

IMPACT THROUGH PRIVATE DEBT

KRISTOF WOUTTERS & KAMIL KAPASI



5 SEPTEMBER 2024

PRESENTATION TO CANDRIAM DUTCH SUSTAINABLE INVESTMENT CONFERENCE



Private Debt Investor
AWARDS 2019
Lower mid-market lender of the year - Europe

AltCredit
FUND INTELLIGENCE
EUROPEAN PERFORMANCE AWARDS
2020
Winner
Mid-market lending

Creditflux
Manager Awards 2018
Best European direct lending fund

Kartesia
FEATURED AS ONE OF THE
Most Consistent Top
Performing Private Debt Fund
Managers

2020 PREQIN GLOBAL PRIVATE DEBT REPORT 

Confidential

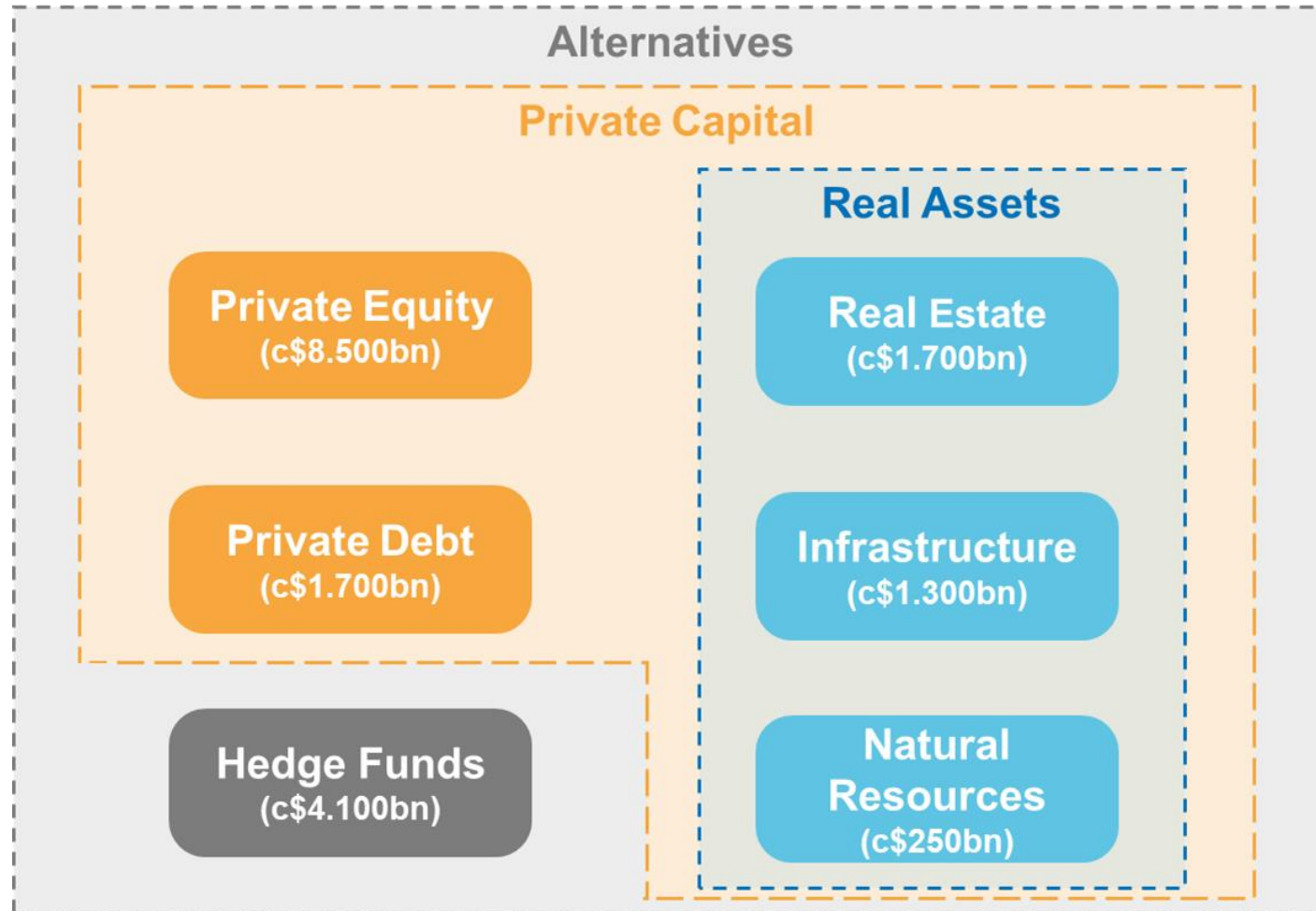
GETTING THE DEFINITIONS RIGHT

From “Responsible Investing” over “Sustainable Investing” to “Impact Investing”



GETTING THE DEFINITIONS RIGHT

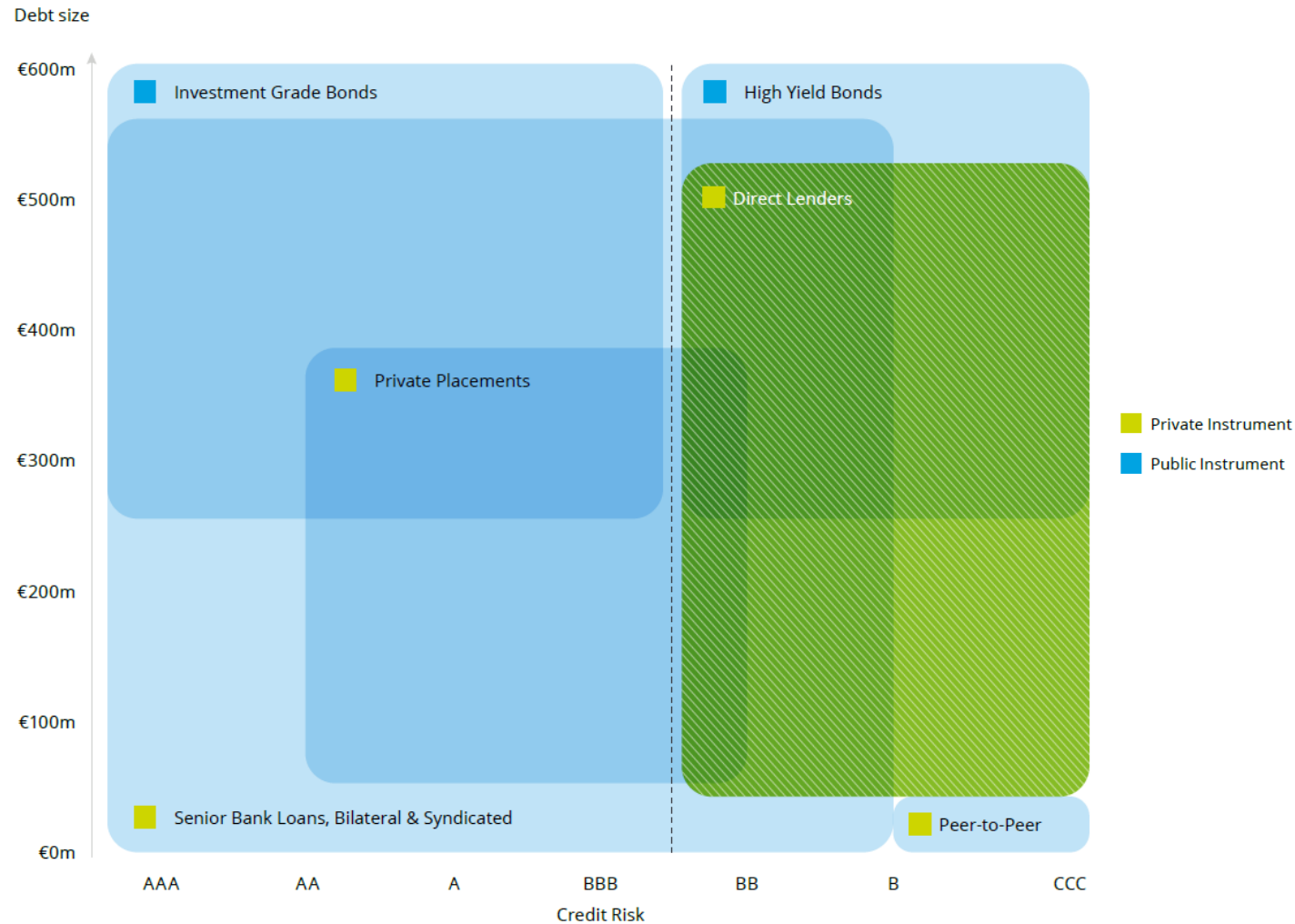
Defining the rapidly expanding alternative assets investment space



Sources: Candriam, Preqin, HFR

HOW DOES DL COMPARES TO OTHER CASH FLOW DEBT PRODUCTS ?

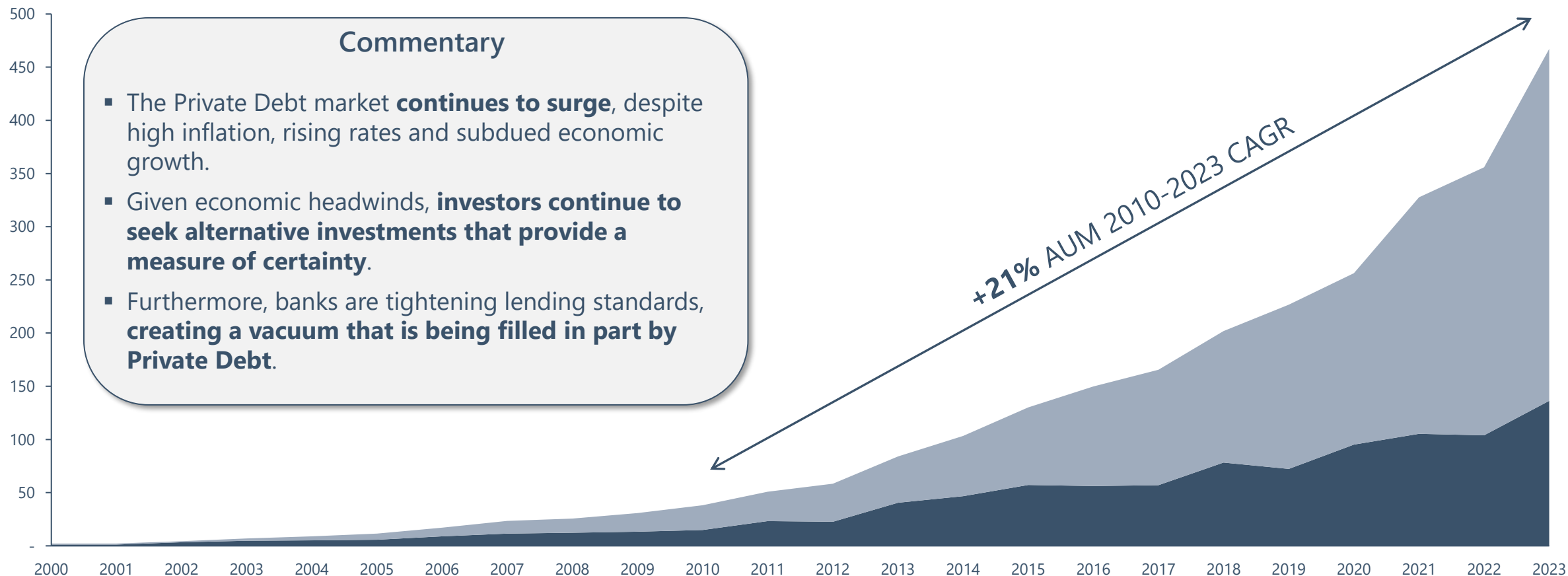
Direct lending mainly fits the sub-investment grade market segment for deals representing more than 50M€ issuance up to over 500M€



GROWTH OF THE PRIVATE DEBT ASSET CLASS IS HERE TO STAY

PRIVATE DEBT AUM GROWTH (€BN)¹

■ Dry Powder ■ Unrealized Value



Source: Kartesia, July 2024

1. Preqin Aggregate Private Debt Fund Managers with a European investment focus (with headquarter across the globe) AUM tracker from 2018 to March 2022 across all strategies (Direct Lending, Mezzanine, Special Situations, Distressed Debt, Fund of Funds and Venture Debt)

DIRECT LENDING AS ALTERNATIVE FINANCING SOLUTION FOR CORPORATES

Flexible and bespoke financing structures are at the core of the direct lending's USP

When do borrowers use direct lending ?

Advantages associated with direct lending

1	Private Equity Acquisitions	▶	✓	Reduce equity contribution and enable more flexible structures
2	Corporates making transformational/ bolt-on acquisitions	▶	✓	Enable growth of private companies with less/no cash equity
3	Growth capital	▶	✓	Enable growth opportunities
4	Consolidation of shareholder value	▶	✓	Enable buy-out of (minority) shareholders
5	Special dividend to shareholders	▶	✓	Enable a liquidity event
6	To refinance bank lenders in highly-levered structures	▶	✓	Enable an exit of bank lenders
7	Raising junior HoldCo debt	▶	✓	Increase leverage for acquisitions/ dividends

KARTESIA AT A GLANCE

Established European debt platform since 2009 dedicated to the European lower mid-market (“LMM”) corporate borrower base

- Pure-play pan-European platform with an incumbent advantage in the Lower Mid-Market (€5-25m EBITDA)
- Complementary strategies focused on strong risk-adjusted returns and downside protection (target leverage of 2-4.5x)
- Proven dual-track sourcing & deployment capabilities in primary and secondary markets, with a deep access to sponsorless deals
- Focus on defensive and cash-flow generating businesses, with growth potential
- Consistent track record & strong risk-adjusted returns
- ESG embedded at the various stages of the investment process



26 years
average exp. in private credit

€6.7bn²
AUM

€6.6bn
invested in
260 companies³

20
major European awards

>500
investment opportunities reviewed
LTM

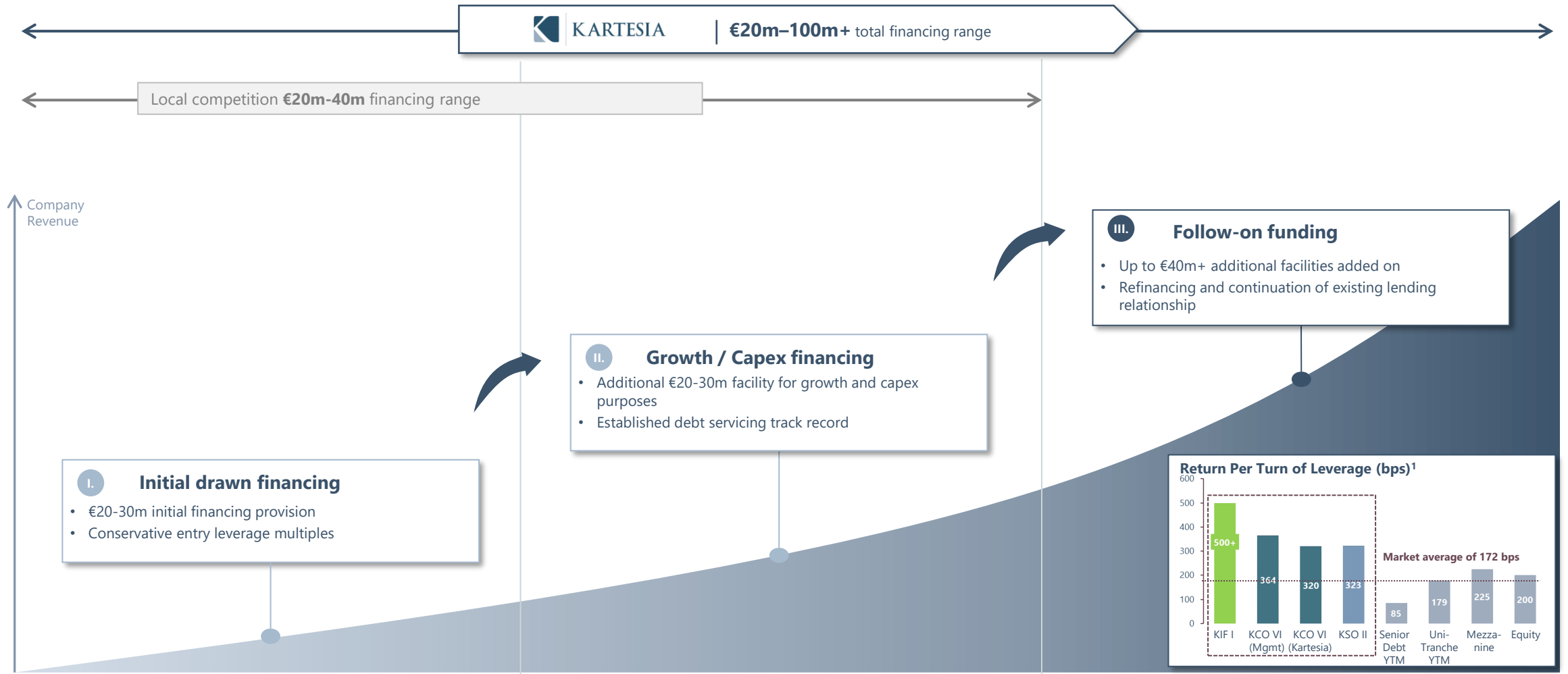
c. €1bn
LTM deployment

>70%
deals sourced off-market

55%+
sponsorless lending

CATALYST FOR GROWTH

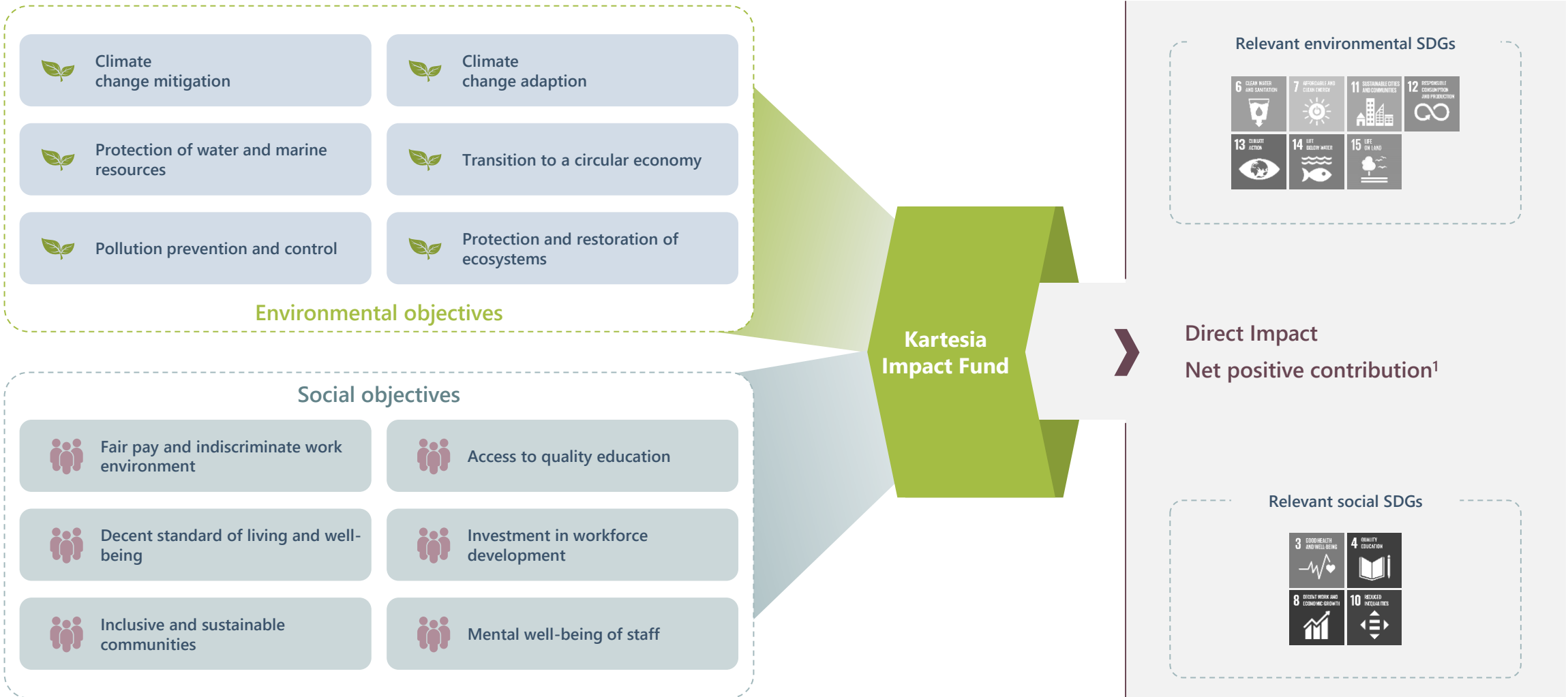
Unique positioning sheltered from larger competitors whilst outgrowing smaller local players. Kartesia is able to provide initial financings of €20-30m and grow all the way to up to €80-100m



Source: Kartesia, July 2024; 1. Return per turn of leverage calculated as the ratio of expected gross portfolio IRR for KSO II, KCO V and KIF I to Kartesia LTM net leverage (incl. equity) as of March 2024.

DRIVING IMPACT THROUGH WELL DEFINED OBJECTIVES

KIF invests in companies directly contributing to Sustainable Development Goals and supports companies in their transition to more impactful practices by promoting a “better society” on a “healthier planet”



Sources: 1. Aligns to the principles of “Do No Significant Harm”

IMPACT ASSESSMENT THROUGH THE INVESTMENT PROCESS

Assessing, measuring and optimizing impact through the investment journey



Overseen by Impact Advisory Committee

Preliminary document screening

- Candriam eval. questionnaire
- Carbon footprint assessment (ClimatePartner)

Compliance Certificate on impact targets

- Quarterly reporting to LPs
- Impact report

FINANCIAL IMPACT INCENTIVE MECHANISM

Financial incentives through interest rate discounts of up to 50 bps for borrowers alongside ongoing support leveraging the Kartesia platform

Financial incentives and support



Interest rate discount if the impact targets linked to the loan margin are met (applied annually)¹
2 defined targets awarding a 25bps discount per achievement (up to 50 bps)



Ongoing support to (1) achieve impact targets and (2) align with best practices ("impact advisory") leveraging the Kartesia platform

Social Case Study: Better education and reduced inequality



1/2 targets achieved in FY22/23

- ✓ 3.78% scholarships granted in FY22/23 (Target 3.73%)
- ✗ 2.39% FTEs with a disability in FY22/23 (Target 2.40%)



- Local sourcing for reduced transport emissions
- Cafeteria adopted compostable plastics
- On-campus vehicles exclusively electric with installed chargers



- +24% scholarship spending, reaching €2.8m for 1,064 students
- Donated €2m to support humanitarian efforts through charities
- Expanded employee training, benefiting 595 FTEs with 4.6k hours



- Strong Board diversity with 55% female representation
- ESG added as a topic for strategy meetings

Social Case Study: Better healthcare and reduced inequality



2/2 targets achieved in FY22/23

- ✓ 11 support hours available in FY22/23 (Target 11 hours p.a.)
- ✓ 0.65% of salaries spent on CPD in FY22/23 (Target 0.44%)



- Contacted landlords on green energy and EV point installation
- Improved WFH practices including clinical peer reviews
- Enhanced driving safety and carbon efficiency through technology, including discouraging frequent "start/stop" activity



- Net job creation +56 employees in the year, totaling 1,339 FTEs
- Invested £260k in CPD training
- Increased Mental Health First Aiders by +12 YoY (32)



- Total 4 members of the Board (+1) with one Female member
- Enhanced governance and ESG related policies now in place:
 - ESG Strategy, Carbon reduction strategy, Sustainable purchasing policy, etc.

Sources: 1. Impact targets will be monitored on an annual basis. Interest rate discounts will be applied on an annual basis, if key impact targets are met. Interest rate reduction will not apply retroactively.

KEY DIFFERENTIATOR OF OUR KIF PROPOSITION

FOCUS ON THE LOWER MID MARKET

Kartesia's investment sweet spot is in assets with €3m EBITDA and above where:

- There is **no dedicated / sophisticated ESG team**
- **ESG / Impact data set is not readily available**

Kartesia's ambition is to support both **Financial and Impact ambitions**. Providing debt facilities which grow with the company and an ability to leverage our internal ESG team resource, Candriam expertise and ClimatePartner carbon footprint assessments to support data capture and set up a meaningful Impact strategy.

CANDRIAM PARTNERSHIP

Biggest market risk is **greenwashing** with Lenders and Borrowers seeing increased regulatory scrutiny on 'weak' SLLs put in place (easy targets and lender's monitoring / confirming themselves).

Candriam brings **experience, credibility and independence** in the process.

- 25 years of experience in Sustainable and Responsible Investing
- 10 dedicated ESG analysts
- Independent screening and assessment of KIF deals to ensure true **direct** impact generation, setting up stretching KPIs and monitoring them, thus **removing identified material conflicts of interest**.

POSITION VS. COMPETITION

At lower mid market, **banks are our biggest competition** however KIF benefits include:

- **Flexibility of a debt fund** (bullet structuring, covenant and terms flexibility)
- **Certainty of deliverability** (efficient processes to meet timelines)
- **A credible Impact strategy** (recognition that investing in Impact can increase shareholder value).
- **Ability to partner with others** (increases overall debt quantum with lower WACC for borrowers)

Despite banks being cheaper, **borrowers are increasingly looking 'longer term'** and wanting to generate Impact and the above factors support generation of a healthy KIF pipeline.

KIF CASE STUDY

Universidad Católica San Antonio de Murcia ("UCAM") – Spain (2/2)



	KPIs	TARGET
A better society	• Reviewing down the share (in € terms) of sport scholarships granted by UCAM and increase that of other scholarships (socioeconomic, disabled, etc.)	From 60/40 down to 50/50
	• Training hours per employee	From 16 hours to 20 hours / year
	• Scholarships granted by UCAM in € terms (year n) / net enrolment revenues (year n-1)	From 3.66% to 3.90%
	• Number of disabled employees with >33% disability rate (end of year n) / total number FTEs (end of year n)	From 2.31% to 2.70%
On a healthier planet	• Development of integration programs for disabled students and employees	Best efforts to start tracking the number of beneficiaries & improve + providing regular update
	• Monitoring social student diversity and well-being	Annual well-being survey + Annual stats monitoring
	• Tracking of climate-and social inclusion-related start-ups in the incubator	Best effort & providing regular updates
	• Hybrid/electric vehicles (whenever vehicle fleet is renewed)	Best efforts
	• « A » energy certificate for all new buildings	100% of all new buildings
	• Canteen: Reduce single-use plastics, improve local sourcing, offer healthy menu	Continue to improve & providing regular updates (at least annual)

MARGIN RATCHET KPIs

SCHOLARSHIPS GRANTED	TARGET
Actual State (FY 22/23)	3.78%
2022/2023	3.73%
2023/2024	3.80%
2024/2025	3.85%
2025/2026	3.90% ¹
2026/2027	3.90%
2027/2028	3.90%
DISABLED EMPLOYEES	TARGET
Actual State (FY 22/23)	2.39%
2022/2023	2.40%
2023/2024	2.45%
2024/2025	2.50%
2025/2026	2.55%
2026/2027	2.60%
2027/2028	2.70%

! No positive discrimination in recruitment process

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation. For detailed information please refer to the full ESG DD report available in the dataroom.

1. 3.90% would require UCAM to increase scholarships by c. €1m (30% more of what they do today) in a scenario where net enrolment revenues grow 5% per annum

KIF CASE STUDY

RCI Group – United Kingdom (1/2)

ACTIVITY

RCI is a UK group of 5 companies offering services in criminal and family justice, forensic healthcare, community mental health and data & technology within the public healthcare system

Impact Contribution: “A Better Society”

- ✓ Reducing inequalities when accessing public health, social care and justice systems
- ✓ Developing staff skills and service quality
- ✓ Improving staff welfare

Deal Characteristics

Investment Size (at par)	£23.2m Senior Secured TLB
Margin	SONIA + 6% cash (pre ESG ratchet)
Arrangement Fee	2.75%
Realised Returns ¹	17.3% / 1.21x
Exit Date	March 2024
Net debt to EBITDA	1.5x

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation
1. Realised performance at exit date as of March 2024

ESG ANALYSIS

Key Business Activities Analysis



Ensure healthy lives and promote well-being for all at all ages



Strives to reduce inequality within and among countries by empowering and promoting the social, economic and political inclusion of all

Key Stakeholder Analysis



Service users

- ✓ Diverse service user profile
- ✗ Services need a consistent and high quality offering which can be improved with further staff training



Employees

- ✓ Most Human Resources ratios are balanced and satisfying
- ✗ Staff welfare and wellbeing support could be improved

KIF CASE STUDY

Universidad Católica San Antonio de Murcia ("UCAM") – Spain (1/2)



ACTIVITY

Non-for profit university offering undergraduate and postgraduate programs as well as vocational training to more than 16,000 students in the Southeast of Spain

Impact Contribution: "A Better Society"

- ✓ Offering affordable and quality education
- ✓ Developing skills and employability
- ✓ Reducing income inequalities

Deal Characteristics

Investment Size (at par)	€16m Senior Secured TLB
Margin	EURIBOR + 5% cash
Arrangement Fee	2.75%
Expected Returns ¹	8.5% / 1.22x
Contractual Maturity	5 years
Net debt to EBITDA	3.2x (1.8x Gross Debt / University EBITDA)

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation
1. Expected returns at exit as of March 2024

ESG ANALYSIS

Key Business Activities Analysis



Inclusive and equitable quality education and promotion of life-long learning opportunities for all



Strives to reduce inequality within and among countries by empowering and promoting the social, economic and political inclusion of all, including persons with disabilities

Key Stakeholder Analysis



Students

- ✓ Diverse student profile
- ✗ Scholarships allocated to students could be increased (especially based on social background criteria)



Employees

- ✓ Most of Human Resources ratios are balanced and satisfying
- ✗ Disabled employee ratio could be improved

KIF CASE STUDY

RCI Group – United Kingdom (2/2)

	KPIs	TARGET
A better society	• Bi-annual wellbeing survey to be undertaken	2 surveys / year
	• Management to describe provisions of staff well-being support provided per business	Annual update
	• The number of hours of counselling / mentoring support available to all staff across the Group	10 hours p.a.
	• The percentage of gross salaries across the Group spent each year on external training and development	0.40%
On a healthier planet	• Management to describe and detail on CPD training undertaken in each business	Annual update
	• Increase the number of Mental Health First Aiders across RCI Group	Starting at 10; + 2 / year
	• Launch carbon reduction strategy and roll it out across RCI Group	Annual update
	• Developing a new sustainable purchasing policy	Y + 1
	• Explore the use of green energy or energy efficiency initiatives in buildings where they are a tenant	Annual update / meetings with building owners
	• Explore the use of remote working where possible e.g. on video assessments in Communicourt or e-peer reviews in MHC to reduce travel or benchmark being remote working	Annual update + travel policy / flexibility amongst remote working

MARGIN RATCHET KPI	
<i>Exited March 2024</i>	
SUPPORT HOURS AVAILABLE	TARGET
Final level (Sep'23)	11 hours p.a.
Year ending Sep'23	10 hours p.a.
Year ending Sep'24	11 hours p.a.
Year ending Sep'25	12 hours p.a.
Year ending Sep'26	13 hours p.a.
Year ending Sep'27	14 hours p.a.
Year ending Sep'28	15 hours p.a.
% OF SALARIES SPENT ON CPD	TARGET
Final level (Sep'23)	0.65%
Year ending Sep'23	0.40%
Year ending Sep'24	0.44%
Year ending Sep'25	0.48%
Year ending Sep'26	0.52%
Year ending Sep'27	0.56%
Year ending Sep'28	0.60%

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KIF CASE STUDY

Delivery Associates – United Kingdom (1/2)



ACTIVITY

Specialised impact consultancy firm focused on project delivery, supporting donors such as governments and philanthropic organisations in delivering true impact in areas such as climate change, education, and healthcare.

Impact Contribution: "A Better Society on a Healthier Planet"

- ✓ Enhancing the effectiveness of governments
- ✓ Improving access to education and healthcare
- ✓ Reducing environmental footprint

Deal Characteristics


Investment Size (at par)	€29.2m Senior Secured TLB
Margin	SONIA + 7% cash
Arrangement Fee	2.75%
Target Returns ¹	12.4% / 1.26x
Contractual Maturity	6 years
Net debt to EBITDA	3.0x

ESG ANALYSIS

Key Business Activities Analysis (Project Examples)

 <p>6 CLEAN WATER AND SANITATION</p>	<p>Improving drinking water quality in indigenous communities</p>	 <p>13 CLIMATE ACTION</p>	<p>Significant reductions in greenhouse gas emissions in major cities</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Supporting local government to reduce childhood anemia</p>	 <p>4 QUALITY EDUCATION</p>	<p>Increasing primary school attendance in developing countries</p>

Key Stakeholder Analysis

	<h4>Beneficiaries</h4> <ul style="list-style-type: none"> ✓ Supporting a broad range of beneficiaries across multiple SDGs ✗ Potential to further diversify beneficiaries' base to ensure an even higher impact generated
	<h4>Employees</h4> <ul style="list-style-type: none"> ✓ Most of Human Resources ratios are balanced and satisfying ✗ Further improve employee utilization rate

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation
 1. Expected returns at exit as of March 2024

KIF CASE STUDY

Delivery Associates – United Kingdom (2/2)



	KPIs	TARGET
A better society	• Reduce churn (recruitment and retention)	Set targets on employee turnover
	• Increase employee well-being (working conditions)	Monitor and Set targets on eNPS
	• The Number of beneficiaries ¹ supported over the year (Impact)	From 582 to 685
	• The SHE Index score ² (ESG)	From 56.0 to 71.5
On a healthier planet	• Sustain strong positive customer feedback	Set targets on customer NPS
	• Promote high ethical standards and transparency (corporate governance)	Implement code of Conduct internally and with suppliers
	• Reduce carbon footprint in line with Paris Agreement for scope 1 and 2 (Emissions)	Measure annually and set targets on Scope 1 and 2
	• Reduce scope 3 emissions by significantly reducing the number of airplanes travel/year (Emissions)	Measure annually and compare to the Paris agreement emissions threshold
	• Ensure high environmental and social standards across the value chain (raw material & waste)	Implement environmental policy
	• Commit to the SBTi	Consider to sign-up to SBTi

MARGIN RATCHET KPIs

# BENEFICIARIES SUPPORTED	TARGET
Actual level (Dec'23)	619
Year ending Dec'23	605
Year ending Dec'24	626
Year ending Dec'25	645
Year ending Dec'26	665
Year ending Dec'27	685

THE SHE INDEX SCORE	TARGET
Actual level (Dec'23)	61.0
Year ending Dec'23	58.8
Year ending Dec'24	61.7
Year ending Dec'25	64.8
Year ending Dec'26	68.1
Year ending Dec'27	71.5

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation. For detailed information please refer to the full ESG DD report available in the dataroom. 1. A beneficiary is an organization that DA has supported, trained, helped to create, or build something impactful – such as a local governmental organization or an NGO. 2. The SHE Index measures and compares the gender balance in organizations, fostering transparency and motivating action.

KIF CASE STUDY

Cumbria Waste Group (“CWG”) – United Kingdom (1/2)



ACTIVITY

Provision of end-to-end waste management solutions, from waste collection to processing, recycling & responsible disposal for both Municipal (local authorities) and to Non-Municipal clients (hotels, schools, shopping centres, packaging companies).

Impact Contribution: “A Better Society On A Healthier Planet”

- ✓ Reduced waste generation through prevention, reduction, recycling, reuse of materials and minimising landfill waste.
- ✓ Production of clean energy as a bi-product of operations
- ✓ Minimising accidents and injuries on site

Deal Characteristics

Investment Size (at par)	£8m Senior Secured TLB
Margin	SONIA + 7% cash
Arrangement Fee	3.00%
Expected Returns ¹	10.5% / 1.41x
Contractual Maturity	5 years
Net debt to EBITDA	0.00x (1.5x Gross)

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation
 1. Expected returns at expected exit as of April 2028 taking into account SONIA floor only (2.50%),

ESG ANALYSIS

Key Business Activities Analysis



Environmentally sound management of all wastes throughout their life cycle to promote re-use and circular activity.



Minimising waste sent to landfill and production of clean electricity as a bi-product of operations.



Operations regulated to minimise any release to air, water or soil in order to minimise adverse impacts to fauna, flora, humans or areas of specified scientific interest.

Key Stakeholder Analysis

Customers



- ✓ Waste collection is viewed as a positive service to ensure clean streets with use of recycled materials also viewed positively to minimise resource depletion.
- ✗ Regular meetings are held with the local communities to take feedback on how they can improve operations and work with the community.



Employees

- ✓ Strong local hirer with a skilled workforce and appropriate investment in training and development
- ✗ Modest net job creation and increasingly ageing workforce with care to be taken around injuries.

KIF CASE STUDY

Cumbria Waste Group (“CWG”) – United Kingdom (2/2)

	KPIs	TARGET
A better society	• Monitor and create initiatives to improve recruitment and retention.	Annual update to be supplemented with annual staff engagement survey
	• Invest in staff skills and support succession	Annual update
	• Invest in the staff welfare agenda	Annual update
	• Monitoring of material offtake volumes and end customers / impact	Annual update
	• Accident and Injury Rates faced on site each year	See Margin Ratchet KPIs
On a healthier planet	• Launch carbon reduction strategy	Annual update to be supplemented with annual carbon assessments
	• Monitor landfill activities in respect of ways to reduce flaring activities and providing updates on any regulatory changes and how the business is adapting	Annual update
	• Monitor levels of hazardous waste activities and provide updates on appropriate level of treatment and disposal	Annual update
	• Monitor the % levels of recyclate achieved within MRFs	Annual update
	• Reduction in electricity use per tonne of material processed	See Margin Ratchet KPIs

MARGIN RATCHET KPIs

ACCIDENTS / FTE HOURS	TARGET
Current state (at entry)	7.45
2024/2025	7.31
2025/2026	7.17
2026/2027	6.89
2027/2028	6.62
2028/2029	6.21 ¹

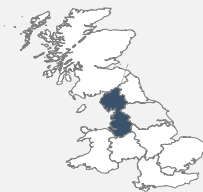
ELECTRICITY / MATERIAL PROCESSED	TARGET
Current state (at entry)	7.34
2024/2025	7.27
2025/2026	7.16
2026/2027	7.01
2027/2028	6.83
2028/2029	6.61 ²

Please see important information about this case study set forth in the Disclaimer section in the beginning of this presentation. For detailed information please refer to the full ESG DD report available in the dataroom.

1. The test takes the total number of injuries in FY23 divided by the total number of hours worked as a ratio, this allowing for suitable growth in FTEs or number of hours worked. If achieved, the test levels will result in a cumulative reduction of 16.7% over the 5-year facility term. 2. The test takes the amount of electricity purchased in FY23 and divides it by the amount of material processed (tonnes). If achieved, the test levels will result in a cumulative reduction of 10% over the 5 year facility term.

REJECTION CASE STUDY – LACK OF MEASURABLE IMPACT

Base of operations



Business Description

- The company provides water waste management solutions to rural areas and customers that are without direct access to central sewage infrastructure. For example, construction sites with portable toilets (in UK, 7 persons per 1 toilet with weekly servicing required by regulation) and commercial or residential properties in rural areas that utilise septic tanks and need refilling of water tanks. Disposal of waste is subject to stringent environmental regulations to ensure this does not pollute or contaminate local areas and water streams and failure to comply can lead to fines and site shutdowns for customers
- Accordingly, the company will look to remove and safely dispose of liquid waste from septic tanks, sewage treatment plants, pump stations etc in line with regulatory guidelines to ensure customer compliance whilst also maintaining environmental standards
- The revenues largely come from portable cabin hire and waste removal from end company sites. It operates with 130 FTEs and a fleet of 80 tankers. The key input from a supply perspective is fuel with ongoing efficiency targeted through replacing vehicles with more efficient ones (potentially EV) as well as better route planning of jobs to reduce fuel requirements / carbon footprint

Prospective alignment with SDG



- **SDG 3 and 6** – The company ensures wastewater is appropriately collected and disposed / treated vs. being dumped into local reservoirs ensures benefits to the local environment and health of people as water is appropriately sanitised.
- **SDG 10** – Ensures access for all to clean water with appropriate servicing

Highlighted concerns

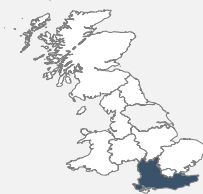
- × Looking into the revenues, actual services rendered were logistics activities and not water treatment
- × The management team faced difficulties in clearly delineating the impact and quantifying it

× Final Rejection Outcome

Lack of measurable direct impact

REJECTION CASE STUDY – DNSH CONCERNS

Base of operations



Business Description

- The company provides non-emergency patient transport services to those who are immobile or disabled to enable them to reach healthcare providers and receive care, tests or medical procedures. Benefits to the UK healthcare system include:
 - 1) Ensuring patients have access to vital care regardless of mobility restrictions (therefore reducing inequalities and increasing life expectancy)
 - 2) Reduces inefficiency in the public health system by enabling maximum utilisation of medical professional time and theatre rooms by ensuring patients turn up to appointments. In the event of a no show significant cost is seen
 - 3) By enabling community-based care (and picking up patients from homes) this prevents the challenge of 'bed blocking' freeing up capacity for more urgent cases whilst still enabling timely treatment of home based patients through this service.
- Importantly, the business was not viewed as just a transport company (patients typically can't not use an alternative of a taxi for example) as this business uses a fleet of fully equipped ambulances and staff are trained medics. Revenues are 100% generated from the patient transport service, provided by 2,700 FTEs and 109 vehicles. Again, fuel is a key input

Prospective alignment with SDG



- **SDG 3** – Ensuring good health for all patients
- **SDG 10** – Ensuring access for all to healthcare with inclusivity around timely healthcare for those with mobility issues

Highlighted concerns

- × Satisfactory revenue impact, but extensive monthly travel poses emission challenges
- × EV adoption deemed unfeasible due to short trips and charging inefficiencies; route planning software utilized to minimize carbon footprint

× Final Rejection Outcome

Despite strong social aspect, inability to credibly reduce emissions raised DNSH concerns

REJECTION CASE STUDY – LACK OF DIRECT IMPACT

Base of operations



Business Description

- The company is a provider of battery solutions with a product offering focused on battery racks for power supply, starter batteries, EV batteries, and charger solutions. They offer products to a variety of end-markets such as Telecom, IT/Data centres, industrial and automotive across 20+ European countries
- The company designs, develops, engineers, tests and maintains battery solutions with a goal of generating higher capacities and longer lifespans with a greener way of producing them. The battery mix consists of (i) Lead-acid batteries that have a recycle rate close to 100% and (ii) Lithium-ion batteries which have a longer lifespan
- The business is operating with c50 FTEs with supply chains naturally focused on raw materials that go into battery solutions with work undertaken in the supply chain to track CO2 emissions and improve production processes to create products in a more sustainable way

Prospective alignment with SDG



- **SDG 7:** The energy solutions of the company provide a way to store renewable energy in an efficient and effective way and deploy it when the need is high, making renewable energy more affordable and accessible
- **SDG 13:** Contributing to further electrification of industries actively accelerating transition to renewable energy and moving away from fossil fuel as primary energy source to combat climate change

Highlighted concerns

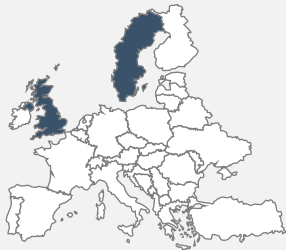
- ✗ The company's distribution of battery applications does not sufficiently contribute to activities that are considered sustainable on a direct basis, the production of batteries does not equate to electrification of industries, and it is reliant on its end customer activities to be undertaken in the right way to generate direct impact
- ✗ Proposed investment into battery recycling plants to improve sustainability of offering appeared too long term and too impractical to be taken into consideration

✗ Final Rejection Outcome

Lack of direct impact on impact goals

REJECTION CASE STUDY – LACK OF MATERIALITY

Base of operations



Business Description

- Oslo based sustainability advisory firm serving blue chip companies on how to develop a sustainability strategy and drives its execution. Services largely focus on C-suite executive training to drive a 'top down' message of better sustainability practices within companies
- Revenues are largely generated from work with end customers largely from the oil and gas sector (Shell, BP, Equinor) to support on their energy transition to cleaner energy over time as well as other sectors including tech and finance with example customers including Microsoft, ABB, Nordea
- The business operates from 3 international hubs –Norway, UK and India with 72 FTEs delivering the consulting work

Prospective alignment with SDG



- **SDG 7** – The company advises the likes of Shell, Aker and others who are building out renewable energy projects and through the recommendations of the company, they can influence much renewable energy is being generated / consumed
- **SDG 8** – In advising a number of large blue chip companies who are all looking to create sustainable growth and with further investment being made into clean / environmental projects this should promote employment globally

Highlighted concerns

- × Customer stakeholder analysis showed excessive exposure to the oil and gas sector, triggering negative screening under KIF exclusion policy
- × While it's positive that sectors aim to transition to cleaner energies, the materiality of changes were considered weak. For instance, Shell's annual revenues exceed \$300 billion, with consulting work around \$1 million (0.3%), with difficulty in determine the actual impact given work is more coaching. This also makes it difficult to establish credible KPIs

× **Final Rejection Outcome**

Lack of materiality of impact made

REJECTION CASE STUDY – LACK OF AVAILABLE DATA

Base of operations



Business Description

- The company operates from France, Spain and the UK and is a global manufacturer and supplier of safety and storage solutions (steel / plastic storage pallets and absorbents), which provide spill containment, spill control, flood defence and waste handling products for working environments. Primarily it serves the industrial, commercial, defence and education sectors.
- Driven by regulatory, insurance and ESG requirements, the company's products are used to store hazardous materials and prevent and/or manage leaks and spills that could potentially damage the environment and harm people, in a safe and secure manner.
- End customers are blue-chip corporates, well diversified across end-markets including Manufacturing & Engineering (16% of revenues), Oil & Gas and Chemicals (30%), Transport (11%), Agriculture, Food and Drink (11%), Auto (10%), HealthCare & Pharma (3%) and others (16%).
- Over 300 FTEs with appropriate training around health and safety given operations. From a supply chain perspective, the main raw materials used in the production process are polypropylene absorbents, steel and insulation components, sourced from a base > 200 suppliers geographically widespread across Europe.

Prospective alignment with SDG



- **SDG 6/14/15** – The company provides solutions to contain harmful components and avoid contact with the environment, thus supporting climate change action through the reduction of emissions, pollution and waste, and ultimately contributing to the protection of ecosystems.

Highlighted concerns

- ✗ The company lacked sufficient data for accurate setting and monitoring of KPIs. No end impact was monitored regarding spill or contamination minimization to validate direct impact; the company solely measured underlying sales
- ✗ Caution was also advised regarding supply inputs (virgin or recycled materials) and safe disposal of products, especially if contaminated. This ensures products used in a value chain do not pose impactful exposure
- ✗ Finally, exposure to oil and gas and defense required further DD to ensure no misalignment with the KIF I exclusion policy

✗ Final Rejection Outcome

Lack of available data to accurately measure impact

QUESTIONS



Sources: 1. Impact targets will be monitored on an annual basis. Interest rate discounts will be applied on an annual basis, if key impact targets are met. Interest rate reduction will not apply retroactively.

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KARTESIA

For further questions please contact:

Laurent Bouvier
Managing Partner
laurent.bouvier@kartesia.com
Direct: +32 2 808 02 38
Mobile: +32 471 644 208

Frantz Paulus
Head of Investor Relations
frantz.paulus@kartesia.com
Direct: +32 2 588 73 39
Mobile: +32 492 157 028

United Kingdom

+44 203 700 3330

6 Chesterfield Gardens
W1J 5BQ London

Spain

+34 914 197 619

Calle de Alfonso XII, 22
28014 Madrid

Belgium

+32 2 808 02 36

Avenue Louise 250,
BE-1050 Bruxelles

France

+33 1 70 77 04 60

8-10 rue Lamennais
75008 Paris

Luxembourg

+352 27 861 551

19-21, route d'Arlon
8009 Strassen

Germany

+49 89 380 368 19

Promenadeplatz 9, 80333 Munich

Bockenheimer Landstrasse 51-53
60325 Frankfurt

CONTACT US