

# ESG Report 2020



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# About Keyhaven Capital Partners

## Welcome to our first Annual ESG Report

Keyhaven Capital Partners is a specialist private equity manager dedicated to the European lower middle market. With a diverse team, a network embedded in local markets and a flexible approach to deal making, we work with industry leaders to accelerate growth, building robust, sustainable businesses that deliver for their investors, employees and local communities. Since our foundation in 2003, we have invested or advised on in excess of €2 billion and made more than 60 investments in Europe.

Despite the challenges posed by Covid-19 in 2020 and 2021, we have had a busy 18 months. We made an additional three investments during the period and are now investing from our third secondaries fund, which has made four new investments as at the writing of this report. On the exit front, we successfully realised and partially realised 11 investments, distributing a substantial amount of capital back to our investors.



# Message from Managing Partners



*ESG has always been at the heart of everything we do at Keyhaven Capital Partners.*

**Claus Stenbaek**  
Managing Partner



*We are excited to publish our first ESG report and look forward to sharing more insights from our portfolio companies in future.*

**Sasha van de Water**  
Managing Partner



As Keyhaven's Managing Partners, we are pleased to present our first annual ESG Report, which provides a detailed account of our ESG achievements over the past year and our ambitious plans for the future.

As our ESG ambitions have evolved, so has our ESG process. Over the last year we have refined our engagement and monitoring as we strive for greater transparency and impact. We redoubled our efforts supporting ESG initiatives in our portfolio companies and established an internal ESG working group comprised of all departments of our business.

As part of this report, we finalised and launched our ESG questionnaire which was distributed across our secondaries portfolio to systematise our collection of ESG-related Key Performance Indicators ("KPIs"). We will use the questionnaire to systematically monitor and track our progress on such initiatives, refreshing it every year. This will mean that our investors will receive our ESG report on an annual basis, allowing them to follow the developments on ESG at our portfolio companies and at Keyhaven.

21

different nationalities at Keyhaven

21

different languages spoken

>50%

of women at the firm

While we continue to improve our data collection, we believe that processes and procedures are never a substitute for individual responsibility. This same belief informs our approach to responsible investing. Our investment team seeks to embed greater awareness and action on ESG issues in the operations of all our investments where we are able to drive real change.

Keyhaven counts eight partners who together possess a complimentary set of professional skills, deep cultural awareness, strong language capabilities, and significant industrial experience. We are ideally positioned for European lower middle market investing, where local networks and knowledge are vital to accessing and assessing the best opportunities, which in turn are key to creating long-term high-quality performance.

At Keyhaven, we believe our ESG principles are fundamental to our reputation as a partner of choice in the European lower middle market. We believe that engaging with companies and investors on ESG issues can drive a measurable positive impact on the environment and society while creating sustainable value for both companies and investors.

Keyhaven has been a signatory to the UN Principles for Responsible Investment ("UN PRI") since 2013. This year, we became an Institutional Limited Partners Association ("ILPA") Diversity in Action signatory and are also participating in the 10,000 Black Interns programme, an industry initiative offering 10,000 internships to black students across the UK to help kick-start their career in financial services.

We hope you will enjoy our first annual ESG report, which aims to give you an honest look into ESG in our business and within our portfolio companies, while highlighting the positive steps we have made so far.

As always, we welcome your thoughts or queries and would be delighted to discuss any aspects of this report or ESG activities at Keyhaven Capital.

With kind regards,

**Claus Stenbaek**  
Managing Partner

**Sasha van de Water**  
Managing Partner

# Responsible Investment

## Policy and Commitment

We believe that our commitment to ESG principles is a key success factor in building our reputation as a partner of choice. We believe that working together and engaging with companies and investors on ESG issues can effect real change and have a positive impact on the environment and society, creating sustainable value for both companies and investors.

We believe in setting out clear policies for operating and investing and sticking to them. We do not follow trends or fads, and we are not afraid of being contrarian in our views. We adhere to the highest levels of compliance and corporate governance, and we believe that ESG factors are

fundamental inputs to making sound investment decisions. To ensure our standards remain relevant and core to our values, our ESG policy is periodically reviewed by our entire team, starting with the Keyhaven Partners.

We have constructed our investment process to ensure that Keyhaven benefits from robust debate across varying viewpoints and opinions, so that we reach thoroughly deliberated investment decisions. Engaging with companies on ESG issues as real partners can drive measurable change that brings a positive impact on environment and society while creating sustainable value.



*At Keyhaven, we believe that leadership means setting the example by demonstrating integrity and adherence to our stated principles at every level of business. Only then can we attract the best investors from around the world to entrust their capital with us, and only then can we expect those with whom we invest to follow similarly rigorous standards*

**Sasha van de Water**  
Managing Partner



*We take our duties as a steward of our investors' capital seriously. We are committed to protecting and growing their and our capital responsibly.*

**Claus Stenbaek**  
Managing Partner

In August 2013, Keyhaven became a signatory of the United Nations Principles for Responsible Investment and we have had an internal ESG policy since 2006. UN PRI's six principles guide our investment decisions and we actively encourage our business partners to follow the same guidelines:

## Principles for Responsible Investment



### Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes



### Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices



### Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest



### Principle 4

We will promote acceptance and implementation of the Principles within the investment industry



### Principle 5

We will work together to enhance our effectiveness in implementing the Principles



### Principle 6

We will each report on our activities and progress towards implementing the Principles

## Approach and Process

### Investment Analysis and Decision Making

- We aim to identify any potential ESG risks and to ensure that the investee company implements and considers ESG issues appropriately by keeping an open forum for dialogue.
- We conduct in-depth ESG due diligence on each opportunity, its management team and the sector a company is operating in. We complete a similar diligence on our partners when appropriate.
- Where necessary, ESG and UN PRI principles are included in the limited partnership agreement, side letters and other legal documents to ensure they are anchored in our investment relationships.
- We have decided not to invest in sectors we do not consider in line with our values, specifically tobacco, arms manufacturing, diamonds, natural resources and minerals.
- We are committed to only investing in opportunities that exhibit compliance with appropriate national, state, and local labour laws in the countries in which they operate; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

### Ownership Practices

- We seek to grow and improve the companies in which we invest for long-term sustainability that benefits multiple stakeholders, including those with explicit environmental, social and governance interests.
- We strive to incorporate governance structures that provide appropriate levels of oversight and transparency in the areas of audit, risk management and potential conflicts of interest and to implement compensation schemes and other policies that align the interests of owners and management.
- We seek to identify and implement measures in portfolio companies aimed at increasing recycling, reducing emissions, and lowering energy consumption.
- We maintain strict policies that prohibit bribery, child or forced labour and discriminatory policies across our portfolio companies.

### ESG Monitoring

- To monitor progress, we require our portfolio investments to complete an ESG questionnaire annually and to promptly share with Keyhaven any new initiatives or ideas. Furthermore, we expect all investees to formally report on ESG matters to the Chief Compliance Officer during the annual LP Representative Committee meeting.
- We implement our ESG standards by engaging directly with relevant stakeholders wherever possible or alternatively through representatives within the portfolio companies.
- Given the relatively youthful nature of many of our portfolio companies, we expect the activities and processes of our underlying management teams to improve over time.

### Disclosure on ESG issues to investors

- We formally summarize and present our ESG developments on an annual basis at each LP Representative Committee meeting and in this annual ESG report.
- Lastly, we promote ESG principles in public and private forums wherever possible.

# Responsible Investment continued

ESG is a key differentiator for Keyhaven. We expect our portfolio companies and partners to act with the same levels of compliance, corporate governance and ethics that we set for ourselves.

## Guidelines



### Responsibility:

- We seek to grow and improve the companies in which we invest for long term sustainability and to benefit multiple stakeholders, including those with explicit environmental, social and governance interests.



### Review:

- Portfolio companies are required to fill in an annual questionnaire in support of our efforts to systematically monitor their internal progress on ESG objectives
- We have formed an internal ESG working group to give a formal forum to ESG matters.



### Monitoring:

- We work with management teams to improve ESG governance over the course of our investment period.
- We bring attention to ESG matters within our portfolio companies through our active engagement with their management teams and through our participation at board meetings.



### Reporting:

- We publish an ESG Report.
- We comply with annual PRI reporting.



### Exit:

- ESG progress is documented in the data room for new investors.

## What we did in 2020 and 2021

- Formed internal ESG working group
- Sent the ESG questionnaire to our portfolio companies to report on certain KPIs
- Published our first ESG report

## Target for 2021 and 2022

- External ESG training to be organised for the investment team
- Begin tracking portfolio investments ESG KPIs



# ESG in Action

This is the first year that we have collected and aggregated a set of ESG KPIs for our portfolio companies.

We will continue to repeat this exercise annually by sending our ESG questionnaire to portfolio companies and monitoring progress made from previous year, with results shared in this report. We are pleased to see that many companies in our portfolio are making good progress towards their ESG goals and a selection of the KPIs are shared on the right.

Item	Score	Comment
<b>General</b>		
Code of Ethics	90%	90% of portfolio companies developed an ad-hoc code of ethics or code of conduct
<b>Environmental</b>		
Reduction of carbon footprint	95%	95% of portfolio companies are implementing initiatives to reduce carbon footprint, such as improved product sourcing, water and energy usage, transport initiatives, and employee awareness programmes
Product sourcing	60%	60% of portfolio companies adopted new product sourcing strategies to reduce their environmental impact
Environmental incidents	100%	100% of portfolio companies did not report any environmental incident in the last 12 months
<b>Social</b>		
Women in senior positions	95%	95% of portfolio companies hired women in senior positions
Employee benefit scheme and welfare programme	80%	80% of portfolio companies have employee benefit schemes and welfare programmes
Equal work force	35%	More than a third of our portfolio companies have more than a 50% female workforce
Charitable giving	90%	90% of portfolio companies are involved in charitable giving and initiatives to support the community
<b>Governance</b>		
Code of conduct/ethics	90%	90% of portfolio companies have a formal code of ethics/ conduct
Volunteer days off	50%	50% of portfolio companies allow employees to take days off to volunteer
Anti-bribery policies	80%	80% of portfolio companies set in place anti-bribery policies

# ESG in Action continued

The following is a representative selection of achievements our portfolio companies made last year:


## DARAG

First independent non-life insurance company specialising in taking over the inactive or discontinued business, so-called “run-off”, of direct insurers and reinsurers to its own balance sheet

HQ	Investment Size (millions)
UK	€33.6
Acquired	Sector
Jul-14	Insurance

**Key Achievement**

Implemented internal policy whereby conference/video calls are used between countries instead of travel, to ensure there is a company wide effort to reduce the carbon footprint (prior to Covid-19 pandemic)



## Agrupapulpi

Leading Spanish producer and exporter of vegetables and fruit with substantial production facilities in south east Spain

HQ	Investment Size (millions)
Spain	€20.0
Acquired	Sector
Dec-19	Agriculture

**Key Achievement**

Investment into a new cooling system which operates at a far greater efficiency, helping to reduce energy consumption levels



## Amethyst Radiotherapy

Leading multi-country operator of radiotherapy clinics for the treatment of most types of common cancers

HQ

Pan-European

Investment Size (millions)

€16.9

Acquired

Oct-19

Sector

Healthcare

### Key Achievement

>70% of FTEs are represented by women



## Barbara Sturm Molecular Cosmetics

Internationally renowned specialist in aesthetics medicine. The company's products target non surgical skin rejuvenation and provide anti-ageing treatments

HQ

Pan-European/US

Investment Size (millions)

€15.7

Acquired

Jan-19

Sector

Consumer

### Key Achievement

All products and ingredients are locally sourced, cruelty free, and not tested on animals

DR. BARBARA  
STURM

## elseco

Specialist insurance underwriter focused on the space, aviation and energy industries

HQ

UK

Investment Size (millions)

€13.0

Acquired

Dec-18

Sector

Insurance

### Key Achievement

Launched an innovative career immersion programme that provides a unique mix of project-based learning, leadership skills development and challenging physical activities

elseco

# ESG in Action continued

## EVAGO Group

Live events infrastructure and services provider that is headquartered in Germany and represented in over 15 countries with offices in the Netherlands, the UK, the US and Australia

HQ	Investment Size (millions)
Germany	€26.5
Acquired	Sector
Sep-19	Business Services

### Key Achievement

Equipped offices and warehouses with energy saving technology. Rainwater is used to clean the company's materials



## Novation Tech

Leading carbon fibre and composites manufacturer serving the automotive, aerospace, eyewear and sports industries

HQ	Investment Size (millions)
Italy	€15.2
Acquired	Sector
May-17	Manufacturing

### Key Achievement

Introduced an employee benefit scheme supporting the employees' family health care and access to banking and financing facilities



## OUTCO

Expert outdoor compliance services business that provides winter services and grounds maintenance, together with surfacing and civil engineering solutions to the corporate market

HQ	Investment Size (millions)
UK	€16.1
Acquired	Sector
Nov-18	Business Services

### Key Achievement

OUTCO's grounds division recycled 1,986 tonnes of waste



## TCX

European leader in special purpose boots, shoes and safety/performance footwear for motorcycle riders sold under its own brand and through its white label offering to partner brands

HQ

Italy

Investment Size (millions)

€6.0

Acquired

May-17

Sector

Manufacturing

### Key Achievement

Optimised sourcing and manufacturing processes to reduce transportation of goods and scrap rates



## Optimapharm

Niche full service Contract Research Organisation with headquarters in Croatia and a presence in 27 countries

HQ

Pan-European

Investment Size (millions)

€8.0

Acquired

May-20

Sector

Healthcare

### Key Achievement

Established the Optimapharm GCP Academy in 2012, a specialised training programme developed by experienced clinical trial professionals at the company, aiming to promote discussions about quality, improvement of everyday monitoring practice and sharing best practices.



## Pension Insurance Corporation

Acquires and manages defined benefit pension funds on behalf of blue chip corporate clients

HQ

UK

Investment Size (millions)

€17.8

Acquired

Feb-17

Sector

Insurance

### Key Achievement

In 2019, the company invested £7.8 billion in social housing, renewable energy and UK based universities, all positive contributors to society



# ESG in Action continued

## Pet Network International

Leading regional Southeast European pet food and accessories retailer, offering a broad product portfolio of global and own label brands

HQ	Investment Size (millions)
Pan-European	€13.0
Acquired	Sector
Mar-18	Consumer

### Key Achievement

Female CEO, CFO and Non-Executive Director demonstrate diversity of the senior management team



## PCML Group

Technology led, highly specialised engineering services business that manufactures complex products with low error rates

HQ	Investment Size (millions)
UK	€18.7
Acquired	Sector
Jan-21	Manufacturing

### Key Achievement

Voted as one of the best industrial employers in the Cambridge area. Internally promoted female CEO



## reBuy

Leading German business in the re-commerce sector

HQ	Investment Size (millions)
Germany	€15.4
Acquired	Sector
Feb-18	Consumer

### Key Achievement

The company has saved over 38,000 tonnes of CO<sub>2</sub> by recycling mobile phones and over 78,000 trees by giving books a second life



# Case Studies



Agrupapulpi is a Spanish producer and exporter of fruits and vegetables offering a fully integrated operation, from seedling to cultivation, harvesting, processing and delivery.

We invested in the business in 2019 and, alongside our local partner, we have been working with management to build on the company's strong ESG foundations.

## Energy consumption

The company closely monitors energy consumption levels, setting specific reduction targets. Current initiatives to achieve this include investment into a new cooling system for their warehouse, which operates at a much higher level of efficiency. The company has commissioned a detailed study regarding the implementation of solar panels.

## Employee welfare

An employee equity plan has been in place since 2014, while the company constantly updates its staff training manuals addressing issues such as food safety, best practices in agriculture and safe use of pesticides. Management is putting an increasing focus on employee training, especially with regards to preventive techniques to avert work-related injuries and improve overall working conditions and welfare.

The company is in the process of creating an Equality Committee to encourage the empowerment of female talent and management is working with an external advisor to implement up-to-date policies such as a code of ethics, anti bribery policy and a whistle-blowing system.

During the midst of the Covid-19 outbreak in Spain, and to ensure the health and safety of all employees, the company provided masks for all employees, carried out temperature checks at the beginning and end of each day and implemented strict safety protocols such as social distancing measures.

## Community

The senior management of the company have long-standing ties to the local area, increasing their sense of duty to the community. Agrupapulpi maintains regular dialogue with local farmers, ensuring they are able to sell their products at fair and sustainable prices. The company provides the local area with charitable donations and was especially supportive during the Covid-19 pandemic, providing cleaning and sanitary equipment for the town of Pulpí, in southern Spain where the headquarters are located.

### Energy consumption (kWh)

**6,092,389**

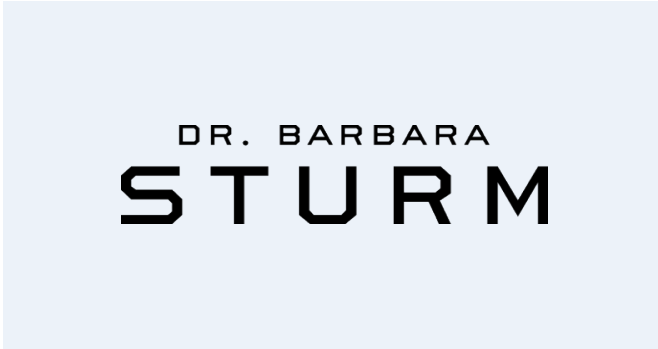
2019: 6,527,778  
7% reduction

### Dangerous waste (tonnes)

**11,995**

2019: 13,524  
11% reduction

# Case Studies continued



Barbara Sturm Molecular Cosmetics is a doctor-led skincare brand based in Düsseldorf, Germany. Established in 2011, the company specialises in non-surgical rejuvenation of the skin and wrinkle treatments.

Keyhaven acquired a stake in the business in January 2019, and together with our co-investors, we have been working with management on the ESG initiatives, with a focus on building on an already strong ESG backbone and developing the company's processes and practices to be best in class.

## Responsible sourcing

The company has developed a thorough risk assessment and management approach within its supply chain. All new suppliers are vetted against an ethical checklist and are evaluated based on several risk factors including:

- Size
- Location
- Labour practices
- Code of conduct
- Compliance

Due diligence on suppliers is performed before engagement and once onboarded they are continuously monitored to ensure adherence to the required ISO standards. All products and ingredients are cruelty free and not tested on animals. Ingredients and components are locally sourced whenever possible to avoid unnecessary transport, and all manufacturers have committed to CO<sub>2</sub> neutral processes, including the use of green electricity and eco-gas.

## Sustainable backbone

The company is a pioneer of the 'clean beauty' innovations we see in the market today. Unlike much of the conventional medical community, the products do not contain toxic synthetic chemicals, are free from parabens and are safe for use during pregnancy. Innovative ingredient science is at the heart of the business, and the company's products contain unique ingredients that have been clinically examined for their properties and efficacy.

The company continuously seeks to improve the way its products are produced and packaged. It has significantly reduced the amount of packaging used for its products. Recyclable paper from sustainable forestry is used for all product leaflets and boxes. Recyclable glass jars have replaced plastic jars as product containers and all other outer packaging, including bags, are made from recycled materials.

The company is working on reducing its carbon footprint by making changes to business travel policies and enhancing its work from home practices. The company has set up an employee led 'Sustainability and Doing Good' task force to drive these initiatives and promote employee awareness of these initiatives.

## Societal Impact

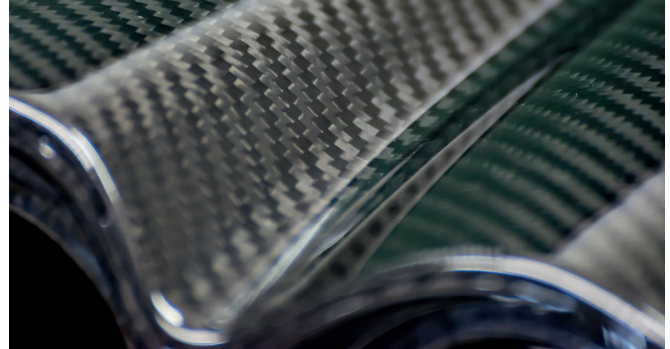
Barbara Sturm's products are suitable for all skin types and ethnicities. The company is moving away from social media influencer driven strategies, choosing to engage directly with the customer, while promoting individuality and a positive body image. An example of these efforts in action is the online skin tutorials and consultations, which allow for consumer engagement with the founder herself. Ticket sales from these tutorials are donated to charity. The business supports a variety of charities and has also set up an internal group to look at a more formal and structured method of charitable giving.

Local networks are used extensively to recruit throughout the business at all levels, from the therapists in the local spas to senior management, increasing employment in local areas across the US, Germany and the UK.

95%  
of the workforce are women

11  
women hold senior positions out of a total of 14 in senior management





Based in Montebelluna in northern Italy, Novation Tech specialises in the design, engineering and manufacturing of carbon-fibre and other composite material components and systems, primarily for clients in the automotive and aerospace sectors, and the eyewear industry.

Keyhaven completed the purchase of Novation Tech in May 2017 and the team has been working with the business on the ESG initiatives, with a focus on responsible manufacturing.

### KPIs

- Increased the share of sustainable energy consumption from 22% in 2019 to 33% in 2020.
- Grew percentage of female work force from 35% in 2017 to 44% in 2020.
- Tripled the average number of employees in training between 2017 and 2020.

### Responsible Manufacturing

Responsible manufacturing is a fundamental part of Novation Tech. With an international footprint, the company carefully adapts its manufacturing processes to local production requirements while optimising these for efficiency. In addition to the long-standing ISO 9001 quality management certification, the business has recently obtained the ISO 14001 environmental management accreditation which is focused on reducing the environmental impact of the company's operations. A fully dedicated ESG management resource was added to further spearhead initiatives that improve the sustainability of the business. The company negotiated an improved energy contract for its factory in Montebelluna which increased the share of energy from sustainable sources by 50% between 2019 and 2020 and therefore, reduced resource intensity of manufacturing processes. Additionally, the company initiated discussions for enhanced recycling of materials through a co-operation with a high-tech recycler of composites, both for scraps and finished products. While the business is already focused on reducing scrap rates throughout its manufacturing process, these recycling efforts will not only have a positive environmental impact, but also reduce costs to the company.

### ESG DNA

From the outset of Keyhaven's investment in the company, ESG has been ingrained in the company's DNA. Beyond substantial progress made with regards to manufacturing, the company has also established several ESG initiatives across other segments of the business. These include the installation of water fountains across the building, saving the consumption of approximately 20,000 plastic bottles per year, which is equivalent to six tonnes of CO<sub>2</sub> emissions. Moreover, the company implemented an employee benefit scheme supporting the employees' family healthcare and facilitating access to banking and financing facilities. Further initiatives, such as installing a rigorous ESG reporting framework and measuring the company's environmental footprint, are underway.

50%

increase in the use of sustainable energy sources

6

tonnes of CO<sub>2</sub> emissions saved

# Case Studies continued



OUTCO is an expert UK outdoor compliance services business, providing winter services and grounds maintenance, together with surfacing and civil engineering solutions to the corporate market.

Keyhaven invested in the company in November 2019, alongside a local partner, and we have been working with the business on a wide range of ESG initiatives, with a focus on responsible service delivery, staff welfare and good governance. There is a broad-spectrum of such initiatives prevailing in the business, ranging from using sustainable salt and chemical supplies to staff training. The business recently hired an ESG director who is responsible for tracking and reporting on a variety of ESG-related KPIs. Examples of company's ESG agenda are set out below:

## Environmentally conscious motoring

All OUTCO jobs are planned using route optimisation software, which takes into account traffic information, weather conditions and distance between sites. This ensures that operators complete their service routes while travelling the fewest miles possible thereby reducing

emissions and fuel usage. The business also utilises centralised yards supported by 150 smaller localised satellite depots strategically placed across the country, as well as a fleet of low emission vehicles supplemented by a growing electric vehicle fleet to enhance service efficiency.

## Sustainable by design

The company is pioneering the adoption of surfacing processes which reduce the emissions produced from laying asphalt (Reduced Emissions Asphalt) and have already provided significant emission reductions.

Through the use of the recycled product, "Rubber Crumb", OUTCO's surfacing division is recycling end of life tyres into its surfacing products. Through this programme, the company is also working to reduce pothole repair emissions by developing a product which:

- Reduces material movement and waste by 95%
- Delivers up to 1,000 tonnes of carbon savings per annum per team
- Halves the cost of patching
- Increases productivity by three times

## Employee centric

Alongside training and development, the company is also focused on improving employee welfare by introducing a range of approaches from hand-arm vibration monitoring to participation by all drivers in advanced driver training courses to ensure they have the required skills to drive in hazardous conditions. Furthermore, mental health and return-to-work surveys are completed regularly to monitor employee wellbeing particularly during the Covid-19 pandemic. An apprenticeship scheme has recently been introduced and OUTCO is registered as a member of the UK Government Kickstart scheme to support the employment of young, local individuals.

# 1,986

tonnes of recycled waste from the grounds' division recycling programme



Founded in 2004 in Berlin, reBuy is a leading European business in the re-commerce sector, which entails the acquisition, refurbishment and subsequent sale of used consumer products. The company specialises in consumer electronics and media products and reaches the market through its own proprietary channels, online marketplaces and partnerships with third parties. The company has more than 550 employees from more than 20 nationalities across its offices and facilities in Germany and Poland.

Keyhaven completed the investment in reBuy in February 2018 alongside our local partner, and the team has been focusing on strengthening the company's numerous existing and new ESG initiatives and supporting the company on its path to carbon neutrality.

**KPIs**

- Became carbon neutral and has offset 2,992,002 kg CO<sub>2</sub> since 2020
- The business switched to green energy in Rudow warehouse, thereby reducing emissions by 27%
- Saved over 38,000 tonnes of CO<sub>2</sub> by recycling mobile phones and over 78,000 trees by giving books a second life
- Donated over 1,000 phones to Karuna eG, a charity supporting the homeless in Berlin
- Recycled 21,000 mobile phones in 2020

**Recycling of consumer electronics and media products**

The production of new electronic devices requires substantial raw materials including rare-earth metals which are mined in resource intensive processes. The costly extraction of rare-earth metals requires the use of chemicals, leaving toxic lakes and radioactively contaminated dust in the mining areas. This highlights the importance of recycling materials used in consumer electronics.

Nonetheless, in the past year, more than 50 million tons of electronic waste were produced. Despite intensive research, the recycling of many materials used in electronic devices is still extremely difficult and complex. Therefore, large-scale recycling of electronic devices is not yet viable and only approximately 20 percent of electronic devices are recycled today.

As a re-commerce company reBuy's strategy is centred around supporting the circular economy by offering solutions to these problems. The business uses existing resources to extend the life cycle of electronic products, thereby reducing the environmental impact of the electronic and media products still in circulation. The company has developed a unique refurbishment process, which includes rigorous expert checks, cleaning, and repairs according to the highest standards.

As a result of its efforts, the company has saved over 38,000 tonnes of CO<sub>2</sub> by recycling mobile phones and over 78,000 trees by giving books a second life.

**Sustainable and ESG friendly operations**

reBuy does not only support a sustainable economy through its operations, the company and its employees also strive to be leaders in ESG practices as well. All of company's operational processes are under constant review to maximize resource efficiency and reduce waste. reBuy became carbon neutral and has offset 2,992,002 kg CO<sub>2</sub> since 2020. In general, the company carefully tracks its energy consumption and conducts an annual CO<sub>2</sub> audit performed by ClimatePartner. In addition, reBuy switched to green energy at its Rudow warehouse thereby reducing emissions by 27%.

**2,992,002kg**  
carbon dioxide offset since 2020

**21,000**  
mobile phones recycled in 2020

# ESG at Keyhaven

## Core Values

At Keyhaven, we believe that our long-standing ESG Principles are fundamental to our reputation as a partner of choice in the European lower middle market. In addition to being an integral part of our investment process and portfolio company operations, ESG factors permeate our identity as a firm.

## Diversity

We are a firm believer that the benefits of diversity go far deeper than a mere public relations exercise or as an expression of social justice. It is clear to us that as the global landscape shifts and evolves, companies that adapt by nurturing an active diversity policy will be better positioned to succeed and prosper. We are proud that across our firm, over 50% of our team are women.

The broader Keyhaven team is comprised of individuals with diverse professional backgrounds, nationalities and language capabilities: we hail from 21 countries, and we speak 21 languages. This rich heritage serves as the central building block of our firm, and informs our culture, strategy, and execution capabilities. We are a complementary mix of people who share a sense of ambition, a questioning nature and an open-minded, creative and friendly approach.

## Responsibility

Keyhaven established its first internal principles for managing ESG issues in 2006 and formally became a signatory to the UN PRI in August 2013. We recognise that corporate responsibility and social aspects are valid and important components of private equity investment decisions and that socially responsible investing considers both investors' financial needs and an investment's impact on society.

Given the importance of ESG as an investment consideration and considering our UN PRI obligations and responsibilities, Keyhaven has formed an internal ESG working group to give a formal forum to ESG matters. Participation is drawn from Investment, Investor Relations, Compliance and Finance functions.

## Community

We have recently become an ILPA Diversity in Action signatory. The report identifies best practices for integrating diversity, equity and inclusion into investment activities and organisational priorities. It is just the first in a series that will, over time, demonstrate the progress the initiative and the broader private equity industry is making on diversity and inclusion.

Keyhaven is participating in the 10,000 Black Interns programme, which aims to transform the prospects of young black people in the United Kingdom by offering paid work experience across a wide range of industries. We are pleased to have welcomed two such interns at Keyhaven this year.

## Other savings

Reduction in carbon footprint (gas emissions) following shift to 'working from home' policy.

Significant reduction in paper usage i.e., 15 reams of A4 consumed in 2021 (to date) vs. 215 reams of A4 consumed in 2019.

# 50%

Over 50% of our team are women across the firm

# 21

different nationalities

# 21

languages spoken



# Looking Forward

This report marks our first annual ESG publication. The process has allowed us to celebrate key achievements and progress within our portfolio companies during our ownership, such as reBuy achieving carbon neutrality and OUTCO using recycled rubber for surfacing materials. However, these successes are only the beginning. As we look forward to 2022, we will continue to support our portfolio companies through the pursuit of new ESG-related initiatives and ideas.

Diversity and inclusion are ongoing areas of focus for Keyhaven, as we strive to constantly improve both at the firm and our portfolio companies. We are engaged in regular dialogues with partners from our portfolio companies to better understand and support the unique social issues they face, especially given the ongoing effects of Covid-19. Whilst the challenges each company faces may differ, there are common threads that run across many of them. Drawing on the wealth of experience and knowledge across our portfolio, we have formalised a cross investment network to capitalise on and extend our learnings from one company to the next.

Our investment team will continue to work with our portfolio companies to establish ESG action plans, with clearly defined goals, milestones and steps to achieve them. We will continue to utilise and expand our questionnaire, which enables us to systematically track progress against our baselines. We look forward to updating you in future reports.