

QUADRIGA CAPITAL

DACH MID-MARKET WITH ESG AND IMPACT



HEALTHCARE | TECH-ENABLED SERVICES | SMART INDUSTRIES

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1. Quadriga Capital - at a Glance

The DACH Mid-Market Private Equity Firm

- ▶ German private equity pioneer since 1988
- ▶ Passionate in supporting DACH mid-market growth companies to expand
- ▶ > 40 primaries and >115 add-ons completed
- ▶ Experienced team of 15 investment and operating professionals

The Offer

- ▶ Tailored equity capital products for individualized succession solutions (families, founders)
- ▶ α -system as institutionalized value creation system
- ▶ Support in both institutionalization and internationalization
- ▶ International industrial networks with deep expertise to support (digital) transformations

The Investment Approach

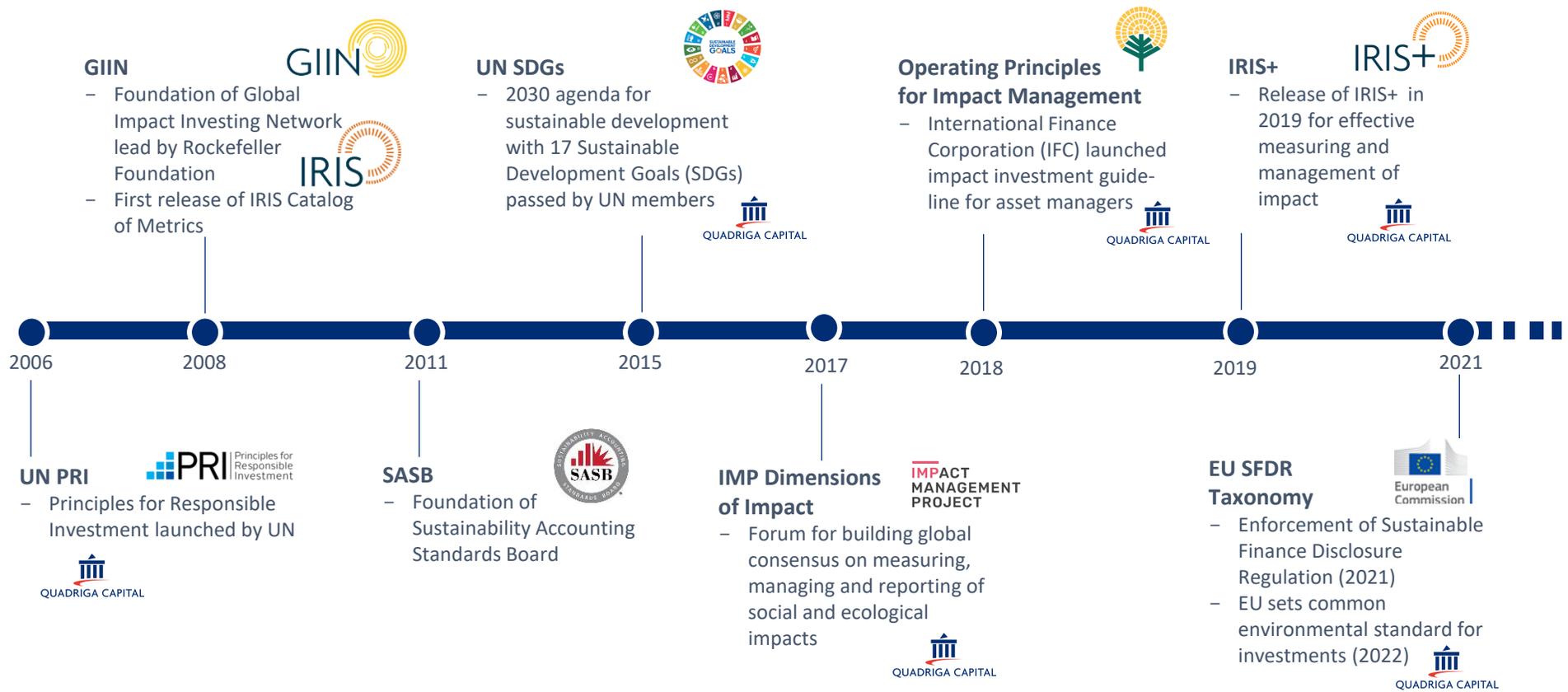
- ▶ Focus on Healthcare, Tech-Enabled Services and Smart Industries
- ▶ Focus on platform investment roll-outs (buy-and-build) and tech-driven MBOs
- ▶ Sourcing: high share of proprietary deals (85%)
- ▶ Equity investments of EUR 20 - 150 m (incl. co-in.)

ESG & Impact Approach

- ▶ Transformation of investee companies by Quadriga's institutionalized ESG & Impact approach
- ▶ Support in individualized sustainability concepts
- ▶ Support by external ESG/Impact Advisory Board and network
- ▶ Since 2021: from ESG specialist to "investing with impact" as signatory of IFC's Operating Principles

2. Development of Sustainability, ESG and Impact Initiatives

- ▶ Over the past 15 years numerous market-focused initiatives and multi-stakeholder groups established principles and standards for ESG and impact management



3. ESG History & Content of Quadriga Capital

- ▶ 2007: pioneering ESG application with an LP
- ▶ 2010: start of quantitative ESG data collection
- ▶ 2012: signatory of UN PRI
- ▶ 2014 onwards: development of online QC ESG Impact Monitor
 - ▶ started with ~ 120 KPIs
 - ▶ 2017: carbon footprint scopes 1+2
 - ▶ now approx. 400 KPIs



Environmental	Social	Governance
<ul style="list-style-type: none"> • Emissions reduction • Carbon offsetting programmes • Energy efficiency • Renewably sourced energy • Responsibly sourced materials • Waste management • Supply chain transparency 	<ul style="list-style-type: none"> • Compliance with strong code of ethics • Employee training • Labour practices • Occupational health & safety • Diversity • Gender equality • Terms of employment 	<ul style="list-style-type: none"> • Company guidelines • Company rules and regulations • Internal control principles • Risk management • Strict application of α-System • Responsible engagement • Corporate citizenship • ESG policies

4. Distinguishing Factors of Impact Investing

- ▶ Three distinguishing factors of impact investing – application usually varies by asset class and strategy

	Definition	Considerable Factors
Intention	<ul style="list-style-type: none"> ▶ establish strategy-level objectives for positive social or environmental outcomes ▶ basis for screening impactful investments and measuring impact next to financial criteria ▶ focus on wider corporate purpose beyond the short-term maximization of shareholder value 	<ul style="list-style-type: none"> ▶ outcome-focused impact thesis ▶ additional focus on a company's products or services next to its operations
Contribution	<ul style="list-style-type: none"> ▶ contribute to achieving the desired social or environmental outcome by providing capital and engaging with the investee company ▶ focus on unmet needs of investee customers 	<ul style="list-style-type: none"> ▶ link inputs to outcomes ▶ differentiated investor value-add
Measurement	<ul style="list-style-type: none"> ▶ measurement of inputs, outputs and outcomes of impact ▶ demonstrate its intended effect and shed light on investment impact strategy efficacy 	<ul style="list-style-type: none"> ▶ accountability and transparency (reporting)

4. Quadriga Capital's "Investing with Impact" Approach

- ▶ Next evolutionary step: **Expansion of ESG** leading to an investment approach "**with impact**" in 2020/21
- ▶ Intention to create **social and ecological impact** alongside top tier risk-adjusted financial returns
- ▶ **Measurable impact** with reference to
 - ▶ UN Sustainable Development Goals (SDGs)
 - ▶ IRIS+
 - ▶ IMP
- ▶ **Signatory of IFC's Operating Principles for Impact Management**
 - ▶ 9 Principles fully incorporated into Quadriga's standard operating procedures
- ▶ External **QC ESG/Impact Advisory Board** of experts supporting and contributing to both ESG and Impact related topics
 - ▶ **Impact due diligence & roadmap** of new investment opportunities
 - ▶ Ensure impact processes fully complied with **Quadriga's α-system** for value creation
 - ▶ Regular measurement of **impact progress**
- ▶ **Sustainable impact** increases intrinsic value of investee companies

Frameworks applied:



Focus SDGs applied:



4. Quadriga Capital's Impact Processes

- ▶ Four key elements to ensure the integrity of its “Investing with Impact”
- ▶ The set of corresponding impact tools ensures consistent consideration of impact throughout the investment lifecycle
- ▶ Alignment with market best practices

Goals



Assessment



Alpha



Results

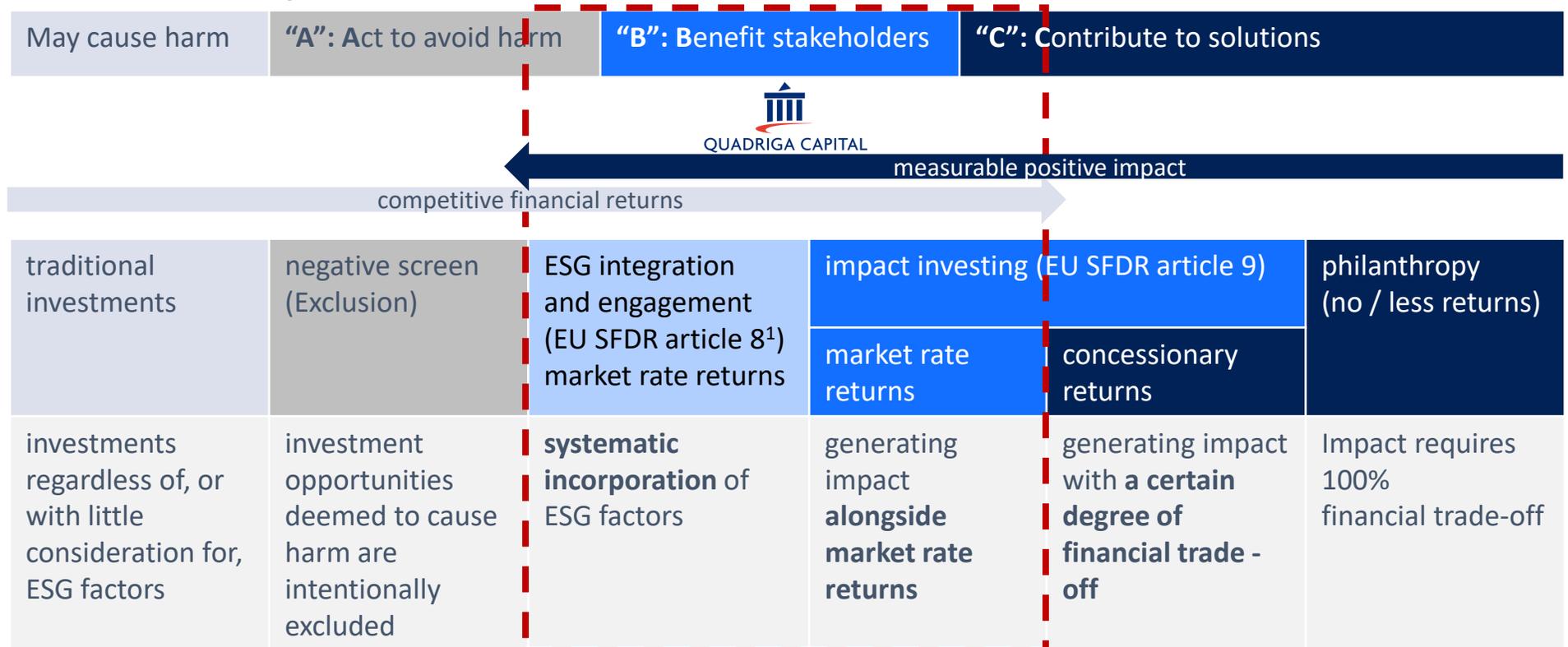


	Thematic Alignment	Classification	Contribution	Measurement
Supporting Tools (Overview)	<p>A. Thematic Alignment Tool: guidance and criteria for aligning each investment with commonly understood impact themes in alignment to SDGs</p>	<p>B. Investment Level Impact Thesis: a template logic model linking the company's activities to potential impactful outcomes</p>	<p>D. Contribution Analysis: detailing Quadriga Capital's activities enabling specific contribution roles</p>	<p>E. Prioritized Impact Metrics for relevant IRIS+ themes and selected SDG targets: metrics aligned to IRIS+ themes and identified SDG targets with initial prioritization</p>
		<p>C. Classification Framework: classifying the company's anticipated outcomes on A-B-Cs according to IMP</p>		

4. Quadriga's Position on the ESG and Impact Investing Spectrum

- ▶ Quadriga Capital Fund VI is positioned as a return-first fund including impact, i.e. no concession on return
- ▶ Impact generation across A-B-C categories are structurally included in the investment and monitoring process

A-B-C Investment Impact Classification Framework



THANK YOU !

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