



2021 Annual Report

Environmental, Social and Governance

Our Commitment to ESG

During 2021, the COVID-19 pandemic continued to have broad impacts on our society and our businesses. Numerous hurdles have challenged businesses, whether that be from a human capital perspective, demonstrated by uncertainties around a growing labor shortage and unprecedented concern for employee and consumer health and safety, or navigating disruptions in supply chain to ensure business continuity.

The significant impact of the pandemic has underscored the importance of upholding the environmental, social, and governance (ESG) commitments established under our ESG program.

For Centre Partners, strong ESG performance demonstrates a healthy and resilient business within its everyday operations, and one that can withstand the uncertainties of this pandemic and other global market disruptions. In 2020, Centre Partners successfully executed the full implementation of a formal ESG program guided by our ESG policy, due diligence, and monitoring procedures. We now have the capabilities to consistently conduct ESG due diligence for new acquisitions and are instituting material ESG data tracking among our existing portfolio companies to monitor ongoing performance and quantify improvements over time.

ESG Governance

Our set of ESG principles, which seek to integrate ESG considerations into our investment process, were developed based on the guidelines established by the UN Principles for Responsible Investment (UN PRI) and the Private Equity Growth Capital Council's Guidelines on Responsible Investment (GRI).

ESG Due Diligence

Centre Partners performs a third-party diligence review of potentially material ESG topics for each new investment to simultaneously identify areas of risk that may affect the performance of the business and also detect opportunities to enhance the value of our businesses.

Active Ownership

Priority ESG focus areas identified during due diligence for each portfolio company are leveraged to establish relevant ESG metrics that, through established monitoring and reporting procedures, quantify the extent to which ESG standards are successfully being integrated across the portfolio.



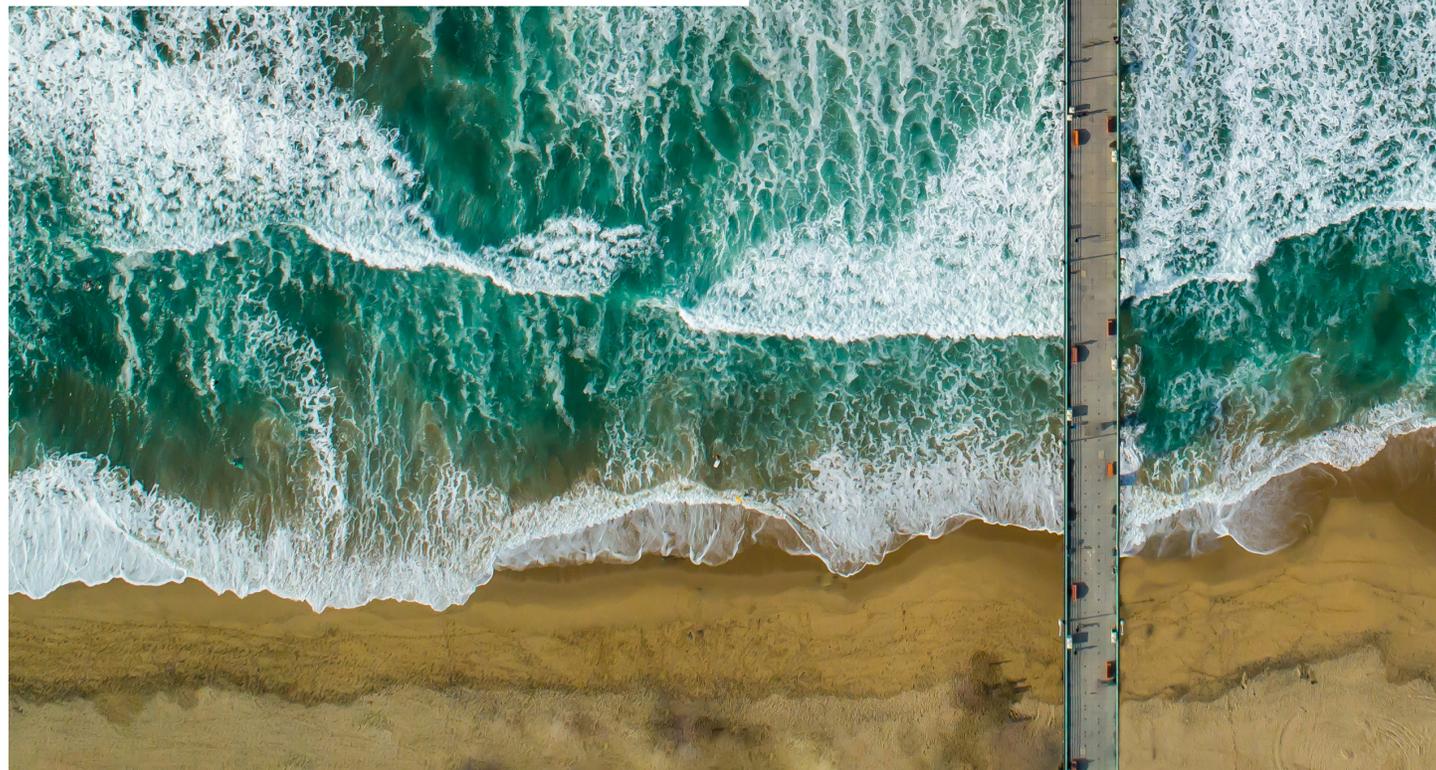
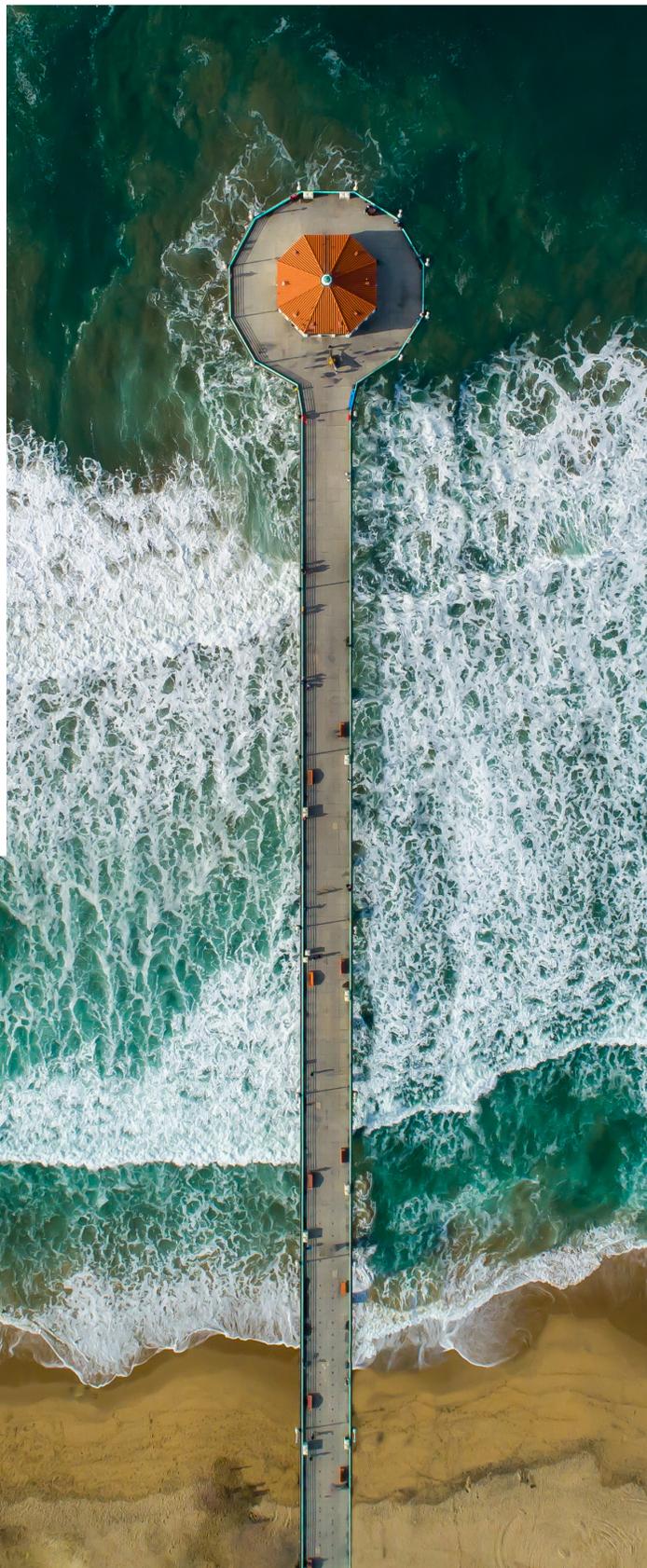
“ At Centre Partners, we are committed to creating long-term value through investing responsibly. ”

Enhancing ESG Capabilities

In 2020, Centre Partners advanced its ESG program via establishment of a periodic monitoring and reporting cadence across our portfolio companies.

We engaged a dedicated ESG third-party advisor to help Centre Partners identify portfolio-wide and company-specific ESG metrics for tracking and reporting. Key ESG focus areas were identified for each particular business sector and associated ESG metrics were recommended for collection and reporting to quantify performance over time and for integration into our quarterly board updates.

In 2021, Centre Partners continued the ESG monitoring and reporting strategy to comprehensively measure each portfolio companies' ESG performance across the identified ESG focus areas. The ongoing tracking of ESG data and reporting has enabled each portfolio company to establish benchmarks and improve material ESG metrics.



Focus Areas and ESG Highlights



Manufacturer and supplier of wet wipes and other personal care products for leading CPG brands, as well as retail customers

Focus Areas

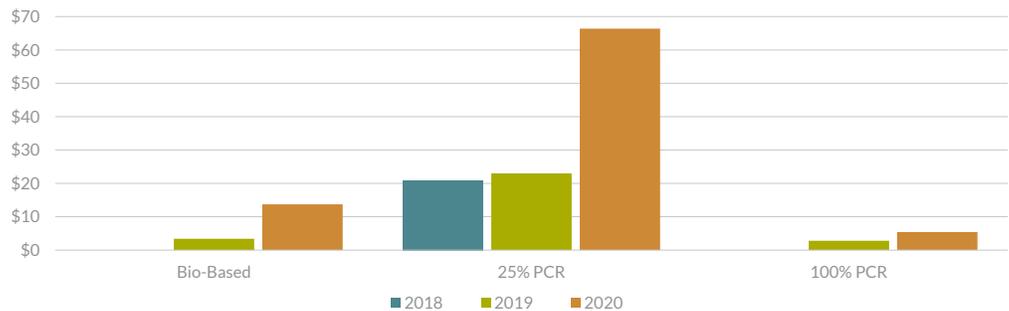
- Water & Wastewater Management
- Product Quality & Safety
- Employee Engagement, Diversity & Inclusion
- Product Design & Lifecycle Management
- Supply Chain Management
- Employee Health & Safety

Total OSHA recordable incidences has decreased 42% (from 7 in 2018 to 4 in 2020).

Guy & O'Neill ("G&O") continues to emphasize environmental stewardship across its product portfolio, from sourcing materials to the finished product. G&O works with its suppliers to identify sustainable raw materials and minimize its environmental footprint, where possible, at each phase of production. A greater emphasis on developing environmentally friendly household products through investments in bio-based and post-consumer recycled (PCR) products is demonstrated by the rise in annual sales of these products year-over-year.

G&O is also a participant in the Safer Choice program, developed by the US Environmental Protection Agency (EPA) Pollution Prevention Program, which includes practices that reduce, eliminate, or prevent pollution at its source. Companies who make products carrying the Safer Choice label have heavily invested in research and reformulation to help consumers, businesses, and purchasers find products that perform and contain ingredients that are safer for human health and the environment.

Annual Sales (in millions) in Environmentally Friendly Product Lines



Leading manufacturer of branded and private label Hispanic foods, including cheeses, desserts, and meats

Focus Areas

- GHG Emissions & Energy Management
- Water & Wastewater Management
- Product Quality & Safety
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion
- Animal Welfare
- Supply Chain Management

Highlights

- 100% of supplier facilities are verified to meet animal welfare standards.
- 100% of supplier facilities maintain certifications with the Global Food Safety Initiative (GFSI) program.
- Sabrosura Foods ("Sabrosura") incurred zero product recalls between 2019 - Q4 2020.



Focus Areas and ESG Highlights



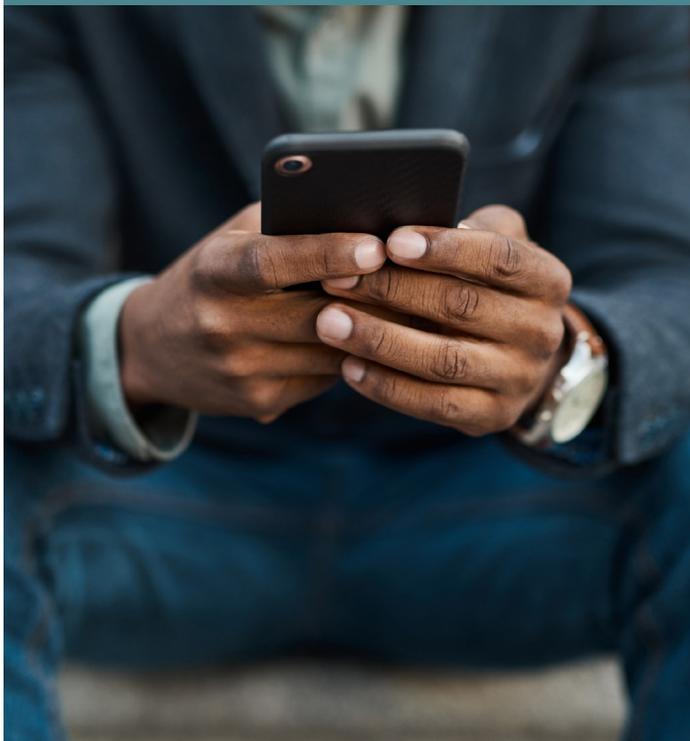
AT&T National Authorized Dealer providing home and cellular phone, television, and internet services

Focus Areas

- Energy Management
- Employee Recruitment, Development & Retention
- Employee Engagement, Diversity & Inclusion
- Customer Satisfaction
- Data Security
- Data Privacy
- Business Ethics

Highlights

- In order to attract and retain talented Sales Reps in its stores, Midwest Mobility Solutions ("MMS") has implemented industry-leading levels of base compensation and sales commission incentives. The average MMS sales rep earns \$14.70 hourly plus \$800+ per month in commissions, more than 20% higher than competing dealers in its markets.



Provider of medical and psychological evaluations and case review services.

Focus Areas

- Data Security & Customer Privacy
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion
- Business Ethics
- Customer Welfare

Highlights

- Zero HIPAA breaches have been reported, which is tracked through the IMA Group's ("IMA") new reporting system, EthicsPoint.
- Implemented a security awareness and threat protection system, PhishingBox, which runs periodic testing campaigns that sends fake phishing emails to test staff and provides relevant training if a failure occurs.
- Implemented a Learning Management System (LMS), which assigns each new employee a course of study including OSHA, HIPAA, IT security awareness, and harassment & discrimination prevention education.



Focus Areas and ESG Highlights



Provider of landscaping services for residential and commercial customers

Focus Areas

- Energy and Fleet Management
- Water Management
- Employee Health and Safety
- Employee Engagement, Diversity & Inclusion
- Labor Practices
- Supply Chain Management and Materials Sourcing
- Business Ethics

Highlights

- United Land Services (“ULS”) tracks water usage across its sod farms with the goal of reducing usage over time.
- Developed and formalized a safety training guide and training program to implement best safety practices and track safety key performance indicators (KPIs) across the organization.
- To bolster employee engagement, ULS hosts lunches with the Chief Executive Officer (CEO), plans an annual leadership offsite event, and distributes a monthly company newsletter.



Leading developer and marketer of retro arcade games and other specialty gaming products

Focus Areas

- Energy Management
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion
- Data Privacy & Security
- Supply Chain Management and Materials Sourcing
- Business Ethics
- Intellectual Property and Competitive Behavior

Highlights

- Total turnover decreased 77% from 2020 – Q3 2021.¹
- All seven manufacturers audited every quarter.



1. Higher than typical turnover occurred in Q2 2020 due to the COVID-19 pandemic, which may impact turnover rates.

Focus Areas and ESG Highlights



**One
World
Fitness**

Leading owner and operator of fitness clubs under the Planet Fitness banner

Focus Areas

- Energy Management
- Employee Health & Safety
- Customer Welfare
- Employee Engagement, Diversity & Inclusion

Reduced OSHA recordables from 4 in 2019 and 2 in 2020 to zero YTD in 2021.

The COVID-19 pandemic has required fitness clubs to adjust daily business operations for both the benefit of its members and its bottom line, but One World Fitness ("OWF") has identified ways to reduce its environmental impact throughout this transition. OWF has remained committed to operating as an environmentally conscious business demonstrated by its initiatives implemented over the past year and future plans to reduce its environmental footprint:

- Altered its pre-COVID-19 operating hours from 24/7 hours to modified hours, typically 5 am – 9 pm daily, reducing its daily energy consumption.
- Implemented light-emitting diode (LED) lighting and tankless water heaters in every club across its portfolio, resulting in a reduction in energy and natural gas consumption while utilizing more energy efficient alternatives.² Tankless water heaters enable facilities to only heat water when needed on demand rather than continuously expending energy to maintain the heat of a traditional 50-gallon water supply tank, thereby eliminating standby heat loss and resulting in energy-saving elements. Tankless units can reduce energy use by 24-34% compared to a traditional water heater tank by heating water on demand.
- Working with National Energy & Light to strategically implement lighting in clubs to minimize the total number of lights required and maximize the efficiency of the lighting for each area of the club (e.g. main floor, bathrooms, strengthening areas, etc.).
- Working with Save Energy Systems to implement sensors and a demand limiting controller (DLC) that will manage the load on the grid such that it levels the demand and avoids heavy draws to reduce peak demand and lessens the burden on energy generation and the grid.



2. One World Fitness has not been able to separate the energy reduction related to LED lighting and tankless water heaters due to the confluence of increased membership and club usage coming out of the pandemic. However, Planet Fitness Headquarters noted they have experienced a \$10k/year reduction in energy consumption as a result of LED lighting after making the transition pre-covid.

Key Theme Across the Platform

In the COVID-19 impacted operating environment, our businesses have faced a challenging labor market and have implemented a number of initiatives to recruit, develop, and retain qualified employees.



A formalized bonus system for all salaried employees was established and the business hired a formal training coordinator to develop a more robust employee training program. G&O also conducts a market assessment 2-3 times a year to benchmark its compensation against peers' local wages to remain competitive in the marketplace and optimize retention through competitive pay.



Sabrosura implemented a wage increase across the workforce in Q4 2020 to combat labor shortage concerns, dramatically improving recruiting efforts and talent pool.

In the initial stages of launching a tiered progression wage structure wherein hourly employees will receive a pay increase once they have attained additional skills through Sabrosura's cross training program to bolster internal promotions and upward mobility.



IMA implemented a Learning Management System (LMS) last year to facilitate periodic employee trainings and recently enacted a new management training program that will include performance management and hiring practices to expand upon its continuing education opportunities for current employees.



MMS demonstrates strong personal development and continuing education opportunities for its employees. Over 80% of the MMS leadership team started with the company as a sales representative and have moved up internally through development and promotions.

Maintains an assistant manager program, allowing employees to join bimonthly calls to learn various managerial tasks. A bonus program was also implemented where a store and district managers' bonus is directly based off of what their employees are earning on commission, which is used as an incentive program and to bolster teamwork among each store. In June 2021, MMS also added a tenure bonus to employees' bonus structure to reward employees who stay longer.

As a part of the mentorship program, when an assistant store manager (ASM) is promoted to a Store Manager (SM), the newly promoted SM will receive a mentor and that mentor will get a portion of ASM's bonus to train the employee. This is used as an additional continuing education opportunity and incentive program.



Tastemakers recently rolled out a new bonus program for employees that is based on EBITDA and certain key performance indicators (KPIs) as an additional incentive program.

Tastemakers found that once employees began working at home due to COVID-19, its workforce was taking fewer days off. To encourage a better work-life balance, Tastemakers has added new company holidays such as national pizza day and an extra day off for Labor Day weekend.

2021 Focus Area

Employee Recruitment, Development and Retention

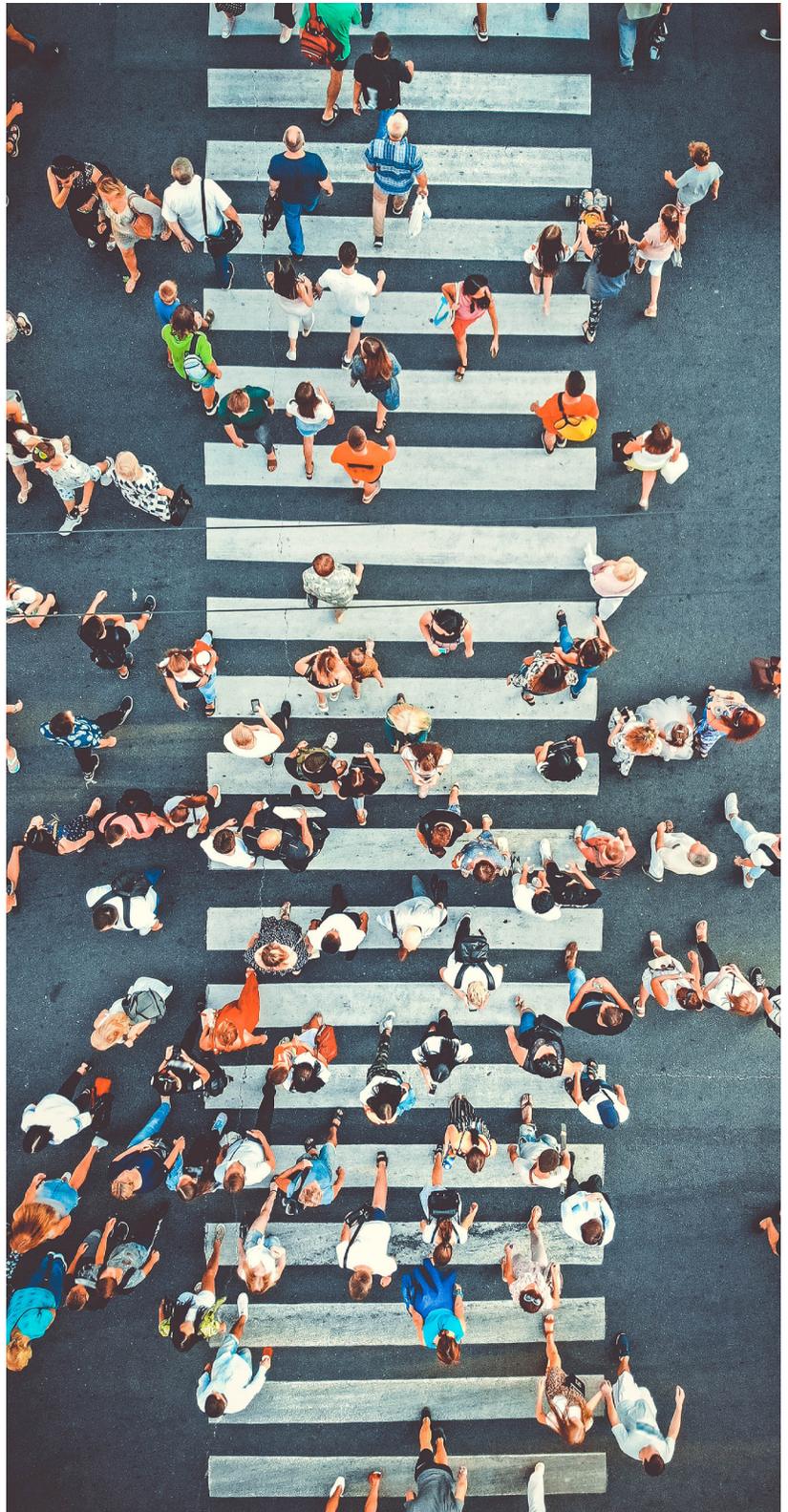


ULS recently became a participant in the H-2B program due to hiring concerns and a labor shortage. Through the H-2B program, ULS Hires workers from Mexico who will be classified as temporary employees for several months (from around October 1 – middle of December). ULS will be tracking the costs and benefits to this program (housing, transportation, etc.) to assess the feasibility of opting into the program in spring 2022. Four sites are currently utilizing the H-2B programs which will result in the requisition of 50 total employees for the company.

Looking forward, ULS plans to hire a Vice President of Human Resources (HR) to develop HR processes, formalize HR documentation, implement bonus programs, put in place variable compensation programs, and standardize job descriptions. ULS plans to deploy an engagement survey in Q1 2022, publish a bilingual company newsletter (English & Spanish) and implement town halls twice a year.



Through Planet Fitness University, employees are encouraged to participate in the cross-training program, covering safety, handling member complaints, etc. to learn managerial skills and accelerate career advancement. Through their emphasis on employee training and development, OWF has promoted six assistant managers to club managers from the leadership program and one general manager to regional manager in the past year.

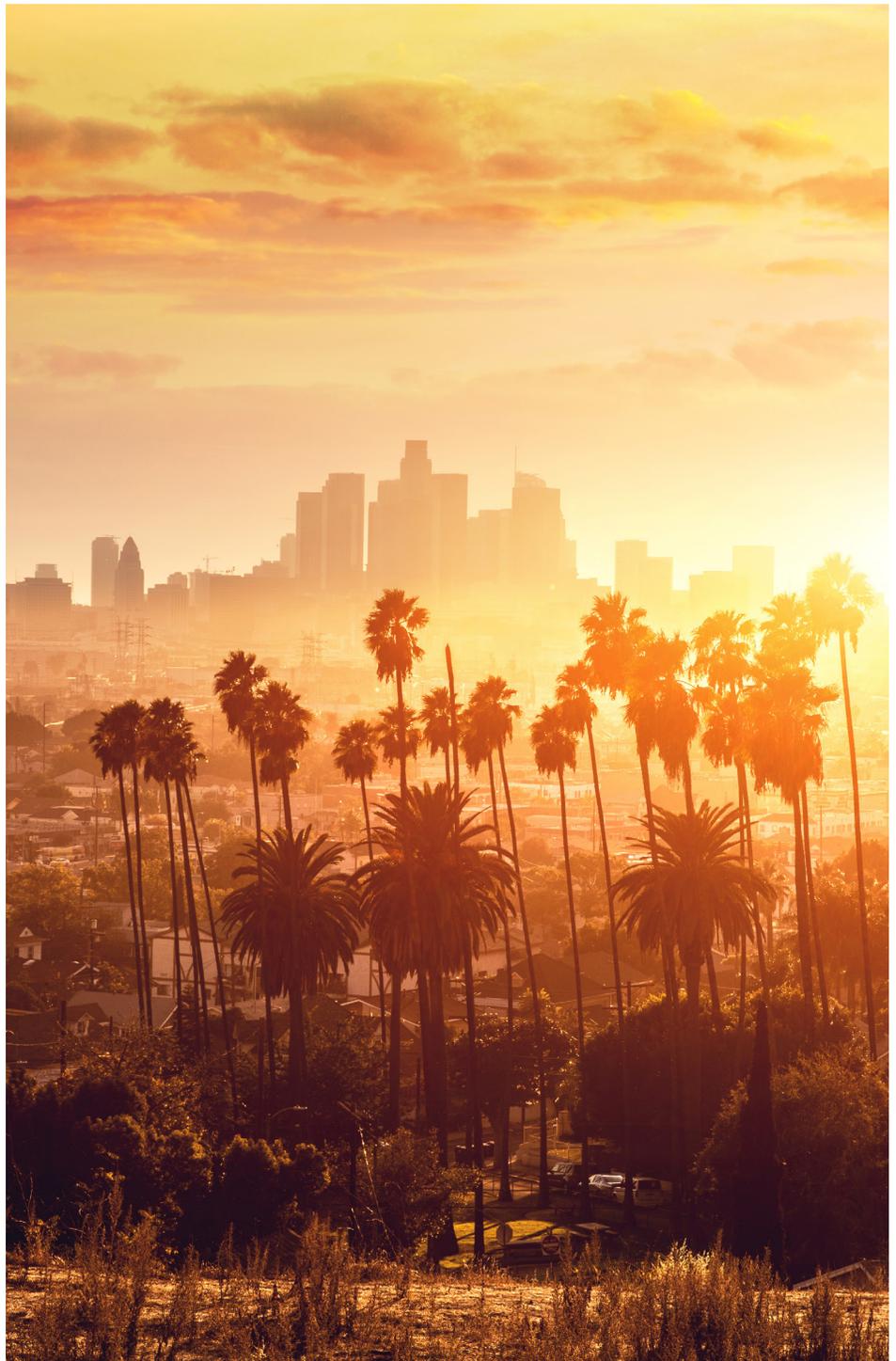


Conclusion

Our 35+ year history of exceptional partnership with our management teams, built on collaborative and respectful relationships and supported by our extensive network of resources, has proven strong enough to weather externalities as significant as a global pandemic.

And through this experience, we have seen that environmental, social and governance (ESG) considerations maintain their importance in today's investing environment, and implementation of strong ESG programs are key to managing risk and enhancing value through the investment process.

Our evolving ESG strategy has enabled us to identify and develop priority ESG metrics for monitoring at the portfolio company level, support ESG initiatives across the portfolio, and establish an ongoing reporting process. ESG continues to grow as a priority throughout the lifecycle of our investment processes and we will continuously work towards improving upon our approach at both the firm and portfolio company level. Centre Partners will utilize these reporting procedures to establish benchmarks and quantitatively improve ESG performance over time with all future Centre VII companies, and intends to continue refinement of our ESG data collection process as we continue to grow our business.







Contact Us



New York

Centre Partners Management LLC
601 Lexington Avenue, 55th floor
New York, NY 10022-4611

P 212-332-5800

F 212-758-1830



Los Angeles

Centre Partners Management LLC
11726 San Vicente Blvd., Suite 450
Los Angeles, CA 90049

P 310-207-9170

F 310-207-9180