



KARTESIA

**SUSTAINABILITY  
REPORT  
2022**





## TABLE OF CONTENTS



kartesia at a glance.....	pg 06
kartesia's sustainability approach.....	pg 10
responsible investing at kartesia.....	pg 26
case studies.....	pg 62
philanthropy.....	pg 69
outlook.....	pg 73
appendix.....	pg 75





# EDITORIAL

Welcome to the 2022 Kartesia Sustainability Report. While we continue to analyse and implement the impact of key ESG & CSR priorities like SFDR, engagement and Diversity & Inclusion for both our business and our portfolio companies, this year we are also focusing on the life blood of our organisation, its people. After the last two years and the impact of the pandemic, we are pleased to be physically working together again, but it has also meant renewed emphasis on the importance of looking after and celebrating the people that we work with.

For us that means investing in our teams and supporting their wellbeing. In 2021 and over the start of this year we have had 31 new colleagues join Kartesia, taking our total to 69 employees across 7 European offices. Kartesia is diverse in composition, with 20 nationalities represented, 21 spoken languages and female representation at 35%. We have prioritised increasing the inclusivity of Kartesia and put in place initiatives, such as Kartesia for Women and Kartesia New Generation that will further broaden the make-up of the firm.

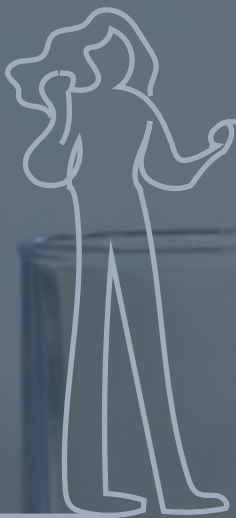
In putting this report together, we wanted to give a voice to the talent we have at Kartesia, as well as in our diverse mix of portfolio companies, so that they can share their experience and perspective with you directly.

Damien Scaillierez, Laurent Bouvier, Jaime Prieto , and Matthieu Delamaire





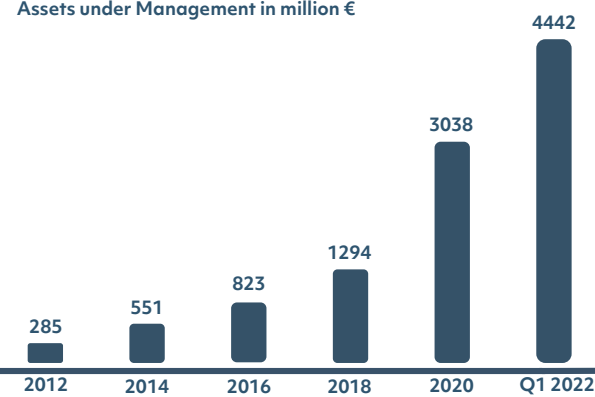
# 1. KARTESIA AT A GLANCE





# AUM

Assets under Management in million €



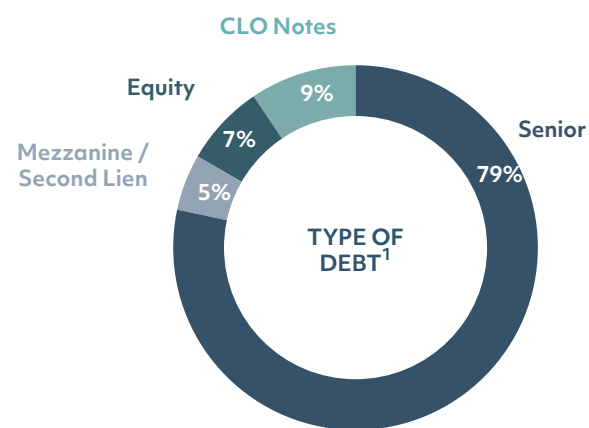
**69**  
professionals



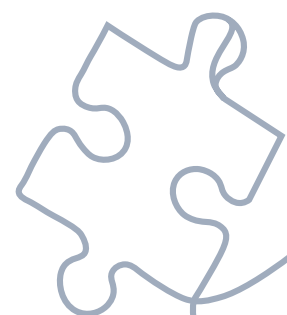
**6**  
trainees



**31**  
new joiners in  
2021/2022



**4**  
Complementary investment  
strategies



**35%**  
female employees

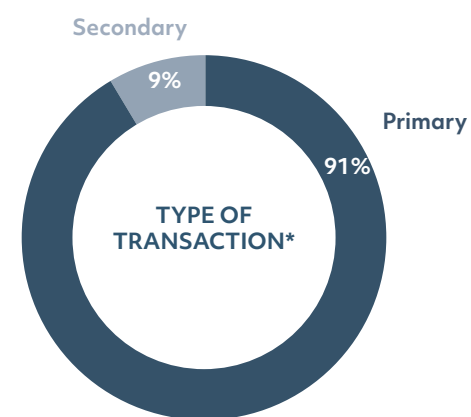


**21**  
spoken languages



**15**

Major European awards



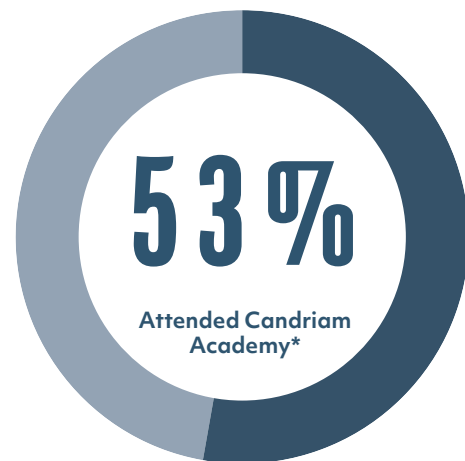
**20**  
nationalities



**2**  
ESG Professionals



<sup>1</sup> At 31/03/2022 / CLO vehicles excluded

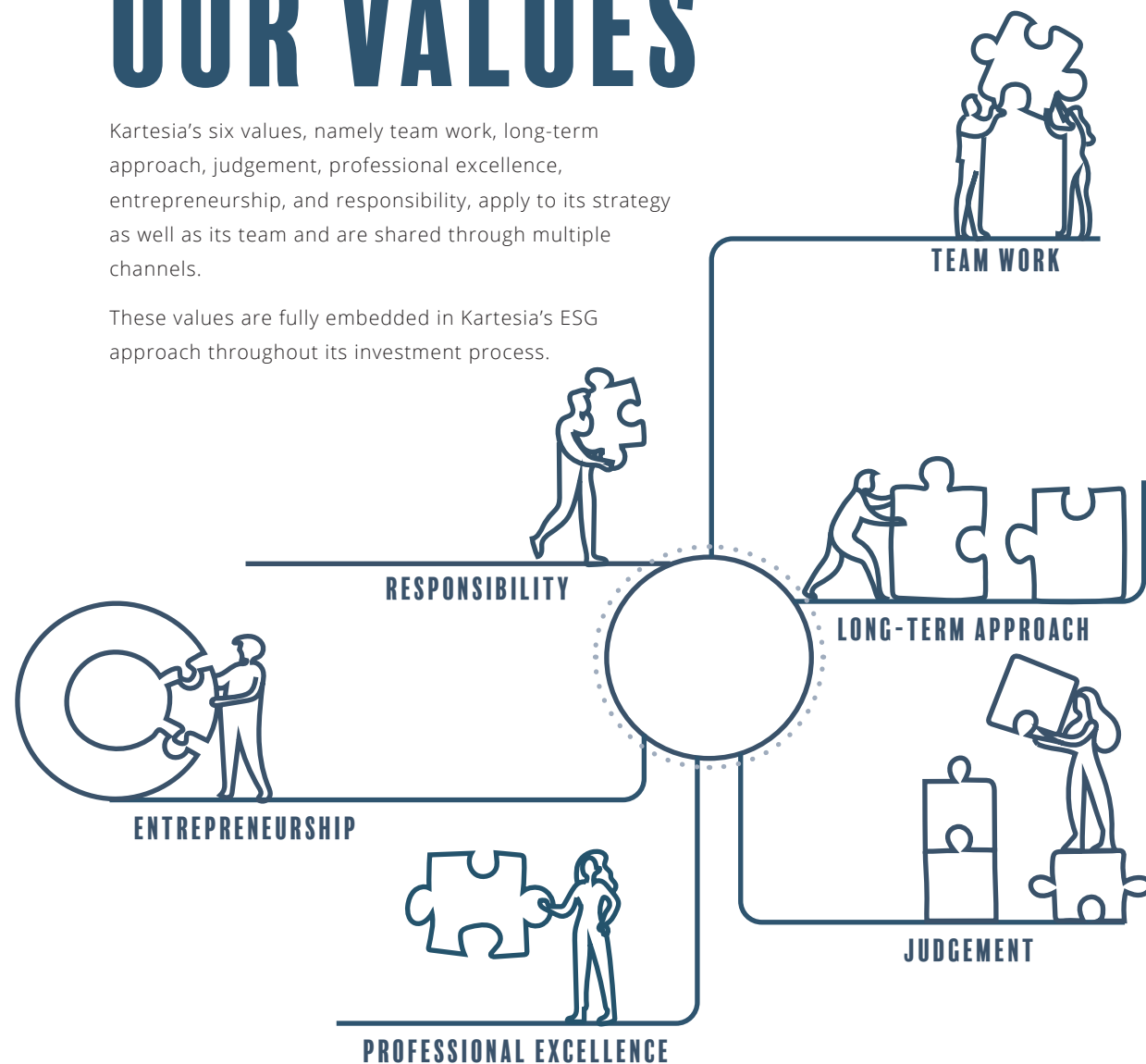


**UN PRI**  
Signatory since 2014

# OUR VALUES

Kartesia's six values, namely team work, long-term approach, judgement, professional excellence, entrepreneurship, and responsibility, apply to its strategy as well as its team and are shared through multiple channels.

These values are fully embedded in Kartesia's ESG approach throughout its investment process.



\* ESG team and investment professionals

## 2. KARTESIA'S SUSTAINABILITY APPROACH



# KEY MILESTONES

2014

- Kartesia Sustainability Policy
- Kartesia signs the PRI

2015

- Recruitment of a Head of Portfolio & ESG

2016

- **Corporate loans:** ESG Questionnaire for Primary Deals
- **Corporate loans:** First carbon assessment of our portfolios

2019

- Publication of the PRI report “Spotlight on RI in Private Debt”
- **Corporate loans:** ESG scoring in all investment memos
- Kartesia assessed and offset its carbon footprint for the first time

2018

- **CLOs:** specific ESG procedures
- First Annual CSR Brochure
- First annual Kartesia Volunteering Day

2017

- 1st annual Procedures & ESG day
- Donation replacing corporate year-end gift

2020

- **Corporate loans:** COVID-19 portfolio analyses
- Kartesia For Women initiative
- Long-term sponsoring of Institut Curie

2021

- Full time Head of CSR & ESG
- Included in “30 big ideas shaping ESG”\*
- Responsible Investor of the year at 2021 Unquote British PE Awards
- ESG KPIs in quarterly reporting to LPs
- Recruitment of an ESG analyst
- First sustainability report
- KIDD Program launched\*\*

2022/ONGOING

- SFDR implementation
- **CLOs:** Addition of ESG language at reset
- CANDRIAM Academy to ESG & Investment teams
- Strengthening engagement with portfolio companies
- Firm-wide “Preventing Discrimination and Harassment” training

\* By PEI, for the carbon assessment of our funds  
\*\* Kartesia Inclusion, Diversity, and Development



In 2021 Kartesia accelerated its engagement in Diversity & Inclusion when it launched the Kartesia Inclusion Diversity & Development (“KIDD”) program, including the Kartesia New Generation Initiative and the already existing Kartesia for Women Initiative.

When creating Kartesia For Women in 2020, alongside creating an inclusive workplace, Kartesia wanted to improve diversity and to understand what is holding women back in the alternatives space, and more importantly, how Kartesia can help to address this issue. You'll hear more on this subject in this section from Lise Campforts, an Analyst at Kartesia.

With the Kartesia New Generation Initiative, our focus is also on attracting young talent to the industry and our internship scheme has been valuable at enabling individuals to test out working at Kartesia and in the Private Debt space. Our retention of interns has been a motivating factor in expanding the scheme, so we currently have 6 interns with us and we're positive that

a proportion of those will stay on to join the growing ranks of colleagues that started as interns.

Our interns and analysts are supported in the start of their careers with enhanced modelling courses and educational team lunches, as well as a focus on growing junior experience through inclusion in senior teams and exposure to varied work. But we do not limit that sharing of knowledge to within the team, we're proud that Jean Diercxsens, Director at Kartesia, had the opportunity to teach Université catholique de Louvain classes on private debt in February 2022 and help spread interest in the industry to a budding group of young people.



## FOCUS ON... KARTESIA NEW GENERATION INITIATIVE

The engagement of future generations is a key factor for Kartesia and as a result, our junior colleagues have launched the Kartesia New Generation Initiative (KNGI) in 2022. The objective is to foster strong relationships within the junior population of our company and ensure they are firmly rooted within the wider Kartesia family, through:

- Enacting positive change through the development and implementation of various initiatives

- Focus on growing junior experience
- Volunteering, well-being & sports

So far, the initiatives implemented through the KNGI are:

- Enhanced modelling courses
- Educational team lunches
- Charity fundraising events

[Watch more on KNGI here!](#)



<sup>2</sup>At 31/12/2021

\*In private debt fund managers according to Preqin “Women in Alternative Assets 2022”

## MEET LISE CAMPFORTS

*Analyst at Kartesia, talking about the various social commitments of the firm*

### How did you come to join the investment team at Kartesia?

After graduating in Finance, I had a wide range of opportunities lying ahead of me. I knew that I loved to be challenged, that I needed variety and I wanted to be part of a dynamic team that works closely together and could offer me a lot of exposure.

For this reason, I looked at the fast-paced sectors that best suited my interest in finance and the entrepreneurial world in the broader sense and started my career in Investment Banking. Later on, when presented with the opportunity to join Kartesia's Deal Team as an analyst, I immediately realised it would, above all, also allow me to build relationships with the various portfolio companies and their management and actively think along with them. I currently work as part of the Benelux team led by Matthieu Delamaire in Brussels and am very much enjoying it so far.



*Lise Campforts, Analyst*

### Did you hear about the Kartesia for Women Initiative before joining the firm? What does this entail?

Yes, I did. As part of my selection process, I was given the opportunity to meet senior leaders in the Brussels office, including Coralie De Maesschalck, the head of CSR & ESG and Kartesia's most senior female employee. Coralie told me about the Kartesia for Women Initiative that had recently launched and the objective of inspiring more women to join Kartesia and the broader private debt and equity industry. As part of this initiative, we not only encourage women within the firm to speak up about their past and current professional experiences but also to take extra time to provide additional insight for women interested in the private debt or finance sector as a whole.

### Are there other Diversity & Inclusion (D&I) initiatives at Kartesia?

Within Kartesia, we are working towards a new initiative called 'Diversity, Inclusion and Development,' which forms an umbrella over the Kartesia for Women initiative together with the Kartesia New Generation initiative and many more initiatives that come with a growing business. My interpretation of diversity is making sure we have diverse thoughts, ideas, and opinions generated through people of different ages, nationalities, genders but also different characters and personalities across all business functions. In order to effectively translate this diversity, already well represented at Kartesia, into inclusion, we have spent five days with the whole firm in Greece as teambuilding to get to know everybody in the business and work on our development through extensive MBTI sessions. To better develop diversity of thought, we undertook various teambuilding activities where junior employees were given the opportunity to lead teams consisting of various senior leaders to make their voices heard in a different way and in a relaxed atmosphere.

### What advice would you have for other women joining a private debt investment team?

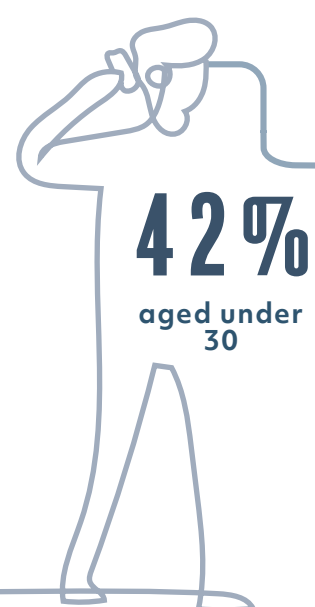
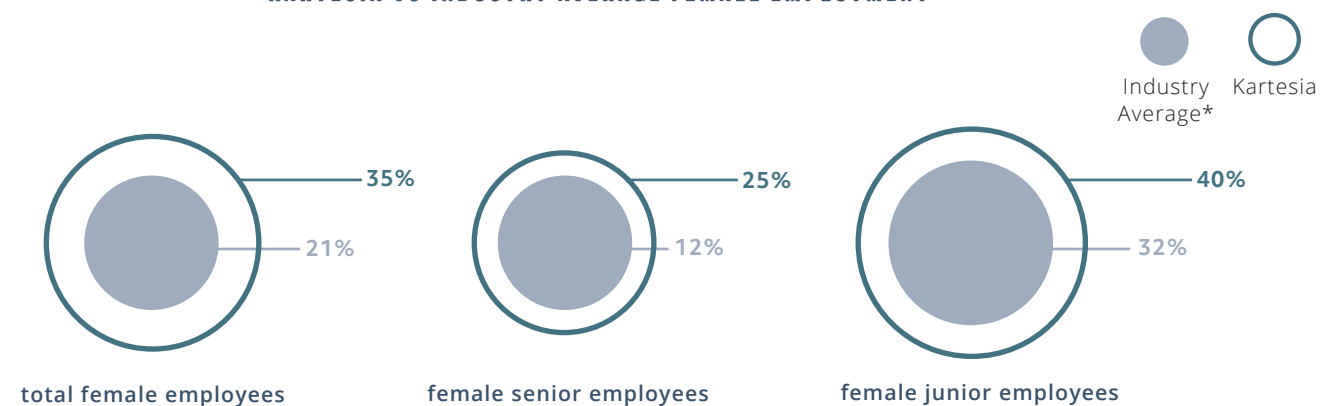
Every company comes with its own culture and its own diversity and inclusion embedded into its foundation, so if you like the job content and the responsibilities that come with it, definitely give it a try, and not just once but as many times as you need to find yourself comfortable within your team and environment. I think in general we need to have more women in the sector, and in the deal teams in particular, in order to bring more female perspectives into a very crucial industry.

### Is Kartesia also working on D&I at the portfolio level?

The growing focus on, and awareness of, diversity and inclusion is not only found among my colleagues but also in our pan-European portfolio as part of its wider ESG score. For example, as part of the legal negotiations for the Benelux team's most recent deals, we included a clause that an ESG questionnaire must be filled out on an annual basis by the companies we invest in. In this way we try to highlight the importance of this aspect within our portfolio companies. The portfolio team in their turn keeps track of an ESG score for each investment made and on the basis of these questionnaires, providing them with a detailed ESG overview per company and per fund as a whole. We also try to negotiate board seats at our portfolio companies, by which we hope to bring D&I higher up their agendas. ■

## 2.2. SOCIAL COMMITMENT

### KARTESIA VS INDUSTRY AVERAGE FEMALE EMPLOYMENT



**6**  
ongoing  
internships

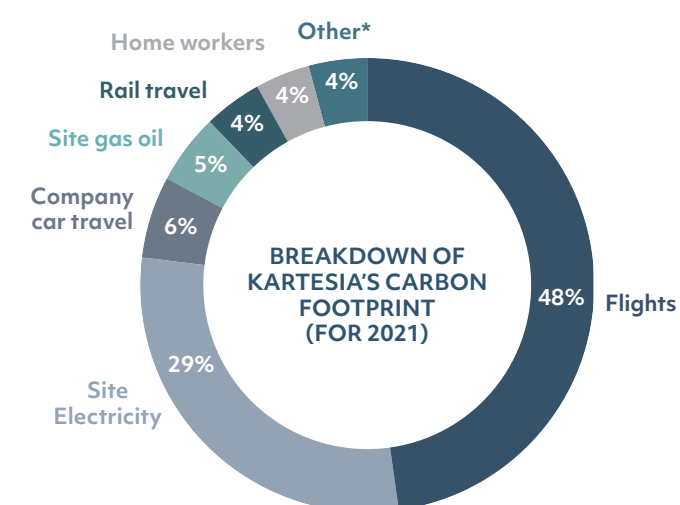
\*In private debt fund managers according to Preqin "Women in Alternative Assets 2022"

## 2.3. ENVIRONMENTAL AND CLIMATE COMMITMENT<sup>3</sup>

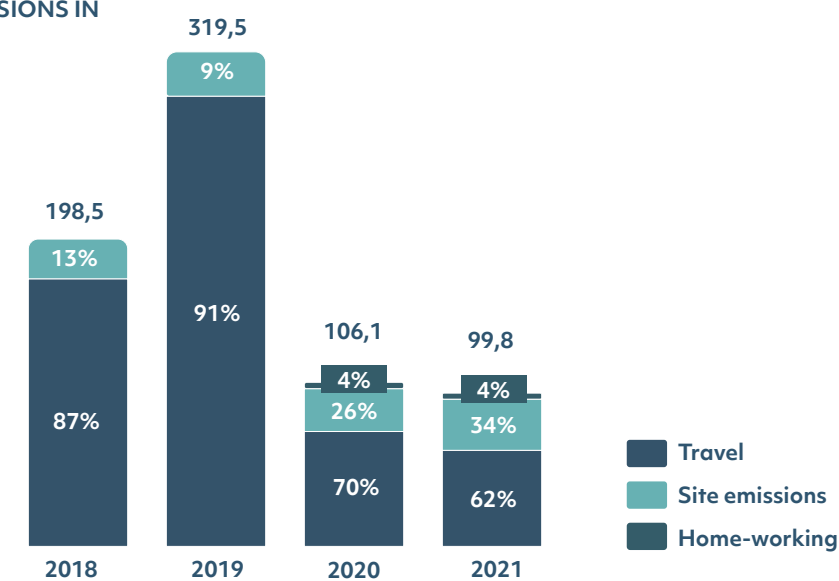
From its inception Kartesia has considered environmental issues and has stated its commitment to minimising the firm's environmental impacts to the greatest possible extent. The Kartesia Going Green initiative that ensures the company and all our employees reduce the environmental impacts to an absolute minimum. As part of the initiative, we assess our carbon emissions and footprint on an annual basis and offset it. This extends to our annual offsite seminar and annual investors meetings.

Caroline Feyaerts, one of our office managers, explains the crucial role that the team plays in keeping track on day-to-day actions, such as minimising paper use and extending the life of electronics, that mount up to have a big impact across our offices in the course of a year.

Regular followers of Kartesia will know that we've been assessing its portfolio's carbon footprint on an annual basis since 2015. More details of this can be found in the climate reporting section of this report.



### KARTESIA CARBON EMISSIONS IN TOTAL TONS OF CO<sub>2</sub>e



<sup>3</sup>At 31/12/2021

\*Including taxi travel and hire cars, source: Carbon Footprint Ltd.

### 2.3. ENVIRONMENTAL AND CLIMATE COMMITMENT

Kartesia assessed its greenhouse gas (GHG) emissions from 1st January 2021 to 31st December 2021 with the help of external supplier Carbon Footprint Ltd, which designs recommendations to help us to build upon the results of the appraisal and our carbon management over the coming year.

Kartesia's total location-based emissions are 99.81 tonnes of carbon dioxide equivalent. Emissions have decreased 5.9% compared with the previous year and reduced 49.7% from the baseline year, due to travel restrictions in the pandemic context but also thanks to the internal promotion of videoconferencing to reduce

non-essential business travel.

To offset our 2021 carbon footprint, we invested in a UK tree planting project. Our funding supports the planting of trees in the Southeast region. The project mainly plants in school locations, helping to educate children and support wildlife habitats whilst sequestering carbon emissions. For each tCO<sub>2</sub>e offset, one tree has been planted in the UK and an additional tCO<sub>2</sub>e is offset through a Verified Carbon Standard (VCS) Tree Budding project<sup>4</sup> to guarantee the emission reductions.

#### FOCUS ON... KARTESIA ECO-FRIENDLY OFFSITE SEMINAR 2021

Sustainability is something Kartesia is committed to improving at every level. Internal sustainability actions are part of it, and as such, we made our 2021 offsite seminar in Greece a paperless event. We also offered a low-carbon menu to our team members.

As a team building activity, we organized a refuse collection contest. This activity fostered a collaborative environment between teams but also a sense of accomplishment.

We assessed the carbon emissions of all elements of the offsite, including hotel stays, travel, freight, waste and food, with the help of the service provider Carbon Footprint Ltd. To offset the footprint of this event, Kartesia invested in one of Carbon

Footprint Ltd's projects, The Pacajai REDD+ Project, that helps to reduce deforestation in the Amazonian rainforest in Brazil. The project is working to provide legal land-use permits that will result in official land titles for those villages that actively participate in forest protection. Through funds raised, the project can continue to improve food security through agroforestry techniques, while introducing sustainable livelihood alternatives to local communities. With over 56,000 hectares of land dedicated to these inhabitants, it is expected that each family will receive approximately 140 hectares, and each town will have its own land donated to it.



<sup>4</sup> Carbon Footprint Ltd's UK tree planting programme incorporate "Tree Budding", meaning that for each tree pledged, as well as planting a tree, they also offset one tonne of CO<sub>2</sub> through a VCS project, which guarantees offsetting one tCO<sub>2</sub>. This ensures that the carbon offsetting (i) is fully verified; (ii) meets international standards - including meeting strict additionality requirements, (iii) meets BSI's PAS 2060 specification on carbon neutrality, (iv) meets the Carbon Footprint Standard and (v) continues to take additional CO<sub>2</sub> out of the atmosphere during the life of the tree in addition to delivering all the other great benefits of the UK Tree planting programme.



## MEET CAROLINE FEYAERTS

*Brussels Office Manager, talking about employee wellbeing and environmental measures at Kartesia*

### What is your working experience at Kartesia?

My name is Caroline, I joined Kartesia as an Office Manager in November 2018. Prior to that I was working at the International University Sports Federation for 12 years.

I enjoy working at Kartesia because it is a very dynamic company in fast development. In addition to being an Office Manager, I am also a member of the Corporate Team, which was recently created to offer a more defined structure, with higher quality services to all team members as well as more effective processes matching Kartesia's growth. In parallel, I have been able to have further diversification in daily tasks, develop new systems/processes and focus more on new projects, which is very encouraging.

Kartesia is a great place to work at because every day is different. Interesting challenges await and it is an ongoing learning process. The great support, teamwork and recognition are key values, which do not only create positive energy but keep me going. On a more personal note, I wish to highlight the importance of the human and multicultural features at Kartesia, making the adventure a fascinating one: "we are all different, yet we get along and work well together".

Although the Kartesia team is spread out over 7 offices, we are all part of the same team. One "positive" aspect resulting from Covid-19, and I believe it is the case for many companies, was the reinforcement of relationships – through video conferencing. We managed to establish a new working and living model, and adapted to the change by supporting one another. This perfectly reflects the spirit of Kartesia.

### How is employee wellbeing a priority for the Managing Partners?

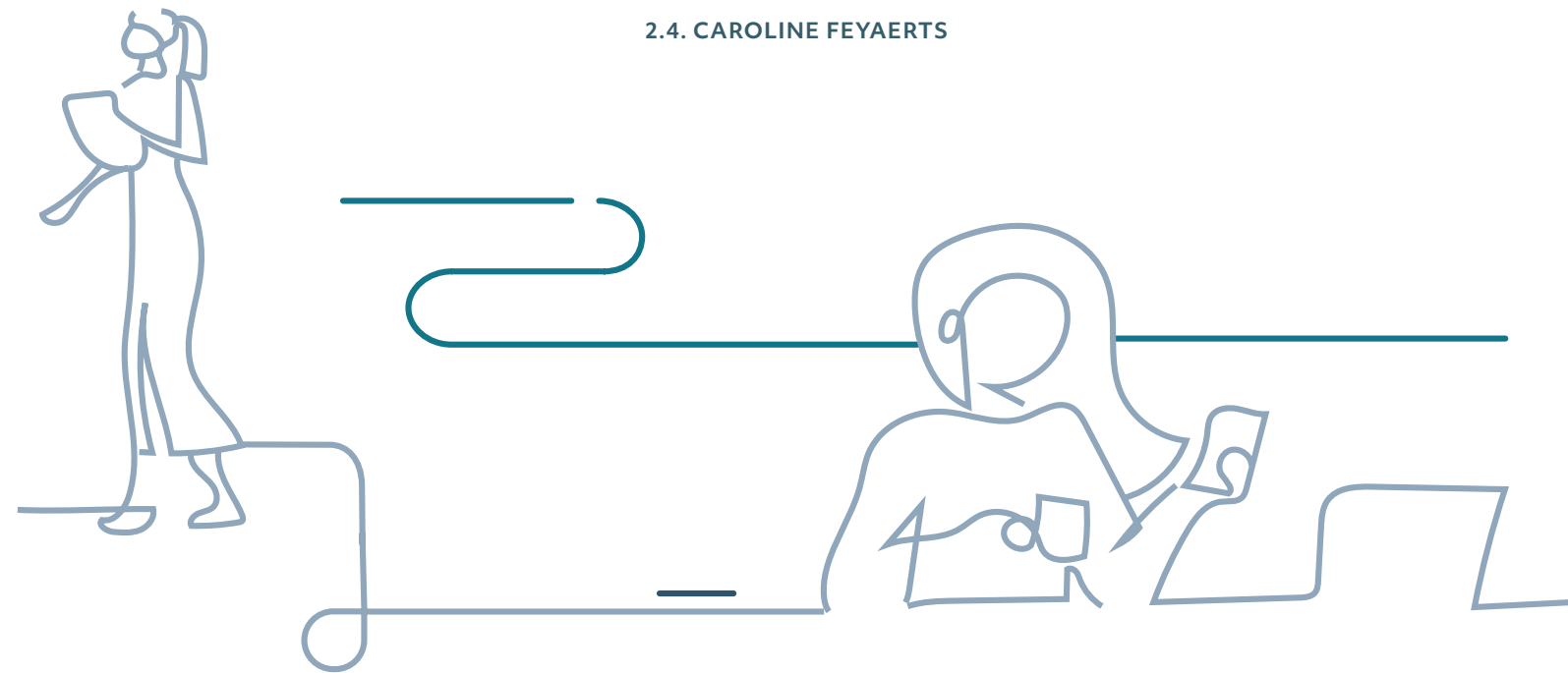
We started focusing quite significantly on employee wellbeing at Kartesia over the last two years. There was already several measures in place such as an employee Staff & Development Policy or an anti-discrimination policy. But we set up some new initiatives like an employee wellbeing survey or a 360 review program. We also have the Kartesia For Women initiative. As one of the main objectives of Kartesia For Women is to inspire women to join the

private debt industry, especially in investment roles, we have published several interviews of our female employees. By publishing the interviews, talking openly about our initiative, new policies, and D&I training, we have successfully increased the number of female candidates applying for new positions.

On top of that, each local office makes sure our employees can reach their goals in a safe and comfortable environment. In Brussels for instance, we have height adjustable desks or sitting balls available for team members. We are also encouraging sport during lunch time with free spinning or HIIT sessions for all employees. Note that our Brussels offices are equipped with shower, for sporty team members or for employees coming by bike. Every week, a basket of fruit is delivered to the office. And once a month, we have the Friday Monthly Burger team lunch (with vegetarian options of course). We also have a break room, that can also be used as a breastfeeding room for our employees that are just coming back from their maternity leave.

### What is your role, as Office Manager, regarding environmental measures taken by the firm?

We have several environmentally friendly measures in all our office such as water fountains, recycling bins, etc. All our employees receive a Kartesia reusable water bottle to reduce the consumption of plastic recipients. And we have a print-only-when-you-need policy. The Office Managers also assist our ESG team to be carbon neutral, by collecting the required data for the carbon assessment amongst all offices on an annual basis. Finally, we always recycle our old furniture, unused laptops or smartphones with specialized local companies such as aSmartWorld. aSmartWorld is a Belgian company that collects, tests and refurbishes mobile devices in order to sell them or to distribute them for a good cause. The company is working to build a more sustainable and human world. They are also extending the lifespan of everyday products and helping to avoid the abundant use of scarce and expensive raw materials. By extending the lifespan of electronic devices, they significantly reduce the associated CO2 emissions.



### Which measures were taken during the COVID-19 pandemic?

We created COVID-19 workplace safety guidelines in all our offices to prevent the continued spread of the virus and reduce its impact on employees. Amongst the various measures taken, we effectively equipped all employees to work remotely and created a homeworking policy. We worked with our IT provider to provide everyone a secure, remote access to core business systems. Note that, with the increasing number of successful cyber-attacks worldwide following the global pandemic, we also ensure we were protected by an insurance covering cyber-attacks. Of course, we also keep our offices clean and equipped with hydro-

alcoholic gels, masks and free COVID-19 self-tests. On an ongoing basis, we also consider the risk to workers who are particularly vulnerable to coronavirus, like pregnant employees, and put controls in place to reduce that risk. The Managing Partners are talking to the employees and provide them information on a regular basis. They also remind all of us the basic safety and hygiene measures, to continue to operate your business safely. Communication has been key for us since the beginning of the crisis. ■

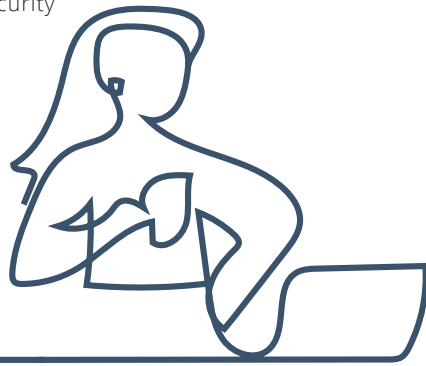


*Caroline Feyaerts, Office Manager*

It goes without saying that at Kartesia we make business ethics and compliance a priority. It is a value that is instilled and shared across the organisation, and everyone has a responsibility to uphold them to the highest level.

Central to this, and in light of an increase in cyber-attacks in the last 12 months, cybersecurity is top of mind for many of our colleagues. Whilst many of our processes around this have been in place for many years, we this year spent time reviewing our processes and procedures, as well as looking to grow the team with a new IT Manager hire.

In this section you will also hear from Camille Wisniewski, Head of Legal & Compliance, and Benoit Lapuh, Compliance Officer, talking about good governance and compliance at Kartesia, how we think about and manage risk, as well as ensure ESG is part of everyone's considerations.



### FOCUS ON... IT & CYBERSECURITY

Data protection for employees or portfolio companies' sensitive data, is a key governance topic. At Kartesia, we are very cautious to prevent data leaks and thefts. Both IT and cybersecurity equipment and processes are necessary to ensure data protection, which is why during 2021 and into 2022, we set up several audits, processes and improvements:

#### IT Team

- Recruitment of a new IT Manager starting in June 2022

#### Cybersecurity

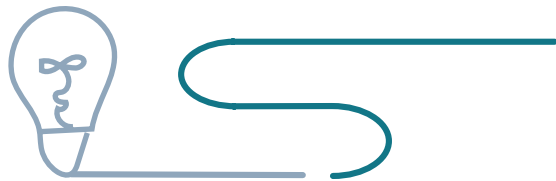
- Annual 3rd party external & internal penetration test
- Annual internal vulnerability audit
- Update of IT Security policy
- Internal security checks
- Deployment of Mimecast Web Security
- Phishing attempt simulation tests

#### Audits

- Annual review of the Business Continuity Plan / Disaster Recovery
- Annual Disaster Recovery test

#### 2021 IT objectives successfully achieved

- Quarterly employee training sessions
- Migration to Zoom telephony
- Resolution of SharePoint access slowness using Cloud



3

phishing campaign tests with  
average phish-prone of 4% vs.  
industry benchmark of 26%

100%

employees trained on  
cyber-security

0

successful cyber  
attacks



## MEET CAMILLE WISNIEWSKI AND BENOIT LAPUH

*Head of Legal & Compliance and Compliance Officer, talking about good governance and compliance at Kartesia*

### What is good governance for Kartesia?

CW: At Kartesia we make business ethics, compliance and alignment of interests a priority. We organize the firm so that we are transparent, effective and efficient. But next to that, we also promote gender equality and fairness.

### What are the key elements of Kartesia's corporate compliance program?

BL: We have a detailed compliance policy. The aim of this compliance policy is to anticipate, identify and assess the compliance risks of Kartesia, as well as to assist the Senior Management in controlling these risks, such tasks to be carried out on an ongoing basis and without delay. Compliance risks vary and may include reputational risk, legal risk, litigation risk, risk of sanctions, as well as some operational risk aspects, in connection with all activities of the firm. The compliance policy objective is to promote honest and ethical conduct of our company and all our employees, and to ensure compliance with laws, regulations, rules and professional standards, as well as with our code of conduct in order to protect both the interests of Kartesia and of its stakeholders and the integrity of the financial markets. Compliance and AML trainings are mandatory obligations and are conducted on a yearly basis.

### How do you ensure that procedures are properly implemented across the firm?

CW: Mainly thanks to the Kartesia Procedures Manual and the Compliance Monitoring Plan.

- The manual was created at inception and is updated on an annual basis. This internal publication summarizes policies, procedures and guidelines adopted by Kartesia to reach its long-term goals. Next to improving compliance, managing risks, driving improvement and ensuring that operational needs are met, the Manual also guarantees an efficient coordination between the various offices. The policies and practices in appendix to the manual are reviewed on an annual basis to ensure & encourage good behavior. This manual is provided to each new employee. The updated version is also presented and discussed with the whole Kartesia team at the annual Procedures & ESG day.

- The Compliance Monitoring Plan aims at ensuring the proper implementation of all regulatory and internal obligations. Controls are designed to review all business lines on a yearly basis and put in place follow ups on identified deficiencies. This document provides a continuous assessment of the processes of Kartesia and enable their improvements following regulatory and internal developments.

We also have other processes in place in order to ensure proper implementation of our procedures, such as the 1-1 meetings for our new joiners. Each new joiner has the opportunity to meet his / her colleagues from each department. Those meetings have several benefits such as strengthening relationships between the various teams and encouraging a problem-solving mindset.

### Is there strong ESG engagement across the whole firm?

BL: Yes. We operationalize ESG within Kartesia, meaning all staff members need to take responsibility for our values. For us, it is about fully integrating ESG into the organization, not treating it as a separate department or a marketing tool. We have a centralised ESG department, but everyone is doing the job. We have clear ESG procedures and training for the whole Kartesia team. Damien Scaillierez (Managing Partner), Coralie De Maesschalck (Head of CSR & ESG) and Ilham Ansriou (ESG Analyst) are in charge of CSR & ESG at Kartesia (updating procedures and policies, etc.). Coralie De Maesschalck attends all the investment Committees. Any arising ESG material issue is discussed with the deal team member in charge of the deal, the investment Committee members and her during the investment committee. The Deal team is in charge of performing the ESG due diligence and collecting the ESG questionnaire for all primary investments on an annual basis. During the due diligence process, they will identify the relevant ESG topics with the support of the ESG team. ESG and Deal team members are enrolled in the CANDRIAM Academy, which aims to educate all employees on the value of ESG. All employees also receive an ESG update at the annual Procedures & ESG Day. ■

1

Responsible investing policy



Covering all investment strategies

100%

of employees attending annual Procedures & ESG Day

100%

of investment teams involved in its implementation



Long-term 2022 incentive plan for senior team members

55%

of employees hold formal ESG responsibilities

## 2.6. UKRAINE CRISIS

Russia invaded Ukraine on 24 February 2022, marking a major escalation of the Russo-Ukrainian War, which began in 2014 following the Ukrainian Revolution of Dignity. The scenes unfolding this year in the international landscape are nothing short of a tragedy.

At Kartesia, we are focused on supporting our portfolio companies with any advice relating to the implementation of sanctions, the associated energy crisis and the repatriation of any employees in Russia or Ukraine. We have also donated €208,000 to support the Red Cross, SOS Village d'Enfants and UNICEF in their efforts to provide humanitarian aid to the people of Ukraine. We made a donation for each euro donated by our employee and continue to explore how

our employees can provide additional support. The thoughts of everyone at Kartesia are with the people of Ukraine.

At the time of this report, Kartesia has almost zero exposure to Russia and Ukraine and has never invested in Russian assets or companies headquartered in Russia. Nevertheless, we still closely monitor the situation and review our portfolios on an ongoing basis to assess any direct and indirect impact. We work with all our portfolio management teams and stakeholders to make sure they are managing the situation accordingly to our expectations and in compliance with the evolving sanction framework.



**Okechamp SA** currently employs 51 people from Ukraine. They are co-workers employed in various positions in Poznań,

Grodzisk and Borucin in Poland. Due to the ongoing hostilities in Ukraine, the company is trying to help and support them as much as they can.

1. Okechamp have launched fundraising events in all locations to support workers from Ukraine and their families. These funds were transferred to those in need.

2. The funds were used for 2 purposes: in particular, to cover the costs associated with the arrival of the families of their workers from Ukraine from the war zones. One of the great successes was helping to secure housing and a livelihood for the family of their employee with 8 children. The family lived in the small village of Klynove in the Donetsk region. The team is pleased that they were able to be brought safely to Poland.

3. As a company they also donated money in the form of aid. Okechamp paid 40 financial allowances. The money went to our employees from Ukraine.

4. As co-workers, they also organise collections of food, clothing and bandages, they support with kind words, and help according to the situation and the need.



**Groglass** CEO suggested to its employees to help individually through private donations and then

matched donations to Latvian Red Cross. The company also covered the costs for family members' relocation.



**UCAM** took several support actions, including sending basic necessities to Ukraine,

including canned food, diapers, cookies, milk and cleaning and hygiene products. The university also provided assistance to refugees by bringing them to Murcia and providing them with lodging and support.





The positive impacts of our social, environmental and governance commitments and initiatives can be linked to 6 SDGs.

The Sustainable Development Goals (SDGs) are a set of 17 objectives, developed by the United Nations in 2015, as a universal framework to improve the well-being of society and the planet by 2030. It is widely used to assess the impact of a firm on the addressed sustainable objectives.



GOVERNANCE



SDGS' TARGET      KARTESIA'S INITIATIVES      KARTESIA'S INDICATORS

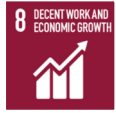
16.5 Substantially reduce corruption and bribery in all their forms.

16.6 Develop effective, accountable, and transparent institutions at all levels.

- External & Internal penetration test
- Internal vulnerability audit
- Internal security periodic checks
- Update of IT security policy
- Deployment of Mimecast Web security
- » Phishing attempt simulation tests
- 100% of employees trained on cybersecurity
- 3 phishing campaign tests: average phish prone 4% vs. industry benchmark 26%
- 0 successful cybersecurity attack
- 1 annual audit of Business Continuity Plan
- 1 annual audit of Disaster Recovery test

SDGS' TARGET      KARTESIA'S INITIATIVES      KARTESIA'S INDICATORS

SOCIAL



5.1 End all forms of discrimination against all women and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels [...].

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.6 By 2020, substantially reduce the proportion of youth not in employment [...].

10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action [...].

16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

16.B Promote and enforce non discriminatory laws and policies for sustainable development.

- Kartesia for Women Initiative
- Parental leave policy
- Gender pay gap monitoring
- Preventing Discrimination and Harassment training
- Kartesia Inclusion, Diversity & Development program
- Anti-harassment policy
- Preventing Discrimination and Harassment training
- Staff training and development policy
- Kartesia New Generation Initiative
- Kartesia Inclusion, Diversity & Development Program
- Non-discrimination Policy
- Kartesia New Generation Initiative
- MBTI workshop
- Kartesia Inclusion, Diversity & Development Program
- 10% of women at executive level
- 35% of female employees
- 25% of senior female employees
- 40% of junior feale employees
- 42% of employee aged under 30
- 20% of employees trained on leadership and inclusion
- 9% of employees were previously interns
- 6 internships ongoing
- 20 nationalities
- 21 spoken languages
- 20% of employees trained on leadership and inclusion

ENVIRONMENT



12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

13.2 Integrate climate change measures into [...] strategies and planning.

13.3 Improve education, awareness-raising [...] on climate change mitigation, adaptation, impact reduction and early warning.

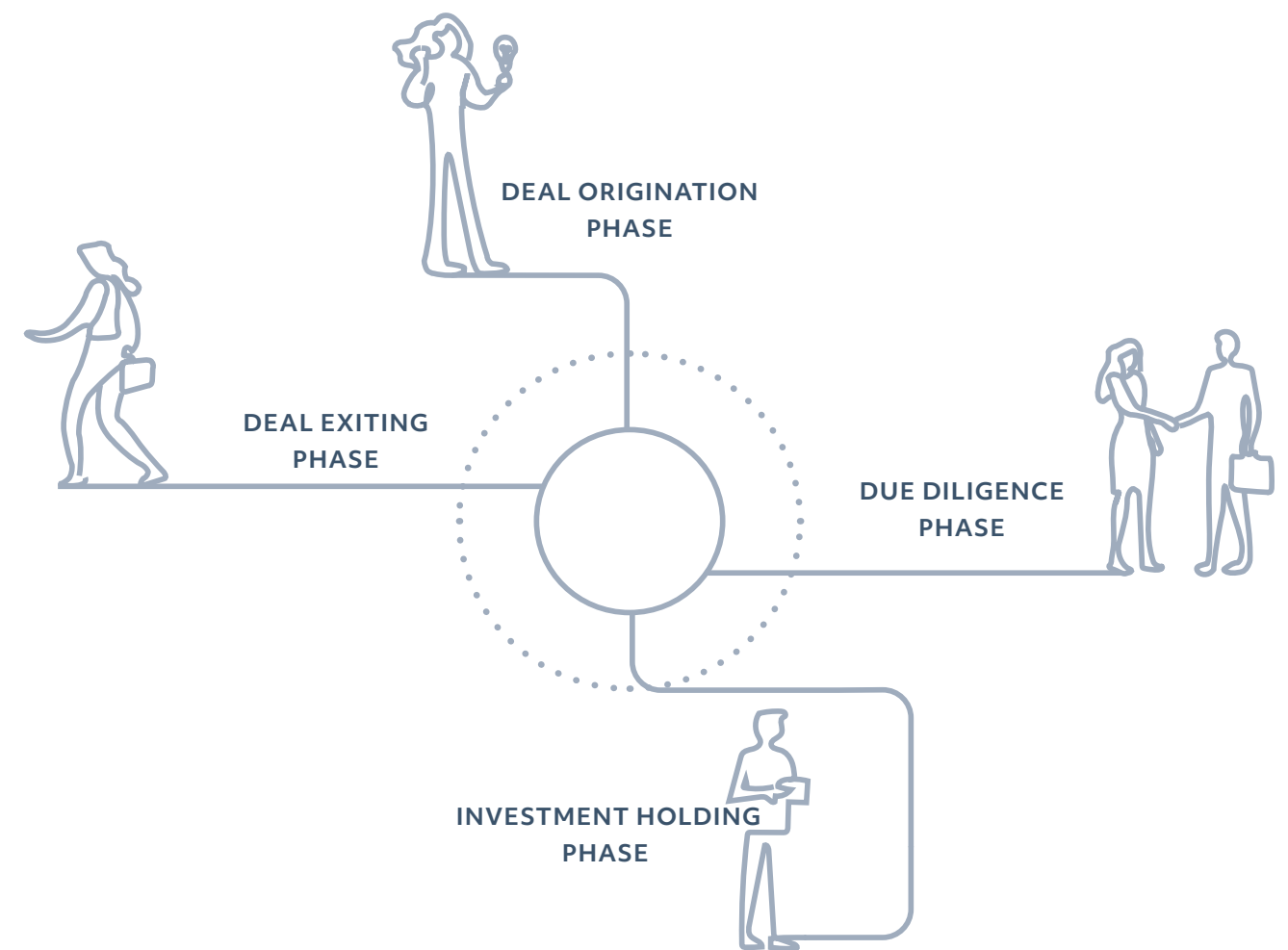
- Formalized Sustainability Policy
- Kartesia Going Green Initiative
- Collaboration with aSmartWorld to recycle smartphones
- Collaboration with BXLRefugees and Maison d'Enfants Reine Marie-Henriette to recycle hardware and furniture
- Formalized Sustainability Policy
- Kartesia Going Green Initiative
- Kartesia assess and offset carbon emissions since 2018
- 18 polycom and 10 sidecars donated to non-profit in Belgium
- 9 polycom and 8 sidecars recycled with Anderwerk (GER)
- 18 mobile phones recycled with aSmartWorld (BE)
- Representing a saving of 178kg of CO2 emissions
- Allowing the financing of 4 smartphones for Hobo (a non-profit supporting homeless people in Brussels)
- 99.81 tCO2e GHG emissions (vs 106.1 tCO2e in 2020)
- 1.54 tCO2e GHG emissions per employee (vs 2.11 tCO2e in 2020)



# 3. RESPONSIBLE INVESTING AT KARTESIA

*“At Kartesia, we believe that companies with high environmental, social and governance standards are typically better run, have fewer business risks and ultimately deliver better value for investors. We therefore consider the assessment and management of ESG issues as a key component of the application of its values and have anchored responsible investment into our investment philosophy and process.”*

## 3.1 SUSTAINABILITY THROUGH THE INVESTMENT CYCLE



### INVESTMENT HOLDING

We deploy our active engagement policy with most of our portfolio companies, which enables us to support them in their ESG journey.

Our ESG due diligence questionnaire is filled in by all the primary deal portfolio companies on an annual basis. We extract KPIs from that questionnaire, and regularly monitor and track ESG performance of those companies.

We assess the annual carbon footprint of all our holdings with the help of an external service provider.

We share the main ESG & SFDR KPIs consolidated at fund level with our LPs in our quarterly reports.

### DEAL ORIGINATION

At Kartesia, as part of our Responsible Investment policy, we do not invest in companies covered by our sector exclusion list. We also have referral list of activities that we may invest in, but which are highly sensitive so that will only be done with critical examination.

To be up to date with all ESG changes, specific trainings and updates are dedicated to the investment team on a regular basis.

### DUE DILIGENCE

Our investment team performs an ESG analysis and allocate an ESG risk scoring for all the deals entering our pipeline. A detailed ESG due diligence questionnaire, which is regularly updated based on regulation evolutions, is filled in by all the primary deals.

### DEAL EXIT

In private debt, assets are not sold as the debt is reimbursed. Therefore, we do not perform an ESG analysis at deal exit but we may assess ESG improvements and roadmaps and share them with the sponsor or the new debt investor.





## FOCUS ON ... ESG TRAINING AT KARTESIA

ESG is part of Kartesia's DNA and it is fully integrated into the organization. In that context, we provide training to our staff to help them understand and identify the relevance and importance of ESG factors in investment activities. It can be via our annual Procedures & ESG Day, via quarterly ESG Best practices emails, via ad-hoc ESG update such as that around SFDR regulation and recently also via the CANDRIAM Academy.

The CANDRIAM Academy aims to raise the awareness, education, and knowledge of financial intermediaries on the topic of sustainable and responsible investing via an innovative online platform of inspiring and actionable content and materials. It is free of charge and open to all.

# 53%

ESG team and investment professionals attended the CANDRIAM Academy

# 100%

employees get ESG & procedures update

## MEET HUGO CAMPAGNOLI

*Investment Manager, talking about ESG at Kartesia*

### Could you present yourself and explain why you joined Kartesia?

My name is Hugo Campagnoli. I am 28 years old, I have been working for nearly 6 years in both Leveraged Finance and Direct Lending. I am now Investment Manager at Kartesia. I joined Kartesia for two main reasons. The first one is its people. You feel at Kartesia that you are working alongside respectful and great professionals, very dynamic and committed, that make you feel part of a family. The second one is the commitment of the Group, the commitment towards offering financing solutions to European SMEs and the commitment in ESG with all the initiatives that are put

in place and that are continuously improved.

### What is Kartesia ESG approach?

Kartesia has operationalised ESG within the organisation, meaning all staff members need to take responsibility for our values. ESG is fully integrated and not simply treated as a marketing tool. We have a centralized department, but everyone is doing the job, including myself! It works well as we have clear ESG procedures and ESG training for the whole Kartesia team.

The investment team at Kartesia is in charge of performing the ESG due diligence and collecting ESG data via our questionnaire, but can also draw upon

the input and expertise of the dedicated ESG team. There is constant discussion between the investment and ESG teams to better assess the ESG risk relating to investment opportunities.

The Head of CSR & ESG attends all the investment Committees. Any arising ESG material issue is discussed with the investment professional in charge of the deal, the investment Committee members, and The Head of CSR & ESG during the investment committee.

### Does Kartesia systematically incorporate ESG analysis in its investment memorandum?

In short, yes. All memos include findings from the due diligence of the company's existing practices and notes how the identified topics are incorporated and addressed during or prior to ownership, as we may take advantage of the due diligence phase to request some ESG changes such as an independent board member. Any additional ESG due diligence required by the Investment Committee will be included in the minutes.

Our sources for the ESG due diligence are various, including from our internal expertise, calls with industry experts, UN PRI guidelines and our partnership with CANDRIAM.

We also use online tools that are quite well done such as [EL TOOLKIT](#) and [IEC FIRST PORTAL](#).

### What is Kartesia view on the new SFDR regulation?

This new regulation aims at bringing more transparency thanks to all the disclosure requirements. Since March 2021, all private debt players must disclose some information on their website such as the main features of their sustainability risk policy, information showing consistency with their remuneration policy, etc. There will also be some mandatory reporting on pre-defined KPIs. That transparency, and the fact that the sustainability profile of the funds will be easier to understand and that the risk of greenwashing will decrease, will bring more appetite for sustainable debt funds. And it's actually the purpose of the regulation - to make the sustainability profile of funds easier to understand, more comparable, and avoid greenwashing. At Kartesia, sustainability has always been core to our investments and to our own activities, with ESG embedded at all stages of the investment process. So we are quite happy about the new regulation coming to support our efforts and about our LPs becoming more and more interested in our CSR and ESG work. ■

[Watch Hugo's interview here!](#)



*Hugo Campagnoli, Investment Manager*

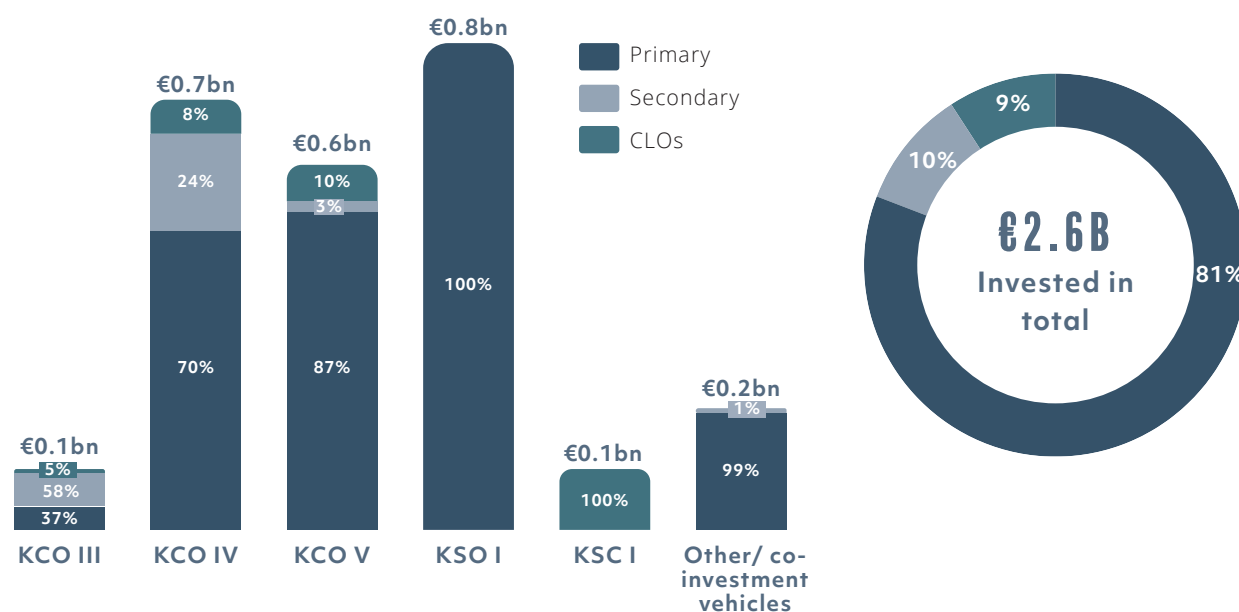


### 3.3 OUR PORTFOLIO AT A GLANCE<sup>5</sup>

Kartesia advises five credit funds, investing across the full spectrum of the European primary and secondary leverage loan market (senior debt, mezzanine, high yield, and CLO liabilities), focusing on small and mid-market companies.

As of December 31<sup>st</sup>, 2021, Kartesia had €2.5bn invested in 48 primary deals, 11 secondary deals and 65 CLO vehicles (37 from our KSC I fund that is dedicated to CLOs).

Breakdown of Kartesia's Funds According to the type of Deals  
(as of Q4 2021 - in invested €bn)

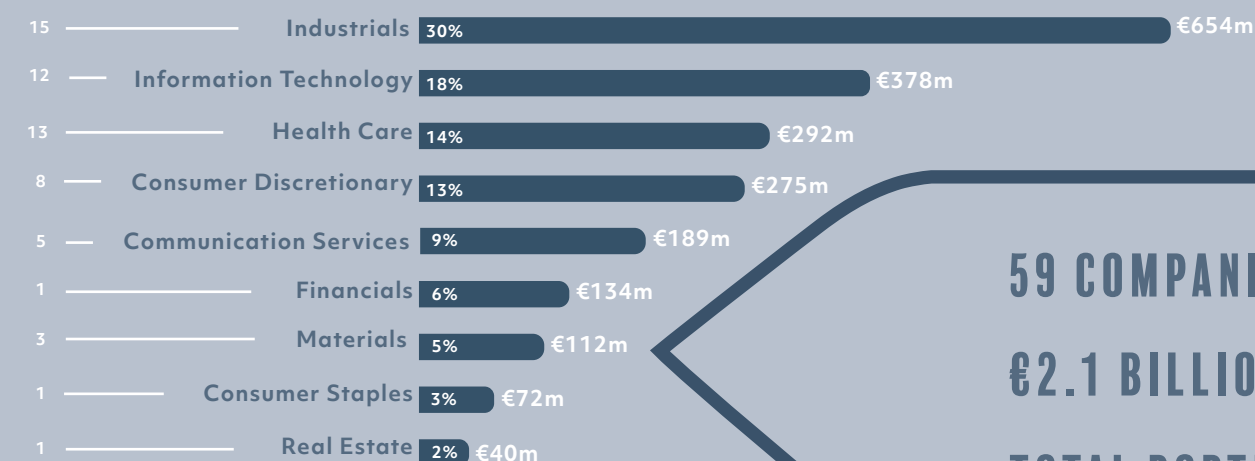


<sup>5</sup> At 31/12/2021

### 3.3 OUR PORTFOLIO AT A GLANCE



Percentage of AUM (excluding CLOs) per MSCI sector  
(as of Q4 2021 - in invested €)



▲  
number of companies

**59 COMPANIES**  
**€2.1 BILLION**  
**TOTAL PORTFOLIO**

We continuously adapt our responsible investment approach following our different types of investments, to assess and improve the ESG performance of the portfolio. Also, for each of our asset classes, we also have specific ESG tools and KPIs.

3.4 CORPORATE LOAN INVESTMENTS  
3.4.1 ENGAGEMENT<sup>6</sup>

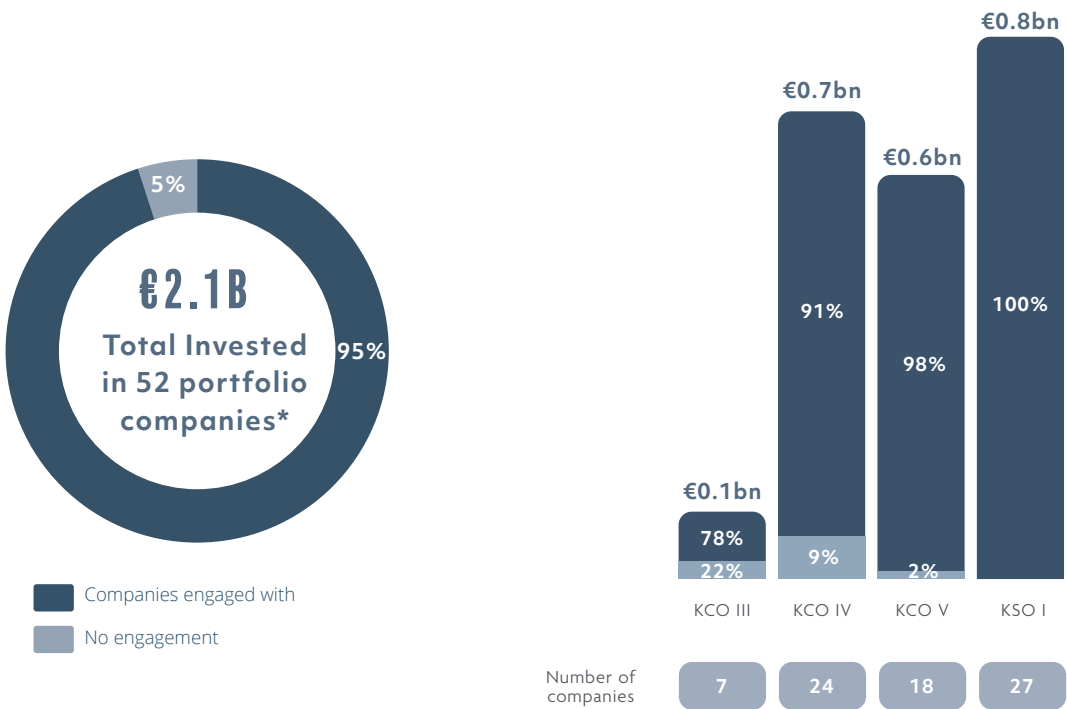
As lenders, we at Kartesia always strive to influence and help our portfolio companies to improve on their ESG practices. With this engagement, we are convinced that we can support and accompany our portfolio companies in their contribution to a better society, on a healthier planet.

As of December 31st, 2021, we have 59 companies in

our portfolio across our KSO and KCO strategies. We engage in 52 of them, representing 95% of our total AUM (CLOs excluded).

Engagement may take many forms and focus on different pillars, whether that be environmental, social or governance issues, or the implementation of ESG reporting.

Engagement in % of AUM (excluding CLOs) per fund  
(as of Q4 2021 - in invested €bn)

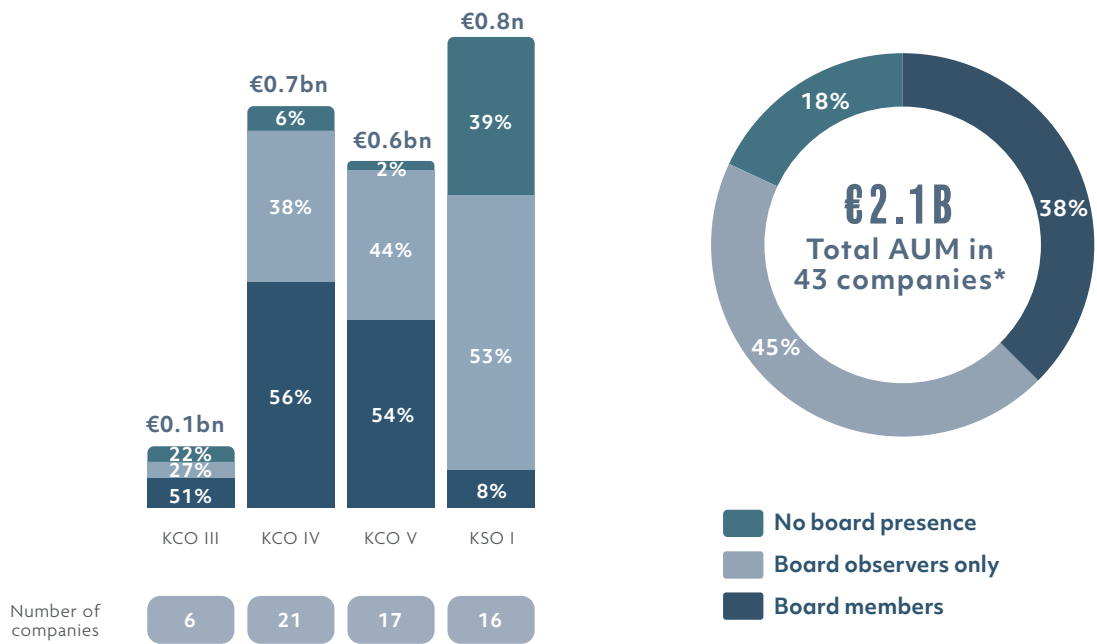


Board presence is a type of engagement initiative. In order to further support our portfolio companies throughout their sustainability journey, Kartesia may hold a board seat or a board observer position. This is the case for 43 of our 59 portfolio companies, representing 83% of our total AUM (CLOs excluded).

<sup>6</sup> CLO and co-investment vehicles excluded  
\* The number of portfolio companies summed fund by fund is greater than the total number of portfolio companies as one company can appear in more than one fund.

3.4.1 ENGAGEMENT

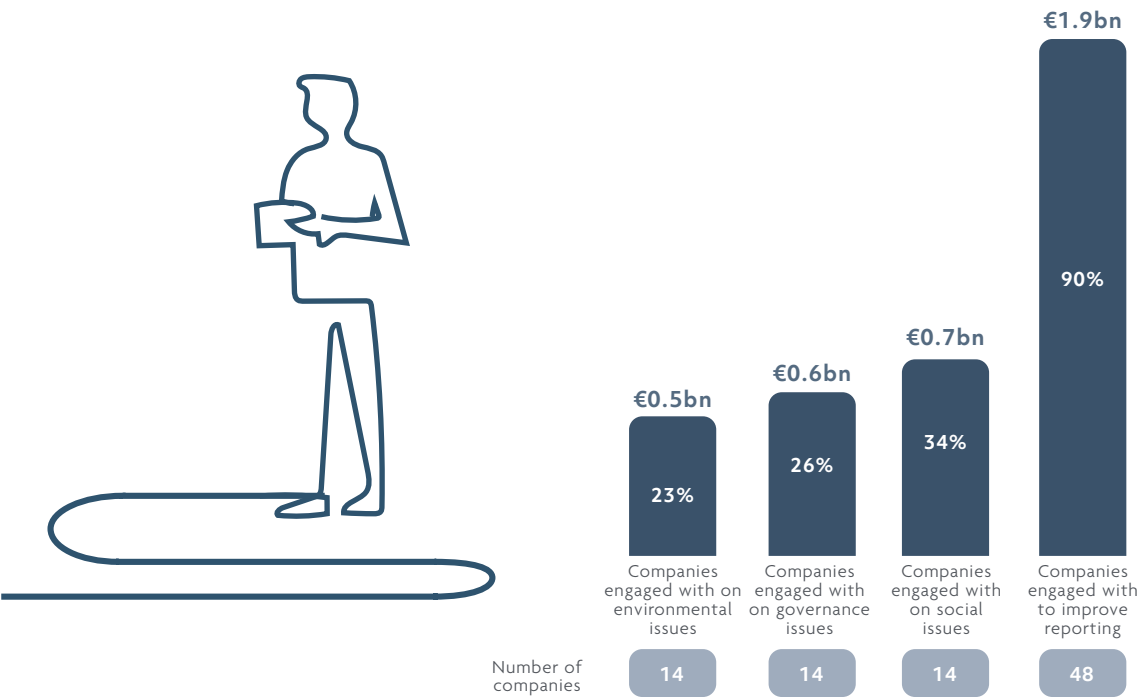
Board Presence in % of AUM (excluding CLOs) per fund  
(as of Q4 2021 - in invested €bn)



We engaged by improving the reporting of 48 invested companies out of 59, representing 90% of the total AUM (CLOs excluded). Those 48 companies are mainly primary transactions, and the reporting improvement is mainly ESG reporting. Indeed, we implemented an ESG reporting in 47 of our primary portfolio companies.

Only 1 of our portfolio companies did not fill in our annual ESG questionnaire as there is only a small portion of equity left as per date of this report. This participation represents only 0.1% of AUM (CLOs excluded). For further details on this ESG reporting, see section 3.4.4 Focus on primary deals.

Engagement in % of AUM (excluding CLOs) per type of engagement action  
(as of Q4 2021 - in invested €bn)



# OUR ENGAGEMENT ACTIONS ENABLED RELEVANT ENHANCEMENTS ON:

## ENVIRONMENTAL ISSUES:

- Enforcing environmental compliance
- Fostering energy efficiency in the design, development, and manufacturing of products
- Implementing carbon offsetting initiatives
- Implementing the refurbishment and reuse of faulty materials and in the supply chain
- Supporting product development to reduce energy consumption and improve gas treatment solutions

## GOVERNANCE ISSUES:

- Strengthening governance via the creation of a risk committee
- Professionalizing the board and pushing for members diversity and independence
- Formalizing CSR roadmap and reporting
- Enhancing cybersecurity measures
- Reinforcing compliance processes

## SOCIAL ISSUES:

- Improving gender equality at management level
- Implementing a group HR function to reduce churn and improve mentoring of employees
- Setting up a training program for employees
- Enhancing employee safety measures
- Monitoring employee engagement and satisfaction

## 3.4.1 ENGAGEMENT

### BEST-IN-CLASS EXAMPLE

As a majority shareholder, we have and are still implementing several initiatives to ensure the proper application of ESG guidelines, including: (i) improving gender diversity at top Management level, (ii) carbon-offsetting initiatives, (iii) reviewing and enhancing compliance procedures with the help of a dedicated consulting firm, (iv) deployment of the Code of Ethics and associated trainings at Group level, (v) fostering energy efficiency in the design, development and manufacturing of equipment and plants, (vi) setting up an annual ESG reporting alongside Management.



### RISK PREVENTION EXAMPLE

At Café y Té, Kartesia implemented a new Risk Committee whereby operational, legal, financial, and other risks are assessed and discussed quarterly.

# Café & Té

### REPORTING AND CYBERSECURITY EXAMPLE

Kartesia is highly involved with the Company via its board seats and supported it in the improvement of its reporting procedures and cybersecurity protection.



Our mission continues to be the provision of liquidity and credit solutions to Europe's leading small and mid-market companies, which still have a relatively low level of ESG reporting compared to those in the large-cap space. Our position as a lender does not always lead to discussions with management around increased ESG reporting and so, in response, we decided to compensate for the lack of ESG data from these companies by using statistical models.

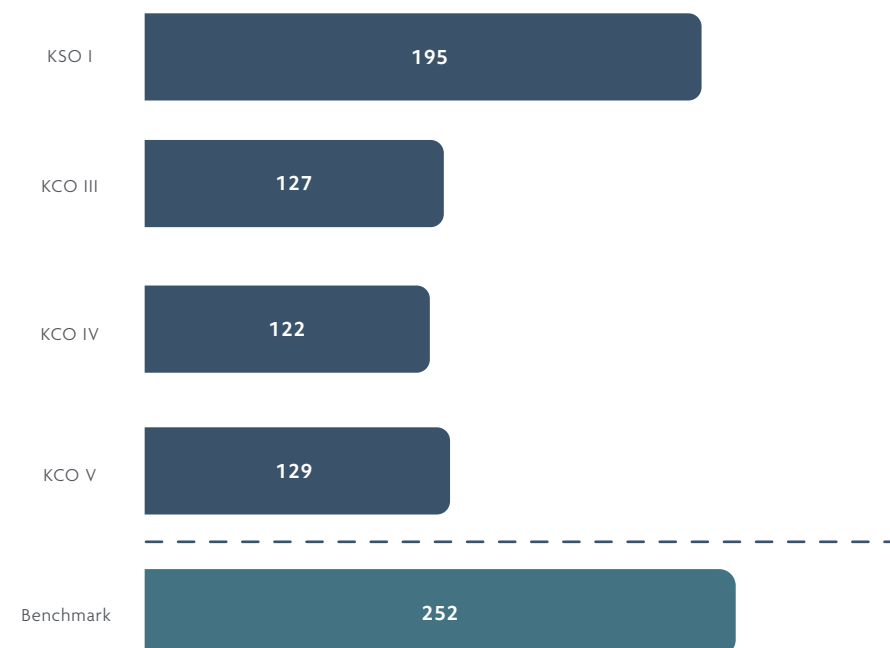
As our portfolio comprises are private companies that seldomly report on carbon emissions, we use a model-based approach to estimate the carbon footprint of our portfolio. We have teamed up with external service provider S&P Global Sustainable1 to assess the carbon footprint of our portfolio companies during 2021. Sustainable1 developed an environmental economic input output (EEI-O) life cycle-based model.

This model integrates the use and emissions of over 700 environmental resources. Sustainable1 engages with more than 15.000 companies directly to obtain environmental performance metrics and considers them against the specific sector environmental intensity.

The average carbon intensity of a portfolio is computed based on the weighting of each portfolio company and their individual carbon intensity. Kartesia funds' average carbon intensity is benchmarked against the weighted average carbon intensity of the S&P Europe 350. As of end of 2021, all Kartesia's funds displayed average weighted carbon intensities below the S&P Europe 350 benchmark index. Funds' average carbon intensities are however difficult to compare as they are almost entirely estimated with industry averages.



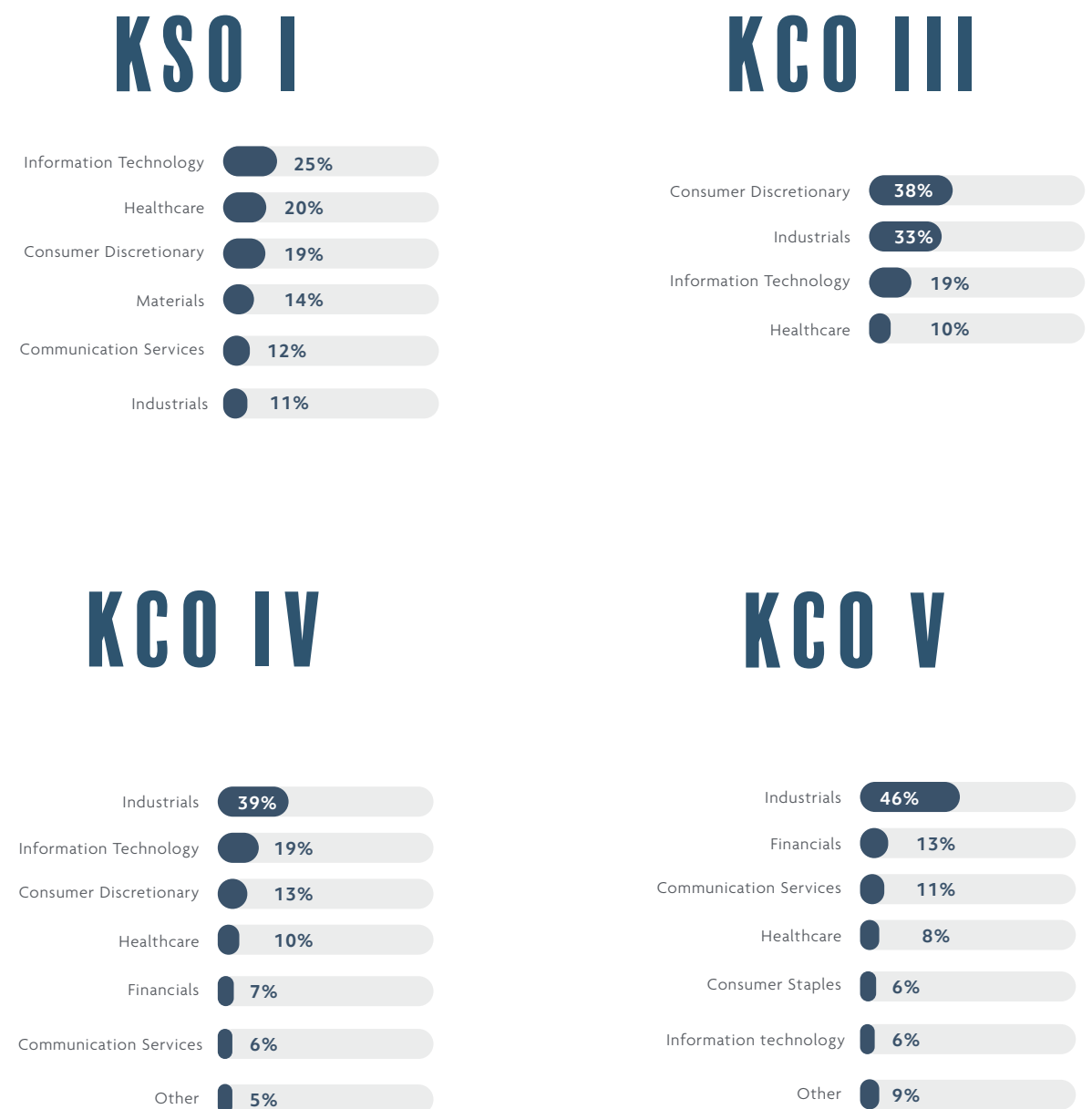
Weighted Average Carbon Intensity per fund in (tCO<sub>2</sub>e/mEUR)  
(for 2021)



<sup>7</sup>At Q4 2021

As shown in the chart below, certain carbon intensive industries such as industrial sectors may represent the majority of a fund's total carbon intensity.

Sector weighted carbon intensity per fund  
(for 2021)





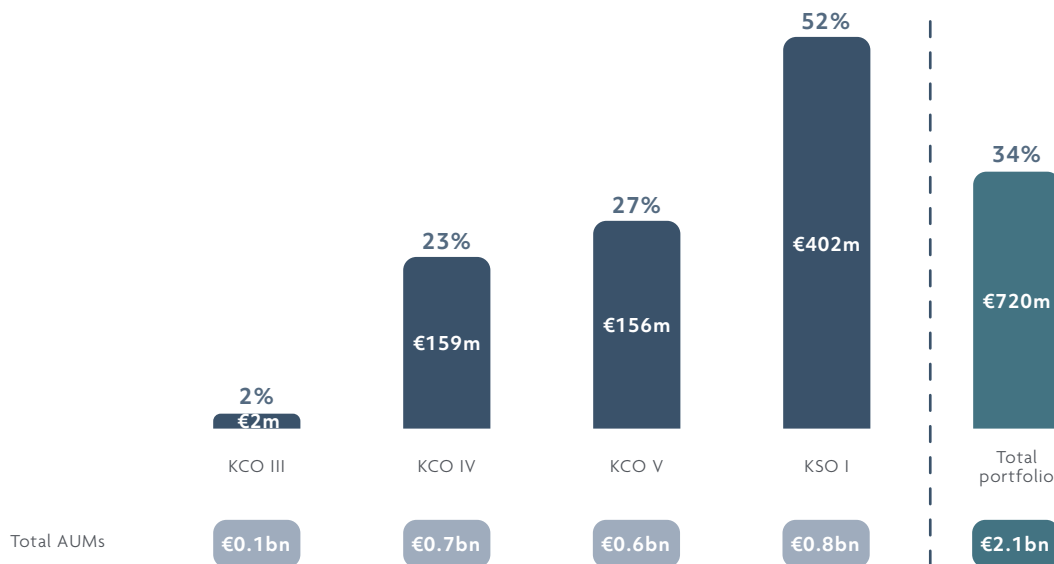
### 3.4.3 POSITIVE OUTPUT OF PORTFOLIO COMPANIES<sup>8</sup>

At Kartesia, we are putting emphasis on transparency, especially regarding CSR and ESG data. Since 2020, we have included a SFDR section and an ESG section in our quarterly reporting to our LPs for both our KCO and KSO strategies. In the ESG section, we report on several KPIs. For one of those KPIs, we identify the positive output that some of our portfolio companies may have on the Sustainable Development Goals (SDGs). We use the SDGs in this KPI but are fully aware that we are monitoring positive output and not assessing the impact of our portfolio companies.

As of December 31st, 2021, 34% of our AUMs (CLOs excluded) are invested in companies which business' products and services can be considered as having a positive output. These companies' products or services typically cover education, health, and environmental themes.














Percentage of fund's AUM (excluding CLOs) with positive output of products or services  
(as of Q4 2021 - in invested €)












<sup>8</sup>At 31/12/2021

## EXAMPLES OF POSITIVE OUTPUT OF COMPANIES' PRODUCT AND SERVICES IN OUR PORTFOLIO

	<p><b>DESCRIPTION</b></p> <p>Acti-Med is a leading specialist for medical cannulas and customer-specific cannula systems with production facilities in Germany and Poland.</p> <p>A cannula is a thin tube that doctors insert into a person's body cavity, such as their nose, or into a vein. Doctors use them to drain fluid, administer medication, or provide oxygen.</p>	<p><b>OUTPUT</b></p>  <p>Target 3.8</p>
	<p><b>DESCRIPTION</b></p> <p>Babcock Wanson is a European leading designer, manufacturer and service provider of industrial boilers and associated components, used in various types of production processes such as food processing, chemicals, electricity production, etc.</p> <p>Babcock Wanson offers many options for energy efficiency and optimisation. One of the key factors in achieving very high levels of system energy efficiency is their ability to work at high temperature in a simple, as complete as practicable, closed energy loop.</p>	<p><b>OUTPUT</b></p>  <p>Target 12.2</p>  <p>Target 13.3</p>
	<p><b>DESCRIPTION</b></p> <p>CTS is one of UK's leading providers of mission critical Testing, Inspection and Certification "TIC" services to the UK infrastructure and construction industry.</p> <p>Part of the services include review of land contamination and advice for redevelopment as well as materials waste classification to indicate the appropriate options for either the materials' remediation (and therefore reusability) or disposal by construction companies - thus reducing the environmental impact of certain projects.</p>	<p><b>OUTPUT</b></p>  <p>Target 9.2</p>  <p>Target 12.2</p>  <p>Target 15.1</p>
	<p><b>DESCRIPTION</b></p> <p>Optimapharm is a Croatian-headquartered Contract Research Organisation ("CRO") for complex clinical trials, with full-service offering (Phases I to IV) and coverage of multiple therapeutical areas, but with strong focus on the high-growth oncology area.</p> <p>The oncology, haemato-oncology and haematology trials in various indications represent the largest portion of clinical trials conducted by Optimapharm.</p>	<p><b>OUTPUT</b></p>  <p>Target 3.4</p>

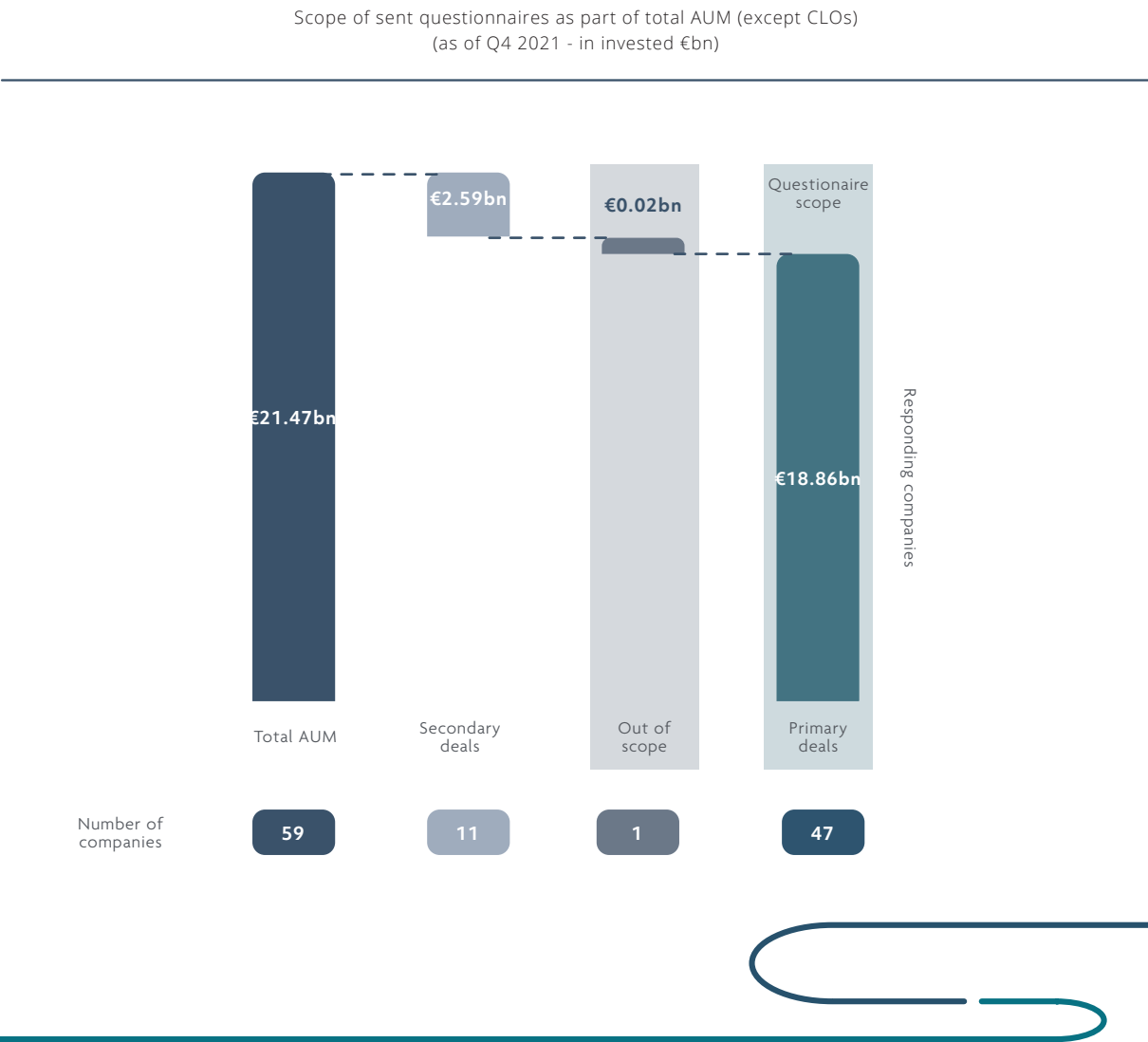
<sup>9</sup> Please refer to appendix for the Sustainable Development Goals and Targets

	<p><b>DESCRIPTION</b></p> <p>Eden Futures is a high-quality UK provider of predominantly supported living services (i.e., specialist accommodation with live-in or live-out care) for adults with learning disabilities, autism, mental ill health, and other associated needs, operating regionally across the Midlands and North of England.</p>	<p><b>OUTPUT</b></p>  <p>Target 3.4</p>
	<p><b>DESCRIPTION</b></p> <p>La Maison Française du Verre (previously International Cookware) is a manufacturer and distributor of cookware and food storage products made in glass and primarily sold under the brands "Pyrex" and "DuraLex".</p> <p>Pyrex products are made of "borosilicate" glass (a high-quality glass with superior thermal shock resistance) in its production site in Châteauroux (France) - the largest borosilicate manufacturing plant worldwide. In 2021, Pyrex acquired DuraLex, a glassware manufacturer operating a production site near Orléans (France). DuraLex completes Pyrex's product offering with a range of highly resistance glass drinkware products.</p>	<p><b>OUTPUT</b></p>  <p>Target 12.5</p>
	<p><b>DESCRIPTION</b></p> <p>SAS is a leading producer of biostimulants, soil and water improvers, defence activators, and specialty plant nutrition solutions. The Company has a global footprint, being present in over 90 countries across Latin America, Europe, Africa, and Asia.</p> <p>The biosolutions (biocontrol, biofertilizers and biostimulants) are derived from natural or biological sources that arouse from the need of reducing the use of agrochemicals, considered harmful to human health and the environment.</p>	<p><b>OUTPUT</b></p>  <p>Target 2.4</p>  <p>Target 15.1</p>
	<p><b>DESCRIPTION</b></p> <p>Van De Velde is a middle market manufacturer of ecological cardboard packaging, supplying high quality packaging solutions to a wide range of sectors.</p> <p>They offer several types of cardboard packaging, aiming to deliver value add solutions to their customers, in which sustainability is a key factor. Van De Velde has a strong track record in being able to develop solutions allowing single use plastic packaging elements to be replaced by cardboard alternatives without losing out on shelf life, quality and appeal.</p>	<p><b>OUTPUT</b></p>  <p>Target 12.5</p>

3.4.4 FOCUS ON PRIMARY DEALS<sup>10</sup>

Our ESG questionnaire is based on the Sustainable Finance Disclosure Regulation (“SFDR”) and is updated and collected during our due diligence and then every year during the holding period from our primary portfolio companies. It is a relevant ESG reporting exercise enabling us to monitor the portfolio’s ESG performance and to identify potential actions to implement.

This year’s ESG questionnaire includes approximately 60 questions covering social, governance, business ethics and environmental issues and was sent to all our primary deals<sup>11</sup>, representing c.1.9 b€ AUM as of December 31<sup>st</sup>, 2021. We have sent our ESG questionnaire to 47 primary deal companies<sup>12</sup>. All of them have responded (including one company that exited our portfolio in February 2022).

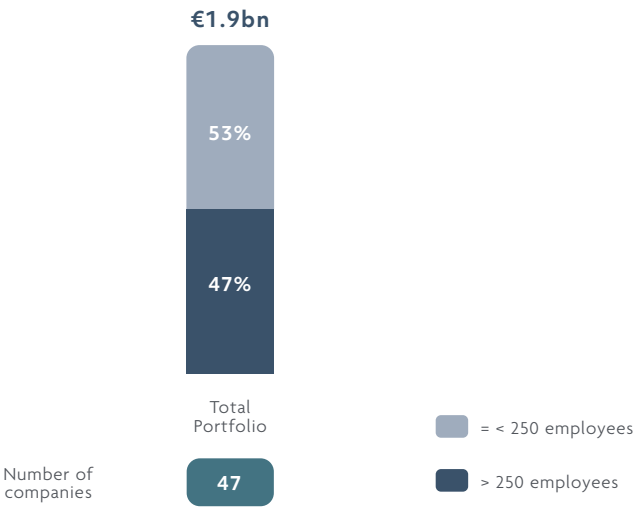
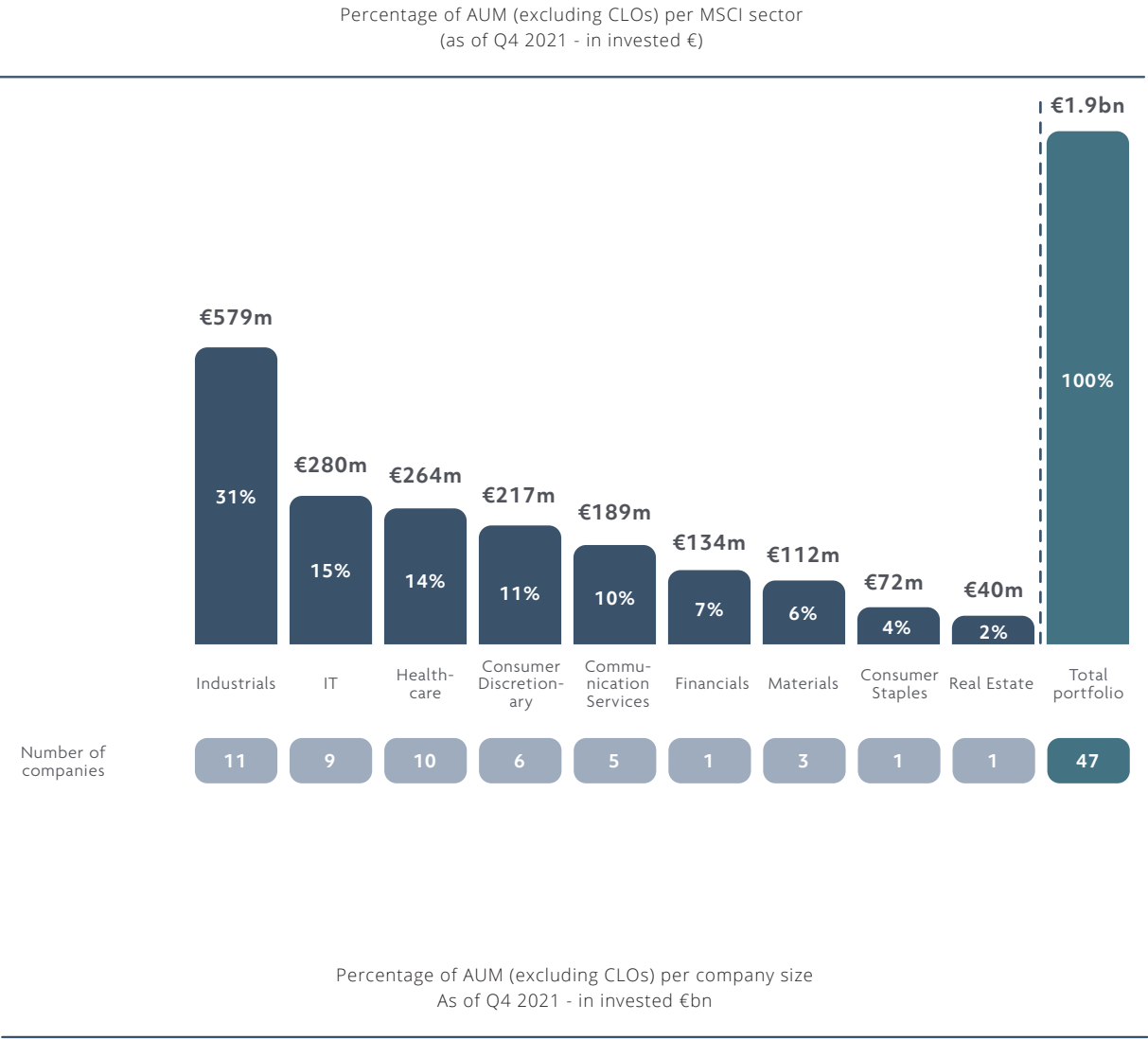


For the following statistics and analyses, we have classified our primary deals portfolio companies according to MSCI’s sectors<sup>13</sup> and their size (small, i.e., ≤250 employees, and medium, i.e., 251+ employees). Our portfolio companies are classified under 9

MSCI macro-sectors. Please note that the number of companies and deals in Financials, Materials, Consumer Staples and Real Estate is limited and may not be compared to other sectors.

<sup>10</sup> At Q4 2021, CLOs excluded  
<sup>11</sup> An ESG questionnaire for our secondary deals will be implemented in 2022.  
<sup>12</sup> We did not require the 48<sup>th</sup> portfolio company to complete the questionnaire as the invested amount is marginal. The company is considered as “out of scope” in the bar chart.  
<sup>13</sup> <https://www.msci.com/documents/1296102/11185224/GICS+Methodology+2020.pdf/9caadd09-790d-3d60-455b-2a1ed5d1e48c?t=1578405935658>

3.4.4 FOCUS ON PRIMARY DEALS



# GOVERNANCE INDICATORS

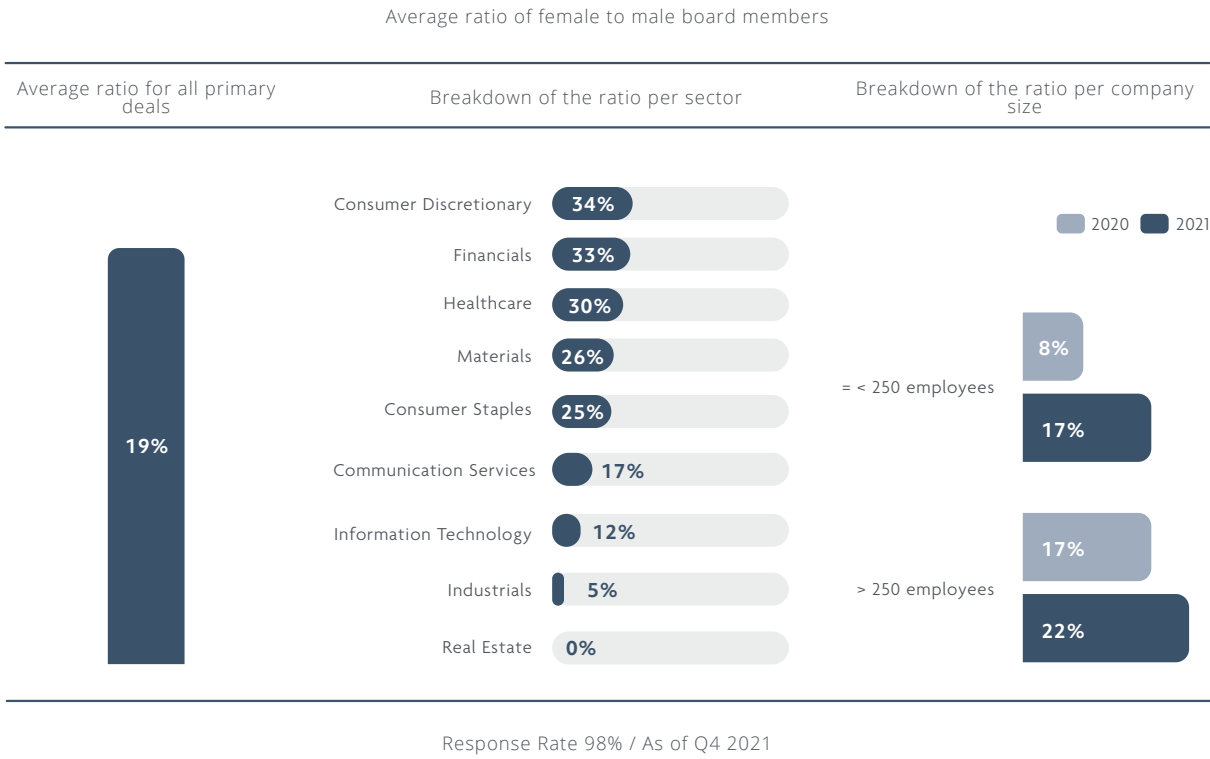
The questionnaire includes 23 governance-related questions. These questions assess and track the transparency and representativeness of governing bodies, as well as the implementation of ESG/CSR policies and ethical standards.

Diversity within the board

As for board gender diversity, the share of women depends on the sectors. For instance, only 12% of the board of companies in the IT sector are female, whereas 34% of the board members of companies in

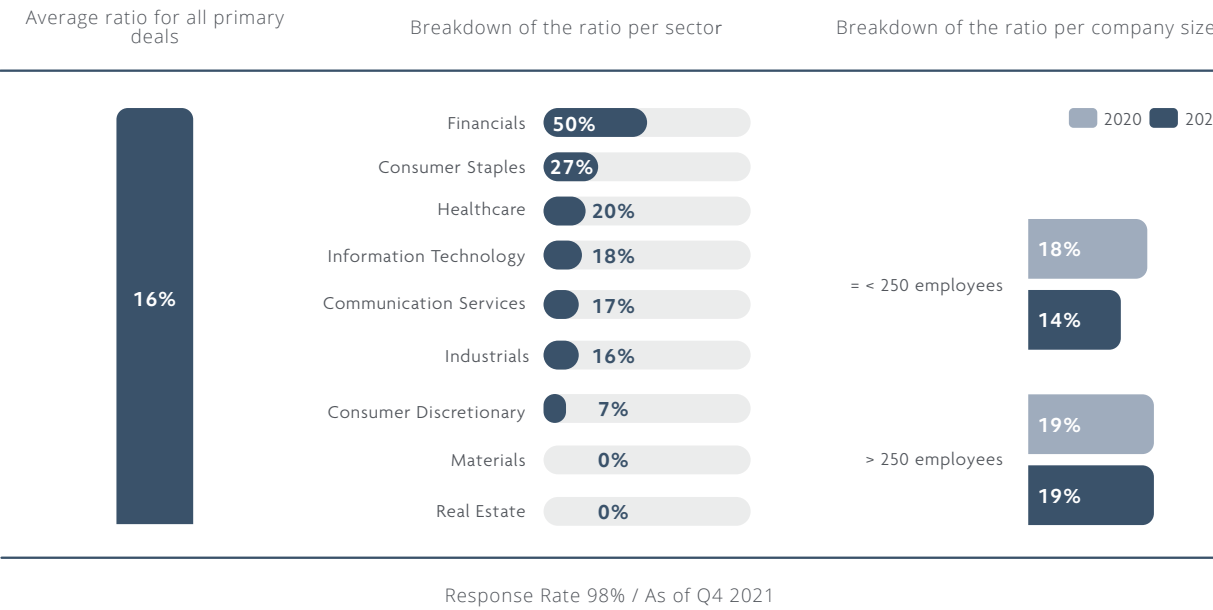
the Consumer Discretionary sector are female.

Medium companies display a slightly higher ratio of female to male board members which might be explained by a usually greater number of board members. However, it is important to note that compared to last year, the ratio of female members in the board of smaller portfolio companies has doubled. This is partly due to the efforts of Kartesia to encourage its portfolio companies to improve board diversity.



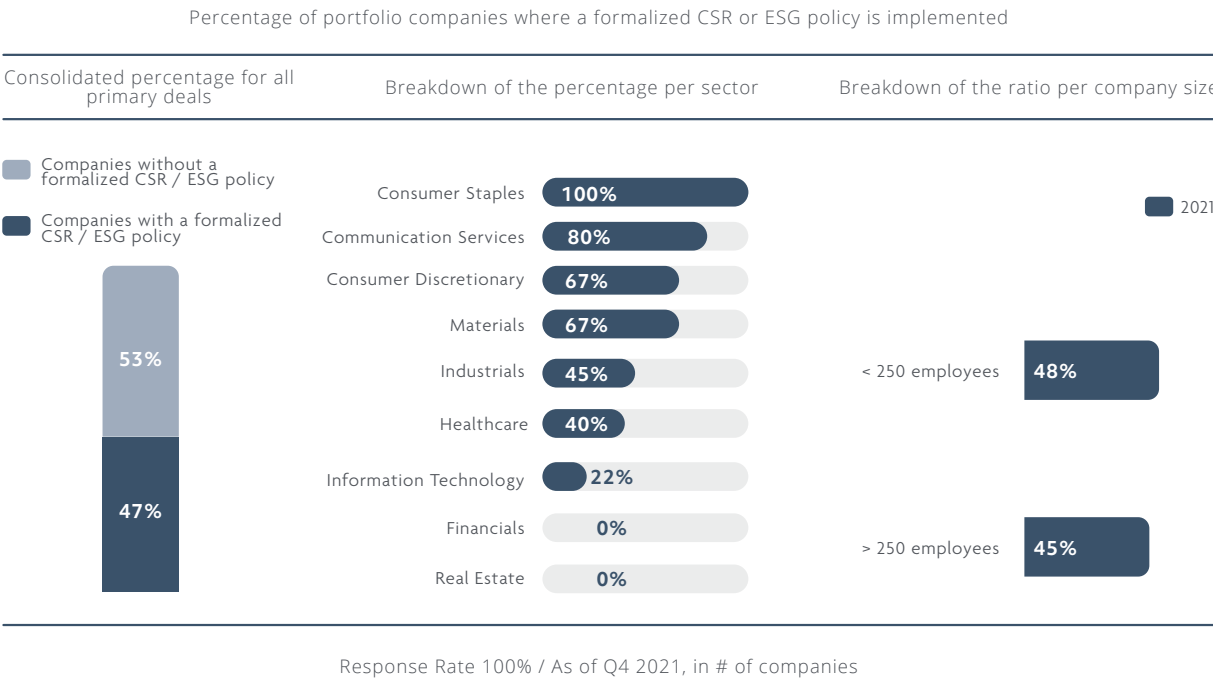
Board independence and professionalisation

The ratio of independent board members greatly varies according to the sector. Overall, the share of independent board members is slightly more important for medium companies than for smaller companies in 2021.



CSR practices

Globally, the level of formalisation of an internal CSR / ESG policy seems similar between smaller and medium companies (KPI not available for 2020). As per the sector, a higher number of portfolio companies in the Consumer Discretionary, Communication Services and Consumer Staples have implemented a CSR/ESG policy than in the Financials or Real Estate sectors.



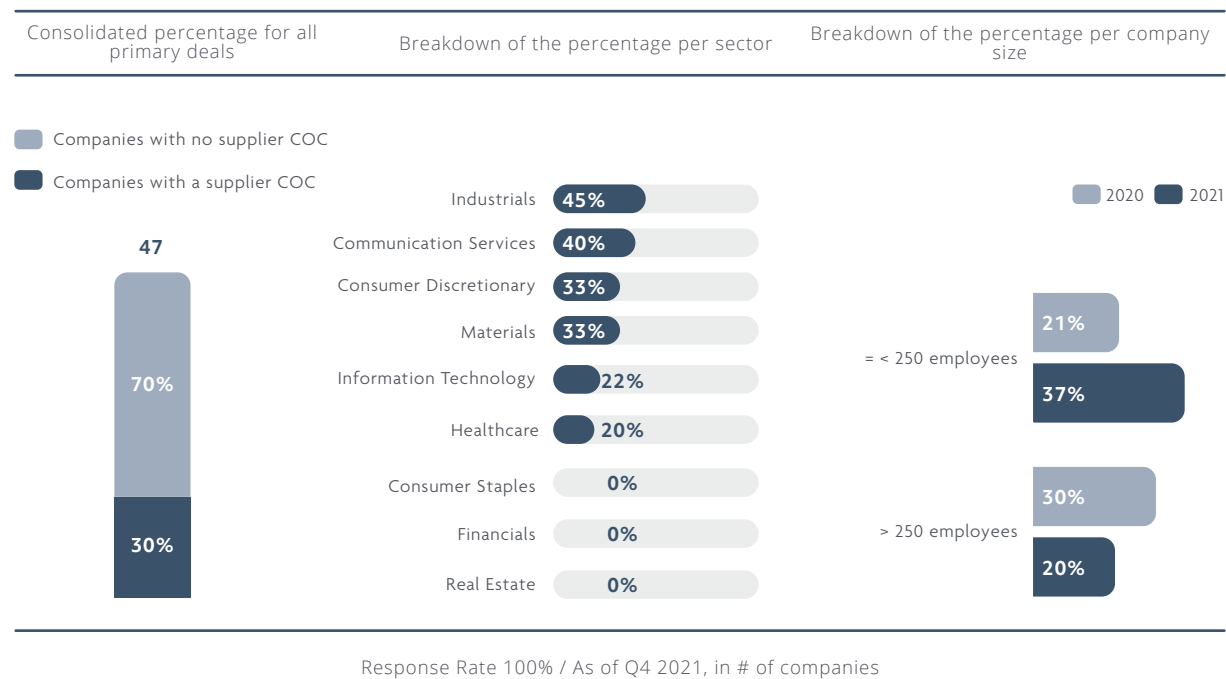
Formalization of a Code of Conduct

The formalisation of a supplier Code of Conduct is more usual within the companies in the Industrial and Communication Services sectors. On the other hand, none of the portfolio companies in the Financials and Real Estate sectors have formalised one. This KPI is slightly higher in smaller companies than medium ones, a reversed trend compared to 2020.



### 3.4.4 FOCUS ON PRIMARY DEALS

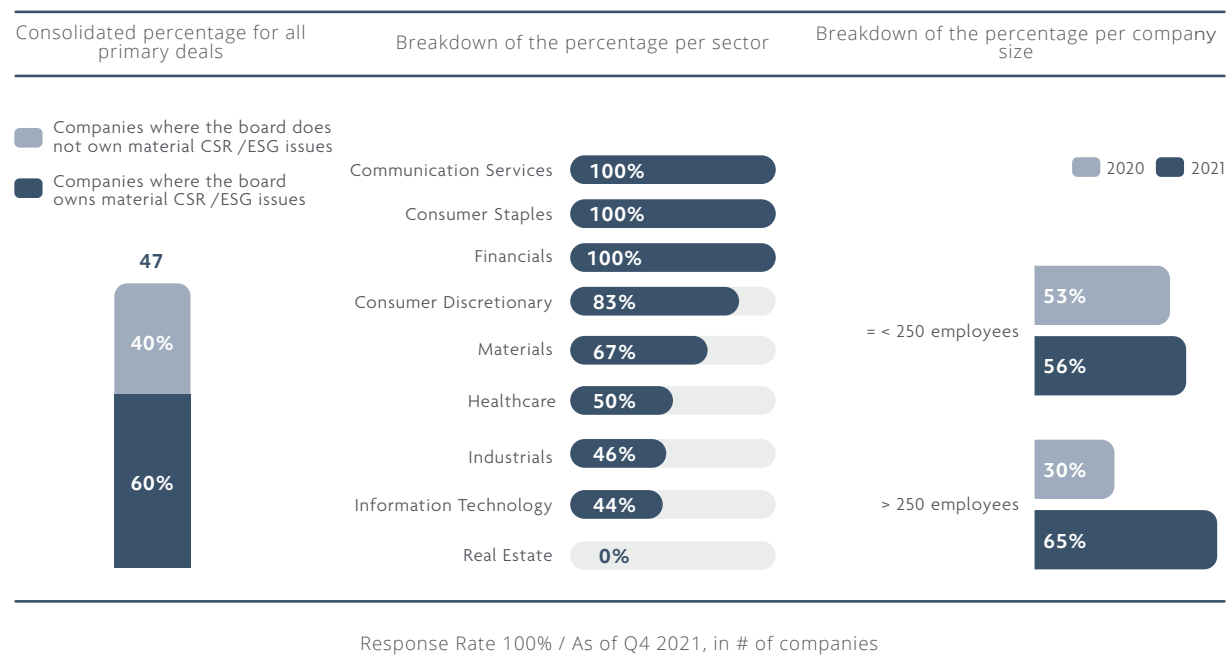
Percentage of portfolio companies where there is a supplier code of conduct (COC)



#### Boards which have ownership of material CSR & ESG issues

Most of the Boards of portfolio companies (60%) have ownership of materials CSR & ESG issues, ranging from 100% of portfolio companies in Consumer Services and Consumer Staples, to 44% of portfolio companies in the IT sector. This rate has doubled in 2021 compared to 2020 for medium companies. This is partly due to the efforts of Kartesia to encourage its portfolio companies to have an ESG specialist amongst the board members.

Percentage of portfolio companies where the board has ownership of material CSR / ESG issues



### 3.4.4 FOCUS ON PRIMARY DEALS

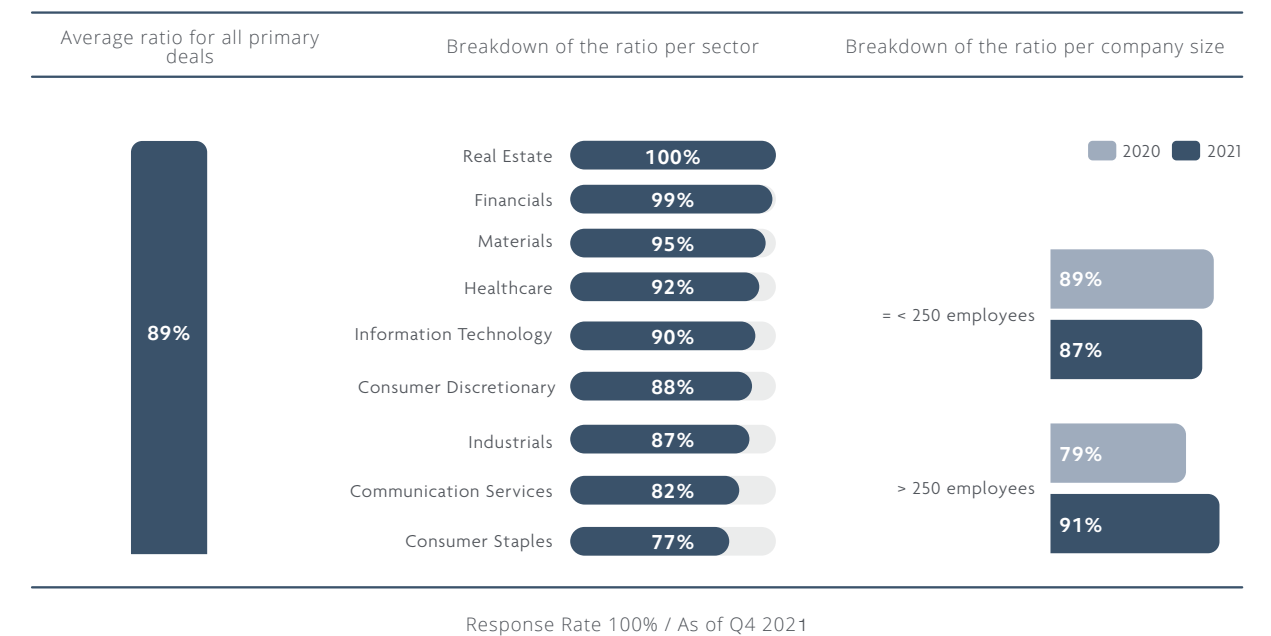
## SOCIAL INDICATORS

The questionnaire includes 15 social-related questions. These questions assess employment quality and opportunities generated by the companies of our portfolio.

#### Contribution to employment

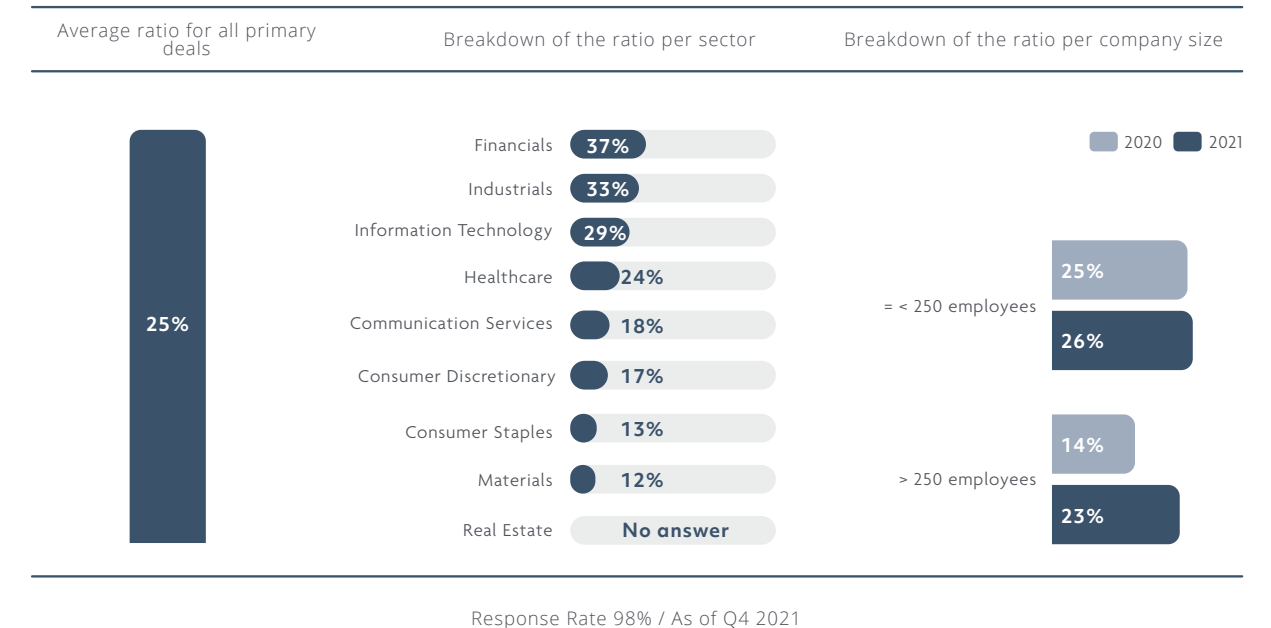
Regardless of their size and sector, most portfolio companies among primary deals prioritise permanent contracts (89% at a consolidated level).

Average ratio of permanent FTE over total employees



The turnover ratio of smaller companies is similar to the medium ones in 2021 (26% vs 23%). The turnover has increased for medium companies compared to 2020 (23% vs 14%). This ratio varies depending on the sector, from 12% (companies in the Materials sector) to 37% (for the company in the Financials sector) but remains high with an average turnover ratio of 25%. This level may be partly explained by (1) fierce competition across the sector of one of our companies to attract talent, which also results in high employee turnover and wage inflation, and (2) pandemic employee turnover.

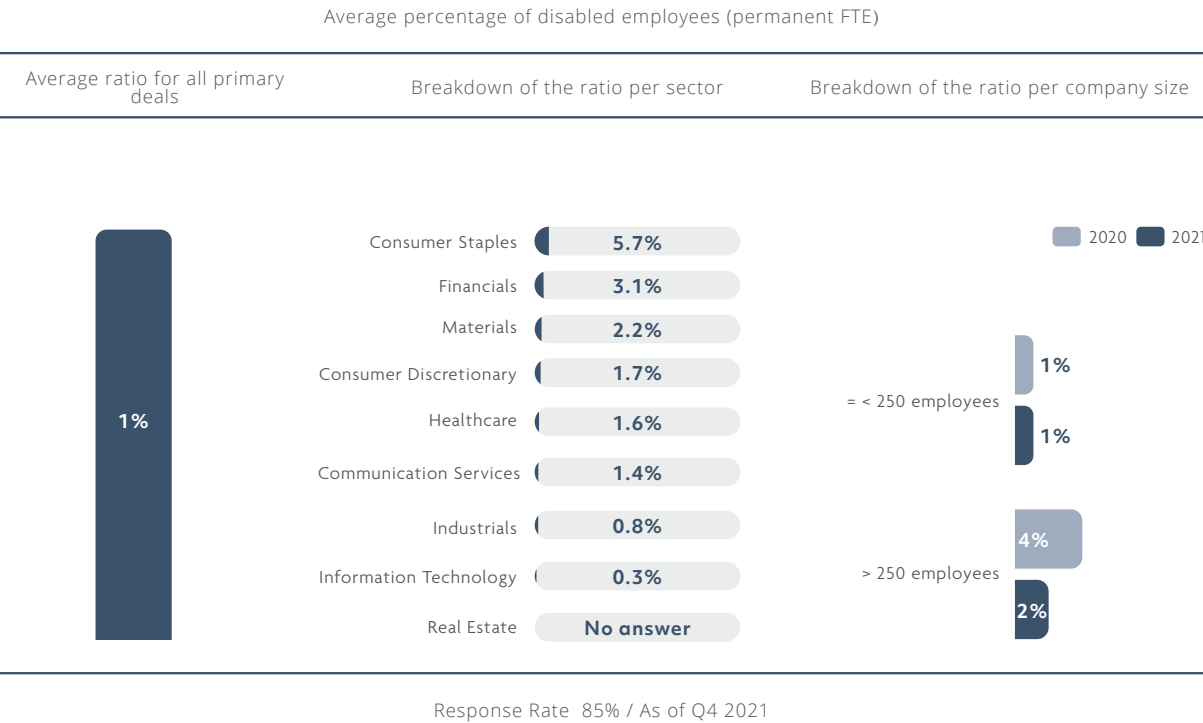
Average turnover ratio



3.4.4 FOCUS ON PRIMARY DEALS

Inclusion

The average share of disabled employees amongst all primary deals portfolio companies is c. 1%, ranging from 0.3% (for companies in the IT sector) to nearly 6% (for companies in the Consumer Staples sector). This rate has widely decreased for medium companies compared to 2020 (2% in 2021 vs 4% in 2020).

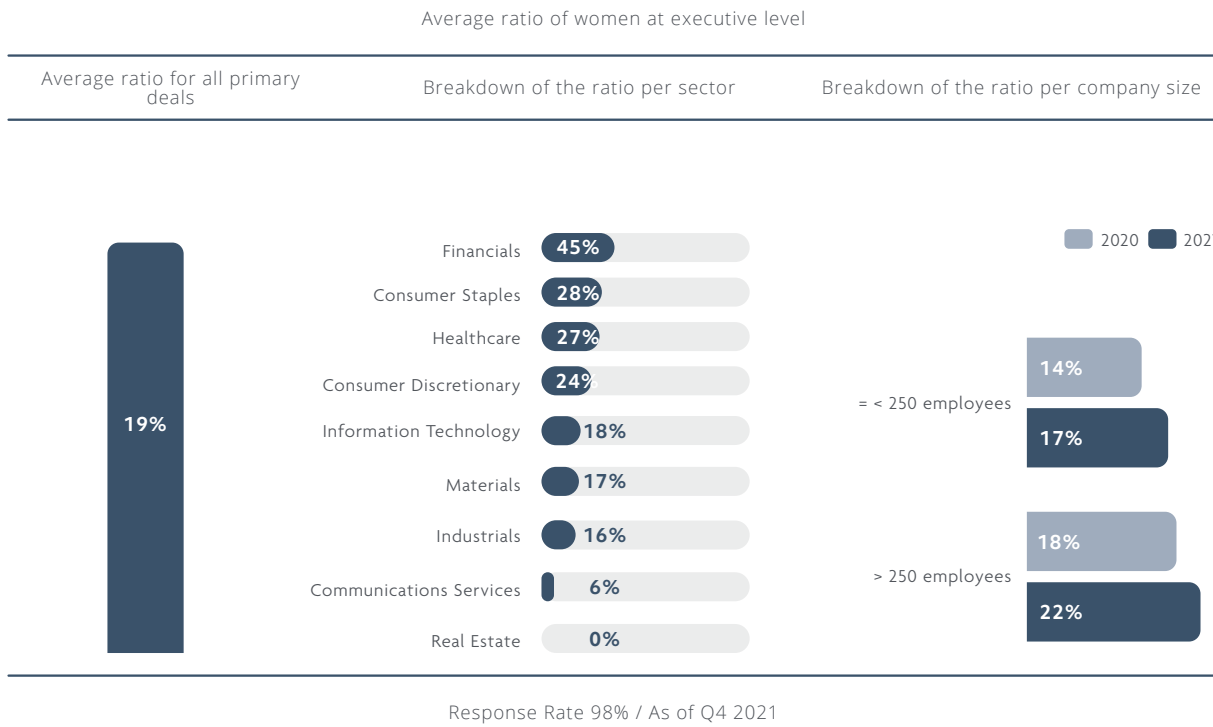
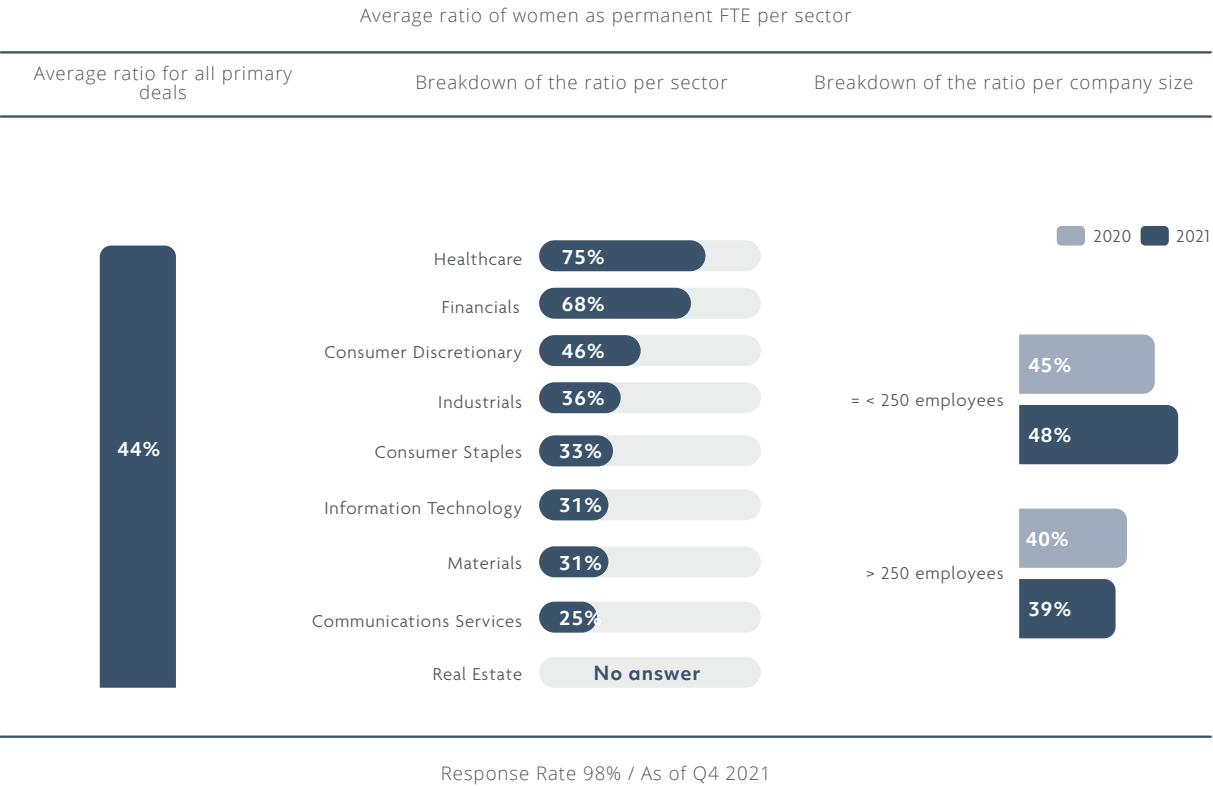


Gender Diversity

At consolidated level, there are c. 44% of women amongst FTEs and 19% of women at Executive level. This second rate is usually lower than the first.

The percentage of women amongst executives is slightly higher for larger companies (22%) than smaller companies (17%), but both have increased compared to 2020 (respectively +4pp and +3pp). This rate is lower than the share of women among FTEs for both company sizes.

3.4.4 FOCUS ON PRIMARY DEALS

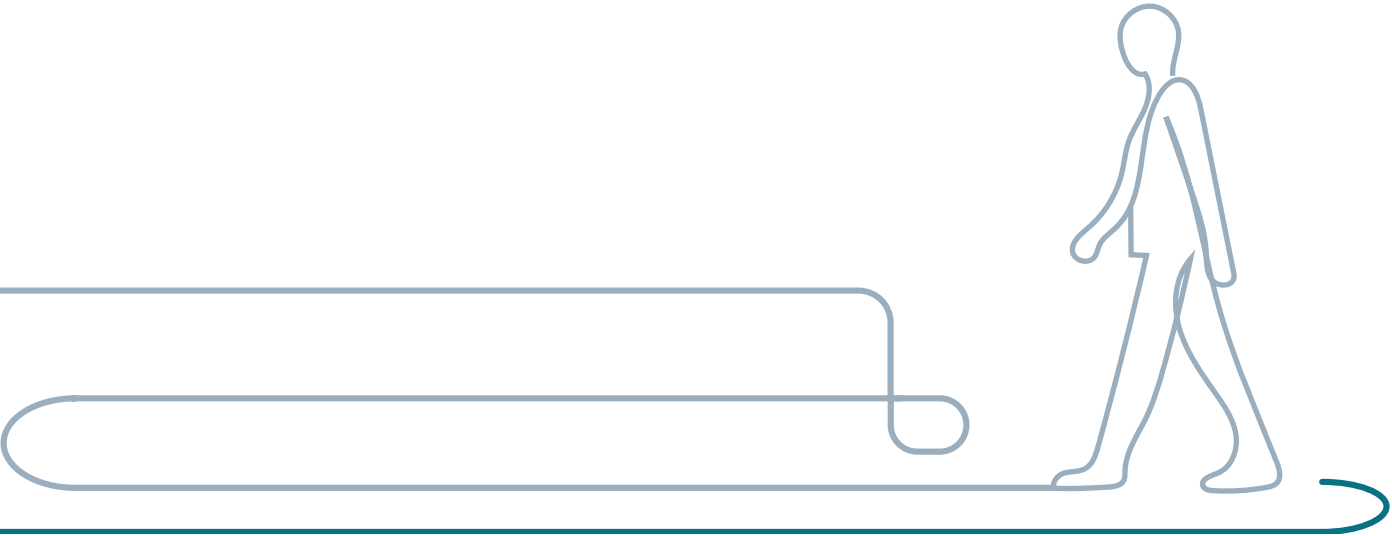
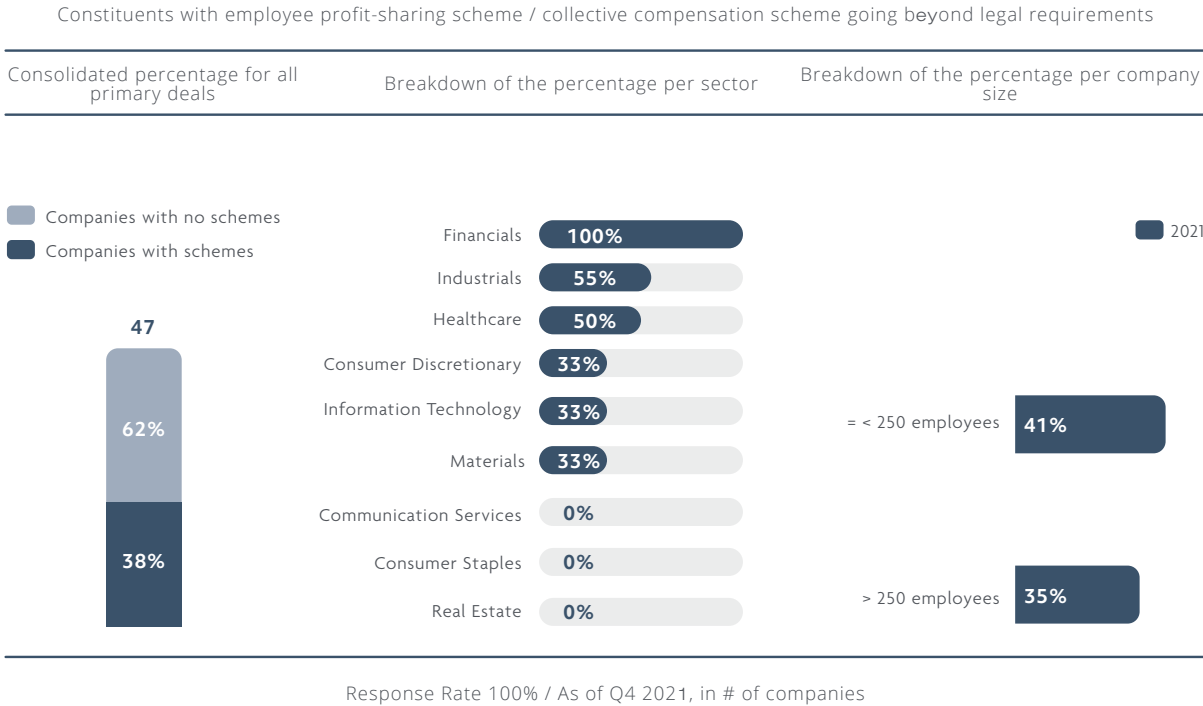


Employee value sharing

The questionnaire enables us to track the implementation of employee profit-sharing schemes or collective compensation schemes (stock options, bonuses, etc.) going beyond legal requirements. These schemes exist in most companies, with significant differences according to the sector. Half or more of the companies in the Financials, Industrial and

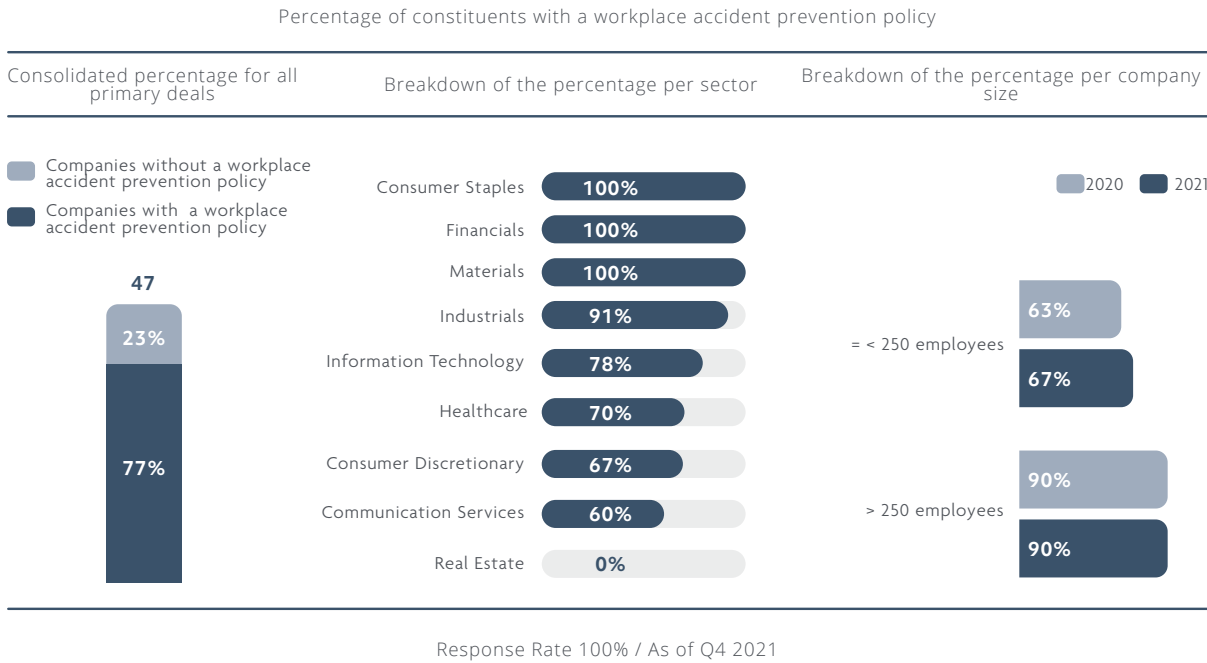
Healthcare sectors (respectively 100%, 55% and 50%) have implemented an employee profit-sharing scheme going beyond legal requirements compared to 33% of companies in the IT, Materials and Consumer Discretionary sectors.

The rate seems consistent both for smaller and medium companies. Please note that the indicator was not available in 2020.



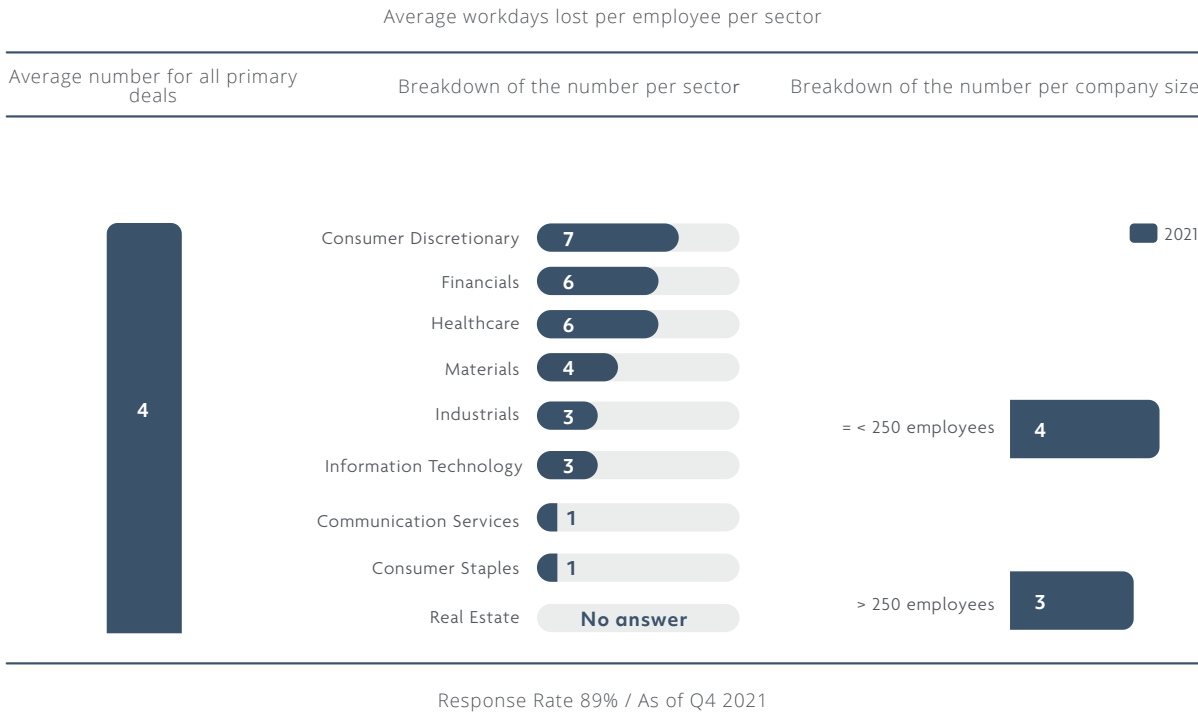
Employee health and safety

Formalising a health and safety policy is considered common practice amongst all sectors and even more so in medium companies.



The average of workdays lost per employee per sector is rather low as it goes from 1 to 7 days according to the sector. Four companies recorded an average workday loss per employee superior to 10, with a maximum of 24 workdays. These results remain mostly consistent with last year's results (KPI not available for 2020 in terms of company size).

The 2021 response rate is slightly lower than last year's as 100% of portfolio companies had answered the question.



ENVIRONMENTAL INDICATORS

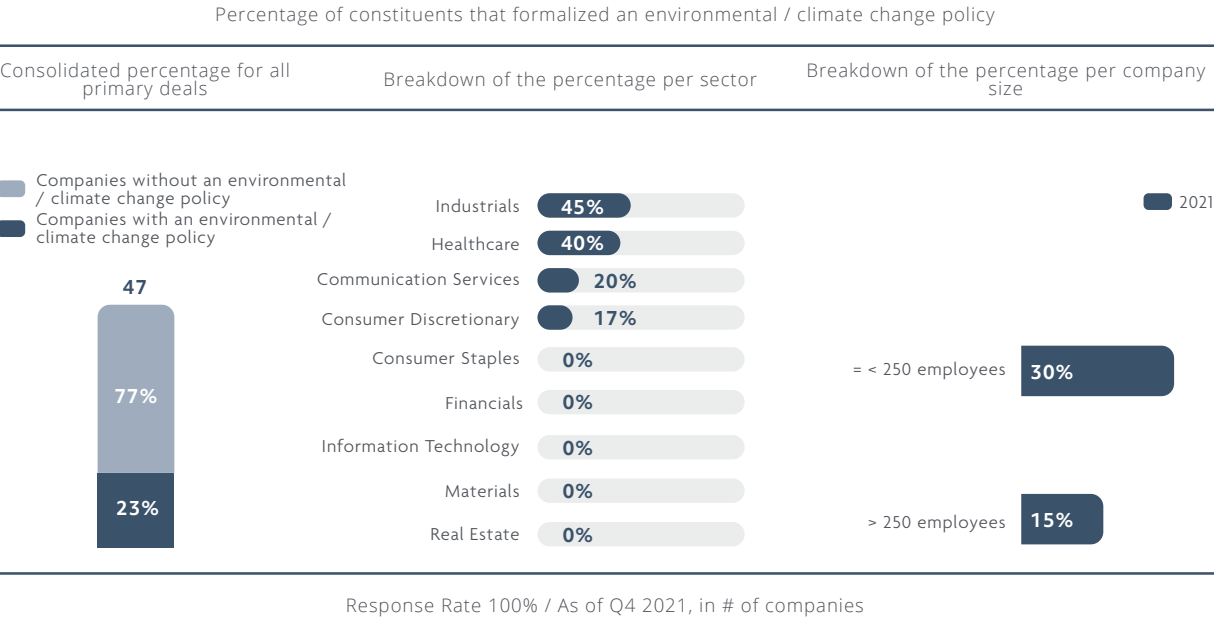
Our primary portfolio companies were also expected to answer 17 questions related to their environmental impacts, especially carbon assessment, carbon emissions reduction initiatives and management policies.

Environmental policy

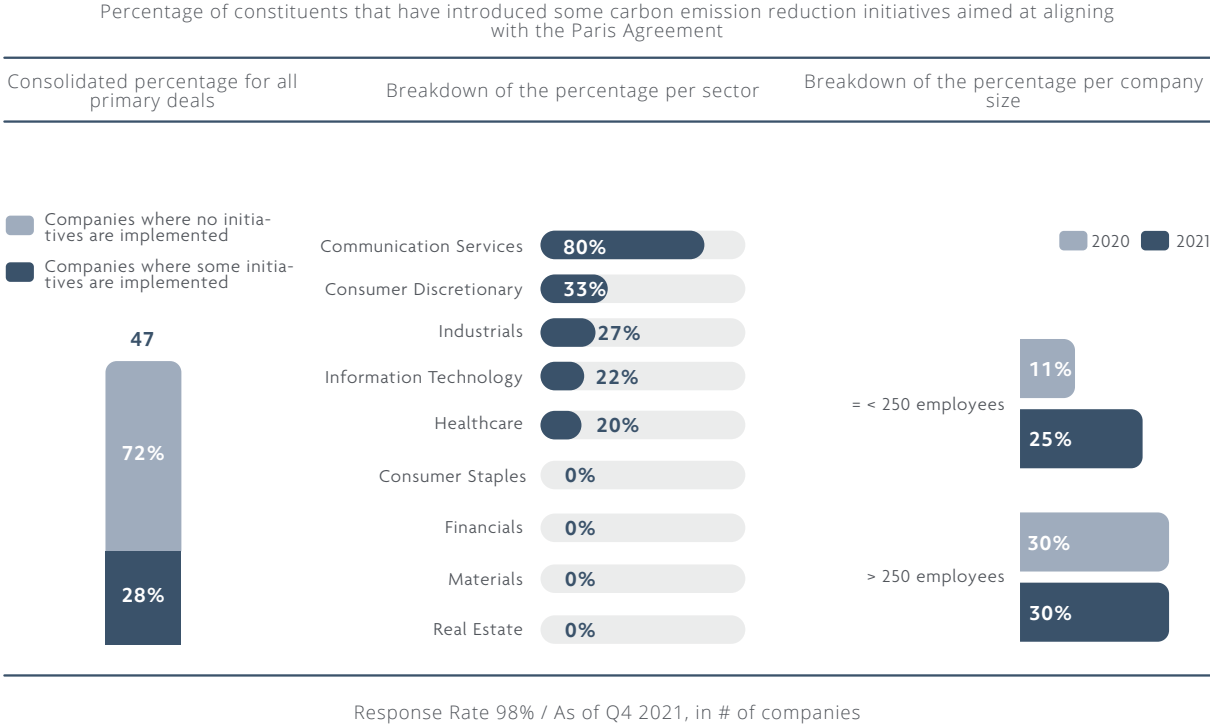
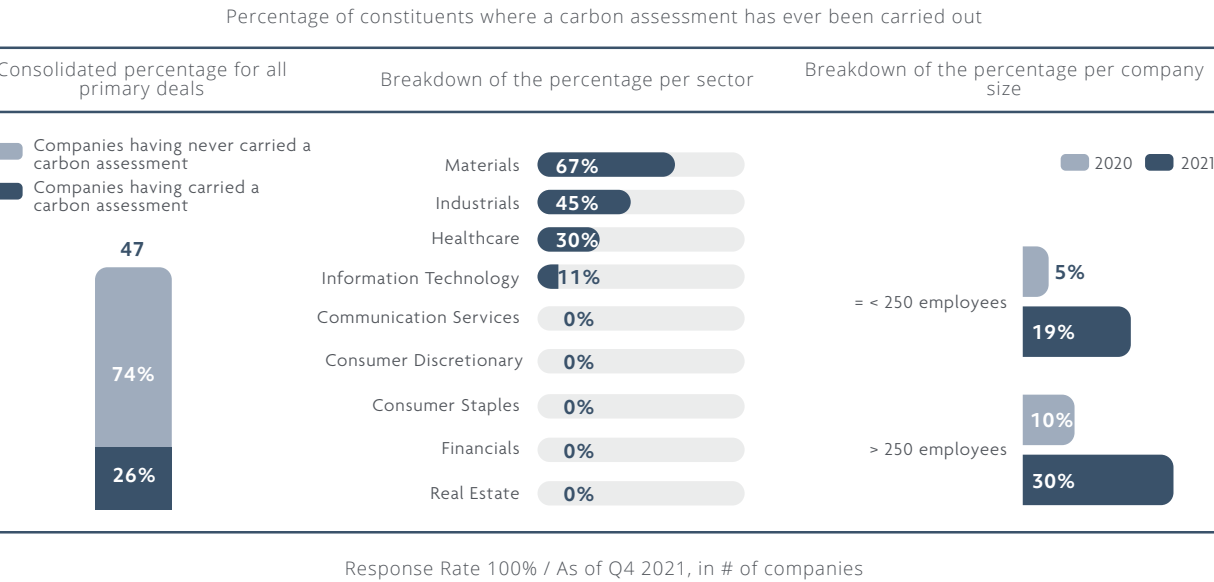
Only a minority of our primary portfolio companies (23%) have formalised an environmental or climate change policy. Companies in the Industrials and Healthcare sectors lead the way with almost half of

their portfolio companies having defined such a policy. The implementation of an environmental policy mainly depends on the extent to which both the company's activities may impact the environment: for example, it is currently likely to make more sense for an industrial manufacturer to define an environmental policy than an IT company.

The share of smaller companies with an environmental or climate policy is double that of medium companies.



Carbon emissions



Only a limited number of companies in the Materials, Industrials, Healthcare and Information Technology sectors (26% in total) have assessed their carbon footprint.

The rate of smaller companies assessing their carbon footprint is nearly four times as high as 2020 (19% vs 5%); the rate for medium companies is three times as high (30% vs 10%). It remains higher for medium companies but the gap is being filled.

Beyond CO2 emissions assessment, companies may engage to reduce their carbon footprint and aim to align with the Paris Agreement. According to the questionnaire, 28% of portfolio companies have implemented at least one reduction action, which is higher than the rate of companies that assessed their carbon footprint.

Nine companies did not conduct a carbon assessment in 2021 but defined carbon emission reduction

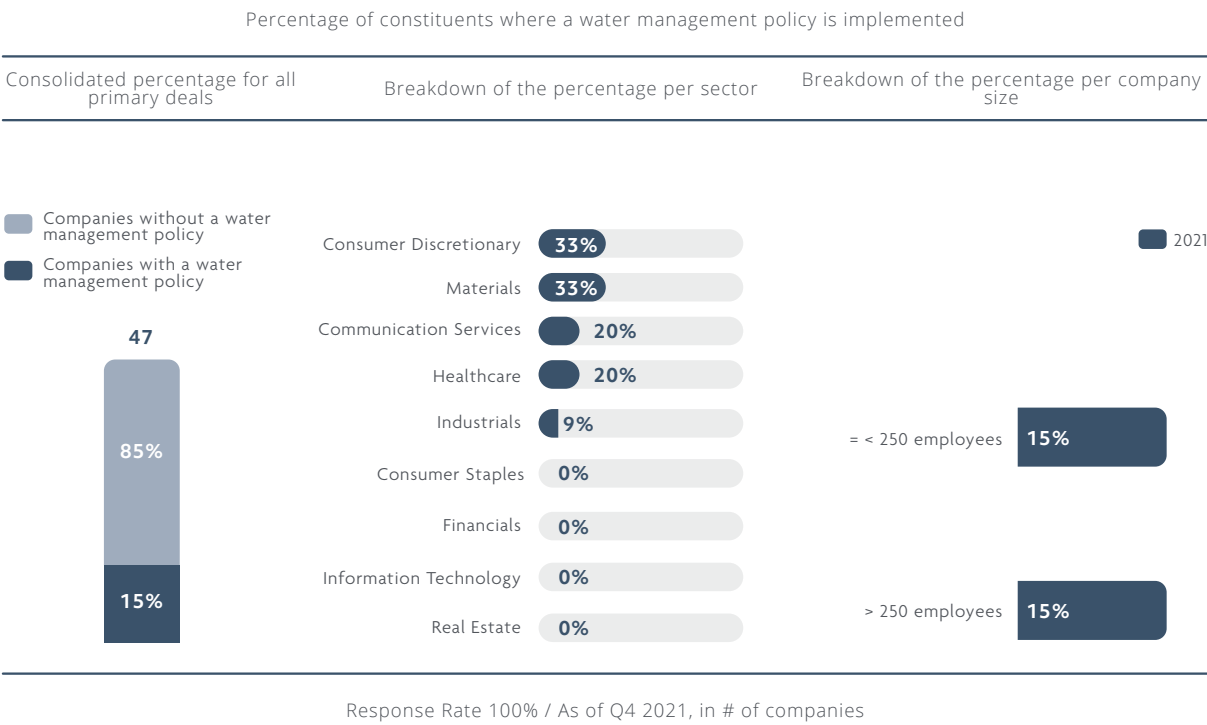
initiatives, aligned with Paris Agreement. These companies are in the following MSCI sectors: Communication Services (3 companies), Consumer Discretionary (2 companies), Healthcare (2 companies), Industrials (1 company), IT (1 company). Kartesia is engaged to ensure their commitment has true grounds.



3.4.4 FOCUS ON PRIMARY DEALS

Water management

The implementation of a water management policy is largely dependent on the sector, as it is a material topic, for example, for Industrial and Manufacturing companies. There is no difference between companies according to their size (the KPI was not available in 2020).



3.5 CLO INVESTMENTS

At Kartesia, we have specific ESG procedures and KPIs for each of our asset classes, including for our CLO vehicles that represent 9% of our AUM as per December 31<sup>st</sup> 2021.

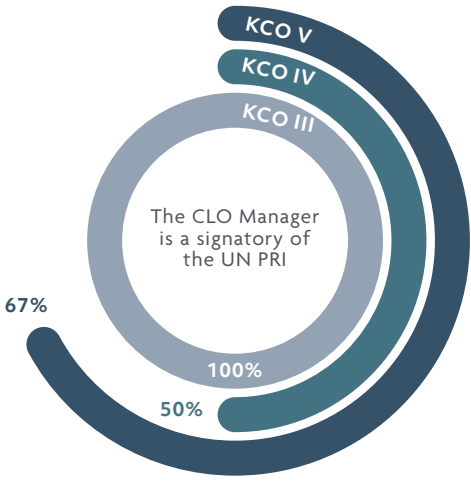
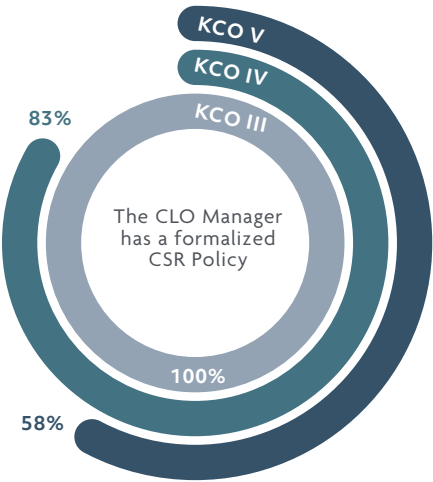
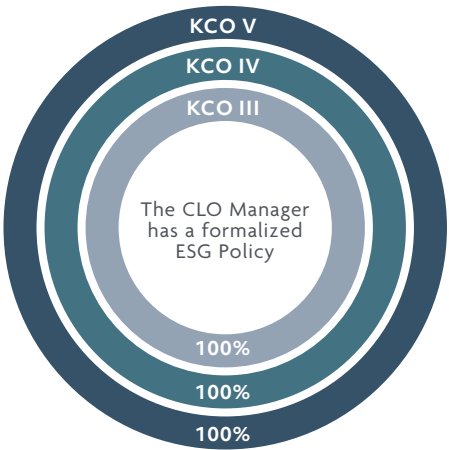
Due Diligence phase

Our CLO investments are covered by the Kartesia Sustainability policy. Indeed, for this asset class, our policy includes a review of the CSR & ESG policy of the

CLO Manager and the completion of a due diligence questionnaire – including an ESG section – by the CLO Manager.

Quarterly monitoring

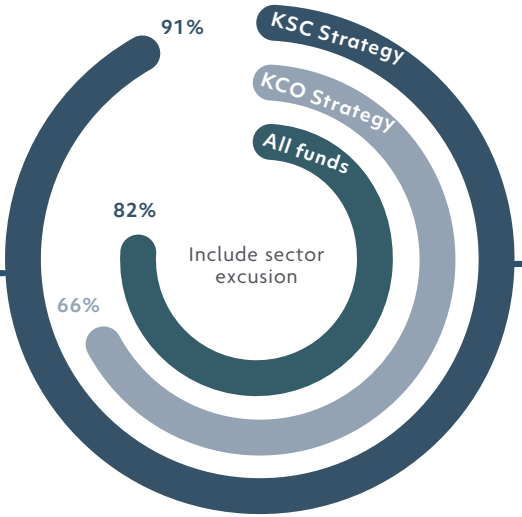
We monitor our CLOs on a quarterly basis through ESG KPIs.



CLO managers and sector exclusion<sup>14</sup>

The increasing trend towards sustainable investment is also present in the European collateralised loan obligations market. Indeed, most new issue or reset Euro CLO transactions are incorporating ESG investment criteria, sector exclusion being one.

We looked in our own portfolio and identified the deals that include a sector exclusion lists. This analysis is done on a CLO tranche basis as, while a CLO manager may not have a sector exclusion list, its CLO deals can include sector exclusion through a negative screening process.



Introduction of ESG language at reset<sup>15</sup>

When a deal is reset<sup>15</sup>, we take the opportunity to request the addition of ESG language and sector exclusions to the reset vehicles. We have done several of these so far and plan to continue to help spread ESG applications in this asset class. Through this initiative Kartesia contributes to the application of ESG-principles in CLO portfolios backed by hundreds of issuers, which has a knock-on effect on the wider

European credit market, namely leveraged loans and HY bonds, due to CLOs owning a portion of the credit facility issued.

CLOs bring down the cost of capital to the borrowers in a CLO portfolio. By restricting the population of borrowers to ESG compliant companies, we give these companies a financial advantage over non-ESG companies, which ultimately enables them to gain market leading positions in their industries.

MEET OUR STRUCTURED CREDIT TEAM

Sharif Anbar-Colas, Panagiotis Dounavis, and Francisco Fuster talking about the latest ESG development on the CLO market and in our portfolio

Are Europe's CLO market and ESG objectives converging today?

In many ways CLOs are helping to drive the ESG conversation forward in Europe. As far as credit markets go, CLOs are one of the largest buyer bases

which enables them to have a lot of influence. Since CLOs have highly diversified portfolios any ESG criteria applied to one CLO affects hundreds of issuers and thus has a multiplier effect in the loan market.

Having said the above we still have a view that a lot of

<sup>14</sup> A This specific KPI is presented at 31/03/2022  
<sup>15</sup> CLOs are callable between 1-2 years after they are issued, reset or refinanced. The call allows investors to change the terms of the deal. Since CLOs performed well during the COVID-19 crisis, there was a demand from investors for new CLO investments which enabled us to exercise these calls in 2021 in a way where they added economic value (by allowing us to extend the duration of the expected cashflows) and also make structural enhancements such as introducing ESG language



Sharif Anbar-Colas, Head of Structured Credit Division

further progress is achievable. Over the past 3 years several ESG ideas have started filtering through the CLO market and have been adopted by different managers in different ways (negative selection, positive selection, ongoing ESG monitoring, active ESG component management based on CLO Manager's ESG scores). "The dynamism with which the CLO market has embraced ESG is a positive and we expect to see more implementations over time that will help push the ESG agenda forward" says Sharif Anbar-Colas, Head of the Structured Credit Division

In our view, a common reporting standard across all transactions together with ESG data from CLO portfolio companies are the 2 factors that will further catalyse the effort to harmonize the CLO market with ESG objectives. Several transactions have introduced SFDR reporting requirements (Sustainable Finance Disclosure Regulation) including PAIS (Principal Adverse Impact Statements) which we view as a step to the right direction. A solution would need to include a standardised ESG reporting standard for corporate borrowers, which are effectively the CLO assets, as CLO managers still need to perform their own due diligence.

One thing remains certain, ESG requirements gain more traction and become more popular across investors on the path to sustainable finance. Panagiotis Dounavis, an associate in the Structured Credit Division agrees "We feel the existing momentum across CLO market participants is strong and here to stay."

What are the main evolutions since 2020 in the CLO portfolio of Kartesia, especially ESG-related evolutions?

We strongly believe that ESG topics will evolve, so in order to stay at the forefront we hold discussions with our CLO managers; gathering best practices in terms of ESG topics, exchanging views regarding the current state of ESG in CLOs and trying to understand the difficulties in the sustainability analysis from the manager's point of view.

We have also paid close attention to a number of 3<sup>rd</sup> party ESG data providers, both providers that work under the umbrella of established firms as well as new entrants who could have an interesting angle. The large number of different ESG data providers also highlights the lack of uniform and standardised reporting for issuers in the HY/Leveraged Loan spectrum.

"In terms of portfolio selection, we prefer transactions that include ESG eligibility criteria, or provide active ESG monitoring" explains Sharif Anbar-Colas. In the



Panagiotis Dounavis, Structured Credit Associate

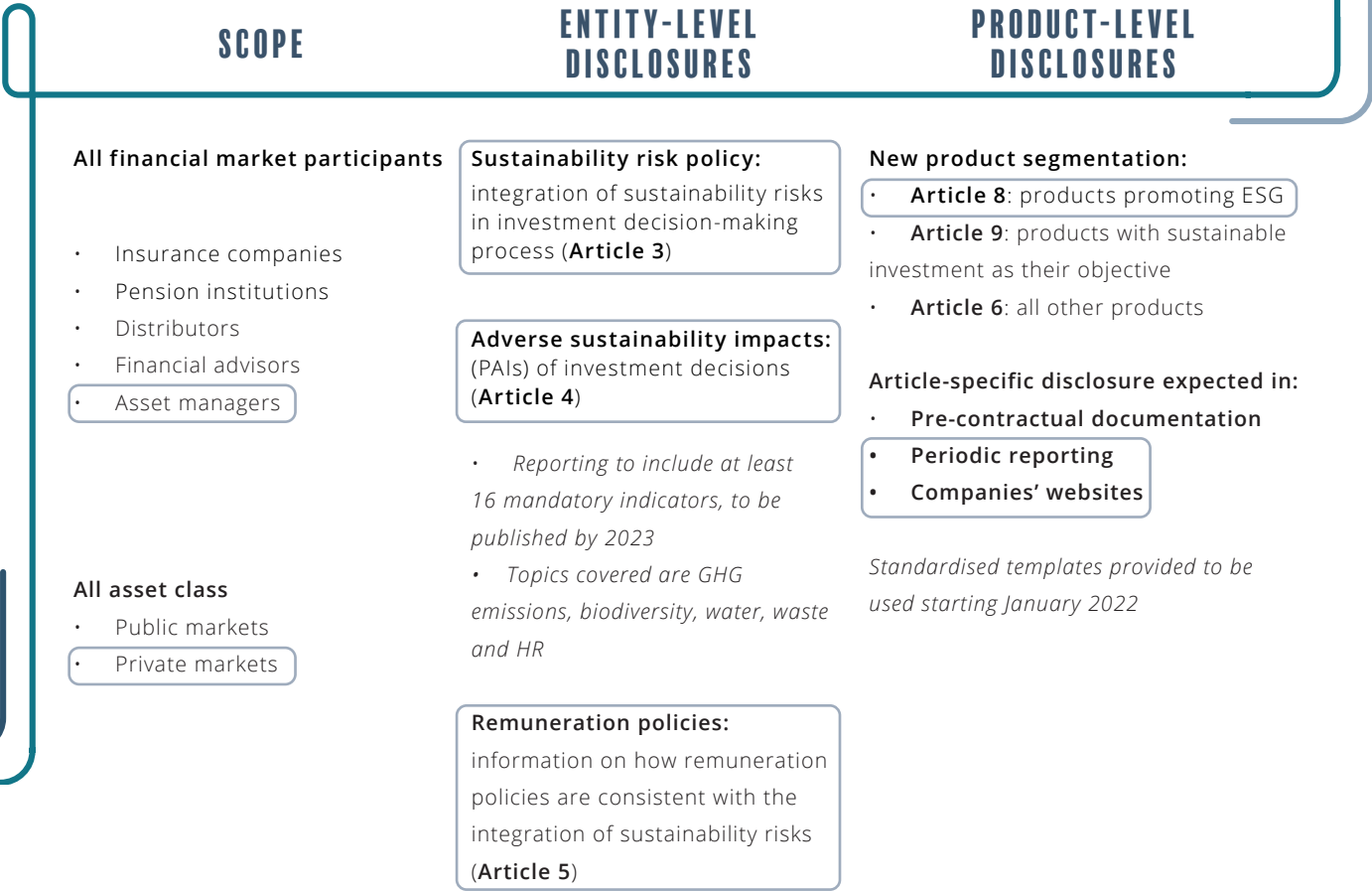
case where a transaction we own does not include ESG criteria, we introduce the language when we reset the transaction.

As a firm, we sit on the European Leveraged Finance Association (ELFA)'s CLO Investor Committee and one of the things we focus on is to push for more transparency and standardisation around ESG efforts through this committee. ESG is here to stay as a positive development for the markets as a whole, and Kartesia is always pushing to advance ESG developments, some recent examples include trying to introduce effective ESG screening language in CLO transactions or lobbying for more transparency and reporting standardisation through our membership in the ELFA CLO Investor committee. ■

3.6 REGULATIONS  
3.6.1 SFDR

The European Union’s Sustainable Finance Disclosure Regulation (“SFDR”) came into force in March 2021. By standardizing sustainability disclosures, it is designed to prevent greenwashing, increase transparency, and assist institutional asset owners to understand, compare, and monitor investment funds based on sustainability. As a private provider of capital solutions for small and mid-sized companies, Kartesia falls under the scope of the SFDR.

KARTESIA’S SFDR SCOPE



At Kartesia, we take into consideration the SFDR and have implemented various actions and updated our internal processes to be compliant with this regulation:

**SFDR Article 3:** Through our Sustainability Policy, we consider sustainability risks in our asset management activity. Indeed, as signatories to the UN Principles for Responsible Investing (“PRI”), we have formalised a section dedicated to Responsible Investing (RI) explaining our strategy that aims to influence our portfolio companies to respect all applicable laws, mitigate their negative ESG impacts and improve on these topics. Our RI strategy also includes an exclusion list of activities in which we refuse to invest and a referral list of activities in which we might invest but with careful examination.

**SFDR Article 4:** Via our ESG questionnaire based on the SFDR, we take into consideration the Principle Adverse Impacts (PAIs of Article 4) of our investment decisions on sustainability factors for each primary portfolio company at the due diligence stage and holding stage.

**SFDR Article 5:** At Kartesia, we have added to our Remuneration Policy incentives to employees to abide by our processes and policies, including our Sustainability Policy.

**SFDR Article 8:** Our KSO and KCO funds are all under Article 8 of the SFDR as they promote ESG characteristics without having sustainable investment as their objective.

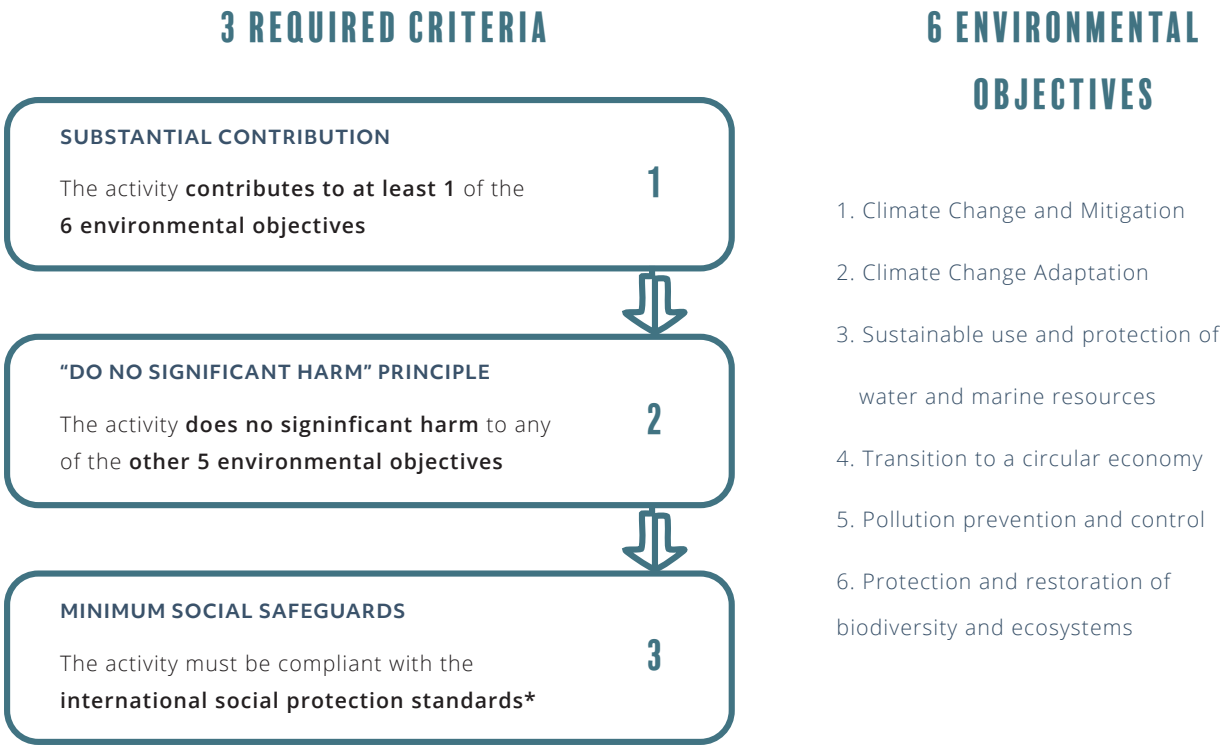
3.6.2 TAXONOMY

The EU Taxonomy of sustainable economic activities is an asset classification system that creates a common language to foster sustainability in decision making. By providing a market signal to align all financial players on common standards and objectives, this homogenized reference will help fight against greenwashing, provide qualitative transparent information on economic activities, and reduce European market fragmentation.

Green Taxonomy

The Green Taxonomy considers an economic activity as “sustainable” if it:

- Is already environmentally sustainable (sustainable activity) or
- Contributes to the ecological transition (transitional activity) or
- Enables this transition (enabling activity) and
- Responds to the following 3 criteria:



As explained in section 3.4.3. *Positive output of Portfolio Companies* of this report, we invest in some companies which are considered to have those sustainable activities. These sustainable activities might be eligible under the criteria of the Green Taxonomy and have a positive impact on environmental objectives. At Kartesia, we are committed to communicating the

rate of our portfolio companies that are eligible to the Taxonomy in this report, and their alignment to the Taxonomy in next year’s annual report.

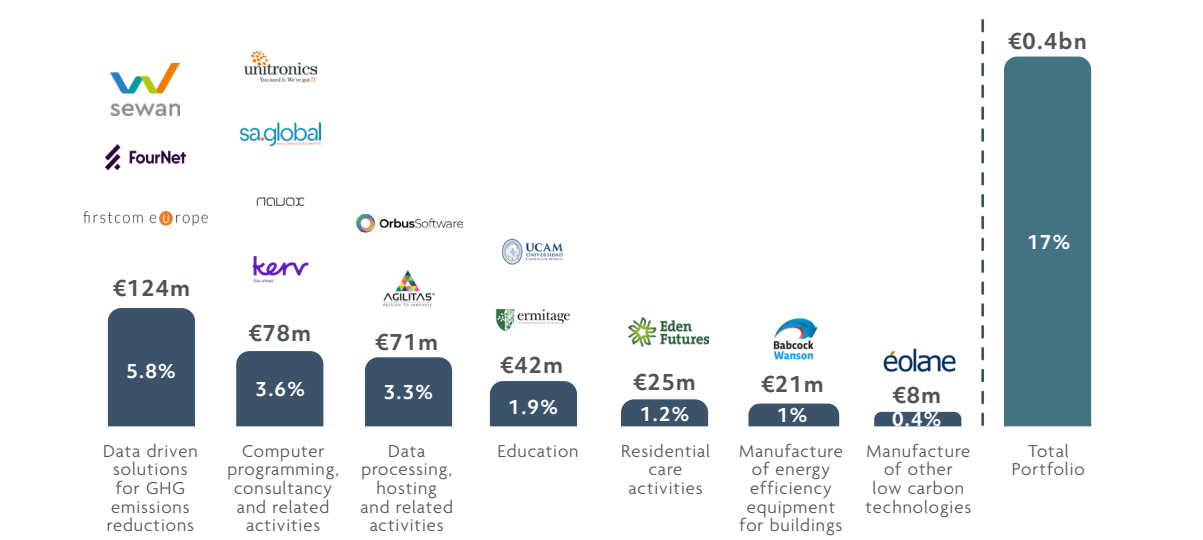
\*The international social protect on standards considered are the OECD guidelines for mulitnational enterprises; the United Nations guiding principles on business and human rights; and the International Labour Organization standards.



3.6.2 TAXONOMY

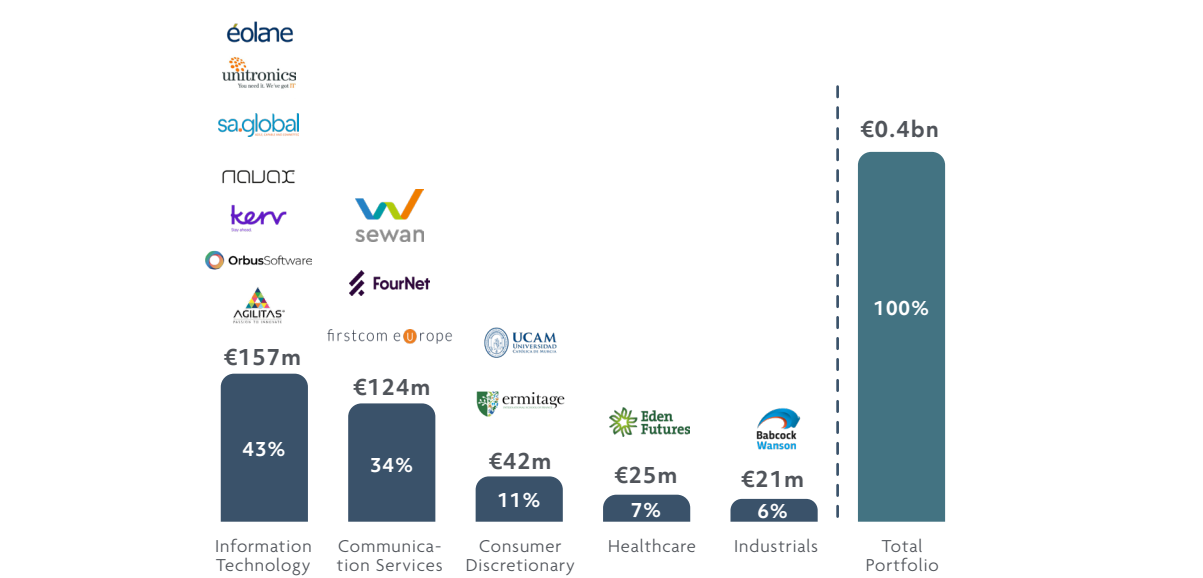
As of 31/12/2021, 14 of our portfolio companies might be eligible to the EU Taxonomy, considering their eligible turnover depends on sector eligibility according to the EU Taxonomy. In the first position, almost 13% of eligible AUM based on eligible turnover rate belong to the Taxonomy sectors “Data-driven solutions for GHG emissions reductions”, “Computer programming, consultancy and related activities” and “Data processing, hosting and related activities”. This shows that within our portfolio, IT services in general are most likely to be eligible to the green Taxonomy and are followed by education and residential care services and finally manufacturing of energy efficiency and in low carbon technologies.

Breakdown of Kartesia's eligible AUM considering companies' eligible turnover to the Green Taxonomy per Taxonomy sectors (as of Q4 2021 - in AUM based on eligible turnover rate)



43% of these eligible AUMs represent companies operating in the information technology sector, followed by 34% of AUM are companies operating in communication services, and 11% of AUM are companies operating in consumer discretionary sector. Our portfolio companies operating in the Consumer Staples, Financials, Materials, and Real Estate sectors are not considered eligible to the Green Taxonomy.

Breakdown of Kartesia's eligible AUM considering companies' eligible turnover to the Green Taxonomy per MSCI sectors (as of Q4 2021 - in AUM based on eligible turnover rate)



3.6.2 TAXONOMY

Social Taxonomy

In February 2022, the EU Taxonomy regulation was extended to social challenges to help investors identify new opportunities, mitigate risks, and standardise classification to steer capital towards socially sustainable activities. The Social Taxonomy aims at:

- Defining processes to respect stakeholders' rights within a company, based on the Universal Declaration of Human Rights.

- Identifying activities, products, and services, that contribute to an adequate standard of living through improving accessibility to:
  - Products and services meeting basic human needs.
  - Basic economic infrastructure.

The Social Taxonomy will be based on a classification of activities with 3 social objectives.

1. DECENT WORK

- Social dialogue
- Living wages
- Health & safety
- Lifelong learning



2. ADEQUATE LIVING STANDARDS AND WELLBEING FOR END-USERS

- Healthcare
- Social housing
- Long-term care
- Education



3. INCLUSIVE AND SUSTAINABLE COMMUNITIES AND SOCIETIES

- Access to basic economic infrastructure, including people with disabilities



If the Green Taxonomy is based on evidence and science, the Social Taxonomy relies on international norms, principles, and goals, including:

- Universal Declaration of Human Rights.
- The UN's Sustainable Development Goals.
- Platform on Sustainable Finance.

As explained in section 3.4.3. *Positive output of Portfolio Companies* of this report, we invest in some sustainable

activities that could have a positive impact on the 3 objectives of the Social Taxonomy and the SDGs 8 Decent Work and Economic Growth, SDG 3 Good Health & Well-being, and SDG 9 Industry, Innovation, and Infrastructure. At Kartesia, we closely monitor the progress of this regulation and will perform a specific assessment and classification of our assets as soon as the Social Taxonomy is finalised. ■

3.6.3 TCFD

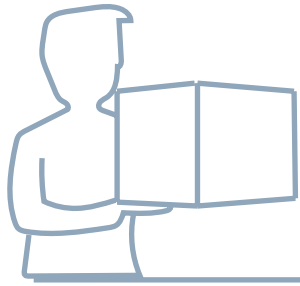
The Task Force on Climate-related Financial Disclosure (TCFD) provided a global framework to help financial and non-financial companies disclose and report climate-related information in a more effective and harmonized manner. In 2017, the TCFD released voluntary recommendations covering four key areas for implementation in 2021 to reinforce transparency on climate issues consideration within businesses. To improve the framework, the Task Force added new publications in 2021 including guidance on metrics, targets, and transition plans.

TCFD RECOMMENDATIONS RELEASED IN 2017					
2017	RECOMMENDATION	GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
DESCRIPTION		Disclose the company's governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material	Disclose how the company identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
2021	KEY TAKEAWAYS	<i>Least disclosed recommendation</i>	<i>Poor disclosure on the resilience of companies' climate related strategies and on financial impacts</i>	<i>Increasing disclosure of risks but lack of disclosure on processes through which those risks are managed</i>	<i>Lack of comparability across industries Need for an increased standardization</i>
NEW ADDITIONAL PUBLICATIONS TO IMPROVE THE FRAMEWORK					
2021 <i>Implementing the Recommendations of the Task-Force on Climate-related Financial Disclosure</i>					
<i>Guidance on Metrics, Target and Transition Plans</i>					

Through its recommendations, we believe the TCFD brought to the financial markets a useful framework that will enable to increase transparency on climate-related opportunities and risks.

At Kartesia, we would like to join the 3,100 supporters of the TCFD. This support will serve as a reminder that we are acting to build a more resilient financial system via disclosure on climate. Also, as a TCFD supporter, we will not only be expected to support all TCFD implementations but also to work towards our own implementations of the TCFD recommendations. Showing our public support to the TCFD will be a formal opportunity for us to communicate with investors, clients, employees, and peers on how we are planning to tackle climate change.

4. CASE STUDIES



Country: Belgium

Industry: Containers and Packaging

Website: [www.vandveldepackaging.com](http://www.vandveldepackaging.com)

Investment Date: July 2021

Investment Type: Primary

*Van De Velde is a Belgian third-generation family-owned group of packaging companies mainly active in the manufacturing and distribution of ecological cardboard packaging products and machinery for the food, retail and other FMCG industries.*

## MELANIE VANBELLEGHEM

*Marketing and Communications Manager of Van De Velde Packaging*

### What are your ESG initiatives?

As a packaging producer whose core business consists of the manufacturing of fibre-based / circular packaging, we are quickly seen as a sustainable partner based on the product we offer to our customers. The market today is more than ready to make the transition from plastic to cardboard packaging. We are successful in helping our customers with designing circular fibre-based packaging. This transition has a positive impact on the people and the environment they are living in.

Van De Velde Packaging is able to significantly reduce the plastic share of the packaging of our customers which allows the end consumer to sort and recycle without trouble. In the best case scenario, the customer is able to move forward to a complete plastic free packaging solution.

### What is the outcome or impact of these initiatives? Do you have any practical examples?

Zespri is a good example of this. In the past, you would find a corrugated cardboard tray in the fruit aisle of

the supermarkets containing the fruit and with plastic foil around it. The plastic and cardboard can be easily separated from each other, but Zespri still wanted to go that extra mile, and completely ban the plastic. Of course, this needs to be carefully thought through. As a company you want to contribute to a more sustainable world, but unfortunately it remains a business world and we also have to take the economic impact into account. Replacing the plastic film with a cardboard sleeve was therefore an expensive alternative, since the packaging continues to consist of 2 parts, and these are also 2 separate processes in production. Looking for a 1-part cardboard packaging that can be processed in one go on a machine was therefore the ideal alternative for Zespri. And we were able to develop this together with them. This was not an easy task, because 2 pieces of fruit are never identical. So, we had to succeed in designing our machines and packaging in such a way that there was room for variation in the dimensions of the fruits, without the packaging being too tight or too loose.

A similar customer where the transition from plastic

to cardboard was the main goal is Driscoll's. Here too, we thought together with them about what could be the best alternative to plastic berry trays. The difficulty here was the sealability of the cardboard tray. The Driscoll's packaging consists of a cardboard tray, with a plastic foil sealed on it. Sealing plastic directly onto cardboard is a tricky concept. However, after several attempts, we finally succeeded. Driscoll's has chosen to continue to use plastic film, after market research it soon became clear that a full cardboard tray, in which the berries were not completely visible, was not good for customers. Certainly in the field of fruit and vegetables, people still like to see what they are buying, how fresh the products are, whether they are ripe or not yet, ... So the assignment here was to find a solution that makes use of circular fiber based packaging that, on the one hand, protects the product and offers firmness (vulnerable products such as soft fruit), but also does not limit visibility and, on the other hand, also gives the opportunity to communicate clearly on the packaging.

### What are the challenges that you are facing & the solutions that you have found?

As Van De Velde packaging, we strive to reduce our ecological footprint as much as possible. We do this partly by using sustainable energy and on the other hand we also contribute to this because our entities are FSC (Forest Stewardship Council) certified. In

addition, we also want to make our production process as efficient as possible, because all our companies are BRC<sup>16</sup> certified we have strict rules and regulations regarding food safety. These regulations have allowed us to optimize our production process and guarantee a safe work environment for our employees.

One of our biggest challenges in consolidating these companies is therefore mapping out sustainable entrepreneurship as a group and to continuously drive improvement. Sustainability is a process that never ends. As a group, we can and want to do better. In order to become more sustainable, we need to understand where we are today in order to set goals for the future.

Sustainability has become an integral part of the contemporary business model, not so much because we have to, but mainly because we want to safeguard the well-being of future generations in the longer term. And we realize all too well, that as a new group, we still have important steps to take, which is a critical reality check but also an exciting opportunity! ■

[Watch more on Van de Velde here!](#)



<sup>16</sup> <https://www.brcgs.com/our-standards/packaging-materials/>





Country: United Kingdom  
Industry: Commercial Services & Supplies  
Website: en-gb.thebigword.com  
Investment Date: July 2021  
Investment Type: Primary

Founded in 1980, thebigword provides translation and interpretation services across private and public end markets

INTERVIEW WITH JOSHUA GOULD, CEO OF THEBIGWORD GROUP

ESG isn't something we do for our investors and marketing, it is part of our DNA and business culture. Many businesses see ESG as a set of tick-box exercises, however we believe it's a tool to make the lives of BigWorders more fulfilling, interesting, and meaningful. For us it's a hiring and retention tool, a cause and a reason to choose thebigword over another organization but most of all we do it because we have a genuine interest in our environmental and social impact, and we realize the benefits that strong governance brings to our business.

Before I answer specific questions, I would like to highlight our support for the Ukrainian people. I am sure you have all been watching the unfolding situation in Ukraine with deep concern. thebigword has extensive experience providing Ukrainian interpreters to NATO, the British government and civil service both on-site in Ukraine, in the UK and the US. Over the last week we have been working with charities to deliver free Ukrainian to English interpreting services for refugees. In addition, we have been in constant contact with our Ukrainian linguist base, offering to support where we can with any re-locations. It is times like this where all private citizens and companies must decide whether they want to be part of the solution. thebigword has a clear mission to provide language access to the most vulnerable people in society – this was evident when we recently assisted in the evacuation of over 30,000 people from Afghanistan, with our team only leaving Afghanistan 12 hours before the last US military flight.

What is the approach of thebigword towards ESG policies and best practice?

thebigword operates a Corporate Social Responsibility (CSR) team and a CSR Policy that oversees the E&S. Our CSR team is made up of people from China, India, Netherlands, USA, the UK, and those individuals come from all levels of our organizational structure. We believe that having such a varied team with people from many different backgrounds ensures that we have a more inclusive and global focus. In addition, we have a board made up of shareholders and non-executives that works with people throughout our organization via our sub committees to meet our corporate governance goals including fair and equal pay, best practice, conflicts of interest and client suitability.



Please can you outline the ESG initiatives put in place by thebigword?

Our ESG initiatives are divided as follows:

- Workplace: aiming to reduce attrition, boost team engagement and support our recruitment best practices, positioning us as a positive place to work.
- Environment: aiming to educate on the environmental impact of some of our current processes/practices and reduce our environmental impact.
- Community: aiming to surpass the money raised for charity and company volunteering days in 2021 and to support charities worldwide chosen by employees
- Marketplace: aiming to support our supply chain and client base through CSR best practice and by partnering with our local, national and international communities.
- Governance: aiming to ensure that the business meets and exceeds the highest levels of fairness, legal and ethical standards.

What was the outcome & impact of these initiatives?

thebigword has been carbon neutral for the last 3 years and I am delighted to share that in 2022 we will have reduced our footprint further to the point that we now offset 105% of our carbon emissions creating a 5% surplus. I think we have to stop being okay with organizations setting long term, made for media offsetting targets, there are plenty of opportunities to support carbon offset programs to ensure that businesses are re-capturing the emissions used.

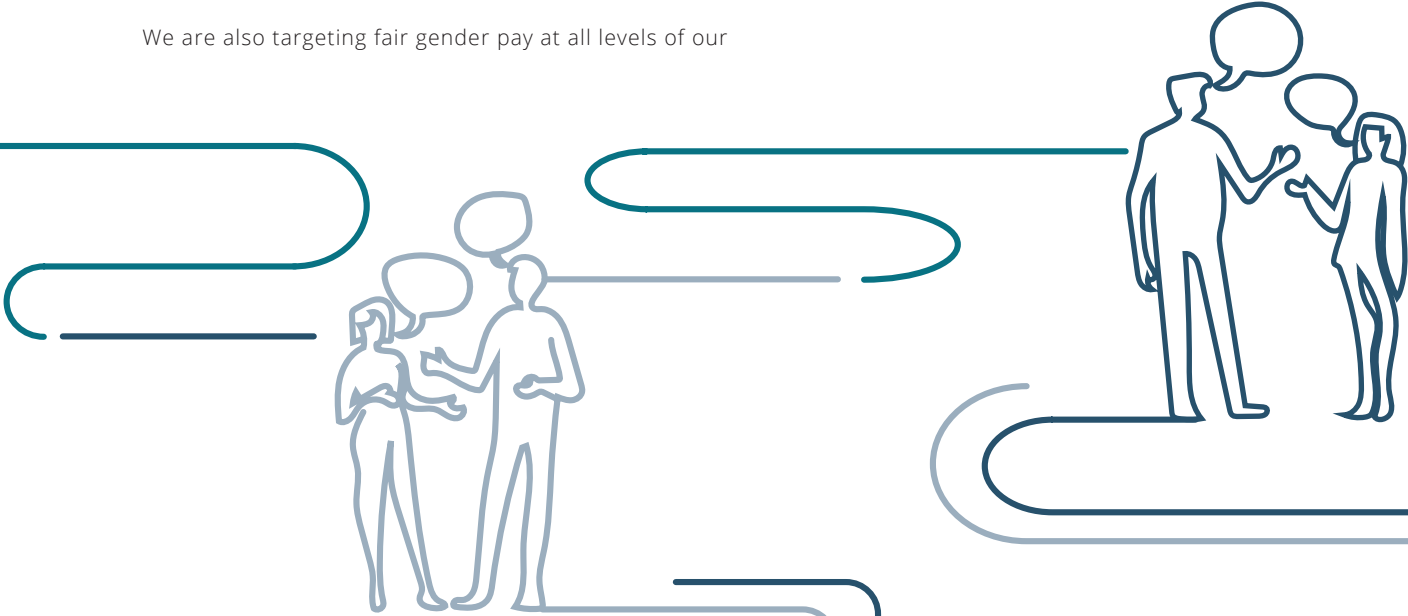
We are also targeting fair gender pay at all levels of our

organization -again we couldn't accept long term targets when short term actions can resolve a key issue and I am happy to report that thebigword has met all its goals for fair gender pay and we publish such information on our website.

New in 2022, thebigword CSR team has also added an education aspect to our work where we will educate our workforce in how we can all play our part to benefit the environment, with hints and tips on our internal social network. We also have an educational program on cultural holidays/events and what they mean to our colleagues globally as well as training on how to virtually fundraise for our selected charities.

What are the ongoing ESG challenges that the Company faces & what are some solutions you have found to these?

I think the key challenge for ESG is to be able to execute on initiatives within the new virtual working environment. Over 50% of thebigword's workforce is now permanently virtual and we have had to invest in software and train our management in best practices to ensure that we can continue to thrive in a world where there is more flexibility but often more challenges. ■







Country: Poland / The Netherlands

Industry: Food Products

Website: [www.okechamp.pl](http://www.okechamp.pl)

Investment Date: June 2021

Investment Type: Primary



Okéchamp is one of the largest white mushroom producers in Europe, covering the entire mushroom production value chain.

## INTERVIEW WITH AGNIESZKA WOLYNSKA (HEAD OF THE ADAPTATION AND COMPETENCE DEVELOPMENT UNIT), VAN DER LINDEN FRANK (CHIEF OPERATIONAL OFFICER), LESZEK EJSMONT (CEO OKECHAMP GROUP) AND MAŁGORZATA KRYSZKOWSKA (QA AND ENVIRONMENT PROTECTION DIRECTOR)

### What are your ESG initiatives and what impact have these initiatives had on your business?

**Agnieszka Wolynska:** We have implemented several ESG policies and procedures across the entire Okechamp Group. These include for instance our code of values, an ethics policy, a procedure for counteracting mobbing & discrimination, a safety policy, an environmental policy, etc. We also have our employee ideas program. This program allows employees of every factory to submit their ideas for how to improve the workplace, safety, and the environment. Managers are responsible for qualifying the most relevant ideas and awarding the best ideas during a ceremony organised by the company. We also have introduced a CSR policy in 2021. Our goal is for this policy to be a practical tool and become a starting point for our activities that focus on areas of social responsibility, as defined by Okechamp. It should be used to initiate a broader discussion regarding Okechamp social responsibility with various stakeholders.

Regarding the “S” of ESG, a very important document for us is the code of values, which we started working on in 2018 and implemented in 2019. It was the idea of employees to have common and understandable values and we invited the employees to join the project. Almost 500 employees complete a survey on values and over 100 participated in code of ethics workshops.

So far, we have developed a series of documents and procedures that deal with social responsibility, but we still need to work on the list of KPIs.

**Małgorzata Kryszkowska:** Regarding the “S” of ESG, we have our environmental policy. In Poland, our environmental policy has been in place since June 2020 and has four main goals:

*GOAL 1: To carry out a responsible and well-planned waste management policy*

We support recycling campaigns and have signed an agreement with Interseroh one of the leading providers of services for the take-back and recycling of transport packaging in Germany to conduct educational

campaigns, conferences, and webinars on our behalf. Internally, we also conduct cyclical training for our employees on waste segregation, and internal audits which we allow us to measure the success of our various campaigns

*GOAL 2: To cut down on the discharges of gases*

We improve technological processes and modernise our equipment to reduce its harmful impact on the environment. We also monitor and minimise the emission of gases that deplete the ozone layer.

*GOAL 3: To intelligently use raw materials*

In the production of compost for mushroom cultivation in our farms, we use biomass (straw) and by-products. We then obtain compost from the cultivated mushrooms, which can be used as organic fertilizer pending the decision of the Minister of Agriculture.

*GOAL 4: To minimize the amount of pollution in discharged wastewater*

We monitor chemical and microbiological parameters in agricultural wastewater distributed in fields and test wastewater samples every two months in an accredited laboratory. We return a portion of the post-cooling water to the process at the compost plant and monitor the temperature in the post cooling water discharged to the river.

**Frank Van Der Linden:** In the Netherlands, our environmental strategy is focused around three main projects:

*Project Ocean: decreasing the usage of groundwater*

We installed more flow meters to be able to have a wider monitoring system in the facility. This

helps to see where we are using the most water.

*Project Waste to Taste: reduction of wastewater via upcycling our blanching water to concentrated mushroom juice*

Benefits of this project is a reduction of wastewater in combination with an increase of sales of concentrated mushrooms juice. This concentrate is used for the soup and sauce industry with a unique flavor component, umami.

*Utility Project: lowering steam pressure*

With this project, we are thus saving around 5 to 7% of total gas consumption.

**Leszek Ejsmont:** Our efforts to become more ecological and not waste any of the by-product of the process has led to two new potential products which has a beneficial impact on the business offering. Firstly the water used to blanch mushrooms and additionally the mushroom stalks hold a lot of flavour and we have developed a new method of extracting the flavour for additional new products, therefore minimising product waste.

### What challenges are you facing or have you previously faced? How have you managed to resolve them?

**Frank Van Der Linden:** Over the last seven months our main challenge has been raising awareness amongst personnel responsible for handling technical equipment in comparison with the usage of our utilities, water, gas, and electricity. We have put in place KPIs and our first step will be to collect all relevant figures from our monitoring systems and use the data to express how our ESG policies are helping to reduce waste of water, gas and electricity. We hope this will illustrate the impact successfully and create more awareness among our personnel.

A challenge in the Netherlands is to upscale the production of concentrate in relation to a more sustainable way of producing mushroom concentrate. Currently we are making an inventory to start doing tests with different filter systems in combination with reverse osmoses for a pre-treatment of our concentrate production. The availability of technical equipment and delays in delivery time to do these tests is creating an even more challenging environment. ■

[Watch more on Okechamp here!](#)





## 5. PHILANTHROPY

### 5. PHILANTHROPY

#### MEET ILHAM ANSRIOU, ESG ANALYST, TALKING ABOUT SPONSORSHIP AND PHILANTHROPY AT KARTESIA

**Could you please tell us about the philanthropy program at Kartesia?**

In December 2017, Kartesia employees voted to replace the year-end gift with a donation made to a project that benefited underprivileged children. From then on, we decided to repeat this on an annual basis, starting by donating at Christmas time and then donating to various causes throughout the year as well.

Kartesia values the corporate contribution to inspire and align employees to support the causes that matter most to them. Therefore, those causes are suggested by employees and must get the approval of the Managing Partners and the Head of CSR & ESG.

In addition to those annual donations, Kartesia has implemented several sponsorship and philanthropy actions such as a long-term sponsorship of Institut Curie, Kartesia's annual volunteering day and the donation of furniture and refurbished smartphones to non-profit causes benefitting people in need.

**What were the donations of this year? How did you select those causes?**

To start with, to show its support for the fight against climate change which has caused disasters all over

the world with an increasing impact causing forest fires that many countries have experienced, Kartesia donated to the firefighters of Spetses in Greece in October 2021.

On top of that, Kartesia also donated in November 2021 to Etoiles du Sol which helps underprivileged young people in the neighbourhoods in Paris by offering them educational workshops.

Another philanthropy action undertaken by Kartesia in December 2021 was the annual volunteering day. Each year a different office organized it. This year the London office went to the Waterloo foodbank to participate in the sorting of donations to be distributed to the neediest within the local community.

In 2022, Kartesia has renewed its sponsorship to the AYA (Adolescents & Young Adults) department of Institut Curie in France, specifically treating adolescents and young adults with cancer. Kartesia Brussels also recycled unused desktop phones by donating them to BXLRefugees (a non-profit supporting refugees in Brussels and Europe), but also to Maison d'Enfants Reine Marie Henriette (an orphanage based in Brussels).

Finally, following the recent events in Ukraine, Kartesia wanted to show its support by donating to three different associations chosen by the employees, namely Red Cross, SOS Children's Villages and UNICEF, all to support their efforts in providing humanitarian aid to the Ukrainian people.

Kartesia is committed to making a meaningful difference in the world from a social and environmental perspective and this is reflected in spontaneous donations to various causes related to events that occur throughout the year. By involving employees in these causes, Kartesia raises awareness and reinforces its values. Our latest example is our Brussels team who ran the 20km of Brussels for the benefit of Make a Wish South Belgium in May 2022. ■



*Ilham Ansriou, ESG Analyst*



## FIREFIGHTERS OF SPETSES

From early August 2021, Greece experienced multiple wildfires, after a historic heatwave for the country, with authorities having to evacuate several villages and towns. Nearly 130,000 hectares of forest and arable land have been burnt, nearly ten times the size of affected areas in the three previous years. The World Meteorological Organization connected the fires with the regional heatwave and wildfire season made worse

by climate change.

To demonstrate our support to the Greek firemen in their battle against the devastating wildfires in Attica, Evia and Peloponnese, as the Kartesia team had their annual offsite seminar in Spetses, Greece, we decided to make a 10.000 euros donation to the local firefighters.

## INSTITUT CURIE

Last year, Kartesia became a financial sponsor for the AYA (Adolescents & Young Adults) department of Institut Curie for a specified period of three years.

Created by Marie Curie in 1909, Institut Curie is a public charitable foundation composed of a research centre on cell biology and oncology combined with a state-of-the-art hospital specialised in the treatment of cancer. Institut Curie was a pioneer in several new treatments for cancer in the last decades and today, it is a leading centre for the care of teenagers and young adults impacted by cancer.

Indeed, the AYA (Adolescents & Young Adults) department of Institut Curie is one of only 3 dedicated units in France specifically treating adolescents and young adults with cancer. They pay particular attention to the 15-25 age group. For these young people in the midst of identity building, dealing with the effects of cancer is often described as a "double punishment".

The AYA team is made up of about fifteen people (working mostly part time with AYA) with different roles (doctors, nurses, social workers, youth coordinator, psychologists, etc.).

In 2021, Kartesia financed the program of activities offered all year long by the AYA unit to the young patients. In the unit, they are keen on encouraging social interaction and participation in fun group activities so that patients can take breaks from periods of isolation in their hospital rooms. Thanks to the support of Kartesia, the AYA department organizes weekly music and physical exercise workshops. In 2021, 49 music workshops were organized for the benefit

of 21 patients. Over the same period, 89 physical exercises workshops took place, gathering 44 patients.

The music workshop, run by professional musicians from outside the Institut, offers the opportunity to mix, produce and listen to new styles of music. These workshops allow patients some relief from the day-to-day difficulties of treatment and the program has helped to improve the quality of life of the young patients of Institut Curie.

The physical exercise workshops allow the patient to handle better the secondary effects of their treatments and to reduce the risk of relapse after treatment. The physical activities are adapted to the participants. It can be muscle-strengthening, stretching, boxing, basketball, darts or table football.

Kartesia is very proud to be one of the financial sponsors of AYA.

If you would like to join Kartesia and become a financial sponsor of the AYA unit of the Institut Curie, please contact Veronique Fabreges, Head of Philanthropy, at [veronique.fabreges@curie.fr](mailto:veronique.fabreges@curie.fr)



## ETOILES DU SOL

As part of our annual engagement with non-profit organisations, Kartesia France has decided to donate this year to Etoiles du Sol, a young organisation active in the northern areas and suburbs of Paris, created by two former volunteers of ATD Quart Monde. Today the organisation is part of the collective Les Ateliers de Rue and gathers around 30 volunteers.

Etoiles du Sol offers free weekly activities every Wednesday afternoon for children aged 4 to 12/15, in underprivileged areas of Paris where extra-curriculum activities are limited. Such activities constitute educational activities, such as games, dance classes, book readings, treasure hunts and scientific experiences. Etoiles du Sol volunteers maintain a steady presence in two locations every Wednesday around these activities, open to all children, gathering around 20 kids per activity each week.

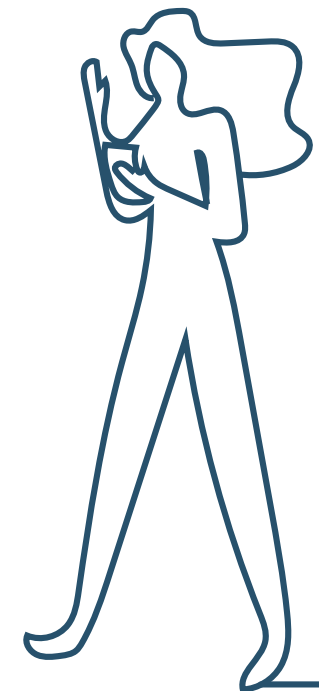
This year, Etoiles du Sol will also be in charge of a full week of activities and events in July for these children, gathering all other organisations of the area, and historically hosted by ATD Quart-Monde for the past 6

years. This festival is an annual flagship event for the children and all inhabitants of the area.

In parallel, the organisation is launching a community library every Saturday and is developing additional projects including academic and educational support, as well as coffee meetings for the single mothers.

The whole of Kartesia, but particularly those based in the Paris office, is proud to support Etoiles du Sol in their development and wishes the best to all volunteers of the organisation and all the children benefiting from their action!

For more information or to donate, please visit [www.etoilesdusol.com](http://www.etoilesdusol.com) or contact [etoilesdusol18@gmail.com](mailto:etoilesdusol18@gmail.com)





## 6. OUTLOOK

We hope this report has provided a comprehensive overview of the sustainability actions being taken by Kartesia at both a company and portfolio level but, while this past year has seen progress in a number of areas key to our operating environment, it is important we continue to strive for excellence in ESG and CSR.

This coming year should see the continued growth of the ESG team and a greater focus on ESG at the investment level which, combined with our work on the SFDR implementation, will underline Kartesia's continued commitment to sustainability in our own portfolio and ESG leadership in the broader private debt market.

We will continue to work with our portfolio companies to ensure that they have the best possible understanding of ESG-related regulations and frameworks which, in turn, should result in the most efficient and high-performing businesses in their respective markets. It is also our aim to collaborate with third parties with extensive expertise in the areas of ESG and CSR to ensure that everything possible is being done to both measure and improve areas such as carbon emissions and gender and diversity.

Thank you for reading and we welcome any feedback or questions around our approach to sustainability.

Coralie De Maesschalck, Head of CSR & ESG





# APPENDIX

## APPENDIX

### SUSTAINABLE DEVELOPMENT GOALS AND TARGETS



#### 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



#### 3.4

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

#### 3.8

Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



#### 9.2

Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.



#### 12.2

By 2030, achieve the sustainable management and efficient use of natural resources.

#### 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



#### 13.3

Improve education, awareness-raising human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



#### 15.1

By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

