

## *CLEARLAKE'S JOSÉ E. FELICIANO NAMED TO 2021 PE LEADERS IN DEI*

Mergers & Acquisitions names the 2021 PE Leaders in Diversity, Equity & Inclusion, including José E. Feliciano, co-founder and managing partner of Clearlake Capital Group.

As the private equity industry matures, many of its leaders are focusing increasingly on philanthropy. José E. Feliciano, co-founder of Clearlake Capital Group, is a good example. In July, Feliciano was named one of the winners of the Robert F. Kennedy Human Rights 2021 Ripple of Hope Awards. The latter honors exemplary leaders across government, business, advocacy, and entertainment who have taken a bold stand for justice and human rights. On top of that, Feliciano and his wife, Kwanza Jones, are co-founders of the Supercharged Initiative. The Kwanza Jones & José E. Feliciano Supercharged Initiative is a philanthropic grantmaking and impact investment organization that invests in both nonprofits and for-profit ventures that are compatible with its goal to make a lasting impact across four key priorities: education, entrepreneurship, equal opportunity, and empowerment. Recent gifts were made to Princeton University, Stanford University and Bennett College, one of the country's oldest historically black colleges for women.

Based in Santa Monica, California, Clearlake was founded in 2006. The firm manages about \$39 billion focusing on the software, technology-enabled services, industrials, energy and consumer sectors. Among the firm's recent deals, on Aug. 5, Clearlake said it is going to take talent management software company Cornerstone OnDemand Inc. (Nasdaq: CSOD) private for \$5.2 billion.

Feliciano shared some insights with Mergers & Acquisitions in this Q&A:

### **What steps you are taking to improve DEI at your firm?**

Since the firm's inception, I and my co-founder Behdad Eghbali have worked to foster a culture of diversity and equal opportunities. Given our own backgrounds, we understand the unique challenges that diverse professionals can face in private equity, and we felt it was important to set a "tone at the top" to promote, cultivate and nurture diversity at Clearlake. To that end, Clearlake adopted a Diversity Policy and set in motion a series of initiatives to ensure we maintain a consistent and continued focus on the important goals of diversity and inclusion across all aspects of our business. And it's working – as of July 2021, over 75 percent of the firm's employees are considered diverse.

A key component of our hiring strategy has been to develop strategic relationships with nonprofit organizations supporting women and minorities. Some of these organizations include the Association of Asian American Investment Managers (AAAIM), Robert Toigo Foundation (Toigo), Sponsors for Educational Opportunity (SEO) Alternative Investments, and the Women's Private Equity Summit. Clearlake's partnership with these organizations provides the firm with a platform to recruit, employ, educate, and sustain a team of mixed cultures and skills, and also advances Clearlake's commitment to the development and advancement of diversity in the industry overall.

Diversity is not something you can “achieve” and then move on. We’re always looking to improve, so we are continually reviewing our operations and initiatives to seek better ways to expand or enhance our efforts to create a vital and accommodating workplace.

**What steps are you taking to improve DEI at your portfolio companies?**

As part of our operational improvement strategy, known as O.P.S., we engage in ESG due diligence at inception of an investment where we evaluate the target companies DEI policies, results and most importantly opportunities for improvement. We work with our management teams to find opportunities to advance diversity practices and programs. We not only look at a company’s diversity statistics overall, but we also strive to promote more varied representation at the executive and board levels. We are strong believers that diverse leadership leads to better governance, and our portfolio company Diligent, in partnership with Clearlake, recently launched the Modern Leadership initiative to help organizations build more diverse and inclusive boards and leadership teams.

In addition, we engage ESG experts where necessary to complement our skill and expertise where we look for greater exposure to areas where we are looking for continuous improvement. Through ESG due diligence and third-party reviews, we can better identify ESG risks and opportunities at the portfolio company level, both before we make an acquisition and afterwards. We also conduct objective assessments to measure progress on DEI. This includes a regular review of our companies’ policies around Diversity and Inclusion and Parental Leave. In addition, we insist on a Code of Conduct that covers harassment, discrimination and/or workplace violence.

**Anything you’d like to add?**

I think it’s important for young people today to have exposure to leaders from a wide array of backgrounds, because only when they can see many examples of success can they truly believe their own dreams and goals are achievable. This is especially important in PE, which is less understood than other areas of finance within diverse communities. There’s a great need for sponsorship, mentorship, and inclusive policies to support the long-term success of underrepresented talent, which is why I and others at the firm take an active role in the ongoing development and advancement of diverse professionals, both internally and within the industry.