



# Our commitment to ESG

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Responsible Investment Report 2023





## About CORDET

CORDET was founded in 2013 to provide senior secured bespoke financing solutions to Northern European borrowers in the lower mid-market at attractive risk-adjusted returns. CORDET, a leading European AIFM in its core markets, has so far successfully arranged +€1 billion in financing commitments across more than 60 transactions with lower 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.



### Robust Credit Culture & Workout Expertise

Disciplined selection approach underpinned by an independent credit team, rigorous multi-stage credit process centered on ESG and downside protection with extensive workout expertise



### Supportive Partner

Developing relationships that encourage consistent deployment through additional financing with existing borrowers



### Differentiated Sourcing and Local Networks

Experienced local network that allows for a differentiated sourcing approach and increased selectivity when identifying investment opportunities



### Bespoke Solutions

Ability to construct bespoke financing solutions which allows for additional features to preserve capital as well as provide additional return including warrants & maintenance covenants



## 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 risk and opportunities
- Rigorous credit process with senior team
- Low structural risk and strong downside protection
- Superior risk reward exposure





## CORDET in Numbers

**22** professionals averaging 20 years' experience, speaking 10 languages, representing 10 nationalities

**+€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 strong pipeline of opportunities across all target geographies

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

**3** offices in each of London, Stockholm and Luxembourg (non-investing)

**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 our Managing Partner

Dear Stakeholders,

I am delighted to introduce CORDET's 2023 Responsible Investment Report and present an update on the development of our ESG activities during the year.

As we reflect on 2023, I am proud of CORDET's continued commitment to integrating Environmental, Social, and Governance (ESG) principles into every aspect of our business.

Since our founding in 2013, we have been dedicated to providing superior risk-adjusted returns while operating as a first-class business that attracts exceptional talent and makes a positive impact.

The macro-economic backdrop during 2023 was characterised by persistent high levels of inflation across the Northern European economies that CORDET targets. Central banks pursued a policy of steadily raising rates throughout the year, bringing an end to an extended period of low interest rates. Despite these challenges, we maintained close contact with our portfolio to understand the potential near-term and longer-term impact on their performance, observing limited direct or indirect adverse effects across the portfolio.

Notwithstanding uncertain market conditions, deal volumes reviewed by the team remained robust, and the level of both new investment and follow-on investment activity remained stable, alongside a number of successful portfolio realisations. Our diligent commitment to our strategy reinforced our position as one of the leading alternative credit investors in the Northern European lower mid-market.

Some key highlights from 2023 include:

- Becoming a member of the ESG Data Convergence Initiative (EDCI), reinforcing our commitment to clear and meaningful ESG data reporting
- Submitting our intent to start reporting on TNFD, expanding our risk assessment to include nature-related factors
- Achieving a 100% response rate on our annual ESG Questionnaire from portfolio companies
- Reducing our operational GHG emissions for the second consecutive year
- Improving gender diversity, with women now representing 30% of our investment team and 35% of our total staff

We're particularly proud of our continued success in integrating ESG considerations into our investment decisions. This approach has resulted in a diverse and resilient portfolio that exhibits strong ESG characteristics and aligns well with the UN Sustainable Development Goals.

During 2023, we have continued to assess our ESG capabilities and focus, pursuing a number of additional initiatives:

- Incorporating ESG margin ratchets as a standard feature in our loan documentation, providing clear incentivisation for portfolio companies to achieve specific ESG-related targets
- Reinforcing our focus on Diversity & Inclusion within the firm
- Continuing our proactive engagement with portfolio companies on ESG matters, facilitated by our annual ESG questionnaire
- Completing an internal Carbon Footprint assessment and making significant progress on developing a comprehensive Carbon Offsetting Policy, targeted for implementation in 2024

Looking ahead, we remain committed to pushing the boundaries of responsible investment. In 2024, we plan to implement a full Carbon Offsetting Policy, classify our Fund III as an "Article 8" fund under SFDR, and further enhance our sustainability strategy and reporting.

As we now celebrate CORDET's ten-year anniversary, I am incredibly proud of what we have achieved as a team. We have safeguarded our investors' capital, achieved strong risk-adjusted returns, all whilst providing flexible and growth-enabling funding solutions to our borrower clients, with strong ESG principles at the core of our activities.

I want to express my gratitude to our team, investors, and portfolio companies for their dedication to our ESG journey. Together, we are proving that financial success and positive impact can go hand in hand.

Thank you for your continued trust and support.

Sincerely,



Jakob Lindquist  
Managing Partner



CORDET

Public  
supporter of



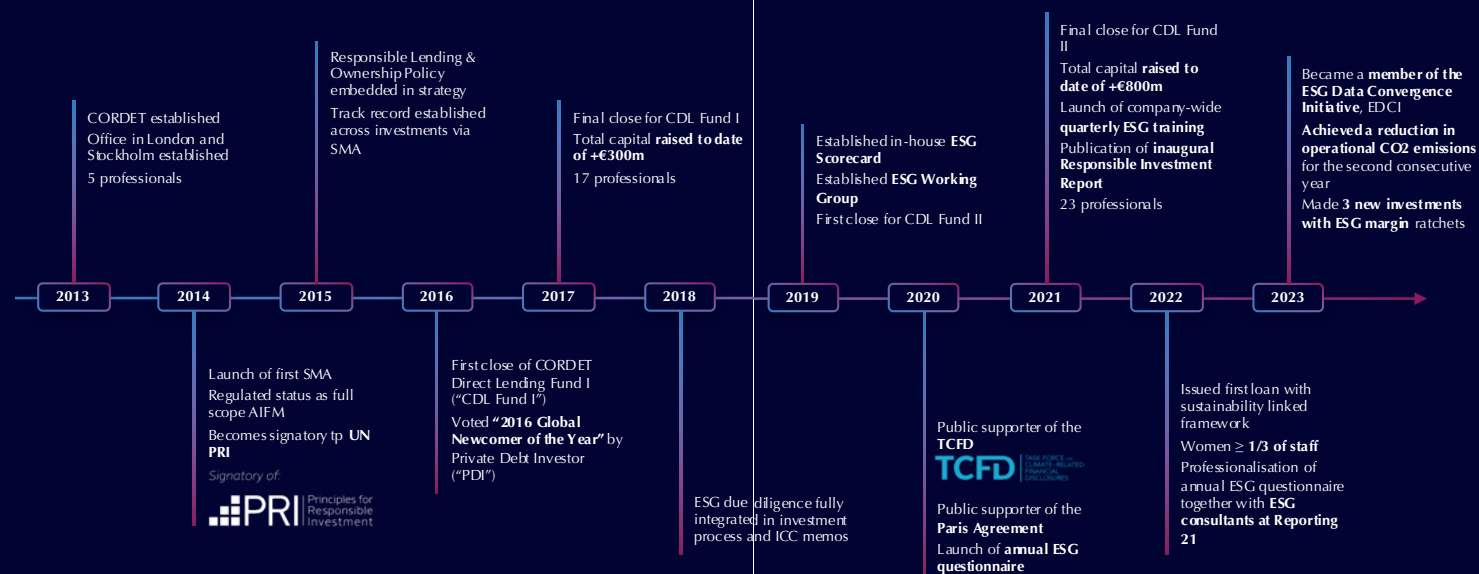
Signatory of







# CORDET's Journey





## The CORDET Difference

The CORDET difference is based on the following four aspects.

### Specialist focus

We have a clear focus on being a Credit Specialist. We only invest in sectors where we have extensive knowledge and experience (our circle of competence).

### ‘All-weather investor’ approach

The CORDET team benefits from strong lending and investing experience over several credit cycles, as well as significant restructuring know-how, allowing us to successfully pursue an ‘all-weather investor’ approach.

### Relationships

CORDET aims to build and maintain strong and longstanding relationships with our investors, borrowers, and other partners.

### Alignment

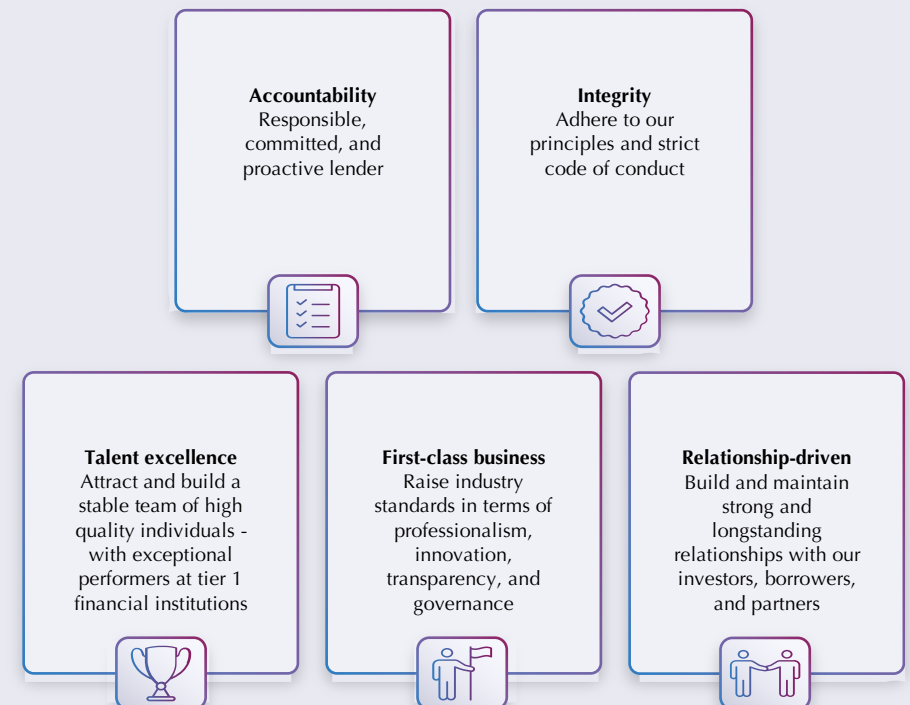
CORDET believes in having skin in the game. Therefore, the team owns the firm and co-invests alongside our investors.

## Mission and Values

CORDET’s mission is to build a successful, diversified, and leading European Alternative Investment Fund Manager (AIFM).

Our purpose is to provide superior risk-adjusted returns to our investors, support management teams in making enduring and material improvements in their companies’ financial performance, while operating as a first-class business which attracts, empowers, and retains exceptional talent.

### Our Values





# Recognition and Awards

Throughout 2023, CORDET has continued to demonstrate its “all-weather” investment approach and ability to provide bespoke financing solutions in the Lower Mid-Market segment.

Our strong performance was recognised by CORDET being ranked the #1 “European small-cap direct lending fund of the year” at Debtwire’s 2023 Direct Lending Awards. In addition, we were also shortlisted for the “European Small-Cap Direct Lending Manager of the Year – People’s choice award”.



“It is a great honour for CORDET to be shortlisted for the European Small-Cap Direct Lending Manager and Fund of the Year awards. After a successful year in a challenging market environment, we are now looking forward to the new opportunities ahead. CORDET remains a trusted partner in direct lending, providing smaller mid-market companies with tailored support and flexible financing solutions even in volatile times.”  
– Jakob Lindquist, Managing Partner of CORDET

## Growing Reputation within Investor and Borrower Communities

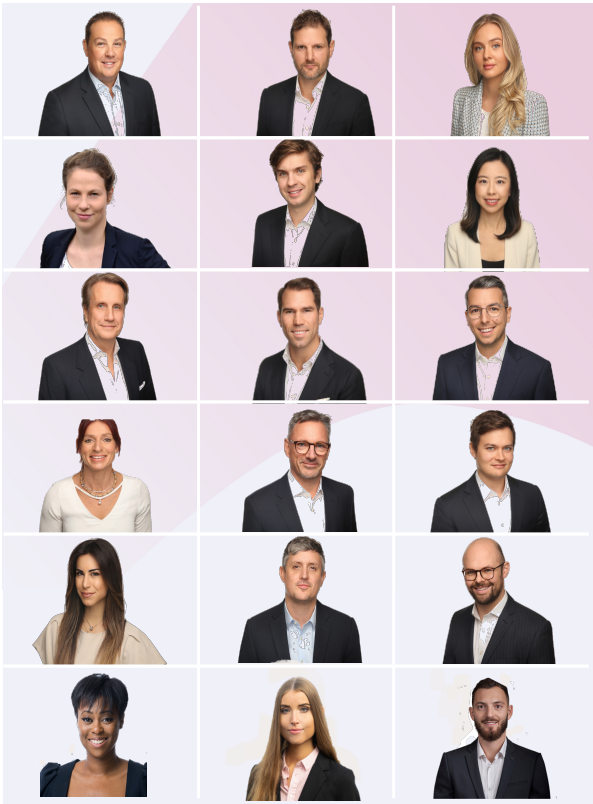
- #1 ranked “European small-cap direct lending fund of the year” by Debtwire in 2023
- Shortlisted for “European Small-Cap Direct Lending Manager of the Year – People’s choice award” by Debtwire in 2023
- “Best Alternative Credit Investor” (United Kingdom ) by CFI in 2022
- #3 ranked "Lower Mid-Market 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 2020
- “Manager Awards” finalist by Creditflux in 2020
- #3 ranked “SME lender of the Year” by PDI in 2019
- “Best Fund Manager” runner up by Growth Finance in 2019

# The CORDET Team

**15** Y avg. experience

**22** Professionals



**36%** Women






## ESG Highlights



Aligning our sustainability framework with  PRI Principles for Responsible Investment and  TCFD guidelines.



Maintaining a consistently strong  PRI score since becoming a signatory in 2014.



Entered 4 new compliant and transparent business transactions in 2023, aligned with stringent exclusion criteria and our bespoke ESG scorecard.



For new investments, CORDET has continued to apply ESG margin ratchets on material and ambitious ESG targets, incentivising portfolio companies to adopt more sustainable practices.



Demonstrating our commitment by avoiding investments linked to negative climate impact.



Supporting ESG-focused private equity sponsors and responsible owners, reinforcing our dedication to sustainable practices.



Firmly dedicated to enhancing Diversity & Inclusion, an integral part of our ESG commitment.



Promoting women in finance through annual participation in “Women’s Finance Days” at SSE, Stockholm

## ESG Investment Highlights 2023



### Aspire Education

- In 2023, CORDET partnered with one of the largest Austrian private education providers and their new majority owner.
- The company offers a best-in-class, hybrid, education platform for life-long learning, addressing individuals’ educational needs and career aspirations.
- Through highly flexible and hybrid learning methods, Aspire Education equips adolescents and the unemployed with the tools and knowledge needed to close the skills gap and enter the labour market.



### Medicus

- In 2023, CORDET partnered with the leading Norwegian IVF player and their new majority owner.
- Medicus operates four high-quality clinics across Norway, specialising in fertility, gynaecology, and endoscopy, ensuring comprehensive and patient-centred care.
- With the highest success rates for IVF in Norway, the company significantly contributes to social wellbeing by supporting families facing infertility challenges and also by promoting inclusivity and female empowerment.



MEDICUS

## 2023 ESG Portfolio Highlight

At CORDET, we offer ESG margin ratchets in every investment to encourage our portfolio companies to accelerate their journey towards sustainability. A recent example is our investment in the leading Norwegian IVF player, Medicus. Following input from an external consultant, material and ambitious ESG targets aligned with the UN SDGs were agreed upon. Throughout the investment period, Medicus will be assessed on these targets, providing guidance on meaningful actions towards sustainability. For each target, details on methodology have also been discussed and agreed upon to further ensure transparent and credible reporting.



# 1.

### Reducing Carbon Emissions from Air Travel

The first target is related to UN SDG 13, Climate Action, with the goal to reduce CO<sub>2</sub> emissions. Because the operational business has limited Scope 1 and Scope 2 emissions, the target is focused on reducing emissions from air travel. Compared to the base year of 2023, the goal is to reduce emissions by 5% per annum, which is considered ambitious and well-aligned with the Science Based Targets initiative, which has set a baseline of approximately 4.2-5.2% reduction per annum for SMEs.

# 2.

### Advancing Gender Diversity in Leadership

The second target relates to UN SDGs 5 and 10, namely Gender Equality and Reduced Inequalities. On a year-to-year basis, Medicus intends to increase the share of non-male persons on its board, contributing to improved gender equality both within the business and society. The target is considered ambitious as Medicus will have to change the composition of its board to reach the goal.

# 3.

### Enhancing Employee Well-being

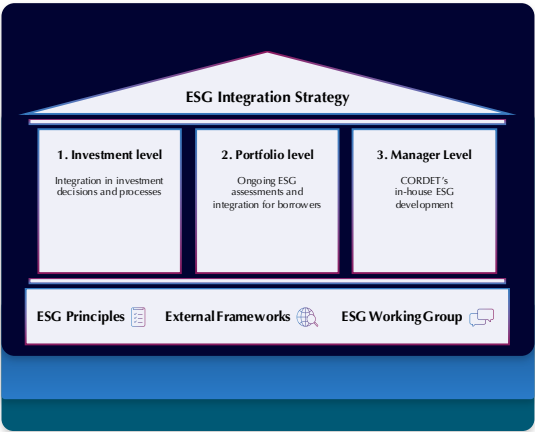
The third and final target is related to UN SDG 3, Good Health and Well-being. For Medicus, this has been applied to job satisfaction among employees and will be measured through a quarterly Employee Net Promoter Score (eNPS). To reach the goal, Medicus will have to show a predetermined, positive development on a year-to-year basis.

By focusing on reducing carbon emissions, promoting gender diversity, and enhancing employee well-being, Medicus is contributing towards a sustainable future. The efforts align with CORDET's commitment to responsible investing, and as an investor we are proud to support these initiatives, reinforcing our belief that sustainable practices are fundamental to long-term value creation.



# ESG Integration

Responsible investments and ESG integration are fundamental to our business. CORDET became a signatory of the UN PRI agreement already in 2014, two years before holding the first closing of our first fund. Since then, we have continuously expanded our ESG commitments and our current sustainability framework is aligned with both UN PRI, UN SDGs and TCFD. Our ESG Integration Strategy forms the cornerstone of our approach to responsible investment. Built on a robust foundation, it incorporates our core ESG Principles, draws insights from external frameworks, and leverages the collective expertise of our ESG Working Group members. The strategy's execution is structured around three key pillars: 1. Investment Level Integration; 2. Portfolio Level Integration; and 3. Manager Level Integration. The following pages provide a detailed exploration of each of these components.



## CORDET's 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 related to the advancement of responsible business standards.

# The UN Principles for Responsible Investment

The Principles for Responsible Investment, PRI, is a global initiative, supported by the UN, focusing on responsible investment practices. Signatories pledge to incorporate ESG issues into analysis, ownership, and decision-making processes while promoting acceptance and implementation of the 6 Principles for Responsible Investment. CORDET's public transparency reports are available on our website, [www.cordet.com](http://www.cordet.com), or from UN PRI's website, [www.unpri.org](http://www.unpri.org).



At CORDET, 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.

## The 6 UN PRI Principles and CORDET Actions

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 active promoter of the UN PRI Principles and always highlight our commitment to UN PRI to investor 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.





## ESG Working Group

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.



**Christian Dybdahl-Ovesen**

*Partner & Investment Professional*

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



**Chris Birt**

*Partner & Investment Professional*

Initiated CORDET's first Sustainability Linked debt investment.  
Previously COO and deeply involved in ESG analysis of new investments.



**John Sealy**

*Chief Credit Officer*

Over 30 years' experience in the European private debt market.  
Formulated ESG Policy at previous employer Rothschild & Co Five Arrows.  
Responsible for ensuring investment process remains aligned with CORDET ESG policy.



**Henrik Wikerman**

*Investment Professional*

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.



**Emma Bohlin**

*Investment Professional*

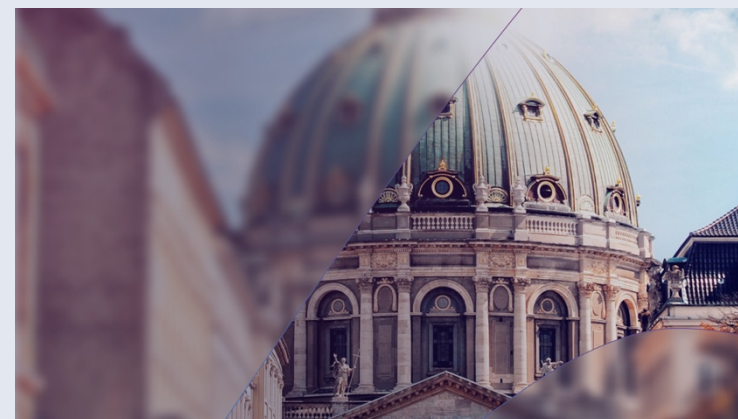
Monitors the ongoing ESG activities, and coordinates efforts within the ESG Working Group as well as within the wider Company.



**Joe Briggs**

*ESG Adviser*

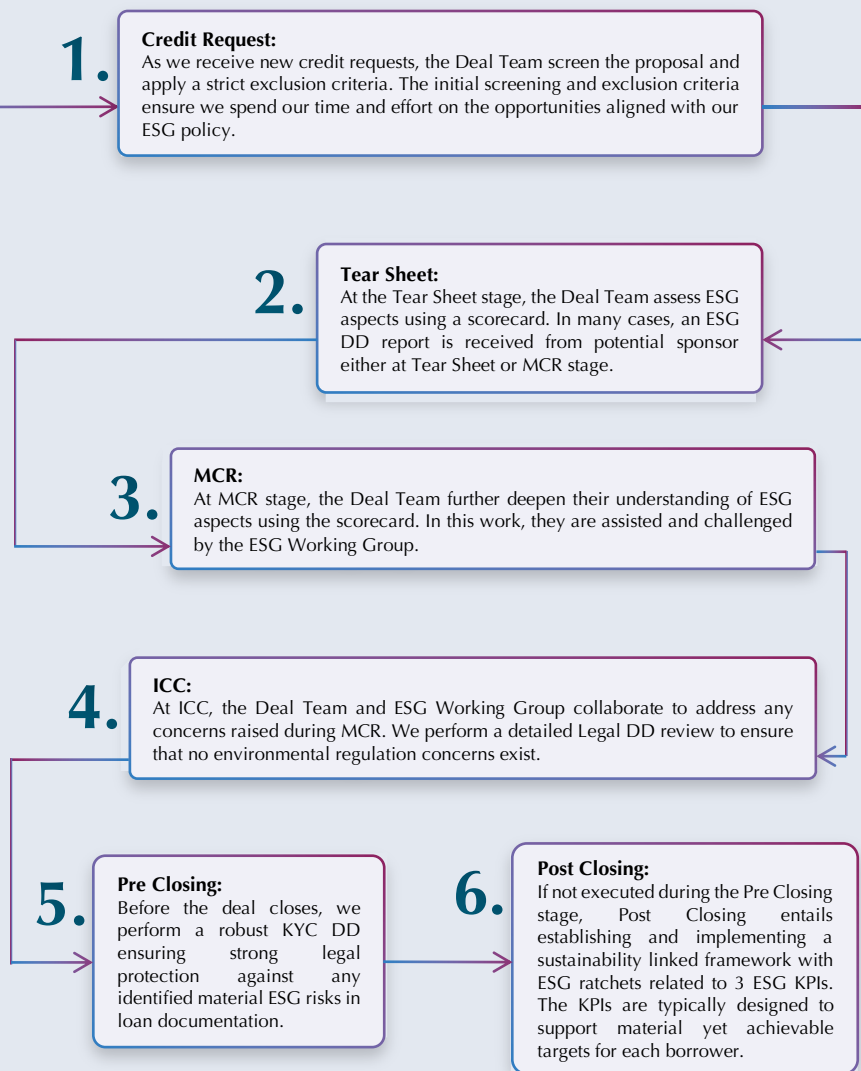
Experience advising funds on ESG issues including from a legal and placement perspective.  
Holder of the CFA UK Level 4 Certificate in ESG Investing.



### 2023 ESG Working Group Initiatives

- Engaged with external consultants at Reporting 21 to calculate CORDET's carbon footprint.
- Enhanced the detail and granularity of data related to our carbon footprint assessment.
- Made progress on our intent to implement a full carbon offsetting programme by 2024 and received recommendations on programmes to support by Reporting 21.
- Organised and coordinated CORDET's quarterly ESG training sessions throughout the year.
- Conducted a thorough review and re-evaluation of CORDET's investment screening policy.
- Prepared for the classification of Fund III to be launched as an "Article 8" fund under the SFDR classification.

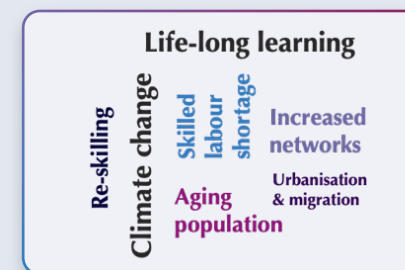
## 1. Integration at the Investment-level



## Top-Down Analysis

At CORDET, our investment strategy is centred around supporting niche leaders benefiting from underlying structural growth drivers including, Technological change, Skilled labour shortage, Increased networks, Urbanisation & migration, Ageing population, Climate change, Re-skilling and Life-long learning.

Our investment strategy, alongside our commitment to investing in ESG positive businesses, gives us an automatic alignment and advantage when assessing ESG opportunities and risks, as all investments generally are closely linked to ESG positive outcomes. The work in this area is guided by our Sustainability framework, with strong alignment to industry bodies such as the UN PRI, UN SDGs and TCFD. The approach allows for a systematic and comprehensive way of assessing ESG characteristics, understanding the political, economic, social, technological, legal and environmental macro-level factors.



## Bottom-up Analysis

### Negative Screening

At CORDET, we apply exclusion criteria that exclude 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 are applied consistently and have ultimately led to us declining a number of investments.

On a case-by-case basis, we often decline investments with a secondary but significant 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.



## ESG Scoring Methodologies

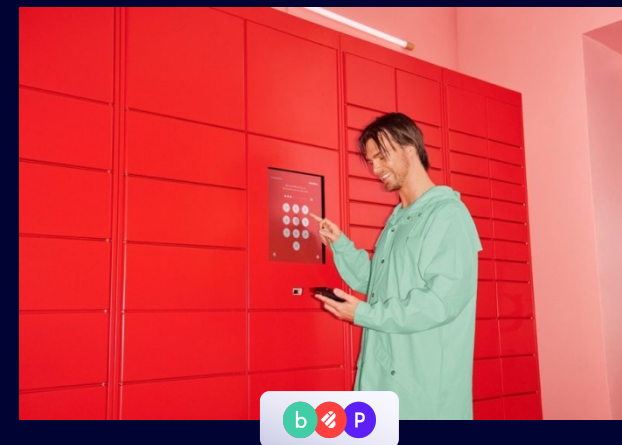
We also exclude from our portfolio any businesses that receive a negative overall score following assessment pursuant to the CORDET ESG scoring methodology. The ESG scoring methodology has been developed in-house by us and provides a proprietary assessment tool by which we can include ESG analysis at 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:



Each ESG factor is assessed, commented on and scored, as reflecting if a company is having a positive, neutral or negative impact on each ESG factor. 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.

## 2023 ESG Portfolio Highlight



Throughout 2023, Instabee has achieved several milestones in its journey towards sustainability, including a 50% reduction in emissions per parcel. Below are additional examples of their actions and achievements.

- As a leader in the emission-heavy transportation sector, Instabee committed to establishing science-based climate targets in line with the Science Based Targets initiative (SBTi).
- Instabee has joined the Swedish Transport Workers Union's collective bargaining agreement, ensuring fair terms and conditions of employment for the Swedish workforce.
- To refine ESG priorities and help formulate a medium-term sustainability strategy, Instabee has repeated the Double Materiality Assessment (DMA) exercise to cover their entire value chain.
- Over 80% of the distance driven in 2023 was powered by renewable diesel (HVO100) and emission-free vehicles.
- Measurement of DE&I metrics was included in their employee engagement survey.





## 2023 ESG Portfolio Highlight

In 2023, Trust Payments has continued to act on its commitment to ESG through both internal progress and strategic partnerships with key stakeholders. Internally, Trust Payments has made significant improvements in closing the gender pay gap, underscoring its commitment to equal opportunities. See below additional ESG achievements made by Trust Payments in 2023.



- Renewed its sponsorship of the Greener & Cleaner's Youth Outreach Team. The initiative aims to foster environmentally friendly practices, throughout day-to-day life, with the goal of making the city Bromley carbon-neutral by 2030.
- Sponsored an industry-leading hackathon event aimed at inspiring and assisting women to start careers in technology. The event featured workshops and hosted solutions to support women facing barriers in entering the tech industry.
- Joined the 30% club, a global initiative led by Chairs and CEOs to increase gender diversity at board and executive committee levels. The campaign targets at least 30% female representation at these levels across companies worldwide.
- Established a partnership with Pennies, an award-winning micro-donation charity, to encourage charitable donations through cashless payments. The partnership was launched with micro-donations in-store by the independent pharmacy chain Well. Pennies aim to inject an annual £1bn into the UK charity sector through small contributions.



## 2. Integration at the Portfolio-level

At CORDET, we are aware that in terms of carbon footprint our biggest source of emissions stem from our portfolio companies. In our role providing tailored support and flexible financing solutions, we seize every opportunity to inspire and influence our portfolio companies in strengthening their ESG commitment and reducing emissions.

### 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.

### Partnership with Reporting 21

The first step in addressing an issue is to acknowledge its existence. At CORDET, we put great emphasis on obtaining high quality ESG data from our portfolio companies. To measure and track sustainability performance amongst our portfolio companies we have partnered with Reporting 21, their software and consultants. As market leaders within ESG tracking for portfolio companies they facilitate data collection for annual reporting activities. Additionally, they offer strategic guidance for enhancing portfolio ESG performance.

### Increase Awareness Amongst Portfolio Companies

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.

Starting in 2022, the ESG Working Group have selected the most relevant set of KPIs to focus on for the questionnaire. The aim of 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.



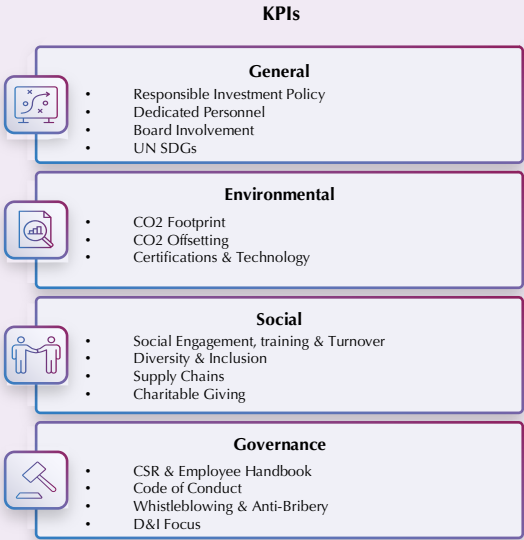
CORDET has already seen some significant changes within portfolio companies, in part due to CORDET’s encouragement in tackling certain issues and being proactive in holding discussions with portfolio companies. For example, Tru//ST Payments, where CORDET have a majority stakeholder role, have hired a dedicated ESG person to oversee and lead their advancements on CSR and ESG. While CORDET is generally a lender and not an active owner of portfolio companies, 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, material and meaningful change.

ESG Ratchets

Together with portfolio companies and consultant, we agree on three ESG KPIs covering E, S, and G, which represents material, ambitious but attainable targets to improve the sustainability of the companies. Each achieved target generally gives discount on the interest payments as a financial incentive given by CORDET to portfolio companies to contribute to a sustainable future.



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)**

The SDGs 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
<b>MEDICUS</b>	A leading Norwegian IVF player exhibiting the highest success rates in Norway. The company is specialised in fertility, gynaecology, and endoscopy. It offers comprehensive and patient-centred care.  Low resource use, low emissions, innovative, supporting gender equality, reducing inequalities, promoting health and well-being.	
<b>aspire Education</b>	Hybrid education platform for lifelong learning focusing on adolescents and (unemployed) young and experienced professionals in Austria and Germany.  Low resource use, low emissions, innovative, support employment through best-in-class, flexible and hybrid course offering, safe work environment and equality for employees, high impact on society by addressing core socioeconomic topics, well-defined ESG metrics, several projects dedicated to address contemporary social challenges.	
<b>DIAKRIT</b>	A real estate platform enabling real estate agents, homeowners and buyers with high quality, interactive digital content to advertise, buy and sell properties online.  Low resource use, low emissions, help clients reduce unnecessary travel for home viewings by offering remote in-depth analysis, innovative, high employee satisfaction.	
<b>SELO</b>	Engineering service company supplying food processing equipment and robotics to blue-chip customers. Market leader in equipment for pet food and meat substitutes.  Innovative, help clients reduce environmental impact by offering equipment for production of meat substitutes, pioneer in production equipment for meat substitutes.	
<b>FLABEG</b> ADDED VALUE IN GLASS	One of the world's leading and most technologically advanced suppliers of automotive mirror glass products.  Innovative, high-performance glass manufactured in modern facilities, leading scrapping rate, high-standard mineral sourcing policies, strong governance.	







Investment	Description and Key ESG Considerations	SDG Alignment
<b>CREATIVE CAR PARK</b>	Leading UK private car park operator offering a fully automated Automatic Number Plate Recognition ("ANPR") service with focus on SME clients.  Low resource use, low emissions, innovative, helping clients manage unauthorised car park use, approved BPA operator, highly entrepreneurial.	
<b>TRU//ST PAYMENTS</b> FINANCIAL FLEXIBILITY. FUTURE-PROOF. CONFIDENCE.	Global provider of online payments and security solutions focusing on delivering an end-to-end solutions platform to e-commerce clients.  Low resource use, low emissions, innovative, technology prevents payment fraud or prohibited geo-locations, protects identities, cheaper solution for clients.	
<b>Virgin EXPERIENCE DAYS</b>	Multi-channel gifting, recognition and rewards business focused on the sale of +2,000 branded and white-label curated experiences, e.g. cooking classes.  Low resource use, low emissions, innovative, technology helps drive consumer shift from goods to experiences, high employee satisfaction, award winning.	
<b>riverdale</b> DENTAL CARE	Leading provider of dental services, providing access to affordable high-quality dental treatment, investing in modern equipment and procedures.  Low resource use, low emissions, high employee satisfaction, entrepreneurial, strong relationship with local communities, improving consumers' quality of life.	
<b>Aura</b>	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).	





Investment	Description and Key ESG Considerations	SDG Alignment
	<p>Leading one-stop-shop provider of software solutions and related services for customers facing complex product development and manufacturing challenges.</p> <p>Low resource use, low emissions, highly entrepreneurial, exceptional company culture, supporting clients with e.g. Industrial IoT and AR.</p>	 
	<p>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 &amp; paper industry.</p> <p>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 fertiliser (commonly shipped from Morocco).</p>	   
	<p>Leading UK provider of tech-enabled customer data management solutions, using innovative automated processes to support its customers to increase their efficiency.</p> <p>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 &gt;82.</p>	 
	<p>Leading Danish online retailer of cycling equipment and accessories, swiftly serving the cyclists in the Nordics with deliveries of critical repair equipment.</p> <p>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).</p>	 
	<p>Independent Financial Advice and fund management group, providing access to a broad range of wealth management products and solution.</p> <p>Low resource use, low emissions, enable clients to maintain standard of living during, for instance, retirement, high employee satisfaction, strong compliance and governance.</p>	

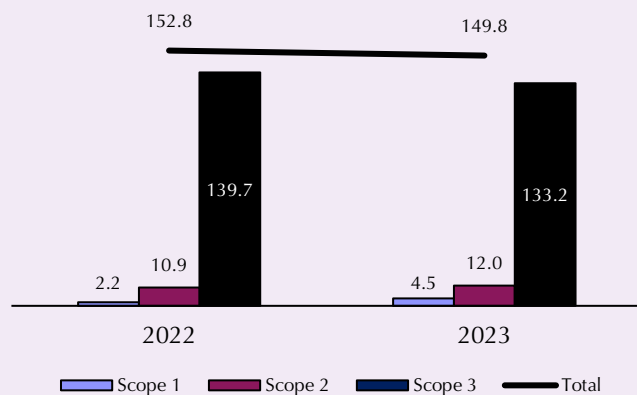


Investment	Description and Key ESG Considerations	SDG Alignment
	<p>Online insurance broking platform specialising in the distribution of insurance products in several non-standard niche areas towards consumers and SMEs.</p> <p>Low resource use, low emissions, innovative, data driven technology finds best insurance for consumers, investing in workforce, strong governance.</p>	
	<p>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.</p> <p>Low resource use, low emissions (fossil free), highly innovative, driving the industry towards fossil free e-commerce delivery solutions.</p>	  





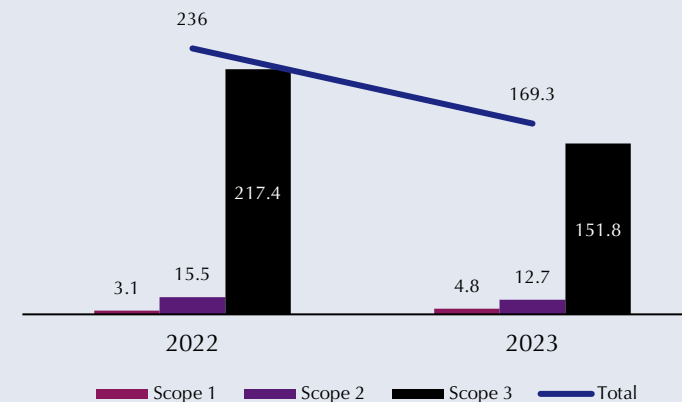
## Portfolio GHG Emissions (tCO<sub>2</sub>e)



	2022	2023
Scope 1	2,204.0	4,517.5
Scope 2	10,882.3	12,040.9
Scope 3	139,672.8	133,212.0
<b>Total</b>	<b>152,759.2</b>	<b>149,770.4</b>

\* Note: 2023 respondent rate c. 65% for Scope 1 and 2, c. 53% for Scope 3.  
2022 respondent rate c. 50% for Scope 1 and 2, c. 44% for Scope 3.

## Portfolio Carbon Intensity Based on Revenue (tCO<sub>2</sub>e/EUR 1m)



	2022	2023
Scope 1	3.1	4.8
Scope 2	15.5	12.7
Scope 3	217.4	151.8
<b>Total</b>	<b>236</b>	<b>169.3</b>

\* Note: 2023 respondent rate c. 65% for Scope 1 and 2, c. 53% for Scope 3.  
2022 respondent rate c. 50% for Scope 1 and 2, c. 44% for Scope 3.



## Portfolio Renewable Energy Usage

Q: Please indicate the total renewable energy consumption of your company during the last year.

	2022	2023
Renewable energy (%)	46.4%	45.7%

\* Note: 2023 respondent rate c. 53%

2022 respondent rate c. 50%

## Portfolio Diversity

Q: Members of the board of directors/supervisory board - Women - %

	2022	2023
Women on board (%)	11.5%	13.3%

\* Note: 2023 respondent rate 100%

2022 respondent rate c. 78%

## Portfolio Work-related Injuries

	2022	2023
Injuries (per 1,000 FTE)	10.07	15.1
Days lost due to injury (per 1,000 FTE)	35.43	62.8

\* Note: 2023 respondent rate c. 94% and c. 88% respectively  
2022 respondent rate c. 61% and 67% respectively.

## Portfolio Net New Hires

	2022	2023
Net new hires (per FTE)	-0.01	0.4
Turnover (permanent headcount)	25.98%	38.6%

\* Note: 2023 respondent rate c. 82%  
2022 respondent rate c. 72%

## Portfolio Employee Engagement

	2022	2023
Employee survey (% yes)	61.5%	52.9%

\* Note: 2023 respondent rate c. 53%

2022 respondent rate c. 72%

## Governance - Women's Representation

Female representation grew in 2023, driven by recently added companies.

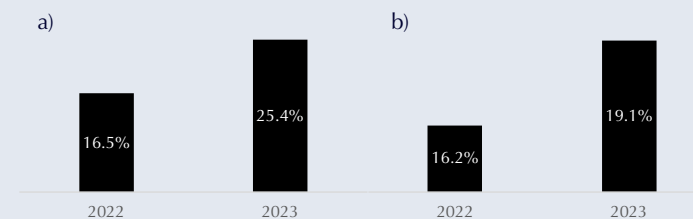
- An increase in the share of women in board positions has been identified from 2022 to 2023, rising from 11.5% to 13.3%.
- When excluding the companies newly included in 2023, the increase is smaller, suggesting that the more recently added companies had a higher proportion of female representation in board positions.

Members of the board of directors/supervisory board  
Women



- An increase in the share of women in top management positions has been identified from 2022 to 2023, rising from 16.5% to 25.4%.
- When excluding the companies newly included in 2023, the increase is smaller, suggesting that the more recently added companies had a higher proportion of female representation in top management positions.

Top management governance body  
Women



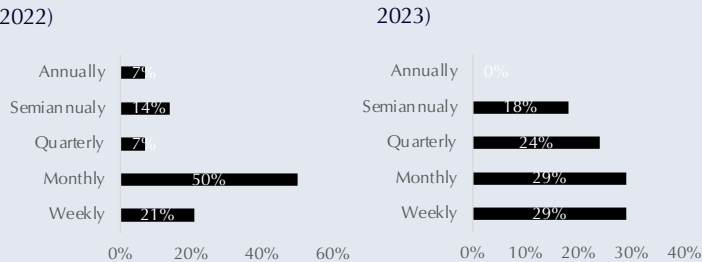


Governance – ESG Enactment

ESG staffing has seen a slight decline, accompanied by an increase in management discussions, which now include weekly meetings.

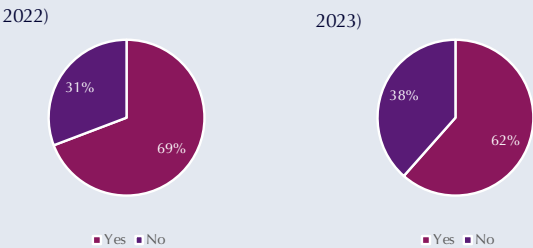
There has been a notable increase in the frequency of ESG discussions at the management level between 2022 and 2023. Previously, some companies addressed ESG issues only once a year, but now all of them discuss it more regularly. It's evident that about one-third of these companies hold ESG discussions on a weekly basis.

ESG discussed at Management level



The number of ESG staff members has experienced a slight decline. While some companies have initiated the integration of ESG personnel into their teams, others have either phased out their internal ESG roles or opted to outsource these functions. This shift reflects a broader trend where organizations are adjusting their approach to managing ESG responsibilities, possibly in response to changing needs or strategic priorities.

ESG Staff



3. Integration at the Manager-level

At CORDET, our ESG commitment extends beyond investment and portfolio levels and plays a significant role within our own business. In 2023, we have continued to refine and enhance our in-house ESG processes on our journey to become carbon neutral. Our continuous efforts to improve have shown results, with CORDET reducing its operational GHG emissions for the second consecutive year.

CORDET's Carbon Footprint

Alongside our initiatives at investment and portfolio level, we constantly strive to improve CORDET's operational carbon footprint and environmental credentials.

In 2023, we enhanced our reporting by incorporating the number of work-from-home days and providing more detailed travel data for daily commuting to the office.

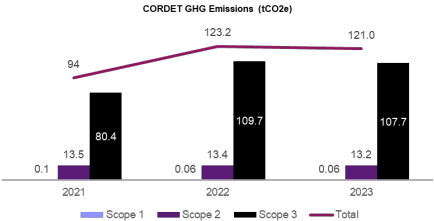
During the year, we have also continued our partnership with Sirsa and Reporting 21 for the tracking and estimating of our in-house GHG emissions as well as CO2 offsets.

CORDET GHG Emissions (tCO2e)

	2021	2022	2023
Scope 1	0.10	0.06	0.06
Scope 2	13.50	13.41	13.21
Scope 3	80.40	109.74	107.69
Total	94.00	123.21	120.96

CORDET Initiatives

- 2020: Decision to offset carbon footprint stemming from all future air travel
- 2020: First annually recurring carbon footprint assessment
- 2021: Quarterly ESG trainings with almost 100% attendance
- 2023: Enhanced carbon footprint assessment with more granular reporting data





## D&I at CORDET

At CORDET, we truly embrace equal opportunities as a cornerstone of our corporate culture and believe in creating a workplace where every individual can learn, grow, and thrive.

Diversity and inclusion are essential components that enrich our organisation and help us meet the challenges of today and tomorrow. Across our team of 22 individuals, we speak 10 different languages and represent 10 nationalities. In 2022, we met our target of having at least one-third of our staff being women. We are proud to share that we in 2023 have reached 30% women within our investment team and 37% within the company.

Our dedication is further exemplified by a consistent support for training and development opportunities for all team members. It is our belief that these opportunities are essential for unlocking the full potential of our workforce and enabling each individual to excel in their roles and careers.

As we move forward, our commitment to creating a workplace where everyone can flourish remains resolute. We understand that fostering diversity and inclusion is not just a responsibility, but an investment in a stronger, more dynamic, and successful future for our organisation, our employees, and our stakeholders.

### CORDET Initiatives

- 2020: Twice weekly roundtable meetings for all team members
- 2021: Updated parental policy
- 2023: Second update to parental policy to further ensure equal opportunities between genders

### CORDET representation of women (% of FTE)

	2021	2022	2023
% of women in Investment Team	10%	13%	30%
% of women at CORDET	17%	33%	35%

## Celebrating our Contribution to Society

We are proud of the contribution our employees make to 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. 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 framework.



## 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 2023 and beyond.

### Progress in 2023

- Became a member of the ESG Data Convergence Initiative (EDCI). The initiative is an open partnership that unites private equity stakeholders dedicated to the clear and meaningful collection and reporting of ESG data.
- Submitted our intent to start reporting on TCFD to also consider Nature-related risks in our assessments.
- Conducted CORDET's annual ESG Questionnaire together with Reporting 21 for the third consecutive year. Since our first launch, the share of portfolio companies completing the form has increased year by year, and in 2023 we reached a response rate of 100 %.
- Continued our engagement with external consultants at Reporting 21 to conduct an internal Carbon Footprint assessment at CORDET. Additionally, we have made progress on developing a full Carbon Offsetting Policy, which we aim to implement during 2024.
- For the second consecutive year we have decreased our absolute GHG emissions, from 123.1 tCO<sub>2</sub> in 2022, to 120.96 tCO<sub>2</sub>e in 2023.
- Improved our reporting of emissions by also including means of travel to and from work, as well as number of days that employees work from home.
- Continued to perform well against our previous target of 1/3 of staff being women with the 2023 share at c. 30% for the investment team and c. 35% for all staff.
- Greater involvement in companies' ESG programs and policies through the discussions brought by ESG questionnaire and implementation of ESG margin ratchets.

### Commitments for 2024 and beyond

- Utilise the EDCI database to perform industry level benchmark analysis on our portfolio companies' ESG performance.
- Provide opportunity to relevant professionals at CORDET to obtain ESG training certificates.
- Finalisation of our Carbon Offsetting Policy.
- Fund III to be launched as an "Article 8" fund under the SFDR classification.
- Enhance gender representation across CORDET and in the independent GP Board.
- Continue our engagement with portfolio companies' ESG strategies.
- Explore further opportunities to improve and expand our sustainability strategy and reporting.

