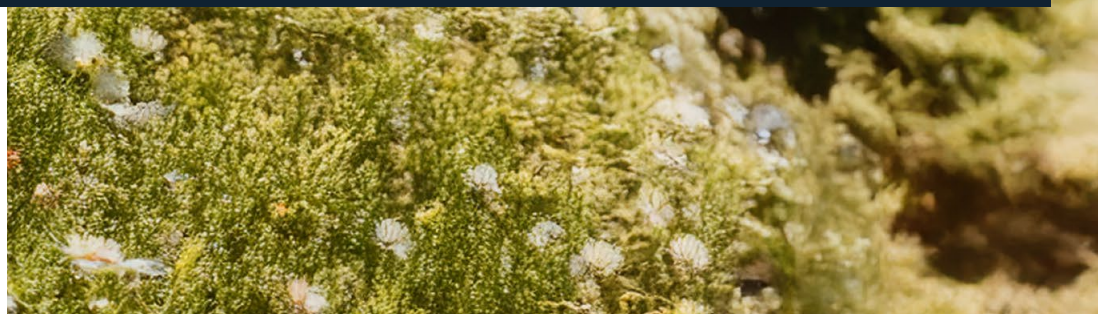


Building Resilience Building Connections Building Excellence

CD&R

Builds
Builds
CD&R Builds



About This Report

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Similarly, there can be no assurance that CD&R’s or its portfolio companies’ sustainability policies and procedures as described in this report, including policies and procedures related to responsible investment or the application of sustainability-related criteria or reviews to the investment process, will continue. Such policies and procedures could change, even materially, or may not be applied to a particular investment. CD&R is permitted the discretion to determine that it is not feasible or practical to implement or complete certain of its sustainability initiatives, policies, and procedures based on cost, timing, or other considerations. Statements about sustainability initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of a sustainability initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of, or control or influence exercised by CD&R with respect to the portfolio company; and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis.

The case studies discussed herein may not be representative of CD&R portfolio companies generally.

There is no guarantee that CD&R's engagement with its portfolio companies will improve the risk profile of the investment and/or the Funds and, accordingly, positively impact financial returns. Further, there is no guarantee that consideration of sustainability factors will improve the risk profile of the investment and/or the Funds and, accordingly, positively impact financial returns. In addition, the act of selecting and evaluating material sustainability factors is subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised by CD&R will correlate with the perceived material sustainability risks, internal policies, or preferred practices of investors and other asset managers, or with market trends. Further, sustainability practices are evolving rapidly and there is a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement, and disclosure of sustainability factors. Any sustainability practices or policies that CD&R adopts, including with regard to its disclosures, could become subject to such regulation, and CD&R cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect the funds or their investments, including with respect to future administrative burdens and costs.

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

Statistics and metrics relating to sustainability matters, including greenhouse gas metrics, represent estimates and may be based on assumptions (which may be inaccurate) or developing standards (including CD&R's internal standards and policies). In addition, such statistics and metrics are generally provided on an ex-post basis and for informational purposes only, and the provision of such, in relation to an investment, should not be taken to mean

that CD&R (i) engaged with the relevant portfolio company on sustainability-related practices relevant to all specified statistics and metrics in order to bring about any potential enhancements or improvements thereto and/or (ii) took all such information into account in making the decision to make an investment. Any awards, honors or other references or rankings referenced herein with respect to CD&R and/or any of its personnel are provided solely for informational purposes and are not intended to be, nor should they be, construed as or relied upon as any indication of future performance or other future activity. Awards and designations noted herein are the opinion of the respective parties conferring the award or designation and not of CD&R. None of the awards should be relied on in respect to CD&R's abilities as an asset manager or are indicative of any asset management client's experience or prior investment performance.

The inclusion of any third-party firm and/or company names, brands, and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies have endorsed CD&R, or any of its respective affiliates.

In gathering and reporting upon certain of the sustainability information contained herein, CD&R depended on data, analysis, or recommendations provided by its portfolio companies or by third-party advisors or data sources, which may be incomplete, inaccurate, or out of date. Certain information contained herein necessarily involves a number of assumptions and relies upon information from third parties, including from portfolio companies, and in certain cases may not have been updated through the date hereof. CD&R does not independently verify all sustainability 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. Where data is obtained directly from portfolio companies, 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.

Portfolio companies' use of sustainability-related terminology including but not limited to terms such as "renewable," "sustainable," "recyclable," "recycled," "waste," "diverse," and "impact," are based on the portfolio companies' internal assessments. CD&R's description of such are solely based on portfolio companies' description of the same. These sustainability-related terms do not

have the same meaning as "Sustainable Investment" as defined in the EU Sustainable Finance Disclosure Regulation.

CD&R 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.

There is currently no universally recognized standard for the measurement or management of environmental or social impacts and as such CD&R's approach may not align with the approach used by other investors or with future market trends and/or regulatory requirements. There is no guarantee that CD&R will maintain this approach.

From time to time in this document, reference is made to the "partners," "financial partners" and "operating partners" of CD&R.

These terms are used because they reflect the way in which the senior professionals of CD&R refer to themselves internally. Technically, however, such individuals are not "partners" of CD&R, which is a limited liability company. They instead are officers, employees, limited partners, or members of CD&R and/or its affiliates. In addition, from time to time in this document, reference is made to the "Senior Advisors" or "Operating Advisors." These terms generally refer to advisors engaged by one or more of the funds managed by CD&R. Operating Advisors and Senior Advisors are engaged by CD&R Funds and compensation for Operating Advisors and Senior Advisors is generally borne by the CD&R Funds and/or portfolio companies. Operating Advisors and Senior Advisors are not employees or Partners of CD&R.

Information presented herein is as of November 2024, unless otherwise indicated.

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01

Highlights



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Leadership Message

Sustainability is integral to value creation in our business across the investment cycle, from sourcing to exit. We structure our engagements to find, create, and protect value by supporting the core activities of our Firm—executing investments to acquire well-positioned businesses with potential for growth and continuously working to build stronger, more resilient, more inclusive, and more valuable companies.

We do this by working to understand the sustainability potential of portfolio companies, meeting them where they are, identifying risks and discovering opportunities, and supporting them with resources and expertise to improve their performance, including the deep engagement of our Operating Partners and Operating Advisors to our funds.

We believe we play a leadership role in sustainability within the private equity industry, and we continue to contribute our time and support to industry initiatives which aim to build strong practices, collectivize knowledge, and enable the performance improvement that we believe will elevate both impact and enterprise values. This includes sitting on the operating committee of the North American chapter of Initiative Climat International, membership in the Sustainable Markets Initiative's Private Equity Task Force, and chairing a working group of approximately 200 general partner sustainability leaders to help us better understand and address sustainability topics and trends.

Our Firm continues to build upon our well-established sustainability program. We've made significant progress enhancing core Firm activities through the smart integration of sustainability information, such as:

- **Launching Our Sustainability Dashboard** — We rely on the insights of our people to understand and tackle new challenges and opportunities, which requires broad visibility into each company's performance and progress. Channeling the Firm's collective expertise into our core operational processes, the Sustainability Dashboard is designed to bring those conversations to life in CD&R monitoring forums that address strategy, risk, and execution.
- **Organizing data — Increasing the percentage of core metrics** (like greenhouse gas emissions) reported by portfolio companies relative to last year and enhancing information on supply chain footprints helps to guide our work.
- **Creating more tools and programs** — to support portfolio company initiatives, including a fleet working group, emissions guidelines, continued education on value creation, and growing our Portfolio Exchange.

You'll find many examples of our progress within the pages of this report. Thank you for your interest in our journey. We strive to continue driving sustainable transformation that creates stronger companies and more value in our investments.



Vindi Banga
Operating Partner
Chair, Sustainability Council

Our Progress

Over the course of 2023 and 2024, CD&R has continued to build resilience, increase capabilities, and expand efforts to elevate sustainability across the Firm's core activities.

Standardizing Processes

We launched a **Sustainability Dashboard** focused on a company's performance and progress, enabling discussion in both Operating Reviews and Firm meetings.

LOOKING AHEAD

We aim to build longitudinal data from consistent reporting and monitoring processes.

5

key performance assessment areas in sustainability dashboard

Focusing on High-Quality Data from Portfolio Companies

CD&R **sustainability reporting frameworks** continued to support companies to identify relevant data and build in the processes to make it useful.

LOOKING AHEAD

We aim to provide insights based on benchmarking and leveraging company data.

88%

completion rate for requested data from 39 portfolio companies for the CD&R reporting process

Building and Introducing New Tools

With input from portfolio company practitioners, CD&R developed proprietary tools, such as Greenwashing Prevention Guidelines, to enable portfolio companies to accelerate their sustainability plans and/or actions and to allow us to engage with each company on a deeper level.

LOOKING AHEAD

We aim to continue education on and refinement of existing tools, and to develop new tools to enhance capabilities related to emissions, waste, and water.

Encouraging Connections and Collaboration

Through the **Portfolio Exchange**, sustainability leaders at our companies exchanged knowledge and practices that we believe will enhance their value.

At the Firm level, we also remained focused on engagement with the **Inclusion Committee** and hiring and retaining talent to advance an inclusive culture.

LOOKING AHEAD

We aim to continue to focus on creating an inclusive workforce with room to learn and grow.

9

Portfolio Exchange events held in 2024

CD&R's Global Footprint¹

Our investment activities and operations impact a broad range of stakeholders to whom we strive to hold ourselves accountable, and who benefit from the value we create. Beyond our own funds' investors, we partner with many thousands of public and private investors, both individual and institutional. We are proud of our record, which has supported more than \$100 billion of enterprise value creation in the investments we have realized. Because so many different people have a stake in our success, we also seek to engage with a broad range of stakeholders on key issues and challenges, which includes a range of industry leadership roles and partnerships.

Our Reach

\$100 billion+

enterprise value created at realized portfolio companies²

475,000

current portfolio company employees

\$120 billion

annual portfolio company revenues

43

portfolio companies

750+

limited partners

100 million+

pension beneficiaries with indirect exposure to CD&R funds

¹ Data is approximate and as of September 2024.

² Based on the sum of the differences between enterprise value at exit and enterprise value at acquisition for fully realized CD&R investments as of September 30, 2024.



02

Strategy



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Overview

CD&R's model is intended to promote informed investment decision making, effective stewardship, and strong execution. We strive to embed sustainability considerations throughout the many elements of this model, including sourcing, diligence, monitoring, governance, value creation, and exit. We do this by applying the collective expertise of the Firm to nuanced, company-specific challenges in an organized, process-driven way. After understanding the current sustainability strategy of our portfolio companies, we work closely with them to support improvements, such as through the institution of talent, budget, and process enhancements. And finally, we share our successes with investors and other stakeholders.

Our goal is to improve the performance of the companies in which we invest by:

Incorporating sustainability risks and opportunities

We seek to incorporate material sustainability considerations into new investment processes such as sourcing, due diligence, and decision making. This includes understanding material emergent risks and potential operational value creation opportunities.

Working with our companies

We seek to help establish and support sustainable strategies. We believe that we actively drive portfolio company performance through execution and operational improvement skills, as well as a deep understanding of markets and critical value creation levers, which must be underpinned by a judgment about which activities can be sustained into the future.

“At CD&R, we seek to encourage sustainability practices that will support our companies’ success and resilience well beyond our investment horizon, because we believe those practices will be recognized and rewarded in the value of those businesses and in the performance of our investments.”



John Krenicki
Operating Partner and Vice Chairman

Monitoring and reporting

We seek to report on our companies’ progress with sustainability strategies to key stakeholders, both internal and external, as appropriate. Where key sustainability initiatives are tied to specific KPIs, we seek to periodically measure—at our regular operational review meetings—the metrics that each company identifies as strategic, as well as a core set of metrics that apply across the portfolio.

Sustainability Strategy³

CD&R has established processes designed to embed sustainability as a value driver into our investment activities.

The process begins with **sourcing investment opportunities**. We believe our operational approach, resources, and **deep industry vertical** experience reflect a skill set well suited to drive the necessary change to position companies for long-term success. We anticipate that continued focus on sustainability will enhance the investment opportunity set for the Firm.

Once we have an actionable opportunity, we perform rigorous **due diligence on that investment**. We try to understand how the company is positioned among customers, suppliers, and other key stakeholders, and how their performance on material sustainability metrics may impact their positioning and performance.

Post-investment, we focus on how sustainability considerations and initiatives are **embedded inside the company in support of its commercial and strategic objectives**. This is reinforced through our **monitoring processes** as well as through the **CD&R Sustainability Reporting Standard**, which is our framework for guiding reporting and metrics selection.

Next, we support companies to **set clear goals for their sustainability plan** and monitor metrics regularly with the aim of enhancing performance and long-term value. Finally, where appropriate we encourage each company to have a **clear narrative** that expresses its ambition and program and communicates that to customers, employees, and other stakeholders, including potential buyers.

Building Better Businesses

CD&R strives to enhance its core investment activities through the following three-pronged strategy:



In cases where the Firm determines it has limited ability to pursue all elements of this strategy with an investment, the Firm will only apply those elements that it determines to be practicable.

³ All processes on this page are further described in CD&R's [Sustainability Policy](#).

How Sustainability Drives Value

At CD&R, the view that sustainability performance can drive higher valuations is more than a belief. We see portfolio company initiatives potentially adding value in four ways that inform our work principles and allow us to engage more deeply.

Throughout this report you will find case studies that exemplify these sustainability value drivers in action. Look for the four icons pictured to the right with corresponding value drivers to read about the sustainability challenges our portfolio companies have faced, and the solutions they are implementing to drive value.

Preserve Existing Value

Both physical and transition climate-related risks impact the long-term viability of operations, markets, and company practices. Raising visibility in the long-term outlook of assets and the security of supply chains is important to managing those risks. We believe this work aligns well with a thorough **Task Force on Climate-Related Financial Disclosures (TCFD) assessment**.

01



Reduce Costs

We believe energy efficiency is the quintessential example, with the goals of saving on energy bills, lowering expenses, and reducing Scope 1 and 2 emissions. This involves supporting portfolio companies in their work to look at both operational efficiencies and capital expenditure that have a positive net present value over a two- to three-year period.

02



How Sustainability Can Drive Value Creation

Create New Revenue Streams

Portfolio companies can respond to evolving demands by reducing environmental impact while creating value. For example, **MCC** created a revenue stream by sorting and selling its waste and **Socotec's Green Trust offering** now represents more than a third of its revenue.

03



Improve Valuation Potential

Research suggests that the sustainability premium is growing over time. In line with the ethos of our whole sustainability program, we emphasize that sustainability is a tool to support achieving greater financial performance and higher valuations, and that where we have excellent financial performance, strong sustainability may support an attractive multiple on exit.

04



Process Enhancements

CD&R seeks to integrate financial skills, investment experience, industry expertise, and operating insights into the Firm's core internal processes across the entire value chain, spanning from Investment Committee reviews to exit planning. These processes are designed to find opportunities for continuous improvement, and are meant to be continuously improved themselves. With that in mind, we have launched and implemented enhancements to our processes with the aim of creating more value for our portfolio companies and investors.

Sustainability Dashboard

As part of our broader effort to ensure sustainability is built into our portfolio companies' business plans, we have developed a Sustainability Dashboard, which reflects our investment teams' general approach to assessing company performance and progress in five key areas.⁴ The dashboard is primarily qualitative; it is intended to stimulate a meaningful discussion and critical assessment of each company's situation and potential and identify value creation opportunities.

The CD&R investment team, with support from the Sustainability team, is responsible for developing and presenting this snapshot, which is built into both Operating Reviews and Firm meetings. Investment teams typically provide sustainability assessments of the company at least twice annually to enhance alignment and accountability.

⁴ In certain circumstances, such as a limited investment or ability to control, CD&R may choose not to develop or continue developing a Sustainability Dashboard.

STRATEGY AND COMMERCIAL ALIGNMENT

CD&R-Endorsed sustainability strategy
Identified/Manages emergent risks

OVERSIGHT

Senior management engaged
Board oversees sustainability

INITIATIVES

Talent/Environmental scorecards
Show progress on material initiatives

METRICS, KPIS, AND REPORTING

CD&R Sustainability Reporting Standard
Quality of sustainability data

COMMUNICATIONS AND EXTERNAL AFFAIRS

Sustainability communications optimized for Commercial/Operational activities
Sustainability communications optimized for exit readiness



Reporting Framework

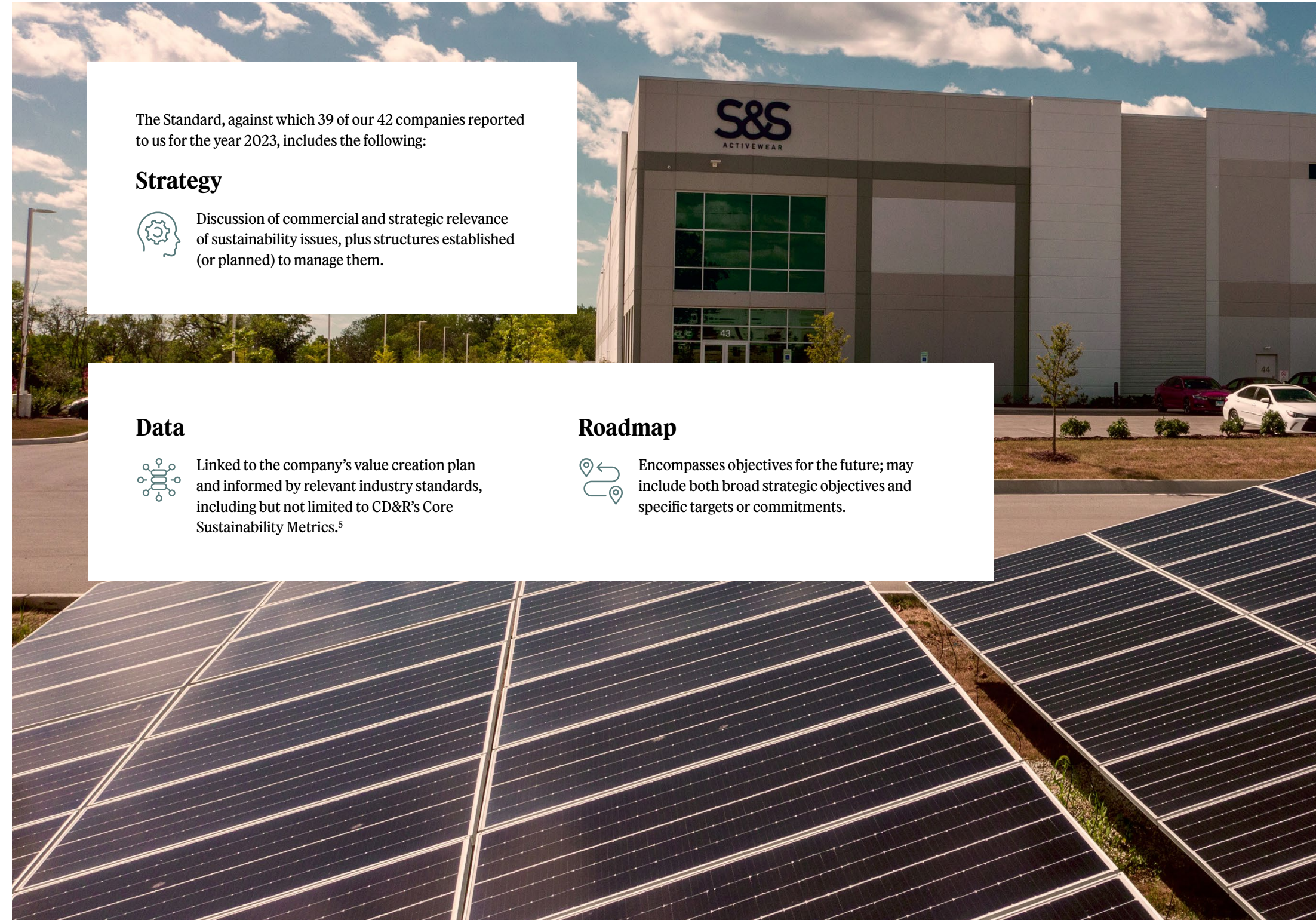
CD&R requests that portfolio companies submit a sustainability-related report each year; therefore, in 2022 the Firm formally established a reporting framework, the CD&R Sustainability Reporting Standard (the “Standard”), to guide data collection. [See the results here.](#)

Policy and Leadership

At CD&R, investment teams are responsible for oversight of sustainability diligence, as well as working with management to establish a strategy and governance. A key differentiator for CD&R is the deep level of our engagement with portfolio companies. A CD&R Operating Partner or Operating Advisor to CD&R Funds sits on every portfolio company board, bringing with them their insight and expertise.

Each operating executive is focused on a limited number of companies, where they are responsible for delivering the operational plan and value creation. Our operating Partners average 43 years in leadership of global businesses with significant sustainability challenges and opportunities.

Read more about our [Sustainability Council](#) and [Sustainability Policy](#).



The Standard, against which 39 of our 42 companies reported to us for the year 2023, includes the following:

Strategy



Discussion of commercial and strategic relevance of sustainability issues, plus structures established (or planned) to manage them.

Data



Linked to the company’s value creation plan and informed by relevant industry standards, including but not limited to CD&R’s Core Sustainability Metrics.⁵

Roadmap




Encompasses objectives for the future; may include both broad strategic objectives and specific targets or commitments.

⁵ As determined by the portfolio company to be practicable and relevant.


Sustainability Governance

Good governance is fundamental to our Firm, and this includes our sustainability program. CD&R commits to maintaining strong sustainability governance in the following ways:


Partnership

 Drives ultimate oversight of the Firm's sustainability program, including its integration into business strategy and priorities.

Investment teams

 Implement the Sustainability Policy with the support of the Sustainability team. CD&R provides its investment staff with specific training and resources to help them fulfill the Firm's sustainability commitments.

Inclusion Committee

 Aims to make all members of the Firm feel a genuine sense of inclusion. The Committee is made up of employees representing a variety of experience, seniority, and roles across the Firm, and findings are reported directly to the CEO.

Sustainability Council

 Helps ensure internal coordination of the sustainability-related initiatives embedded across the Firm's functional activities (Human Capital, Environmental Stewardship, External Affairs, Legal, Supply Chain, and Digital and Technology) and industry verticals (Business Services, Consumer, Financial Services, Industrials, Healthcare, and Technology). Chaired by an Operating Partner well versed in sustainability, the Council is a team of multidisciplinary specialists from across the Firm both in the US and Europe.

Sustainability Council		
Vindi Banga Operating Partner, Council Chair	Dan Jacobs Principal	Hannah-Polly Williams Director Head of Sustainability, Europe
Human Capital	Environmental Stewardship	Digital & Technology
Orla Beggs Human Capital Partner	Lori Butler Director of Environmental Stewardship	Chris Satchell Managing Director, Technology
Ulrika Werdelin Head of Talent, Europe		Mittu Sridhara Managing Director, Technology, Europe
Legal/Regulation	External Affairs	Supply Chain
Terrienne Patnode General Counsel & Chief Compliance Officer	Jon Selib Partner, Global External Affairs	Micaela Bulich Operating Advisor to CD&R funds
Simon Tinkler Senior Legal Advisor	Emma Chandra Director of External Affairs, Europe	Scott Easterwood Director, Global Portfolio Company Sourcing Program
		Marta Benedek Director, Europe Portfolio Company Sourcing Program



CASE STUDY



Creating Value through Good Governance

BrandSafway has thoughtfully and strategically created a governance structure that we believe reflects the value of its sustainability programs back to its stakeholders.



ABOUT THE COMPANY

CD&R Fund Investment: 2020
Headquarters: United States | Atlanta, GA

BrandSafway is a leading global provider of access, specialized services, and forming and shoring solutions to the industrial, commercial, and infrastructure markets. The company is a respected, century-old legacy that delivers value by helping customers improve productivity and safety on every jobsite and has been recognized by Engineering News-Record (ENR) as #4 in their Top 600 Global Specialty Contractors list in 2023. This industry recognition and consistent position in the top five reflects BrandSafway’s global leadership in serving the broadest range of solutions with the greatest depth of expertise.

CHALLENGE

BrandSafway wanted to ensure that it was creating value for its business, and that this value was apparent to all stakeholders including customers, sponsors, regulators, employees, investors, and communities. To do so, the team envisioned a structured governance program that was scalable across the business—backed up with robust data. This would require a deep dive into the current role of governance across the organization to understand what was currently working, discover and fill gaps, and create a narrative that was truly reflective of how the program is expanding business value.

“Good governance allows us to not only maintain but obtain our competitive advantage by promoting value creation opportunities and providing a compliant structure for our people to operate in and be protected by.”



Imran Hayat
EVP, Chief Legal Officer, Chief Compliance Officer, and Chief Sustainability Officer

AREAS OF FOCUS



Optimize governance frameworks



Accelerate growth and profitability



Mitigate material risks



VALUE CREATION LEVERS



Preserve existing value



Reduce costs



Create new revenue streams



SOLUTIONS

A DATA-FOCUSED APPROACH

BrandSafway engaged third parties to gather and interpret data inputs, including for regulatory compliance, with a focus on data that was verifiable, repeatable, and accountable. As a result, the company has evolved the collection of core environmental metrics from a completely manual, spreadsheet-based collection for Scope 1 and 2 GHG emissions to a third-party partnership that improves the efficiency and transparency of data collection, including for relevant Scope 3 GHG emissions as well as water and waste metrics. In taking this approach, the company is better positioned to mitigate risk and maximize opportunities.

INCREASED OVERSIGHT

The company's Risk and Compliance Committee is a dedicated, cross-enterprise leadership team that oversees the compliance program, Enterprise Risk Management (ERM), ESG, data privacy, Equal Employment Opportunity (EEO), Global Inclusion Initiatives, Intellectual Property (IP) and Labor Councils, with the task of maintaining controls and assurance. Such oversight keeps a baseline measurement of good governance and delivers a structure around maintaining safe, compliant operations.

CREATION OF GOVERNANCE COUNCILS

BrandSafway provides quarterly sustainability updates to the Nominating and Corporate Governance Committee of the Board. Governance councils meet regularly, and the Risk and Compliance Committee reviews work and reports to the Audit Committee of the Board. The company has created various governance councils in areas including labor relations and intellectual property. The Contracts Management Council meets to capture and report on value added to the organization, increasing visibility and transparency.

\$46M

avoided in potential exposure, reported by the Litigation Council in 2023.

18,000+ hours

of training on Code of Conduct and related matters provided and with substantial efficiency gains in 2023, reported by the Compliance Program.

LOOKING AHEAD

BrandSafway will continue to work on validating priority metrics and identifying ways to improve data collection processes globally. The company has completed a materiality statement, which includes stakeholder inputs, and has also proposed a scorecard focused on good governance, which would include core metrics in areas such as governance oversight, integrity awareness, labor relations, and ethics.

DISCOVER MORE

- Learn about sustainability at [BrandSafway](#).
- Discover more about [BrandSafway's Sustainability Program](#)

03

Building Resilience

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Portfolio Engagement

The overarching goal of CD&R's sustainability approach is to improve where we invest by enabling our companies to identify and articulate a sustainability strategy that supports their business objectives. This includes tracking indicators and metrics that align with strategies, and demonstrating progress under CD&R ownership valued by the companies' stakeholders.

The Firm's approach to supporting portfolio companies on this journey is embedded in our core firm processes, which have been developed and refined over nearly five decades and led by the investment teams.

The Firm seeks to accelerate performance by providing a deep, operating resource base, which includes **functional experts** in environmental stewardship, talent management, digital acceleration and technology, insurance, public affairs, legal and compliance, and supply chain and sourcing.

Strategic Portfolio Operating Reviews



Portfolio management teams participate regularly in reviews with a group that includes the Firm's Operating Partners and CD&R Funds' Senior Advisors.⁶ These Operating Reviews typically include reviewing the CD&R Sustainability Dashboard and evaluating strategic priorities, business plan execution, talent management, and resource allocation with the objective of helping each portfolio company identify and execute against key opportunities and capture additional performance gains.

Firm Meetings



CD&R holds Firm-wide meetings four times per year that include a review of the competitive landscape and an update on the Firm's operations and strategy, including sustainability.

Value Creation and Monitoring Processes



Each deal team conducts monthly operating reviews with the management team of their respective portfolio companies, supported by financial and operating data prepared in advance of the meeting.

Partner Meetings



The Firm schedules a regular cadence of Partner meetings to review issues such as: industry sector investment activity and performance; pending transactions; exit management; portfolio company value creation; sustainability and DE&I initiatives; limited partner relations; market trends; human capital issues; and long-term strategy.

Corporate Portfolio Governance Monitoring



Post-acquisition, CD&R encourages active participation by the Board of Directors in monitoring and providing managerial assistance to the portfolio company on strategic issues, including sustainability. Independent board members are selected based on their relevant experience, knowledge, and judgment, with an emphasis on the strategic opportunities being pursued at a given portfolio company.

Peer-to-peer Best Practice Sharing for Management Teams



A number of portfolio-wide programs, including CFO, General Counsel, and CHRO sessions led by the Firm's senior functional leaders, facilitate the sharing of best practices and enhance operational excellence.

⁶ Operating Advisors and Senior Advisors are engaged by CD&R Funds. Compensation for Operating Advisors and Senior Advisors is generally borne by the CD&R Funds and/or portfolio companies. Operating Advisors and Senior Advisors are not employees or Partners of CD&R.

Environment

At CD&R, we believe companies have an opportunity to both drive efficient practices and differentiate themselves by transitioning to lower-carbon, climate resilient activities with the aim of mitigating long-term risk and enhancing value.

We deliver support through tools, recommendations, and resources that we believe will help set up our portfolio companies for both near-term execution success and long-term strategic positioning. We have established a process for our own operations to measure and document the environmental impacts of the Firm's activities so that we can lead by example.

CD&R integrates sustainable value creation into our core investment process. As part of this approach, we seek to encourage and support our companies in the inclusion of material environmental issues—such as climate, pollution, waste, and resource use—into decision making. The expertise that we leverage to understand the environmental strategy of our companies, and how it ties to their business strategy and objectives, includes

the full depth of our vertically focused investment teams and the substantial functional knowledge from our **Sustainability Council**. As we work to scale access to strong practices, we have built tools such as:

- **Greenhouse Gas Emissions Guidelines** that help portfolio companies assess their priorities for reducing emissions, develop an inventory management plan, and create a verification tool.
- **A Reporting Guide and Toolkit** which is sent to portfolio companies for guidance on the reporting standard.



Environment and the Supply Chain

The supply chain is one important area in which companies can advance towards their environmental goals. As part of CD&R's supply chain program, we work with sustainability leaders at portfolio companies to share best practices and strategies on topics such as emissions reporting, network optimization, and waste reduction. Other areas explored in 2023 included partnering with engineering teams on product design changes that improve sustainability, and transporting goods in a way that mitigates environmental impact.

Climate Risk Management

Climate change poses not only a risk to the global economy, but also an array of strategic challenges and opportunities for companies and investors. We recognize the substantial implications of climate change on our portfolio and investment opportunity set, encompassing factors such as energy costs for our portfolio companies' operations and potential regulatory shifts necessitating adjustments to business practices. Additionally, we acknowledge the tangible threats posed by climate-related events and extreme weather, which may affect portfolio company customers, target markets, and supply chains. Because of this ever-evolving landscape, we are continuously refining our approach by actively engaging on material climate-related topics.

We recognize the value of industry-recognized reporting frameworks and standards in helping our companies evaluate climate risks, set goals, and build credibility. Where applicable, we support and encourage alignment with standards such as the Science-Based Targets Initiative (SBTi) for emissions reduction. Additionally, we endorse the Task Force on Climate-related Financial Disclosures (TCFD) as a framework for assessing exposure to climate-related risks and opportunities. We urge our companies to consider TCFD, among other frameworks, to determine the appropriate level of disclosure for their climate risk and opportunity strategies.

CD&R believes climate risks and opportunities are important considerations in the new investment process, and the firm tailors its due diligence to incorporate them appropriately when deemed material and practicable. The approach may vary in

each engagement based on the nature of the proposed transaction and the discretion of the investment team. Depending on the portfolio company's operations and geographic footprint, CD&R's assessment may include the Environmental Performance Index (EPI) to identify potential climate risks for global companies. The EPI compares environmental health, climate change management, and ecosystem vitality across 180 countries. In addition, we may leverage tools and methodologies, such as Geospatial Climate Intelligence, to identify and measure climate-related risks that inform decision making and future mitigation strategies. These risks include natural disasters such as flooding, earthquakes, and heat waves, as well as market, legal, and technology risks from transitioning to a lower-carbon economy.

While these concerns may impact the companies in our existing portfolio, we anticipate their significance will only grow over time, potentially making them increasingly influential in our future investment decisions and portfolio management.



LOOKING AHEAD

We continue to develop tools that are designed to support the environmental goals of our portfolio companies. This includes a decarbonization value creation tool—a visual depiction of climate-related topics that can help companies prioritize areas of focus, view opportunities in their existing programs, and set goals for generating and meeting targets such as alignment with SBTi. Ultimately, the tool can significantly streamline the process of consolidating the sum of a company's climate-based activities, such as reducing emissions, optimizing fleets, or decarbonizing operations.

Another area of focus is helping portfolio companies document the decision-making process around reporting. Each company determines which metrics are important to report on in their industry or business. To meet this need, we are developing a guide that will help portfolio companies document the reasoning behind their decisions when a metric is not applicable and/or de minimis. This tool applies to situations when a metric is not being reported or when a company must decide if it should change a determination based on evolving business conditions.

With the Greenhouse Gas Emissions Guideline as a model, we are developing a similar approach for waste. By proactively evaluating operations, driving innovation in the product life cycle, and monitoring ever stricter global regulations, portfolio companies can ensure they are achieving both their sustainability and value creation goals. The waste guideline, when utilized, is intended to promote sustainable practices, reduce environmental impact, support efficient production, comply with regulatory standards, and achieve economic efficiency.

CASE STUDY



Converting Waste Streams into Revenue Streams

As an industry pioneer, Multi-Color Corporation is taking on the challenge of developing the next generation of more sustainable labeling solutions around the world.

ABOUT THE COMPANY

CD&R Fund Investment: 2021
Headquarters: United States | Chicago, IL

Multi-Color Corporation (MCC) is a leader in global label solutions, supporting several of the world's most prominent brands including leading producers of beverage, wine and spirits; food and dairy; personal care and beauty; home care and laundry; healthcare; durables and technical; and automotive and chemicals. MCC's team of experts balance customer drivers, market trends, and internal insights to bring disruptive and continuous improvement innovations to market.

CHALLENGE

The waste created from labels—usually made from plastic, glue, and ink—is often thrown away because its properties make it hard to recycle. To complicate matters, MCC creates many different products that use varying materials across 100 facilities in 33 countries worldwide. Plus, waste regulations and processes vary drastically from region to region, making the creation of an enterprise-wide global strategy a daunting task. Despite this fact, MCC was determined to pioneer the next generation of more sustainable labeling solutions.

“Our view on sustainability is that it needs to make financial sense. We don't always go as fast as we would like to because we take a holistic view; we make decisions that aim to both improve our business and reduce our waste streams.”



Stijn Billiet
Vice President Global Sustainability

AREAS OF FOCUS



Implement sustainability strategies



Accelerate growth and profitability

VALUE CREATION LEVERS



Reduce costs



Create new revenue streams



SOLUTIONS

ASSESS WASTE STREAMS

MCC's largest-producing facility in Belgium conducted a waste assessment to understand the type of waste it generated, the quantities, and the options for starting to minimize this waste. During this process, the company discovered options for how materials could go back into circulation through reuse for objects such as plastic pallets, benches, and flowerpots.

LAUNCH A PROGRAM

Armed with this understanding, MCC worked with a local waste handler to figure out how to separate its waste into different streams. The facility started with two different waste streams, worked its way up to 28, and began to create a new revenue stream from selling the byproduct. Selling waste produced a revenue stream for the company and the waste handlers, incentivizing them to participate in the program to save costs.

TAKE LEARNINGS TO OTHER FACILITIES

The program's success in Belgium served as the basis of a global strategy predicated on the idea that it must be implemented locally to account for varying products, materials, and regulations across MCC's global facilities. To continue building momentum, the enterprise team is working with operations and procurement teams to understand hyper-local waste capabilities and restraints to strategize which materials and processes to focus on to reduce costs or create new revenue streams at each facility.

25%

of MCC facilities are actively working on a revenue-producing waste reduction program as of August 2024.

\$2M

in 2023 revenue generated by the Belgian facility's recycling program.

LOOKING AHEAD

Today, a waste program is on every facility's 2024 agenda, and with it comes the opportunity for new revenue streams. With sustainability becoming increasingly integrated into the company ethos, MCC is actively examining other ways to reduce waste that involve operations, technology, and product design.

DISCOVER MORE

- Read about [Labeled With Care](#).
- View [MCC's portfolio of sustainable solutions](#).
- Learn [how MCC Napa is testing new environmental strategies](#).

CASE STUDY



Advancing a Circular Economy through Post-Consumer Recycled Content

Wilsonart's High Pressure Laminate is engineered with two times more post-consumer recycled content than any other leading laminate brand.

ABOUT THE COMPANY

CD&R Fund Investment: 2023
Headquarters: United States | Temple, TX

Wilsonart manufactures and distributes high-pressure laminate, quartz, solid surface, and other decorative surfaces for the office, education, healthcare, residential, hospitality, and retail markets. The company aims to reduce waste by making nature-inspired surfaces that last while using fewer natural resources.

CHALLENGE

The surface of a countertop, kitchen workspace, or vanity is often created from high pressure laminate (HPL), which consists of layers of materials such as wood, paper, and pulp. The challenge of developing a more sustainable product meant reimagining it. Wilsonart's goal was to figure out how to take a standard recycled layer and develop it into a saturable sheet with the appropriate properties to use in its product. Wilsonart wanted to lead the industry forward by developing countertops with lower environmental impact that customers valued.

“When it comes to sustainability, people think you need to change operations or to have a lower quality product. But we have optimized our processes so we don't have to.”




Arvind Karthikeyan
Director of Product Management - HPL

AREAS OF FOCUS

- Implement sustainability strategies
- Foster communities of practice
- Expand information accessibility



VALUE CREATION LEVERS

 Create new revenue streams

 Reduce costs



SOLUTIONS

INVEST IN POST-CONSUMER RECYCLED CONTENT

By the early 2000s, Wilsonart began designing products that contained **post-consumer recycled (PCR) content**. The ten-year process included significant investments in R&D, extensive internal and external testing, and due diligence—moves which have ultimately led to a lower price of recycled paper and preferential pricing in the marketplace, driving down overall cost and helping accelerate more sustainable design choices across the industry.

RECOGNIZE THE BUSINESS VALUE

Wilsonart engaged with customers to better understand their needs, and understood the potential value of developing a more sustainable laminate by introducing recycled content without any loss of product performance.

MEET DEMAND FOR SPECS AND DATA

Sustainability is a key concern for original equipment manufacturer (OEM) customers as well as architect and design communities. Wilsonart invested in a data strategy that supports its sustainability program by identifying relevant metrics. The company can now specify HPL with recycled content, and provide data to customers on a variety of topics including Environmental Product Declaration (EPD), bio-based materials, and primary energy demand, ultimately satisfying customer needs and improving the bottom line.

31%-67%

post-consumer recycled content is used in Wilsonart's backer laminate.⁷

616M lbs.

of post-consumer recycled content was used by Wilsonart from 2000 to 2020.

⁷ Figures pulled from annual recycled content certifications from 8/1/2024 to 7/31/2025.

LOOKING AHEAD

Wilsonart continues to explore new ways to meet their goal of increasing use of post-recycled content to 40% by 2027, and is developing other initiatives such as increasing renewable energy and waste reduction as part of its broader sustainability strategy.

DISCOVER MORE

- Learn about [Wilsonart's Conscious Craftsmanship](#).
- Read about [Wilsonart's Declare labels](#).
- Access [Wilsonart's Compliance and Certification information](#).

CASE STUDY



Collaborating with Customers to Provide Innovative Packaging Solutions

Veritiv sources and distributes products that make more sustainable choices practical for customers, enabling them to reach their own sustainability goals.

ABOUT THE COMPANY

CD&R Fund Investment: 2023
Headquarters: United States | Atlanta, GA

Veritiv Corporation is a leading specialty distributor of value-added packaging, facility solutions, and print products and solutions. The company excels at serving businesses with complex supply chain needs. As a North American packaging leader, Veritiv has a responsibility—and opportunity—to make a positive impact on employees, customers, suppliers, and communities.

CHALLENGE

A few years ago, Veritiv's sustainability program primarily consisted of its paper and corrugated package offerings. But increasingly, Veritiv's customers were asking for additional options or designs to improve the sustainability of their packaging. The company needed a cohesive structure and defining principles to formalize a company-wide sustainability mission to support its customers' needs. This required defining benchmarks to measure against and an understanding that the company would need to learn and adjust along the way to reach its long-term goals.

“Our approach to sustainability is both our responsibility and an opportunity for growth.”



Susan Salyer
Senior Vice President, General Counsel and Corporate Secretary

AREAS OF FOCUS



Foster communities of practice




Implement sustainability strategies



Accelerate growth and profitability



VALUE CREATION LEVERS

 Create new revenue streams



SOLUTIONS

ESTABLISH AN ESG WORKING GROUP

Led by the newly formed role of Senior Director of Sustainability, the company’s ESG working group consists of functional leads from across the company. These leaders identified the fundamental tenets of a sustainability strategy for the company that aligned with the company’s vision and values.

CREATE A CHARTER FOR CHANGE

Using the United Nations’ Sustainable Development Goals (SDGs) as a framework, the working group created workstreams across all disciplines. The company developed initiatives, set goals, and addressed challenges—faced by Veritiv’s own operations, as well as supporting its customers with their sustainability needs—to drive long-term, profitable growth that supported Veritiv’s objectives and mitigated potential risk to the businesses.

LAUNCH A MICRO-CREDENTIALING PROGRAM AND ECOSCORE DASHBOARD

The company created tools to enable its teams to have impactful sustainability-focused customer conversations. Their Micro-Credentialing program empowers employees with knowledge of topics such as life cycle analysis and engineering decisions in order to navigate sustainability focused goals and discussions. EcoScore® also provides a visual dashboard with in-depth information regarding the sustainable products and attributes Veritiv sells to the customer.

SUPPORT THE SUSTAINABILITY GOALS OF CUSTOMERS

To help achieve the sustainability goals of its customers, Veritiv applied a customized approach of observation, design, testing, and continuous improvement to increase recyclability, reduce its carbon footprint, and help meet sustainability goals. Through its 14 world-class design centers, including four ISTA-certified labs, the Veritiv team now provides concept-to-delivery solutions for customers by combining design expertise with global sourcing capabilities to satisfy the end-to-end supply chain needs of customers.

Over 43,000 sustainable products⁸ offered to Veritiv customers.

50% of Veritiv net sales are from products with one or more sustainability attributes.⁸



EcoVadis Bronze Medal awarded to Veritiv each year since 2021.

⁸ Sustainable products are those with one or more 'sustainability attributes'. For purposes of determining whether a product had a sustainability attribute, Veritiv identified products that had received the following third-party certifications: FSC, PEFC, SFI, Green Seal, Cradle to Cradle, EPA Comprehensive Procurement Guideline Program, Fair Trade Certified, Rainforest Alliance Certified, Green E, UL EcoLogo, UL Green Guard, Green Good Housekeeping Seal, EPA’s Environmentally Preferable Purchasing Program, and EPA’s Safer-Choice. Veritiv also included products that contained at least some alternative fiber or resource content and products that were considered recyclable due to being produced from recyclable fiber, wood, or resin. In all cases, Veritiv relied solely on information provided by the supplier or manufacturer of the product from whom Veritiv purchased the product and information regarding recyclability contained in Fibre Box Association-Recycling White Paper, November 2019. Veritiv does not test or otherwise independently confirm the noted sustainability attributes. The percentage of Net Sales is based on total sales for US merchant business only and does not include sales from Mexico and Bulkely Dunton business units.

LOOKING AHEAD

With the sustainability program firmly in place, Veritiv is now focused on expanding its circularity program and helping customers understand and meet the requirements for upcoming regulations.

DISCOVER MORE

- Read [Veritiv’s 2024 Corporate Social Responsibility Report](#).
- Open [Veritiv’s 2024 ESG Scorecard](#).
- Find out [how Veritiv is helping eliminate plastic from packaging](#).

Supply Chain and Sourcing

At CD&R, we partner with our portfolio company leaders to work to improve business results through supply chain excellence. We believe that sustainable supply chain solutions are a critical element of our supply chain designs.

Our Firm's support includes functional experts who engage directly with company leaders.

Program Structure

We support supply chain value creation at the portfolio company level, which includes areas such as manufacturing, logistics, and sourcing. Our Portfolio Company Procurement Program has a dedicated team and helps to build strategic sourcing offerings that add value. For example, nearly all companies have common indirect materials and services they may need to purchase, such as fleet, travel, and small parcel shipping, and we also use our leverage in contracting.

Knowledge Sharing

A functioning community of supply chain and sourcing leaders share resources, concerns, practices, and tools we might want to consider. We learn from the external community and also from each other. Sometimes, we partner with third parties on things like networking optimization, manufacturing footprint expansion, or automation.

Support Tools

We continue to develop tools that standardize information to create more efficiency and value regarding the supply chain. Examples include a toolkit of plug-and-play options on how to do a deal analysis of price vs. payment terms, and an organizational efficiency exercise to understand staffing from a direct materials standpoint. We also have a proprietary framework through third parties that helps us better understand a company's baseline.

Advancing Environmental Issues

We seek to provide focus support on areas that drive cost reduction, help the environment, and delight customers. Many companies are interested in package optimization and nearshoring, (bringing the supply chain closer to its distribution location), so we support them on this. For companies that create products, we have made strides on cost of quality failure as a percentage of sales by helping to ensure they have the right metrics, then following up on ways they can reduce waste, optimize distribution, and do scenario planning.



Sourcing contracts with proven suppliers (ready to utilize, ultra-competitive)



Advanced AI-enabled software for spend analytics



Strategic sourcing competitiveness



Manufacturing yield improvement and overall waste reduction



Energy intensity and alternative energy options



Distribution network optimization



Sustainable packaging solutions



Transportation fleet evolution



Workforce safety and retention

LOOKING AHEAD

Currently, CD&R is working on rolling out an AI-enabled spend analytics tool for portfolio companies, which can allow the Firm to see total spend across our investments, enabling more robust analytics.



Supply Chain Decarbonization Initiatives

Tackling certain elements of Scope 3 greenhouse gas emissions calls for cross-sector collaborations and mutually beneficial solutions that meet suppliers where they are.

ABOUT THE COMPANIES

CD&R Fund Investment: 2021
Headquarters: United Kingdom | Bradford

Morrisons is the fifth-largest supermarket chain in the United Kingdom.⁹ As of 2024, the company has around 500 grocery stores and another 1,000 convenience stores. Their business is predominantly food and grocery focused, with half of the fresh food they sell sourced and processed by the company itself, giving them close control over provenance and quality.

⁹ Metric based on Kantar grocery market share data.

SIG PLC


CD&R Fund Investment: 2020
Headquarters: United Kingdom | London and Sheffield


SIG plc is a leading supplier of specialist building products and solutions to trade customers across the UK, Ireland, and mainland Europe. The company strives to be the first choice for a range of products, such as structural insulation, roofing materials, solar and PV products, construction accessories, and metal fabrication. With deep expertise and a wide product range, SIG helps customers with the support they need to deliver better, more sustainable buildings.

CHALLENGE

Scope 3 emissions refer to the indirect greenhouse gas (GHG) emissions that occur in a company's value chain, both upstream and downstream, outside of their direct operations. Because Scope 3 emissions touch so many parts of the business, it is complex to understand and manage. This is especially true for multinational companies that work with numerous suppliers and product types and operate in countries with varying levels of sustainability prioritization. Scope 3 emissions often represent the largest share of a company's carbon footprint and addressing Scope 3 emissions is fundamental to decarbonizing supply chains. Effectively mitigating Scope 3 emissions is challenging, as it involves active collaboration with partners and vendors across the supply chain.

AREAS OF FOCUS

 Foster communities of practice

 Expand information accessibility

“Having direct relationships with farmers has been critical. This open communication gives us both the opportunity to gain a deeper understanding of risks and opportunities, and to make changes accordingly.”



Andrew Edlin
Senior Corporate Services Manager - Sustainability, Morrisons

“We collaborate with suppliers instead of telling them what we think they should do. Ultimately, this fosters innovative thinking that helps us both reach our goals.”



Julie Westcott
Group Health, Safety and Environment Director, SIG

VALUE CREATION LEVERS

 Improve valuation potential



SOLUTIONS

NORMALIZE THE CONVERSATION

We believe some of the most impactful Scope 3 reduction strategies prioritize open conversation and willingness to collaborate. Both Morrisons and SIG have been able to build actionable strategies by approaching the work with a collaboration-oriented mindset among their supply

chain partners. From one-on-one conversations to regular meetings, they have consistently focused on big-picture environmental goals and mutually beneficial priorities.

SIG's team began by initiating conversations with the top 10 carbon emitters in each country of operation. To date, the company has engaged with 75% of these top emitters, partnering to implement products such as digital planning tools, bio-based products, and solar based systems. Similarly, Morrisons continuously connects with its farms, offering resources such as educational platforms, valuable partnerships, and support with sustainable farming infrastructure. Today, the company is helping farmers address environmental priorities by way of carbon footprint reports, methane-abating livestock feed from **Sea Forest**, and access to educational programs through **The Institute for Agriculture and Horticulture**.

EXPLORE BUSINESS VALUE AND INNOVATION

Each supplier has different interests, capacities, and values. SIG and Morrisons have invested time in developing tailored communications and approaches that highlight the mutually favorable benefits of doing work in ways that prioritize sustainability. Understanding respective audience motivation has been crucial to gaining buy-in for new ways of operating that will make a positive impact. When sitting down with suppliers, the companies now emphasize the commercial value in taking actions around sustainability and decarbonization—such as opportunities to meet consumer demand for responsible products and the marketing value of environmental certifications. As one example, Morrisons became the **first retailer in the UK to have a product certified as carbon neutral by BSI** after engaging with suppliers through this lens of collaboration and value creation.

Both companies are collaborating with their partners to address sustainability risks and opportunities:



Suppliers covering 70% of sales

have been engaged around a range of sustainability topics.



75% of the top Scope 3 emitters

in the supply chain have participated in discussions with SIG's sustainability leaders.

LOOKING AHEAD

Decarbonizing the supply chain is a complex and involved process that takes time and commitment from all parties involved. Morrisons is working on developing a specific program that convenes nearly 50 big suppliers, engaging them in coordinated Scope 3 reduction tactics. SIG plans to get procurement teams on board to help suppliers drive towards unified emissions reductions across the supply chain, with the ultimate goal of improving the company's wider carbon footprint and ability to meet disclosure requirements.

DISCOVER MORE

- [View Morrisons' 2020/21 Sustainability Report.](#)
- [View SIG's 2023 Annual Report.](#)

Risk Management

Mitigating risk and seizing opportunities are central to what we do.

At the operational level for our portfolio companies, we support enhanced resilience and reduced risk through managing insurance programs. We also support our companies as they look to reduce the incidence and severity of loss events. Through analysis of historical losses, we can help identify the priorities for investments, such as training, technology, and processes.



Our Insurance Programs

CD&R's approach to insurance is to protect companies by helping them manage their risk through due diligence, strategic advising, and proactive management of claims and causal factors.

Our **property insurance program** groups companies with similar risk profiles and matches them with appropriate insurance partnerships. CD&R works with two large insurers: one for manufacturing companies and the other for distribution companies. Portfolio companies operate under a CD&R policy, and the Firm proactively works with portfolio companies and insurers to track implementation of engineering and human element risk improvements.

Our **cybersecurity program** includes a strategic relationship with our broker and insurers which allows us to offer superior coverage to program members and leverage their cybersecurity expertise to drive constant improvements. Qualifying companies can join the program, which includes an internal scoring system that helps to track each company's cybersecurity posture so issues can be addressed as needed. The system is showing improvements in cybersecurity, evidenced by a reduction in the number of reportable instances over the last three years.

In the area of **casualty and liability insurance**, CD&R works with portfolio companies to share best practices and give strategic advice. The Firm encourages the person dealing with insurance renewals to communicate with the operations teams in their organization to manage insurance costs.

CASE STUDY



Embedding Climate into Enterprise Risk Management Processes

Knowledge is power when it comes to understanding the level of risk for a business, and White Cap's risk assessments inform a strategy that White Cap believes effectively builds climate considerations into its risk management programs.

ABOUT THE COMPANY

CD&R Fund Investment: 2020
Headquarters: United States | Atlanta, GA

White Cap serves as a one-stop shop, providing concrete accessories and chemicals, tools and equipment, building materials and fasteners, erosion and waterproofing products, and safety products to professional contractors. The company provides distinct and customized supply needs in non-residential, infrastructure, and residential end markets. White Cap operates approximately 500 branches across North America with more than 10,500 employees supporting approximately 200,000 customers.

White Cap's large market presence provides the company with the opportunity to shift the building industry to become more sustainable in the future.

CHALLENGE

With climate change accelerating, White Cap wanted to understand and quantify the level of risk faced by both the company's physical infrastructure and its associates. Armed with this understanding, the company could systematically consider sustainability factors in assessments of risk relevant to the business.

“As sustainability practitioners, it is our responsibility to not only be conscious of our environmental footprint, but also to help our associates have what they need to be able to sustain themselves in any kind of event.”



Aaron Zeide
Vice President, Strategy

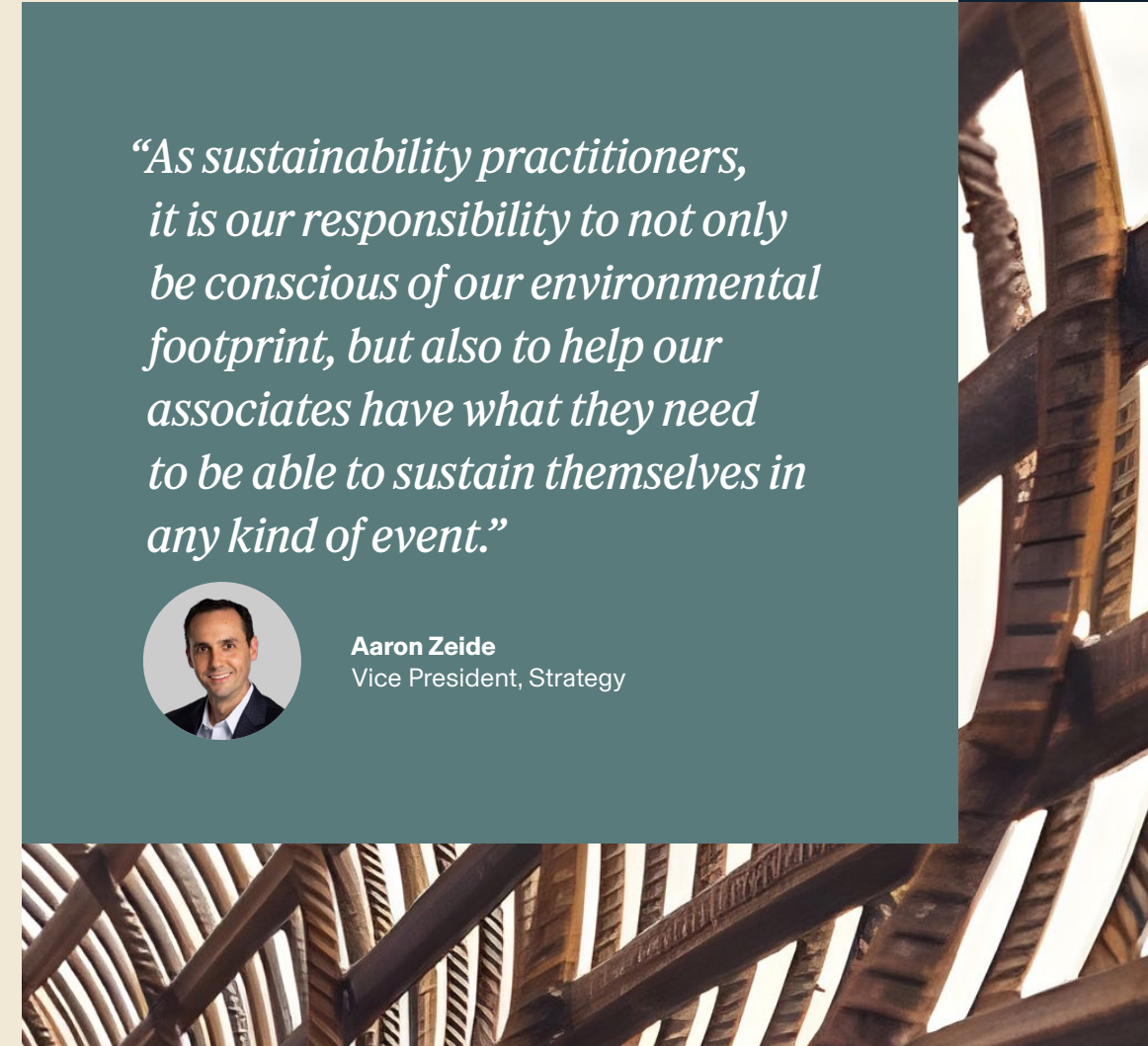
AREAS OF FOCUS



Mitigate material risks



Optimize governance frameworks



VALUE CREATION LEVERS



Preserve existing value



SOLUTIONS

CONDUCT A RISK ASSESSMENT

After reviewing best practices for reporting standards, White Cap decided to structure its disclosures in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD). The company identified a consulting partner to conduct a physical risk assessment, focused the scope of work, and sent a final report to the Executive Leadership Team and Board, enhancing communication with senior leadership about risks and opportunities.

PARTICIPATE IN KNOWLEDGE SHARING

The company participated in information-sharing with other CD&R portfolio companies, discussing best practices and attending webinars that covered a wide range of topics, such as decarbonization, LED retrofits, and new regulations. These conversations helped White Cap understand the value of the options available to the company, and to prioritize the next steps.

BUILD RISK INTO ESG PROGRAM

White Cap's ESG program focuses on enhancing operational efficiency and distributing products with lower environmental impacts for both customers and communities. The evolved program and strategy align with White Cap's core values, integrating compliance with communication to help customers proactively deal with transition risks within the industry.

~500

customer-facing locations distributed across major metros in 48 US states and 9 Canadian provinces as of July 2024.

100%

of locations sampled in risk assessment received site-specific recommendations.

LOOKING AHEAD

White Cap plans to conduct a transition risks and opportunities assessment in the near future, which will continue to consider different climate scenarios, providing direction on how to continue to evolve the program.

DISCOVER MORE

- Read about [White Cap's TRUSTED Values.](#)
- View [White Cap's 2023 Sustainability Report.](#)

Digital and Cybersecurity

Strong data security practices can be essential to building trust with customers, employees, and partners. They are also an important element of governance and compliance, and even play a role in reducing environmental footprints. We believe our technology strategy is differentiated in the industry because our team works across verticals to support our portfolio companies. This includes due diligence, deal advising, and divestiture. Post-acquisition, we partner with companies to help them deploy technology to reduce risk, and to accelerate or advance the investment thesis. The elements of our plan are tailored for each company, and designed to meet the needs of each business case. In addition, the Firm runs cross-portfolio programs in areas such as cybersecurity, generative AI, strategic vendors, communities of practice, and talent.

In 2023, we continued supporting companies to transition to the cloud for more efficiency, utilize data and analytics to optimize operations, and evaluate the impact of generative AI on the portfolio. We also continued to build relationships and deepen vertical alignment to ensure we have the resources and information in place to provide the right talent to portfolio companies.

Cybersecurity supports continuity of operations and protects against disruptions that could impact the long-term viability and success of an organization. In an increasingly threatening environment, our program is designed to provide portfolio companies with tailored programs that protect data, while also creating a more valuable asset. It starts by assessing cybersecurity risks.

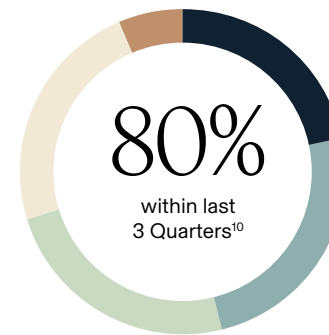
Then we seek to help develop talents and teams that include a Chief Information Officer (CIO) and Chief Information Security Officer (CISO). The program is monitored throughout CD&R ownership, with audit results reviewed by both the CD&R Risk Committee and the company’s CIO and CISO. We also encourage consistent board visibility to the cybersecurity progress at the company. In addition, a CD&R-guided CISO group provides best practice sharing, peer networking, and rapid information dissemination during major events.

In 2023, we partnered with our insurance broker to design an improved (next-generation) security program which we successfully launched in 2024. We are now able to execute a more in-depth security review that is more closely tied to the evolving threat landscape. We are also delivering higher-resolution information to our companies, allowing them to more effectively target their security investments.

We have also layered in additional talent to the CD&R Digital & Technology (“D&T”) team, which allows us to add sector alignment with the investment verticals to our horizontal strategies. This provides a tighter alignment between D&T and our portfolio companies.

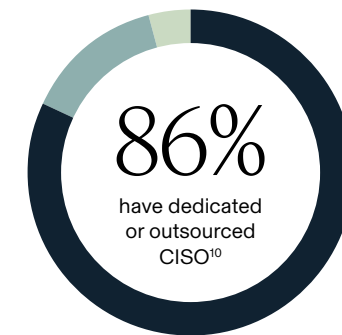
We continued to leverage repeatable technology plays in our portfolio. In 2024, we used machine learning to advance demand prediction. We are currently building this solution in three portfolio companies with another three in discussion.

Most Recent Board Review of Cybersecurity



- Last Quarter (69%)
- Last 2 Quarters (78%)
- Last 3 Quarters (76%)
- Within 4 Quarters (74%)
- Outside 4 Quarters (20%)

Chief Information Security Officer



- Dedicated (82%)
- Other (14%)
- Outsourced (4%)

¹⁰ Figures apply to current CD&R funds' portfolio companies.

LOOKING AHEAD

This year, we are developing a formal process for portfolio companies to enable them to be more strategic about the end-to-end value creation pathways of technology. We are also looking in more detail at ways we can help companies evolve in the areas of data analytics, machine learning, value stream digitization, technology upgrades, and connected ecosystems such as Internet of Things (IoT). Further, we are continuing to ramp up repeatable technology plays and delivering scaled generative AI solutions that we believe will drive product differentiation and/or process efficiency.

Aligning Industry Impact and Returns

We believe all our industry verticals have opportunities to align their commercial and strategic objectives with positive social outcomes. One example is in the US healthcare industry, where several of our investments are supporting the transition from a fee-for-service ecosystem, which rewards volume of care, towards a value-based care system, which rewards providers for keeping patients healthier and lowering total cost of care.

This transformation can be measured across several interrelated areas:

Access



which has been challenged by a significant shortage of clinicians and primary care physicians in particular;

Quality of care



as measured by both patient and physician satisfaction; and

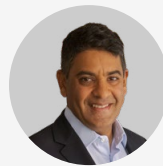
Outcomes



which correlate with total healthcare costs.

The Firm seeks to prioritize efforts that drive improvement in these key dimensions across its healthcare services investments, and CD&R companies have invested in significant infrastructure across quality and compliance functions to deliver an integrated strategy and improved performance.

“Our strategy is predicated on driving lower cost, better quality of care, and greater efficiency across the healthcare ecosystem. We’ve seen firsthand how improvement in care delivery translates into better patient health, and how delivering that differentiation in the market can drive investment performance.”



Ravi Sachdev
Partner



Key Improvements to Governance Controls



Increased portfolio company board-level participation via a new Quality and Compliance committee with physician representation



Consistent reporting on quality metrics with achievement tied to business plan and management compensation

PERFORMANCE SCORECARD¹¹

		Access	Quality	Outcomes
agilon health (from 2018 to 2023)		+20 New communities entered	~40% fewer hospital admissions vs. FFS benchmarks	4+ Star rating
Mosaic Health (from 2021 to 2024)		+500 PCP and AP hires	+27% Same day access rate +9 Patient NPS score (Vera clinics)	3.5-4.0 Star rating
Gentiva (from August 2022 to April 2024)		+2,700 Hospice nurse hires	+14% Hospice visits in last days of life ¹²	3.5-3.7 Star rating ¹³

¹¹ Additional detail regarding individual portfolio company performance can be found in the company write-ups available to fund investors in the CD&R Investor reporting web site.

¹² Percent of patients that received at least one visit on at least two of the last three days of life (CMS benchmark is 47.9%).

¹³ Internally calculated metric using the trailing three-month average each month and is meant to be a more current estimate of CMS star rating, which is calculated at a long lag. The **Star Rating** system is used by the Centers for Medicare & Medicaid Services (CMS) to measure the quality of services of health plans and hospitals.



04

Building Connections



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Portfolio Exchange

We build connections and encourage collaboration across our portfolio to create avenues for growth. We continue to offer the Portfolio Exchange, a cross-functional initiative that invites leaders from our companies to learn from each other through the sharing of resources and best practices, and to draw on the insights and experiences of external specialists and industry leaders. The initiative includes sessions where participants could gain insights from external experts and engage in in-depth discussions on specific topics, such as collaborating with suppliers to reduce carbon emissions. In 2024, following our flagship events in October and November, we expect to have hosted nine Portfolio Exchange events with over 80 executives from more than 40 companies.

Portfolio Sustainability Network-Building Event Highlights

2024 EVENTS

January	February	March	April
 GHG Emissions Guideline Webinar	 Sustainability Reporting Workshop	 Value Creation Webinar	 Portfolio Exchange: Sustainability
		 SEC Climate Rules Webinar	
July	October	November	
 Sustainability Mini Forum, <i>Atlanta</i>	 North American Portfolio Exchange, <i>New York</i>	 European Portfolio Exchange, <i>London</i>	 Virtual
 European DE&I Exchange, <i>London</i>			 In person

PORTFOLIO LEADERSHIP NETWORKS¹⁴



Fleet



Human Capital



EHS



Legal



Supply Chain and Sourcing



Public Affairs



Digital and Data Security

¹⁴ Networks that CD&R convenes on a regular, ongoing basis.

2024 New York Portfolio Exchange

On October 23-25, 2024, CD&R hosted portfolio company executives from across EHS, Legal, Communications/Public Affairs/Government Affairs, and Sustainability functions for a forum in downtown Manhattan. The gathering consisted of 71 executives from 29 portfolio companies, 23 guest speakers, and 19 CD&R team members.

The program provided functional leaders an opportunity to network and exchange knowledge and practices. The sessions included both function-specific content and opportunities for cross functional networking and collaboration around areas like sustainability. Executives stayed for a sustainability-focused session on October 25.



This image depicts an artist's interpretation of ideas and conversations that took place during the New York Portfolio Exchange on October 25, 2024.



88

Event Net Promoter Score (n=34)

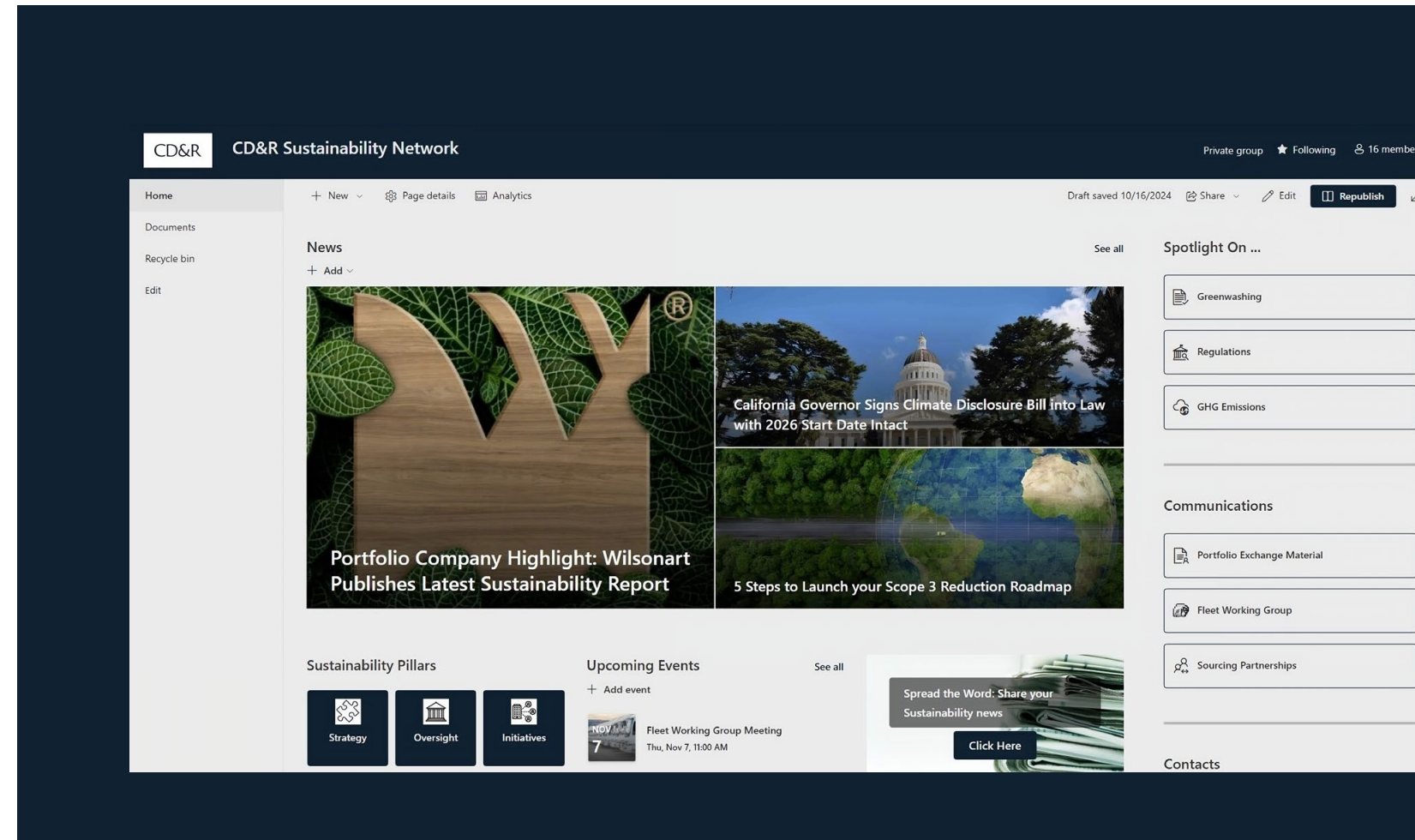


Encouraging Collaboration

In addition to live events, CD&R seeks to enable connections through information sharing. In May, the Firm launched its global sustainability sharing site on SharePoint to improve communication within the CD&R sustainability community, facilitate the sharing of strong practices through tools and examples from portfolio companies, and serve as a central hub for information.

The conversations facilitated by CD&R’s network-building efforts have led to meaningful advancements. One example is the idea for a decarbonization value creation tool, which will be designed to help portfolio companies understand opportunities and gaps in their emissions reduction program, assess the expected effect of projects needed to achieve target frameworks, and provide a useful tool for engagement for a broader audience.

Another direct outcome of the exchange is CD&R’s development of Global Greenwashing Prevention guidelines, a resource for companies that outlines what greenwashing is, some of the key regulations seeking to address it, and actions portfolio companies can take to ensure integrity in their sustainability communications.



LOOKING AHEAD

We plan to continue to convene sustainability leaders, leaning into topics that are important to them, including regulatory readiness, fleet management, and value creation.

Industry Leadership and Partnerships

At CD&R, we partner with organizations and industry groups that share our sustainability values. When engaging with partners, we look for organizations that we believe will contribute to performance gains and create value in our portfolio, industry, and communities.

Industry Leadership Roles¹⁵

**GENERAL PARTNER (GP)
ESG WORKING GROUP CHAIR**

CD&R is a founding member and primary organizer of a 100+ firm GP working group to share ESG best practices.

**FOUNDING MEMBER
OPCO FOR IC
NORTH AMERICA**



**MEMBER
SUSTAINABLE MARKETS
INITIATIVE PE TASKFORCE**



**FOUNDING MEMBER
INSTITUTIONAL LIMITED
PARTNERS ASSOCIATION**



Partnerships

CLIMATE		DE&I	
ACADEMIC PARTNERSHIPS		SUSTAINABILITY STANDARD SETTERS	
INDUSTRY COLLABORATIONS			

¹⁵ There is no guarantee that the Firm will remain a signatory, supporter, or member of any sustainability initiatives or other similar industry frameworks. The Firm's status as a signatory, supporter, or member of an organization or initiative does not purport to indicate that the Firm endorses or agrees with every position, belief, or statement of such organization or initiative, nor does it prevent the Firm from taking a position, adopting a belief, or making a statement contrary to a particular position, belief, or statement of that organization or initiative.

Environmental Defense Fund Climate Corps Fellowship Program

In 2024, CD&R established a partnership with the Environmental Defense Fund’s (EDF) Climate Corps program to provide expertise and capacity to drive improved sustainability performance. Over the course of the summer, three Climate Corps fellows, recruited and trained by EDF, were deployed to address projects at CD&R and its portfolio companies.



CD&R

Jessica Koh

a graduate student at Columbia University’s School of International and Public Affairs, assisted CD&R with an initiative to benchmark portfolio company performance to enable improved decision making by our companies and investment teams. Read more about Jessica’s work with CD&R [here](#).



BRAND SAFWAY

Onyedika Mbelu

a mechanical engineering doctoral student at Auburn University, assisted BrandSafway with an analysis of energy consumption at facilities. Read more about Onyedika’s work with BrandSafway [here](#).



CORNERSTONE BUILDING BRANDS

Daniel Yahya

a doctoral student in civil and environmental engineering at Auburn University, assisted Cornerstone Building Brands with developing a strategic approach for Scope 3 GHG emissions. Read more about Daniel’s work with Cornerstone Building Brands [here](#).

“Our portfolio companies are increasingly seeing potential to create value through better environmental stewardship. Through our work with the EDF Climate Corps program, we are excited by the potential to support and accelerate our companies’ efforts and provide opportunities to talented graduate students to pursue projects they are passionate about.”



Vindi Banga
Operating Partner
Chair, Sustainability Council

05

Building Excellence



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Workforce

Our values — CD&R’s culture is anchored in creativity, talent, initiative, respect, and a high standard of excellence—these guide the way we approach our existing and prospective workforce, and the workforce of our portfolio companies. As a result, we work to continuously understand and improve the worker experience, which we believe leads to better performance.

Firm Talent

Our proactive approach focuses on hiring the best and brightest minds to source diligence, advise, and improve our portfolio businesses. We believe the care with which our team engages in those activities, along with deep subsector and functional know-how, is reflected in our work. Throughout 2023 and 2024, we have continued to foster an inclusive culture that allows our investment talent to do their best work and achieve their full potential. We support our people to help them meet the high standards required for success in our industry, which includes a range of skill sets at each stage of the professional trajectory.

We have introduced a range of programs to support our team members as careers progress. This support centers around our apprenticeship model but also includes external coaching opportunities and initiatives directly targeting the sustainability of the role through initiatives such as remote work, and parental benefits.

Portfolio Worker Experience

Our objective with each investment is to build strong, sustainable businesses. This requires supporting our portfolio companies to attract, develop, and retain high-performing talent. We work closely with portfolio companies to help them improve their worker experience, partnering with human resources leaders through the duration of the hold period to ensure that their talent strategy is aligned with financial and social value creation.

To systematically understand and improve the worker experience of CD&R portfolio companies, we have developed a Talent Sustainability Framework, which is informed by third party standards such as the

Sustainability Accounting Standards Board (SASB), Institutional Limited Partners Association (ILPA), and the ESG Data Convergence Initiative (EDCI) standards. This framework enables a deeper understanding of the progress being made, aligns expectations between CD&R and portfolio human resources leaders, and helps mitigate risk, assess performance, and unlock value creation. In addition to the framework, we have developed other tools to help monitor progress and yield actionable insights intended to drive value creation.

CD&R’s Talent Scorecard is based on a standardized set of core talent metrics measured across the portfolio as well as industry-specific metrics. The scorecard is used during operating reviews, serving to help each portfolio company identify and execute against key opportunities and capture performance gains.

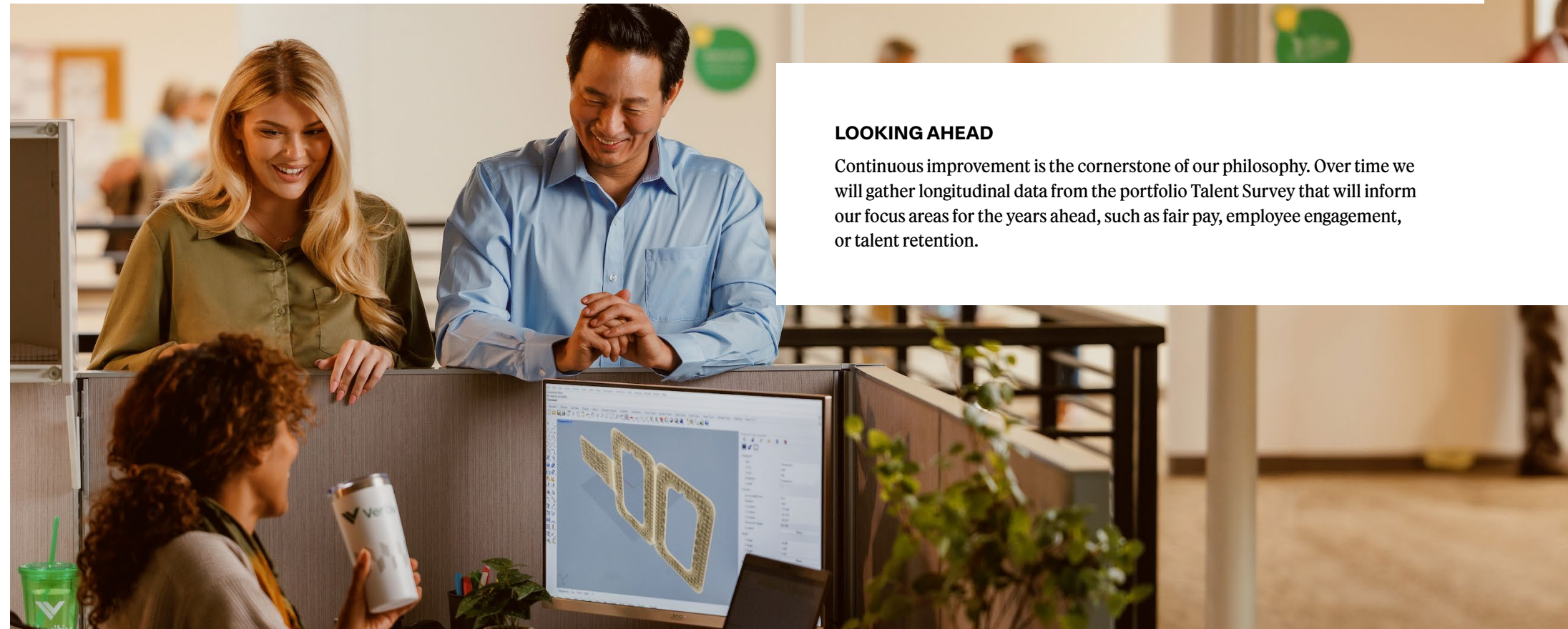
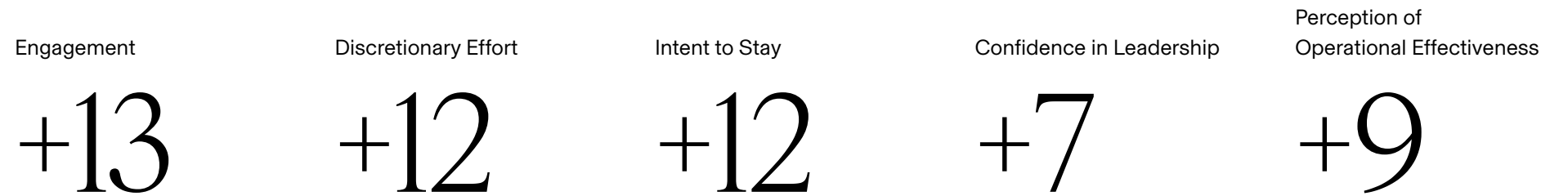
The Five Dimensions of the CD&R Talent Sustainability Framework



CD&R has also developed a Talent Survey to support our portfolio companies in measuring employee sentiment. The survey, which is aligned to the five dimensions of the Talent Framework, can be adapted by each company to yield actionable insights to improve their programs. Ultimately, the scorecard can be used by the Firm to understand progress portfolio-wide, along with the needs of portfolio companies, and take steps to support portfolio companies in addressing these needs.

TruGreen: Focus on Outcomes

In 2022, TruGreen was the first CD&R portfolio company to pilot the CD&R talent scorecard. In the two years since implementing the scorecard, the company has delivered gains across the outcome-focused KPIs tracked (based on employee survey data indexed to 100):



LOOKING AHEAD

Continuous improvement is the cornerstone of our philosophy. Over time we will gather longitudinal data from the portfolio Talent Survey that will inform our focus areas for the years ahead, such as fair pay, employee engagement, or talent retention.

CASE STUDY



Supporting and Engaging a Global Workforce

By instituting leadership training, engagement programs and enhanced communications, BrandSafway has created what we believe are meaningful pathways forward for career development and advancement.

ABOUT THE COMPANY

CD&R Fund Investment: 2020
Headquarters: United States | Atlanta, GA

BrandSafway is a leading global provider of access, specialized services, and forming and shoring solutions to the industrial, commercial, and infrastructure markets. The company is a respected, century-old legacy that delivers value by helping customers improve productivity and safety on every jobsite and has been recognized by *Engineering News Record* (ENR) as #4 in their Top 600 Global Specialty Contractors list in 2023. This industry recognition and consistent position in the top five reflects BrandSafway's global leadership in serving the broadest range of solutions with the greatest depth of expertise.


CHALLENGE


BrandSafway operates in 30 countries and has about 350 locations. The company has nearly 40,000 employees, and approximately 32,000 of these are hourly workers. After a 2022 survey showed that most of the workforce didn't feel like there was a satisfying path for career progression, the company wanted to improve career development and progression programs, focusing on the hourly workforce, in a centralized way for the entire organization.



AREAS OF FOCUS

 Empower leadership excellence

 Accelerate growth and profitability

 Expand information accessibility

“Companies that do well prioritize taking care of their people and helping them grow.”



Meg Newman
Executive Vice President & Chief People Officer



VALUE CREATION LEVERS



Reduce costs



Improve valuation potential



SOLUTIONS

FOCUS ON PATHWAYS TO GROWTH

In its efforts to create career pathways, BrandSafway launched Lead the Way, a frontline leadership program designed to help employees develop leadership skills to grow into their next role, such as Construction Manager or Project Controls, which are critical roles to hold before being promoted to Branch Manager. Other initiatives included programs for talent management and career development. These programs now help ensure the workforce has the core competencies to succeed, which leads to better business results.

CREATE A CONSTANT DRUMBEAT

Many employees were unaware of the career opportunities available to them. The Human Resources (HR) team focused on educating employees in ways specific to individual roles, and HR field teams worked closely with regions and branch managers to communicate opportunities and encourage them to seek out leadership development. In addition, an app was created specifically to keep the hourly workforce informed. With this increased engagement, the company aims to also increase satisfaction and retention.

CONNECT WITH OTHER LEADERS

Through the CD&R HR Council, BrandSafway leaders were able to learn from other HR professionals, and get a broader view of talent issues, challenges, and initiatives beyond a single company. In turn, this enabled leaders to gather ideas and feedback to improve organizational efficiencies within their own organizations.

90%

of Regional Vice President roles were filled internally after a reorganization in July 2024.

50%

of Branch Managers are on bench for bigger roles as of their March 2024 Talent Review.

100%

retention rate was achieved for employees who have attended the Lead the Way program.¹⁶

702

supervisors completed the Lead the Way program.¹⁶

¹⁶ From June 2023 to June 2024.

LOOKING AHEAD

The program continues to evolve in many ways, including a future focus on developing sales employees, deploying a global learning brand, equipping managers and leaders to have career development conversations with teams, and continuing to find new ways to communicate with those working in the field.

DISCOVER MORE

- Learn more about [BrandSafway](#).
- Follow BrandSafway on [LinkedIn](#) and [Facebook](#).

Community

Our focus on workforce development is reflected in the activities of the CD&R Foundation, whose goal is to support “Equity through Opportunity,” specifically employment opportunity. To increase access to workforce training and development for more people, we focus on three dimensions of change (listed to the right).

At the heart of our Foundation are the impactful non-profit organizations that increase access to economic opportunity.

Our partnership program is designed to increase workforce development through organizations that focus on upskilling, resources, training, and tools for untapped talent in New York and London. We call these organizations Talent Solution Partners (TSPs). Since the Foundation launched in 2021, we have introduced 32 TSPs in New York and London. In addition to funding, CD&R offers TSP members hands-on learning opportunities, supplies volunteers, and provides communications support.

We also leverage the skills and talent of our workforce; each CD&R team has the opportunity to hold a volunteer engagement activity, organized in conjunction with the Foundation. By the end of 2024, CD&R will have hosted a total of 20 team engagement activities.

LOCAL



Identify and address barriers to economic opportunity through employment, partnering with mission-aligned nonprofits in NYC and London.

INDUSTRY



Partner with non-profits and vocational/training programs to strengthen the workforce development ecosystem in sectors where we know there to be opportunity.

EMPLOYMENT ECOSYSTEM



Support organizations that educate stakeholders and address barriers related to the Foundation’s mission—equity through opportunity.

Total Foundation Funding Commitment since inception:

\$24 million

Inclusion

We strive to promote processes, policies, and behaviors to enable all team members to do their best work as well as provide growth opportunities so all can reach their potential. In practice this requires a commitment to transparency, candor, development, and feedback. We believe that a diverse workforce is a key driver of performance, and we seek to ensure our team has a wide variety of experiences and perspectives. As a founding signatory of **ILPA's Diversity in Action initiative**, we aim to motivate broad industry support for advancing diversity, equity, and inclusion in private capital.

Creating a Culture of Belonging

At the center of this work at the Firm level is CD&R's Inclusion Committee, whose mission is to make all members of the Firm feel that they can bring their authentic selves to work, have every opportunity to do their very best work, and reach their highest potential. The committee, which includes CD&R employees representing a variety of experiences, seniority levels, and roles, meets regularly and its findings are reported directly to the CEO.

The committee works across four subcommittees: Strategic Partnerships, Communications & Firm Engagement, Well-being, and Learning & Development.





The **Strategic Partnerships** subcommittee seeks to support talent acquisition and provide access to resources for networking and mentoring, while at the same time supporting broader market efforts that align with the Committee’s objectives. In 2023 and 2024, CD&R team members attended the Women in Investing Conference, designed to help strengthen the network of women pursuing investment management roles in private equity, hedge funds/mutual funds, and venture capital. In 2023, we conducted our first event with Management Leadership for Tomorrow, an organization focused on accelerating careers for Black, LatinX, and Native American individuals in private equity. Other initiatives include mentorships, workshops, fellowships, and panel discussions that foster a culture of inclusion at CD&R. In 2024, we launched the first CD&R Fellowship, a five-month professional development program for 16 seniors from seven liberal arts universities interested in learning about private equity investing.



The **Communications and Firm Engagement** subcommittee seeks to design and implement approaches to understand the experience of employees and identify improvement opportunities. In 2023 and 2024, the Committee took on an extensive survey that elicited feedback from across the Firm at all levels, resulting in a series of actions to refine the Firm’s multi-constituent employee communication program.



The **Well-being** subcommittee has initially been focused on mental health and well-being in the workplace. The committee’s work in 2023 and 2024 has included efforts to raise awareness of resources and how to access them; a review of policies and practices that impact mental well-being; and the implementation of new services (e.g., a list of peer-recommended counselors) and programming (e.g., thought-leading speakers).



The **Learning and Development** subcommittee is tasked with providing employees with tools to foster a more inclusive, equitable, and diverse environment at CD&R. Efforts in 2023 and 2024 included promoting allyship within the firm by encouraging employees of all levels and backgrounds to participate, and organizing a series of interactive events that engage and educate team members. For example, the “Power of Words” seminar brought together approximately 130 individuals from across the New York office with a focus on inclusive language.

Portfolio Diversity

We support the advancement of diversity within our portfolio company boards and management teams, and we continued to make progress in 2023 and 2024.



CASE STUDY

INIZIO

Embracing Inclusion for Better Outcomes

At Inizio, leading with conscious inclusion—the intentional effort to bring everyone to the table—is more than a principle, it’s the key that strengthens every link in the value chain.



ABOUT THE COMPANY

CD&R Fund Original Investment: 2020
CD&R Fund Investment: 2021
Headquarters: Ireland | Dublin

Inizio is a dynamic commercialization platform for the pharmaceutical and biopharmaceutical industries. Their platform bridges the gap between cutting-edge science, market insights, actionable data, technology, and creative execution. The company’s mission is to help clients accelerate the clinical development and commercialization processes, to help ensure life-changing treatments reach those who need them faster.

CHALLENGE

Crafting a unified global diversity, equity, and inclusion (DEI) strategy for a company as multifaceted as Inizio was no small feat. With various businesses under one roof, each with their own culture and stage in the DEI journey, the challenge was to develop a cohesive strategy that aligned partners, clients, employees, and business units while driving commercial value.

“Our vision is to advance health equity and unlock new possibilities. This requires intentional processes and inclusive dialogue that elevate diverse perspectives. We’re not just adding DEI initiatives, we’re embedding them into everything we do.”



Stefanie Christmas
Global Head of Diversity, Equity, and Inclusion

AREAS OF FOCUS



Empower leadership excellence



Promote diversity and inclusion



CASE STUDY

VALUE CREATION LEVERS



Preserve existing value



Create new revenue streams



SOLUTIONS

SET THE FOUNDATION

The Journey began by hiring the first Global Head of DEI, consolidating DEI efforts across business units, and establishing a unified DEI vision and strategy for the next three years. Inizio built a Global DEI team to help business units develop their DEI capabilities, both internally and for their clients, making it clear that DEI is not an afterthought at Inizio. It's a core component of the company's strategy, with clear and measurable goals that drive value for colleagues, clients, and patient populations alike, helping to reimagine healthcare.

ENGAGE EMPLOYEES

The company focused on its own internal teams to ensure that the DEI strategy was directly aligned with key business objectives. By engaging employees through localized DEI councils and Business Employee Resource Groups, DEI is being built into the fabric of the company rather than being a "one-off" initiative. Inizio embodies diversity from the inside out—in doing so, they've cultivated a culture where employees feel comfortable exploring big ideas and innovative solutions that have an impact beyond their spaces.

COMMIT TO HEALTH EQUITY

Health equity is not only a moral imperative but also a priority business strategy for Inizio clients, with the potential to open up underserved markets and improve healthcare for millions of people. In 2023, the company stood up working groups of health equity champions from each department to provide strategic advisory for clients. The resulting collaborative teams are creating a link between Inizio's health equity approach and how it comes to life with clients.

Inizio Evoke recognized as **Inclusion & Diversity Team of the Year** by World Fifty Group Impact Awards (March 2024).

Inizio Medical recognized as **Communique Awards Finalist** for Action on Workplace DEI.

Score of 100

awarded to Vynamic²⁰ on the Human Rights Campaign Foundation's 2023-2024 Corporate Equality Index.

²⁰ Vynamic is a company within Inizio Advisory. Please visit <https://www.hrc.org/resources/corporate-equality-index> for more information on the Human Rights Campaign Foundations 2023-2024 Corporate Equality Index.

LOOKING AHEAD

Inizio launched the global DEI strategy, guided by the United Nations Sustainable Development Goals, in May 2024. Moving forward, the company plans to continue to build out global programming and enable leaders and councils within each business unit to drive local implementation, allowing DEI efforts to remain responsive to evolving needs of both employees and clients and continue driving impactful outcomes.

DISCOVER MORE

- View [Inizio's Global DEI Policy](#).
- View [Inizio's 2023 Sustainability Report](#).

Workplace Safety

Workplace safety is paramount because it supports the well-being and protection of our employees and portfolio companies' employees, who are our most valuable assets. By prioritizing safety, we aim to create a secure and productive environment that minimizes the risk of accidents and injuries. This commitment helps to foster trust and morale among the workforce and enhances operational efficiency and compliance with regulatory standards. Ultimately, a strong safety culture supports our mission to create value while maintaining the highest standards of integrity and responsibility.

We deepen our engagement with portfolio companies each year on critical safety-related issues, which can help create significant value. Investing in the ongoing development of Environmental Health & Safety (EHS) leaders fosters a robust community of practice across our portfolio. This community regularly convenes to share best practices, hear from third-party experts, and participate in roundtable discussions on topics such as contractor management, ergonomics, and audits. These collaborative efforts not only enhance safety practices but also drive operational excellence and innovation, which we believe ultimately contributes to the overall success of our companies.



06

Portfolio



In This Section

55 Portfolio Reporting Updates



Portfolio Reporting Updates

The Firm engages with portfolio companies in a way that aligns with their business objectives, and that supports them in developing metrics to reach these objectives (see [Strategy](#) to learn more about CD&R’s process and tools).

The Firm promotes metric selection that is based on improving the information set relevant to decision making. This is the philosophy behind the **CD&R Sustainability Reporting Standard**. After establishing the standard in 2022 and completing our first cycle of collection in 2023, we have been focused on expanding the coverage and quality of the data we collect and increasing the utility of that data as it pertains to portfolio company decision making.

In 2024, 39 companies participated in the CD&R reporting process, responding to 88% of the requested data points, up from 65% in the prior year. We put in place enhancements to the data collection process to better measure documentation and repeatability of metric calculations and systems of record. We also enhanced firm processes to review portfolio company data and provide feedback to help them identify abnormalities, correcting them if appropriate.

We believe that collecting data is only valuable if it can be used to generate decision-useful information, so, in 2024, we introduced a portfolio-wide program to analyze and benchmark data across the portfolio. The program, which is in the pilot phase, looks at normalized company data compared to private

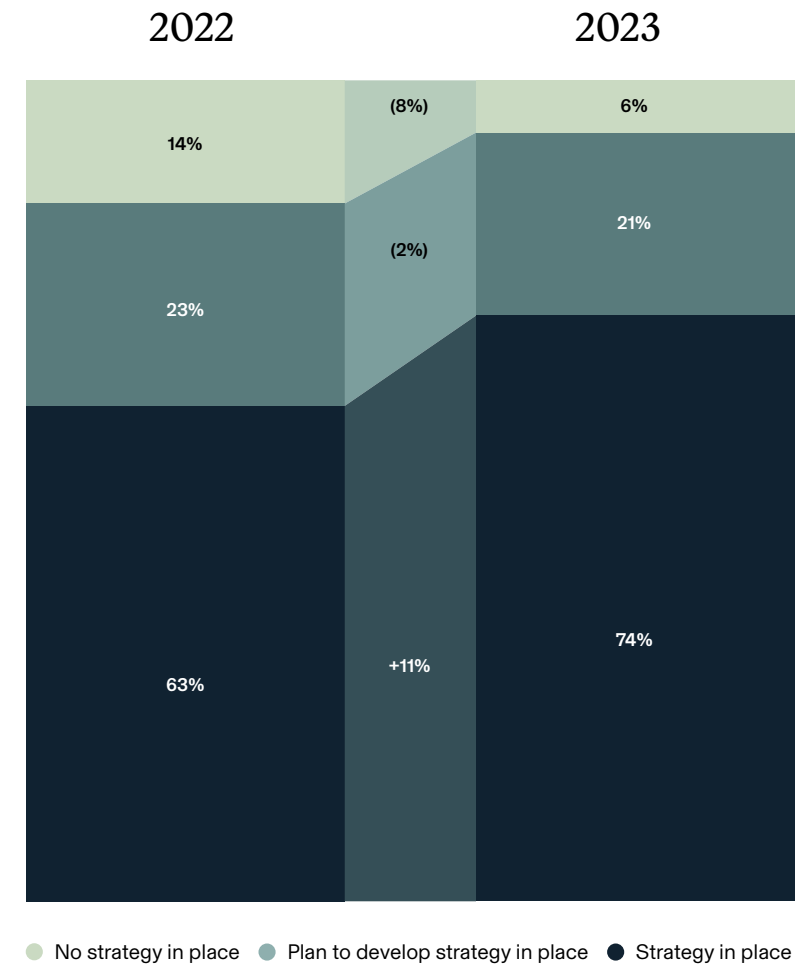
market benchmarks (based on EDCI), public market benchmarks (based on Refinitiv data), and custom peer set benchmarks.

These portfolio companies have released public reports detailing their sustainability efforts since the beginning of 2023.



Portfolio Strategy Development

Companies are asked to describe their sustainability strategy, or, in cases where the strategy has not yet been developed, their plan/timeline to put one in place.



CASE STUDY



Listening to the Voice of the Market

Cornerstone Building Brands is amplifying stakeholder voices to turn insights into tangible impacts.



ABOUT THE COMPANY

CD&R Fund Original Investment: 2018
Headquarters: United States | Cary, NC

Cornerstone Building Brands, Inc. is a leading manufacturer of exterior building solutions in North America. The company's products and solutions serve both residential and commercial markets. The company operates with unrelenting customer focus and a strong emphasis on safety, quality, and performance. Supporting efforts to build a better tomorrow—now and for generations to come—the company is on a journey of continuous improvement, promoting compliance with environmental regulations and requirements while developing new programs and strategies. As the company considers the entire value chain of products, its areas of focus include energy efficiency, waste diversion and product circularity, and responsible sourcing and securing of supplies.

“Sustainability is a journey, not a destination. No matter how mature a program is, there are always opportunities to focus on incremental, continuous growth and develop strategies for improvement each and every day.”



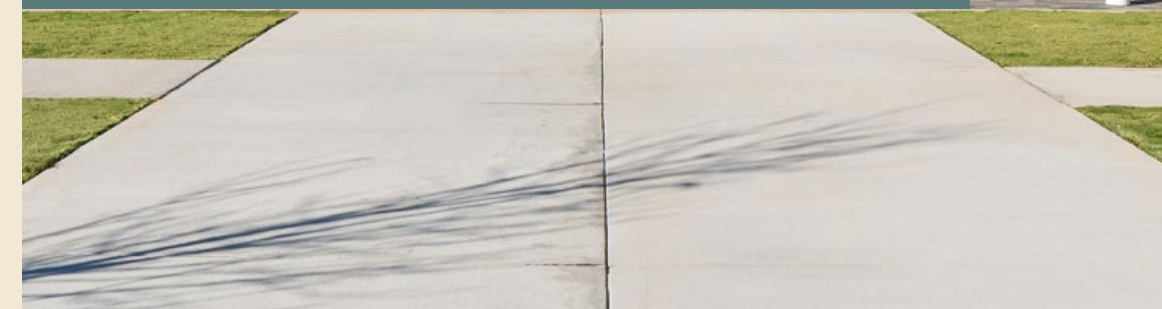
Alena Brenner
Executive Vice President,
General Counsel and Corporate Secretary

AREAS OF FOCUS

-  Empower leadership excellence
-  Accelerate growth and profitability
-  Expand information accessibility

CHALLENGE

It takes an ongoing commitment for a scaled collection of brands and business units to create a sustainability strategy that leverages the inherent sustainable value of building and construction products, meets the needs of all stakeholders, and responds to industry trends.



VALUE CREATION LEVERS



Preserve existing value



Create new revenue streams



SOLUTIONS

CONDUCT A VOICE OF THE MARKET STUDY

This analysis was conducted through peer disclosure benchmarking, research of product positioning, and interviews with customers and industry experts. The research assisted Cornerstone Building Brands in prioritizing ESG initiatives to develop a competitive advantage via market differentiation. It helped leaders understand current and future market trends and highlighted opportunities for creating both environmental and commercial value across the product portfolio.

DEVELOP A PLAN TO MOVE FORWARD

The survey revealed how Cornerstone Building Brands can advance in several key areas:

- Highlighting product sustainability attributes with customers
- Improving education, marketing, and brand identity across the supply chain, empowering business units to build initiatives into their own strategies
- Developing new products with clear sustainable attributes

BUILD A SUSTAINABILITY PROGRAM

To develop a foundational sustainability program, Cornerstone Building Brands connected with other CD&R portfolio companies to share best practices and leverage relationships with external third-party partners that helped the company enhance its program. The program has resulted in increased disclosure, aligning with industry standards and establishing Cornerstone Building Brands' leadership in reporting and transparency through improved data quality and governance.

IDENTIFYING OPPORTUNITY

To develop a sustainability strategy that supports the company's goals, Cornerstone Building Brands:

Conducted 27 interviews

across a range of customer channels and industry experts.

Discovered multiple actions

they could take to enhance sustainability throughout their value chain and drive commercial growth in the short, medium, and long term.

LOOKING AHEAD

Cornerstone Building Brands continues to help customers understand the value that sustainability provides throughout the company's product offerings, and to embed more sustainable design into product development.

DISCOVER MORE

- View [Cornerstone Building Brands' Supplier Code of Conduct.](#)
- View [Cornerstone Building Brands' Commitments.](#)
- View [Cornerstone Building Brands' 2023 Sustainability Report.](#)

07

Appendix



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TCFD Index

We continue to develop our climate strategy using the Task Force on Climate-related Financial Disclosures (TCFD) framework as a guide to consider and disclose material climate change-related risks and opportunities. The following pages present CD&R's climate-related disclosures that we have sought to align with the TCFD core element recommendations.

Governance

CD&R takes stewardship of investor capital very seriously, and we believe this is reflected in our approach to managing our Firm and investment processes and our role in governing portfolio companies. See [Sustainability Governance](#).

Vindi Banga, Chair of the CD&R Sustainability Council, also serves as a Partner of the Firm, and regularly provides guidance to the Firm's Partners, encompassing the Executive Committee. This guidance includes updates on sustainability and necessary modifications or updates related to the Firm's climate-related risks, as appropriate. We have explicitly included certain climate-related considerations in the Firm's **Sustainability Policy**. **The CD&R Sustainability Council** routinely reviews practices and tools that deal teams can leverage to identify and manage material climate-related risks. The council also evaluates potential risks and opportunities on an ongoing basis that could impact our sustainability strategy and management. If these issues are deemed material, our Operations Risk Committee will consider whether modifications are necessary. Our Limited Partners Advisory Council holds approval rights for certain material matters, and the Firm provides annual updates to this council.

The Firm has also prioritized industry transparency and advances efforts to be better equipped to address climate-related risks and opportunities by supporting various collaborations:

- CD&R serves on the N.A. Operating Committee of Initiative Climate International (iCI) and our Co-President is a member of the Sustainable Markets Initiative Private Equity Taskforce. In that capacity, we continue to contribute to industry research collaborations related to climate issues. See [Industry Leadership and Partnerships](#).
- CD&R organizes portfolio-facing sustainability collaboration exchanges, which include climate considerations. See [CD&R Portfolio Exchange](#).

CD&R'S PORTFOLIO GOVERNANCE

Protect long-term value through ongoing portfolio monitoring and collaboration.

Support enhanced resilience throughout our portfolio by evaluating potential risk exposure and likelihood.

Accelerate the transition to a lower-carbon economy by helping portfolio companies expand their sustainability programs where possible.

Strategy

CD&R's climate strategy focuses on identifying potential risk exposures and transitional opportunities within our portfolio. We recognize and acknowledge the importance of evaluating and assessing material climate-related risks and their potential implications on the value creation of our portfolio. Our goal is to foster resilience within our portfolio by gaining insights into industry-specific climate risks and strategies that our portfolio companies can employ to reduce these risks. As part of our due diligence process, we may perform climate risk assessments to identify areas where a prospective portfolio company might be susceptible to physical or transitional risks. These risks, which may include decarbonization pathways, emissions profiles, and other factors, vary based on the industry and operations.

Recognizing that the shift to lower-carbon, climate-resilient operations requires change and collaboration, we work to support this transition consistent with industry-appropriate decarbonization pathways and our mandate to build value in our investments. Our approach to sustainable growth and reducing climate impact is founded on areas where we believe we can make a meaningful and quantifiable difference in creating and protecting long-term value.

During the acquisition process, CD&R may assess climate risks when they are perceived to have a material impact on the investment's performance.

We encourage our portfolio companies to establish and assess their own climate-related risks in the short, medium, and long term. If appropriate, they may develop decarbonization strategies.

Although we believe financially material climate considerations vary meaningfully across our industry verticals and portfolio, areas of focus among our portfolio companies to address such considerations have included:

- Creating an Inventory Management Plan for Greenhouse Gas (GHG) emissions
- Collaborating with customers and suppliers to redesign emissions-intensive processes
- Seeking third-party validation for science-based targets
- Integrating the results and actions from scenario analysis into existing Business Continuity Planning processes

Risk Management

We continue to integrate and refine tools and processes designed to mitigate material climate-related risks in our new and existing investments.

New Investments: CD&R seeks to incorporate consideration of material climate-related risks into our due diligence process, as described in our Sustainability Policy and subject to the limitations therein. Deal teams aim to assess and qualitatively comment on the potential vulnerability of a company's assets resulting from natural hazards or extreme weather events to identify material issues for investments.

Portfolio Companies: CD&R provides climate-related resources for portfolio companies. For example, we recently released a GHG Emission Guide for measuring and supporting the management of Scope 1, Scope 2, and Scope 3 GHG emissions.

We actively collaborate with portfolio companies to help them navigate their climate-related risks. This collaboration is multi-faceted and may include the following key elements:

- **Climate Strategy Development:** CD&R works closely with portfolio companies to support development of appropriate climate strategies. These strategies are tailored to each company's specific industry and operational context, and they outline clear goals and action plans for mitigating climate-related risks.

- **Knowledge Sharing:** CD&R facilitates knowledge sharing between portfolio companies (See **Portfolio Exchange**), allowing them to learn from each other's experiences and best practices in managing climate-related risks.
- **Support for Implementation:** CD&R provides support to portfolio companies as they implement their climate strategies. This support can take various forms, including facilitating partnerships and offering expert advice.

Through these collaborative efforts, CD&R helps its portfolio companies to effectively navigate their climate-related risks and contribute to their broader sustainability goals.

Ongoing Portfolio Monitoring: Sustainability metrics are frequently reviewed during CD&R Strategic Portfolio Operating Reviews, which include the Firm's array of operating partners and advisors to our funds. The process is designed to evaluate strategic priorities, business plan execution, talent management, and resource allocation with the objective of helping each portfolio company identify and execute against key opportunities and capture additional performance gains. We have established a standardized **Sustainability Dashboard**, which is prepared by the investment team in advance of the Operating Review.

The dashboard reflects the investment team's assessment of a company's performance and progress in five areas related to sustainability: strategy, oversight, initiatives, metrics, and communication. The dashboard is now built into both Operating Reviews and Firm meetings, which means investment teams can provide their assessment of sustainability at each company at least twice per year, aiming to enhance alignment and accountability and stimulate a meaningful conversation around each company's situation, potential, and value creation opportunities.

Metrics

Our objective is to collect a range of climate-related metrics, with limited exceptions, from all of our portfolio companies. These metrics include GHG emissions (Scopes 1, 2, and 3), energy consumption, waste and recycling, and water usage. We also encourage our companies to identify their own strategic metrics as relevant to their own sustainability strategy and set targets against them as appropriate.

Our goal is for our portfolio companies to report to CD&R in accordance with the CD&R Sustainability Reporting Standard and to enhance their reporting capabilities up the assurance ladder. While CD&R strives to assist companies in defining their own goals, we do not impose specific targets on them. We also encourage our portfolio companies to leverage third-party sustainability frameworks to report on their sustainability efforts.

Sustainability Policy

The Sustainability Policy (the “Policy”) of Clayton, Dubilier & Rice (“CD&R” or the “Firm”) is based on a belief that addressing material sustainability considerations is an important part of investing and building better businesses. We generally regard “sustainability”—in the context of business activities—as the ability of an organization to operate in a way that meets the needs of the present without compromising the needs of the future.

The Firm believes sound sustainability practices help businesses deliver value, not only to investors, customers, and suppliers, but also to employees and communities. The Firm believes that an effective sustainability strategy is essential for building strong brands and safeguarding reputation, and vital for long-term success.

The Policy outlines CD&R’s approach to integrating material sustainability issues into our decision making across the life cycle of our investments and commercial activities. We define sustainability issues to include environmental, social, or governance-related risks, opportunities, or impacts.

The Firm provides investment management and advisory services to affiliated private equity funds (each, a “Fund” and together, the “Funds”). CD&R works to ensure that sustainability is integrated into how we operate as a Firm, our investment process, and our portfolio management approach. The Firm also encourages its Funds’ portfolio companies (each, a “Portfolio Company” and together, the “Portfolio Companies”) to assess and manage the material sustainability issues associated with their business operations.

For the purposes of this Sustainability Policy, “material” sustainability issues are defined as those issues likely to have a substantial impact on an organization’s ability to create or preserve economic value for that organization and its investors.²¹ Notwithstanding anything in this Sustainability Policy to the contrary, the Firm does not expect to subordinate any Fund’s or any Fund investor’s investment returns or increase any Fund’s or Fund investor’s investment risks as a result of (or in connection with) the consideration of any sustainability issues.

²¹ As determined by the Firm. In this policy, we are not using “material” as that term is used under the securities or other laws of the US or any other jurisdiction, or as it is used in the context of financial statements and financial reporting.

Sustainability Topics

Topics that we seek to consider in our sustainability diligence and in our work with portfolio companies, where material, include the following:

 Environmental				 Social				 Governance		
CLIMATE	POLLUTION	WASTE	RESOURCE USE	EMPLOYEE	CUSTOMER	BUSINESS	COMMUNITY	BUSINESS PRACTICES	TRANSPARENCY	LEADERSHIP
Carbon Emissions	Air	Solid	Water Stress	Health and Safety	Product Safety and Quality	Product Design and Lifecycle Management	Accessibility	Ethical Behavior	Tax	Board and Management
	Water	Electronic	Energy Management	Labor Practices	Privacy and Data Security	Supply Chain Management	Community Investment	Competitive Behavior	Accounting	Executive Pay Structure
	Soil	Hazardous	Biodiversity and Land Use	Diversity and Inclusion	Selling Practices	Operating Resilience			ESG Program	Purpose and Values
	Other Pollution	Wastewater		Hiring and Advancement						Critical Risk Management
				Worker Experience						

Scope and Limitations

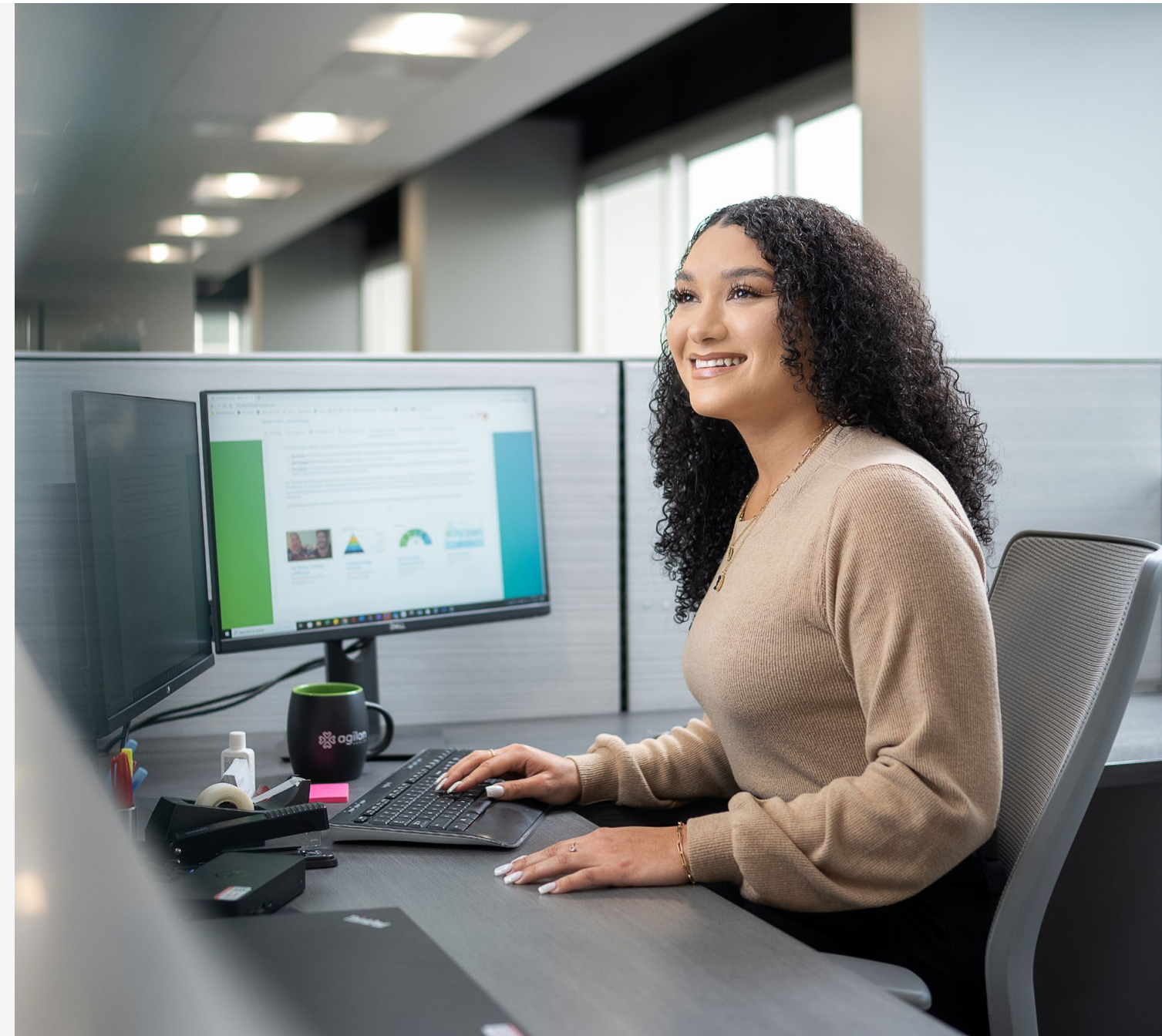
This Sustainability Policy is intended to reflect the Firm's general framework for identifying and managing sustainability issues through the lifecycle of an investment. The Firm's ability to influence and exercise control over the companies in which the Funds invest will vary depending on the investment structure and terms. In cases where the Firm determines it has limited ability to conduct diligence or to influence and control the consideration of sustainability issues in connection with an investment, whether at the investment or at the Fund-level, the Firm will only apply those elements of this Sustainability Policy that it determines to be practicable. Examples of such cases include where a Fund is in a minority shareholding position or has limited governance rights; or where other circumstances affect the Fund's ability to assess, set, or monitor sustainability-related performance goals.

Sustainability at CD&R

CD&R seeks to pursue the following:

- **Assess and monitor the material environmental impacts of the Firm's activities** and seek to reduce or mitigate such environmental impacts;
- **Work to advance diversity, equity, and inclusion** within the Firm;
- **Work to integrate considerations relating to the human rights** of those affected by our Funds' investment activities; and

The full Policy, which includes information regarding the Firm's approach to investment analysis and due diligence, responsible portfolio company ownership, sustainability monitoring, engaging with stakeholders, and governance, is available to investors on our reporting website or upon request.



CD&R