

ESG PORTFOLIO HIGHLIGHTS

NOVASEP PARTNERS WITH ASTRAZENECA TO PRODUCE COVID-19 OXFORD VACCINE FOR EUROPE

Novasep has signed a partnership with the biopharmaceutical company AstraZeneca for the production of the Oxford University vaccine against COVID-19. Novasep brings to AstraZeneca more than 20 years of expertise in viral vector production. Novasep's investment strategy in the large-scale production of biopharmaceutical products for immunotherapy and gene therapy enables the company to support the alliance to produce the vaccine active substance in Europe. The firm will dedicate specific production areas and resources to this project. In parallel, the company will maintain its usual production capacities and continue to develop its activities in the field of viral vectors. ■



EOLANE IN THE BATTLE AGAINST CORONAVIRUS



The French electronics subcontractor Eolane has achieved the "essential business" status for its efforts in supporting France during the Covid-19 outbreak by manufacturing essential PPE and health equipment.

The international company, head-quartered in France, has been at the centre of supporting mask production from the outset of the pandemic. Initially, French Eolane sites sent masks to Chinese teams in February 2020. A few weeks later, it was China's turn to supply French, Moroccan, Estonian and German sites with nearly 50,000 masks by the end of March. In France, 17,000

masks were redistributed to hospitals and health centres located near the French Eolane sites in need of additional supplies.

Additionally, after temporarily suspending the activity of all its factories in France in order to protect all of its employees and stop the spread of the virus, Eolane restarted several production lines to support the National production effort of emergency respirators. Indeed, the French Government asked a consortium composed of several French industrials to produce 10 000 respirators in 50 days to meet the expected demand of those with severe Covid-19 symptoms. ■

ORAPI HELPING YOUNGER GENERATIONS TO FIGHT AGAINST VIRAL DISEASES

As the leader in France's professional hygiene industry, Orapi created its own foundation in 2015 to address the education of proper hygiene amongst young people.

The ORAPI HYGIENE Foundation helps children fight contagious diseases and epidemics by learning the rules of good hygiene, both within France and abroad, as they are present on 5 continents. Their mission is to protect children against public health risks by helping them acquire good habits and thereby contribute to a future of good health for all.

It operates abroad, in particular in Liberia, a country very affected by the Ebola virus. They run an education programme through UNESCO, raising awareness of young people to the rules of good hygiene and by providing cleansing products to schools to enable put their learning into practice. The foundation also launched programmes in France earlier this year following the covid-19 crisis. They developed games to entertain and educate children by teaching them good hygiene practices in a fun way. ■



ESG @ A GLANCE

KARTESIA KEEPS DEVELOPING ESG PROCEDURES FOR ITS CLO INVESTMENTS

Over the last few years, we have embedded ESG management into the core of our business and into our investment processes. Carefully tracking material indicators has helped us manage our investments more efficiently. We first built specific ESG tools for our debt investments and, as from 2018 and the recruitment of Sharif Anbar-Colas as Head of our CLO strategy, for our CLO investments.

Since 2018, we continuously strive to improve our ESG tools for CLOs. This year, we improved our due diligence questionnaire for CLO managers by adding a specific ESG section. We also reviewed the Kartesia Responsible Investing policy with a specific focus on CLOs and performed an industry analysis of the underlying companies of our CLOs investments.

Our efforts have been rewarded with an improved scoring for our CLO investment module from the UN PRI. We scored a B this year (aligned with benchmark) and are aiming to continue to improve over the coming years.

Note that all the signatory reports are publicly available on the UN PRI website: www.unpri.org ■



KARTESIA BELGIUM SUPPORTS TWO NON-PROFIT WHILE MOVING



Last year, Kartesia launched the Kartesia Going Green initiative, in which we are committed to reduce our impact on the environment.

To remain true to our goal, we undertook several actions to reduce waste when moving our Brussels offices in July 2020.

In moving to the new space, we donated some of our furniture to Maison d'Enfants Reine Marie-Henriette and to BxlRefugees. The charities will benefit from using this furniture in their offices, providing a much-needed update to their facilities.

The Belgian non-profit Maison d'Enfants Reine Marie-Henriette provides specialised help for children in need and their families. The structure is made of 6 services, representing around 200 children and 140 employees being teachers, nursery workers, psychologists, social assistants, nurses, students or trainees. For more information and to donate visit www.lafleche14.be

BxlRefugees, also called Plateforme Citoyenne de Soutien aux Réfugiés, was set up in 2015 in Brussels. The association welcomes migrants and asylum seekers and provides them with information, training and assistance. For more information and to donate visit www.bxlrefugees.be ■

KARTESIA IS GIVING OPPORTUNITIES TO YOUNG PEOPLE

Kartesia aims to foster teamwork in a dynamic environment where we are committed to promote equality and diversity in areas such as recruitment, training and career development. We encourage diversity among our employees and ensure everyone receives the same fair and transparent treatment. Over the last few years, we also focused on giving young people the opportunity to learn and acquire competencies. Today, 5 of our 45 employees were previously interns (>10%).

Follow us on LinkedIn to remain update on job offers and internship opportunities: www.linkedin.com/company/kartesia/ ■



Simon Collet
Intern in the Portfolio
Monitoring team

"My internship at Kartesia is an excellent opportunity to learn alongside experienced professionals in a fast-growing company. I feel considered and involved as an employee and not just as a passing trainee."

The most exciting aspects of these six months are the regular exchanges with the enthusiastic individuals from the other teams and the new projects that are constantly being set up. As this is my end-of-study internship, I will enjoy starting my career at Kartesia and continue to develop my skills in this stimulating environment."



EDITO Consistently committing to ESG and CSR

At Kartesia we have made it very clear that ESG and CSR are at the heart of our philosophy, both at an investment and a corporate level. The last 12 months have seen one of the most troubling crises in a generation which has impacted companies of all kinds. Fortunately, it is with pleasure that we are able to bring you this latest Insight newsletter focusing on CSR, to which we have maintained our commitment despite the magnitude of the challenges raised by the coronavirus pandemic.

While we are keen to ensure that portfolio companies meet certain ESG requirements and measures, it has always been our

view that we must lead from the front. We were very pleased to be confirmed as a carbon neutral company for the second year in a row, having offset our carbon footprint for the year 2019 with the help of CarbonFootprint Ltd¹. With their support, we selected a project taking place in both UK and Brazil which provides an opportunity to plant trees in the UK as well as helping to protect the Amazon Rainforest, the world's largest remaining rainforest.

Kartesia has been a signatory to the UN Principles for Responsible Investment (PRI) since 2014. All signatories report to the UN PRI on an annual basis. This year, we successfully maintained our A rating for the Strategy and Governance module against a benchmark of B for our peers with similar AuM. Next to that, we upgraded our scoring for both our private debt and CLO strategies, receiving an A scoring for our private debt strategy and aligned with our peers with a B for our CLO strategy. This reflects the hard work put in by every member of the team across our various strategies to ensure that ESG is a must-have for our employees, investors, and portfolio companies.

This year has been incredibly difficult for the global population, particularly those in emerging markets or with greater exposure to industries vulnerable to the effects of enforced

lockdowns. Last year we decided to partner with CAMELEON, a children's non-profit organisation in the Philippines, to sponsor three teenagers through an education and development programme. We are delighted to say that all three of our sponsored children successfully passed their academic years, despite the significant challenges posed by Covid-19 in the country and are due to enter the first and second years of university. Programmes like these are an essential part of our commitment to CSR, enabling favourable outcomes for those who may not otherwise have the opportunity.

There is more to come on our CSR initiatives throughout the rest of this newsletter, the third of its kind, including additional detail on how we were able to add value for portfolio companies from an ESG perspective through the coronavirus pandemic and some of the charitable work that has been undertaken in Belgium.

Happy reading! ■





ADDING VALUE Kartesia's fast response to Covid

At the start of this year, no one could have predicted the onset of COVID-19 and the unprecedented impact it would have by shutting down European economies practically overnight. Like many, Kartesia acted quickly once it became apparent what necessary societal action would be needed to protect the health and lives of the most vulnerable, as well as to provide required continuity of production and service by ourselves, and many of our portfolio companies, some of which became instrumental in providing resource to fight the pandemic.

PRESERVING OUR EMPLOYEES & MINIMIZING DISRUPTIONS

In the early stages of the outbreak, we immediately reviewed our ability to preserve our employees' health while ensuring full business continuity for our investors and stakeholders. Business travel was suspended and teleworking capabilities for all employees were enabled. We're now beyond the worse and there is now a 50%/50% split between home and office working across most locations, although we have implemented strict rules on social distancing, mask wearing and cleanliness to continue to protect colleagues from the virus.

We believe the way Kartesia is organised minimizes potential disruptions in daily activities. Our local footprint of seven European offices does not require business travel to maintain regular interactions with management teams and intermediaries. Likewise, our insourced organisation for support activities (IR, Finance, Legal, etc.) means that we are not dependent on the business continuity capabilities of third-party providers. Moreover, in the context of the Kartesia Going Green initiative, all our seven offices were already fully equipped with video conference systems before the crisis.

COMPREHENSIVE REVIEWS AND SUPPORT TO PORTFOLIO COMPANIES

With regards to our investments, we initiated a comprehensive review of all portfolio companies to assess the potential short- and longer- term impacts of the virus. We also conducted a deeper analysis of companies' potential liquidity needs and the expected level of support from their shareholders. Finally, we ensured that all our portfolio companies were ready to implement work from home as much as possible and that such solutions had been tested. We also discussed any other actions taken by the management to protect employees

and avoid contamination (travel bans, etc.). All these topics were discussed during extraordinary weekly portfolio reviews, meetings that we usually hold on a quarterly basis.

MOVING FORWARD

We are pleased to report that we expect our portfolio companies to show strong resilience overall, with less than 20% of our companies across all portfolios, delaying their cash interests payment and also less than 20% that required or are expected to require new money injection.

Today we continue to proactively communicate with the management teams of our portfolio companies to closely monitor critical areas, including cost structures and cash management.

We hold director or observer positions in over 78% of our portfolio companies, and our loan documentations include comprehensive covenant sets and strong security packages. This will help us maintain continuous communication with management teams.

Finally, should the situation of some companies require it, the team will leverage its proven restructuring expertise to ensure maximum

capital preservation and recoveries for our investors.

We will conclude on a decidedly positive tone.

We believe Kartesia is ideally positioned to benefit from the current environment. Recent interactions with our networks across Europe reveal a growing number of companies in need

of liquidity solutions in the short term, with some of them already in "pre-restructuring" situations.

Our flexible investment mandate, available dry powder, and decade-long experience in providing highly customised financing in complex situations should allow us to seize highly attractive opportunities both on the primary and secondary markets. ■



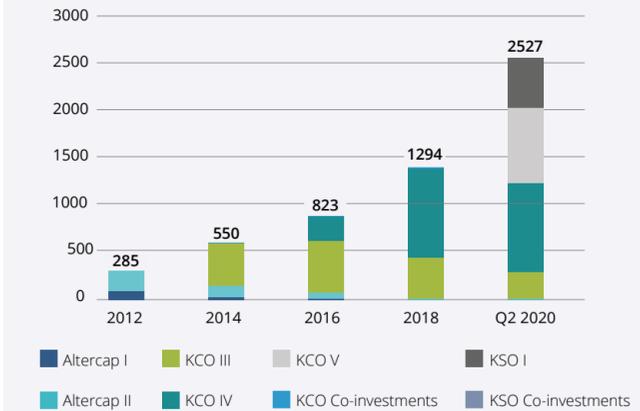
Coralie De Maeschalck
Head of Portfolio & ESG

"I expect more fund managers and investors to focus on ESG considerations after covid-19, with demand for greater corporate transparency and stakeholder accountability. It's also notable that ESG funds are performing better during the covid-19 crisis. ESG is demonstrating it can generate returns in both up and down markets."

KEY METRICS @ KARTESIA

Kartesia's team has currently 2.527 million euros of assets under management.

Assets Under Management (AUM)
in million €



77% of KCO III and KCOIV is invested in Senior debt. In line with the team's strategy, secondary debt and primary debt respectively account for 44% and 56% of the funds' transactions.

TYPE OF DEBT



TYPE OF TRANSACTION



KARTESIA IN NUMBERS*



BUILDING A RESPONSIBLE CREDIT PLATFORM...

- 2014 The year Kartesia signed the UNPRI
- 2015 The year Kartesia started to report on carbon footprint
- 2018 The year Kartesia became carbon neutral



...SUPPORTED BY AN INTERNATIONAL TEAM...

- 11 Nationalities
- 14 Spoken languages
- 7 European offices



... THAT INVESTS IN EUROPEAN SMALL AND MID CAP COMPANIES...

- € 256 million Average revenues of KCO and KSO borrowers
- € 20 million Average EBITDA of KCO and KSO borrowers



... WITH GLOBAL PRESENCE...

- € 10 billion Total revenues of KCO and KSO borrowers
- 33% Average share of revenues generated outside their national markets



... ACTIVELY CONTRIBUTING TO EUROPE'S EMPLOYMENT...

- 48 477 Total number of employees of KCO and KSO borrowers



... AND INVESTING FOR TOMORROW.

- € 347 million per annum Total annual capex of KCO and KSO borrowers

*CLO vehicles excluded