



Our commitment to ESG

Responsible Investment Report 2021

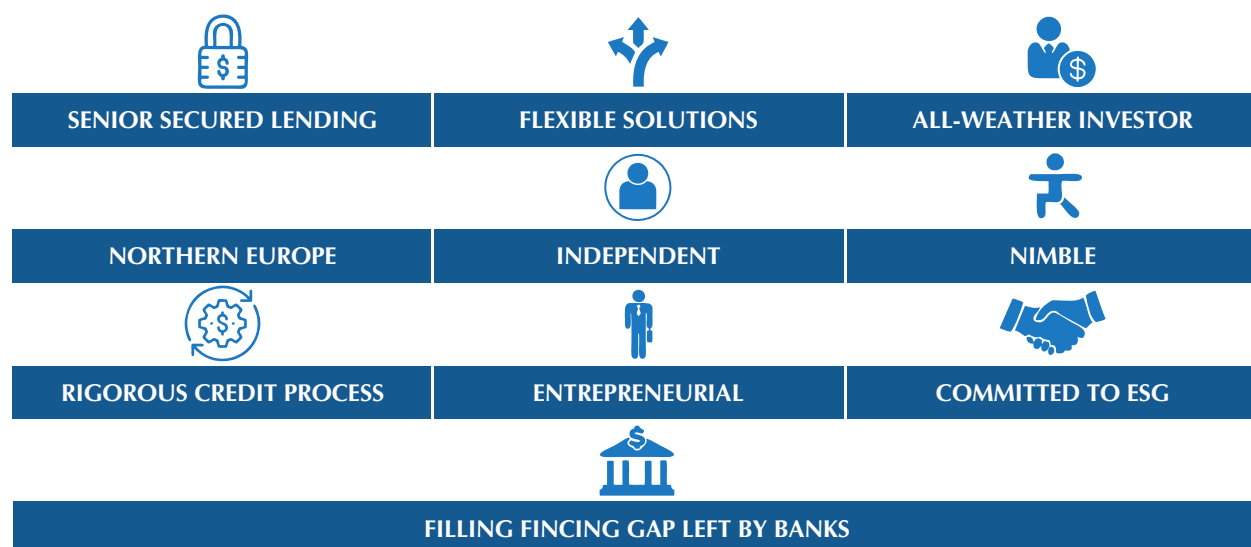
CORDET

CORDET was founded in 2013 to provide private debt, direct lending and alternative private capital solutions to smaller mid-market companies in Northern Europe while also addressing the need of many institutional investors for attractive risk-adjusted core income-focused credit investment returns. CORDET, a leading European AIFM in its core markets, has so far successfully arranged +€1.1 billion in financing commitments across more than 60 transactions with smaller mid-market companies in Northern Europe.

We are investors with a credit focus. We originate, evaluate and structure our debt investments locally through offices in London and Stockholm and we seek to develop and maintain long-term and sustainable partnerships with borrowers, banks, intermediaries and financial sponsors.

Our primary focus is to provide superior risk-adjusted returns to our investors through a strong credit focus. We invest only in sectors where we have prior experience. As a result, our decision-making process is based on thorough fundamental, bottom-up analysis, conservative structuring and risk adjusted pricing.

CORDET's decision-making processes, guidelines and principles provide a strong framework to ensure responsible investment. CORDET believes it is crucial to understand the environmental, social and corporate governance ("ESG") aspects of the businesses in which we invest, and that these aspects represent instrumental elements of long-term value creation.



FOR BORROWERS

- Independent and entrepreneurial approach
- Flexible lending solutions – enabling growth and superior value creation opportunity
- Speed of execution and hands on approach
- Partnership focus and long-term perspective
- Deal certainty and early conviction feedback
- Experience and value focus allowing openness to complex situations

FOR INVESTORS

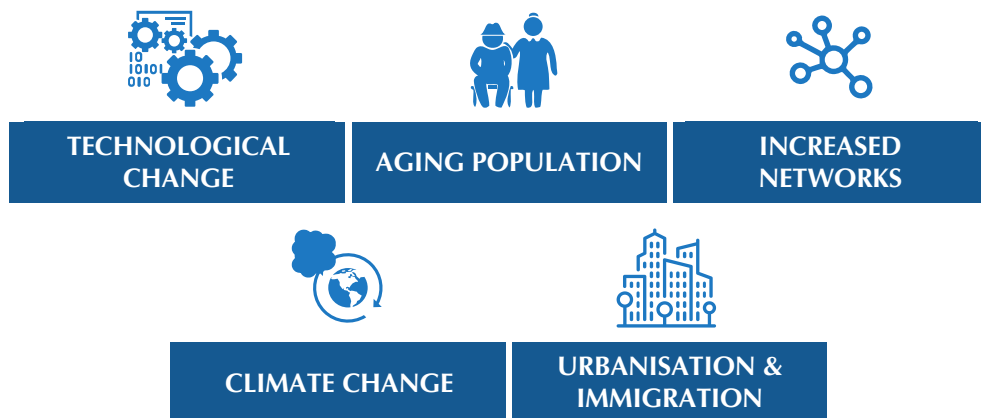
- Diversified, sustainable and stable portfolio
- Sector and market expertise – only investing in industries that we understand well
- Strong focus on both ESG risks and opportunities
- Rigorous credit process with senior team
- Low structural risk and strong downside protection
- Superior risk reward exposure

23 professionals averaging 20 years' experience, speaking **9** languages

€1.1bn gross debt committed since inception

- Representing over 30 Limited Partners
- CORDET's Limited Partners include public pension funds, sovereign wealth funds, insurance companies, endowments and family offices across Europe, Asia and North America
- Deploying capital with a pipeline of opportunities representing on-going credit requests totalling >€500m

5 mega trends forming part of our investment strategy and approach



4 core target regions of **UK & Ireland, Nordics, DACH and Benelux**

3 offices in each of **London, Stockholm and Luxembourg**

2 funds and 1 SMA raised to date

1 focus on **Responsible Investment that creates value** for investors and all our stakeholders

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LETTER FROM THE CO-MANAGING PARTNERS

2021 followed up the prior year with continued disruption from the COVID-19 pandemic across the globe and our core markets. Overall, measures put in place across our core markets were similar albeit the timing was different. The combination of strongly improved market sentiment from increased vaccination rates and stimulative central bank policies led to a very active and tight financing market through which we have managed to navigate successfully, again.

We completed 17 new transactions during 2021 to new and existing borrowers seeking flexible and growth enabling financing solutions. This surmounts our position as one of the leading alternative credit investors in the Northern European lower mid-market. Our strong year was recognised by a third place ranking in the "European Lower Mid-Market Lender of the Year Award" by Private Debt Investor and by receiving the CFI award for "Best Alternative Credit Investor (United Kingdom)" for the second year in a row.

As a testament to our continued success, we furthermore completed a successful fundraising of our second direct lending fund, raising more than €500m in commitments from both new and existing investors. In an environment where many investors have been choosing the "easier" route of making larger commitments to larger European direct lending funds in the already saturated larger mid-market, we are highly appreciative of the support from our strong and growing investor base that have put their faith in us to reap the fruits of the highly attractive risk-reward opportunity of the smaller mid-market in Northern Europe.

Throughout the year we have continued to witness the retrenchment of banks from the smaller mid-market in our core geographies (UK & Ireland, Nordics, DACH and Benelux) where direct lending is continuing to take market share. This structural trend is furthermore supported by the increasing awareness of

alternative credit solutions from the smaller mid-market private equity firms in our core markets. Our private equity clients and intermediary partners are now consistently reviewing alternative credit solutions alongside bank financing and CORDET is now recognised as the go-to partner in the smaller mid-market.

This strengthened market position allows us to focus on investing in companies that are active in industries that we know and that have a positive impact on ESG factors. Throughout 2021 there has been a significant increase in focus in the market on ESG investing and this is very well-aligned with CORDET's core strategy since many years. The increased focus on ESG by asset owners, regulators and financing partners like ourselves have really started to come through to companies and private equity clients. It is furthermore clear that our geographical focus on Northern Europe is again proving its strength in the area of ESG quality as it already has in credit quality.

Throughout 2021 we have continued to engage with our portfolio companies to improve our ongoing ESG assessment as well as move forward with our internal ESG improvement areas. During 2021 we have increased our focus on DEI which have resulted in the launch of an enhanced parental leave policy to support our future mothers and fathers and promote equal career progression opportunities. Furthermore, in late 2021 we hired Sasha Nugent as our Head of Investor Relations. Sasha joined us in early 2022 and comes most recently from Hayfin Capital Management.

On the back of a postponed annual assessment by the United Nations' Principles for Responsible Investment ("PRI"), to which CORDET have been a signatory since 2014, we were very happy to see that we ranked in the top 7th percentile in Private Debt asset class with a 5-star score when it comes to Responsible Investing alongside a top 17th percentile ranking in the overall Investment &

Stewardship Policy where we received a 4-star score.

As we look forward to the rest of 2022, it is with heartache that we witness the devastating events ongoing in Ukraine and we can only hope that the world will unite behind Ukraine and their people to provide the support they need to defend their rightful sovereignty. In combination with an already high inflation rate in the US, we are cautious on the outlook for the global economy in 2022 but we also expect an accelerated focus on ESG and Responsible Investing which we are confident will continue to benefit our investment strategy and prove a source of resilience for our portfolio companies.

In May 2023, CORDET will have achieved its ten-year mark since being founded. In 2013, the vision and purpose of CORDET was stated to be:

“CORDET’s vision is to become a first-class business and prominent non-bank lender in Europe, and to build a successful, diversified and leading European Alternative Investment Fund Manager within a 15-20-year period.

The purpose of CORDET is to support the investors of the CORDET funds and the Group to make relevant, enduring and material improvements in their financial performance and to generate attractive investment returns.”

At the time of our 10-year birthday celebration, we can proudly conclude we are half-way towards achieving our vision and purpose.

Signatory of:



Public supporter of:



Jakob Lindquist

Co-Managing Partner



Magnus Lindquist

Co-Managing Partner

THE CORDET DIFFERENCE



Specialist

We have a clear focus on being a Credit Specialist, providing private capital solutions. We only invest in sectors where we have prior experience.

All-weather experience

The CORDET Team benefits from strong lending and investing expertise across sectors in Northern Europe, in particular the Nordics and the UK, over three credit cycles. This all-weather experience is essential to investing successfully across the credit cycle. CORDET also benefits from significant restructuring know-how and experience in dealing with distressed credits (which we actively seek to never have to use).

Relationship-driven

CORDET aims to build and maintain strong and longstanding relationships with our investors, borrowers and partners. We only make a dozen or so investments each year and this allows us to be highly selective and to focus on establishing strong relationships with our counterparties. This is a key facilitator of information flow of good and bad news.

Alignment

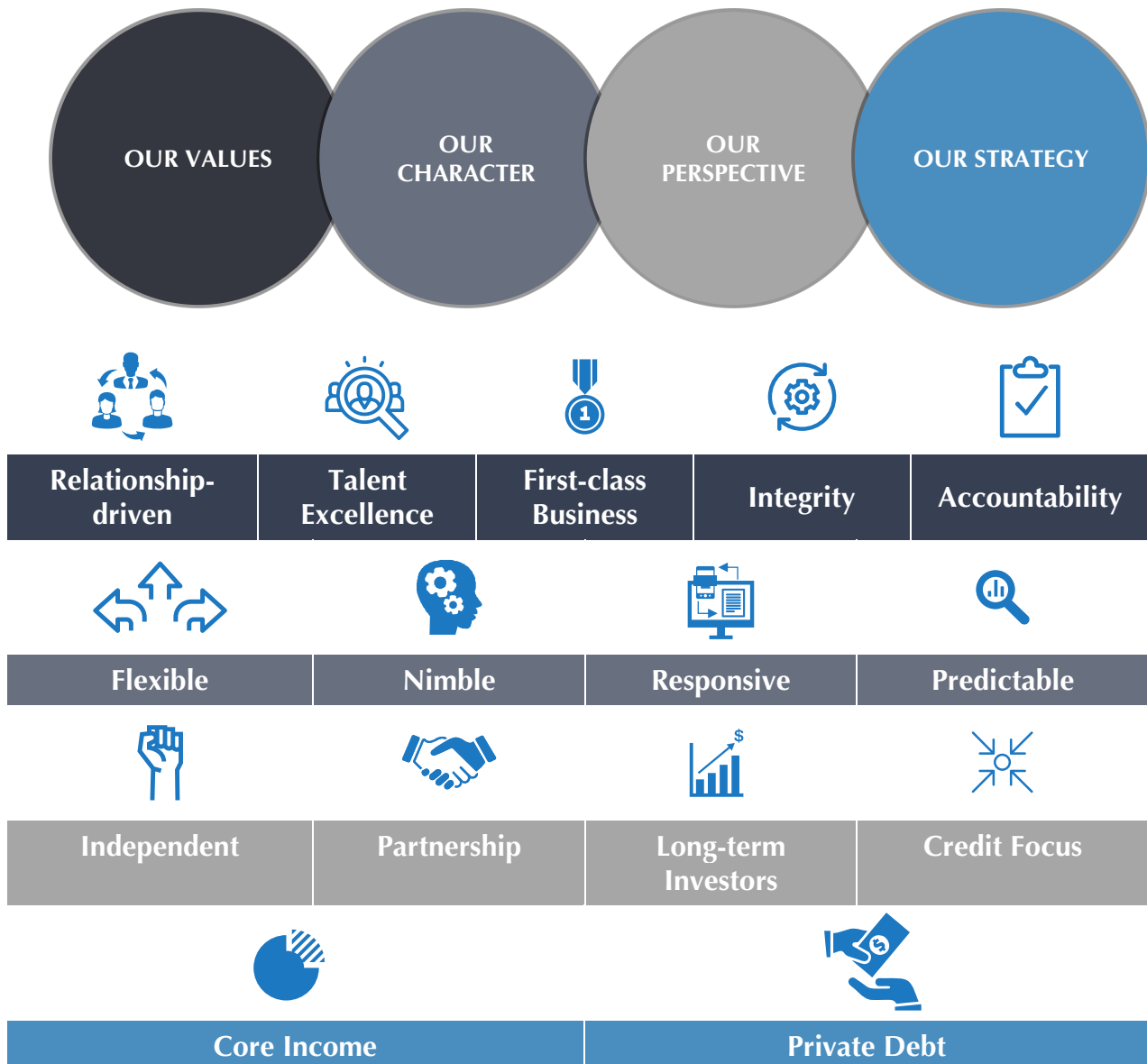
CORDET professionals believe in skin in the game. Therefore, the Team co-invests with our investment partners and also owns the firm.

MISSION AND VALUES

Our mission is to support our borrowers to make relevant, enduring and material improvements in their financial performance.

Our primary focus is on providing superior risk-adjusted returns to our investors through strong credit focus. We only invest in sectors where we have prior experience. As a result, our decision-making process is based on thorough fundamental, bottom-up analysis, conservative structuring and appropriate pricing.

We are aligned to our investors through performance-based rewards and by co-investing alongside them. We focus on contractual returns by capturing the illiquidity premium in non-investment grade (often unrated) private debt.



CORDET'S JOURNEY

2013

CORDET established
Office in London and
Stockholm established
5 professionals

2014

Launch of first SMA
Regulated status as full scope AIFM
Becomes signatory to **UN PRI**



2015

Responsible Lending & Ownership
Policy embedded in strategy
Track record established across
investments via SMA

2016

First close of CORDET Direct Lending
Fund I ("CDL Fund I")
Voted "**2016 Global Newcomer of the
Year**" by Private Debt Investor ("PDI")

2017

Final close for CDL Fund I
Total capital **raised to date of +€300m**
17 professionals

2018

ESG due diligence fully integrated in
investment process and ICC memos

2019

Established in-house ESG Scorecard
Established **ESG Working Group**
First close for CDL Fund II

2020

Public supporter of the **TCFD**
Public supporter of the **Paris Agreement**
Launch of annual ESG questionnaire

2021

Final close for CDL Fund II
Total capital **raised to date of +€800m**
Launch of company-wide **quarterly ESG training**
Publication of **inaugural Responsible Investment Report**
23 professionals

RECOGNITION AND AWARDS

In yet another year of dislocation and financial instability as a consequence of the COVID-19 pandemic, we have continued to demonstrate our "all weather" investment approach and our ability to assess and adapt to the changing environment, with strong deployment and performance which has again been recognised in CORDET being ranked #3 in the "Lower Mid-Market Lender of the Year (Europe)" category by Private Debt Investor ("PDI") in Mar-22.

CORDET also received the CFI award for "Best Alternative Credit Investor (United Kingdom)" for the second year in a row and was a finalist in both the

Growing Reputation Within Investor and Borrower Communities

- "Best Alternative Credit Investor (United Kingdom) by CFI in 2022
- #3 ranked "Lower Mid-Market Lender of the Year" by PDI in 2022
- #2 ranked "Lower Mid-Market Lender of the Year" by PDI in 2021
- #3 ranked "SME Lender of the Year" by PDI in 2019 & 2020
- "Best Fund Manager" runner up by Growth Finance in Sep-19
- "Best European Direct Lending Fund" finalist by Creditflux in Apr-19
- "Manager Awards" finalist by Creditflux in Jun-20
- "Global Newcomer of the Year" by PDI in 2017



Investment and Personnel Recognition

- CORDET's investment in ABAX, backing Norvestor, won the award for "Nordic Deal of the Year" in the 2018 Private Equity Awards (Realdeals)
- George Velikov recognised as one of PDI's "Rising Stars" 2020
- Rebecca Fels named "Investment Leader of the Year Sweden" at Monthly Women in Finance Awards 2020



THE CORDET TEAM



23 professionals



17% women



20yrs. avg. experience



ESG HIGHLIGHTS



Sustainability framework alignment with  **PRI** Principles for Responsible Investment  **TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES 



Consistently strong  **PRI** Principles for Responsible Investment score since becoming a signatory in 2014



17 new compliant and transparent business transactions in 2021



Consistently apply strict exclusion criteria, with a bespoke ESG scorecard



No investments to date linked to negative climate impact



Support ESG focused PE sponsor and responsible owners



Commitment to enhance Diversity & Inclusion

ESG investment highlights in 2021



- ♣ Leading corporate dental services
- ♣ Access to affordable high-quality dental
- ♣ Investment in modern equipment and procedures



- ♣ Niche lime mud waste management
- ♣ Circular economy
- ♣ Sustainable agriculture
- ♣ Land restoration



- ♣ Wheelchair and community equipment services
- ♣ Service to the elderly
- ♣ Support to NHS and care homes during COVID-19 lockdown

RESPONDING TO OUR WORLD TODAY

COVID-19 Response

Following an extraordinarily 2020, both from a business and personal perspective due to the COVID-19 pandemic, 2021 showed positive signs of progress early on, with the hope that the COVID-19 vaccines would subdue some of the negative effects, and with lockdowns starting to wind down across Europe. However, with the appearance of the Omicron variant before the end of the year, some of the progress that was made had been reversed, and it is clear that COVID-19 was still a major topic for businesses and individuals in 2021, and something CORDET has kept front of mind in both its investment decisions and its firm-level decisions.

CORDET continued to enable its flexible work from home policy allowing employees to work from home as and when needed, but with an ambition to bring employees to the energetic office environment during Tuesdays, Wednesdays and Thursdays. We believe this has not only helped with slowing the spread of the virus, but offered greater flexibility for employees as well as reducing business travel emissions and costs. While CORDET does believe there is value in holding in-person meetings in specific situations, especially with investors and portfolio companies, there has been a concerted effort to use virtual meetings when appropriate.

At the portfolio level, CORDET has continued to demonstrated resilience in the face of the pandemic, confirming its reputation as a leading alternative credit investor. Given the team's focus on cash-generative, non-cyclical, industry leaders, CORDET has built a robust portfolio which has been able to withstand the market headwinds well. The team has continued to provide tailored support and flexible financing solutions to new and existing borrowers into 2021. In certain situations, the decisive and thoughtful actions taken to avoid unnecessary short-term value destruction, enabled by information sharing and a partnership driven approach, has been highly valued by portfolio companies and partners. This has included providing waivers and extending additional facilities to portfolio companies where capital was needed.

During 2021, CORDET supported existing portfolio companies on numerous occasions with flexible amendments and consent approvals to realise available opportunities to accelerate growth, either through acquisitions or growth capex investments, even during highly uncertain trading environments.

Paris Agreement & CO2 Offsetting

Another significant global ESG event which occurred in 2021 was the UN Climate Change Conference (COP 26) in November, where members discussed the progress made since the signing of the Paris Agreement in 2015, where the aim was to reduce climate change by limiting global warming to 1.5°C. The conference resulted in a renewed focus on transitioning the private sector to net-zero carbon emissions.

CORDET, as a public supporter of the Paris Agreement, takes consideration of environmental issues very seriously and is committed to reducing its own environmental impact. CORDET has taken significant steps as a business to ensure it is doing as much as it can to do its part. 2021 marks the first year of the completion of CORDET's first and annually recurring carbon footprint assessment, with the initial results published within this report in section 3. This assessment takes into account business travel, office building emissions, water and energy consumption, waste volumes, paper usage and IT & Office equipment.

The business is continuing to develop a detailed methodology for these measurements and has made a commitment to becoming carbon neutral and offset historical emissions from 2021 onwards. In 2020, we took the first step in deciding to offset our carbon footprint stemming from all future air travel, and in 2021, we developed this commitment further by specifying our plans to offset our entire carbon footprint.

ESG INTEGRATION

ESG integration is fundamental to our business. CORDET maintains strong sustainability framework alignment with the UN PRI, UN SDGs and TCFD, and became a signatory of the UN PRI in 2014, two years before holding the first closing of its first fund

CORDET's ESG principles

At CORDET, we believe that the integration of ESG considerations into our lending decisions and our ownership practices impacts long-term value creation and financial performance. We have therefore committed to the following three ESG principles.

ESG standards	Constantly and consistently operate as a responsible lender and fund manager by promoting adherence to ESG standards at CORDET and in all borrower companies
ESG diligence	Thoroughly diligence relevant ESG factors, and the management of those factors, in the early stages of assessing potential lending opportunities as these can have a significant impact on the operating success, and therefore repayment potential, of the underlying companies
ESG Dialogue	Engage in an active dialogue with members of the financial and business communities, as well as with relevant stakeholders, to support best practices as relates to the advancement of responsible business standards

The UN Principles for Responsible Investment

The PRI is a world leading proponent of Responsible Investment. Signatories pledge to incorporate ESG issues into analysis, ownership and decision-making processes while promoting acceptance and implementation of the Principles within the investment industry. CORDET's public transparency reports are available on our website, www.cordet.com, or from UN PRI's website, www.unpri.org.

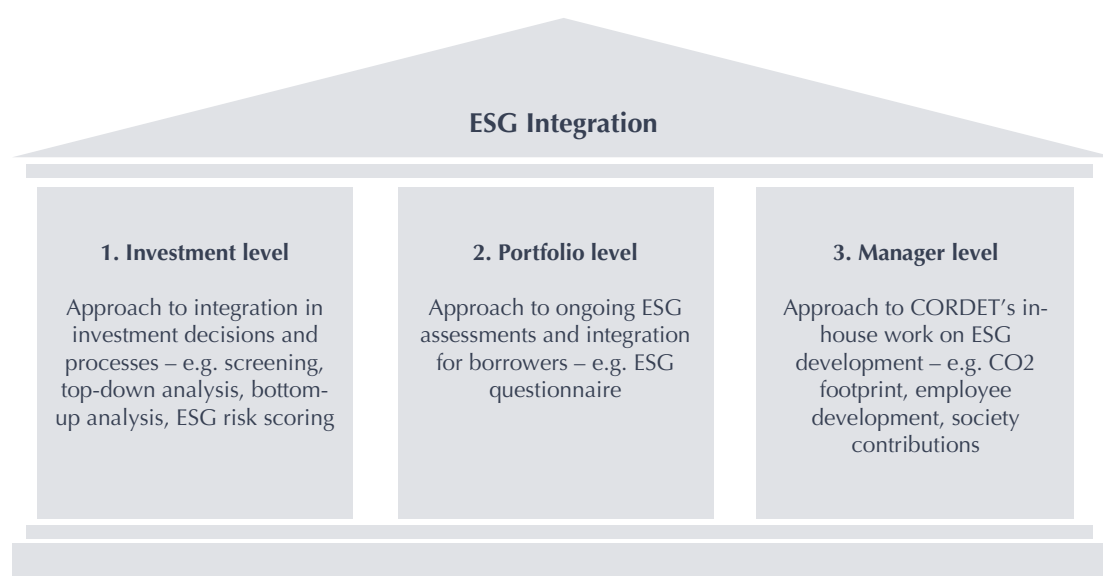
Signatory of:



We also promote responsible business standards by taking into consideration globally accepted best practices. In addition to adhering to our own principles, and as a signatory of the UN PRI since August 2014, CORDET is committed to the following six principles of the UN PRI:

UN PRI Principles	Example of CORDET actions to uphold
1. We will incorporate ESG issues into investment analysis and decision-making processes	ESG issues are considered at every stage of the investment review process from screening to review to decision
2. We will be active owners and incorporate ESG issues into our ownership policies and practices	Our relationship driven approach enables a close interaction with ability to influence and bring ESG issues up the agenda
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest	We discuss ESG issues and opportunities continuously with portfolio companies and have an annual ESG Questionnaire to assess ESG KPIs
4. We will promote acceptance and implementation of the Principles within the investment industry	We are an avid promoter of the UN PRI Principles and always highlight our commitment to UN PRI to investors and potential portfolio companies
5. We will work together to enhance our effectiveness in implementing the Principles	We engage in several forums and conferences annually to share best practices with industry peers and ESG advisers
6. We will each report on our activities and progress towards implementing the Principles	We report annually to the PRI and share our PRI transparency reports with our investors

At CORDET, we are committed to influencing the companies in our lending portfolio to ensure they also operate in accordance with socially responsible business standards, as well as demonstrating our own commitment to operating in a responsible manner. This section therefore outlines our approach and updates to ESG integration across our business, with a focus on integration at the following levels



1 Integration at the investment-level

We have developed a comprehensive strategy for ESG integration in our investment decisions and processes, with a focus on the investment and risk management processes required to identify and assess ESG risks.

ESG analyses are fully integrated in the decision-making process of all new and existing transactions. Whilst ESG risks are not automatically resulting in exclusion, the investment team has a duty to ensure they provide the Investment and Credit Committee ("ICC") with all necessary information to make informed decisions. ESG factors, and in particular any issues or concerns in this regard, are considered by the ICC as part of its assessment of each credit commitment. We continuously work on improving the effectiveness and implementation of our ESG integration in our investment decisions and processes, and in 2019 established an ESG

Working Group to monitor developments and update our approach. The group engages in monthly meetings and is led by the Chief Credit Officer. The group also include two Investment Professionals, our ESG Advisor and two Partners. The working group typically meets once a month, and actively assesses and manages ESG-related approaches, driving change across the business as well as portfolio companies.

CORDET continually develops the scope and oversight of the ESG Working Group, and has recently expanded the working group with Chris Birt being the latest addition in 2021. Chris was brought into the team to provide a differentiated perspective from his role as COO on the ESG issues presented to the group. Chris has since led CORDET's work on sustainability linked debt investments.

The ESG Working Group

	Christian Dybdahl-Ovesen <i>Partner & Investment Professional</i> <ul style="list-style-type: none">• Initiated CORDET's first ESG process and submissions and has remained involved ever since• Participated in numerous industry events and conferences on the wider ESG topic		Chris Birt <i>Partner & Investment Professional</i> <ul style="list-style-type: none">• Initiated CORDET's first Sustainability Linked debt investment• Previously COO and deeply involved in ESG analysis of new investments
	John Sealy <i>Chief Credit Officer</i> <ul style="list-style-type: none">• Over 30 years' experience in the European private debt market• Formulated ESG Policy at previous employer Rothschild & Co Five Arrows• Responsible for ensuring CORDET investment process remains aligned with CORDET ESG policy		Henrik Wikerman <i>Investment Professional</i> <ul style="list-style-type: none">• Responsible for executing CORDET's ESG related work alongside the Chief Credit Officer since 2018• Focused on Renewable Energy and Sustainable Development as part of his MSc Degree at KTH Royal Institute of Technology
	Herman Hannisdal <i>Investment Professional</i> <ul style="list-style-type: none">• Leads the ESG Working Group's work on scrutinising the ESG Due Diligence and ESG score presented by the investment teams		Joe Briggs <i>ESG Advisor</i> <ul style="list-style-type: none">• Experience advising funds on ESG issues including from a legal and placement perspective• Holder of the CFA UK Level 4 Certificate in ESG Investing

The working group comprises a broad combination of expertise and seniority to ensure that each topic presented to the group is analysed from multiple different perspectives. The senior team members have significant industry experience and represent top-management oversight and input on CORDET's ESG considerations.

The working group has been involved in a number of initiatives in 2021, including:

- Discussions about the roll-out of CORDET's initial carbon footprint assessment
- Development of CORDET's annual ESG questionnaire that is being used with borrowers
- Consulting workstreams to professionalise CORDET's ESG approach
- In consultation with ESG consultants, recommend and implement changes in CORDET's strategy and marketing materials to adapt to changing ESG regulation
- CORDET's approach to businesses active in manufacturing of different plastic products
- Setting up company-wide ESG training and education, including more targeted deep-dive training sessions for particular individuals
- Alignment with SDGs
- Development of the ESG scorecard methodology

It is important that the thoughtfulness and expertise around ESG is not just kept within the ESG working group, but the target is for this to proliferate through to the whole team. As such, CORDET values ESG training very highly, holding company-wide training sessions on a quarterly basis. Ultimately, CORDET would like each employee to have well-developed ESG capabilities.

Our approach to ESG integration at the investment-level is broadly split between a top down and a bottom-up analysis.



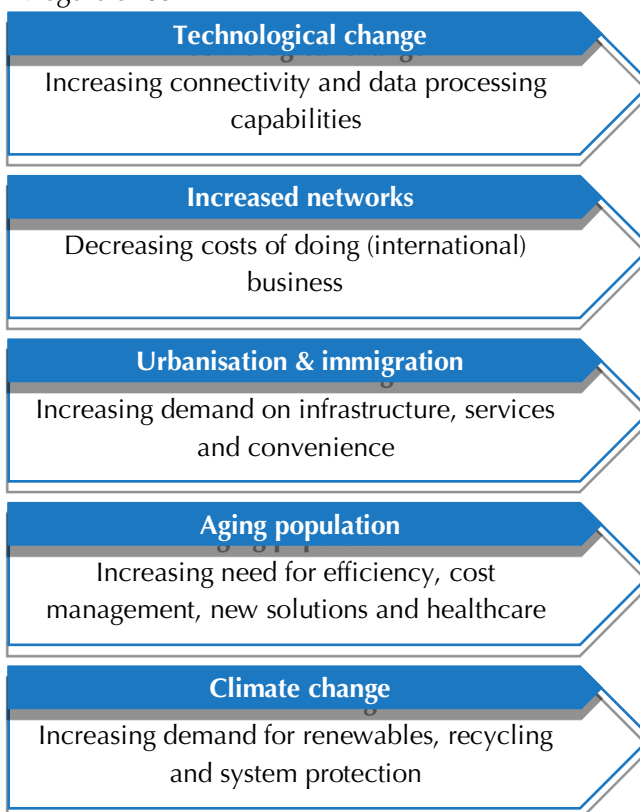
Top-down analysis

Since inception, we have placed certain fundamental trends at the centre of our investment strategy, pursuing investments in niche leaders benefiting from one or more of our identified global mega-trends (see RHS).

This focus gives us an automatic alignment and advantage when assessing ESG risks and opportunities, as all investments generally bear a number of positive top-down ESG characteristics. We also promote strong sustainability framework alignment with industry bodies such as the UN PRI, UN SDGs and TCFD, which contributes to the top-down analysis and provides a deep understanding of the political, economic, social, technological, legal and environmental macro-level factors that impact borrowers.



Mega-trends



Bottom-up analysis

Negative screening

At CORDET, we apply exclusion criteria that excludes potential borrowers that have contributed to systematic denial of basic human rights, demonstrate a pattern of non-compliance with environmental regulations, show a pattern of engaging in child labour or forced labour, or produce weapons that through their normal use may violate fundamental humanitarian principles, may kill or maim people or devastate places. We also follow UN PRI guidance and exclude companies producing tobacco products or alcoholic beverages, and companies whose business is commercial gambling or pornography. The exclusion criteria and avoidance of ESG negative sectors is applied consistently and has ultimately led to us declining a number of investments.

On a case-by-case basis, we often go one step further and decline investments with a secondary exposure to these sectors. Examples of such potential investments include hospitality businesses with the majority of revenue coming from the sale of alcohol and affiliate marketing businesses with the majority of revenue coming from promoting online gambling activities. During 2021, CORDET rejected to pursue a total of 22 investment opportunities on the basis of negative ESG credentials.

ESG scoring methodology

We also exclude from our portfolio any businesses that receive a negative overall score following assessment pursuant to the CORDET ESG scoring methodology. The ESG scoring methodology has been developed in-house by us and provides a proprietary assessment tool by which we can include ESG analysis at every stage of our three-stage investment decision process, from tear sheet to MCR and ultimately ICC decision.

The ESG scoring methodology tool allows for a structured assessment of ESG risks and opportunities to be performed without using an overly complicated rating system. This allows for a qualitative and semi-quantitative analysis of ESG risks and opportunities which is detailed, efficient and protects from unwanted greenwashing. ESG factors assessed include:



This ESG scoring methodology translates into a thorough and detailed review of ESG considerations on every transaction, beginning with a high-level assessment of any issues at the outset, and ending with a full written report and statement on each issue as part of every ICC memo. The ESG scoring methodology and resulting report therefore form a key part of the overall decision made by the ICC in its assessment of each CORDET credit commitment. In sponsor-backed transactions, we often also benefit from ESG due diligence reports prepared by third-party ESG consultants.













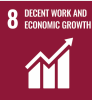





ESG portfolio review














Thorough ESG integration in all of our investment decisions and processes has contributed to a diverse and resilient portfolio that exhibits strong ESG characteristics, as presented in the following table. Even if CORDET does not employ a direct impact strategy to invest in companies that align with the UN SDGs, CORDET has, thanks to our high focus on ESG through our investment decision process, a strong alignment with the UN SDGs across its portfolio and for each of its investments in the portfolio.

The Sustainable Development Goals ('SDGs'), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. For both companies and investors, the pursuit of SDGs offers an avenue of growth and value creation while also addressing social problems. In addition, assessing alignment (or misalignment, possibly) with the SDGs can work as a framework to identify potential operational or investment risks.



Investment	Description and key ESG considerations	SDG alignment
	<p>Providing contract and permanent IT staff to SMEs. Addresses the difficulty of finding suitable personnel to operate CRM, ERP and Big Data systems</p> <p>Low resource use, low emissions, supporting job growth and resource allocation for IT professionals, award winning – “to work for” and management</p>	 
	<p>One of the world's leading and most technologically advanced suppliers of automotive mirror glass products</p> <p>Innovative, high-performance glass manufactured in modern facilities, leading scrapping rate, high-standard mineral sourcing policies, strong governance</p>	 
	<p>Online insurance broking platform specialising in the distribution of insurance products in several non-standard niche areas towards consumers and SMEs</p> <p>Low resource use, low emissions, innovative, data driven technology finds best insurance for consumers, investing in workforce, strong governance</p>	
	<p>Leading UK private car park operator offering a fully automated Automatic Number Plate Recognition (“ANPR”) service with focus on SME clients</p> <p>Low resource use, low emissions, innovative, helping clients manage unauthorised car park use, approved BPA operator, highly entrepreneurial</p>	 
	<p>Global provider of online payments and security solutions focusing on delivering an end-to-end solutions platform to e-commerce clients</p> <p>Low resource use, low emissions, innovative, technology prevents payment fraud or prohibited geo-locations, protects identities, cheaper solution for clients</p>	
	<p>Multi-channel gifting, recognition and rewards business focused on the sale of +2,000 branded and white-label curated experiences, e.g. cookery classes</p> <p>Low resource use, low emissions, innovative, technology helps drive consumer shift from goods to experiences, high employee satisfaction, award winning</p>	 

ESG portfolio review (continued)

Investment	Description and key ESG considerations	SDG alignment
	<p>Leading corporate dental services, providing access to affordable high-quality dental, investing in modern equipment and procedures</p> <p>Low resource use, low emissions, high employee satisfaction, entrepreneurial, strong relationship with local communities, improving consumers' quality of life</p>	 
	<p>Leading provider of television graphics and data solutions, with a reputation for reliable and innovative service delivery, e.g. virtual studios, OTT apps and AR</p> <p>Low resource use, innovative, high employee satisfaction, entrepreneurial, strong governance, offering top-of-the-line broadcasting services for live events, recent innovations in remote production which reduces the need for travel and transport</p>	 
	<p>Leading manufacturer of printed circuit board (PCB) and photovoltaic (PV) production facilities with a strong reputation for high quality and innovative products</p> <p>Empowering solar panels, innovative production for lower resource use, Germany compliant H&S standards, free healthcare for employees, support schools in China</p>	  
	<p>Leading provider of outsourced community equipment, wheelchair and home improvement agency services as well as maintenance services in the UK</p> <p>Low resource use, low emissions, high quality and safety standards, good employment terms, services improve quality of life for the disabled and elderly</p>	 



2021 ESG Portfolio Highlight



Riverdale Healthcare wins the Northern Skills Group 2021 Apprenticeship Awards.

During a year of several award nominations and the acquisition of numerous practices, independent dental group Riverdale Healthcare celebrated again in Q4-21 after scooping top prize at the Northern Skills Group 2021 Apprenticeship Awards.

Riverdale Healthcare was selected from 2000 employers that partner with the provider and chosen as winners of the Northern Skills Group Large Employer of the Year award in recognition of the dedication and commitment they show in supporting young people and apprenticeships.

As of Oct-21, Riverdale employed 50 apprentices as Trainee Dental Nurses, with plans to expand the scheme as the business continues to grow.

Speaking after the award win, Suzie Loveday, People and Culture Director at Riverdale Healthcare, said, *"We are delighted to have received this award and be recognised from such a strong field of employers that are offering apprenticeships. Our core business values are centred around enabling people to fulfil their aspirations, practicing with integrity, and embracing individuality; all of which are embedded in the delivery of our apprenticeship scheme."*

Please read more about Riverdale Healthcare's commitments to ESG on:

<https://riverdalehealthcare.com/esg-commitments/>

2021 ESG Portfolio Highlight



Millbrook Healthcare advances its commitments to ESG

In 2021, Millbrook Healthcare made committed to safeguarding the environment and built this into all aspects of their services. This is enabled through a range of sustainable strategies governed by their Environmental Policy and ISO 14001 Environmental Management System.

As of 2030 Millbrook's goal is to become Zero Carbon, creating bespoke carbon reduction plans in the areas where they work, reflecting local carbon commitments. As part of carbon reduction plans, they previously in 2019 upgraded all company vehicles to meet EURO 6 low-emissions in addition to efforts in combining service activities into single journeys where possible to cut emissions.



All of Millbrook's premises use renewable energy and sustainable working practices, like wearing warm winter uniforms and keeping doors closed to retain heat, which are natural parts of their operations. Awareness about the climate crisis is actively communicated across the organizations and colleagues regularly take part in regular environmental projects like tree planting and conservation work.

Beyond their own premises, Millbrook helps local businesses adopt sustainable practices, offering free advice and training while also ensuring that they only work with suppliers with strong sustainability credentials and environmental policies and practices.

Please read more about Millbrook's efforts towards ESG on:

<https://millbrookhealthcare.co.uk/pages/corporate-social-responsibility>

ESG portfolio review (continued)

Investment	Description and key ESG considerations	SDG alignment
	Well-established provider of print solutions, independent specialist communications and managed IT services to UK SMEs Low resource use, low emissions, high quality service, leading customer service satisfaction – supporting SMEs in digital transformation	
	Leading specialists in Workspace Consultancy & Transformation, Collaboration Solutions, Visual Communications and Augmented Print & Workflow solutions – Underpinned by a fully managed end-to-end support and service offering Low resource use, low emissions, leading customer satisfaction, supporting enterprise clients with workspace technology solutions – awarded the HP Partner Sustainable Impact Awards and Silver Medal by EcoVadis for Environmental Sustainability (top 25% of global companies assessed)	 
	Digital freight company that offers its e-commerce clients a revolutionising parcel delivery service through its own in-house logistics, freight and consumer pick-up locker solution Low resource use, low emissions (fossil free), highly innovative, driving the industry towards fossil free e-commerce delivery solutions	  
	Leading one-stop-shop provider of software solutions and related services for customers facing complex product development and manufacturing challenges Low resource use, low emissions, highly entrepreneurial, exceptional company culture, supporting clients with e.g. Industrial IoT and AR	 
	Market leader within circular solutions for the agricultural industry and Swedish farmers, managing biosolid waste for wastewater treatment plants and lime mud waste for the pulp & paper industry Low resource use (driver of circular economy solution), highly entrepreneurial, providing renewable resources to farmers which e.g. reduces the need for imports of mineral fertilizer (commonly shipped from Morocco)	   
	Leading UK provider of tech-enabled customer data management solutions, using innovative automated processes to support its customers to increase their efficiency Reducing resource use (enabling efficiency improvement for water and utility companies), highly innovative in using automation to service clients, top-tier customer NPS score of >82	 
	Leading Danish online retailer of cycling equipment and accessories, swiftly serving the environmentally friendly in the Nordics with deliveries of critical repair equipment Low resource use, low emissions (and supporting cyclists to make the choice to bike instead of drive), leading customer rating (4.95/5.00 on Trustpilot out of +2,800 reviews)	 

2021 ESG Portfolio Highlight



Instabox launched completely fossil-free home deliveries in the Nordics

During 2021, Instabox launched home deliveries and becomes the first completely fossil-free alternative to traditional shipping companies across the Nordics.

With 85% coverage in Sweden, Instabox offers a completely new option for many Swedes who previously could only get home deliveries via the traditional carriers. In the rest of the Nordics, Instabox will be the only completely supplier fossil-free throughout the whole logistics chain.

"We believe our home delivery model will stand out as a new and better alternative and will be appreciated by online shoppers, merchants - and not least the environment. We are already the natural and obvious choice for many when it comes to deliveries to parcel lockers, now we aim to take the same position for home deliveries. We are excited to be the first completely fossil-free option outside the biggest cities and we are happy to enable people to make better and more sustainable choices when it comes to shipping," said CEO, Alexis Priftis.

Sustainability has always been at the heart of Instabox operations and in February of 2021 Instabox became the first player in the industry to be completely fossil-free as only HVO100 is used in its vehicles.

Please read more about Instabox's climate strategy on: <https://instabox.io/se-en/fossil-free>

2021 ESG Investment Highlight

Acquisition financing to support 's acquisition of **MEWAB**



Biototal Group (www.biototal.se) is a market leader within circular solutions for the agricultural industry and Swedish farmers. Since being founded in 2006, the company has been built around putting farmers' needs first and developing products and services for sustainable food production. Biototal's services include:

- i). management of biosolid waste to supply agriculture with fertiliser from organic recycled material
- ii). creation of vegetation layers in the final stages of covering of waste storage facilities
- iii). environmental support services to enable active upstream work and identify pollution risks and problems.

In Mar-21, CORDET supported Biototal with follow-on capital to support its acquisition of Mewab Group AB (www.mewab.se), a leading company active within circular solutions for biosolids, biofertilizers and lime mud. Within its Agriculture business area, Mewab is a leading provider of lime mud that is used to help farmers optimise the soil's PH level for optimal crop production conditions.

Biototal Group also operate a strong R&D department with close relationships to leading universities with a focus on developing future solutions and products.

The investment fits well with CORDET's Direct Lending strategy, with Biototal and Mewab benefitting from contracted revenue and non-cyclical supply-demand dynamics which has proven insulated from the COVID-19 crisis. The Biototal Group also benefits from structural ESG trends from increasing demand for sustainable agriculture and circular waste solutions, supporting customers with circular waste management and providing renewable resources to farmers. The fact that nutrients and soil substances are returned to modern plant cultivation benefits both the economy and the environment as well as long-term sustainability.

Read more about Biototal's and Mewab's services on: www.biototal.se and www.mewab.se

2 Integration at the portfolio-level

At CORDET, we are committed to driving the ESG agenda forward in the finance community and understanding the progress being made in the futureproofing of our portfolio companies. In our role providing tailored support and flexible financing solutions to borrowers, we are well positioned to monitor and nurture our portfolio companies through ongoing interactions, dialogue and relationship building.

Compliance with principles

We support management teams in their compliance with CORDET's Responsible Investment principles by making available information, tools and training on best practices.

ESG Questionnaire

At the centre of ESG integration at the portfolio-level is CORDET's ESG Questionnaire, which is completed by all borrowers on an annual basis. CORDET encourages all borrowers to respond in full, and all answers to the questionnaire are assessed by the ESG Working Group, led by our Chief Credit Officer. Following a comprehensive review, all responses are then fed into CORDET's overall ESG risks and developments assessment of the portfolio.

The ESG Working Group have selected the most relevant set of KPIs to focus on for the 2021 questionnaire and for subsequent years. The aim for doing this is to ensure that CORDET is effectively measuring what it deems to be the most pertinent ESG factors, thereby improving transparency and accountability around these items. All stakeholders will be able to compare the progress of these key KPIs on an annual basis, which will be published in the Responsible Investment report.

The results of the ESG questionnaire provide CORDET with an additional touchpoint with portfolio companies, allowing the team to revert to each individual company and show them

their score compared to the rest of the CORDET portfolio companies.

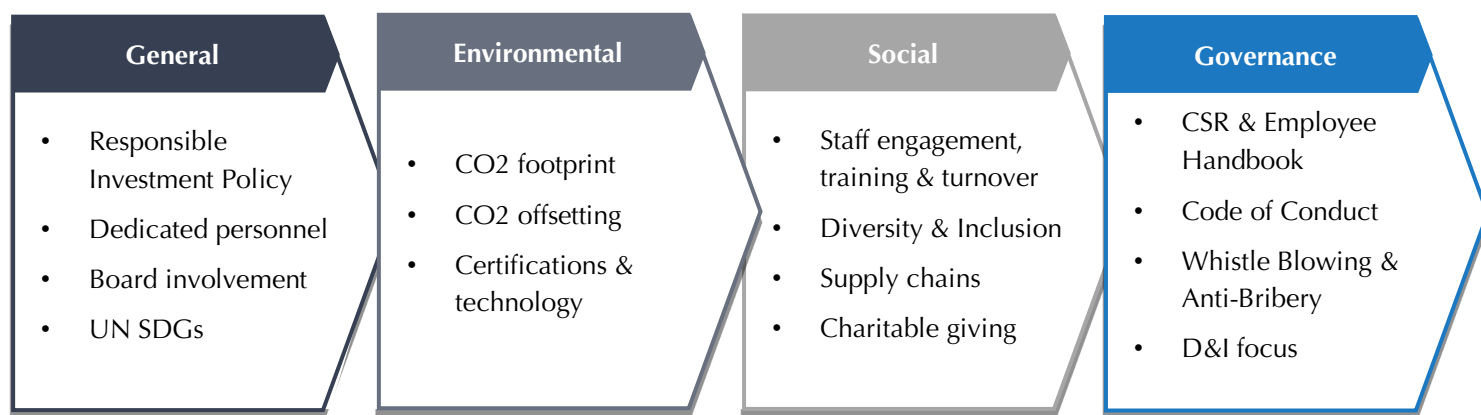
Depending on the level of our stakeholder role, CORDET will engage more or less to drive development of ESG matters, with a focus on materiality. Where deemed that CORDET is able to help in a material way, the team will hold follow-up calls with the relevant portfolio companies to discuss ESG items, engaging them to think about certain questions and setting out proposals and plans for developing in the next year.

CORDET has already seen some significant changes within their portfolio companies, in part due to CORDET's encouragement in tackling certain issues and being proactive in holding discussions with portfolio companies. For example, Tru//ST Payments, where CORDET have a majority stakeholder role, have now hired a dedicated ESG person to oversee and lead their advancements on CSR and ESG. While CORDET is a lender and not an active owner of any business, the team still takes its role as an ESG advocate very seriously and ensures that as much as possible is done to encourage the adoption or improvement of ESG practices.

CORDET also use external ESG consultants to identify certain risks within companies where due diligence is being carried out.

Ultimately, CORDET's focus is on avoiding investing in companies with material ESG risks and on supporting companies in making material changes such that they are de-risked from ESG risks. CORDET is able to use the results from the ESG questionnaire as an annual yardstick to track development over time, as well as a tool for discussion with portfolio companies to catalyse real, meaningful change.

KPIs

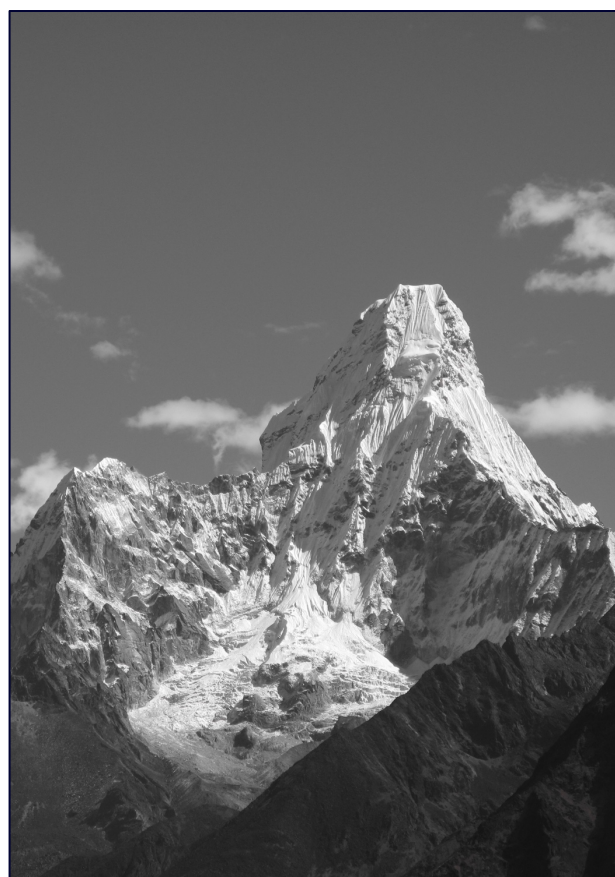


Future developments

We are continuously reviewing and updating our ESG integration process with a view to listening to the latest industry developments and keeping the process as relevant as possible.

During 2022, we have worked with ESG consultants from Reporting 21 to professionalise and develop our annual ESG Questionnaire for the 2021 reporting period and the process of reviewing and analysing the data is still being worked through as we publish this report. We look forward to sharing future developments in the integration process which we anticipate will include enhanced feedback and tracking of KPIs as part of our ongoing discussions with borrowers.

During early 2022, we are happy to see that we have now completed our first sustainability linked debt investment, supporting Rabo Invest on their acquisition of Selo Foods. We expect that sustainability linked loans with incentivising margin ratchets that are linked to ESG KPIs will be a new standard setup for CORDET on future debt investments.



3 Integration at the manager-level

At CORDET we promote ESG and sustainability within our own business as well as throughout our portfolio and investment processes. We have taken a number of steps at the manager level to embed strong ESG practices and improve our focus on sustainability and employee wellbeing, and we are delighted to share updates and examples of our in-house work on ESG development.

Assessing our environmental impact

In addition to steps taken at the portfolio level, we have taken significant steps to improve our own carbon footprint and environmental credentials. 2020 saw the instigation of our first and annually recurring carbon footprint assessment, which takes into account our business travel, office building emissions, water and energy consumption, waste volumes, paper usage and IT & Office equipment. We take consideration of environmental issues in our business very seriously and we are committed to reducing our environmental impact. We are refining our approach to measuring our carbon emissions, including work to develop a detailed methodology and a commitment to becoming carbon neutral, and we look forward to reporting in greater detail on our carbon assessment and offset programme going forward. In 2020, we took the first step in deciding to offset our carbon footprint stemming from all future air travel.

In 2021, we estimated our GHG emissions to 39.2 tCO₂e (incl. Scope 1, 2 and 3). During 2022 we will continue to work with enhancing the quality of our CO₂ footprint data and execute our offset program for 2021. We also look to measure our footprint reduction on a COVID-19 lockdown adjusted basis, considering the Working from Home policy that ran for 37.5% of the year during 2021.

We moved to our new London headquarters in St James's Market in 2018 – a step which was taken with a long-term perspective on bringing CORDET into a modern, sustainable, energy efficient, centrally located and beautiful space for employees and guests to thrive in for many years to come. Our London office is dedicated to maintaining strong sustainability standards and practices on an ongoing basis.

In addition to our London headquarters, CORDET occupies space and environmentally efficient locations in Stockholm and Luxembourg. The local presence in Stockholm significantly reduces emissions from air-travel and surmounts CORDET's strong local connectivity to the Nordic region.

Promoting employee development

Since inception, we have encouraged development and training for our employees, seeking to offer an exciting work environment where employees can learn and thrive.

Our flat structure, meritocracy and entrepreneurial spirit provide employees considerable room to grow and have led to several recognitions this year. For example, we were thrilled to see Rebecca Fels awarded "Investment Leader of the Year – Sweden" at the Finance Monthly Women in Finance Awards 2020 and George Velikov recognised as one of Private Debt Investor's "Rising Stars" for 2020. CORDET's management style is progressive and nurturing, with twice-weekly round table meetings where everyone is invited to contribute, and this has been essential for team development, participation and wellbeing during 2020.

At CORDET we are focused on making sure all employees are up to date and conversant in ESG and sustainability issues. It is essential for all employees to be aware of the relevant issues

and to support firm wide ESG development. In light of this, we have instigated an ESG training programme which encourages additional learning and technical understanding of the relevant issues, where all employees are urged to participate and contribute ideas.

As an economic incentive to employees, CORDET offers a market-leading level of earmarked financial support to promote physical and mental well-being, including for example financial incentives for gym membership and promotion of mindfulness activities.

In 2021, CORDET updated its employee policy, including an update to its parental policy. CORDET considers the provision of flexibility and support for employees in the run up to and during parental leave to be of paramount importance, and aims to be a leading employer in this regard.

Celebrating our contribution to society

We are proud of the contribution our employees make on society and the broader communities in which we operate. It is important to give back to the community, and we are proud to support non-profit organisations and charitable initiatives on an ongoing basis. This includes participation in a number of sponsored charitable hiking challenges, which has been in CORDET's DNA since the very beginning (with our Co-Managing Partner conceiving of the idea of setting up CORDET while climbing to the top of Mount Everest and raising money for UNICEF

back in 2012). At CORDET we make a concerted effort to promote charitable giving, particularly at Christmas time, and we are a regular supporter of ZOV (meaning 'appeal' in Bulgarian), which is a small children's charity that works with children living in institutions in Bulgaria.

Additional examples include CORDET's regular 4-week activity challenge where the firm is split into teams to compete in fitness activities such as running and cycling. The losing teams will subsequently donate money to a charity chosen by the winning team. The top-performers regularly record activity of >100km in running-equivalent distance.

We are also a regular participant in sponsor-led charity events which has included additional donations to a number of charities and active participation by CORDET team members.

Ambitions and future engagement

In creating and designing our Responsible Investment Policy and report, the ESG Working Group has considered numerous international standards to develop CORDET's structured approach to ESG issues and assist with the integration of responsible lending and ownership procedures into our investment and credit process. In addition to becoming a signatory of the UN PRI, CORDET has committed to regularly assessing and implementing ESG global best practices including the adoption of relevant ESG industry frameworks.



PROGRESS AND AMBITIONS

CORDET is proud of the progress made towards fulfilling its commitment to Responsible Investment and delighted to share further details of its ambitions and new initiatives for 2022 and beyond

Progress in 2021

- Enhancement of CORDET's CO2 footprint assessment
- Commits to become carbon neutral through CO2 tracking and offsets
- Hiring of Sasha Nugent as Head of Investor Relations is first clear evidence of CORDET's tracking towards its ambitions of Diversity & Inclusion
- Launch of company-wide quarterly ESG training sessions
- Participation in ESG seminars and events to develop ESG capability and know-how
- Improved client reporting with CORDET's first Responsible Investment report
- Expansion of ESG Working Group through addition of Chris Birt (Partner)

Commitments for 2022 and 2023

- Implement sustainability linked investment as part of core strategy
- Formalise commitment for carbon neutrality and implement offset investment
- By May 2023, CORDET's ten-year mark, we commit to (i) employ at least 1/3 of staff being women, (ii) more than 50% of the independent GP Board seats staffed with women, and (iii) in addition at least one GP diversity director per GP Board
- Launch professionalised and improved ESG questionnaire and portfolio company engagement
- Explore further stewardship and engagement activities with portfolio companies and policy makers through BVCA
- Continue to improve client reporting on ESG including more regular updates to investors on ESG matters



"2021 was another great year for CORDET, we have continued to establish our leading market position in the smaller mid-market in Northern Europe and have continued to invest in the organisation to support future growth. Our strong foundation and focus on ESG will support us in taking CORDET to the next phase of growth and development through 2022 and beyond."

- Jakob Lindquist
Co-Managing Partner



"Through yet another challenging year we have continued to prove CORDET's resilience, partnership driven approach and our all-weather investing capabilities. On the back of renewed geopolitical uncertainty we see bank retrenchment continue and expect the importance of responsible alternative credit investors to increase through 2022."

- Magnus Lindquist
Co-Managing Partner



For further information or questions about this Responsible Investment Report, potential feedback or ESG related topics, please contact responsibility@CORDET.com