



2020 Annual Report  
**Environmental, Social  
and Governance**

# Continuing Our Commitment

**During 2020, we have experienced dramatic changes in our business and our broader lives as the COVID-19 pandemic has impacted the world. Specifically, the pandemic has meaningfully impacted businesses in matters of labor continuity, employee and consumer health and wellness, public health and supply chain continuity.**

However, the pandemic has also demonstrated the critical role that many of our companies play in providing necessary goods and services to the consumer and the broader economy. Collectively, these impacts have highlighted the importance of our commitment to continuing the development of our environmental, social, and governance (ESG) program.

At Centre Partners, we designed our formal ESG program in 2019 by originating our policy, diligence, and monitoring procedures. Though we have long undertaken aspects of ESG in our investment processes, 2020 has been the first full year of executing the formal program. Apart from unique incidences of good process ESG implementation, in general, our main programmatic progress this year has come in consistently conducting comprehensive ESG due diligence on new acquisitions and instituting formal ESG monitoring procedures with our existing portfolio companies.

## ESG Policy

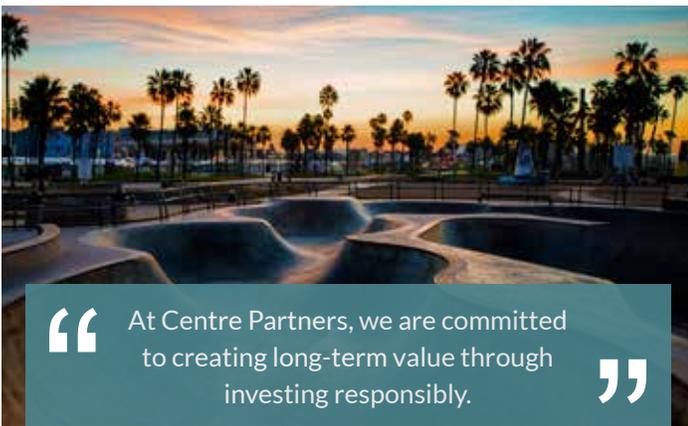
Set of principles to guide the integration of ESG considerations into our investment process, including the guidelines set forth by both the UN Principles for Responsible Investment and the Private Equity Growth Capital Council's Guidelines on Responsible Investment

## ESG Due Diligence

Review completed for all new investments to identify ESG issues that could affect the performance of portfolio companies to deliver long-term value

## Active Ownership

Integration of ESG standards into management of portfolio company operations and monitoring of performance



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

As investors in consumer and healthcare industries, our companies have played an important role in the community's response to the pandemic. Our portfolio companies operate in industries which have experienced a new normal as the country learns to operate in a COVID positive environment. As later discussed in further detail, some examples include: consumer health & wellness (One World Fitness), cleaning products and personal care (Guy & O'Neill), food products (Sabrosura), and in-home entertainment (Tastemakers).

# Enhancing ESG Capabilities

**In 2019, we focused our efforts on formalizing the ESG program and developing a right-sized process for our business. This included integrating ESG consistently throughout our firm, conducting pre-investment due diligence and engaging with portfolio companies on ESG issues. Our deal teams now have the tools necessary to integrate ESG into the investment analysis process and Centre Partners is positioned to manage ESG issues throughout portfolio company ownership.**

This year, we have further developed these capabilities and established a regular monitoring and reporting cadence with portfolio companies. In early 2020, we engaged a dedicated ESG third-party advisor to help us develop a metrics and reporting strategy. Based on the ESG focus areas identified for each company, we were able to develop a set of portfolio-wide and company-specific ESG metrics for reporting. We have engaged each company in the Centre Partners VII portfolio on the ESG metrics recommended for their particular business sector, incorporated other metrics already being tracked and have begun collecting quantitative performance metrics on a regular basis as part of our quarterly board updates.



# COVID-19 Impact and Response

**During 2020, the Centre Partners portfolio companies have been primarily focused on navigating the various impacts of the COVID pandemic on their business.**

Most importantly, each business has been focused on achieving safety for employees as well as customers (for our Consumer businesses) and patients (for our Healthcare businesses). Significant protocols have been enacted to avoid the transmission of the virus, including measures such as utilization of PPE, social distancing, COVID testing, establishment of return to work protocols and enhanced cleaning measures. In addition, the companies have implemented a number of initiatives to counteract operating environment challenges with labor continuity, supply chain and other matters, as further outlined below.

		
<b>COVID-19 Impact on Business</b> 	Designated as an “essential business,” G&O has continued to operate through the pandemic	Stopped receiving case referrals in early April after the Social Security Administration and Veterans Affairs Administration suspended consultative evaluations; referrals resumed in June
<b>Management Response</b> 	Implemented changes including personal protection equipment in the manufacturing plants, frequent work area disinfection, staggered lunch breaks, wearing of masks, temperature taking, employee retention bonus program and other key initiatives	Implemented changes including work from home, temporarily closing certain clinics, limiting staff in open clinics, strict health and safety protocols and quickly transitioning to offer telehealth services to clients across all lines of business
<b>Recent Performance</b> 	Significant surge in demand as consumers increased their purchase of household staples such as disinfectants, sanitizers and general home cleaning products	Sequential improvements in demand for services as Company works through a strong backlog of cases and has won three COVID-testing/ screening contracts
<b>Long-Term Outlook</b> 	Demand has increased considerably as consumers become increasingly aware of the importance of disinfecting and sanitization	Well-positioned to grow organically and will benefit from a large backlog of social security disability exams and Veterans Affairs Compensation and Pension exams

# COVID-19 Impact and Response



	 <b>One World Fitness</b>	
<b>COVID-19 Impact on Business</b> 	<p>All 26 clubs in NJ, CA and MA closed in mid-March and all clubs (except 1) reopened on September 1st</p>	<p>Designated as an “essential business,” Sabrosura has continued to operate through the pandemic</p>
<b>Management Response</b> 	<p>Management implemented stringent new safety protocols, including operating at a percentage of capacity, social distancing in clubs, mandatory masks for admission to club, touchless check-in and enhanced cleaning procedures</p>	<p>Implemented stringent new safety protocols, including issuing personal protective equipment to its workforce, implementing daily temperature and symptom checks and expanding pre-existing sanitation protocols</p>
<b>Recent Performance</b> 	<p>Check in activity has returned to near pre-COVID levels, as members are highly focused on maintaining their health and wellness and feel comfortable working out in clubs due to strong safety protocols</p>	<p>Robust retail demand amid stay-at-home orders driving levels of food consumed at home well above historical averages</p> <p>Foodservice customers adversely impacted by the pandemic, but volume levels starting to recover in Q3 2020</p>
<b>Long-Term Outlook</b> 	<p>Compelling value proposition in challenging economic environment and during time when consumers are increasingly focused on health and wellness</p> <p>Clubs are well-suited to facilitate exercise while social distancing due to large size and spacious layouts, long operating hours and operating protocols</p>	<p>Strong demand for the Company’s products driven by increased preference for cooking at home and a shift in consumer behavior</p>

# Focus Areas and Case Studies



Manufacturer and supplier of cleaning 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

Guy & O'Neill's mission is to understand consumers and develop products that make their lives better. During a time when personal health and safety is of utmost importance, the company's household products, including cleaners and wet wipes, are helping people to stay safe and healthy. In the beginning of the COVID-19 pandemic, when demand for such products skyrocketed, there was limited supply within an unstable supply chain. Guy & O'Neill quickly responded to the increased demand by ramping up production and is currently in the process of developing a new product with a large national retailer that will launch in 2021. To meet consumer demand for environmentally-friendly household cleaners, this new portfolio of products will have a bio-based formulation. The new formulation for both liquids and wipes will display the EPA's Safer Choice label, which helps consumers identify products that have safer chemical ingredients, without sacrificing quality or performance.



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



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



# Focus Areas and Case Studies



## One World Fitness

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

### Focus Areas

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

The COVID-19 pandemic has been highly disruptive to the way Americans live their daily lives, and fitness clubs serve as a prime example. While fitness clubs typically offer a place for people to focus on their mental and physical health, mandatory closures have made access to regular exercise more difficult. During the COVID shutdown, the management team at One World Fitness developed a creative solution to provide access to fitness to those who needed it most. The Company's fitness club in Haddon Township is located in a building that was once the Westmont Theatre and has since been beautifully restored. As a free-standing building with its own large parking area, the Company was able to set up an outdoor fitness club in the parking lot. The open-air gym included a tented 6,000-square-foot space complete with cardio equipment, weight machines, dumbbells and benches that could accommodate up to 80 people while following strict safety measures (including touchless check-in, frequent cleaning of equipment, and social distancing). As a thank you to the community's hard-working frontline healthcare workers and first responders, One World Fitness provided them with free access to the facility for their workouts.



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



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



# Key Themes

The Centre VII portfolio companies vary in industry and operations, but ESG efforts have centered on select shared areas of focus:

			 <b>One World Fitness</b>	
<b>Waste Reduction</b> 	<p>Achieved FSC Chain-of-Custody certification for the purchase of FSC mix and FSC recycled nonwovens in bulk to convert into canisters, flow packs or shippers. Also includes the sale of FSC mix and FSC recycled household and sanitary wipe products</p>	<p>Implemented a new Paychex Learning Management System, which includes training on blood borne pathogens, hazard communication and compliance</p>	<p>Focused on mitigating use of natural resources through HVAC, lighting and water controls and managing environmental impacts by reusing equipment rather than sending it to landfill</p>	<p>Focused on full utilization of raw milk used in the processing of Hispanic cheese, sales of whey byproduct for use in other food/supplement manufacturing and unsalable cheese to processors for use in other cheese products or animal feed</p>
<b>Health &amp; Safety</b> 	<p>Prioritized health and safety of employees during period of unprecedented demand by ensuring social distancing, eliminating contract workers, following CDC guidelines, documenting procedures to prevent spread of COVID-19 and conducting contact tracing</p>	<p>Zero (0) Occupational Safety and Health Administration (OSHA) incidents in 2020</p>	<p>Implemented more rigorous protocols in response to COVID-19, including use of hydrostatic sprayer to clean and disinfect, focus on mask compliance, social distancing within workout area and adding hand sanitizer stations throughout gym</p>	<p>Focused on navigating through outsized demand during the COVID-19 pandemic, with the number one priority being employee safety. Put in place rigorous protocols that meet or exceed CDC guidelines</p>
<b>Employee Development</b> 	<p>Provided a significant bonus to all hourly employees and salaried workers</p>	<p>95% of new hires completed their initial training, which consists of between 4 to 6 courses depending on the position, within the first 7 days</p>	<p>Employees completed online training courses on Planet Fitness University, which cover topics ranging from managerial skills to safety in the clubs, during the COVID-19 shutdown</p>	<p>Evaluated all aspects of employee development and training including the introduction of employee townhalls, new hire training and introduction of a management incentive program to align priorities</p>
<b>Community Engagement</b> 	<p>Donated several pallets of hand sanitizing wipes to the local healthcare system in Wisconsin and give out products to employees every month</p>	<p>Administered COVID-19 testing for nursing homes, universities and businesses in New York, Virginia, Arizona, Florida, Maryland and Colorado. Also did temperature testing in New York City for the Department of Transportation</p>	<p>Enhanced the Planet Fitness app so that users, whether they are members or not, can participate in free virtual fitness programs and check the clubs to see what times have less of a crowd</p>	<p>Met the food needs of customers, communities and local families during the pandemic. Continued to donate excess product to food banks to support local families in need</p>

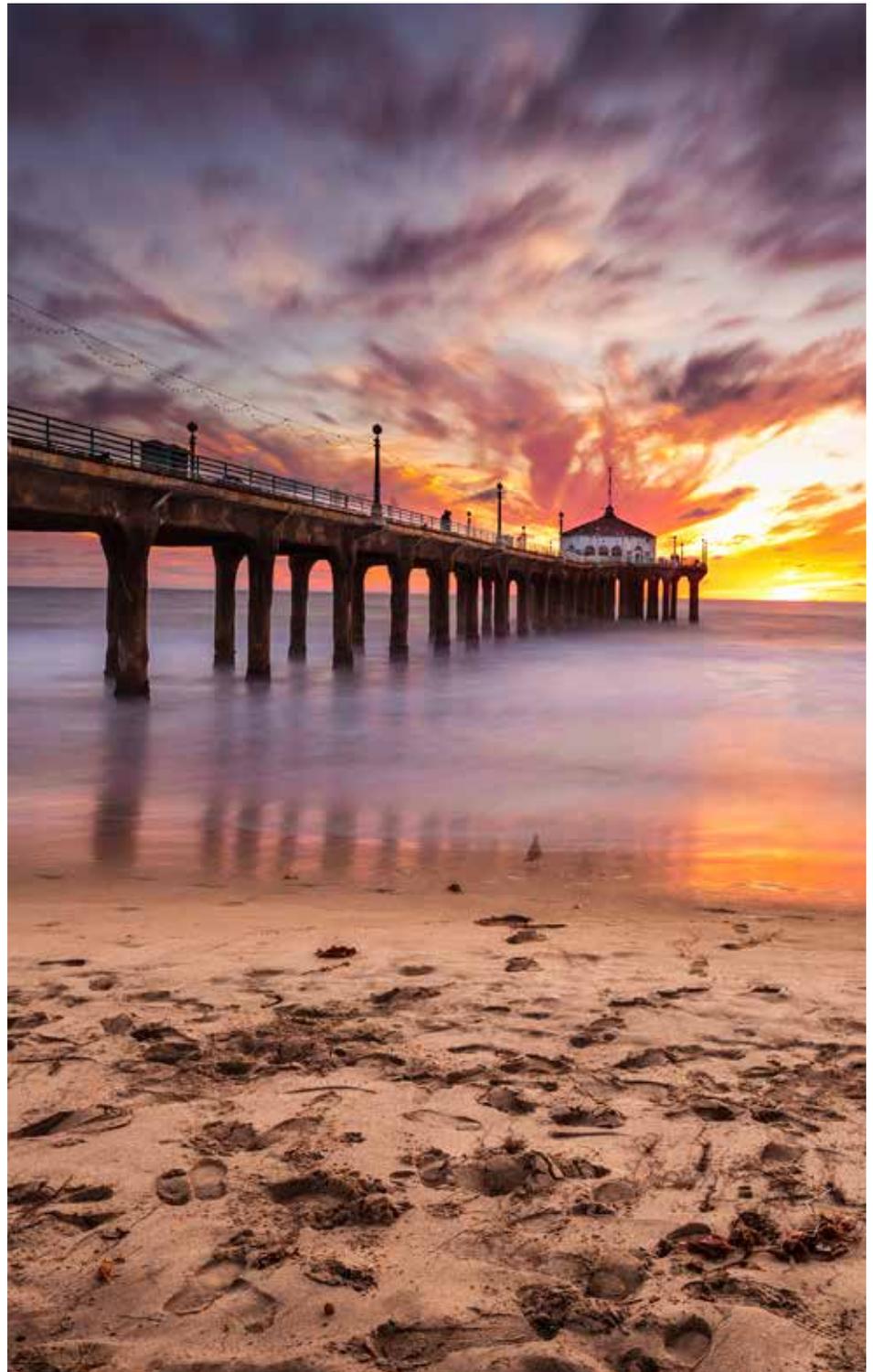
# Conclusion

**Our 30+ 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 resilient as we navigate a global pandemic.**

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

During 2020, we welcomed United Land Services and Tastemakers to the portfolio, and as part of our pre-investment diligence process, we completed an assessment of ESG focus areas. We will introduce both companies to the ESG metrics and monitoring process and continue to integrate our ESG standards into management of portfolio company operations.

Our teams have been intensely focused on running successful businesses despite the challenges posed by operating through the COVID-19 pandemic. Our team and our company's management teams remain highly focused on navigating the environment, but as we move forward with investment activity in Centre VII, we remain committed to integrating environmental, social and governance issues throughout the investment process from diligence through ownership to exit.





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