TDR Capital

Partnering for Sustainable GROWTH

ESG & Sustainability Report 2023/24

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Welcome

As an active investor focused on driving sustainable, long-term growth in our portfolio companies, we emphasise the importance of strong environmental, social and governance (ESG) performance.

The past year has seen continued progress in our responsible investment strategy and approach. We remain focused on thorough due-diligence for all potential acquisitions, and hands-on portfolio company engagement post-investment to drive value and have seen increased transparency in how our portfolio companies have reported their progress externally.

In May 2024, we held our annual portfolio company ESG Forum, attended by 21 ESG colleagues from 14 portfolio companies. We facilitated lively discussions across a range of issues, including decarbonisation, human rights and the evolving regulatory landscape. The afternoon session focused on opportunities for value creation, energising companies to take advantage of the opportunities created through ESG-related initiatives.

We acknowledge the positive impact that effective ESG management can have on the long-term sustainable growth of our portfolio companies, including the potential for companies to contribute to the shift towards a low-carbon economy. Understanding the climate-related risks and opportunities for each of our portfolio companies is crucial. In 2024, we published our first Task Force on Climate-Related Financial Disclosures (TCFD) report. This outlines our progress in addressing climate-related issues based on the four TCFD pillars both at firm level and for our portfolio companies. We highlight areas for future focus and engagement with portfolio companies as part of our ongoing efforts to integrate climate considerations.

We are also pleased to announce the launch of a new charitable foundation, Collective Futures, which combines TDR's skillset and resources to support positive social change. Collective Futures will focus efforts in areas that have outsized potential to improve lives but are often under-resourced or overlooked and will prioritise prevention over intervention. Our initial support will be targeted on early childhood development in the UK.

In the coming year, we will continue to collaborate with our portfolio companies to focus on value creation opportunities and prepare for forthcoming regulation, such as the EU Corporate Sustainability Reporting Directive (CSRD). We will continue to monitor and offer our support on portfolio decarbonisation activities whilst ensuring that holistic, integrated ESG strategies are in place to support our companies in seizing value creation opportunities.

We hope you enjoy reading our 2023/2024 ESG & Sustainability report.

The TDR Partners

Who we are

Since our establishment in 2002, TDR Capital has focused on investing in market-leading European mid-market companies with potential for strong growth and resilience through economic cycles. We work closely with our portfolio company management teams to achieve shared goals for growth and value creation, using our investment, operational and data science expertise. In addition to providing capital, we offer resources and expertise to drive sustainable, positive and transformational change. We recognise our significant role as a major shareholder in setting the agenda for our portfolio companies.

The TDR team is the largest investor in our funds, demonstrating a clear alignment of interests with our investors and management teams and reinforcing the 'one-team' culture of our firm.

OUR CURRENT PORTFOLIO AT A GLANCE[1]

Portfolio companies	Number of employees[2]
17	c. 298,000

David Lloyd Clubs, Hurtigruten, Arrow Global, NKD, Aggreko, Acqua & Sapone, ASDA, Applus+, BPP, Target Hospitality, Ayvens, Jollyes, EG Group, Constellation Automotive Group, Popeyes, Stonegate Group, Napa Daro

OUR FIRM[3]

Total headcount	Male vs Female	Nationalities
82	51% / 49%	16

Head office	AUM	Investments to date
London	over €15 billion	27

Average portfolio sales growth[4]	Average portfolio EBITDA growth[4]
2x	3x

[1] Reflects the portfolio as of October 2024
[2] Represents total headcount as of December 2023
[3] Reflects TDR Capital as of October 2024

Our approach

"In the past 12 months, we have observed an acceleration of ESG-related initiatives across our portfolio companies. This progress has been documented through not only the application of our assessment framework, but also through our regular touchpoints with portfolio companies. At our annual ESG Forum there was a noticeable shift away from discussing the ESG business case to the recognition of ESG as a value driver.

As our portfolio companies prepare for upcoming ESG regulations, it's important to take a proactive, forward-looking approach. This will help focus compliance activities on delivering opportunities instead of added reporting burdens. Our role is to assist companies in capitalising on current momentum to build strong and sustainable businesses."

Nigel Smith
Head of ESG & Sustainability

"TDR's annual ESG Forum provides an opportunity to mix with my peers, share best practices between companies and take actionable steps back to the business. It also provides a moment to reflect on our achievements and to feel re-energised for the challenges ahead".

Amina Batool
Head of ESG & Sustainability, EG Group

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

We work closely with the Heads of ESG in our portfolio companies, having regular touchpoints to support the development of embedded, value-driven ESG strategies. These interactions solidify the role of ESG as a central factor in fostering sustainable business growth across our portfolio. We actively contribute to and act as a critical partner in supporting the ESG journeys of each of our portfolio companies. This may include participating in ESG Committee meetings, sharing best practices and helping to establish appropriate reporting protocols and target setting.

Our ESG Policy outlines our approach to ESG management as a firm throughout the investment lifecycle. We continuously refine and evolve our approach through ongoing stakeholder engagement and participation in industry-wide initiatives, events and informal discussions. Our policy is updated annually to incorporate insights gained through these interactions and broader ESG developments.

We provide opportunities for our portfolio companies to network and share experiences on numerous challenges and opportunities throughout the year. We organise webinars to leverage external expertise on common focus areas across the portfolio. However, we believe that in-person meetings are invaluable in fostering a shared vision and direction of travel and hold annual portfolio company ESG Forums.

Annual ESG Forum
Every year, we bring together all the Heads of ESG from our portfolio companies for our Annual ESG Forum. This year, our main focus was on decarbonisation, human rights, the evolving regulatory landscape and a series of company presentations showcasing opportunities for creating value through focused environmental and social programmes. We hosted 21 ESG colleagues from 14 portfolio companies for insightful discussions, providing an opportunity to reaffirm TDR's commitment to responsible business practices. The delegates left feeling re-energised to tackle the numerous challenges presented by a wide range of issues and the ever-changing regulatory landscape.

Integrating ESG throughout the investment lifecycle

Our commitment to ESG & Sustainability is integrated throughout the investment lifecycle, from origination to exit. We adopt the same approach to our flagship funds and SOF I investments. This involves the following elements:

1. Due diligence

Due diligence: Our Head of ESG & Sustainability completes a red flag review for all potential acquisitions. The findings, including risks and opportunities, are shared with our Investment Committee alongside all other due diligence workstreams. This initial review will help determine whether we need to complement this with a more detailed, issue-specific review, where potentially we need to develop a greater understanding of an identified business risk or opportunity. We have previously completed more detailed reviews of human rights exposure, energy transition opportunities and company controls to mitigate acts of bribery and corruption. We have now also mandated the completion of climate risk and opportunity due diligence, which includes scenario-based assessments of physical and transition climate-related risks over short-term (2030) and long-term (2050) time horizons.

2. Ownership

Ownership: Post completion, any concerns from the due diligence process will be discussed with the company management team and a plan of mitigating activities is agreed upon. Our Head of ESG & Sustainability establishes a working relationship with an ESG point of contact, outlining our expectations and sharing our ESG Policy. Third parties complete ongoing reputational risk and cyber monitoring of all companies. We introduce the company to our quarterly reporting and annual KPI submission disciplines, emphasising our supportive and partnership-driven approach to building ESG capabilities. During our ownership period, we work closely with each portfolio company to manage material issues and provide support to identify value-enhancing opportunities through in-person and virtual meetings. We establish ourselves as an extended member of the team, providing support and counsel to help deliver positive outcomes.

3. Exit

Exit: By working closely with management teams and through regular reporting we can identify ESG-related improvements made throughout the ownership period. We include this within vendor due diligence to show evidence of responsible business practices and report this to key stakeholders. We track company-led activities from acquisition to exit using performance indicators to support the exit narrative, highlighting where our companies have mitigated ESG risks and delivered positive outcomes.

Portfolio company maturity levels

We have created an internal rating system to measure the maturity levels of our portfolio companies based on our ESG assessment framework. This framework assesses how companies have embedded fundamental ESG practices that support a value-driven approach to ESG management. This regular assessment allows us to focus our efforts and allocate resources to companies that need assistance to enhance their ESG performance. We conduct these assessments through regular engagement, quarterly materiality reports, and annual KPIs provided by each company.

The table below gives an overview of these ratings, showing company performance throughout the ownership period. Assessments for both recent acquisitions, Applus+ and Acqua & Sapone, will be completed in 2024.

	2019	2020	2021	2022	2023
David Lloyd Leisure	3 - 4	5 - 6	5 - 6	5 - 6	7 - 8
Ayvens	5 - 6	5 - 6	7 - 8	7 - 8	7 - 8
Stonegate Group	5 - 6	5 - 6	5 - 6	5 - 6	5 - 6
EG Group	3 - 4	3 - 4	5 - 6	5 - 6	5 - 6
Hurtigruten	5 - 6	5 - 6	7 - 8	7 - 8	7 - 8
Constellation Group	3 - 4	3 - 4	3 - 4	3 - 4	3 - 4
Napaqaro	3 - 4	3 - 4	3 - 4	3 - 4	3 - 4
NKD Group	3 - 4	3 - 4	3 - 4	3 - 4	3 - 4
Asda			7 - 8	7 - 8	7 - 8
Arrow Global			5 - 6	5 - 6	5 - 6
BPP Holdings			3 - 4	3 - 4	5 - 6
Aggreko			7 - 8	7 - 8	7 - 8
Popeyes UK					3 - 4
Jollyes					3 - 4

KEY

- 1 - 2 BASIC, COMPLIANCE FOCUSED APPROACH
- 3 - 4 DEVELOPING, LEARNING PHASE
- 5 - 6 DEVELOPED, CHALLENGER POSITION
- 7 - 8 STRATEGIC, LEADERSHIP POSITION

ESG assessment framework

Our ESG assessment framework helps our portfolio companies understand the key pillars of a responsible business strategy. By incorporating these four pillars, companies can embed ESG & Sustainability practices to help identify and deliver value-creation opportunities. Strong governance, strategic alignment, performance management and transparent reporting are key foundations to support companies with their ESG integration efforts.

ISSUE IDENTIFICATION & PRIORITISATION

Through a materiality process, companies should assess both ESG risks and opportunities to understand those that are most material to the business and stakeholders. This helps shape both ESG strategy development and reporting.

STRATEGY & GOVERNANCE

Creating an ESG strategy, supported by an effective governance structure, that is aligned with the business strategy, is key to creating an integrated approach and help identify value enhancing opportunities.

PERFORMANCE MANAGEMENT

Driving performance improvement through robust data collection and target setting is essential to delivering against key objectives and commitments. Coverage includes the measurement and reduction of GHG emissions.

REPORTING & COMMUNICATIONS

Conducting internal and external stakeholder engagement through reporting and effective communication helps to incorporate stakeholder views in ongoing strategy development and delivery.

ESG at TDR

As responsible investors, we aim to promote effective stewardship among our portfolio companies and implement responsible business practices within our own operations. This involves collaborating on industry-led initiatives, managing our carbon footprint, creating positive social impact and supporting efforts to enhance diversity, equity and inclusion within the firm and wider industry.

OUR CARBON FOOTPRINT

For the past six years we have measured and externally verified the carbon footprint of our operations. We continue to focus on reducing the carbon emissions associated with running our offices and business travel where possible. For hard-to-abate emissions, we have chosen to make an annual contribution to reforestation projects that will compensate for an equivalent volume of emissions over the project's lifetime. This year our contribution is supporting a 350 hectares new woodland creation scheme in Northumberland.

The table below presents the scope 1, 2, and 3 (business travel only) location-based GHG emissions for TDR's operations for the year ending 31 December 2023[5]. We continue to explore opportunities to reduce our GHG emissions, from installing energy efficient office lighting to encouraging online meetings. Since July 2020, we have been purchasing renewable electricity to offset a proportion of our electricity consumption.

Scope 1:	Gas Consumption	8	tCO_2e[6]
Scope 2:	Electricity Consumption	129	tCO_2e (location-based)
Scope 3:	Cat. 6. Business Travel	629	tCO_2e
Total (Scope 1, 2 & 3)		766	tCO_2e (location-based)

5 Prepared in accordance with the GHG Protocol reporting guidelines
6 Tonnes of carbon dioxide equivalent

“I really enjoyed spending time with Renee and Lara, gaining first-hand experience of a busy reception desk. TDR also offered advice on improving my CV and gave me some great interview tips. I’m grateful for the TDR team making me feel so welcome.”

Fariha Khanum Uddin
London Futures Programme participant

LONDON FUTURES DISABILITY EMPLOYABILITY PROGRAMME

For a third year, TDR has supported the London Futures Disability Employability Programme as a corporate partner. This programme is designed for young Londoners (aged 18-25) with a learning disability, who are facing social isolation and loneliness. Over the past year, TDR has supported young people through this programme, which has provided access to learning and development opportunities to ready these participants for employment or further education. We provided a work placement for one of the programme participants, offering the opportunity to experience the hustle and bustle of our front-of-house reception desk. We also facilitated work experience days at an Asda store and David Lloyd Leisure centre for all the programme participants.

PRI SIGNATORY

Signatory of:

PRI Principles for Responsible Investment

TDR is a supporter and a signatory of the Principles for Responsible Investment (PRI). We utilise PRI’s network and thought leadership to support our responsible investment activities. We have also integrated the principles into our approach and throughout the investment lifecycle. In the 2023 reporting cycle, we received a four-star rating against each of the three reporting modules.

ESG DATA CONVERGENCE INITIATIVE

ESG Data Convergence Initiative

TDR supports the ESG Data Convergence Initiative (EDCI), supported by ILPA, which seeks to standardise ESG metrics and provide a means of comparative reporting and benchmarking on ESG in private markets. This has helped to provide consistent definitions enabling greater transparency and the convergence of varying assessment frameworks and tools. We made our first submission to the EDCI portal in 2024, which has helped to improve the consistency of data collected from portfolio companies and streamline data requests for our investors.

INITIATIVE CLIMAT INTERNATIONAL

initiative climat international
Private equity action on climate change

TDR is a signatory to Initiative Climat International (iCL), a group committed to reducing the emissions of private market-backed companies and securing sustainable investment performance by recognising and incorporating the materiality of climate risk. Becoming a member of this global community of investors has allowed us to better understand and manage the risks associated with climate change through collaborative activity. We have now adopted the Private Markets Decarbonisation Roadmap to monitor and internally report decarbonisation progress across our portfolio companies.

COLLECTIVE FUTURES

In the past year, we have established a new charitable foundation with the intention of using TDR’s skillset and resources to support positive social change. Collective Futures will focus efforts in areas that have outsized potential to improve lives but are relatively under-resourced and will prioritise prevention over intervention. Our initial support will be targeted on early childhood development in the UK.

The principles which form part of TDR’s approach - backing unconventional opportunities, recognising the critical role of people and talent, and building strong relationships – have helped to shape Collective Futures’ strategy. Collective Futures will work collaboratively with others across the sector to maximise what can be achieved together through combining resources.

THE 10,000 INTERNS FOUNDATION

THE 10,000 INTERNS FOUNDATION

TDR participated in The 10,000 Interns Foundation programme for the third year. The initiative aims to broaden the opportunities for young black people in the UK. Our intern, Jonathan Asefaw, completed an eight-week summer internship, gaining valuable experience working with the investment team on origination projects and providing support on live deals.

“My internship at TDR Capital was an incredibly enriching experience. Working closely with the investment team, I gained deep insights into the private equity industry and developed skills that will be invaluable in my future career. I am grateful for the opportunity to learn from such a talented team and contribute to meaningful projects.”

Jonathan Asefaw
Summer Intern
The 10,000 Interns Foundation

OUT INVESTORS

OUT LGBT+ NETWORK INVESTORS

As one of the founding members of Out Investors, TDR stands alongside more than 80 leading venture capital and private equity firms, hedge funds and pension funds globally. Our support is helping to deliver Out Investors’ mission of making the direct investing industry more welcoming for LGBT+ individuals and creating a lasting impact on the investment industry.

LEVEL 20

LEVEL 20

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 women in senior roles in the European private equity industry to 20%. Founded in 2015, it now has more than 1,000 individual members across 13 countries from a wide range of GPs and other professionals within the private equity industry. Level 20 activities include mentoring programmes, member forums and research groups.

Environment

ENVIRONMENT IN ACTION

The environmental impact of our portfolio companies is carefully considered throughout the investment lifecycle. During due diligence, we prioritise core themes that we believe are crucial for responsible investing. During our ownership period, we collaborate with management teams to deliver against value creation opportunities and mitigate potential environment-related risks.

Climate Change – We recognise the positive contribution that strong ESG management can have on the sustainable, long-term growth of our portfolio companies. This includes the contribution companies can make towards the transition to a low-carbon economy. It is therefore important to understand the climate risk and opportunity profile for each of our portfolio companies.

The recommendations from the Taskforce on Climate-related Financial Disclosure (TCFD) provide a helpful framework to guide our approach to climate risk management and the identification of opportunities across the portfolio. In 2024, we published our first TCFD report, providing an outline of our climate-related progress against the four TCFD pillars at both the firm level and for several of our portfolio companies. We have outlined areas of future focus and engagement to assist portfolio companies with climate integration. This disclosure shares the completed scenario analysis for eight of our portfolio companies, with the expectation to extend this to a further three companies before 31 March 2025.

Our Progress against the TCFD Framework

Core elements of recommended climate-related financial disclosures.
Source: TCFD

Governance: TDR's Management Committee receives quarterly climate-related updates from the Responsible Investment Committee for discussion and decision-making. Climate-related issues are also considered by TDR's Investment Committee in relation to potential investments.

Strategy: We have conducted scenario analysis for our portfolio companies to assess climate-related risks and opportunities, shaping our strategy and planning around them. We have developed engagement lines with our portfolio companies to help manage climate risks and capitalise on opportunities.

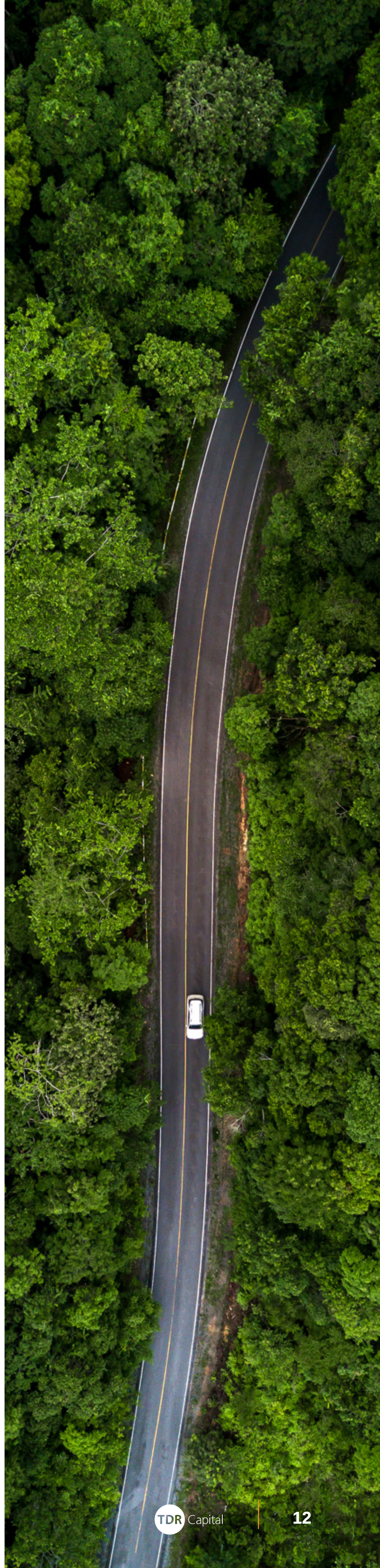
Risk Management: We integrate climate risk analysis into our investment processes, support portfolio companies in assessing climate-related risks, and encourage the setting of science-based targets and decarbonisation plans while tracking annual ESG KPIs.

Metrics & Targets: We collect ESG KPIs annually to track climate progress, including carbon emissions, water and energy use, waste production, and biodiversity metrics for our portfolio companies. We aim for over 70% of them to complete scenario analysis by 31 March, 2025.

David Lloyd Leisure has had its near- and long-term science-based emissions reduction targets approved by the Science Based Target initiative. Their case study on page 15 provides further details on this industry-leading achievement.

"We are pleased to have released our first TCFD disclosure, helping to articulate our approach to the identification and management of climate-related risks and opportunities. Through this exercise we have also been able to identify potential improvements in our approach, and will be working over the next 12 months to further strengthen our engagement with portfolio companies and within the firm."

Nigel Smith
Head of ESG & Sustainability



Portfolio Company Greenhouse Gas Emissions

Facts & Figures[7]

85%
of portfolio companies calculate full scope 1 & 2 GHG emissions

54%
of portfolio companies calculate full scope 1, 2 & 3 GHG emissions

46%
of portfolio companies have set a scope 1 & 2 net zero target

1
portfolio company has an approved Science Based Target

7 Covering Fund III, Fund IV & SOF I portfolio companies

Each year, we collect Greenhouse Gas (GHG) emissions data from our portfolio companies. We have worked with companies to support and encourage the collection of this data and as a minimum work towards reporting scope 1 and 2 GHG emissions. A number have extended this to capture scope 3 emissions, and we continue to work with the remaining companies to establish a fuller picture of the GHG footprint of our portfolio. The table below provides a breakdown of GHG emissions data made available through the calendar year 2023 reporting period. Calendar year 2024 acquisitions Jollyes, Applus+ and Acqua & Sapone will report their emissions data for the first time in the 2024 reporting year.

	Scope 1 Emissions (tCO_2e)	Scope 2 Emissions (tCO_2e)	Scope 3 Emissions (tCO_2e)
David Lloyd Leisure	79,870	2,613	57,828
Hurtigruten	231,720	3,401	165,309
Buffalo Grill	3,776	6,385	257,353
Stonegate Group	25,096	34,330	n/a
Popeyes UK	577	989	n/a
EG Group	44,840	311,883	52,655,029
Constellation	132,660	10,226	n/a
Asda	345,723	238,147	25,639,199
NKD Group	17,627	13,003	7,752,727
Arrow Group	282	291	n/a
BPP Holdings	509	929	5,832
Aggreko	158,697	10,977	10,755,555

A number of portfolio companies are now committing to net zero goals and creating decarbonisation plans that work towards approved science-based targets. This activity will continue to build momentum, and we are providing the necessary support through raising awareness, building understanding and facilitating internal and externally-led climate-related discussions.

Resource Efficiency – resource efficiency incorporates the management of water consumption, waste management and initiatives to support the circular economy. Through annual KPIs, we track waste generation, recycling levels and, where relevant, water consumption across our portfolio companies. Working with companies, we focus efforts on waste minimisation and responsible use of natural resources, followed by the recovery and reuse of waste materials. We have seen proactive initiatives across the portfolio, from steps to reduce packaging materials to the monitoring of water consumption to understand opportunities for reduction and early leak detection.

Biodiversity – we request that portfolio companies report on their potential impact to biodiversity-sensitive areas and have previously run a session to raise awareness of biodiversity and how this relates to our portfolio companies. We have provisionally applied the Taskforce for Nature-related Financial Disclosures (TNFD) framework to aid our understanding of both biodiversity risks and opportunities, whilst exploring the overlaps with our TCFD reporting to avoid potential duplication. This will continue to be an area in which we further build competency and engage proactively with portfolio companies to prioritise actions that will contribute the most to mitigating nature-related business risks and to reversing nature loss by 2030.

The following case studies outline examples of how our portfolio companies have contributed to accelerating EV adoption, supported customers to work towards meeting their net zero ambitions and reducing their own GHG emissions.

SECTOR
Leisure

HEADQUARTERS
Hatfield, UK

WEBSITE
davidlloyd.co.uk

Setting the standard in sustainability

David Lloyd Leisure, Europe's largest operator of racquets, health and fitness clubs, has recently had its near-and-long-term science-based emissions reduction targets approved by the Science Based Targets initiative (SBTi).

In the near term, it aims to reduce its absolute scope 1 and 2 GHG emissions by 90% by 2030 from a 2022 base year. From 2030 to 2050, it has pledged further long-term targets, including maintaining at least a 90% reduction in absolute scope 1, 2 and 3 GHG emissions from the 2022 base year.

The company has already implemented several initiatives that significantly reduce its carbon footprint. It has invested more than £20 million in energy-efficient technology and utility-related schemes across its clubs. This includes low-energy LED lighting on its tennis courts and comprehensive upgrades to heating and cooling systems, resulting in a reduction of more than 10,000 tonnes of CO_2. Additionally, it has allocated circa £30 million to install solar panels on club roofs, and is expected to complete 40 club installations by the end of this year, which will typically generate between 20% and 35% of the clubs' electricity needs. David Lloyd Leisure also now purchases green energy across its clubs in the UK and Continental Europe, with 100% of grid electricity in the UK now supplied by renewable sources.

40
solar installations to be completed by the end of 2024

10,000
tonnes of CO_2 saved through upgrades to heating and cooling systems

>£20m
invested in energy-efficient technology and utility-related schemes

"Our commitment to sustainability is not just a corporate responsibility, but also a crucial step towards creating a better future for everyone. By adhering to SBTi's rigorous standards and continuing to implement innovative sustainability initiatives across our clubs, we aim to lead by example in the health, fitness, and leisure sector. No matter how big or small, every single one of us can make a positive impact, and this will be crucial if we are going to achieve our net zero commitment. We know there is a lot more to be done, we're on the path to a sustainable future."

Russell Barnes,
Chief Executive Officer, David Lloyd Leisure

SECTOR
Business Services

HEADQUARTERS
Dumbarton, Scotland

WEBSITE
www.aggreko.com

70%
of capital investment into products that support the energy transition

1.1m
tonnes of CO_2 reduced in absolute total emissions

100%
of facilities in the UK, Netherlands and Belgium have transitioned to renewable electricity

Supporting customers' net zero journeys

Launched in early 2024, Aggreko's Energising Change strategy outlines its vision for a sustainable future and describes the principles guiding its ambition to support the energy transition and create a positive future for all.

Aggreko, a global energy solutions provider, is committed to helping customers lower carbon emissions and accelerate their journeys to net zero. Its Greener Upgrades programme makes the latest energy solutions available to all, providing the knowledge needed for customers to choose the right solution for them. Aggreko's continual investment in cleaner technology and services will help reduce costs, improve efficiency and reduce emissions. Through this investment, Aggreko will increase its use of cleaner technology to accelerate the pace of change in the adoption of clean energy technology. It has carried out extensive research into alternative fuels that have environmental benefits, as well as trialling innovative fuels such as hydrogen and bio-methane. It is gathering essential real-world data to give customers an informative, balanced view of results with the aim of encouraging early adoption of new technologies. In parallel, it is investing to ensure its equipment is fuel agnostic, providing greater flexibility for customers. In addition, Aggreko is transitioning the refrigerants it uses in its temperature control fleet to lower-impact refrigerants.

"Managing the energy transition is by far one of the biggest challenges for industry today and businesses are now mapping the move away from less-efficient practices. We see there is now an opportunity to adopt more efficient, greener equipment. We are privileged to be already supporting many on their net zero journey and welcome any new conversations as a result of this initiative."

Blair Illingworth
Chief Executive Officer, Aggreko

SECTOR
Leisure

HEADQUARTERS
Oslo, Norway

WEBSITE
www.hurtigruten.com

650
solar panels added to Hurtigruten Svalbard's solar installations in 2023

80%
reduction in NOx emissions through converting MS Kong Harald to a hybrid ship

5
hybrid ships in Hurtigruten's fleet

Curbing emissions

Adventure-based cruise operator Hurtigruten Group (Hurtigruten) aims to be a leader in the travel industry in curbing greenhouse gas emissions and has set itself ambitious targets to get there. It has mapped out how it can make a real difference by focusing on concrete, measurable solutions. The group has set an overall target of being net zero in scope 1, 2 and 3 emissions by 2050, and carbon neutral across scope 1 operations by 2040.

In 2023, Hurtigruten took several steps towards these goals. It launched a concept design for its Sea Zero project, the world's most energy efficient zero-emissions cruise ship with the aim of launching on the Norwegian coastal route by 2030. The concept vessel includes retractable wind and solar sails, a 60MWh battery bank and AI-assisted manoeuvring. It has continued to grow its fleet of hybrid ships with the green upgrade of coastal vessel MS Kong Harald, installing a hybrid propulsion system along with large battery packs and new engines. The refit brings the number of hybrid ships in the group's fleet to five.

During the year, Hurtigruten Svalbard added a further 650 solar panels to its solar installations. These will produce an additional 140,000 kWh of clean electricity, almost 8% of its total energy consumption.

"I am immensely proud of all we have achieved despite operating in a complex and challenging environment. We will continue to lean into the legacy that we have created over 130 years and challenge ourselves every day to have a more profound impact on the communities where we live, operate and visit."

Hedda Felin
Chief Executive Officer, Hurtigruten Norway

SECTOR
Automotive

HEADQUARTERS
Bedford, England

WEBSITE
constellation automotive.com

42,500
vehicles delivered using HVO fuel

510,000
litres of HVO used

1,350
tonnes of CO_2 saved

Trialling alternative fuels

Constellation Automotive Group, the largest vertically integrated used car marketplace in Europe, has begun trialling Hydrotreated Vegetable Oil (HVO) fuel as a direct replacement to diesel in its fleet of vehicle transporters. The replacement of diesel with HVO offers emission reductions of up to 90%, whilst continuing to service the vehicle delivery requirements to the same high standards its customers expect.

It has worked with key customers to trial HVO within its fleet of 1,500 vehicle transporters. The business offers bulk and single vehicle movements to automotive manufacturers, fleet, leasing and finance companies, independent and franchise dealers of all sizes. Operating out of a number of dedicated depots and over selected delivery routes, it has engaged with certain customers to directly replace diesel with HVO fuel.

In the 12 months to March 2024, Constellation delivered more than 40,000 vehicles using 510,000 litres of HVO, saving 1,350 tonnes of CO_2 emissions compared with standard diesel transporters. It aims to continue to expand this trial and work with more of its customers in the coming 12 months, increasing the number of vehicles transported using HVO as an alternative to diesel.

"We are mindful of the impact our vehicle transporter fleet has on the environment and we are committed to working in partnership with our customers to offer alternative fuel services. This will both reduce our carbon impact, whilst continuing to support customers with the complex logistical needs of new and used vehicle transport. Trialling a switch from diesel to HVO fuel is a step on this journey, taking our biggest emitting service towards a more sustainable offering."

Nigel Glenn
Managing Director, BCA Automotive

CONSTELLATION AUTOMOTIVE GROUP

Social

Our companies employ significant workforces, with an approximate total headcount of 298,000 across numerous sectors and geographies. Our work on social issues during due diligence and when engaging with companies during our ownership period, is focused on ensuring our portfolio companies provide a safe and nurturing workplace, engage positively with suppliers, customers and support local communities.

Key themes and portfolio-wide activity to manage social-related risks and opportunities include:

Learning & Development – We support the investment in learning and development programmes to attract and retain talent within our portfolio companies, particularly in industries with high employee turnover rates and skills shortages.

Employee Wellbeing – Establishing a culture of health and wellbeing allows individuals to thrive and demonstrate their full potential. Portfolio companies provide both in-house and external support for mental, physical and financial wellbeing through a range of innovative programmes.

Diversity, Equity & Inclusion – We are committed to promoting diversity, equity and inclusion within our portfolio and at the firm level. This includes reviewing recruitment practices, promoting educational programmes, updating internal policies and celebrating different cultures to foster greater diversity and inclusivity in the workplace. We recognise the value of diverse perspectives in enhancing decision-making and actively promote this across our portfolio.

Safety Management – We closely monitor safety performance through quarterly reporting, annual KPIs, and incident reporting. In cases of concern or serious incidents, we collaborate with management teams to ensure thorough investigations and prompt remediation. Certain safety risk profiles require a more formal safety management system, supported by resources and oversight at the board level.

Suppliers – We require portfolio companies to be aware of potential supplier risks, which could involve issues related to human rights or poor environmental practices. For higher-risk companies, this means implementing a human rights policy and initiating a supplier engagement programme to safeguard against instances of unethical behaviour.

Communities – Our portfolio companies operate across a diverse range of communities, from sailing in the wilderness of the Arctic to delivering energy solutions to remote Amazonian communities. It is therefore important that companies understand and positively manage community interactions and impacts, and where possible create value for local communities.

The following case studies provide examples of how our portfolio companies have supported their employees, suppliers, and communities over the past 12 months.

SOCIAL IN ACTION

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I. STONEGATE GROUP

SECTOR
Leisure

HEADQUARTERS
Solihull, UK

WEBSITE
stonegategroup.co.uk

880
hospitality professionals have completed Stonegate's leadership programme since launch

75%
of participants promoted to general manager or pub support team role after programme completion

50
cohorts have graduated from the Accelerator programme in the last 12 years

Accelerating professional development

Stonegate Group, the UK's biggest pub company, is celebrating the 50th cohort to have successfully graduated from Accelerator, its leadership development scheme. The Accelerator initiative is designed to develop, prepare and coach experienced deputy managers to support their progression to general managers.

Since launching in 2012, Stonegate's leadership scheme has seen 880 hospitality professionals complete the programme, with 658 deputy managers since promoted to a general manager role. The latest 2024 cohort saw 48 deputy managers from across the UK recognised and celebrated at a graduation ceremony held in Birmingham.

The Accelerator programme focuses on empowering individuals to create their own leadership style, cultivate personal goals and foster a positive mindset as they progress in their hospitality careers. It has a 75% success rate of participants being promoted into a general manager or pub support team role after completing the programme, and 68% of Accelerators have been promoted within three months of carrying out the training. The programme is an integral component of Stonegate's award-winning 'Albert's Theory of Progression' suite of training programmes, focused on developing and nurturing talent within the business. Each level of this suite of programmes is aligned with the progressive roles within the organisation, giving team members the tools to achieve their career ambitions.

"At Stonegate, we are immensely proud of our continued commitment to invest in our people and support the next generation of hospitality leaders by giving them unparalleled career development opportunities as part of our 'bar to boardroom' culture. The continued success of the Accelerator programme over the past 12 years is a real testament to this commitment; my congratulations to all colleagues that have completed the programme."

Tim Painter
Human Resources Director, Stonegate Group

SECTOR
Education

HEADQUARTERS
London, UK

WEBSITE
bpp.com

90%
average first-time pass rate for BPP Group's apprentices

80%
of FTSE 100 companies have staff trained by BPP Group

>45
apprenticeship standards offered by BPP Group

Award-winning apprenticeship programmes

BPP Education Group (BPP Group) is the UK's leading provider of professional apprenticeship training, offering more than 45 apprenticeship standards at any stage of career development. Its client base of 7,000 businesses includes NatWest Group, the NHS and Sky, and it trains professionals from more than 80% of FTSE 100 companies. BPP Group's apprentices achieve an average first-time pass rate of 90%. In February, BPP Group won two awards at the 2024 FE Week and AELP AAC Apprenticeship Awards: the Legal, Finance and Accounting Apprenticeship Provider of the Year Award and the Apprenticeship Provider of the Year award. The judges were particularly impressed with the consistent, inclusive and well-supported education experience provided by BPP and evidence of excellent learner outcomes. They particularly commended the Ofsted and QAA-recognised Learner Support team, who are all trained Mental Health First Aiders. The FE Week and AELP AAC Apprenticeship Awards are a celebration of excellence in apprenticeship delivery and provide an opportunity to recognise employers and providers.

In December 2023, BPP Group reinforced its commitment to accessible skill development by partnering with the 5% Club, an organisation of more than 950 employers which aspire to have 5% of their workforce in 'earn and learn' positions. BPP Group will sit on the 5% Club's Business Leadership Steering Committee alongside key employer members.

"It is a privilege to be presented with both awards, which demonstrates the hard work and positive impact BPP Education Group is having on the future of our apprentices. We are delighted to be able to celebrate our apprentices and employers who have gone above and beyond in championing apprenticeships, and we are dedicated to ensuring that we continue to provide the best learner outcomes for all who choose BPP Education Group."

Nicki Hay
Director of Apprenticeship Strategy and Policy,
BPP Education Group

SECTOR
Retail

HEADQUARTERS
Leeds, UK

WEBSITE
www.asda.com

>700
suppliers and growers attended ESG Supplier Conference

2040
target for net zero carbon emissions

20%
target reduction of own-branded packaging by 2030

Engaging with suppliers to deliver sustainability ambitions

In 2024, supermarket chain Asda reinforced its commitment to building a more efficient and resilient value chain and to enabling its customers to shop in an affordable, healthier and more sustainable way. Its annual ESG Supplier Conference, held in March, hosted more than 700 suppliers and growers and detailed ambitious goals on packaging and carbon emissions reduction, as well as reiterating Asda's requirements on responsible sourcing and human rights. At the conference, Asda announced a new ambition to improve its sales-weighted health score, based on the UK nutrient profiling model (NPM), year-on-year and engaged with suppliers on giving their products an NPM score. Other targets set out included a 20% reduction of branded and own brand packaging by 2030, and a reaffirmed commitment to achieving net zero carbon emissions by 2040 and a 20% reduction in operational food waste by 2025.

Asda also announced at the conference a new requirement for its highest impact suppliers, those responsible for supplying products accounting for 80% of its total carbon footprint, to engage with the EcoVadis platform. EcoVadis is a globally recognised assessment platform that rates businesses' sustainability across environmental impact, labour and human rights standards, ethics and procurement practices. This will enable Asda to better understand and integrate suppliers' ESG and carbon performance into its wider business.

"We recognise that commercial decisions need to work in tandem with our ESG values, as there is no growth in the long term without an understanding of how we grow responsibly and sustainably. This conference is a starting point, and we are going to continue to engage our suppliers and growers on our plans and expectations for sustainable growth."

Kris Comerford
Chief Commercial Officer, Asda

SECTOR
Retail

HEADQUARTERS
Waltham Abbey, UK

WEBSITE
jollyes.co.uk

>12,000
BillyChips bought by Jollyes customers in the first six weeks of the scheme

1st
business in Northern Ireland to partner with the BillyChip scheme

>37,000
trays of dog food provided through the scheme to feed homeless dogs

Supporting the homeless in partnership with BillyChip

Following the launch in December 2023, pet shop chain Jollyes has partnered with BillyChip, a social enterprise scheme allowing the public to help the homeless in a safe, quick and effective way. The BillyChip, which is a physical alternative to cash, can be purchased by customers at Jollyes and other high street outlets and given to someone on the street, who can exchange it at any participating outlet for food, drink and dog food, among other goods. The goal of the currency is to overcome the hesitancy the public have in donating to the homeless and ensure that donations to the homeless get to the people who need it most and are used in the way donors intend.

To date[8], Jollyes customers have bought 18,710 chips equating to 18,710 trays of dog food. Each BillyChip costs £2 and can be purchased for a donation or deposited in a special box at the till across all Jollyes stores. As part of the partnership Jollyes is doubling the contribution from customers, with more than 37,420 trays being provided to help feed homeless dogs. Jollyes is the first business outside the food and beverage sector, and the first business in Northern Ireland, to partner with BillyChip.

8 As of June 2024

"We know from the donations our customers and colleagues already make to local charities, that our customers are incredibly generous – pet owners will go out of their way to support other pets that need some of the love they bring to their own animals. That's why we're excited about this partnership with BillyChip – we know our customers and colleagues will understand the importance of supporting those living on the streets – and also the animals in their care. I know our store teams will work hard to share the BillyChip story and the importance of their work with customers over the months ahead."

Joe Wykes
Chief Executive Officer, Jollyes

Governance

GOVERNANCE IN ACTION

Upholding exceptional governance standards creates the foundation for delivering sustainable long-term growth within our portfolio companies. This includes ensuring compliance with the relevant laws and regulations including anti-corruption, labour laws and regulations, as well as fair working practices. It is assessed as a due diligence workstream and then monitored throughout the ownership period via quarterly portfolio company reports and third-party reputational risk monitoring. Any incidents will be reported to TDR as per our incident escalation procedures, and where deemed reported to our investors.

As a significant investor, TDR's presence on the board of portfolio companies enables us to ensure accountability at the highest level. We take a case-by-case approach with management to understand compliance obligations and company readiness to meet these requirements. If gaps are identified, we will work closely with companies to align with the necessary regulations and industry best practices. Specific areas of our broader governance focus include:

Data Protection and Cyber Security – We monitor companies to ensure they have appropriate policies, practices and procedures to avoid the potential for data or security breaches. We take a proactive approach to this by working with Orpheus Cyber, our cyber security partner, to provide threat and vulnerability ratings whilst completing cyber security assessments. Our commitment to enhancing cyber resilience remains unwavering as we continue to support our portfolio companies in safeguarding their digital assets and ensuring the long-term security of their operations.

Bribery and Corruption – We emphasise the importance of ensuring portfolio companies have strong safeguards to mitigate potential acts of bribery and corruption, including money laundering. This will form a key element of our due diligence and monitoring during our ownership period. Good housekeeping practices include delivering internal education programmes and having appropriate policies, processes and procedures adopted across the business.

Business Continuity and Disaster Recovery Plans – Portfolio companies must verify that they have business continuity and disaster recovery plans in place. These help us to understand the capability of a company to continue to deliver products and services at pre-defined acceptable levels following a disruptive incident.

Sustainability Ratings – We have seen several portfolio companies begin to engage with external sustainability ratings agencies. This has helped to promote transparency through an independent sustainability rating, identify areas of improvement and to help benchmark progress.

The following case studies provide a summary of how three of our portfolio companies have engaged with sustainability rating agencies and how strong governance has helped integrate ESG practices into EG Group's management practices.

I. HURTIGRUTEN

Leading the cruise industry in ESG Management

Hurtigruten Group (Hurtigruten) has received an industry-leading ESG risk rating of 19.7 (Low) following an assessment by ESG research, ratings and data firm Morningstar Sustainalytics. Hurtigruten is the only cruise company to be awarded a Low ESG risk rating, and ranks fourth out of 127 companies in the travel, lodging and amusement subindustry category. The rating is based on a company's exposure to ESG risks and how well it manages these risks. The assessment noted Hurtigruten's strong management of ESG issues, low risk of material financial impact from ESG factors and above average policies and programmes.

"This rating is a result of our company-wide focus on emissions, nature, community and people. We have made significant strides over the past year, investing €66 million in emissions reduction. Simultaneously, we strengthened governance with executive compensation linked to ESG targets, a new whistleblower policy and improved supply chain control, emphasising local procurement."

James McArthur
Chief Financial Officer, Hurtigruten Group

II. ASDA

Setting a benchmark for ESG improvement

As part of Asda's ongoing commitment to report transparently on its ESG targets, it received its first external ESG assessment by financial services ratings agency Sustainable Fitch. This external ESG rating assesses a company's performance relative to competitors and the wider industry and is a way to easily understand the company's ESG profile, risks and opportunities. Asda received an entity rating of 3, where 1 is excellent and 5 is poor, reflecting its progressive effort to integrate ESG considerations into its business strategy. Asda was rated positively against its existing ESG targets, particularly for the decarbonisation of its operations by 40% since 2015 and ongoing efforts to make packaging recyclable.

"Improving the transparency around how we are progressing our ESG targets is a key aim for the business. We are pleased to receive our first independent ESG rating from Sustainable Fitch and to have achieved a score which shows that we are already in line with the largest retailers in our sector. We look forward to the opportunity to improve on this score."

Michael Gleeson
Chief Financial Officer, Asda

III. EG GROUP

Ongoing ESG ratings driving improvements

EG Group undergoes an annual ESG risk assessment with Morningstar Sustainalytics, reviewing the company's exposure to ESG risks and how well it manages these risks. The ratings provide a material ESG focus, identifying key issues and the most substantial risks. It is a comparable analysis across industries and a forward-looking assessment capturing quantitative and qualitative factors. The group's score has improved consistently over time as it has implemented its ESG strategy. Its latest rating had improved significantly from 16.9 (weak) in 2021 to 36.9 (average) in 2023, on a scale of 0-100. This reflects improvements made over the past few years, including setting a Board-approved ESG strategy, publishing ESG reporting annually, embedding ESG into business operations, and ensuring the Board has regular oversight of ESG improvements and progress.

"Our improved score from Sustainalytics evidences the progress we have been making, and continue to make, at EG Group, from creating an ESG team to enhancing our approach to public disclosure and strengthening our ESG strategy. We aim to improve our score yearly as we progress further on our ESG journey"

Amina Batool
Head of ESG & Sustainability, EG Group

SECTOR
Consumer Services

HEADQUARTERS
Blackburn, UK

WEBSITE
www.eg.group

2.1m
colleague training hours delivered

2
ESG Forums, bringing together ESG managers and other colleagues, held annually

753
apprenticeships created since 2021, against a target of 500 by 2025

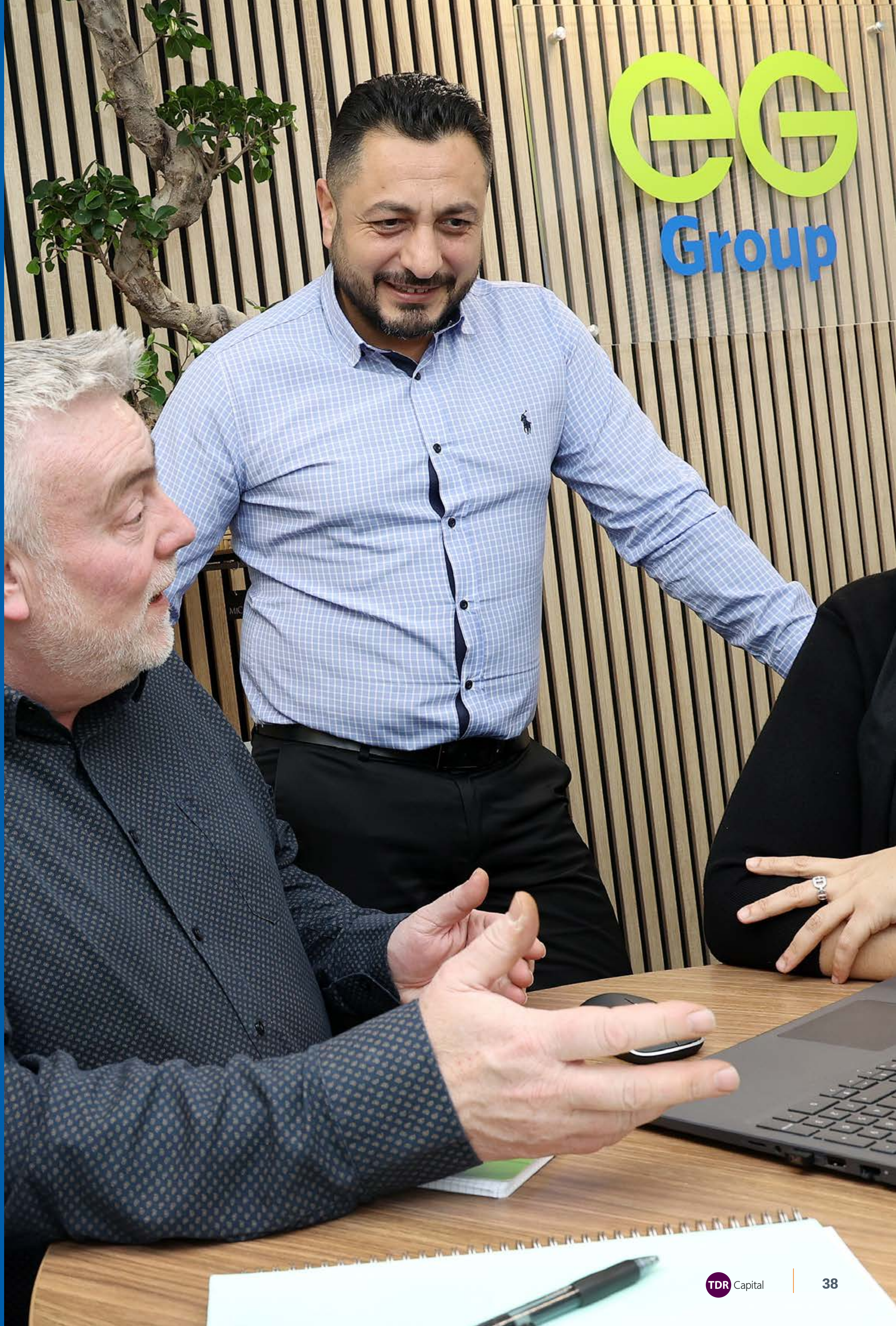
Strong governance drives ESG management

EG Group embeds ESG into its governance and management structures. The Group Board is ultimately responsible for oversight of ESG and is updated and consulted on ESG throughout the year. The Group ESG team advises on ESG strategy, monitors legislation, reviews progress and creates external ESG disclosures. Operational teams across the business are responsible for managing specific ESG issues, for example teams within HR, health and safety, and legal and governance.

In 2023, EG Group's board of directors approved the group's scope 1 and 2 carbon reduction roadmap and updated ESG Policy Position Statement, among other key decisions. Board committees also have a remit covering EG Group's ESG agenda. The Audit and Risk Committee oversees principal risks related to ESG issues, including climate risk, risks associated with talent, culture and capability and compliance with regulation. The Remuneration Committee reviews workforce pay and incorporates ESG metrics on climate change into staff incentive plans. The group's scope 1 and 2 carbon reduction target has been aligned to its long-term incentive plan in 2023, and its UK short-term incentive plan for 2023 included the requirement to complete an ESG training module.

"From a Board perspective, we remain committed to leading from the top. Not only have we put in place structures and processes to embed ESG into the business, but we have also started to implement actions to improve across several fronts. This includes colleague engagement, training and development, and waste recycled – all of which improved in 2023."

Lord Stuart Rose
Chairman, EG Group



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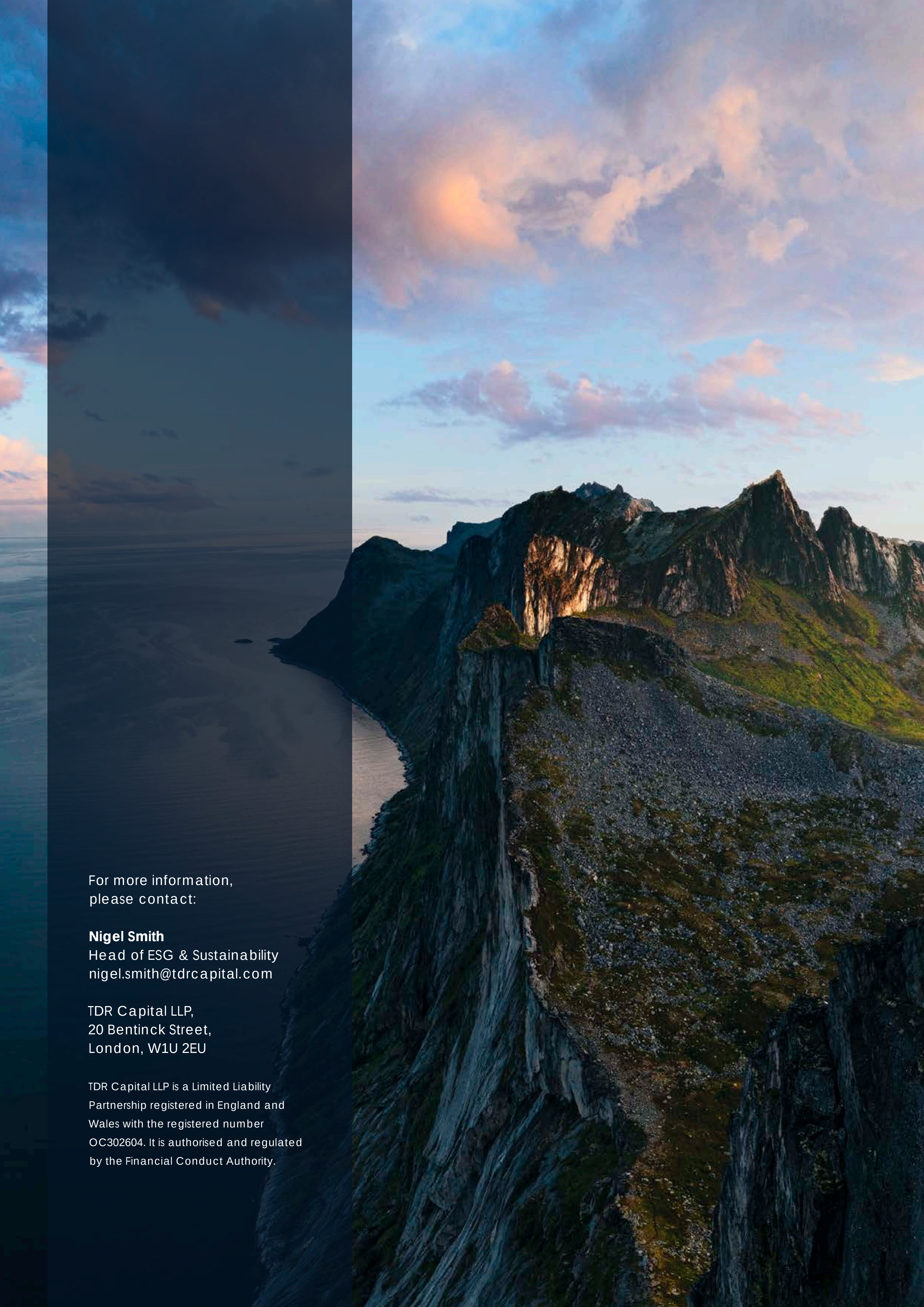

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