



# Impact Report

## 2024





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**«We invest in innovative companies with resource efficient technologies. To determine the impact, we do not use databases, but rather expertise and meticulous work.»**

Dr. Andreas Walther



**«Healthy finances are a prerequisite for a sustainable positive impact.»**

Andres Gujan

## Preface

Drinking water shortages in America, contaminants in Swiss food, eroding farmland in Asia, power outages across the Iberian Peninsula. When it comes to resource consumption, our civilization is not yet on a sustainable path. The good news is that the problem is now widely recognized and more energy and money than ever before is being invested in the development of sustainable solutions. Sustainability has evolved from a niche phenomenon into a business model. The market is rapidly embracing the relevant technologies, as demonstrated by the companies in our energy and resource efficiency funds.

The understanding of sustainability continues to evolve and is sometimes controversial – think nuclear power and weapons. At Carnot Capital AG we are open to all technologies and focus entirely on the positive and negative impacts of technologies in line with the UN Sustainable Development Goals (SDGs).

It has been shown that impact assessments by portfolio managers produce meaningful results. This Impact Report therefore dispenses with extensive data sets or abstract scores. It shows selected performance indicators that are crucial for the SDGs and illustrates our subjective assessment of how our portfolios and individual positions support the SDGs.

**Andres Gujan**  
Founding Partner &  
Portfolio Manager

**Dr. Andreas Walther**  
Chief Impact Officer & CFO

# Sustainability at a Glance

Sustainability starts with yourself. Where the costs and loss of comfort is not too high, we have taken small measures in the company to reduce our footprint.

Some key points: 2-sided printing as the default setting, new timer to switch off ventilation at night, traveling to appointments by train instead of by car or plane.

In our private lives, we have purchased energy efficient products in recent years, including several PV systems, heat pumps, and electric cars. We also regularly use bicycles to commute to work. However, we will not be giving up flying to our vacation destinations; here, the aviation industry is called upon to take us to beautiful places in a climate friendly manner.



## Liquid gold & Swiss mountain cheese

Our customers received valuable gifts in 2024. When selecting our customer and Christmas gifts, we focus on meaningful Swiss products.

# Governance & Strategy

We want to follow the same standards we demand from our companies. The basis of our strategy is therefore impeccable corporate governance.

Sustainability is a key component of our strategy and further development of Carnot Capital AG. Our goal is to offer our clients an opportunity to make a positive contribution to society through their investment activities, specifically by reducing negative environmental impacts, while at the same time generating attractive returns.



# Governance

## BOARD OF DIRECTORS



## TEAM

Sustainability Committee



As an asset management company for collective investment schemes, Carnot Capital AG is subject to supervision by FINMA. Corporate governance therefore meets strict regulatory requirements and is closely monitored. It is based on clearly structured processes and comprehensive guidelines, on transparency and clear responsibilities, in order to ensure compliance with all legal requirements and contracts, to achieve the desired results, and to ensure good risk control.

Half of the members of the Board of Directors are independent, ensuring that potential conflicts of interest can be handled professionally. The majority of the Board of Directors represent the interests of investors, giving Carnot Capital AG's clients a strong voice.

The members of the management team have themselves invested a substantial portion of their assets in the impact fund. This ensures that the interests of the management team and portfolio managers are aligned with those of the investors and that the goal of achieving an attractive financial return for clients is given due consideration.

The investment processes for the various funds are contractually regulated with external partners. Investment decisions are documented and trading activities are monitored.

Internal monitoring and coordination to ensure that all requirements for good corporate governance are met is the responsibility of the experienced compliance officer, who is a member of the executive board and also acts as secretary to the board of directors. He is also responsible for data security and system availability.

Overall, Carnot Capital AG meets the requirements that portfolio managers also place on companies in terms of responsible corporate governance for the funds they manage.



# Strategy

## Impact-Strategy of Carnot Capital

Since its founding in 2007, Carnot Capital AG has pursued a clear mission: investing in listed companies with technologies and products that reduce the consumption of energy and other natural resources. Our focus on energy and resource efficiency makes a significant contribution to the transition to a climate neutral circular economy.

## Dual result: returns and impact

Our approach is based on the principle of the «double bottom line,» i.e., positive financial returns and, at the same time, a positive social and environmental impact—a win-win for the environment and investors.

## Blended approach: Value meets sustainability

We combine traditional financial analysis with impact assessment. Our “blend approach” combines value and quality investing with a sound sustainability analysis. In doing so, we rely less on external data sources than on our own research, expertise, and direct dialogue with companies.

## Impact-Measurement and SDG-Mapping

Each portfolio position is evaluated using a structured assessment grid. We analyse how much products contribute to resource conservation, what financial benefits they bring, and which SDGs they influence. We present the results in a heat map to provide an overview of which portfolio companies support which development goals and to what extent.

## Innovation as the key

Renunciation is not a solution – innovation is. We specifically seek out technology leaders who use intelligent solutions to reduce resource consumption without jeopardising prosperity. Return on capital employed (ROCE) serves as our key indicator of innovative strength and marketability.

## Commitment and dialogue

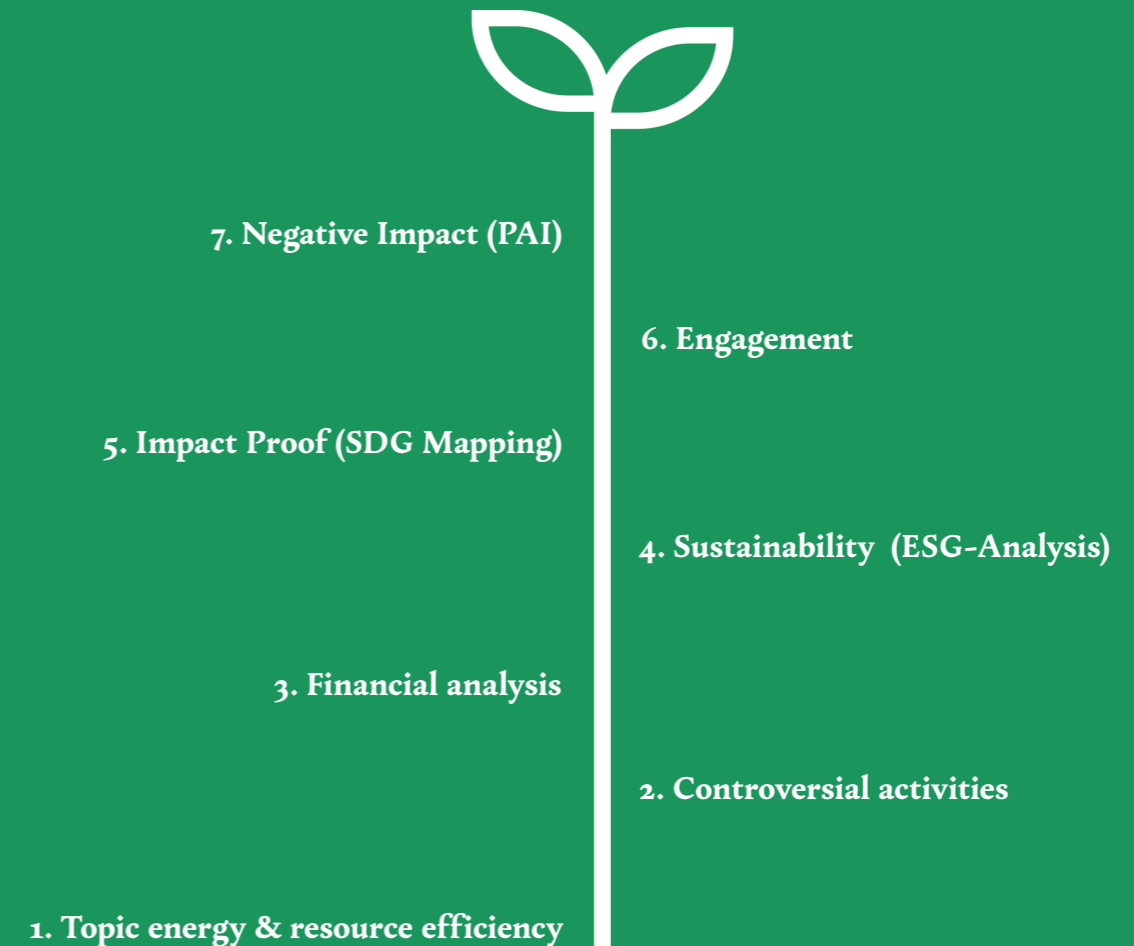
Where there is room for improvement – for example in impact reporting or corporate governance – we engage in active dialogue with the companies. Our engagement is personal, constructive and targeted.

## Sustainability as a business model

For us, impact investing is not a philanthropic project, but a strategic tool for minimising risk and increasing performance. Companies that operate sustainably are more resilient, reduce environmental and reputational risks, and benefit from growing demand.

# Impact Investing Approach

The approach stands out by combining financial and socio-ecological performance. The impact is ensured in seven steps:



# Carnot Efficient Energy Fund

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**IT / Software**



**Building Technology**



**Industry**



**Transportation**

The companies in the Carnot Efficient Energy Fund improve energy efficiency with their products, technologies and services. They help to reduce energy consumption and stop global warming. They have a global impact that reaches people all over the world.

As a co-owner of the portfolio companies, the fund investor achieves a substantial positive effect that adds to the financial return. The following pages aim to illustrate and quantify this effect.

The disclosure requirements for sustainability in the financial services sector (SFDR, Sustainable Finance Disclosure Regulation) and the nomenclature relating to sustainability (EU taxonomy) require an addition to the Carnot Impact Report. We therefore disclose the proportion of taxonomy-compliant revenues of the companies in the fund and include the adverse impacts on sustainability (PAI, Principal Adverse Impacts) in the SDG mapping.



# Carnot Efficient Energy Fund

## 1. Topic energy efficiency

The Carnot Efficient Energy Fund invests 100% in companies with products, services and development projects that reduce energy consumption. Reducing energy consumption must be part of the company's strategy. Such companies can be found in the building technology, industry and transport segments. IT and software companies are important in all areas, but are reported as a separate segment.

## 2. Controversial activities

Portfolio candidates are investigated for controversial activities and excluded if necessary (negative screening). For certain activities that are difficult to identify, a revenue tolerance threshold applies.

## 3. Financial analysis

In our opinion, sustainability and impact can only be guaranteed if a company has a solid financial foundation. We expect:

- a strong balance sheet,
- an economic benefit from the products for the buyers,
- a good return on the capital invested (ROCE).

## 4. Sustainability analysis

In the sustainability analysis of portfolio candidates, we examine the strategic importance of sustainability and assess checkpoints regarding

- Environment (products, production, supply chain),
- Social (suppliers, employees, society, customers) and
- Corporate governance.

A high ROCE promotes growth and innovation, which in turn reinforces the positive impact.

### 1. Areas of activity of the portfolio companies\*

as of 31.12.2024



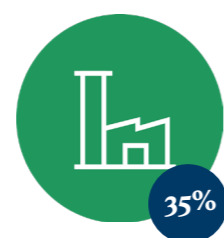
#### IT/SOFTWARE

- ✓ Internet of things
- ✓ Sensors
- ✓ Power electronics
- ✓ Digitalisation of the construction industry
- ✓ Smart buildings



#### BUILDING TECHNOLOGY

- ✓ Heat pumps
- ✓ Cooling, Ventilation
- ✓ Windows, Doors
- ✓ Engineering
- ✓ Installation service
- ✓ Smart Materials



#### INDUSTRY

- ✓ Industry 4.0
- ✓ Electrification
- ✓ Smart grid
- ✓ Energy storage
- ✓ Green hydrogen
- ✓ Renewable energies (water, wind, biomass)



#### TRANSPORTATION

- ✓ Weight reduction
- ✓ Reduced fuel consumption
- ✓ E-Mobility
- ✓ Batteries

### 2. Controversial activities

	Revenue tolerance threshold	31.12.2024 Portfolio share	31.12.2023 Portfolio share
Weapons (systems, components)	5 %	0,1 %	0,1 %
Nuclear energy (power stations, technology)	5 %	0,2 %	0,3 %
Genetic engineering	0 %	0 %	0 %
Extraction of fossil fuels	0 %	0 %	0 %
Landmines, cluster munitions	0 %	0 %	0 %
Addictive substances (tobacco, alcohol)	0 %	0 %	0 %
Sex industry	0 %	0 %	0 %
Gambling	0 %	0 %	0 %

### 3. Relevant key financial figures

	31.12.2024	31.12.2023
Average debt to equity ratio (Net debt/EBITDA)	-0,8 x	0,7 x
Average return on capital employed (ROCE)	46,1 %	37,3 %

### 4. Sustainability (Bottom-up)

	31.12.2024	31.12.2023
Share of sustainable companies in the portfolio	100 %	100 %
Average number of points (Scale from 0-100, sustainable above 50 points)	78	78
EU-Taxonomie-countable turnover	55 %	57,5 %
EU-Taxonomie-compliant turnover	7,1 %	5,1 %



#### d) Research & development of impact products

A significant positive impact results from the research and development expenditure of the portfolio companies. Measured against the companies' turnover, R&D expenditure accounts for approximately 3.8%.

A fund investment of CHF 1 million therefore accounts for twenty-two thousand Swiss francs in development costs all in the service of improved energy efficiency.

5. d) R&D expenditure for impact products	31.12.2024	31.12.2023
R&D expenditure per CHF 1 million investment volume	CHF 22'000*	CHF 21'000*
As a % of the portfolio companies sales	3,8 %	3,7 %
* Price/Sales	1,75	1,72

#### 6. Engagement Cases

Carnot Capital AG uses its numerous contacts with the management of its portfolio companies to encourage changes in the interests of sustainability. The basis for this commitment stems primarily from impact analyses. In 2024, the focus was on issues of good corporate governance. In the social sphere, discussions were held with two companies to address the causes of reported human rights violations. In the environmental sphere, the focus was primarily on recycling issues.

The most important engagements are as follows:

- With a portfolio company from the chemical sector, we deepened the discussion with top management on the topics of the company's CO<sub>2</sub> accounting, CO<sub>2</sub> emissions certification at the product level, and CO<sub>2</sub>-free plastics made from biogenic and synthetically obtained hydrogen and carbon.
- One of the corporate governance issues concerned the equal treatment of shareholders in connection with a share placement.
- In another case, we advocated for the correct handling of a conflict of interest in connection with a supplier-customer relationship between two listed companies.
- We actively exercised our voting rights and voted on 80% of the proposals put forward by companies in the largest fund, Carnot Efficient Energy. There we largely followed the recommendations of ISS.
- In some cases, we deviated from the recommendations of the Board of Directors, particularly with regard to compensation proposals and nominations for the Compensation Committee.

6. Number of engagement cases	31.12.2024	31.12.2023
Newly opened engagement initiatives	2	1
Closed cases	4	2
Ongoing cases	5	7

#### 7. Negative Impact (Principal Adverse Impact PAI)

The European Union (EU) Regulation on sustainability-related disclosure requirements in the financial services sector (SFDR) defines 18 core indicators that may have adverse effects. Mirroring the positive impact (significant, major, very major impact), the negative impact (adverse, negative, very negative impact) describes the opposite consequences.

The Carnot Impact process focuses on reducing consumption as a goal by making better, i.e. more efficient, use of the production factors employed. Specific areas of application are energy and natural resources. The focus on reducing consumption is an effective filter, meaning that most companies with significant adverse impacts on climate indicators and other environmental indicators do not even enter the investment universe. By verifying and documenting that sustainability is part of the corporate strategy, the likelihood of significant adverse impacts in the areas of social and employment, respect for human rights and combating corruption and bribery is minimal. By excluding companies with controversial activities, the adverse impacts are further reduced. Finally, the portfolio companies are individually examined for significant adverse impacts using a bottom-up ESG analysis (PAIs) are examined individually, taking into account the industry-specific profile of environmental and social risks. The PAIs are examined, recorded, commented on and evaluated using the SDG grid. At portfolio level, the PAIs are reduced through engagement and through non-investment or divestment.


Table 7. a) explains how, in the Carnot Impact Process, the adverse sustainability impacts (PAI) are assigned to the relevant SDGs (SDG mapping).

The adverse sustainability impacts are now presented in a heat map like the positive ones, but with reversed signs from adverse impact, through negative to very negative impact (Table 7.b).

**7. a) Carnot Impact Process: Adverse Sustainability Impacts (PAI) and SDG Mapping**

Sustainability indicator for adverse impacts	Affected SDG	Summarising remarks
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**1. GHG emissions**



The Scope 1/2/3 GHG emissions of portfolio companies are assessed. Companies with significant greenhouse gas emissions are assigned a negative impact with regard to SDG 13. The investment guidelines exclude particularly problematic producers of fossil fuels. Operators of coal-fired power plants are only considered if their overall generation mix has a low carbon footprint. Companies with other critical activities, such as aviation, chemicals, steel or cement production, are only considered for investment if they are making extraordinary efforts, particularly in research and development, to make the company and the industry as a whole more CO2-friendly.

**2. CO<sub>2</sub>-Footprint** Look at PAI 1

**3. GHG emission intensity of the companies in which investments are made**




The greenhouse gas intensity of the companies is analysed and, in the area of energy efficiency, Carnot Capital AG's most important investment theme, compared with the GHG reduction effects of the products. When assessing the PAI, not only is the effective emission intensity evaluated, but also the efforts to reduce emissions, especially in the area of R&D. Portfolio companies outside the theme of energy efficiency are assigned a negative score for SDG 13 if they produce energy-intensive products.

**4. Engagement with companies that operate in the fossil fuel sector**



Companies that extract fossil fuels are excluded from the investment universe. Companies that provide technologies and services to such companies are not automatically excluded. For such companies, the GHG impact of the technologies and services (as in other industries) is compared with the GHG impact of the industry standard technology.

**5. Share of energy consumption and energy production from non-renewable energy sources**





Electricity producers with fossil fuel power plants are only considered in exceptional cases (see PAI 1). Energy-intensive companies with a high proportion of fossil fuels and no positive impact on energy efficiency receive a negative SDG 13 rating.

**6. Intensity of energy consumption by climate-intensive sectors**




High energy intensity is assessed negatively in relation to SDG 13 if the products have no or only a low energy-saving effect or if the proportion of fossil energy in the energy mix is above average.

**7. Activities that have a negative impact on areas with biodiversity in need of protection**


Companies whose emissions significantly pollute water or soil, and companies whose products impair biodiversity and promote mono cultures, receive a negative assessment with regard to SDG 14 & 15. In need of critical appraisal are fertiliser manufacturers, manufacturers of pesticides, soil cultivation machines, manufacturers of plant protection products, soil cultivation machinery, equipment for the pulp industry, river power plants, and shipowners with ships without ballast water treatment systems.

**8. Emissions into water**



Portfolio companies are assessed for emissions into water and, if necessary, receive a negative rating if they belong to a process industry (chemicals, food, waste disposal, recycling, etc.). In the case of companies in the fishing industry, efforts to prevent emissions are assessed and positively considered, given that the industry produces animal proteins with low water consumption.

**9. Share of hazardous and radioactive waste**

Companies with nuclear power plants are excluded from the investment universe, with the exception of holdings that are smaller than the exclusion threshold or trading activities. Other companies are reviewed to determine whether hazardous waste is generated during production and whether it is treated without significant harmful effects. The PAI analysis also considers whether the products themselves generate hazardous waste, e.g. PVC.

**10. Violations of the UNGC principles and the guidelines of the Organisation for economic Co-operation and Development (OECD) for multinational companies**




Companies that are known to have violated the OECD Guidelines for Multinational Enterprises are classified as having a negative impact under SDG 8. Particular caution is advised in the case of companies with substantial activities in countries with a poor ranking on the corruption index.



# Examples from the Portfolio



Landis+Gyr has been developing electricity meters for over 100 years – now it is making them smart. The new smart meters help to reduce electricity consumption and keep the energy supply stable even when solar and wind power production fluctuates.

The devices collect large amounts of consumption data. The electricity supplier uses this data to control the grid and for long-term investment planning. The necessary software for this also comes from Landis+Gyr. In addition, the smart meters enable targeted control of individual devices – depending on the current supply situation, heat pumps, freezers or electric car wall boxes, for example, are automatically switched off temporarily.

Especially at times when electricity availability is scarce, typically in the early evening, this contributes significantly to grid stability – and saves both consumers and suppliers considerable costs.

The E450 meter from Landis+Gyr is one of the best-known household electricity meters on the market – and is also a central element of the company's end-to-end AMI solution. It was specially developed to offer utility companies maximum flexibility – both in terms of functionality and different infrastructure requirements. The latest generation of the E450 features an enhanced security package and offers additional capabilities, such as integration as a multi-energy data

collector or real-time communication with end customers.

The Meter Data Management System (MDMS) developed by Landis+Gyr processes, validates and controls data from modern meters, sensors and smart grid devices. It is complemented by modular extensions that enable analysis of consumption and patterns. The MDMS is flexible in its application – either as a standalone enterprise solution or as an integrated component of a vertically coordinated overall solution.

In addition, the system supports event analysis to detect network faults more quickly and rectify failures more efficiently.



E450 electricity meter – central element of the Smart grid, supplies consumption data in real time

IT/SOFTWARE	
Weight in the portfolio	1,6 %
Sales share of resource-efficient products	60 %
ROCE	18 %
Debt-equity ratio	0,3
R&D expenditure (% sales)	9.7 %
Sustainability (0-100)	72
Ecological impact: SDG 7/8/13	large
Social Impact: SDG 9	insignificant

# Examples from the Portfolio

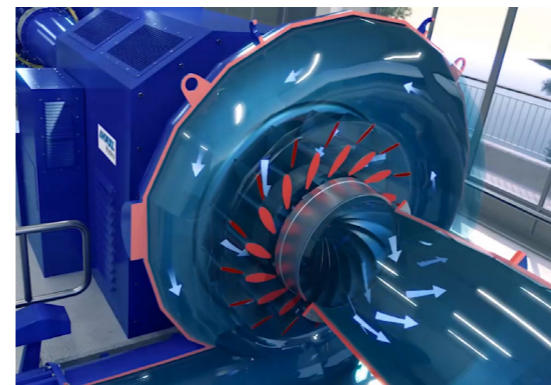


Andritz has several technologies that support the energy transition. Andritz is the world's largest manufacturer of water turbines and pumps. Numerous power plants are equipped with larger turbines and pumps that pump water upwards. This allows pumped storage plants to act as an ideal balance between times when there is too little and too much solar and wind power.

Andritz is also known for its biomass power plants. These generate steam and electricity from organic waste. For example, modern pulp mills are CO<sub>2</sub>-neutral and can even supply green electricity. Andritz also builds recycling plants for electrical appliances, waste paper, vehicles, batteries, wood and other waste. This is entirely in line with the principle of resource efficiency and avoids the energy-intensive production of primary materials.



Shredder by Andritz for wood, pulp, paper, textiles and similar

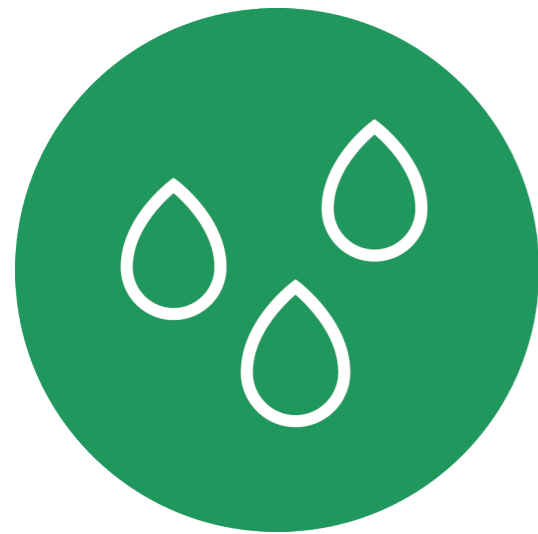


Francis turbine with generator from Andritz for high-pressure storage power stations. It can be used to times of energy surplus to pump the water up again.

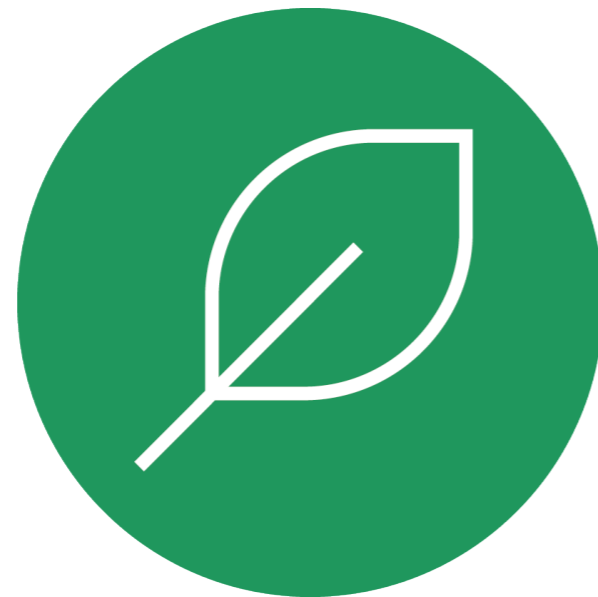
INDUSTRY	
Weight in the portfolio	5,1 %
Sales share of resource-efficient products	45 %
ROCE	26 %
Debt-equity ratio	-0,9
R&D expenditure (% sales)	1,7 %
Sustainability (0-100)	55
Ecological impact: SDG 7/8/13	large
Social Impact: SDG 9	insignificant

# Carnot Efficient Resources Fund

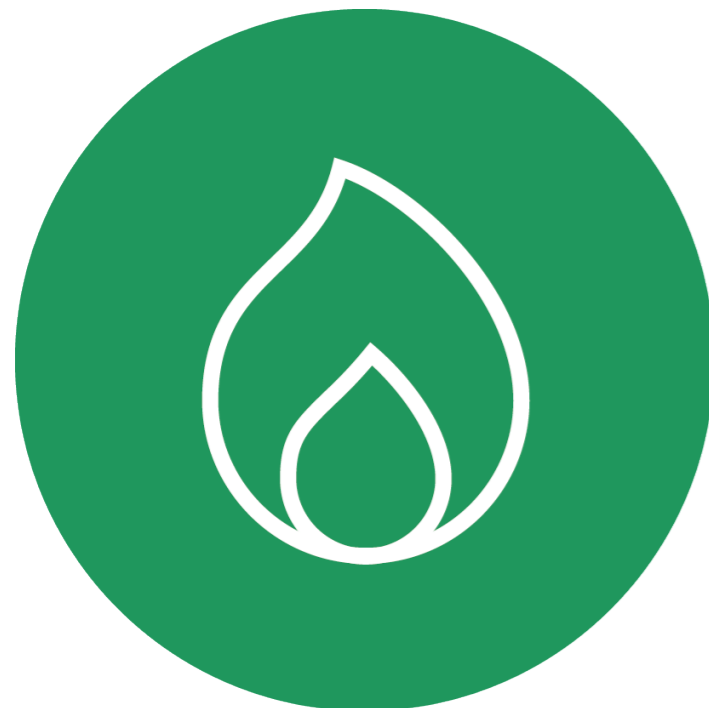
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Water



Earth



Energy



Air

The Carnot Efficient Resources Fund is an impact investment fund that invests in listed equities. The companies represented in the fund develop and produce products and technologies that reduce the consumption of natural resources and reach people all over the world. In addition to financial returns, fund investors, as co-owners of the portfolio companies, achieve a substantial positive impact in line with the UN's sustainable development goals. This Impact Report aims to illustrate and quantify this impact.

The disclosure requirements for sustainability in the financial services sector (SFDR, Sustainable Finance Disclosure Regulation) and the nomenclature relating to sustainability (EU taxonomy) require an addition to the Carnot Impact Report. We therefore disclose the proportion of taxonomy-compliant revenues of the companies in the fund and include the adverse impacts on sustainability (PAI, Principal Adverse Impacts) in the SDG mapping.



# Carnot Efficient Resources Fonds

## 1. Topic resource efficiency

The Carnot Efficient Resources Fund invests exclusively in companies with products, services and development projects that reduce the consumption of natural resources.

Reducing resource consumption must be part of the company's strategy. Such companies can be classified according to the ancient four-element theory of the basic elements of fire, water, earth and air. The following overview shows the topics currently covered by Carnot Efficient Resources.

## 2. Controversial activities

Portfolio candidates are investigated for controversial activities and excluded if necessary (negative screening). For certain activities that are difficult to identify, a revenue tolerance threshold applies.

## 3. Financial analysis

In our opinion, sustainability and impact can only be guaranteed if a company has a solid financial foundation. We expect:

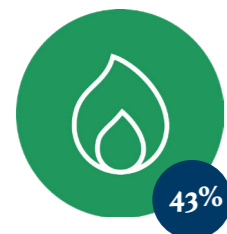
- a) a strong balance sheet,
- b) an economic benefit from to product for the buyer,
- c) a good return on the capital invested (ROCE).

A high ROCE promotes growth and innovation, which in turn reinforces the positive impact.

## 4. Sustainability analysis

The Carnot Efficient Resources Fund invests exclusively in sustainable companies. The analysis is carried out by Carnot Capital AG. Portfolio candidates without sustainability assessment are checked by us using a grid. This approach expands the investment universe significantly. The analysis comprises a catalogue

## 1. Areas of activity of the portfolio companies\* as of 31.12.2024



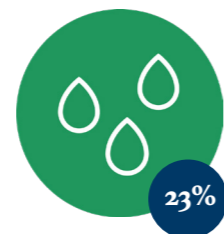
### ENERGY

- ✓ air conditioning technology
- ✓ Smart Building
- ✓ Windows, doors, insulation
- ✓ Lighting
- ✓ Engineering
- ✓ Internet of things
- ✓ Efficient engines
- ✓ Rail transport
- ✓ Waste-to-Energy
- ✓ Wind-, Solarenergie



### EARTH

- ✓ Soil cultivation
- ✓ Pesticides
- ✓ Nutrients
- ✓ Animal feed
- ✓ Packaging
- ✓ Recycling
- ✓ Fishing industry
- ✓ Forestry



### WATER

- ✓ Water supply
- ✓ Water purification
- ✓ Waste water treatment
- ✓ Plumbing
- ✓ Irrigation



### AIR

- ✓ Exhaust cleaning
- ✓ E-Mobility
- ✓ Clean fuels
- ✓ Battery technology

- a) environment,
- b) social issues,
- c) corporate governance.

The classification is based on the sustainability contribution of the industry and the sustainability contribution of the individual company. Sources of information sources of information are the reporting by companies as well as Bloomberg and Sustainalytics. Finally, we consider the understanding of the business model gained from the fundamental analysis, as a prerequisite for a sustainability assessment.

2. Controversial activities	Revenue tolerance threshold	31.12.2024 Portfolio share	31.12.2023 Portfolio share
Weapons (systems, components)	5 %	0 %	0 %
Nuclear energy (power plants, technology)	5 %	0 %	0 %
Genetic engineering	5 %	0 %	0 %
Extraction of fossil fuels	0 %	0 %	0 %
Landmines, cluster munitions	0 %	0 %	0 %
Addictive substances (tobacco, alcohol)	0 %	0 %	0 %
Sex industry	0 %	0 %	0 %
Gambling	0 %	0 %	0 %

3. Relevant key financial figures	31.12.2024	31.12.2023
Average debt equity ratio (net debt/EBITDA)	1,0x	0,5x
Average return on capital employed (ROCE)	28,2 %	25,6 %

4. Sustainability (Bottom-up)	31.12.2024	31.12.2023
Share of sustainable companies in the portfolio	100 %	100 %
Average number of points (Scale from 0-100, sustainable above 50 points)	77	79
EU-Taxonomie-countable turnover	63,9 %	68,7 %
EU-Taxonomie-compliant turnover	1,9 %	2,5 %

### 5. Proof of impact

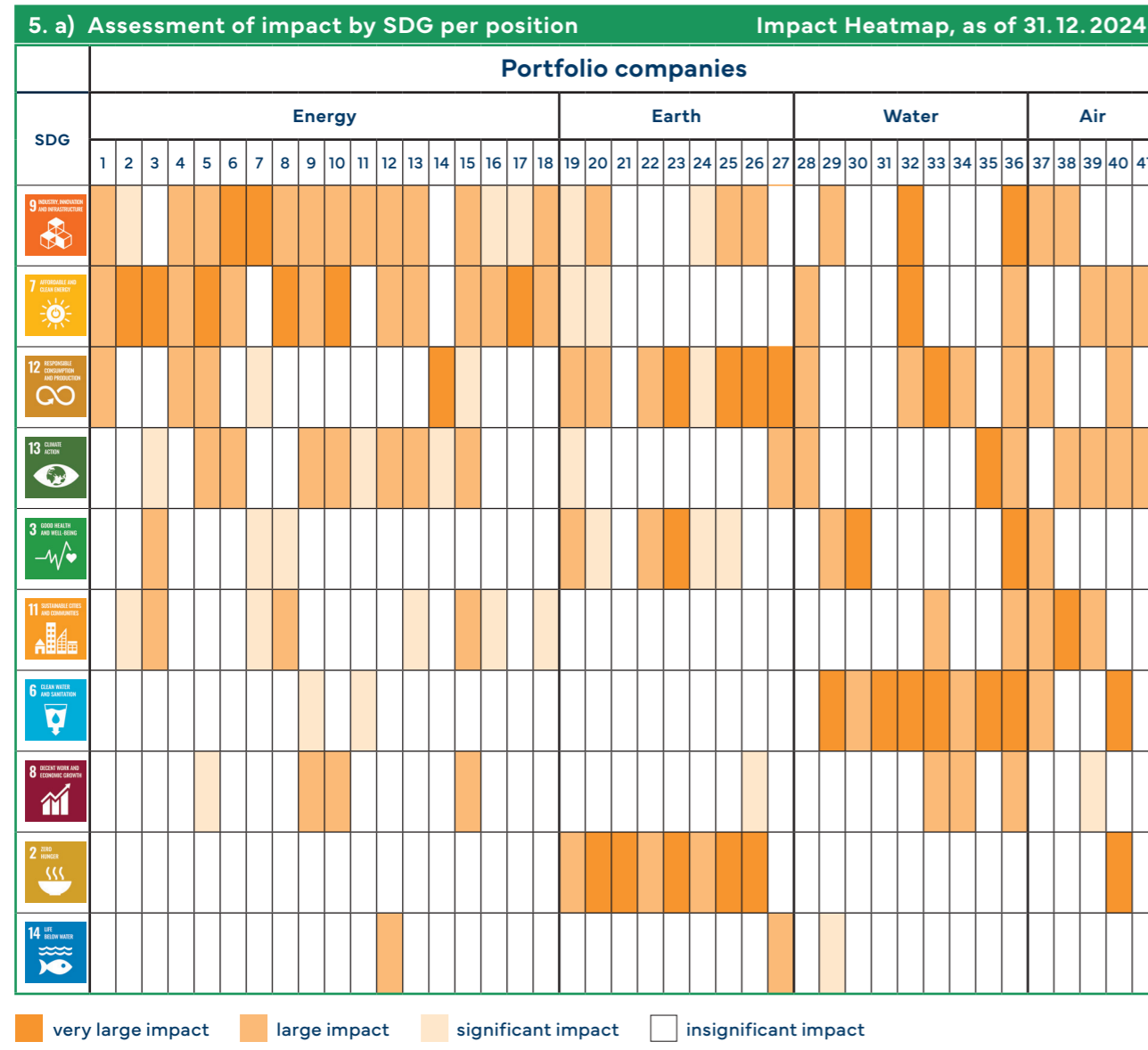
#### a) Development goals addressed

The portfolio companies enable the reduction of resource consumption and thus have a decisive impact on the United Nations Sustainable Development Goals (SDGs).

Goal No. 9, 'Industry, Innovation and Infrastructure,' receives the strongest support because various resource-efficient products contribute to modern infrastructure and environmentally friendly industrial processes. The impact in terms of 'Affordable and Clean Energy' (No. 7) and 'Climate Action' (No. 13) are also supported in many ways.

The following goals in the table are mainly supported by companies in the areas of drinking water, wastewater, food production and waste treatment.

When measuring impact, we take into account the sales share of the relevant products, their effectiveness, R&D expenditure, financial benefit, reach, etc. We map the results by company and development goals in an impact heat map.













Targeted development goals (SDGs), ranked by impact of the fund	Product examples
<b>Industry, Innovation, Infrastructure</b> 9.4 Modernising infrastructure, environmentally friendly industrial processes	Smart Building Heat exchanger Urban planning Wastewater treatment
<b>Affordable and Clean Energy</b> 7.2 Increase the share of renewable energy 7.3 Increase energy efficiency	Hydro power Heat pumps Fluid management Internet of Things
<b>Responsible Consumption and Production</b> 12.2 Sustainable management and efficient use of natural resources 12.3 Reduce food losses and waste 12.5 Reduce waste generation through prevention, reduction, recycling and reuse	Organic food Packaging Agricultural technology Recycling
<b>Climate Action</b> 13.2 Integrate climate change measures into national policies, strategies and planning	Heat pumps Energy from waste Intelligent air conditioning technology
<b>Good Health and Well-Being</b> 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	Drinking water treatment Nutrients Sewage sludge drying
<b>Sustainable Cities and Communities</b> 11.2 Modern public transport systems 11.6 Reduce environmental impact of cities, improve air quality, efficient waste management	Rail transport E-Mobility Waste disposal
<b>Clean Water and Sanitation</b> 6.1 Access to safe and affordable drinking water for all 6.3 Substantially increasing recycling & safe reuse of water 6.4 Reduce water shortages through by increasing water-use efficiency	Water pipes Irrigation technology Plumbing
<b>Decent Work and Economic Growth</b> 8.4 Decouple economic growth from environmental degradation	Energy efficiency Industrial technology
<b>Zero Hunger</b> 2.1 Ensure access to safe, nutritious and enough food 2.4 Ensure sustainable and efficient food production	Fertiliser Food preservation
<b>Life Below Water</b> 14.7 Sustainable management of fisheries, aquaculture and tourism	Fishing industry

\* The order of the symbols corresponds to the degree of impact. Source: Carnot Capital AG

## b) Portfolio share of impact companies

The focus on the topic of resource efficiency means that all positions have a positive ecological impact (without cash).

### 5. b) Portfolio share with impact 31.12.2024

Portfolio share with ecological Impact		100 %
	Affordable and Clean Energy	72 %
	Industry, Innovation, Infrastructure	63,0 %
	Climate Action	51,9 %
	Responsible Consumption and Production	48,8 %
	Sustainable Cities and Communities	38,1 %
	Good Health und Well-Being	37,9 %
	Clear Water und Sanitation	32,6 %
	Decent Work und Economic Growth	25 %
	Zero Hunger	24,5 %
	Life below Water	7,4 %

## c) Share of revenue with impact products

In our impact analysis, we determine which turnover of the company has a positive impact. On average, the portfolio companies generate more than half of their turnover with products, services and projects with a positive with a positive impact. A fund investment of of EUR 1 million accounts for around EUR 0.6 million. turnover with a positive ecological impact. A part of this turnover also has a social impact, as impact, as shown in the overview (SDG 3 Health and well-being, SDG 2 Zero hunger, etc.).

## d) Research & development of impact products

A significant positive impact results from the research and development activities of the portfolio companies, as this results in new resource-saving products. Measured R&D expenditure accounts for around 3% of sales. For every fund investment of EUR 1 million several tens of thousands of euros in research and development expenditure in the service improved resource efficiency.

5. c) Revenue of impact products	31.12.2024	31.12.2023
Revenue with impact products* per EUR 1 million investment volume	EUR 571'000**	EUR 652'000**
As a % of the portfolio companies' revenue	64,5%	71,3%
** Price/Sales	1,13	1,09

\*purely ecological impact

5. d) R&D expenditure for impact products	31.12.2024	31.12.2023
R&D expenditure per EUR 1 million investment volume	EUR 29'000	EUR 28'000
As a % of the portfolio companies sales	2,9%	2,8%

## 6. Engagement cases

If questions arise from the impact analysis (e.g. on corporate governance) or suggestions for improvement (e.g. reporting on the impact of the company), Carnot Capital AG utilises the contacts with the management level and addresses these engagement issues.





6. Number of engagement cases	31.12.2024	31.12.2023
Newly opened engagement initiatives	0	1
Closed cases	0	1
Ongoing cases	1	1

## 7. Negative Impact (Principal Adverse Impact PAI)

The European Union (EU) Regulation on sustainability-related disclosure requirements in the financial services sector (SFDR) defines 18 core indicators that may have adverse effects. Mirroring the positive impact (significant, major, very major impact), the negative impact (adverse, negative, very negative impact) describes the opposite consequences.

The Carnot Impact process focuses on reducing consumption as a goal by making better, i.e. more efficient, use of the production factors employed. Specific areas of application are energy and natural resources. The focus on reducing consumption is an effective filter, meaning that most companies with significant adverse impacts on climate indicators and other environmental indicators do not even enter the investment universe. By verifying and documenting that sustainability is part of the corporate strategy, the likelihood of significant adverse impacts in the areas of social and employment, respect for human rights and combating corruption and bribery is minimal. By excluding companies with controversial activities, the adverse impacts are further reduced. Finally, the portfolio companies are individually examined for significant adverse impacts using a bottom-up ESG analysis (PAIs) are examined individually, taking into account the industry-specific profile of environmental and social risks. The PAIs are examined, recorded, commented on and evaluated using the SDG grid. At portfolio level, the PAIs are reduced through engagement and through non-investment or divestment. The following table explains how, in the Carnot Impact Process, the adverse sustainability impacts (PAI) are assigned to the relevant SDGs (SDG mapping). The adverse sustainability impacts are now presented in a heat map like the positive ones, but with reversed signs from adverse impact, through negative to very negative impact (Table 7.b).

### 7.a) Carnot Impact Process: Adverse Sustainability Impacts (PAI) and SDG Mapping

Sustainability indicator for adverse impacts	Affected SDG	Summarising remarks
1. GHG emissions		The Scope 1/2/3 GHG emissions of portfolio companies are assessed. Companies with significant greenhouse gas emissions are assigned a negative impact with regard to SDG 13. The investment guidelines exclude particularly problematic producers of fossil fuels. Operators of coal-fired power plants are only considered if their overall generation mix has a low-carbon footprint. Companies with other critical activities, such as aviation, chemicals, steel or cement production, are only considered for investment if they are making extraordinary efforts, particularly in research and development, to make the company and the industry as a whole more CO2-friendly.
2. CO <sub>2</sub> -Footprint		Look at PAI 1
3. GHG emission intensity of the companies, in which investments are made		The greenhouse gas intensity of the companies is analysed and, in the area of energy efficiency, Carnot Capital AG's most important investment theme, compared with the GHG reduction effects of the products. When assessing the PAI, not only is the effective emission intensity evaluated, but also the efforts to reduce emissions, especially in the area of R&D. Portfolio companies outside the theme of energy efficiency are assigned a negative score for SDG 13 if they produce energy-intensive products.
4. Involvement in companies that are in the fossil fuel sector		Companies that extract fossil fuels are excluded from the investment universe. Companies that provide technologies and services to such companies are not automatically excluded. For such companies, the GHG impact of the technologies and services (as in other industries) is compared with the GHG impact of the industry standard technology.
5. Proportion of energy consumption and energy production from non-renewable energy sources		Electricity producers with fossil fuel power plants are only considered in exceptional cases (see PAI 1). Energy-intensive companies with a high proportion of fossil fuels and no positive impact on energy efficiency receive a negative SDG 13 rating.

<p><b>6. Intensity of energy consumption by climate-intensive sectors</b></p>		<p>High energy intensity is assessed negatively in relation to SDG 13 if the products have no or only a low energy-saving effect or if the proportion of fossil energy in the energy mix is above average.</p>
<p><b>7. Activities that have a negative impact on areas with biodiversity in need of protection</b></p>	 	<p>Companies whose emissions significantly pollute water or soil, and companies whose products impair biodiversity and promote mono cultures, receive a negative assessment with regard to SDG 14 &amp; 15. In need of critical appraisal are fertiliser manufacturers, manufacturers of pesticides, soil cultivation machines, manufacturers of plant protection products, soil cultivation machinery, equipment for the pulp industry, river power plants, and shipowners with ships without ballast water treatment systems.</p>
<p><b>8. Emissions into water</b></p>		<p>Portfolio companies are assessed for emissions into water and, if necessary, receive a negative rating if they belong to a process industry (chemicals, food, waste disposal, recycling, etc.). In the case of companies in the fishing industry, efforts to prevent emissions are assessed and positively considered, given that the industry produces animal proteins with low water consumption.</p>
<p><b>9. Share of hazardous and radioactive waste</b></p>	 	<p>Companies with nuclear power plants are excluded from the investment universe, with the exception of holdings that are smaller than the exclusion threshold or trading activities. Other companies are reviewed to determine whether hazardous waste is generated during production and whether it is treated without significant harmful effects. The PAI analysis also considers whether the products themselves generate hazardous waste, e.g. PVC.</p>
<p><b>10. Violations of the UNGC Principles and the guiding principles of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises</b></p>	 	<p>Companies that are known to have violated the OECD Guidelines for Multinational Enterprises are classified as having a negative impact under SDG 8. Particular caution is advised in the case of companies with substantial activities in countries with a poor ranking on the corruption index.</p>

<p><b>11. Lack of processes and compliance mechanisms to monitor compliance with the UNGC principles and the OECD Guidelines for Multinational Enterprises.</b></p>	 	<p>Carnot Capital AG checks whether the portfolio companies monitor compliance with the OECD Guidelines for Multinational Enterprises and whether they handle complaints. An assessment with regard to SDG 8 is (only) negative if the company does not document any efforts in line with the concerns set out in the OECD Guidelines.</p>
<p><b>12. Unadjusted gender pay gap</b></p>	 	<p>Carnot Capital AG takes note of the reporting by companies on gender distribution and pay gaps. However, we do not derive any strongly negative or impacts in terms of the SDGs from this.</p>
<p><b>13. Gender diversity in the management and supervisory bodies</b></p>	 	<p>Carnot Capital AG acknowledges the gender diversity in the management bodies, but does not derive any strongly negative or negative impacts in terms of the SDGs from this.</p>
<p><b>14. Engagement in umstrittenen Waffen (Antipersonenminen, Streumunition, chemische und biologische Waffen)</b></p>		<p>Firms involved in controversial weapons are excluded from the universe. For other weapons, a tolerance threshold of 5% applies. These firms are given a negative rating for SDG 16.</p>
<p><b>15. GHG emission intensity</b></p>		<p>Not applicable (investments in states and supranational organisations)</p>
<p><b>16. Countries in which investments are made that violate social regulations</b></p>		<p>Not applicable (investments in states and supranational organisations)</p>
<p><b>17. Exposure to fossil fuels through investment in property</b></p>		<p>Not applicable (investments in real estate)</p>
<p><b>18. Investment in properties with poor energy efficiency</b></p>		<p>Not applicable (investments in real estate)</p>



**7. b) Assessment of the negative impact by SDG per position**

SDG	Portfolio companies																																									
	Energy									Earth									Water									Air														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	
9																																										
16																																										
5																																										
10																																										
13																																										
15																																										
6																																										
7																																										
12																																										
14																																										

■ large negative impact  
 ■ negative impact  
 ■ adverse impact  
 ■ insignificant impact

# Examples from the Portfolio

Tetra Tech is known worldwide for its advanced solutions in water and waste management. The company provides clean drinking water, treats wastewater, and ensures the safe treatment of waste. In addition, Tetra Tech is also active in the planning and implementation of wind and solar energy projects.

A key focus of innovation is the digitisation of infrastructure. Using data analytics and intelligent systems, Tetra Tech develops smart city solutions that optimise resource usage, increase efficiency and reduce environmental impact.

Complete solutions for wastewater treatment are also part of the offering: Tetra Tech supplies turnkey plants, including planning, equipment, and associated software. In addition, the company continuously invests in research and development to make water treatment even more thorough and environmentally friendly.

Tetra Tech is also setting new standards in the field of software development for water management systems. Modern applications integrate forecasting modules that incorporate weather data and storm warnings – for proactive and resilient water management.

Another key issue is the removal of PFAS (‘forever chemicals’) from drinking water. Tetra Tech offers specialised filter systems for this purpose and is working with research institutions on innovative technologies for the complete destruction of these pollutants.

To support coastal protection, Tetra Tech also collects large amounts of meteorological and oceanographic data. This data is used to optimally tailor flood protection measures to local ecosystems and ensure their long-term effectiveness.

Plant from Tetra Tech, to filter PFAS from drinking water.



Collection of meteorological and oceanological data for flood protection.



WATER	
Weight in the portfolio	2,8 %
Sales share of resource-efficient products	85 %
ROCE	50 %
Dept to equity ratio	0,9
R&D expenditure (% sales)	6 %
Sustainability (0-100)	86
Ecological impact: SDG 7/8/13	large
Social impact SDG 9	insignificant



## Examples from the Portfolio

Ingredion is one of the pioneers in the field of environmentally friendly and health-promoting food supplements. The company was quick to embrace this sustainable business model and has developed a wide range of innovative products: plant-based alternatives to synthetic nutrients, fiber rich and sugar-free ingredients, plant-based proteins and natural preservatives.

Ingredion is also active in the field of packaging: The company develops food packaging from natural materials, that are recyclable, biodegradable or can be disposed of in an environmentally friendly way.

The focus is clearly on sustainability. Ingredion carefully examines the impact of its business activities on the UN Sustainable Development Goals and sets high standards for its suppliers – for example, for grain, potatoes, sugar and packaging materials. Environmental standards and resource conservation are at the forefront.

Ingredion meets the growing demand for natural, healthy foods with plant-based additives and nutrients that promote health, reduce sugar content and are environmentally friendly at the same time.

In addition, Ingredion is helping to reduce the use of petroleum-based and synthetic chemicals in agriculture. One example: biopolymers from Ingredion prevent seeds from clumping together and improve the even distribution of fertilisers in the field.

Another highlight of the company's innovative strength: a grease-repellent paper coating based on corn and tapioca starch – a purely plant-based product made from renewable raw materials.



Paper with greaseproof coating based on corn and tapioca starch.



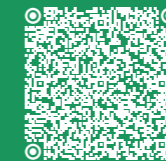
Drink with plant-based additives and nutrients for health promotion and sugar reduction.

EARTH	
Weight in the portfolio	2,4 %
Sales share of resource-efficient products	100 %
ROCE	16 %
Debt to equity ratio	0,5
R&D expenditure (% sales)	0,9 %
Sustainability (0-100)	68
Ecological impact: SDG 7/8/13	large
Social impact SDG 9	insignificant

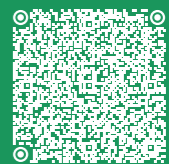
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