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TOGETHER WITH THE MANAGEMENT TEAM AT GROGLASS WE HAVE ASSESSED THE PRODUCTION PROCESS TO OPTIMIZE ENERGY CONSUMPTION, IMPLEMENTED EMPLOYEE SATISFACTION & ENGAGEMENT SURVEYS THROUGH THE PANDEMIC AND STRENGTHENED THE BOARD, ENSURING WE ARE CREATING VALUE THROUGH NON-FINANCIAL CONTRIBUTIONS AS WELL.

GAETAN VALCKE, INVESTMENT MANAGER

CASE STUDIES



CASE STUDY - INTERNATIONAL COOKWARE



Country: France
Industry: Housewares & Specialties
Website: www.pyrex.eu
Investment date: April 2020
Investment type: Primary

In 2020, Kartesia participated in the acquisition of International Cookware Group and its subsidiaries (the Group) alongside its management team. Kartesia provided the entire unitranche financing as well as the majority of the equity, becoming the new reference shareholder of the leading kitchenware manufacturer under the Pyrex® brand in EMEA.

International Cookware Group designs, manufactures and distributes cookware equipment, primarily made of borosilicate glass, which offers superior thermal shock resistance. It is primarily sold under the iconic Pyrex® brand, which International Cookware commercialises across EMEA under an exclusive licencing agreement. In 2021, the Group also became the owner of New Duralex International, a leading glassware manufacturer mostly producing and commercializing table glasses under the Duralex® brand and a range of world renown shapes.

PRE INVESTMENT

During our due diligence work, we became aware that Pyrex® was a CSR and HSE¹⁸ leader in its category, and that sustainability was part of their ADN from the beginning.

The Company designs, manufactures and distributes cookware equipment, primarily using borosilicate glass kitchen elements. On top of being more durable than plastic, tempered borosilicate glass enjoys superior heat and thermal shock resistance and is the best glass to comply with EU Norm 13834, one of the most restrictive standards in the world. It also avoids what is called "migration", meaning the transfer of chemical partitioning from the packaging into the food in heated environment, ensuring high safety standards for its consumers.

In addition to the Group's products sustainability, their production methods are also sustainable. The furnace at the factory in Chateauroux uses the latest technologies available and is refurbished every five years to improve production efficiency through faster combustion, to increase melted glass volume and glass quality and to save energy costs. The 2012 rebuild enabled the business to push full replacement cycles to five years rather than 3 to 4 years before. The 2017 rebuild led to significantly decreased energy costs from 12% energy savings in 2012 to 4% in 2017 as well as to increase the service life of the furnace from 5 to 5.5 years. The next refurbishment is planned for 2022 and targets energy efficiency and decarbonation. A recent internal study further demonstrated the superior CO2 emission performance compared to similar manufacturers across the world¹⁹.

The reconditioning of the furnace is completed every 5 years. To become one of the biggest ovens in the world in glass category and be one of the top 5 in efficiency requires a day to day investment and a special attention from Pyrex® in order to preserve and sustain the furnace that is rebuilt with the most advanced technologies on each refurbishment.

POST INVESTMENT

The Kartesia investment team has regular calls and meetings with the International Cookware management team. The Head of CSR & ESG also performed a dedicated CSR site visit in Chateauroux in April 2021. We are continuously monitoring the work and improvements of International Cookware in this area.

Pyrex® is best-in-class in terms of corporate social responsibility but the company still undertook a fundamental CSR audit and overhaul of their business at the end of 2020, for which they hired an external consultant. Those continuous efforts is another demonstration of sustainability being at the top of their mind. The audit identified 4 pillars for the CSR strategy of the company going forward: (1) sustainable products for healthy food, (2) technologies taking environmental impact into account, (3) a human adventure across the world, and (4) a local and citizen company. The

company is currently in the implementation phase of this effort and already launched several actions. We will remain close to the management during this implementation period and conduct regular site visits.

In January 2021, International Cookware completed the acquisition of Duralex®. One of the top priorities of the Group is to develop the corporate social responsibility policies and practices of the brand. They just launched several actions and have several other already planned. We will be monitoring the evolution closely as the work required for Duralex® to catch up to Pyrex®' CSR position is quite significant. Note that all the improvement points had been identified during the due diligence phase, prior to the acquisition.

Pyrex® undertook a fundamental CSR audit and overhaul of their business at the end of 2020, for which they hired an external consultant. The company is currently in the implementation phase of this effort and has already launched several initiatives.

¹⁸ Health, Safety and Environment

¹⁹ This study covers scopes 1 & 2. Scope 3 is covered only for products delivered in France and United Kingdom.

CASE STUDY – DESMET BALLESTRA



Country: Belgium & Italy
 Industry: Industrial Machinery
 Website: www.desmetballestra.com
 Investment date: April 2014
 Investment type: Primary

Established in 1946, Desmet Ballestra Group is a leading player in developing, engineering, and supplying technologies, processing plants, and proprietary equipment. The Group is divided into two main business areas: (1) Food, Feed and Greenfuel and (2) Chemicals for Life. It generated over €500m annual sales in 2020 and employs c.1,200 employees located in 18 offices across the globe (America, China, Southeast Asia, India and Europe). The Group delivers 25,000+ projects and machinery in 150+ countries for world leading FMCG and chemical companies such as Cargill, Wilmar, Unilever and P&G.

SUSTAINABILITY CHALLENGES

Given its sector, size and main clients, Desmet Ballestra is exposed to several strategic sustainability challenges through its value chain:

	SUSTAINABILITY TRENDS	RELATED SDGs	DESCRIPTION
PRODUCTS	Reduction of the processing plants' environmental wimpacts	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION	The environmental impacts of plants are a rising concern of many industrials. Engineering companies have a significant role to play in designing and building less energy-intensive and cleaner plants
	Design of new generation processing plants	9 INDUSTRY INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	One of the engineering companies' main challenge for the years to come is to develop sustainable solutions to accompany industrials in new production methods and technologies to reduce their environmental impact
OPERATIONS	Guarantee health and safety of employees	3 GOOD HEALTH AND WELL BEING 8 DECENT WORK AND ECONOMIC GROWTH	Construction sites are associated with a high risk of accidents, and companies have to ensure a safe working environment for all employees and aim at zero accidents
	Recruitment and retention of talents	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Experienced and skilled workforces are very necessary for technological developments in the engineering industry . Therefore maintaining employee satisfaction and providing learning opportunities are crucial
	Ensure high-quality production and delivery to clients	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Chemicals and industrials plants have to abide by the highest quality standards , and minor flaws can lead to dramatic impacts for the employees, the client or the environment
SUPPLY CHAIN	Risks in the supply chain & components traceability and transparency	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	The traceability and quality of the raw materials used in building a plant are paramount to guarantee its safety. Managing the risks in the supply chain is also critical to prevent any delivery issues or delays

KEY SUSTAINABILITY ACHIEVEMENTS

Significant steps have already been taken in R&D to address customers' sustainability needs. As an example, the Group is dedicated to improving food safety by designing plants using enzymes cleaning technology. It is also engaged in providing alternative food production factory (e.g. plant-based or insect proteins).

Desmet Ballestra has ethics compliance at its heart and has designed a framework that spans across the Group. Periodic governance and compliance audits are undertaken by a third party.

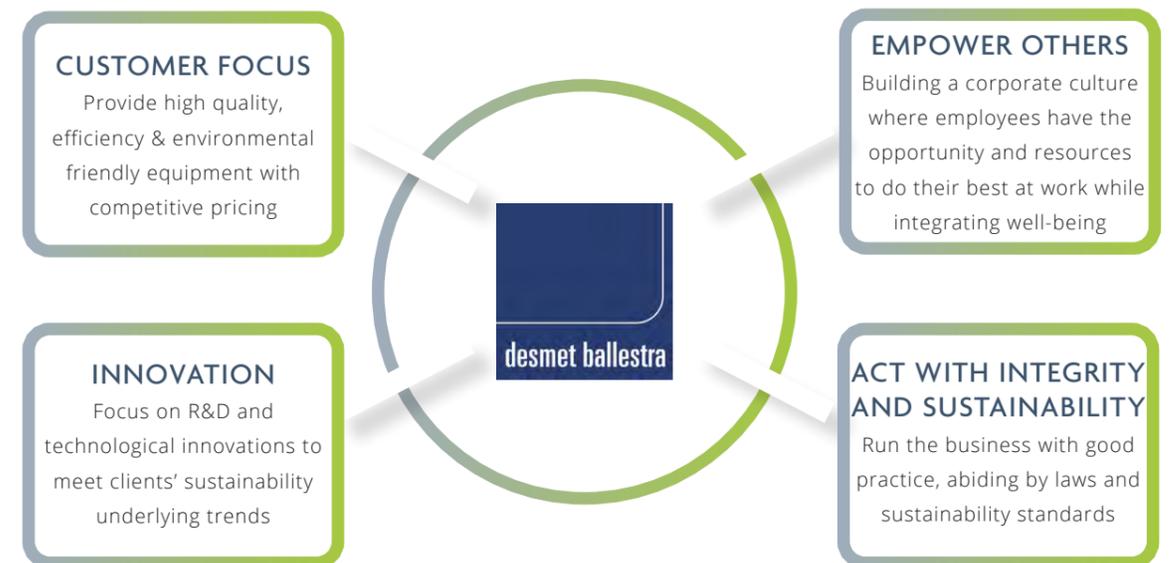
Desmet Ballestra Group also focuses on employees' health and safety by providing adequate procedures, risk mitigation, and training. As a result, the Group shows good performance in this aspect with accident severity and frequency rate below the sectoral benchmark.

Managing quality is another strength of the Group: quality procedures, monitoring quality KPIs, and quality inspection or internal audits are set up. Additionally, quality certifications were obtained by both DSSC (ISO 9001:2015) and Stolz (ATEX Standard).

The Chemicals for Life division developed advanced environmental and social initiatives. The division installed a rooftop solar PV to reduce energy consumption and conducted continuous initiatives to increase building efficiency. Together with Treedom, the division planted 1,000 trees in 2020 and offered the possibility for customers to compensate for all emissions related to new project executions by planting trees. As a result, the division obtained EcoVadis' Silver medal for sustainability rating. Additionally, the division supports local communities by funding social projects in Mozambique, Democratic Republic of the Congo (DRC) and Ethiopia.

SUSTAINABILITY ROADMAP

The Group has recently designed its sustainability vision around four pillars:



For the coming years, the Group has built a sustainability action plan to improve its performance on all those pillars. The main actions will focus on:

- Defining a CSR strategy to replicate the sustainability vision in all departments (supply chain, HR, quality, etc.);
- Standardising sustainability performance of all offices and developing a common framework of analysis and monitoring;
- Promoting the impact of the Group's products and services and how they address clients' sustainability trends through better communication and business cases.

CASE STUDY – GROGLASS



Country: Latvia
 Industry: Trading companies & distributors
 Website: www.groglass.com/
 Investment date: May 2018
 Investment type: Primary

In 2018, Kartesia completed its first deal in the Baltics with its investment in GroGlass, one of the world's leading developers and manufacturers of anti-reflective and other high-performance coatings on glass and acrylic for various industries, including high-end electronic and static displays, picture framing, museum showcases and construction materials.

PRE INVESTMENT

Kartesia undertook a full technical due diligence (the deal team spent two days onsite with a technical due diligence team). Our technical due diligence showed that very little waste was generated during production process, as wood from packaging is reused while broken glass is disposed-off by a specialised firm and fully recycled. Permits for chemical processes were in place and the chemical production process is at a separate location, away from the main building. Double stock of absorbent materials for chemicals are kept on premises, while chemical disposal and clean-up of spillage is taken care of by specialised firm. We still suggested some energy saving measures which were implemented and finalised in 2019.

POST INVESTMENT

Kartesia engages with portfolio companies whenever it has the opportunity to do so, via board seats, monthly meetings with companies' management, or monthly meetings with sponsors. We thus usually engage individually, but also collaborate with sponsors when needed. Our engagement policy might be different depending on the type of investment (sponsor versus sponsorless transaction, direct access top management, etc.).

Via our three supervisory board seats, Kartesia has been able to engage with GroGlass since 2018. We pushed the company to improve energy consumption & implement better cyber security measures. We also followed up on employee satisfaction & engagement via HR surveys, while management informs the board of the number of (severe) accidents which may have taken place on the work floor. We have also implemented annual ESG reporting.

In 2019, Kartesia received the Latvian Private Equity and Venture Capital Association (LVCA) investment of the year award for its investment in GroGlass



ESG INITIATIVES AT GROGLASS SUPPORTED BY KARTESIA

	HEALTH & SAFETY	ENVIRONMENT
2019	<ul style="list-style-type: none"> Built explosion-proof chemical coating preparation room in Granita production "Health & Safety day 2019" in GroGlass for all employees (practical courses in ergonomics, fire safety) Special training (dangerous equipment, forklifts, gas equipment, electrical safety) for 67 GroGlass employees Training in robot safety and safety design in production for 4 GroGlass employees Passed surveillance audit for occupational health & safety system according to OHSAS 18001 	<ul style="list-style-type: none"> Energy efficient heating system in Granita production Passed surveillance audit for energy management system according to ISO 50001, and quality management system according to ISO 9001
2020	<ul style="list-style-type: none"> 3 videos for promoting safety culture in GroGlass (GroGlass profile in social media Facebook, LinkedIn) Special training (dangerous equipment, forklifts, gas equipment, electrical safety) for 25 GroGlass employees Training for 2 internal auditors 	<ul style="list-style-type: none"> Implemented environmental management system and certified according to ISO 14001 Installed energy saving solution for 2 robots in Granita and 3 robots in Katlakalna production facility Installed energy efficient office and production ventilation and heating systems Installed energy efficient LED lighting in office and production in Katlakalna, partly in Granita production facility Recertified energy management system according to ISO 50001, and quality management system according to ISO 9001 Looking into improving packaging to limit waste

In 2021 GroGlass is undertaking a fundamental sustainability study and overhaul of their business, for which they hired an outside consultant. The company is currently in the study phase of this effort and should have some recommendations by the end of this summer