



# Partnering

for Sustainable Growth



ESG & SUSTAINABILITY  
REPORT 2020/21

## INTRODUCTION



DELIVERING SUCCESS THROUGH  
RESPONSIBLE OWNERSHIP

# Welcome

As a long term investor we have always understood that creating the conditions for sustainable growth is fundamental to improving our portfolio companies and delivering returns to our investors. This requires a deep understanding and involvement in our businesses and is facilitated, in our case, by an approach to investing which has always been predicated on substantial engagement with a focused portfolio of companies.

Over the years, as we have all become increasingly aware of the societal and environmental impact of decisions made by our companies, we have increased our support of portfolio companies in several key areas. Across our portfolio companies we have established personalised monitoring processes and are working towards better ESG integration and, have encouraged, net zero roadmaps.

In the last 18 months, the pandemic has shone an even stronger light on the need for a responsible approach to investing. Our priority has been to work with our portfolio companies to protect the health and promote the well-being of employees, many of whom continued to work in challenging circumstances. We have also prioritised working with the portfolio to improve analysis of climate change impact and promote initiatives to ultimately move to a net zero economy.

We hope you enjoy reading our 2020/2021 ESG & Sustainability report.

**The TDR Partners**

## CONTENTS

Welcome  
**00-01**

At a glance  
**02-03**

Our approach  
to ESG  
**04-09**

Environment  
**10-17**

Social  
**18-23**

Governance  
**24-29**







Since our establishment in 2002, TDR Capital has focused on investing in market-leading, European companies with potential for robust growth and resilience through economic cycles. We work collaboratively with our portfolio company management teams to deliver on a shared vision for growth and value creation. We take a long-term approach, typically holding our investments well beyond the industry average. We invest not only capital but also expert team resources to help bring about sustainable, positive and transformational change within our businesses. It is an investment strategy that is driven by a focus on sustainable growth, and we are very conscious that as a key stakeholder we have a significant role to play in setting the agenda at our portfolio companies.

Total Headcount  
**68**

Nationalities  
**15**

Head Office  
**London**

AUM  
**c. €12 billion**

## AT A GLANCE

# Who we are

## OUR PORTFOLIO AT A GLANCE

Portfolio companies	Average EBITDA growth	Number of employees
<b>16<sup>1</sup></b>	<b>&gt;3.5x</b>	<b>272,000</b>
Average sales growth	Average employee growth	
<b>&gt;2.5x</b>	<b>&gt;3x</b>	



## OUR CURRENT PORTFOLIO



1. Reflects the portfolio at August 2021.

# ESG at TDR

In addition to seeking to manage the key ESG risks and opportunities within our portfolio companies, TDR also seeks to implement responsible ESG principles in our own operations. This includes working with our peers in the industry as a PRI signatory, addressing our carbon footprint, supporting London Futures (an initiative shaping the lives of young people in our home city), and engaging with external organisations to support diversity in the industry.

## PRI SIGNATORY



TDR is a supporter and a signatory of the PRI. The principles are integrated in our investment lifecycle, from deal screening to due diligence, and throughout the hold period to exit.

## TDR CARBON FOOTPRINT



As a business, we track and reduce our carbon emissions at source and compensate for those emissions which we cannot avoid. Our carbon footprint (energy use in buildings and business travel) has been externally verified, and in 2020 we offset 601 tCO<sub>2</sub>e with reforestation projects. Working with the owners of our office building, we have sourced 100% sustainable energy since June 2020 to offset circa 174 tCO<sub>2</sub>e tonnes per annum from electricity used in our London office.

## SOCIAL IMPACT



As many have faced heightened isolation following a year of confinement, TDR has become the corporate partner for the London Futures Disability Employability Programme. This is a programme designed for young Londoners (aged 18-25) with a learning disability who are facing social isolation and loneliness. TDR will be supporting 20 young people as they are provided with mentoring to support their career aspirations, use sport to improve their physical and mental health, and as they become more integrated in their local communities.

## DIVERSITY



TDR is a founding member of Level 20, an organisation created to promote greater female representation in the investment industry. Its goal is to raise the percentage of senior women in the European private equity industry to 20%. Founded in 2015, it now has over 1,000 individual members from a wide range of GPs and other professionals within the private equity industry. Level 20 activities include mentoring programmes (in which a number of TDR's Partners are actively involved), member forums and research groups.



As one of the founding members of Out Investors, TDR stands alongside c. 80 other members globally working to make the direct investing industry more welcoming to LGBT+ individuals and looking to connect existing informal networks to create a lasting impact in the investment industry.



TDR is proud to have become a 10,000 Black Interns' participating firm. Following on just two months after the successful launch of the investment management industry's #100blackinterns initiative, the programme serves to transform the horizons and prospects of young black people in the United Kingdom. Through the 10,000 Black Interns programme, TDR will offer individuals paid work experience and mentorship, actively contributing towards the goal of providing 10,000 internships to young black people.

**"The Future Leaders committee works hand in hand with the Level 20 founders and CEO to help them think about how to best engage with the members, optimise Level 20's digital presence and create relevant content online and offline. Level 20 plays a critical role in attracting and retaining female talent in private equity."**

**Anastasia Ezhova**  
TDR Investment Director and member of the Level 20 Future Leaders Committee

# ESG integration

Incorporating ESG throughout  
key business decisions



We believe that incorporating environmental, social and governance (ESG) considerations in our business and investment decisions is key to developing a more sustainable long-term growth strategy for our portfolio companies, thereby creating value for our investors.

Our ESG & Sustainability Manager oversees our key ESG initiatives and is supported by our Responsible Investment (RI) Committee. This committee meets quarterly to review progress across portfolio companies, discussing both ESG opportunities and risks, whilst also considering ways to improve our own performance and promote the ESG agenda more broadly.

We work alongside portfolio companies to identify and prioritise material ESG risks and opportunities. This has resulted in the provision of support to manage key ESG issues but also the creation of appropriate governance structures, which has included direct support with recruiting into senior management ESG positions. Our work to enhance best practices within our portfolio includes assisting management in developing key performance indicators, establishing data collection and setting ambitious targets.

Our ESG Policy and Principles outline how we approach ESG management as a firm, both when evaluating potential investments and monitoring our portfolio companies. We aim to incorporate ESG considerations in a seamless way, and strive to continuously improve our policies and ESG programme by participating in industry-wide discussions as well as adhering to the most relevant standards.

Finally, we also facilitate best practice sharing and networking across the portfolio in a number of important fields. This has included holding annual ESG forums, webinars covering climate change risk, and facilitating a Human Resources (HR) forum for Heads and Directors of HR. These opportunities have helped to enhance key aspects of portfolio company performance and a number of ESG metrics.

## From due diligence

1. Due Diligence

2. Closing

3. Ownership

4. Exit

to exit

### Company due diligence and value creation plan including ESG

- Due diligence programme aimed at identifying and understanding risks and opportunities
- ESG specialists brought in where specific risks have been identified
- ESG elements included in value plan

### Portfolio company ESG reports reviewed quarterly

- Reports and discussion with management to regularly review ESG concerns (including KPIs) in addition to other factors
- TDR's RI Committee reviews company ESG reporting quarterly
- ESG focuses on value growth and risk reduction to support exit options and ensure continuing company health post-ownership

### TDR & management complete ESG template at closing

- Template identifies key ESG factors, some of which may need immediate attention
- Reporting on ESG metrics agreed upon, including industry crisis reporting using TDR's standard requirements
- Joint exercise vital to ensure full range of factors considered

### Preparation for exit includes value impact of ESG

- Include ESG factors in vendor due diligence
- Document ESG improvements during TDR ownership



# Portfolio Company Ratings

## Responsible business practice and process

We monitor ESG performance in our portfolio companies on a quarterly and annual basis, working with them to embed responsible business practices into daily operational activities.

We require each portfolio company to report on their material ESG risks and opportunities on a regular basis. These reports are reviewed at our quarterly Responsible Investment Committee meetings. Companies also report annually against a number of core ESG Key Performance Indicators. Their performance is one of the metrics by which we consider the effectiveness of our companies' management teams. We are also committed to enhancing the quality of this reporting throughout the duration of our ownership.

This insight into company performance allows us to assign a rating to each company based on their overall level of ESG maturity. From this analysis we can then direct targeted support where needed.



**“Working across our portfolio we are able to demonstrate increasing ESG maturity levels for the vast majority of companies. We achieve this by working in partnership to mitigate ESG risks and identify value enhancing opportunities.”**

Nigel Smith, ESG & Sustainability Manager, TDR Capital

## Our assessment framework

Our assessment framework covers four key areas of ESG integration:

1

### Issue Identification & Prioritisation

Understand the key risks & opportunities

2

### Strategy Development

Agree on focus areas and create a clear development path

3

### Performance Management

Set key performance indicators

4

### Reporting & Communications

Engage with key stakeholders to communicate progress

We continually work with portfolio companies to identify opportunities for improvement and to enhance their overall performance levels.



**SECTOR**  
Business Services

**HEADQUARTERS**  
London, UK

**WEBSITE**  
modulairegroup.com

**20x**

number of times a  
unit can be reused

**>95%**

of a modular unit  
is recyclable

**50%**

lower carbon footprint  
than a traditional  
building

## Partnering to enhance ESG maturity

Modulaire is a European leader in modular services and infrastructures with operations in 25 countries and a modular fleet of approximately 260,000 units. Delivering smart temporary spaces globally, Modulaire provides tailored equipment and services for both private and public entities in need of modular space units and ancillary items. The business serves a variety of sectors including industrials, public administration, education, non-residential construction, and infrastructure. The group has pursued an active M&A strategy completing 19 acquisitions since 2007. This growth has presented challenges in driving consistency in environmental standards and delivering a group-wide strategy to reduce impacts.

Having appointed an ESG & Sustainability Director at the company, we quickly identified an opportunity for Modulaire to become a market leader in sustainability and create a clear narrative in support of the circular economy. Although still in development, the steps Modulaire is taking to better understand the risks and opportunities of the transition to a low carbon economy are bringing measurable benefits to their customers, the environment, and the communities in which the business operates.

The circular nature of modular solutions means the units are fully reusable and flexible to ensure full utilisation, thus reducing waste over the long term. Useful life per unit can exceed 30 years, including 20 re-uses. Modulaire has established a circular, 'Loops within Loops' model which ensures most of the material used in the assembly of units has a long life, with little waste. With an estimated 96% of the material being recyclable, a typical modular space unit has half the carbon footprint of a traditional building.

**"We have started our transition to a low carbon economy, with the circularity of our modular solutions delivering sustainable benefits to our customers, the environment and society."**

Mark Higson,  
CEO of Modulaire Group







# Environment

## Addressing climate change together

### ENVIRONMENT IN ACTION

#### POLLINATION

Addressing climate change together

10-11

#### DAVID LLOYD LEISURE

Reducing energy consumption

12-13

#### HURTIGRUTEN

The world's first hybrid-powered expedition ships

14-15

#### LEASEPLAN

Low-emission mobility

16-17

The most recent Intergovernmental Panel on Climate Change (IPCC) report has highlighted the urgent need for significant changes across our society to limit global warming to 1.5 degrees Celsius above temperatures recorded prior to the Industrial Revolution. During the COP21 in Paris in 2015, the scientific community emphasised the importance of reducing CO<sub>2</sub> emissions by at least 50% before 2030 in order to meet the 1.5 Celsius goal. This will involve implementing technical solutions, promoting responsible behaviour, and creating durable and sustainable business models across the corporate sphere.

TDR recognises that it is incumbent on all businesses to address the risks associated with climate change and take all appropriate mitigating steps, above and beyond simple regulatory compliance.

### Transition to net zero

We have prioritised the implementation of the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations, reviewing our own practices and working with companies to identify climate change related risks and opportunities.

In partnership with Pollination, a specialist climate change advisory firm, we are identifying untapped low carbon opportunities across our portfolio. Pollination's research has set forward detailed climate analytics for us to better understand the climate risk and opportunities within our portfolio and prioritise sizeable opportunities to accelerate the transition to net zero.

**“As more and more private equity firms begin to recognise the value creation opportunities in aligning businesses with climate goals, we expect to see the sector step up its ambition and take on a more active role in driving the transition to net-zero.”**

Gavin Templeton,  
London Advisory Partner, Pollination



### Managing environmental impacts

Our portfolio companies' direct environmental footprint covers activities associated with energy usage and resource management. This will include energy associated with running pubs and restaurants, health clubs and gyms, retail stores and roadside convenience stores, housing construction, and transportation. Water will also be consumed through daily operations from washroom facilities to filling swimming pools; and waste generation will include construction materials, packaging, and unavoidable food waste.

Activities to help minimise the environmental footprint of our portfolio companies include the installation of energy efficient lighting, the use of renewable energy, employee behaviour programmes, waste reduction programmes and the adoption of lower impact materials. These activities are underpinned by work to enhance the quality of environmental data collection, setting reduction targets and improving the transparency of reporting.

We have further collaborated with portfolio companies to align their strategies with a net zero pathway. For several of them, this has involved developing Science Based Targets (SBTi) to align with the 2015 Paris Agreement.

#### TDR Climate Risk Webinar

In recognition of a pressing need to take action, TDR facilitated a Climate Risk Webinar where all portfolio companies were invited to share their knowledge on a broad range of climate-related topics. Covering carbon accounting, opportunities for carbon reduction and setting science-based targets, the webinar delivered new action points to all companies no matter the stage of their ESG journey. The webinar served not only to raise awareness of the issues but provided practical support to companies looking to develop their net-zero strategies.



### Gavin Templeton at Pollination

#### What role can a firm like TDR play in helping the transition towards net zero?

As an investor with c. €12 billion of assets under management, TDR has an important role to play in accelerating the transition to net-zero. By leveraging its influence as an investor to ensure its companies are well positioned to respond to the low-carbon transition, TDR is not only upholding its fiduciary duty to LPs through the management of climate risks, but also unlocking value creation opportunities for companies who can benefit from TDR's transition expertise. Each company represents an opportunity to create a climate leader within a sector, with positive outcomes for both investors and the climate.

#### What are the key messages that have come out of your collaboration with TDR and what are your hopes for outcome?

Historically, the narrative around climate change, particularly within the investment community, has centred on the management of downside risks. However, increasingly, businesses are focused on the significant value creation opportunity represented by the net zero transition. The International Energy Agency (IEA) predicts that this transition will require annual investment in clean energy alone to more than triple by 2030 to around \$4 trillion, opening significant commercial and investment opportunities. TDR recognise this upside potential – our collaboration is focused on the identification of climate opportunities for each portfolio company. Our hope is to showcase the value creation potential of developing robust climate strategies, encouraging other investors to follow suit.





SECTOR  
Leisure

HEADQUARTERS  
Hatfield, UK

WEBSITE  
davidlloyd.co.uk

Investment in  
energy reduction  
initiatives

**£8m**

Reduction in  
carbon emissions

**3,500  
tonnes**

Utility cost saving

**£2m per  
annum**

Carbon footprint per  
member reduced by

**>25%**

Since 2013

## ENVIRONMENT



DAVID LLOYD LEISURE

# Reducing energy consumption

With over 120 clubs and over 650,000 members across the UK and Continental Europe, David Lloyd Leisure (DLL) provides state-of-the-art infrastructure including tennis courts, swimming, and spa facilities as well as gyms, for families and individuals to stay fit and healthy. With this footprint comes a responsibility to manage the environmental impacts associated with how the business operates. We recognised that carbon reduction activities have the potential to provide DLL with a leadership position in the sector in moving towards a net zero position. Furthermore, DLL members believe it is important that DLL makes a positive contribution in this area.

Working with DLL we helped draft an environmental sustainability strategy which has now invested £8 million to deliver a number of utility-related initiatives, helping drive down energy consumption. These included a mixture of well-established and new technologies, such as further LED upgrades to tennis court lighting, Building Management Systems and improvements to heating and cooling infrastructure. The result has seen DLL reduce its UK annual carbon emissions by over 3,500 tonnes, equating to a utility cost saving of £2 million per annum. Since 2013 the carbon footprint per member visit has been reduced by over 25%.

The business has also been awarded the Carbon Trust Standard certification for carbon and water. The Carbon Trust Standard recognises organisations that follow best practice in measuring, managing, and reducing their environmental impact, achieving year-on-year reductions.

**"The threat of climate change to our planet is absolutely real, and the time to act is now. Whilst we've made some good progress in reducing our carbon footprint, we need to do more. So we're accelerating our commitment to become Net Zero across our direct and indirect emissions by 2030. It's what our members and team expect from us, and it is, without a doubt, the right thing to do."**

**Russell Barnes,**  
CEO of David Lloyd Leisure



*David Lloyd*  
CLUBS





SECTOR  
Leisure

HEADQUARTERS  
Tromsø, Norway

WEBSITE  
hurtigruten.com

**2**  
hybrid passenger  
cruise ships

**+4**  
hybrid ships  
by 2023

Reduction of  
ship emissions  
**>20%**

## ENVIRONMENT



### HURTIGRUTEN

# The world's first hybrid-powered expedition ships

Founded in 1893, Hurtigruten is a leading provider of cruise-based adventure tourism, visiting destinations in Norway, Antarctica, the Arctic circle, Galapagos and everywhere in between. Hurtigruten operates 14 ships, seven of which provide year-round coastal sailings along the beautiful Norwegian coast.

As part of our strategic repositioning towards the adventure travel segment, in Summer 2019, Hurtigruten launched its new expedition ship, MS Roald Amundsen – the first hybrid passenger cruise ship. This state-of-the-art vessel features new and environmentally sustainable hybrid technology that reduces fuel consumption and CO<sub>2</sub> emissions. In early 2020 Hurtigruten delivered its second hybrid-powered expedition ship, MS Fridtjof Nansen. Hurtigruten is currently in the process of converting four older vessels to hybrid propulsion by the end of 2023. The technology, in combination with the construction of the hull and effective use of electricity on board, will reduce emissions from the ships by over 20 percent. On top of this, the use of biodiesel, sourced from food waste, will further reduce the carbon footprint of Hurtigruten's operations.

Hurtigruten also invests in educating its guests and aims to transform them into ambassadors after every voyage through active engagement on the cultures visited, the ecosystems explored, and the consequences of climate change.

**"These ground-breaking expedition ships will revolutionise adventure travel at sea. We are combining Hurtigruten's more than 120-year know-how with cutting-edge technology and design, and a strong commitment to sustainability, to offer the modern-day adventure traveller an unprecedented experience."**

Daniel Skjeldam,  
CEO of Hurtigruten







SECTOR  
Financial Services

HEADQUARTERS  
Amsterdam,  
Netherlands

WEBSITE  
leaseplan.com

Net zero by  
**2030**

Aggregate fleet of  
**c. 1.9m  
vehicles**

**Zero**  
tailpipe emissions  
by 2030

ENVIRONMENT



LEASEPLAN

## Low-emission mobility

LeasePlan is one of the world's leading third-party car leasing and fleet management companies, with an aggregate fleet of c. 1.9 million vehicles and total assets of approximately €31 billion. The company has operations in 30+ countries and has over 8,000 employees.

With road transport accounting for around 20% of global CO<sub>2</sub> emissions, it was clear to TDR that LeasePlan had a role in minimising this impact. In setting out its sustainability strategy, LeasePlan not only supports the goal of net zero by 2030 but has committed to achieve zero tailpipe emissions from its entire fleet of over 1.9 million vehicles by 2030, starting with employee vehicles. By adopting this commitment LeasePlan is playing a key part in ensuring zero emission EVs become the common sense choice for all drivers.

**"LeasePlan is playing a leading role in our industry as we continue to electrify our fleet, supporting the implementation of the Paris Agreement and the UN Sustainable Development Goals. We have set ourselves the ambitious goal of achieving net zero tailpipe emissions from our funded fleet by 2030, and our progress towards this goal is something every LeasePlanner can take great pride in. Going forward, we will continue to advocate for accelerated growth in public charging infrastructure and long-term incentives for green driving."**

**Tex Gunning,**  
CEO of LeasePlan







# Social

## Managing our relationships responsibly

### SOCIAL IN ACTION

#### BUFFALO GRILL

Group e-learning platform

21

#### ILKE HOMES

Learning and development

21

#### STONEGATE

Bar to Boardroom career development

21

#### NKD GROUP

Supplier auditing programme

22-23

We operate people businesses, with c. 272,000 employees across numerous sectors in thousands of worldwide locations. With this comes a responsibility to seek to ensure our portfolio companies provide learning and development opportunities, a safe workplace, and diverse and inclusive environments. Our portfolio companies have created award-winning career development programmes and online learning platforms and provide support across the areas of mental and physical health. These actions, coupled with providing safer workplaces, have increased in prominence during the pandemic as companies have looked to provide a range of support tools to staff and their families.

### Diversity & inclusion

We are committed to encouraging diversity and inclusion within our portfolio companies. We recognise there are challenges to address, and we constantly review our own practices to create a more diverse workplace. We encourage portfolio companies to show a similar commitment and have supported several company-led programmes to help facilitate this. These include educational programmes, a review of company policies, and training programmes which provide opportunities and a pipeline of more diverse individuals into senior management positions.

We recognise that working with companies to provide equality of opportunity, value diversity, and promote a culture of inclusion will be vital to the success of our portfolio. As many of our portfolio companies have started to implement Diversity and Inclusion policies, the right governance structures have enabled efficient implementation at a local level, and in recruitment processes throughout.



### Community support

Our portfolio companies will typically operate in the heart of local communities and have a responsibility to act as a good neighbour. Throughout the year companies and their employees will be involved in fundraising activities, donating time, and money, to worthwhile causes.

The pandemic has heightened the need for such support. In response to the crisis, companies have donated to emergency services, made facilities available to serve as food banks and donated essential items to those in need. During this time they also provided support to customers, for instance through virtual David Lloyd Leisure workouts, or by supplying emergency accommodation.

### Supplier management

Finally, we place a responsibility on companies to mitigate risks associated with unethical supplier practices. As a first line of defence, this will be achieved by publishing a supplier code of conduct, which helps to communicate, and ensure buy-in from suppliers to act in a responsible manner. For companies working with high risk suppliers the emphasis will be more geared towards proactive supplier management. This would include in-country resources to monitor supplier performance, with a focus on labour practices and safe working environments.

## TDR Human Resources Forum

We recognise the talented people we have within our portfolio companies and look to harness their expertise to share best practice across the portfolio. In 2020 we held a Human Resources Forum, bringing together HR professionals from across the portfolio. This one-day event covered a range of issues, including Diversity & Inclusion, Performance Management and Employee Wellbeing. Although representing a range of sectors, we find strong synergies across companies to create a shared learning environment. We continue to engage with our HR communities to offer support and facilitate shared learning between companies across a range of people related issues.

**“One of the advantages of operating within the TDR portfolio of companies is the opportunity to share and learn from fellow HR professionals from such a broad range and variety of businesses, both within the UK and Internationally. The HR Forum was an excellent opportunity to do this and to build and develop relationships which continue to be of great value.”**

Tim Painter,  
HR Director of Stonegate Group





## POWERING INNOVATIVE SOLUTIONS ACROSS OUR PORTFOLIO

Both the hospitality and construction sectors are known for high employee attrition. TDR monitors the impact of this through the collection of employee turnover rates. To mitigate this, we have worked with portfolio companies to create learning and development programmes which help to attract, retain, and develop employees.

These three case studies provide examples of where we have supported leadership teams to manage employee attrition through a focus on learning and development. We are fortunate to work alongside talented HR teams to deliver award-winning programmes.



## SOCIAL



### BUFFALO GRILL

#### Group e-learning platform

Buffalo Grill is the leading French casual dining restaurant chain, which since the acquisition of Courtepaille in October 2020 has combined two iconic brands Buffalo Grill (number one in the market) and Courtepaille (number two in the market), with a network of approximately 600 restaurants (including c. 190 franchised) and c. 15,000 staff.

In January 2020 Buffalo Grill launched an e-learning platform for all

employees, offering training courses to facilitate better integration of staff and to encourage further skills development. The content is user-friendly with modules delivered in 2-5 minutes. This platform was promoted and well received by employees throughout lockdown, encouraging ongoing learning and development through access to new learning tools.

Buffalo Grill has over 7,000 users on the platform, culminating in 9,000 hours of training.

**"For our teams it's a quick way to train via modules adapted to their needs. This type of learning not only makes them more autonomous but increases their skillset without requiring us to organise internal meetings which are always hard to coordinate at scale."**

**Sabrina Peixoto,**  
Director of Buffalo Grill Anglet



### ILKE HOMES ACADEMY

#### Learning and development

In 2019, ilke launched the ilke Academy, the first onsite Learning and Development facility for modular housing. This welcomes new recruits from all walks of life, from school leavers, ex-military, retirees or those returning to work after a long break. These new members of the ilke Homes team will form the next generation of housebuilders, helping to fill the skills shortages the industry faces and building the homes of the future.

270 people have passed through the Academy since 2019. The Academy will be an invaluable resource in the next 12 months as ilke Homes welcomes over 30 new apprentices, as well as recruiting over 500 new employees into the factory to support the scale up of the business. The ilke team is also working with local charities like Skills4Living to help members of the community with learning disabilities to gain valuable work experience.

**"We have a responsibility to help people from all backgrounds find employment and for too long, the construction sector has sat on its hands while the skills shortage has hit crisis point. Creating local jobs and helping to get more women and young people into the sector have to be priorities."**

**Dave Sheridan,**  
Executive Chairman of ilke Homes



### STONEGATE

#### Bar to Boardroom career development

Following the acquisition of Ei Group in March 2020, Stonegate Pub Company is now the UK's largest pub operator with an estate of c. 4,700 pubs and employing c. 15,900 people.

Stonegate's strategic approach is to grow talent from within, enabling employees to be the best they can be through the company's award-winning, forward-looking, 'Bar to Boardroom' career development programme, Albert's Theory of Progression (ATOP).

This offers a complete career pathway to take team members to Area Manager roles and beyond, into operations or head office roles and ultimately to the boardroom. Over the past two years over 4,000 employees have been engaged with the programme and 300 employees have developed from Deputy Manager to General Manager, enabling them to take on high revenue businesses, often from a young age. In 2019 Stonegate also launched Academy Online, a Learning Management System.

**"I wouldn't be here today if it wasn't for the people who have helped me along the way. From my Area Manager, who was there when I first took up a position as General Manager, to the guys in the Learning and Development team, who work so hard to help us achieve our goals. Stonegate's values dictate that we lift each other up and support each other as we work to better ourselves both personally and professionally, and I'm proud to be a part of the success that ethos brings about."**

**Carl Haytree,**  
Assistant Manager of Slug and Lettuce





SECTOR  
Retail

HEADQUARTERS  
Bayreuth, Germany

WEBSITE  
nkdgroup.com

**c. 500**

global direct suppliers  
and strategic suppliers

**8**

auditors in the  
sourcing countries

**c. 350**

supplier factory  
audits per annum

**80%**

factory grading of  
good/excellent

SOCIAL



NKD GROUP

## Supplier auditing programme

NKD Group is a leading discount apparel and hard goods retailer. It operates c. 1,900 stores primarily in Germany and Austria, with a growing business in Italy, Croatia, and Slovenia. A key element of our due diligence work on NKD was focused on potential supplier risks. With c. 500 global direct suppliers and strategic suppliers, we conducted detailed analysis on the policies and processes in place to safeguard against violations of human rights and working conditions.

Several minor improvement recommendations were adopted by NKD post acquisition but we concluded that supplier risks were being well managed by the business. We continue to support NKD's Corporate Social Responsibility (CSR) team, which comprises a total of eight auditors in the sourcing countries and a CSR department of three in Germany.

The team will typically complete c. 350 supplier factory audits per annum applying in-country expertise. By year-end 2020, c. 80% of factories received factory grading of good/excellent, c. 12% received an 'average' grade and the remaining 8% were classified as 'critical'. This relatively strong performance can be attributed to continuous supplier training provided by NKD and the frequency of internal and external auditing.

NKD works with their 'critical' suppliers to improve their overall social and environmental compliance. If suppliers are either unwilling to improve, or do not improve during a suitable timeframe, NKD will decide to delist a supplier and put a responsible exit plan into action.

**"Despite travel restrictions through the pandemic and numerous challenges, the Global CSR team was able to maintain supplier due diligence by conducting extensive desktop audits and remote (virtual) factory tours. In addition, wage payments of workers across the global supply chain were monitored on a monthly basis from the beginning of the pandemic, with no major violations detected."**

**Mali Stelzer,**  
Global CSR Director of NKD Group

**NKD** group







# Governance

## Creating strong foundations

### GOVERNANCE IN ACTION

#### CYBERSECURITY

Managing Cyber Risks  
Orpheus Partnership

25

#### LEASEPLAN

Values and ethics

26-27

#### KEEPMOAT

Acting with integrity

28-29

A strong governance framework is essential for the success of our portfolio companies and provides the foundation for innovative ESG and sustainability practices. This includes many different aspects of performance, including corporate governance, bribery and corruption safeguards, data protection and cyber security.

As a minimum we monitor performance against a Code of Conduct and an Anti-Bribery and Corruption Policy. Moving beyond this, we expect to see responsible business practices reinforced through employee learning programmes, which are refreshed on a regular basis. The majority of our portfolio companies have whistleblowing hotlines allowing individuals to anonymously report any unethical behaviour within the workplace.



## Managing cyber risks

### Orpheus partnership

An area of focus for all companies is the growing threat of potential cybersecurity breaches. This can lead to significant business disruption which requires proactive management in creating cyber resilient data and IT infrastructure to prevent, detect, control, and recover from cyber threats. We expect this to be a key focus for our portfolio companies, creating policies, systems, and processes to safeguard against these threats. This also includes educating employees to raise awareness and act responsibly.

To support company-led cyber security activities we have engaged Orpheus Cyber to provide cyber risk ratings across all portfolio companies. The risk rating is a combination of vulnerabilities visible on the organisation's attack surface, and threat intelligence. Managing this risk will help to avoid value erosion in the portfolio from a cyber-attack. The Orpheus solution will also help to mitigate our own risk and avoid direct attacks.

Within our portfolio, for one high risk scoring company, Orpheus identified some indicators of compromise for management to address. The review also identified two critical vulnerabilities for management to patch, mitigating their cyber risk effectively. This prioritisation has allowed the company to set up resources against the most critical, immediate risks.

The level of oversight provided by the solution involves minimal input from portfolio companies, saving in-house resources. As well as reducing risk for TDR and portfolio companies, Orpheus will enable TDR to prioritise spending on the most essential cybersecurity issues going forward.

**“In our digital world where partners are increasingly interconnected, it is of critical importance to address cyber risks end-to-end. Orpheus provides a further line of defence against Modulaire’s potential exposure to cyber security threats, providing external verification of the effectiveness of our internal security systems and processes.”**

**Jean-Marc Varnet,**  
European IT Director  
of Modulaire Group



SECTOR  
Financial Services

HEADQUARTERS  
Amsterdam,  
Netherlands

WEBSITE  
leaseplan.com

**84%**  
2020 employee  
engagement score

**2021**  
new global ethics  
and integrity  
campaign

2021 signatory of the  
**UNGC**  
(UN Global Compact)

## GOVERNANCE



LEASEPLAN

# Value and ethics

LeasePlan's core values are Commitment, Expertise, Passion and Respect, which all apply to everyday activities. Leaseplan works to ensure its values and ethics are embedded in all behaviours, processes, and actions. These values and ethics are defined in the LeasePlan Code of Conduct, which offers guidance on employee interactions with each other, customers, suppliers, communities, government authorities, regulators, investors, and business partners.

In 2021, LeasePlan began implementing a new global ethics and integrity campaign, which includes new company values and updates to the LeasePlan Code of Conduct, to establish the right 'tone from the top' for employees and to ensure compliance with ECB regulation. The campaign is part of LeasePlan's overarching integrity programme that aims to make integrity a fundamental part of LeasePlan's conduct and business activities.

The campaign follows LeasePlan's successful 2020 Global Integrity Survey, a part of its annual Global Engagement Survey, which assess perceptions of integrity across the company based on key cultural indicators defined by the Dutch Central Bank (DNB). LeasePlan's overall Employee Engagement Plus score in 2020 was an impressive 84%, up significantly on 2019 despite the challenges of the pandemic.

As a responsible company, LeasePlan also works to drive high ethical standards throughout its value chain, and has established the LeasePlan Supplier Code of Conduct (SCoC) which defines the minimum standards LeasePlan suppliers are expected to adhere to when working with, for, or on behalf of LeasePlan. As part of LeasePlan's Global Procurement Policy, all contracts in place for spend above €50,000 (which accounts for 90% of LeasePlan's total spend globally) require compliance with the Supplier Code of Conduct.

**"At LeasePlan we recognise that the trust and confidence placed in us by our stakeholders is crucial to our success. Only by conducting our business according to the highest ethical standards can we win and retain that trust and succeed in our mission."**

Tex Gunning,  
CEO of Leaseplan







SECTOR  
Construction

HEADQUARTERS  
Doncaster, UK

WEBSITE  
keepmoat.com

9  
regional businesses

2,460  
houses sold in 2020

80%  
of developments are  
on brownfield sites

Safecall  
launched in

2020

## GOVERNANCE



KEEPMOAT

# Acting with integrity

Keepmoat is the UK's leading developer of low-cost, affordable housing, and builds approximately 4,000 homes a year, targeted at the affordable, first-time buyer market in areas outside of London. It typically develops brownfield land in partnership with the relevant local authority, delivering high quality homes primarily for the private sale market.

Acting with integrity is central to Keepmoat's vision, mission and values and to its business operations. This helps to create long term partnerships, sustain a national and local presence and support local communities. This also creates a people-centric business and enables Keepmoat to become an employer of choice.

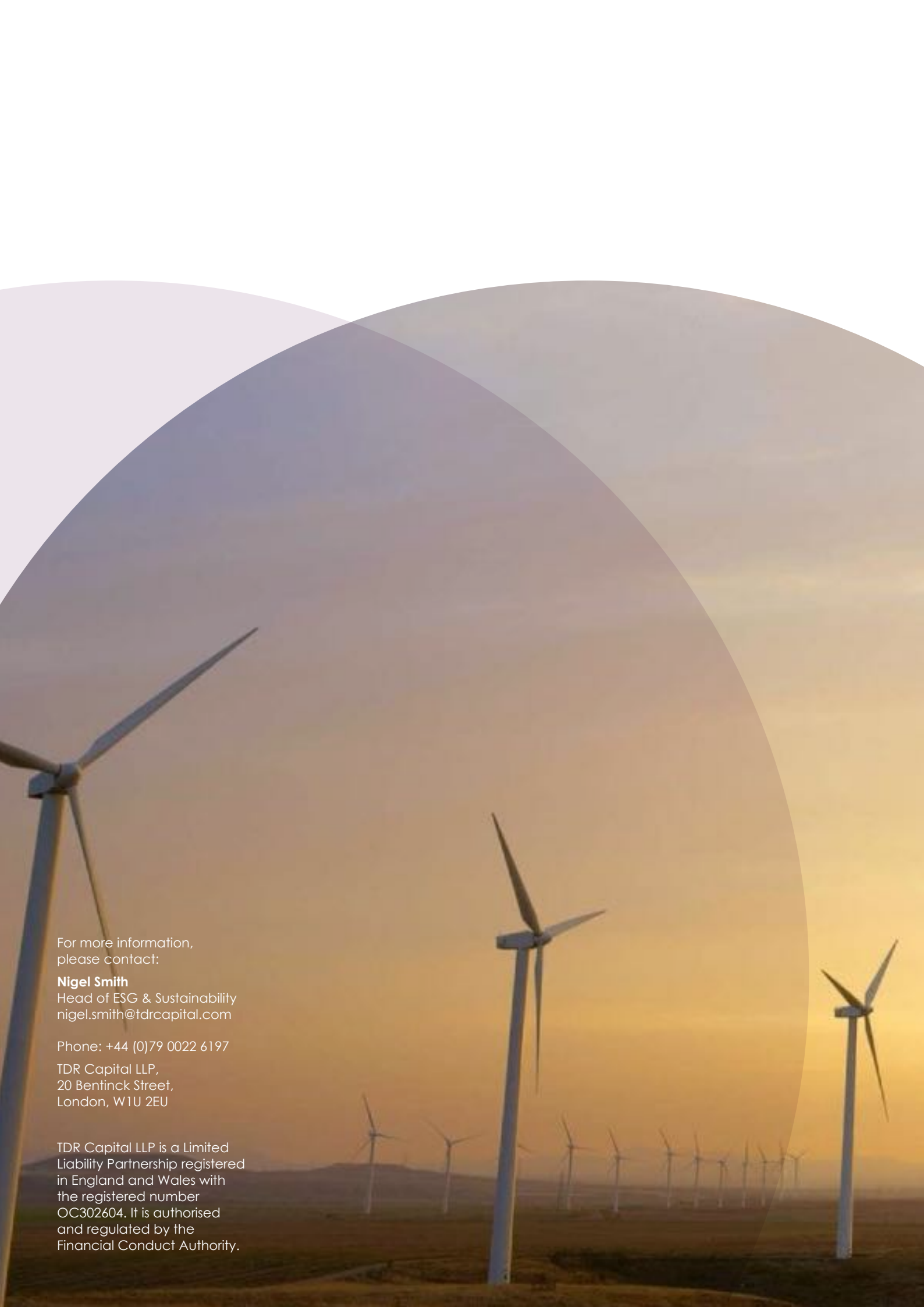
Keepmoat has published extensive anti-bribery and corruption (ABC) compliance guidance which is available to all staff via the intranet. All staff are required to complete ABC training and Keepmoat has an e-learning anti-bribery compliance training package, with all staff annually confirming that they have read and understood the company's ABC policy and stating that they will comply with the policy. Regional Directors and Central Services leads have also been provided with additional face-to-face training to complement the e-learning. The business has a gifts and hospitality policy, where all gifts and hospitality are required to be reported on the gift log and Directors are required to confirm the completeness and accuracy of the aforementioned frequently.

Keepmoat encourages all stakeholders including employees, suppliers and members of the public to report any suspected wrongdoing using the whistleblowing line (Safecall) or the online reporting facility, which are detailed in the Whistleblowing policy. A monthly report is submitted to the Keepmoat Board on the number and nature of incidents reported. The business advertises the whistleblowing service via posters in offices and on building sites and through the all-staff weekly newsletter.

**"Keepmoat Homes aims to conduct its business with the highest standards of ethics, honesty and integrity and recognises that its employees, contractors and suppliers have an important role to play in maintaining this aim. As all organisations face the risk of things going wrong from time to time, a culture of openness and accountability is essential to prevent such situations occurring; addressing them and embedding rigorous compliance measures is fundamental to achieving our goals."**

Nell Colclough,  
Compliance Manager of Keepmoat Homes



A photograph of a wind farm at sunset. The sky is a warm orange and yellow. Several wind turbines are visible, with one in the foreground on the left and others receding into the distance. Two large, semi-transparent circular overlays are present: a light purple one on the left and a larger, darker purple one in the center, partially obscuring the turbines and sky.

For more information,  
please contact:

**Nigel Smith**

Head of ESG & Sustainability  
[nigel.smith@tdrcapital.com](mailto:nigel.smith@tdrcapital.com)

Phone: +44 (0)79 0022 6197

TDR Capital LLP,  
20 Bentinck Street,  
London, W1U 2EU

TDR Capital LLP is a Limited Liability Partnership registered in England and Wales with the registered number OC302604. It is authorised and regulated by the Financial Conduct Authority.