



2023 Annual Report

Environmental, Social and Governance

Our Commitment to ESG

Centre Partners prides itself on a collaborative approach with our management teams and portfolio companies, and for its track record in responsible investing over its over 35+ year investing history across 90 different businesses.

Centre Partners recognizes the need to integrate environmental, social, and governance (ESG) considerations into the full investment lifecycle of our portfolio and in day-to-day firm operations. Over the past six years, Centre Partners has developed and expanded our ESG program and incorporated ESG considerations into our investment process and portfolio company operating plans.

During 2023, Centre Partners continued to execute its formal ESG program guided by our ESG policy, due diligence, and monitoring procedures. We have now implemented our ESG program for the full Centre Partners VII portfolio and have begun to deploy the same initiative in our investing activities in Centre Partners VIII.

ESG Governance

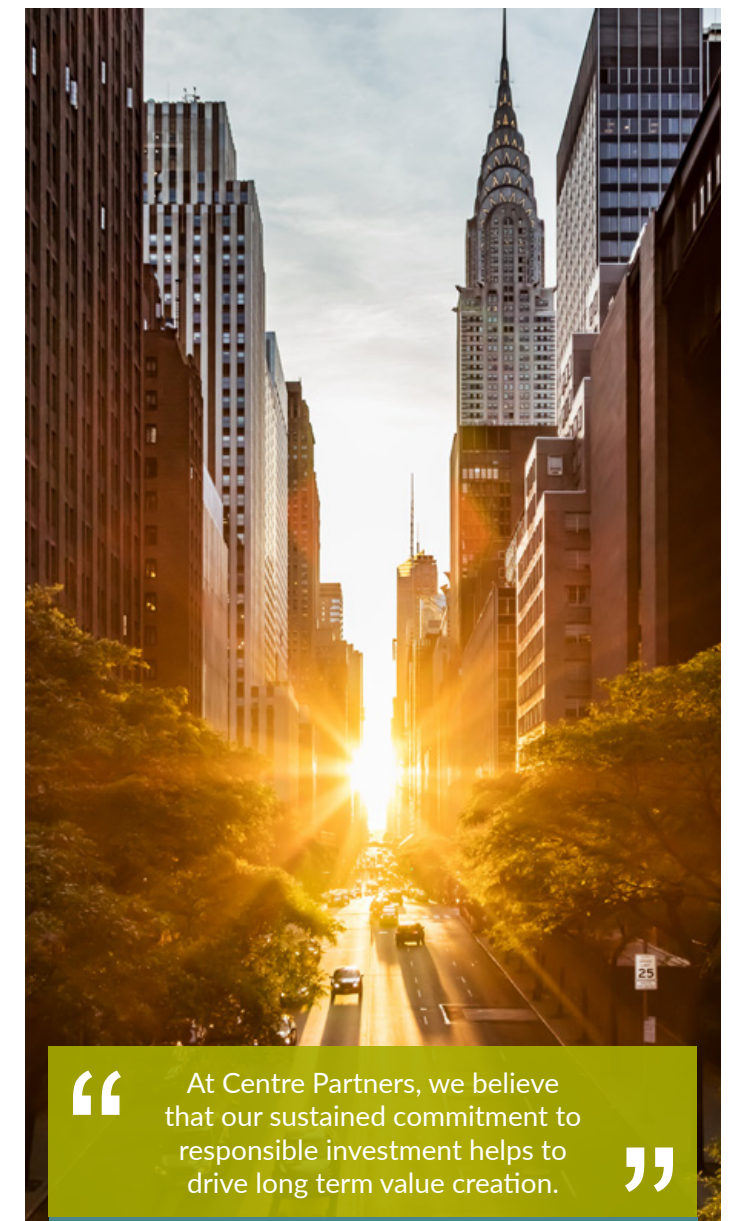
Our ESG principles, which seek to integrate ESG considerations into our investment process, were developed based on the guidelines established by the UN Principles for Responsible Investment (UN PRI) and the American Investment Council's Guidelines on Responsible Investment (GRI).

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 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 believe that our sustained commitment to responsible investment helps to drive long term value creation. ”

Enhancing ESG Capabilities



In 2023, Centre Partners has continued to utilize a dedicated ESG third-party advisor to conduct pre-investment ESG due diligence on new portfolio companies.


Utilizing the Sustainability Accounting Standards Board (“SASB”), material ESG topics and metrics for current and future portfolio companies are used to identify potential areas of ESG risk or value creation opportunities, allowing for Centre Partners and the portfolio companies’ management to measure and manage these considerations during the development of the investment strategy as well as during investment holding periods.

Additionally, Centre Partners has continued to utilize our previously established ESG monitoring and reporting strategy. This program has allowed Centre Partners to comprehensively measure each portfolio companies’ ESG performance over time across their identified ESG focus areas, collecting a variety of metrics on an annual basis from our portfolio companies, including turnover, year over year changes in total employment, safety violations, and total workforce, senior management, and board diversity. The ongoing tracking of ESG data and reporting has enabled each portfolio company to measure progress on material and relevant ESG metrics.

Focus Areas and ESG Highlights

Centre Partners continues to monitor ESG focus areas with our portfolio companies.

Throughout the past year, our companies have implemented several initiatives to manage material ESG topics for their business operations. A few examples of such initiatives and programs which have been implemented throughout 2023 are highlighted below:

	<p>AT&T National Authorized Retailer and service provider offering connected mobile devices, accessories, and other devices and services.</p>
<p>Focus Areas</p> <ul style="list-style-type: none"> Energy Management Employee Recruitment, Development & Retention Employee Engagement, Diversity, & Inclusion Customer Satisfaction Data Security Data Privacy Business Ethics 	<p>Highlights</p> <p>Utilized the Strategic Wireless Action Team (SWAT), in which a core group of team members with strong performance were sent throughout the country to new or struggling locations to recruit and train new hires as well as lead leadership training opportunities.</p> <p>Enhanced new hire training to help jump-start employees’ careers and make commissions more quickly after starting employment.</p> <p>While Alliance had no data breaches in the past year, an experienced IT Manager was hired to assist with Alliances’ data privacy and security program.</p> <p>Currently developing initiatives around community engagement, which will be managed at the corporate level to better maximize community outreach and support.</p> <p>For the ninth consecutive year, and the second year as Alliance Mobile, the Company earned the award for Metro Detroit’s The Best and Brightest Companies to Work For®.</p>





Seafood-themed quick-service restaurant group.

Focus Areas

- Energy Management & Resource Efficiency
- Waste Management
- Food Safety
- Health & Nutrition
- Labor Practices
- Supply Chain Management & Materials/Ingredient Sourcing

Highlights

Deployed an app to all tablets in restaurants to better track food safety by notifying supervisors of any equipment have held food temperatures outside of compliance parameters. The tablets then prompts troubleshooting action to correct. Since the implementation of tablets, there has been a 98% compliance in temperature tracking.

Through a partnership between the IT and HR departments, Captain D's proactively manages compliance with labor laws for minors by alerting managers several times of when an employee is approaching a needed action based on labor law requirements. After the introduction of notification through the Kitchen Display System (KDS), nearly all exception issues were eliminated.

Updated onboarding survey process so new hires receive surveys on day 10, 30, and 75 of their onboarding process. On day 75, new hires have the opportunity to notify the training department if they are interested in continued training opportunities.

Opened a redistribution center, which has helped reduce the number of shipments and truckloads needed to supply restaurants. This has reduced shipping by approximately 550 truckloads and mileage of shipments by 300,000 miles.



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

Highlights

Continues to participate in the Safer Choice program, developed by the US Environmental Protection Agency (EPA) Pollution Prevention Program to help participating companies utilize practices that reduce, eliminate, or prevent pollution at its source. The Program also encourages participants to invest 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.

Demand from its customer base has led Guy & O'Neill ("G&O") to deliver fully plant-based fabrics in products in place of synthetic fabrics. As market demand for plant-based products continues to grow, G&O is poised to help more customers realize their goals for sustainable product offerings.

Completed a thorough review of the company's sustainability practices and performance to report comprehensive metrics surrounding electricity and gas consumption, water usage, and waste management to their customer base.

In 2023, was named a Milwaukee's Best and Brightest Companies to Work For® by the National Association for Business Resources.





Provider of Medical and Psychological Evaluations and Clinical Research.

Focus Areas

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

Highlights

Completed Security Operations Center (SOC) reporting and plans to become SOC certified, which is a best practice for data security programs. Additionally, IMA conducts phishing and cybersecurity training during onboarding and repeats cybersecurity awareness training for all employees annually.

Enhanced IMA's health insurance provider to increase the number of employees that can receive free mental health and physical therapy services with no out of pocket costs.

IMA is in the process of surveying employees to identify affinity groups, which will provide employees who don't have representation in their location an opportunity to connect with similar employees at other locations and increase inclusivity.

IMA implemented a catastrophic leave program where employees who have had an accident can apply for additional Paid Time Off donated by other employees throughout IMA.



E-commerce platform providing branded footwear products.

Focus Areas

- Energy Management & Resource Efficiency
- Employee Recruitment, Development, & Retention
- Employee Engagement, Diversity, & Inclusion
- Data Security
- Data Privacy
- Supply Chain Management
- Product Stewardship & Safety

Highlights

Completed the transition of operations to a brand-new energy efficient warehouse with 100% LED lights and motion sensors for lights in both the office and warehouse areas. Additionally, only highly populated areas are heated.

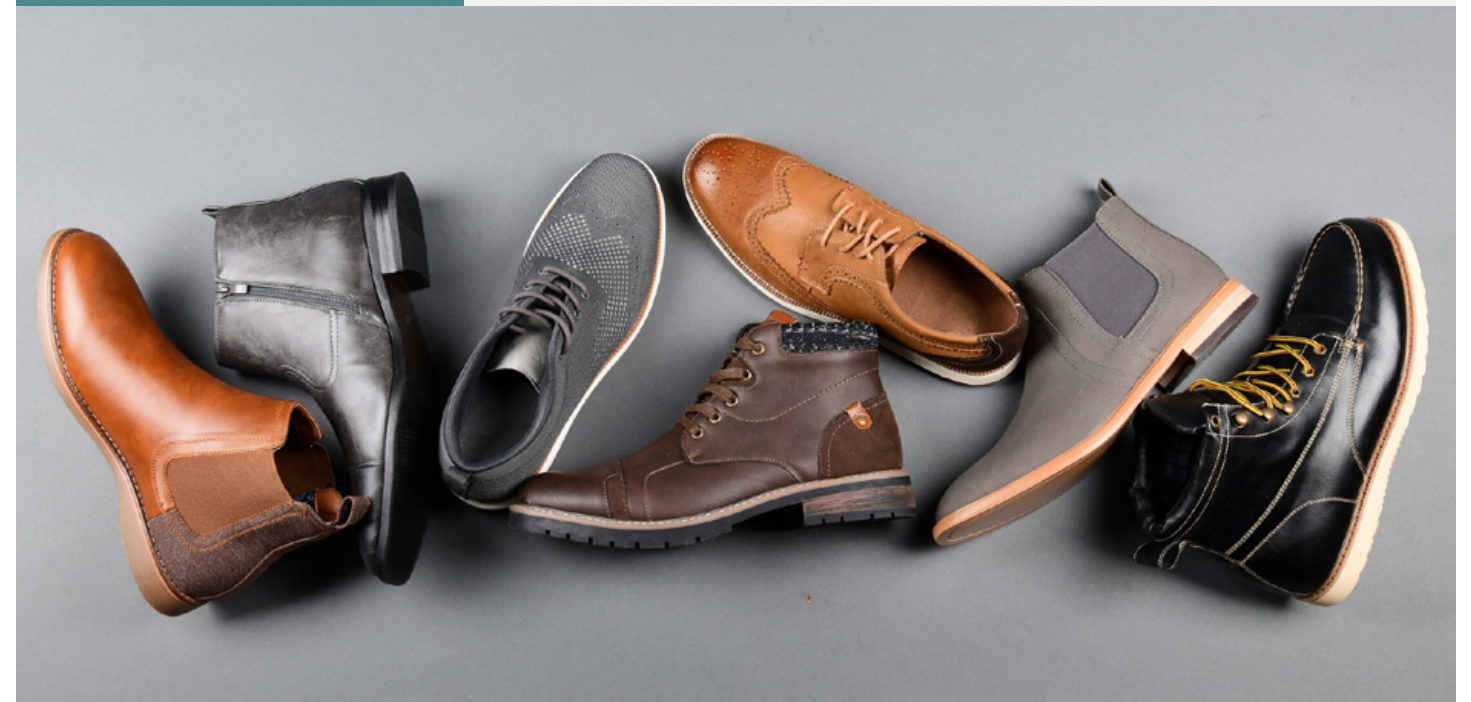
Implemented new onboarding and ongoing training for warehouse employees to increase retention and includes on-site trainers to assist any employee that may need additional support in learning.

While a formal employee engagement survey has not been conducted, KNS utilized a survey tool through its human resource software to obtain employees' feedback on management and other areas for company improvement.

Transitioned from all air freight to more efficient and cost-effective ocean freight. Additionally, KNS introduced a new software solution that will manage inventory and help with transportation consolidation.

Utilizing a new virus scanning system that detects behavior and can detect viruses before signatures are created to identify them. KNS has had no data breaches in the past year; the new virus scanning system has protected KNS from several potential instances since its implementation.

KNS hired a 24-hour security company to monitor the facility and protects its employees during KNS's busy season.





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

Highlights

Trained all managers on waste reduction. Additionally, all new clubs have bottle refill stations to deter plastic bottle usage and low-flow shower heads that can reduce 20,000 gallons of water per club per year.

Additionally, the Company is working to increase employee engagement through internal training.

One World Fitness conducts customer satisfaction surveys and currently has an overall net promoter score (NPS) of 69 out of 100 and a score of 89 out of 100 for courtesy, 75 out of 100 for Staff, and 77 out of 100 for facilities.

Participated in High School Summer Pass, a Planet Fitness-wide initiative whereby approximately 40,000 high school students took advantage of the opportunity to use the Company's facilities for free during the Summer 2023 to bolster social connections among youth and increase physical and mental health.

Introduced the "You Belong" marketing campaign for local youth. The marketing campaign was geared to the 30-40% of children who have not worked out before. This campaign allowed local youth to have a sense of belonging.

Offers employees training to maintain a level of service and expectations. As employees complete training, the next training becomes more challenging and certain required training will become more tailored. Training opportunities are provided to help employees grow their careers, provide tools for better mental health, treat customers with courtesy, and in-depth safety training.



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

Focus Areas

- GHG (Greenhouse Gas) Emissions & Energy Management
- Water & Wastewater Management
- Product Quality & Safety
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion
- Supply Chain Management

Highlights

Hired a Vice President of Supply Chain that will identify methods to improve the supply chain, including inventory consolidation, which is expected to provide an annual savings of approximately \$600,000.

In late 2022, Sabrosura conducted an employee engagement survey and found overall favorable responses from 64.8% of employees as compared to the manufacturing average of 62.3%. Sabrosura is launching its second annual employee engagement survey at the end of 2023.

Incorporated employee feedback from the 2022 employee engagement survey into the Company's statement of values, which were debuted at a town hall event for all employees and are being incorporated into all aspects of Sabrosura's operations, including the performance management system, internal communications, and onboarding materials.

Launched new organizational structures for several functional areas and identified talent gaps. Sabrosura was able to prioritize these gaps and has filled a number of critical positions.

Sabrosura has revised its performance management system by allowing two-way feedback and making evaluations specific to job levels.





Provider of premium quality juices, smoothie bases, culinary ingredients, and mixology solutions to the foodservice industry and retail customers.

Focus Areas

- Energy Management
- Water & Wastewater Management
- Product Quality & Safety
- Selling Practices & Product Labeling
- Employee Health and Safety
- Supply Chain Management

Highlights

Fruit processing waste that is generated during Sun Orchard's manufacturing process is sold as animal feed to local farmers instead of being disposed at a landfill.

Utilizing recyclable materials to create finished product packaging, such as PET plastic bottles and cardboard outer cases. Additionally, Sun Orchard reuses plastic drums to transport products from suppliers to manufacturing plants.

All products utilize non-GMO fruits and sugars, and Sun Orchard does not use any artificial sweeteners in products. Therefore, Sun Orchard is in compliance with the All Natural, Non-GMO, and Clean Labels.

Invested in a supply chain program called NETSTOCK that allows Sun Orchard to predict future demand based on trends. This allows the Company to not overproduce products and reduce waste of unused products.



Clinically oriented healthcare consulting firm providing services in strategy, compliance, management, and clinical operations for commercial, special needs, Medicare Advantage, and Medicaid health plans, along with provider and consulting organizations.

Focus Areas

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

Highlights

Evaluating opportunities to improve company culture through communication and developing a feeling of belonging within a fully remote team.

Developed an internal recruiting department, led by a senior expert, to recruit top talent and remove reliance on third-party recruiters.

Hired Vice President of Client Services to focus on client satisfaction and analyze client retention issues. The VP of Client Services is prioritizing in person client meetings and reviewing employee retention concerns to identify areas for improvement and, ultimately, company revenue growth.

Maintain contracted IT support to preserve data for clients and Company. The Company has never had a data breach.





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

Developed a recycling and revitalization program to prevent assets, such as vehicles and lawn care equipment, from going to landfills. United partnered with local recycling companies to either reuse old parts or sell the parts for reuse by a third party. Additionally, United identified opportunities to replace engines in vehicles, which are then donated.

To assist with the integration of a new acquisition staffed by Haitian and Creole employees, United translated all critical areas of information, such as the company handbook, benefits, onboarding, and safety policies into Haitian/Creole and has hired translators to aid in the onboarding process. Additionally, United asks new employees for their preferred language to identify additional translation needs.

Utilizing Samba Safety, a third-party provider, United completes real-time checks on employees' driver's licenses to ensure all employees are in good standing.

United is fully compliant with all E-Verify state requirements regarding labor laws.



Key Theme Across the Fund

Diversity, Equity, & Inclusion (DEI) and Workforce Health & Safety

At Centre Partners and at our portfolio companies, our most valuable resource is our people, which is why this year's focus is on DEI and workforce health & safety. Our companies have used the past year to focus on their employees and ways to help them feel safer and more accepted in their place of work. Our companies are proactively tracking demographics data and health and safety metrics as well as taking steps to increase DEI and increase awareness around health & safety.



Due to the Company's rapid growth, increased emphasis on hiring new employees into positions where they can be most successful.

Alliance Mobile had no workers' compensation claims over the past year. Additionally, the Company has had a strong focus on annual health insurance enrollment through insurance providers.

Established extra safety measures and additional security at certain locations to ensure employee safety.

Established a mandatory lunch break policy to help employees' mental health by taking time away from the sales floor.



Captain D's internal development program has created leadership opportunities for employees who may not have them otherwise. The program gives employees a roadmap and mentorship for promotion into leadership positions. 50% of participants in the leadership development program are non-white and 60% are female.

Captain D's developed a program to provide additional communication to employees on company policies, including food safety, employee health and safety, etc. Additionally, the Company has developed an internal social media platform, ELoops, which provides a place for employees to share their experiences, life skills, birthday, and work anniversary messages, etc.



Expanded upon standard employee sexual harassment training to include training regarding gender equality due to customer engagement and interest surrounding gender equity.

Enhanced maternity leave benefits to support gender equity within G&O's employee population.



In 2023, the DEI committee was created and has formed several sub-committees to focus in key areas. The sub-committees have launched several initiatives including:

- Enhanced maternity leave, paid parental leave, and the expansion of bereavement leave.
- Enhanced diversity of the recruitment team and increased focus on exploring different avenues to increase diversity of applicants.
- Formation of Affinity Groups

IMA continues to focus on employee health and safety initiatives including:

- Maintains program to encourage exercise including reimbursement for races, marathons, etc.
- Sponsoring Fitness Challenges – sum and winter 6-week fitness challenges with weekly prizes and overall winners.

Offers free on-site flu vaccines and reimbursement for hepatitis B and tuberculosis (TB) vaccines.

Continues to offer personal protective equipment (PPE) and OSHA (Occupational Safety and Health Administration) training to all employees.



Set forth expectations on how a diverse workforce should be treated by managers, has conducted company-wide DEI training, and has initiated DEI training specific to managers.

In 2023, KNS began emphasizing the mental health of their employees. KNS began utilizing an app called Impact Suite that allows employees to access mental health resources. Additionally, KNS created Mental Health May where mental health classes, yoga classes, sound meditation, and art therapy were provided to employees.

KNS created a safety manual and is conducting monthly safety trainings.



Conducts “Judgment Free Zone” training to educate employees and members on kinder and more inclusive language as it pertains to the fitness industry. Additionally, One World Fitness has begun integrating handicap-accessible equipment and accommodations at facilities.

Implementation of the see something, say something policy related to employee health and safety. Additionally, all employees are automated external defibrillator (AED) and CPR certified.

Provides training on mental health which includes training on workload balancing and provides free gym memberships to employees.



In July of 2023, Sabrosura hired a Vice President of Operations whose first priority was to launch initiatives to elevate health and safety as a priority within the company's plants.

Developed weekly safety meetings where near misses and recordable injuries are discussed. Additionally, Sabrosura initiated safety committees at its manufacturing locations and developed a safety policy for recording incidents and disciplinary actions for incidents.



Hired a dedicated Safety Manager who collaborated with the manufacturing teams to create a more robust Lock Out Tag Out program, Confined Space training, and ammonia leak prevention training.

Implemented a Buddy System that allows employees whose first language is not English to be paired with someone who can help translate when needed. Additionally, all safety and facility signage is in Spanish and English to allow for a more diverse group to understand in their first language.



A Director of Human Resources was hired in 2023 and was empowered to develop a DEI program.

Toney has had no reportable safety incidents in the past year.



United tracks demographic data for the whole workforce and actively recruits from diverse communities. United has increased its outreach efforts beyond virtual recruiting by using online portals connected to recruitment websites for diverse communities and by having branch employees participate in community recruitment efforts.

United continues to standardize its health and safety policies and procedures. In 2023, OSHA audits were done quarterly, and weekly training meetings were conducted, which led to a dramatic improvement in metrics related to health and safety.

Created a training advancement program that provides visibility to the entire branch of each individual's progress in United's training program and generates a friendly competitive spirit amongst employees.

Next year, United plans to engage with the safety team to create onboarding safety videos that will provide best practices for safety.

United maintains a dedicated Safety Manager.

Conclusion

Through Centre Partners' extensive experience and growth within the private equity sector over the past 35+ years, we have seen that environmental, social and governance (ESG) considerations gain increasing importance in today's investing environment, requiring the implementation of strong ESG programs to manage potential risks faced by portfolio companies as well as identify opportunities to enhance value through the investment process.



Our current ESG strategy has enabled Centre Partners to identify and develop material ESG metrics for monitoring at the portfolio company level, track identified metrics on a recurring basis, support ESG initiatives across the portfolio to improve companies' ESG performance, and establish an annual reporting process.

During 2022, we welcomed Toney Healthcare to our portfolio after conducting ESG pre-investment due diligence via our third-party advisor. Centre Partners has introduced the company to our established ESG metrics and monitoring program as well as integrate our ESG standards into the management of the company's operations.

As ESG continues to be a priority at Centre Partners, we will continuously work towards improving our approach at both the firm and portfolio company level, utilizing our monitoring and reporting procedures to establish benchmarks and quantitatively improve ESG performance over time with all future portfolio companies.





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