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Portfolio Climate Maturity: How Kartesia used the PMDR Framework to advance its climate journey

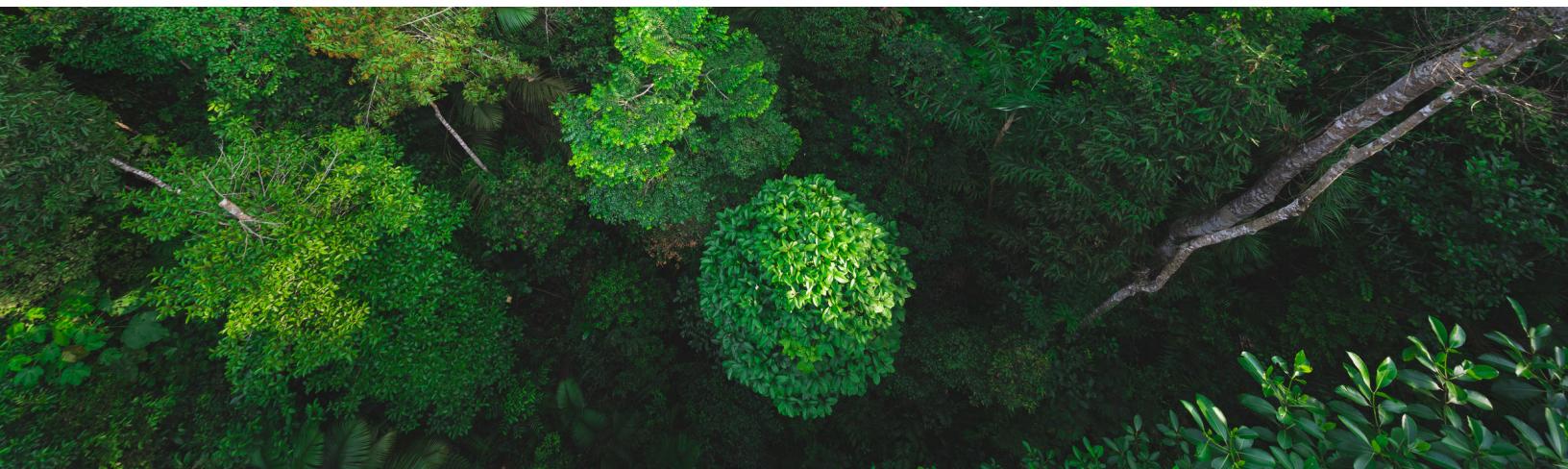


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Executive Summary



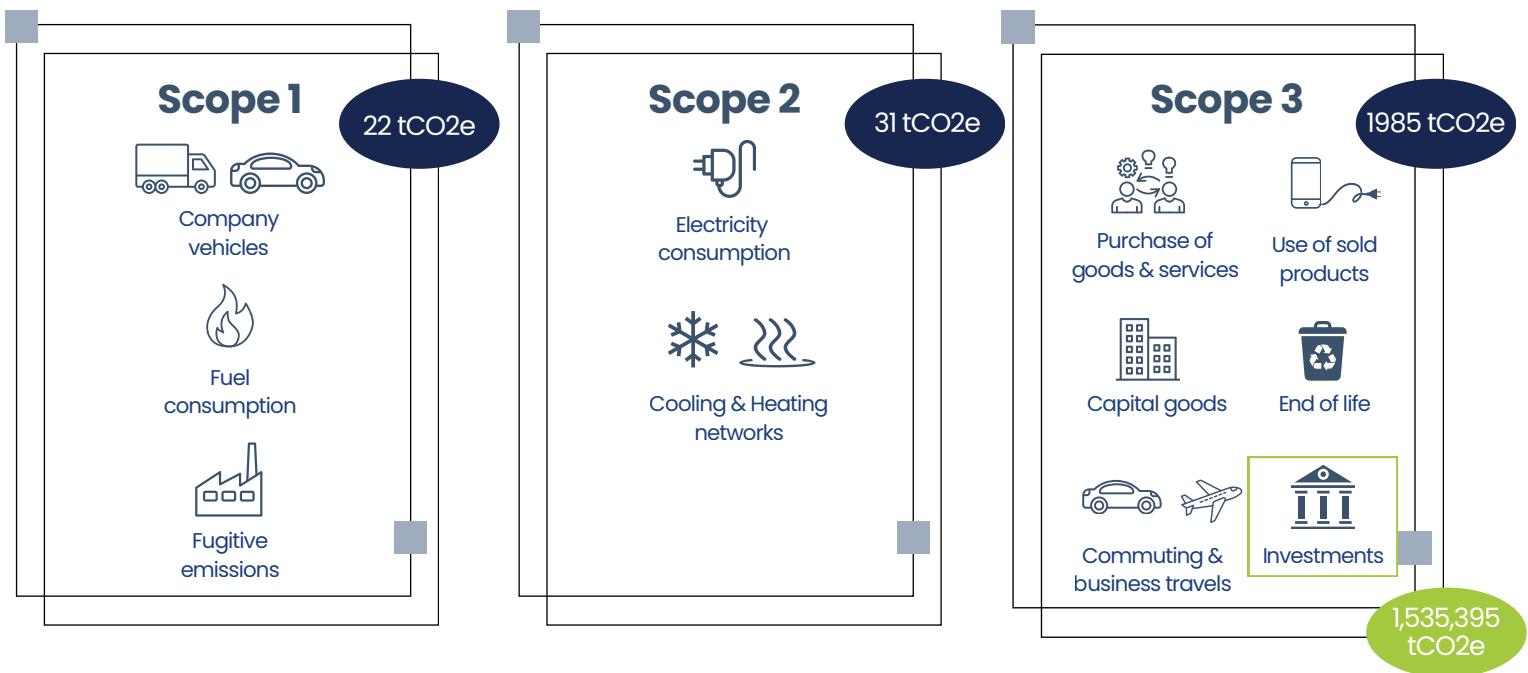
For Kartesia, ESG is a core dimension embedded in every decision. The firm believes that companies with strong environmental, social, and governance standards are not only better for society, but also typically better run, less exposed to long-term risks, and better positioned to deliver sustainable value.

As a major European private-credit manager with around €7.5 billion in assets under management across its 4 strategies, Kartesia aims to show how asset managers can use their capital to support decarbonization, resource efficiency, and climate resilience. This approach is particularly relevant in the broader European context, where asset managers collectively control roughly €33 trillion in assets*. With such a scale, they play a central role in financing the economy and can help guide capital flows toward a climate-aligned transition.



Laying the Foundation: A Comprehensive Assessment of GHG Emissions

As part of its continuous effort to strengthen climate management and transparency, Kartesia deepened its carbon accounting practices in 2025 by partnering with a specialized climate consulting firm dedicated to private market decarbonization. This marked the **seventh consecutive year** of Kartesia's carbon footprint assessment. For the first time, **financed emissions** (category 15 of scope 3) were included, alongside other smaller but relevant categories such as **purchased goods and services, business travel, and employee food & commuting**. While this expanded scope naturally increased Kartesia's reported emissions, it also established a more robust and complete baseline from which to guide future progress.



Driving Change: Engaging Portfolio Companies on Emissions Reduction

At portfolio level, Kartesia **actively engages with its portfolio companies** to enhance climate-related disclosures and improve their climate practices. Over the past year, we have successfully encouraged some of our portfolio companies to conduct a **complete GHG emission assessment**, supporting them in their journey toward greater transparency. Some of them even set **decarbonization trajectories**.



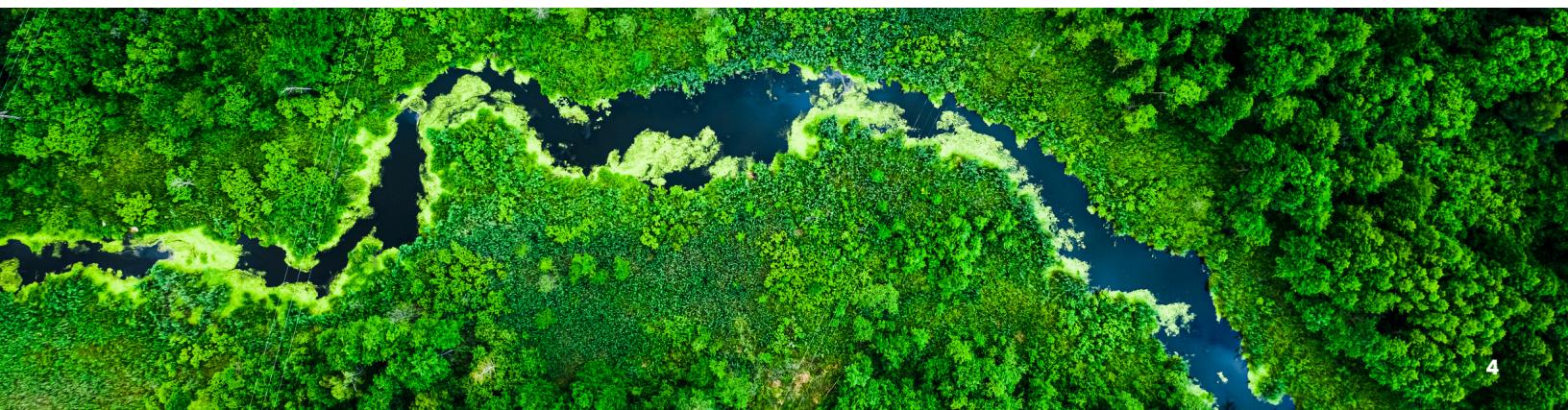
This groundwork laid the foundation for the next phase of Kartesia's climate agenda: the **development of its Climate Strategy** based on the monitoring of its portfolio climate maturity thanks to the **Private Markets Decarbonization Roadmap (PMDR)**.

Setting the Benchmark: Introducing the PMDR Climate Maturity Framework

The PMDR is a practical framework designed to help private market investors understand, measure, and reduce the carbon impact of their portfolio. It was developed by **Bain on behalf of the Initiative Climat International (ici)** and the **Sustainable Markets Initiative's Private Equity Task Force**. Its value lies in its simplicity: PMDR breaks down the complexity of decarbonization into **clear steps** that guide funds managers from **gathering the right data** to making **informed investment decisions**. PMDR allows for a structured pathway for continuous improvement.

PMDR connects **carbon footprints, materiality assessments, and action planning**. By beginning with achievable data collection, fund managers gain a clearer picture of where emissions lie across their portfolio. Materiality assessments then help identify which companies matter most in terms of climate impact and transition risk. This integration ensures that data is not gathered for its own sake, but used to guide **engagement, prioritization, and long-term strategy**.

Many different alignment pathways such as Net Zero Investment Framework (NZIF) and Science Based Targets initiative (SBTi) are marked by complexity and high levels of ambition, appearing to be out of reach when establishing a climate strategy from scratch. However, unlike NZIF and SBTi, **PMDR** does not set alignment targets. Instead, it can serve as an **accessible** and **trustworthy** entry point. It enables investors to begin the journey toward climate alignment without requiring the upfront commitments or data intensity of more advanced frameworks, while keeping the door open for progression toward them.





Why Kartesia Chose the PMDR Framework

Over the past few years, we've made significant progress in understanding our carbon footprint, particularly by expanding the scope and reliability of our Scope 3 data, an essential step for any investor wishing to understand the real climate exposure of its portfolio. With our 2024 carbon assessment, data became more reliable, more complete, and easier to analyze. But once we had that stronger knowledge base, a new question emerged:

"Now that we have the data, how do we use it to move forward?"

To answer this, we needed a framework that could translate **carbon metrics into actionable insights**, one that was pragmatic, comparable across diverse companies, and capable of supporting **meaningful climate ambitions**. This is where the PMDR framework resonated with us. Its **maturity-based approach** helps us understand where each company stands on its decarbonization journey and what the next steps could be.

"PMDR felt like a bridge between data and strategy," explains our Sustainability team. "It allowed us to turn carbon data into something dynamic, something we can actually use to steer conversations with our investment teams and portfolio companies."

A key strength of the approach lies in the integration of **climate maturity** with **climate materiality** (financed emissions). By combining these two perspectives, we can prioritize where our influence is most needed to drive climate efforts and, thus, shape a realistic strategy. The PMDR allows us to visualize and monitor the elements that matter most for shaping our climate strategy:





- **Distribution of companies across PMDR stages**, expressed as a **percentage of assets** (Not started, Capturing data, Preparing to decarbonize, Aligning, Net-zero aligned)
- **The same distribution expressed in financed emissions**, helping us identify where the largest carbon exposures lie
- **Fund-level alignment by financed emissions**, showing how much of the fund's footprint is linked to companies on credible pathways
- **Attribution factor vs. financed emissions**, clarifying Kartesia's share of responsibility and influence



This visibility gives us a practical foundation for action, enabling us to:

- **Focus on engagement** with companies with the highest relevance or risk, while preparing management calls.
- **Identify leaders** and **share best practices** across the portfolio.
- **Build a climate strategy** grounded in both ambition and operational feasibility.

The PMDR effectively transforms climate analysis from a static annual exercise into a living dashboard, updated regularly and embedded in decision-making.



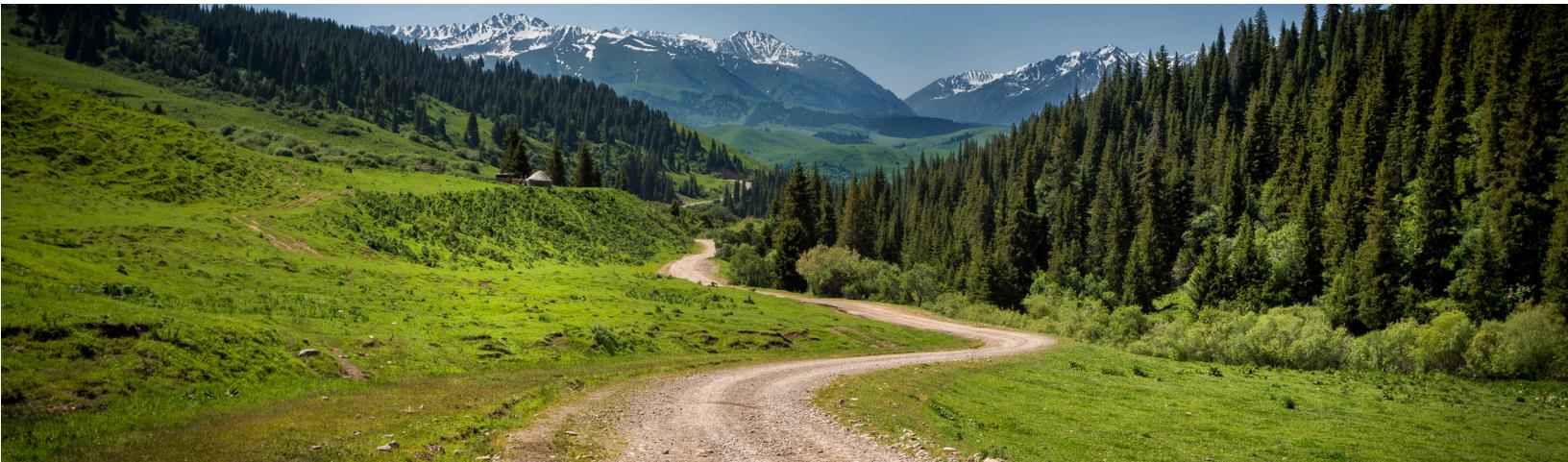


The Journey: Testing, Learning, and Refining

When we first decided to test the PMDR, we started with a small pilot to familiarize ourselves with the framework and refine our internal approach before scaling it across our portfolio.

At the same time, we revisited our **annual ESG questionnaire**, a cornerstone of our engagement process. In 2024, we added climate-related questions aligned with PMDR indicators, helping us position companies along the maturity scale.

These questions were designed to be conditional and relevant. For instance, for companies that already have internal climate targets, we asked whether these targets have been approved by the SBTi. This ensures that each company engages at the right level, avoids a “one-size-fits-all” approach, and reduces the reporting burden by focusing only on meaningful and actionable information.



Through this first phase, we learned several key lessons:

- **Structured data is the foundation of progress.**
- **Iteration drives improvement.** We keep refining both our internal processes- like the annual ESG questionnaire- and the way we use the PMDR.
- **PMDR is a catalyst for deeper dialogue.** It opens new conversations around EU Taxonomy and will be particularly valuable as **SFDR 2.0** increases the emphasis on climate-related disclosures.



In practice, applying the PMDR revealed the gap between theory and reality. **Data maturity varies widely across SMEs**, and our role as a private debt investor means that **engagement requires a tailored and collaborative approach**. Still, the framework has already helped us prioritize engagement and better understand where our actions can have the most meaningful impact.

Navigating Climate Terminology and Realities

Applying the PMDR also meant navigating a more technical climate vocabulary, like **“Decarbonization Enabler”** and **“No Pathway to Align”** terms. While they may sound theoretical, these distinctions are critical to understanding how mature a company truly is in its decarbonization journey.

The classification process begins with the fundamentals: analyzing each company’s **NACE code**, **business model**, and **sectoral activities** to determine whether its operations contribute directly to, or are enabled by, the **net-zero transition**. This structured approach helps translate diverse portfolio realities into a common language of climate maturity.

In practice, **Decarbonization Enablers** are companies whose products or services help other sectors reduce emissions. For instance, providers of energy-efficient technologies or digital solutions that improve resource use. **No Pathway to Align** applies to businesses for which current technologies do not yet offer a viable route to decarbonization.

For a private debt investor like Kartesia, this distinction is particularly relevant. Many of our portfolio companies operate in traditional manufacturing or service-based sectors where decarbonization technologies are still emerging. The PMDR helps us acknowledge these constraints transparently, identifying where progress is possible today, and where innovation or policy developments will be needed tomorrow.





“The goal isn’t to label companies as good or bad,” our Sustainability team notes, “but to understand where they stand and what kind of support or dialogue can move them forward.”

By clarifying terminology and providing a consistent reference point, the PMDR enables more meaningful engagement across the portfolio, ensuring that Kartesia’s conversations about climate remain both realistic and forward-looking.



What’s Next: From Maturity to Strategy

As we scale the PMDR across our full portfolio, the next phase is to embed climate maturity insights directly into our investment monitoring, engagement priorities, and annual ESG roadmap. For our **LPs**, this enhanced transparency ensures their capital is driving real-world transition. For our **portfolio companies**, it provides a clear, standardized roadmap that demystifies climate reporting and highlights value-creation opportunities.

Over the coming year, we will strive to translate PMDR outputs into targeted engagement plans, sector-specific expectations, and measurable milestones for companies at different stages of maturity. This evolution strengthens our climate strategy by ensuring that progress is both data-driven and operationally realistic.

Final Reflection

Kartesia’s work with the PMDR demonstrates how climate action in private markets can evolve, from data collection to dialogue, and from dialogue to strategy. The journey toward climate maturity is iterative, but each step builds transparency, consistency, and engagement across stakeholders.



“Real progress doesn’t come from having all the answers,” concludes the team, “but from asking better questions – and sharing what we learn along the way.”



About the Partnership

Kartesia’s 2025 GHG accounting and PMDR implementation were supported by Carbometrix. The firm facilitated Kartesia’s comprehensive Carbon Footprint assessment (Scopes 1-3, including financed emissions) and worked directly with portfolio companies to calculate emissions and model decarbonization trajectories. This partnership provided the data integrity and hybrid platform-consultant support required to turn the PMDR framework into actionable investment monitoring.



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