



DRIVEN BY VALUES

ESG Report 2021

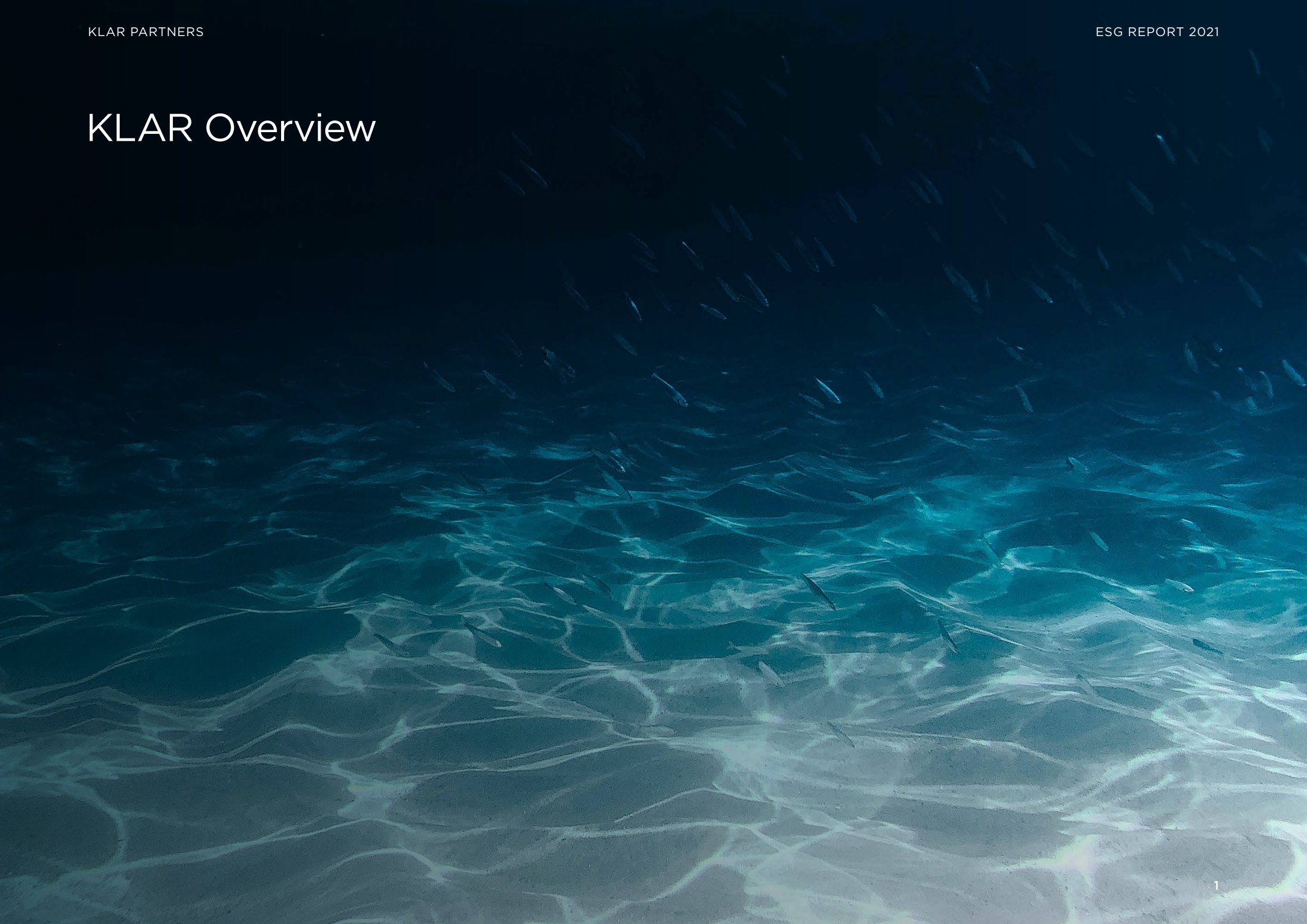
KLAR
PARTNERS

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KLAR Overview



About KLAR

KLAR Partners is an independent, mid-market private equity firm focused on the business services and industrial technology sectors, investing primarily in the Nordic, Benelux and DACH regions. We make control investments in companies providing mission critical products and services, partnering with management to build sustainable, market-leading businesses through a responsible investment approach.



We are driven by our values of **Clarity, Community, Courage and Curiosity** and deploy our transformational investing experience to realise the full potential of our companies through growth, operational improvement and buy and build strategies.



KLAR'S OWNER PHILOSOPHY

We form close partnerships with management and seek to realise the full potential of our businesses by applying our simple owner philosophy.



BIG AND BOLD GOALS

Set the ambitions



LOW NUMBER OF HIGH IMPACT INITIATIVES

Build road to success



WORLD CLASS LEADERSHIP AT ALL LEVELS

Put ideas into action



ACCELERATE

Capitalise on strong momentum

We strongly believe in - and will ensure - managerial freedom complemented by proper corporate governance and a clear chain of command.

KLAR in Numbers

1

FUND

€630m

FUND SIZE

19

EMPLOYEES

2

OFFICES

10

LANGUAGES SPOKEN

7

NATIONALITIES

30%

FEMALE EMPLOYEES

5

INVESTMENTS

15

ADD-ON INVESTMENTS

KLAR: Driven by Values



KLAR believes that the most important element to get right in building a successful organisation is culture. It needs to be well-defined, sufficiently easy to communicate and to be lived every day.



KLAR Partners was founded upon the four core values of Clarity, Community, Courage and Curiosity. These values drive the spirit and approach of the team both internally and externally, in turn creating a culture which underpins KLAR's strategy and future success.

This culture is what defines our team at KLAR, but it's also what we bring to our portfolio companies. We believe that the behaviours of an owner directly impact the entrepreneurs and managers within our portfolio companies, enabling them to outperform. We therefore built our culture at KLAR on the basis of a clear definition of our values, which would in turn lead to these desired behaviours.



KEEP IT SIMPLE AND TRANSPARENT

Owners and management need to be aligned on a set of clear ESG objectives



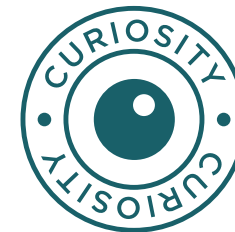
TEAM AND SOCIETY ALIGNED TO SUCCEED

We have a responsibility to implement impactful ESG initiatives to improve the lives of those we work with as well as the world in which we live



BIG AND BOLD GOALS

We shouldn't be shy in setting ambitious ESG KPI targets to accelerate progress



ALWAYS IMPROVING

Leverage what we learn from implementing ESG initiatives in one portfolio company so we are even more successful in the next

A Year in Review

2021 was a busy year for KLAR; we had the final close of our inaugural fund, continued to solidify our organisational infrastructure, expanded the team to 19 employees representing 7 nationalities and closed 4 new transactions. Being active on the investment front means that we executed on our investment strategy which includes the belief that (a) ESG considerations are critical to KLAR's responsible and sustainable transformational investing approach, and (b) investments with a positive ESG impact will not only benefit our portfolio companies and wider society, but also create superior returns for our investors. Given this is our first ESG report we want to recap what the above actually means in practice.

First, KLAR only invests in mission critical services and industrial technology, sectors that are classified as low risk according to Sustainability Accounting Standards Board (SASB) classifications. We explicitly exclude investments in mining, tobacco, weapons or investments with high country risk. ESG findings, including risks and opportunities, are included in the due diligence investment

documents and presented to the Investment Committee for discussion, scrutiny and final approval. KLAR assesses potential material issues and risks associated with these topics as well as the awareness and management of these issues by the company. We identify strategic opportunities related to the main ESG topics, determine current positioning of the company, and define (preliminary) value creation levers. Finally, we examine relevant laws and regulations and possible implications for the industry and the company within the next 5-7 years.

Once we make the investment, we work with the boards and management teams of our portfolio companies to identify the most important ESG topics, agree next steps, summarise them into an ESG roadmap, identify prioritised initiatives as part of short-term targets, and agree on timeline, responsibilities and relevant KPIs to monitor. We are cognisant that companies in the mid-market are typically less sophisticated in their ESG reporting, and this is certainly the case with our portfolio companies. As an initial step we are

requesting our portfolio companies to report on the 6 KPIs prescribed by the Data Convergence Project (see page 11) in addition to company-specific initiatives. Going forward we will be monitoring the progress of these KPIs and initiatives via mandated semi-annual management presentations to the board.



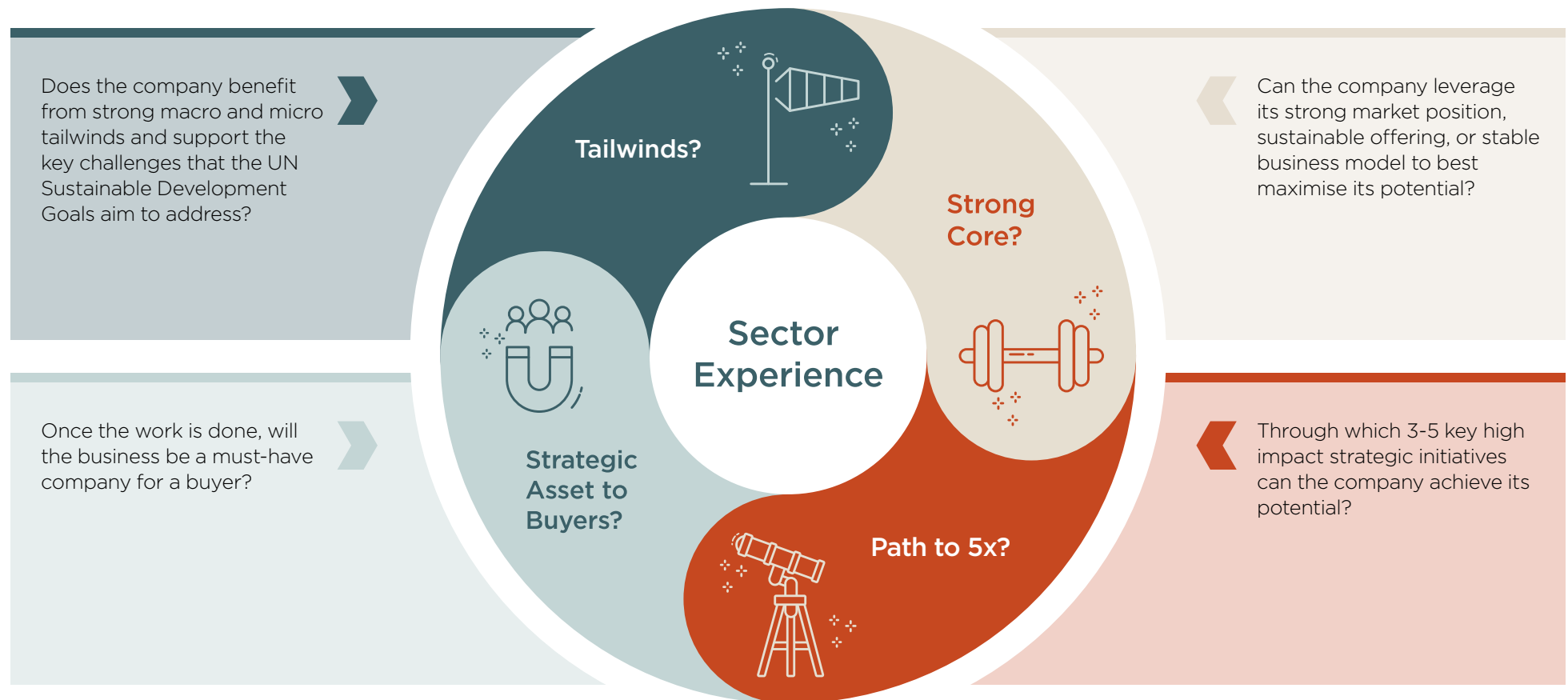
We know we have a lot of work to do but we are nonetheless very excited to undertake, together with our portfolio companies, the transformational journey to build a more sustainable future.



KLAR Four Key Question Framework

OUR INVESTING APPROACH IS GUIDED BY FOUR KEY QUESTIONS:

As part of our screening and selection process, we assess potential investments based on a proprietary framework consisting of four key questions.



Implementing ESG



ESG at KLAR



WHY WE CARE

KLAR Partners invests in mission critical services and industrial technology in North-Western Europe.

Our businesses create value when they offer solutions people need.

These people are citizens, consumers, employees and investors, and their interests should be aligned.

Although our strategy and regional scope limit our Environmental, Social and Governance (ESG) exposure, we feel responsible investing is a critical driver in future-proofing businesses.

Our ESG approach is fully integrated into our investment process. It plays a role in each step of our value creation journey.



WE USE STANDARD ESG THEMES, FOR EXAMPLE....



EXCLUSIONS

- As our investments are sector focused on business services and industrial technology, we have very limited exposure to controversial sectors.
- We would not consider investments in mining, oil & gas, tobacco and distilled alcoholic beverages, weapons and ammunition, casinos or equivalent enterprises, or investments with high-country risks. They are not part of our universe.
- Our investment committee is ultimately responsible for approving/excluding potential investments. The committee members are briefed on the ESG profile of prospects and take this into account in their decision making.

IMPROVEMENTS & REPORTING

- We believe that leadership from the company board is key to responding to ESG challenges. We challenge and encourage them to see ESG as a value driver and integrate it into their equity story.
- We support them to track and report on the 6 KPIs prescribed by the Data Convergence Project, in addition to 3-5 company-specific climate impact initiatives for delegated leadership to focus on.
- The selections aim to drive outcomes toward process efficiency, risk reduction and value creation.
- We report on our ESG performance to investors on an annual basis.

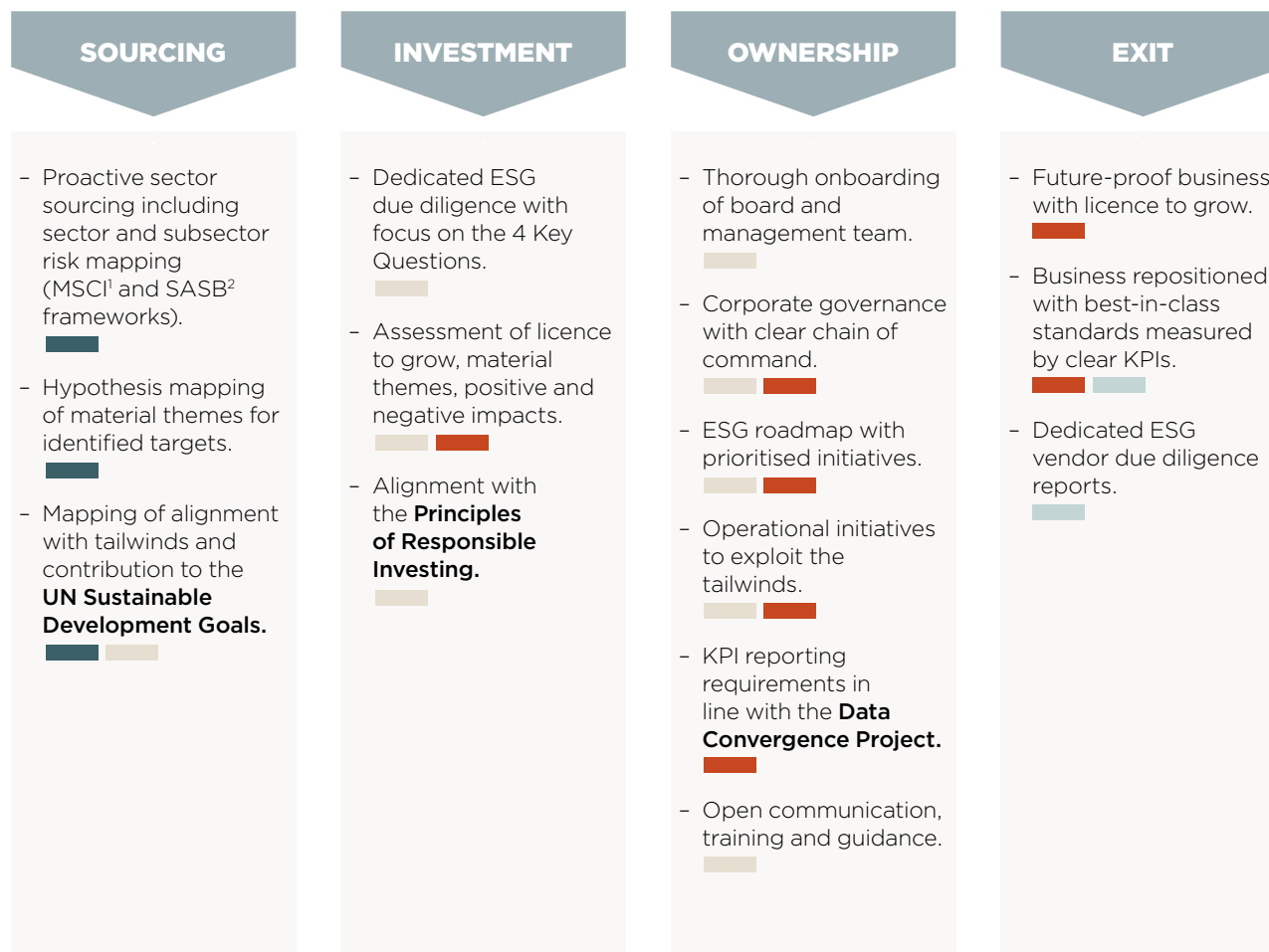
Investment Framework

KLAR's ESG Investment framework outlines how we interlink our four key questions and sustainable outlook throughout sourcing, investment, ownership, and exit phases.

External frameworks such as the **UN Sustainable Development Goals (SDGs)** and **UN Principles for Responsible Investing**, as well as external standardised reporting such as the **Data Convergence Project** are utilised across various stages of our investment process and are critical to ensure our portfolio companies become successful and sustainable businesses.





We use an ESG process to conduct due diligence on potential investments and ensure that they have value creation potential and do not harm stakeholders. We aim to support our companies through establishing a clear chain of command and helping them set ambitious improvement projects. We assess a company's contribution to the SDGs when screening for potential investment opportunities.

As an owner, it is our ambition to increase the contribution of each of our portfolio companies to delivering against the respective SDG targets. We therefore always strive to implement concrete actions which helps us to fulfil this ambition.



¹ MSCI ESG Country Risk scores (low 0 - high 10), based on a country industry classification using the Global Industry Classification Standard (GICS) and country risk-scores.

² The Sustainability Accounting Standards Board (SASB) is an ESG guidance framework that sets standards for the disclosure of financially material sustainability information by companies to their investors.

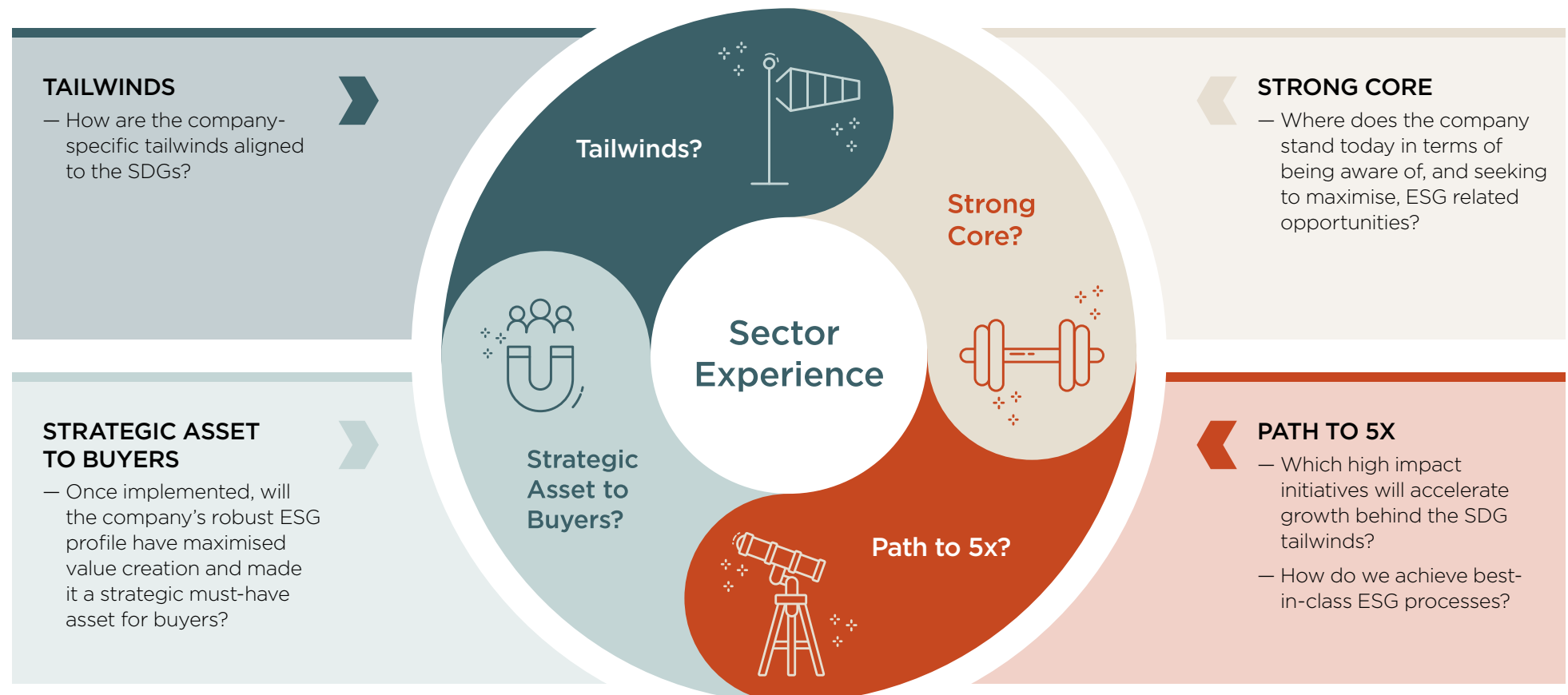
 Tailwinds
 Strong Core
 Path to 5x
 Strategic Asset to Buyers

Embedding ESG within KLAR Four Key Questions

At KLAR we strive for investments that have a positive impact on society and the challenges we are facing collectively. Consequently, we assess a company's contribution to the SDGs when screening for potential investment opportunities.

As an owner, it is our ambition to increase the contribution of each of our portfolio companies to delivering against the respective SDG targets. We therefore always strive to implement concrete actions which helps us to fulfil this ambition.

KLAR's four key questions framework requires investment in targets with positive tailwinds which implies that these targets have a sustainable license to grow.



Portfolio Company ESG Assessment

To determine the sustainability of our portfolio companies, we engaged an ESG Consultant, MJ Hudson, to define a five point scale to help categorise their ESG maturity.

Their propriety maturity model defines five stepping stones that each company experiences as it transforms into a fully sustainable business. These are outlined below.

- **REACTIVE**
ESG management driven by regulations.
- **INVOLVED**
Ad-hoc initiatives in place to manage ESG, mostly from a cost-efficiency or risk perspective.
- **COMMITTED**
Management is committed to ESG and pro-actively manages risks and opportunities.
- **INTEGRATED**
ESG is fully integrated in the daily business with a focus to optimise output and enhance (visibility of) responsible conduct.
- **FUTURE-PROOF**
Proactive deployment of fully sustainable propositions: (all) systems and operations aligned to strategy and circularity goals.

Company's current practices are assessed and categorised in a maturity level, which is also a reflection of the sustainable opportunities the company can still capture. Within our investment cycle, we support companies in identifying sustainable opportunities and implementing these to become future-proof.

This model not only gives us and respective management an understanding of where they fit currently but also provides stepping stones to help companies move towards a future-proof state.

CLASSIFICATIONS IN PERFORMANCE ASSESSMENT



Data Convergence Project (DCP)

KLAR has signed up to the DCP, the purpose of which is to create a critical mass of meaningful, performance-based ESG data from private companies by converging on a standardized set of ESG metrics for the PE industry. The standard will allow GPs and portfolio companies to benchmark their current position and generate progress toward ESG improvements, while enabling greater transparency and more comparable portfolio information for LPs. The metrics will be expanded year by year but currently comprise of the following:

| METRIC | DATA SCOPE |
|-----------------------|--|
| GHG emissions | Scope 1 (direct emissions) Scope 2 emissions (purchased electricity) Scope 3 emissions (value chain emissions) |
| Renewable energy | % of renewable energy use |
| Diversity of board | % of women % of under-represented groups |
| Work related injuries | Injuries Fatalities Days lost due to injury |
| Net new hires | New hires Attrition |
| Employee engagement | Employee survey (Y/N) Employee survey respondent |

External ESG Frameworks



UN Sustainable Development Goals

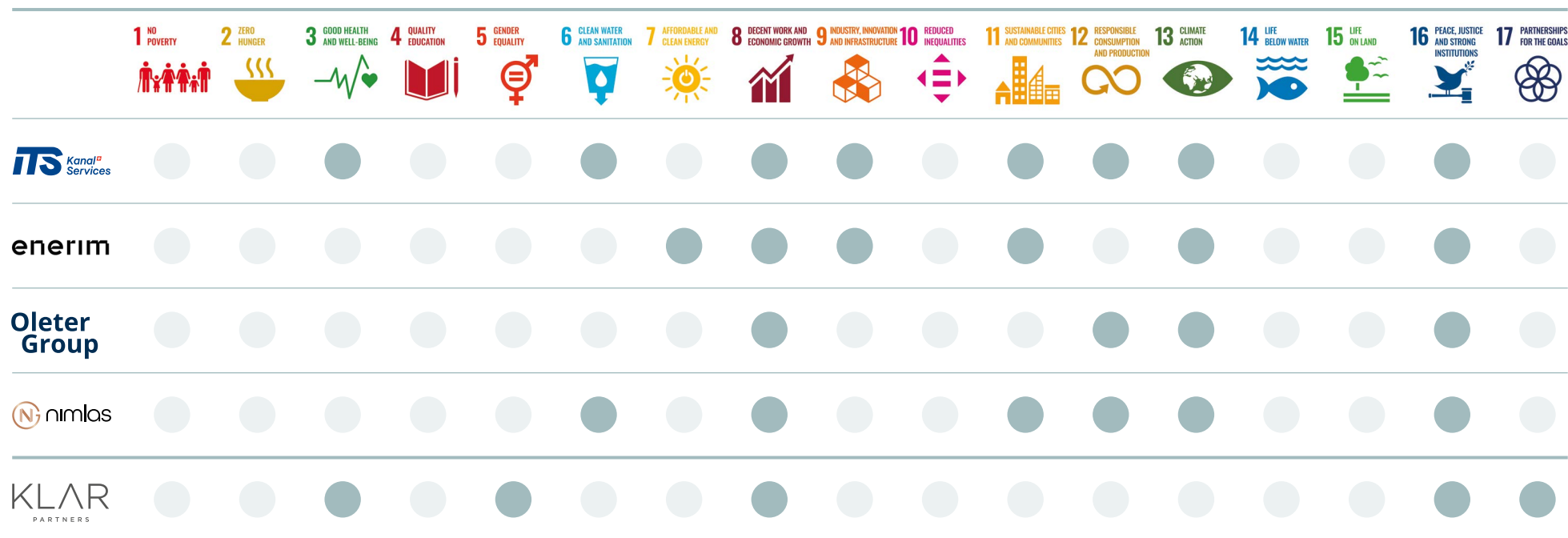
SUSTAINABLE DEVELOPMENT GOALS

The United Nations SDGs is a call to action for all public and private actors across economic sectors. In 2015, the UN set the ambition to **“end poverty, protect the planet, and ensure that by 2030, all people enjoy peace and prosperity.”** The SDGs include 17 unique goals which have a total of 169 respective targets across their action areas and address the most pressing societal challenges. Underlying each target are indicators which serve to assess progress on the SDGs on a regular basis.

KLAR'S APPROACH TO SUPPORTING THE UN SDGS

At KLAR we strive for investments that have a positive impact on society and the challenges we are facing collectively. Consequently, we assess a company's contribution to the SDGs when screening for potential investment opportunities. As an owner, it is our ambition to increase the contribution of each of our portfolio companies to delivering against the respective SDG targets. We therefore always strive to implement concrete actions which helps us to fulfil this ambition.

SDG MATERIALITY ASSESSMENT OF THE KLAR PORTFOLIO



UN Principles of Responsible Investment

THE UN PRI

The PRI is a UN-supported network of leading investors who are dedicated to promoting ESG within the financial industry.

At the core of the initiative stand six principles which aim to transform long-prevailing attitudes of viewing ESG impacts as negative externalities and implement sustainable thinking into decision-making processes.

In 2021 the UN PRI counted for almost 4000 signatories, including asset owners, investment managers and service providers who commit to integrating the principles in their daily activities.

KLAR has been a signatory since the early phases of its establishment and embraces the principles when making investment decisions. KLAR ensures transparency through UN PRI reporting in addition to its own ESG reviews.



THE SIX PRINCIPLES

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

KLAR'S APPROACH TO SUPPORT THE UN PRI

- We assess ESG criteria during all phases of the investment cycle, including screening, due diligence and ownership.
- We conduct regular ESG reviews during which we assess the performance of our companies on material ESG themes and define concrete improvement actions.
- We engage with companies to draft annual ESG reports. In addition, we integrate insights into a portfolio report and communicate efforts to investors.
- We are vocal on our stand towards ESG and the principles of responsible investments and will continue to engage with partners on the implementation of such.
- We cooperate with industry leading experts on ESG and facilitate the exchange of knowledge and best practices within and outside our portfolio.
- We are set to undergo regular reporting exercises as part of our membership of the UN PRI. In addition, we will communicate our efforts to all relevant stakeholders.

Signatory of:



The KLAR Portfolio

Enerim

ITS Kanal Services

Oleter Group

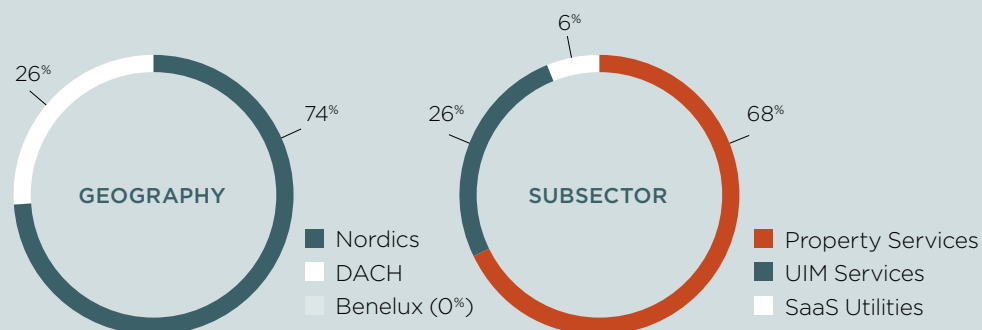
Nimlas Group

KLAR Portfolio Summary

KLAR Portfolio Overview

PORTFOLIO OVERVIEW STATS

BREAKDOWNS



SALES BREAKDOWN



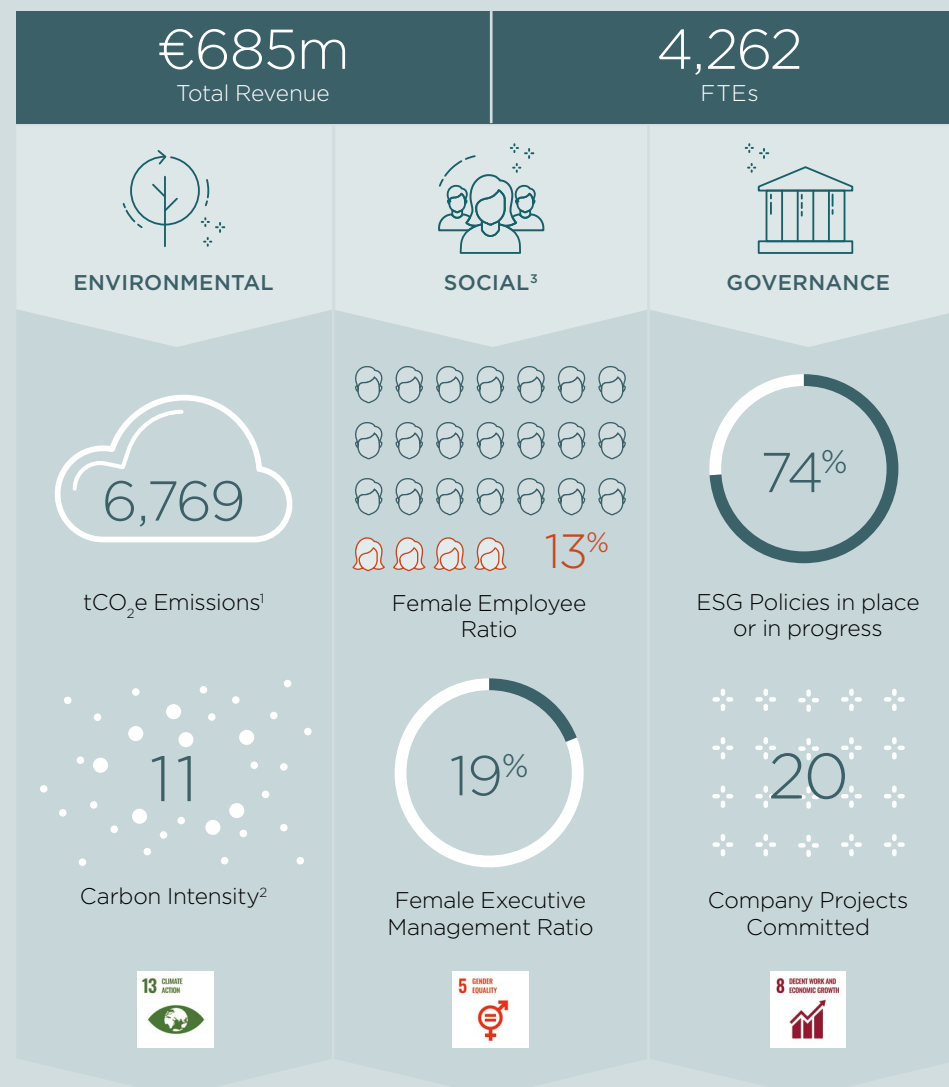
EMPLOYEE BREAKDOWN



SDG ALIGNMENT



KEY PORTFOLIO METRICS (2021)



¹ Excluding Oleter. tCO₂e Emissions are calculated as Scope I + Scope II. ² Calculated using Oleters 2020 Carbon Intensity. (tCO₂-eq/€ mln revenue). ³ Social metrics include Oleter YTD September 2021.

Enerim: Portfolio Overview

enerim

Building the leading energy management service provider to utilities in Northern Europe.

ABOUT

Through its three distinct business areas; End User Markets, Wholesale and Metering & Analytics, Enerim combines a Customer Information System SaaS solution with tech-enabled services for smart grids and energy market functions to secure energy supplies year-round.

| NET REVENUE (EUR M) | | FTE | |
|---------------------|------|-----|------|
| 35.1 | 2021 | 227 | 2021 |
| 33.8 | 2020 | 220 | 2020 |
| 28.5 | 2019 | 220 | 2019 |

KEY STATS

| | |
|--------------------------|---|
| Investment date: | June 2020 |
| Sector: | SaaS/Tech-enabled Services for Utilities |
| Transaction Type: | Carve-out |
| Geography: | Nordics |
| Headquarter: | Finland |

GEOGRAPHY RISK

Overall geographical risk is low, as Enerim is headquartered in Finland.

GEOGRAPHICAL COVERAGE OF PORTFOLIO COMPANIES¹

| | |
|------------------|-----|
| China | 5.8 |
| Southern Europe | 4.6 |
| United Kingdom | 3.5 |
| Western Europe | 3.3 |
| Germany | 3.1 |
| Switzerland | 2.6 |
| Finland (Enerim) | 2.5 |
| Sweden | 2.2 |

INDUSTRY RISK

ESG industry risk score is low, amidst Enerim's involvement in the IT Consulting and other services industry.

ENERIM ESG INDUSTRY RISK SCORE VS. UNIVERSE (1-10)¹

| | |
|------------------------|------------|
| Metals & Mining | 10.0 |
| Electric Utilities | 9.0 |
| Food Retail | 9.0 |
| PE Peer 1 ² | 7.3 |
| PE Peer 2 ² | 4.0 |
| Building Products | 4.0 |
| Banks | 4.0 |
| PE Peer 3 ² | 3.8 |
| IT Consulting | 1.0 |
| Enerim | 1.0 |

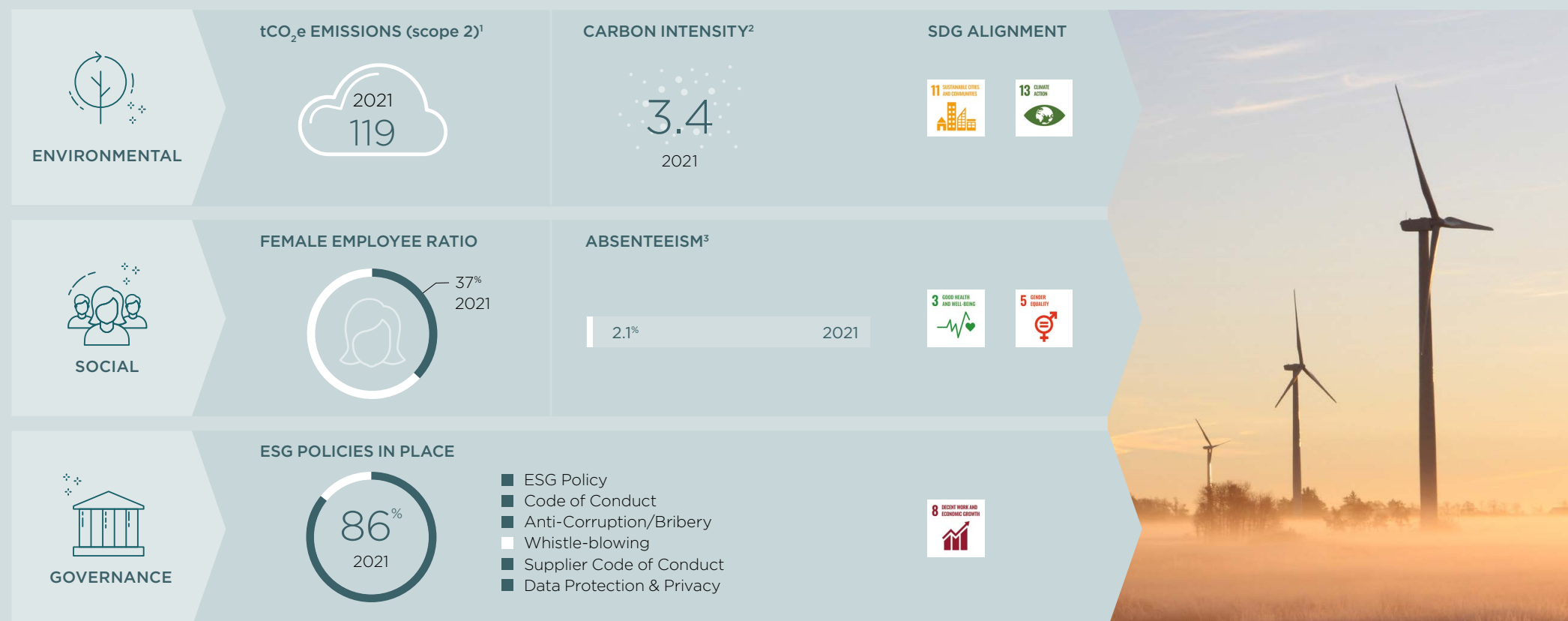
¹ MSCI ESG Industry Risk scores (low 0 - high 10), based on a company's industry classification using the Global Industry Classification Standard (GICS). ² Other private equity firm clients of advisor MJ Hudson – most of them comparable to KLAR in industry and geographical exposure. These scores are not based on the actual activities of the companies or their performance, but on the industry in general.

Enerim: Portfolio Overview (continued)

enerim

Enerim's ESG risk score is low. The tech-enabled services industry can positively contribute to a sustainable future by providing data solutions which accelerate the clean energy transition.

ENERIM KEY PORTFOLIO METRICS



¹ Based on Environmental carbon metrics based on an average grey electricity consumption of 013MWh per m². ² Carbon Intensity is calculated as tCO₂e / € m revenue. ³ Absenteeism rate is the total amount of sick days multiplied by 8 working hours, divided by total working hours of the year.

Enerim: Portfolio Overview (continued)

enerim

TAILWINDS

LOW

MEDIUM

HIGH

High ESG relevance due to the company's ability to accelerate the clean energy transition through the provision of high quality data management and software solutions.

Industry Developments

- As renewable energy penetration increases, energy systems need to be more flexible, driving demand for smart data management solutions.
- The EU's Smart Grid Task force calls for the implementation of a holistic cybersecurity approach.
- Other energy companies within Finland aim to decrease their customer CO₂ emissions by 10-15% annually.

Future-Proof Industry

- The 'IT Consulting & Other Services'¹ industry can positively contribute to a sustainable future by providing data solutions which accelerate the clean energy transition, and given that data security is ensured at all times.

STRONG CORE

- Software minimises energy forecasting errors and avoids the use of carbon-intensive reserves.
- Diversity & Inclusion is promoted through an Equity Plan and gender pay gap analysis.
- The company participates in industry and regulatory initiative to facilitate smart grid adoption.



PATH TO 5X

ESG Roadmap 2022

| | Timeline | KPI |
|---|----------------|----------------------------|
| 1. Carbon Savings Project Ambition: Set up a carbon pilot project to develop an initial estimation of the amount of carbon avoided by accurate forecasting and review the first initial results. | End of 2022 | tCO ₂ e |
| 2. Career Development Paths Ambition: Develop long-term and internal career development paths based on the individual ambitions and capabilities of employees. | End of Q3 2022 | Employee satisfaction |
| 3. ESG Communication Ambition: Extend sustainability section on company website to include performance highlights on material ESG themes. | End of Q2 2022 | # of ESG policies in place |

¹ Industry classification using the Global Industry Classification Standard (GICS).

SDG ALIGNMENT



Enerim: Case Study

enerim

TAILWINDS

Transmission System Operators (TSOs) and Distribution System Operators (DSOs) face new challenges requiring greater coordination such as growth in renewable energy, increased interconnection of European grids, and stricter regulation.

PATH TO 5X

Enerim participates in the INTERFACE project which aims to increase coordination mechanisms to facilitate the flexibility of electricity networks and enable the increased influx of renewable energy in line with regulation requirements.

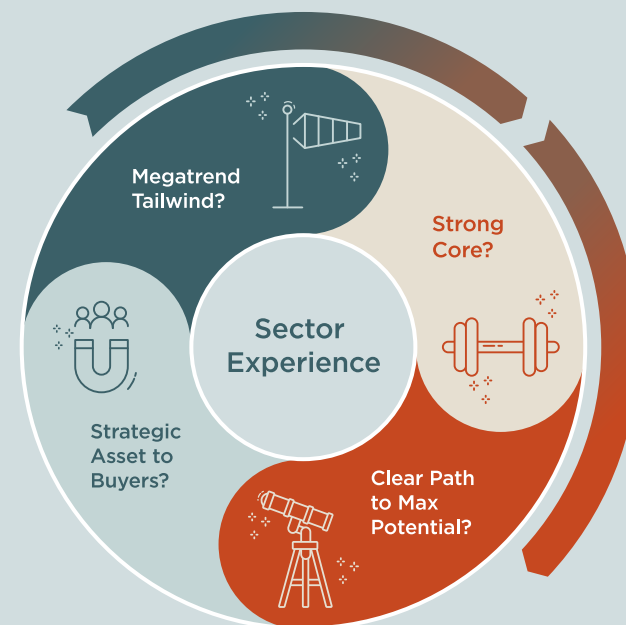
THE INTERFACE PROJECT HAS IDENTIFIED FIVE STRATEGIC OBJECTIVES:

- Create architecture for pan-European electricity exchange linking wholesale and retail markets in a transparent, non-discriminatory way.
- Define and demonstrate standardised products, key parameters and the activation and settlement process for energy services.
- Drive collaboration between TSOs and DSOs.
- Integrate assets to increase market liquidity for grid services.
- Promote state-of-the art digital technologies into electricity value chain.

ENERIM'S ROLE IN THE INTERFACE PROJECT

Enerim participates as a full consortium member in the project. The company is active in market design tasks, information model work and the development of the pan-European concept and marketplace functionality. Furthermore, the company supports the project's objective to create access to innovation.

During the demonstration phase, Enerim will enable flexible resources to be connected to the market. In addition, the company will enable local reporting and settlement of flexible resources based on market results.



CASE STUDY KEY STATS

| | |
|------------------|-----------|
| Budget: | €20.9m |
| Grant: | €16.8m |
| Duration: | 2019-2023 |
| Partners: | 42 |



Ensure access to affordable, reliable, sustainable and modern energy for all

ITS Kanal Services: Portfolio Overview



ABOUT

ITS Kanal Services offers underground infrastructure maintenance (UIM) services in a resilient market across eight locations in Switzerland. The company's services consist of UIM cleaning and maintenance through flushing and inspection, as well as UIM maintenance and repair. The company has a large and well-diversified customer base consisting of local municipalities, industrial customers as well as private and institutional property owners. With almost 300 employees, ITS Kanal Services is the largest UIM service provider in Switzerland.

KEY STATS

Investment date: May 2021
Sector: UIM Services
Transaction Type: Carve-out
Geography: DACH
Headquarter: Switzerland

NET REVENUE (EUR M)

| | | | |
|------|------|-----|------|
| 50.8 | 2021 | 275 | 2021 |
| 47.4 | 2020 | 275 | 2020 |
| 47.2 | 2019 | 272 | 2019 |

FTE

GEOGRAPHY RISK

Overall geographical risk is limited as ITS is headquartered in Switzerland.

GEOGRAPHICAL COVERAGE OF PORTFOLIO COMPANIES¹

| | |
|-------------------|-----|
| China | 5.8 |
| Southern Europe | 4.6 |
| United Kingdom | 3.5 |
| Western Europe | 3.3 |
| Germany | 3.1 |
| Switzerland (ITS) | 2.6 |
| Finland | 2.5 |
| Sweden | 2.2 |

INDUSTRY RISK

The industry risk score for ITS is low to moderate, mostly driven by involvement in the Environmental & Facilities and Diversified Support Services industries.

QMG ESG INDUSTRY RISK SCORE VS. UNIVERSE (1-10)¹

| | |
|---------------------------|------|
| Metals & Mining | 10.0 |
| Electric Utilities | 9.0 |
| Food Retail | 9.0 |
| PE Peer 1 ² | 7.3 |
| ITS Kanal Services | 4.5 |
| PE Peer 2 ² | 4.0 |
| Building Products | 4.0 |
| Banks | 4.0 |
| PE Peer 3 ² | 3.8 |
| IT Consulting | 1.0 |

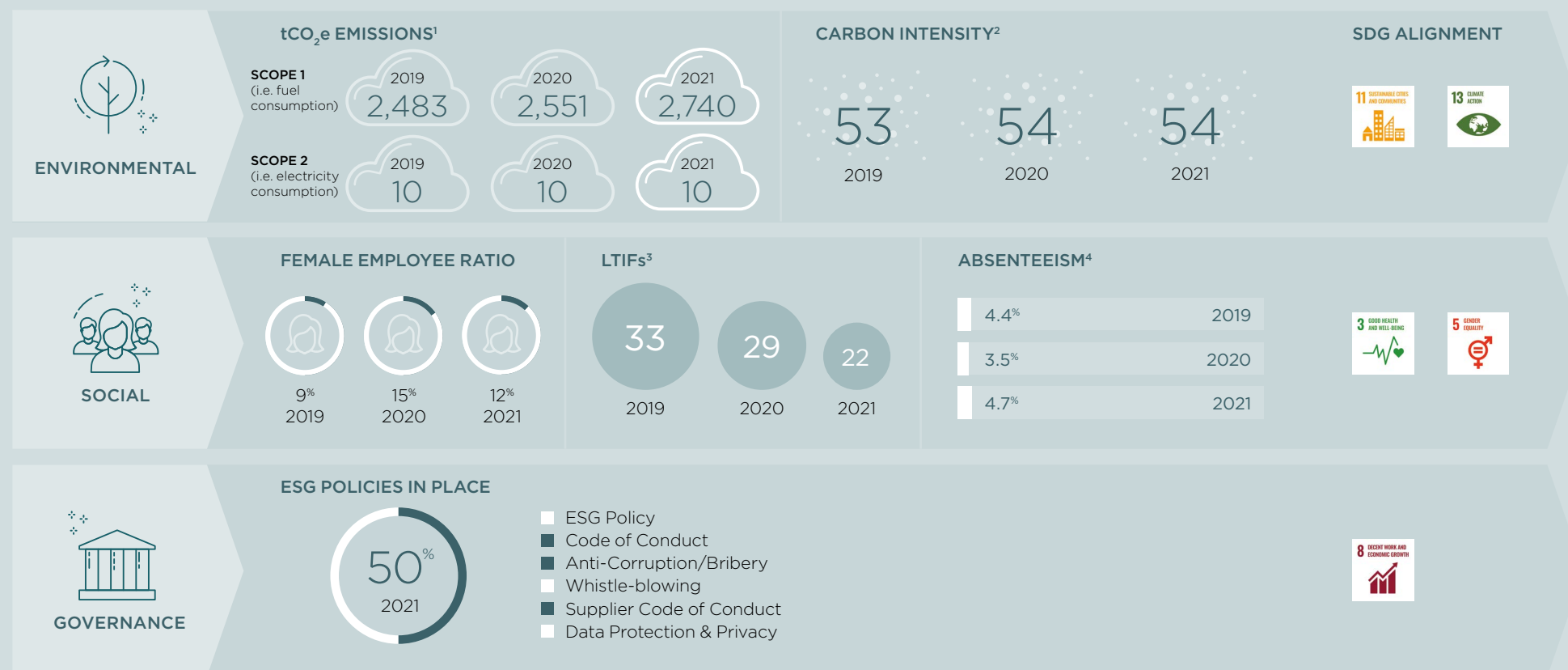
¹ MSCI ESG Industry Risk scores (low 0 - high 10), based on a company's industry classification using the Global Industry Classification Standard (GICS). ² Other private equity firm clients of advisor MJ Hudson – most of them comparable to KLAR in industry and geographical exposure. These scores are not based on the actual activities of the companies or their performance, but on the industry in general.

ITS Kanal Services: Portfolio Overview (continued)



ITS's risk score is Low - Moderate. Water Utilities & Services' industry can positively contribute to a sustainable future by increasing climate resilience. Certain conditions have to be met, such as improved management of materials (e.g. recycling, hazardous materials) and a reduction in carbon emissions.

ITS KANAL SERVICES KEY PORTFOLIO METRICS



¹ tCO₂e Emissions calculated as Scope I + Scope II. ² Carbon Intensity is calculated as tCO₂ -eq / € m revenue. ³ LTIF is defined as the number of non-fatal accidents per million hours worked which resulted in work absence. For ITS this calculation is the total number of accidents multiplied by 1 million hours divided by total hours worked. ⁴ Absenteeism rate is the total amount of sick days multiplied by 8 working hours, divided by total working hours of the year. Absenteeism Benchmark 12%, based off MH Hudson internal benchmarking for 'Water Utilities & Services' industry.

ITS Kanal Services: Portfolio Overview (continued)



TAILWINDS

LOW

MEDIUM

HIGH

High ESG relevance due to the company's ability to improve the climate resilience of cities through high-quality sewage and pipe maintenance services.

Industry Developments

- Demand for sewage system maintenance services is likely to increase due to an increase in the frequency and severity of extreme weather events.
- While regulations do not impose minimum maintenance intervals, stricter environmental standards are being introduced.
- The competitive landscape is segmented and sustainability initiatives are largely quality-focused.

Future-Proof Industry

- The 'Water and Utility Services'¹ industry has the potential to become future-proof if service providers further optimise their offering to improve the climate resilience of sewage systems.

STRONG CORE

- ITS Management assesses climate risks to conduct preventive pipe maintenance.
- Fleet modernisation plan is in place to reduce Scope I emissions through the use of EVs.
- Company seeks to implement ESG, whistle-blowing & data privacy plans.



PATH TO 5X

ESG Roadmap 2022

Timeline

1. Carbon Reduction Projects

End of 2022

Ambition: Set up internal projects to reduce operational fuel consumption, such as training sessions on efficient route planning for disposition team.

2. Employee Engagement Survey

End of 2022

Ambition: Implement (digital) system to conduct regular engagement surveys. Analyse insights and create concrete action plans on most pressing issues.

3. ESG Policy & Governance

End of 2022

Ambition: Develop a comprehensive ESG policy, outlining the company's ambition on material themes and set up ESG KPI monitoring system.

SDG ALIGNMENT



¹ Industry classification using the Global Industry Classification Standard (GICS).

ITS Kanal Services: Case Study – Current Initiatives



TAILWINDS

The FOEN (Federal Office for the Environment) stipulates requirements to preserve and improve water quality across Switzerland. 90% of the public sewer system in Switzerland is more than 25 years old (and

20% is more than 90 years old). This, combined with the expected frequency and severity of extreme weather events, leads to fragility around access to clean water and sanitation.

PATH TO 5X

ITS Kanal Services increases the climate resilience of cities through high-quality sewage and pipe maintenance services and supports municipalities through trenchless pipe rehabilitation.

WHAT ATTRACTED US

When first assessing an investment in ITS Kanal Services, we were impressed by the company's ability to improve the climate resilience of cities through high-quality sewage and pipe maintenance services. As a leading full-service provider, ITS Kanal Services can support municipalities in their endeavours to maintain the sewer system, including through trenchless pipe rehabilitation **which reduces emissions by up to 80%** compared to the excavation of pipes.

Furthermore, through its holistic inhouse recycling of sludge, sewage and hazardous waste materials, the company is not only able to improve its operational flexibility and efficiency (no dependencies on opening hours and capacity of other recycling plants). **ITS Kanal Services also contributes significantly to a circular economy:** as part of the recycling process, gravel, sand,

stones and metal is separated, cleaned and sold to third parties. The recycled and purified wastewater is re-used to operate the company's recycling plants as well as to operate ITS Kanal Services' flushing vehicles which use the water to flush sewer pipes. According to company estimates, that allows ITS Kanal Services to **save 15 million litres of water annually**, which would otherwise have to be sourced from fresh water sources.

SELECTED ESG INITIATIVES TO DATE

KLAR has committed significant resources to support ITS Kanal Services' growth and will continue to invest in the business in the future. In 2021 we supported the upgrade of the existing fleet and investments into new vehicles, including electric vans. These investments set the foundation for ITS Kanal Services' organic growth ambitions and improve its fleet efficiency as well as reduce its fuel consumption.

We have further invested in upgrading the recycling plant in Kägiswil by purchasing a decanter centrifuge. This investment allows an increase in the overall recycling capacity, **raise the recycling potential from 70% to 95% of total waste material**, to lower the water content and to reduce pollution levels of processed sludge, enabling the company to sell the waste material to concrete manufacturers.

Lastly, KLAR is working closely with the company's management to develop a comprehensive ESG policy, outlining the company's ambition on material themes, implement an ESG KPI monitoring system to collect data cross all its business units, and define responsibilities on ESG themes and projects within the company's governance structure.



Ensure availability and sustainable management of water and sanitation for all

Oleter Group: Portfolio Overview



Northern European provider of Property Damage Restoration services.

ABOUT

Oleter Group is a leading provider of property damage restoration services, offering damage inspection and restoration of fire and water damage to both insurance and commercial customer groups. The company has a strong geographical presence in Sweden, Norway and Denmark with c. 1,700 employees in >90 locations. In 2021, Oleter Group had sales of approximately SEK 2.2 billion (c. €220m).

NET REVENUE (EUR M)

| | | | |
|-----|------|-------|------|
| 220 | 2021 | 1,965 | 2021 |
| 202 | 2020 | 1,753 | 2020 |

FTE

KEY STATS

| | |
|--------------------------|---|
| Investment date: | September 2021 |
| Sector: | Property Damage Restoration services |
| Transaction Type: | Primary Partnership (bilateral) |
| Geography: | Nordics |
| Headquarter: | Sweden |

GEOGRAPHY RISK

Overall geographical risk is limited, as Oleter Group is headquartered in Sweden and operates in Scandinavia.

GEOGRAPHICAL COVERAGE OF PORTFOLIO COMPANIES¹

| | |
|-----------------------|-----|
| China | 5.8 |
| Southern Europe | 4.6 |
| United Kingdom | 3.5 |
| Western Europe | 3.3 |
| Germany | 3.1 |
| Switzerland | 2.6 |
| Finland | 2.5 |
| Sweden (Oleter Group) | 2.2 |

INDUSTRY RISK

The industry risk score for Oleter Group is low to moderate, mostly driven by involvement in the Environmental & Facilities and Diversified Support Services industries.

QMG ESG INDUSTRY RISK SCORE VS. UNIVERSE (1-10)¹

| | |
|------------------------|------|
| Metals & Mining | 10.0 |
| Electric Utilities | 9.0 |
| Food Retail | 9.0 |
| PE Peer 1 ² | 7.3 |
| Oleter Group | 4.5 |
| PE Peer 2 ² | 4.0 |
| Building Products | 4.0 |
| Banks | 4.0 |
| PE Peer 3 ² | 3.8 |
| IT Consulting | 1.0 |

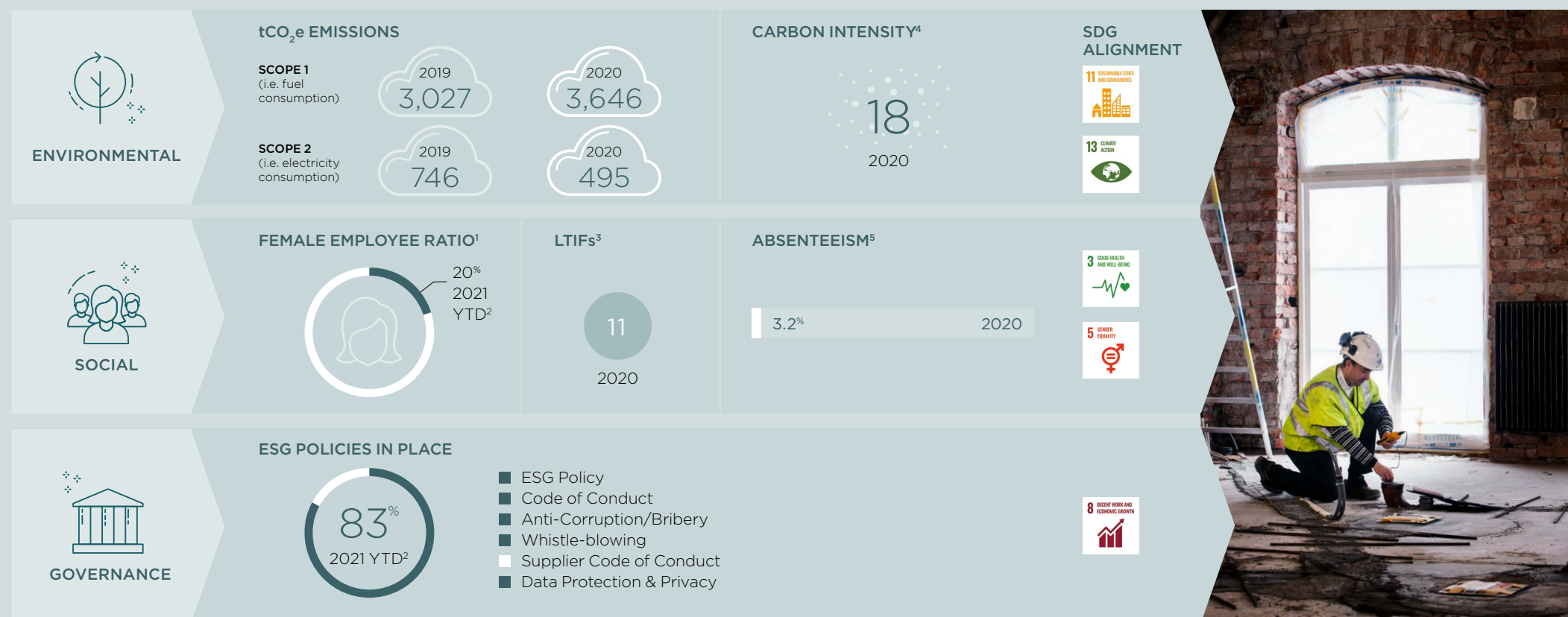
¹ MSCI ESG Industry Risk scores (low 0 - high 10), based on a company's industry classification using the Global Industry Classification Standard (GICS). ² Other private equity firm clients of advisor MJ Hudson – most of them comparable to KLAR in industry and geographical exposure. These scores are not based on the actual activities of the companies or their performance, but on the industry in general.

Oleter Group: Portfolio Overview (continued)

Oleter Group

Oleter's ESG-risk score is Moderate, due to activities in the remediation of buildings which improve the life expectancy of real estate and improve quality of older buildings.

OLETER GROUP KEY PORTFOLIO METRICS



¹ Female Employee Ratio is for Sweden Only. ² YTD September 2021. ³ LTIF is defined as the number of non-fatal accidents per million hours worked which resulted in work absence. For Oleter this is total accidents multiplied by 1 million hours divided by estimated hours worked (total # employees x 40 hours x 50 weeks). ⁴ Carbon Intensity is calculated as tCO₂ -eq / € m revenue. ⁵ Absenteeism rate is the total amount of sick days multiplied by 8 working hours, divided by total working hours of the year. Industry Benchmark 4% based on the MJ Hudson internal benchmarking for 'Environmental & Facilities Services' industry.

Oleter Group: Portfolio Overview (continued)



TAILWINDS

LOW

MEDIUM

HIGH

Medium ESG relevance due to activities in the remediation of buildings which improve the life expectancy of real estate and improve quality of older buildings.

Industry Developments

- Customers are seeking restoration solutions which increase the longevity of property and enhances energy efficiency.
- Further investments in best-in-class removal techniques will enable better material control, leading to safer and healthier working environments.
- The risk of property damage will increase due to acute weather events (e.g. flooding), driving demand for restoration services. In addition, customers will seek to increase the resilience of buildings.

Future-Proof Industry

- The 'Environmental & Facilities Service' and 'Diversified Support Service'¹ industries have the potential to become future-proof if service providers further optimize their offerings to improve resiliency of buildings and mitigation against future climate events.

STRONG CORE

- Oleter had a climate reduction target in place which is approved by the Science Based Targets Initiative.
- Group seeks to enhance customer awareness by sharing the project carbon footprint.
- Company prioritizes quality through dedicated and efficient hazardous waste reporting.



PATH TO 5X

ESG Roadmap 2022

| | Timeline | KPI |
|--|-------------|----------------------------|
| 1. Electrification of Fleet Ambition: Monitor current fleet and replace with EV or best alternative at end of life. | End of 2022 | # of EVs in fleet |
| 2. Digitally Enabled Optimization Ambition: Implement a tool for route optimisation and to ease client order servicing. | End of 2022 | Launch of digital HUB |
| 3. Become a Great Place to Work Ambition: Track health & safety across divisions and implement governance tools. | End of 2022 | Absenteeism & injury rates |
| 4. ESG Digitalisation Ambition: Digitalise ESG projects and simplify compliance reporting with the HUB. | End of 2022 | Launch of digital HUB |

SDG ALIGNMENT



¹ Industry classification using the Global Industry Classification Standard (GICS).

Oleter Group: Case Study

Oleter Group

TAILWINDS

Increased demand for transparency in installation repair.

PATH TO 5X

Oleter implemented CO₂ reporting on all invoices.



During 2021, Oleter Group implemented CO₂ reporting on all invoices, allowing customers to effectively track their environmental footprint as well as enabling Oleter to be accountable for its ambitious climate goals.



Our investment in CO₂ reporting is a win-win: we gain customer transparency and internal accountability, and our competitors are under pressure to adopt similar complex reporting standards – a significant competitive advantage for Oleter Group.

Linus Berg, Head of Sustainability



WHY?

- Improve transparency to customers and internal stakeholders.
- Invoices are an effective medium to consistently report to customers.
- CO₂ impact is widely reported in other industries (e.g., nutrition), however Property Damage Restoration is highly complex and CO₂ reporting is therefore a clear differentiation.

HOW?

- 4+ month project led by Oleter's Head of Sustainability, aided by external ESG experts.
- Created a highly complex model which carefully assesses the CO₂ impact on a line-by-line basis and is integrated into the ERP system.

IMPACT

- Highly positive reception by customers, some of whom have now started tracking their CO₂ reporting.
- Internal accountability and ability to track Oleter's progress towards an improved footprint.
- Key next step is to develop the ability to provide a relative metric and report CO₂ savings of restoration vs. replacement (up to 80-90% improvement).



Ensure sustainable production and consumption patterns

Nimlas Group: Portfolio Overview



Building the best technical installation services company in the Nordics.

ABOUT

Nimlas Group was formed through the combination of Sandbäckens and QMG and is a leading Nordic technical installation services platform with revenues of almost €400m and more than 2,000 employees.

The Group provides installation and maintenance services across a wide range of technical disciplines from heating and cooling to water, fire safety, ventilation, automation, electricity, refrigeration and security.

NET REVENUE (EUR M)

| | | | |
|-----|------|-------|------|
| 379 | 2021 | 2,022 | 2021 |
| 340 | 2020 | 1,510 | 2020 |
| 296 | 2019 | 1,520 | 2019 |

FTE

KEY STATS

| | |
|--------------------------|--|
| Investment date: | Sandbäckens: March 2021 QMG: October 2021 |
| Sector: | Technical Installation Services |
| Transaction Type: | Secondary Buy-Out |
| Geography: | Nordics |
| Headquarter: | Sweden |

GEOGRAPHY RISK

Overall geographical risk is limited, as Nimlas is present in Sweden and Finland.

GEOGRAPHICAL COVERAGE OF PORTFOLIO COMPANIES¹

| | |
|---------------------------|-----|
| China | 5.8 |
| Southern Europe | 4.6 |
| United Kingdom | 3.5 |
| Western Europe | 3.3 |
| Germany | 3.1 |
| Switzerland | 2.6 |
| Nimlas Group ² | 2.5 |
| Sweden | 2.2 |

INDUSTRY RISK

The industry risk score for Nimlas Group is low to moderate, mostly driven by involvement in the Environmental & Facilities and Diversified Support Services industries.

QMG ESG INDUSTRY RISK SCORE VS. UNIVERSE (1-10)¹

| | |
|------------------------|------|
| Metals & Mining | 10.0 |
| Electric Utilities | 9.0 |
| Food Retail | 9.0 |
| PE Peer 1 ³ | 7.3 |
| Nimlas Group | 4.5 |
| PE Peer 2 ³ | 4.0 |
| Building Products | 4.0 |
| Banks | 4.0 |
| PE Peer 3 ³ | 3.8 |
| IT Consulting | 1.0 |

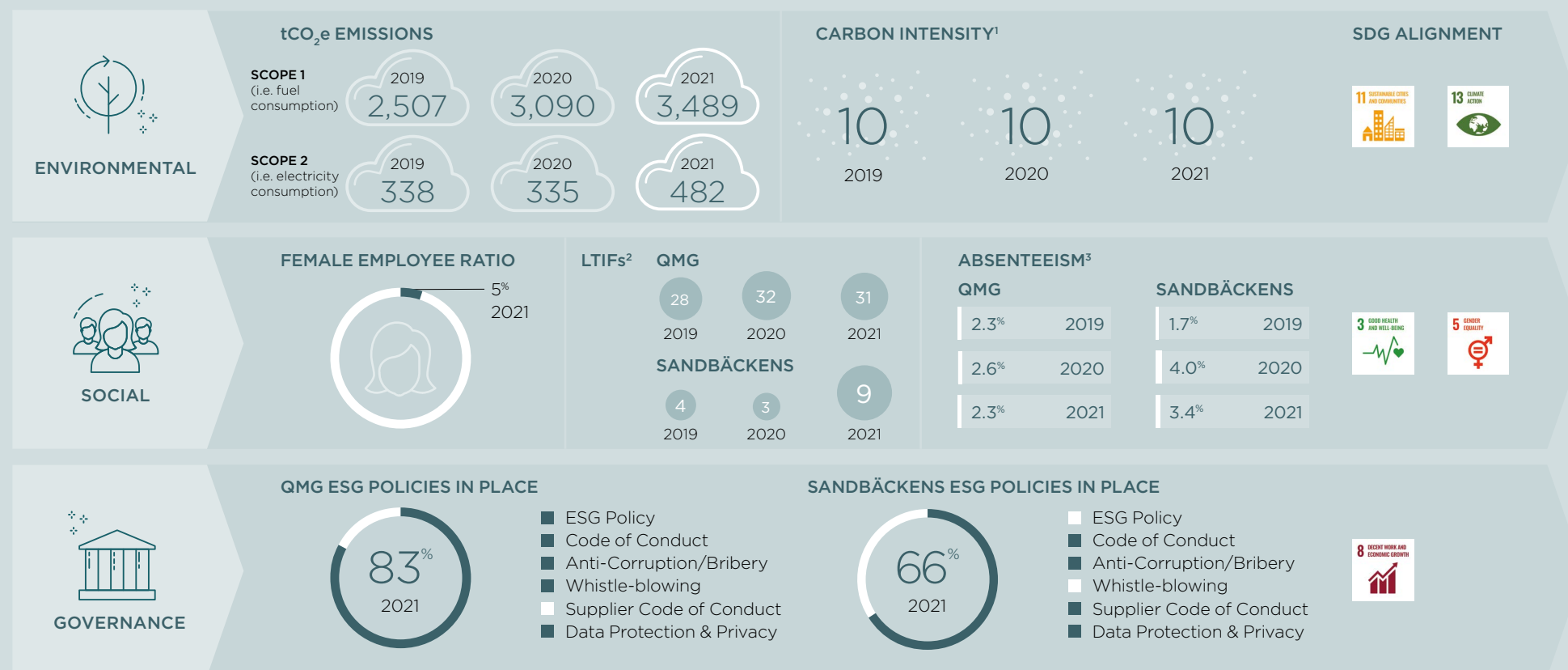
¹ MSCI ESG Industry Risk scores (low 0 - high 10), based on a company's industry classification using the Global Industry Classification Standard (GICS). ² Sweden & Finland. ³ Other private equity firm clients of advisor MJ Hudson - most of them comparable to KLAR in industry and geographical exposure. These scores are not based on the actual activities of the companies or their performance, but on the industry in general.

Nimlas Group: Portfolio Overview (continued)



Nimlas Group's ESG risk score is low. Technical Installation services can contribute to a sustainable future by improving the efficiency of public and private buildings. Ensuring that technology is available to all owners at an affordable price is one key condition for ensuring sustainable efforts are far reaching.

NIMLAS GROUP KEY PORTFOLIO METRICS



¹ Carbon Intensity is calculated as tCO₂ -eq / € m revenue. ² LTIF is defined as the number of non-fatal accidents per million hours worked which resulted in work absence. For QMG absence was recorded as 1 or more working day. For Sandbäckens this calculation is based off >3 days of absence from work. ³ Absenteeism rate is the total amount of sick days multiplied by 8 working hours, divided by total working hours of the year. Absenteeism Industry Benchmark 4%, based off MH Hudson internal benchmarking for 'Environmental & Facilities Service' & 'Diversified Support Service' industries.

Nimlas Group: Portfolio Overview (continued)



TAILWINDS

Medium ESG industry relevance due to being an enabler for sustainable change within the construction / real estate market; overall increasing resiliency and reducing impact.

Industry Developments

- Customers are increasingly requesting efficient HVAC, water, and electric systems to reduce their environmental impact.
- Automated and connected systems are under development for future building management, in order to diagnose quickly actionable maintenance.
- Regulatory change is impacting the future stock of buildings, as governments aim to develop smart cities with interconnectivity to reduce resource usage.

Future-Proof Industry

- The 'Environmental & Facilities Service' & 'Diversified Support Service'¹ industries have potential to become future-proof if service providers further optimise their offerings to improve the climate resilience of buildings and overall resource efficiency.

STRONG CORE

- Nimlas Group aims to improve services by lowering cost of insurance on re-engagement projects.
- The Company has material management processes in place for hazardous waste reporting.
- Management is beginning to track quality claims, as well as employee health and safety metrics.



LOW

MEDIUM

HIGH

PATH TO 5X

ESG Roadmap 2022

| | Timeline | KPI |
|--|----------------|-----------------------|
| 1. Carbon Footprint Tracking Ambition: Track Scope I, Scope II, and develop a Scope III emissions measurement system. | End of 2022 | tCO ₂ e |
| 2. Supplier Due Diligence Ambition: Evaluate impact of products by utilizing Environmental Product Declarations. | End of 2022 | % suppliers evaluated |
| 3. Employee Engagement Plan Ambition: Implement and track survey, with intent to increase employee satisfaction. | End of Q2 2022 | Employee satisfaction |
| 4. Recall Rate Assessment Ambition: Track, measure & reduce deductible cost for client installation coverage. | End of 2022 | Insurance cost |
| 5. ESG Policy Ambition: Develop a comprehensive ESG policy with material themes ambition. | End of 2022 | ESG policy in place |

SDG ALIGNMENT



¹ Industry classification using the Global Industry Classification Standard (GICS).

Nimlas Group: Case Study



Sandbäckens Connect helps Karlshamnshus in Karlshamn, Sweden, reduce heating costs by an estimated 19%.

TAILWINDS

“Europe can achieve a zero-emission and fully decarbonised building stock by 2050”.



The European Commission believes that

“Buildings are one of the largest sources of energy consumption in Europe. Boosting their energy efficiency would cut emissions, tackle energy poverty, reduce people’s vulnerability to energy prices and support the economic recovery and job creation.... The revised directive sets out how Europe can achieve a zero-emission and fully decarbonised building stock by 2050. The proposed measures will increase the rate of renovation... It supports... the digitalisation of energy systems for buildings...”

https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_6686



Make cities and human settlements, inclusive, safe, resilient and sustainable

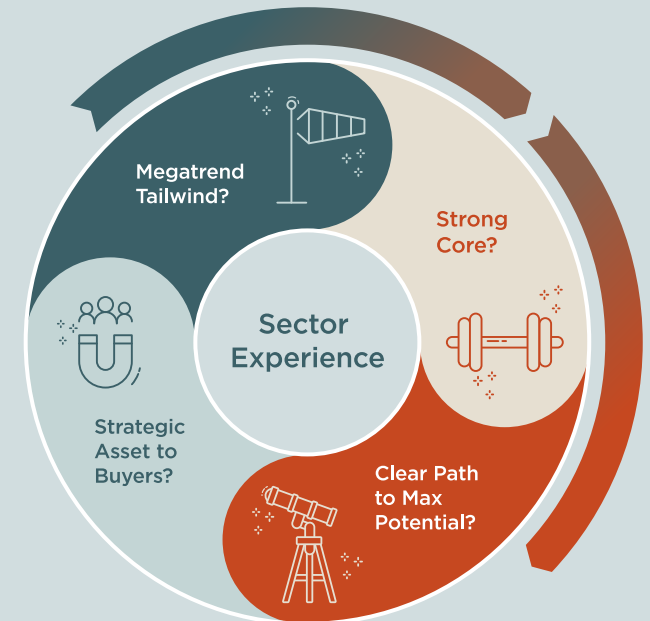
PATH TO 5X

Nimlas Group introduces Sandbäckens Connect, a next generation cloud-based building information management tool reducing energy consumption from heating by 19% at Karlshamnshus.

NIMLAS GROUP AND THE SANDBÄCKENS CONNECT PROJECT

Karlshamnshus consists of 350 apartments across 10 buildings over more than 24,000 square metres. The project was built between 1968 and 1971. During 2021 Sandbäckens installed new control systems using Sandbäckens Connect in all 10 buildings.

Sandbäckens Connect is a **next generation cloud-based building information management system** which enables remote monitoring and control. It ties together isolated automation systems and uses artificial intelligence diagnostics to increase the buildings’ efficiency. The result



was a 19% estimated reduction in heating cost for the buildings. In addition, the remote monitoring ensures increased uptime, real time analytics and an increased utilisation rate of assets and resources without the need for service personnel to drive to the site.

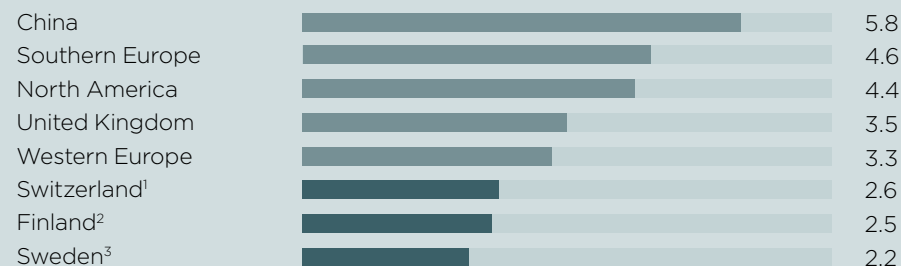
This example is an illustration of how Nimlas Group works closely with its customers to significantly reduce the emission footprint of the existing building stock in an economically viable manner.

KLAR Portfolio Summary

ABOUT

KLAR's portfolio comprises 5 investments across 4 portfolio companies located throughout Switzerland, Finland and Sweden. We make control investments in companies providing mission critical products and services, partnering with management to build sustainable, market-leading businesses through a responsible investment approach.

GEOGRAPHICAL COVERAGE OF PORTFOLIO COMPANIES



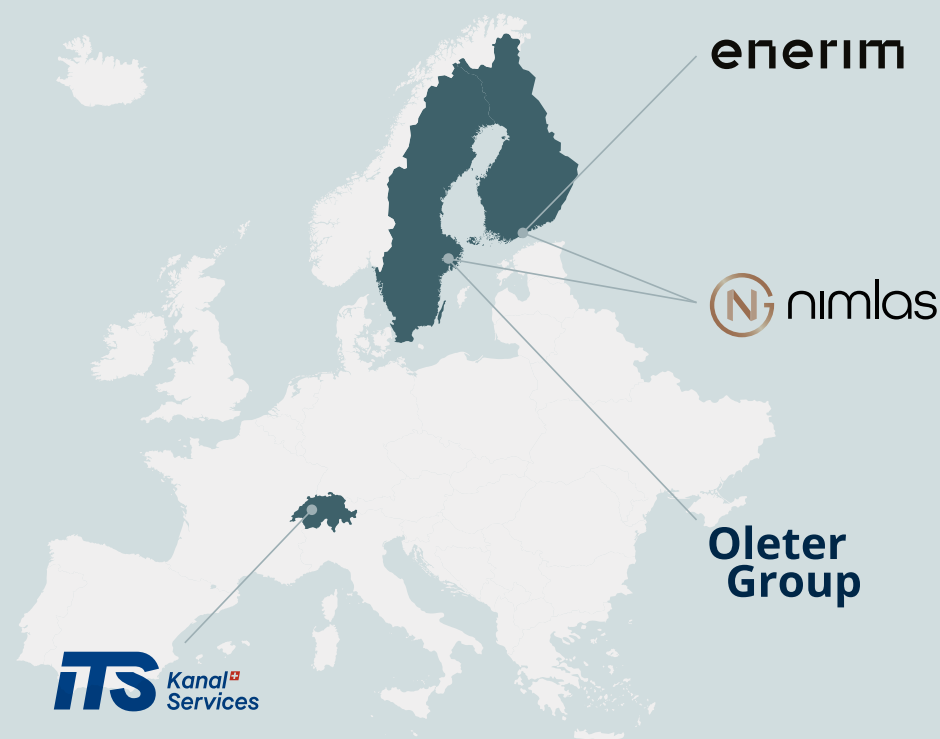
¹ ITS. ² Nimlas Group (QMG) and Enerim. ³ Nimlas Group (Sandbäckens) and Oleter Group.

- All companies in the KLAR portfolio are headquartered in Western Europe.
- According to MSCI, industries in Western countries have low material exposure to ESG risks due to high economic development and increased market accessibility.
- Direct exposure to ESG risks is limited. However, companies must manage upstream supply chain risks, which can be minimised through due-diligence or code of conduct setting.
- Climate impacts to buildings or supply chain disruption due to flood or fire risk are low but may be relevant in future decades.

KEY STATS

Sectors: Business Services and Industrial Technology

Geographies: Nordics, Benelux and DACH

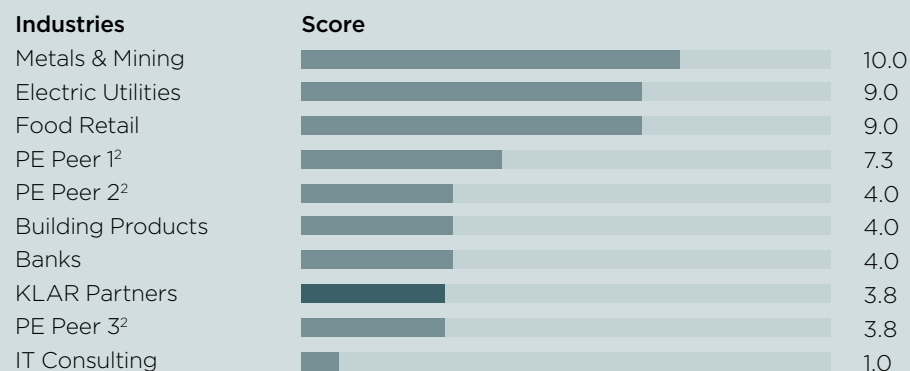


KLAR Portfolio Summary (continued)

INDUSTRY RISK

The KLAR portfolio ESG-risk score is low to moderate, mostly driven by involvement in the Environmental & Facilities and Diversified Support Services industries.

PORTFOLIO ESG INDUSTRY RISK SCORE VS. UNIVERSE (1-10)¹



¹ MSCI ESG Industry Risk scores (low 0 - high 10), based on a company's industry classification using the Global Industry Classification Standard (GICS). ² Other private equity firm clients of MJ Hudson - most of them comparable to KLAR in industry and geographical exposure.

GEOGRAPHY RISK

ESG-RISK SCORE OF KLAR INDUSTRIES (1-10)³

| Company | GICS Classification | Score |
|---------------------------|--|-------|
| Oleter Group | Environmental Facilities and Services and Diversified Support Services | 4.5 |
| nimlas | | |
| ITS Kanal Services | | |
| enerim | IT Consulting and Other Services | 1 |

³ This score is based on MSCI ACWI ESG Industry Risk scores (low 0-3, medium 4-7, high 8-10). With industry risk scores, there are few perfect matches, thus the most relevant sectors are selected given the diverse operations of investee companies.

KLAR Portfolio Summary (continued)

OVERALL PERFORMANCE








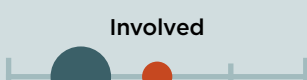
ITS, Enerim & Oleter Group have committed actions to improve on material themes, while Nimlas Group aims to further engage by monitoring ESG metrics and policy implementation.

Industry AVG







Company Level



| Company | Overall performance | Description |
|---|---|--|
|  | <p>Committed</p>  | <ul style="list-style-type: none"> ITS management assesses climate risks to conduct preventive pipe maintenance Fleet modernisation plan is in place to reduce Scope I emissions through the use of EVs Company seeks to implement an ESG, whistle-blowing & data privacy plans |
|  | <p>Committed</p>  | <ul style="list-style-type: none"> Software minimises energy forecasting errors and avoids the use of carbon-intensive reserves Diversity & inclusion is promoted through an Equality Plan and gender pay gap analysis The company participates in industry and regulatory initiatives to facilitate smart grid adoption |
|  | <p>Committed</p>  | <ul style="list-style-type: none"> Oleter has a science-based reduction target in place which is approved by SBTi Group seeks to enhance customer awareness by sharing the project carbon footprint Company prioritises quality through dedicated and efficient hazardous waste reporting |
|  | <p>Involved</p>  | <ul style="list-style-type: none"> Nimlas Group minimises energy consumption through efficient heating & gas leakage detection Each project requires a detailed environmental plan along with an installation guarantee Company prioritises health & safety with on-site welfare agents and detailed employee surveys |

KLAR Portfolio Summary (continued)

ESG OPPORTUNITIES

| Company | Identified projects | Monitored KPI |
|---|--|---|
|  | <ul style="list-style-type: none"> i. Carbon Reduction Project: Efficiency led carbon emission reduction ii. Employee Engagement Surveys: Collect & analyse employee metrics iii. ESG Policy & Governance: Develop comprehensive ESG ambition | <ul style="list-style-type: none"> tCO₂e Employee satisfaction # of ESG policies in place |
|  | <ul style="list-style-type: none"> i. Carbon Savings Project: Forecasting-based carbon emission estimations ii. Career Development Paths: Capability specific development paths ii. ESG Communication: Sustainability section on website | <ul style="list-style-type: none"> tCO₂e Employee satisfaction Website launch |
|  | <ul style="list-style-type: none"> i. Electrification of Fleet: Replacement with EVs at end-of-life ii. Digitally Enabled Optimisation: Optimize routes & on-site order service ii. Become a Great Place to Work: Track health & safety, other metrics iv. ESG Digitalisation: Digitalise ESG projects & compliance reporting | <ul style="list-style-type: none"> tCO₂e Employee satisfaction Website launch |
|  | <ul style="list-style-type: none"> i. Carbon Footprint Tracking: Track Scope I & II, measure Scope III ii. Supplier Due Diligence: Evaluate product impact due to supplier base ii. Employee Engagement Plan: Collect & analyse employee metrics iv. Recall Rate Assessment: Reduce deductible insurance cost v. ESG Policy: Develop comprehensive ESG ambition | <ul style="list-style-type: none"> tCO₂e Employee satisfaction Website launch |

