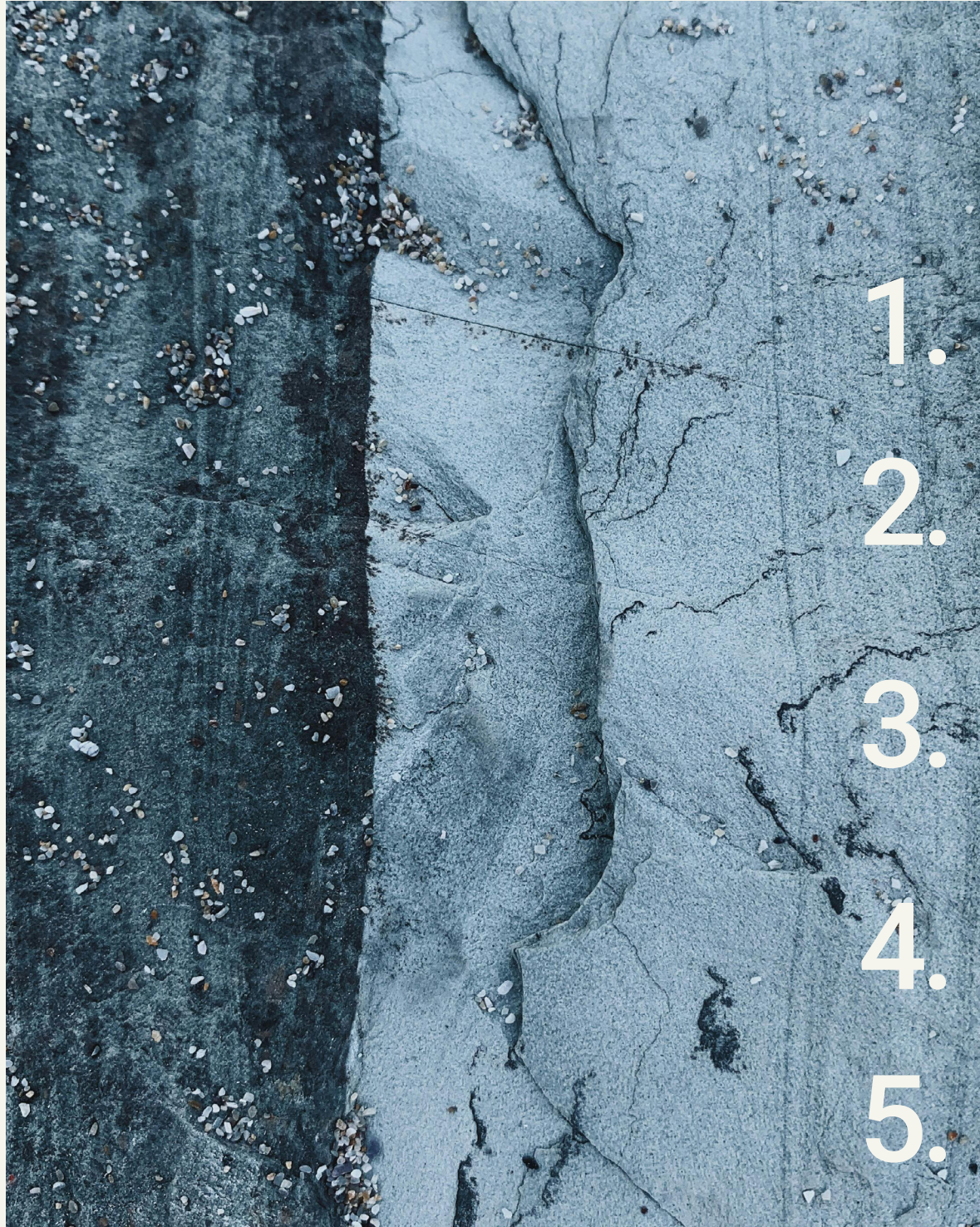




Sustainability
report 2024



Summary



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Incus
Capital



A word from the CIO



Andrew Newton
Managing Partner
Chief Investment Officer

Delivering attractive risk-adjusted returns to our investors is our most important mission. Mitigating risk and capturing ESG driven opportunities is a critical part to that. Incus Capital has a strong track record of delivering customized solutions to our clients, and we believe this bespoke approach can be applied to ESG considerations as well. Our goal is to provide clients with the solutions they seek while understanding and managing the ESG impact and opportunities associated with our investment strategies.

This is why over the past years we spent a significant amount of time and resources building out the necessary operational infrastructure to ensure that ESG is integrated into all our investment processes in a structured and rigorous manner. Our more recent funds are classified as art. 8 or 9 under the European Sustainable Disclosure Regulation (SFDR), and we pledge to do the same for future funds.

We remain committed to leveraging on our experience and market leadership in Europe to provide capital solutions that drive the transition to a more sustainable future in Europe, without compromising investor returns.

Our first SFDR art.9 impact fund, the European Renewables Credit Fund II, helps to address the climate crisis, by providing credit solutions tailored to the needs of renewable power producers that have been underserved by the traditional banking system.

Finally, to further strengthen our commitment to ESG principles and broaden our impact, we proudly launched the Incus Foundation in 2023. The Foundation serves as a dedicated arm focused on fostering environmental initiatives within the communities we operate. By channeling our resources and expertise, the Incus Foundation aims to support projects that not only align with our investment ethos, but also contribute positively to environmental outcomes.

“ Delivering attractive risk-adjusted returns to our investors is our most important mission. Mitigating risk and capturing ESG driven opportunities is a critical part to that.



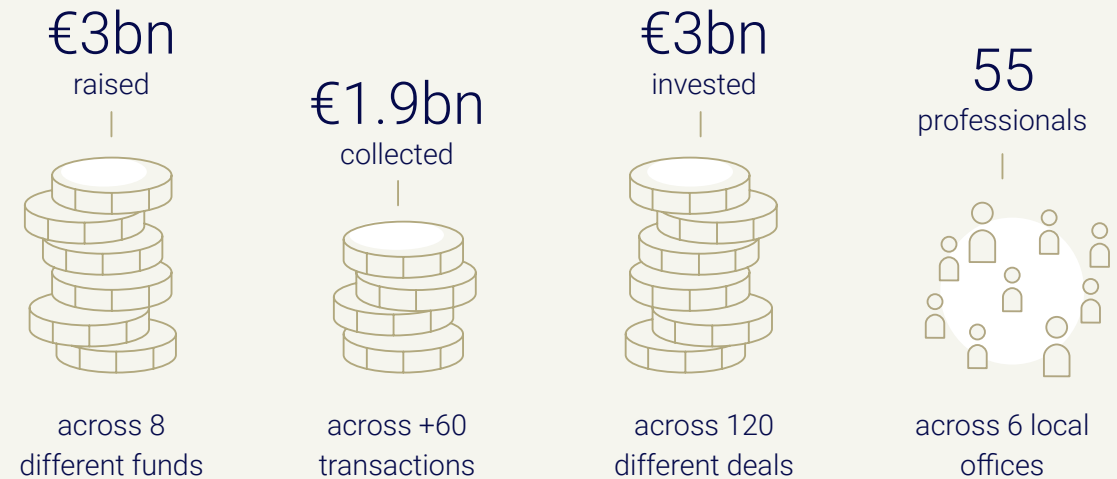
At **Incus Capital**, we shape a sustainable landscape through our unique approach to asset backed lending in Europe

Founded in 2012, Incus Capital (“Incus”) today has 55 industry professionals working across the firm’s six offices in Madrid, Lisbon, Milan, Paris, Luxembourg and Frankfurt. The firm is owned and operated by the partners who have more than 150 years of combined experience, and an established track record in investing in specialty credit opportunities across different European jurisdictions.

With €3.0bn invested since firm inception, Incus has been able to position itself as one of the leading alternative lenders in continental Europe. With local offices and teams in each of the countries it invests in, Incus has been able to establish deep rooted origination network which has become one of the firm’s key competitive advantages.

The Firm’s core investment principles have been developed from years of applied investment experience and continue to evolve as we adapt ourselves to the future.

Since 2012, Incus Capital represents:



Incus Capital is also member of several initiatives...



...and uses various frameworks



Our core investment principles

Asset based

Downside protection through hard asset collateral



Flexible credit

Flexible credit solutions, with a preference for senior positions in the capital stack



Local presence

Strong focus on origination. Incus partners originate transactions directly in the local economy



Mid-market specialists

Generating alpha focusing the mid-market, financing well capitalized companies that are underserved by banks and large international players





Our asset backed approach; investing in real assets

Due to the firm's real asset-based investment strategy, sustainability related issues have been a core element of Incus Capital's investment ethos since inception.

Both real estate and infrastructure are intrinsically linked to the wider needs of our society. From transportation, to renewable energy or waste management, infrastructure as an asset class plays a key role in shaping a sustainable future.

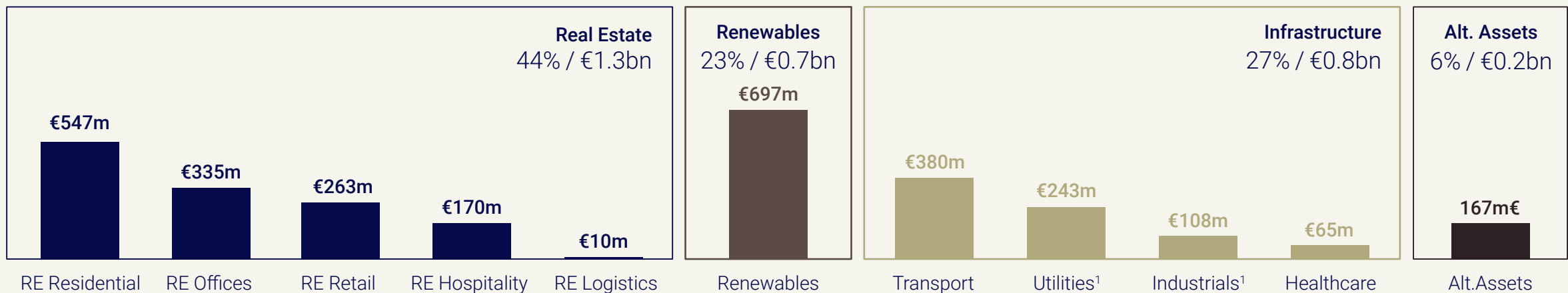
The nature of real estate, on the other hand, grounded in physical structures and their interactions with their surroundings, also has a deep connection with ESG issues. From managing aspects such as energy efficiency, resource conservation and carbon footprint, real estate is also intrinsically linked to social outcomes, as the design and use of space can significantly community well-being, inclusivity, and accessibility.

Since inception in 2012, we invested €3.0bn across Europe

■ INCUS OFFICES



The firm focuses on real assets investing across Europe



1. Includes two investments that are closed, but not yet funded.



The core of **Incus Capital**'s ESG beliefs is to positively contribute to sustainability outcomes and to transition to a greener economy



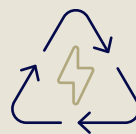
Our primary goal is to rigorously **measure the impact of our actions** across all investment strategies. Where it aligns with our financial objectives, we aim to allocate capital to projects that either actively **contribute to sustainability themes** or **possess the potential for positive transition along a sustainability pathway**. We are dedicated to maximizing financial returns, whilst also fostering positive environmental and social outcomes in our investments.

Our sustainability commitments



ESG integration

We commit to integrating ESG factors across all investment strategies. We are also committed to SFDR compliance with several funds classified as Article 8 and 9.



Impact theme

We are dedicated to facilitating the green energy transition across all relevant assets, driving forward sustainable progress.



Incus Foundation

We are committed to support solutions for the responsible use of the planet's natural resources.

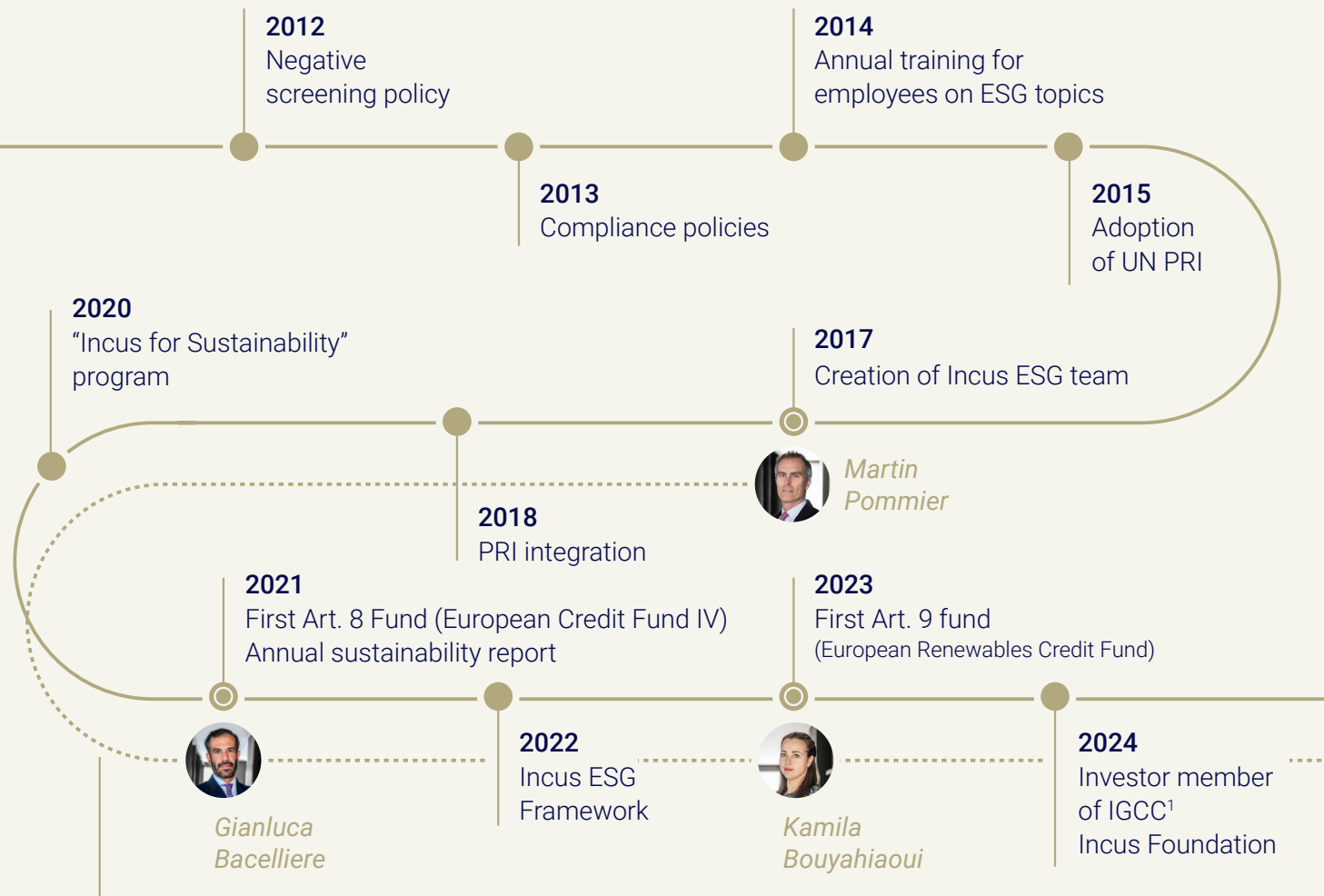


2.

Incus Capital
in 2024

Sustainability has been an integral part of the Incus DNA since the beginning

We have taken concrete steps along our sustainability journey...



The ESG team is growing in line with the increasing importance of sustainability within the organization.

...guided by a number of formalized policies

- **ESG Policy** consistent with **PRI² principles**
- **Exclusion list:** weapon manufacturing, tobacco, pornography, nuclear energy, prostitution, gambling, drugs and alcohol-related activities, coal-based businesses, and any operations involving serious or systematic human rights violations
- **Code of Conduct**
- **Anti Money Laundering and Counter Terrorism Financing ("AML/CTF") Policy**
- **HR and employees** protocols
- **Business Continuity Plan** to ensure employees safety
- **Data Protection** manuals
- **Personal trading** Policy
- **Anti-Harassment** Protocol for Sexual and Gender-Based Harassment in the Workplace

At Incus Capital, we are committed to best practice, and we will continue to grow our effort.

1. Investor Group on Climate Change; 2. Principles for Responsible Investment.



We want our team to thrive

We organize a wide range of activities throughout the year

Team building activities



- **Lunch series:** Monthly lunch series during which Incus Capital employees are randomly selected to have lunch with peers from separate departments.
- **Offsite event:** All of our employees have an offsite event at least once a year.
- **Entire firm events:** Multiple times a year, the firm hosts dinners and overnight events to update all employees on recent accomplishments and near term company goals.
- **Welcome lunch:** For our new joiners, we organize a welcome meal with the entire firm.
- **Cultural and physical trips:** Trips are organized in the countryside and each employee who wants to participate can do so.



Trainings for our employees



- **ESG lunch talks:** Expert talks over an ESG matter over lunch.
- **Learning Hubs:** Informative training courses are carried out monthly for all employees on topics related to the company. These trainings are conducted either by external personnel and/or by Incus employees.
- **Ad-hoc activities:** We often have trainings or unique events that we are invited to participate in by our clients and customers.



A close-up photograph of a piece of light-colored wood, showing its natural grain pattern. The wood is cut into a curved, wave-like shape, with the grain following the curve. The lighting is warm, highlighting the texture and color variations of the wood.

Our sustainability strategy & commitment

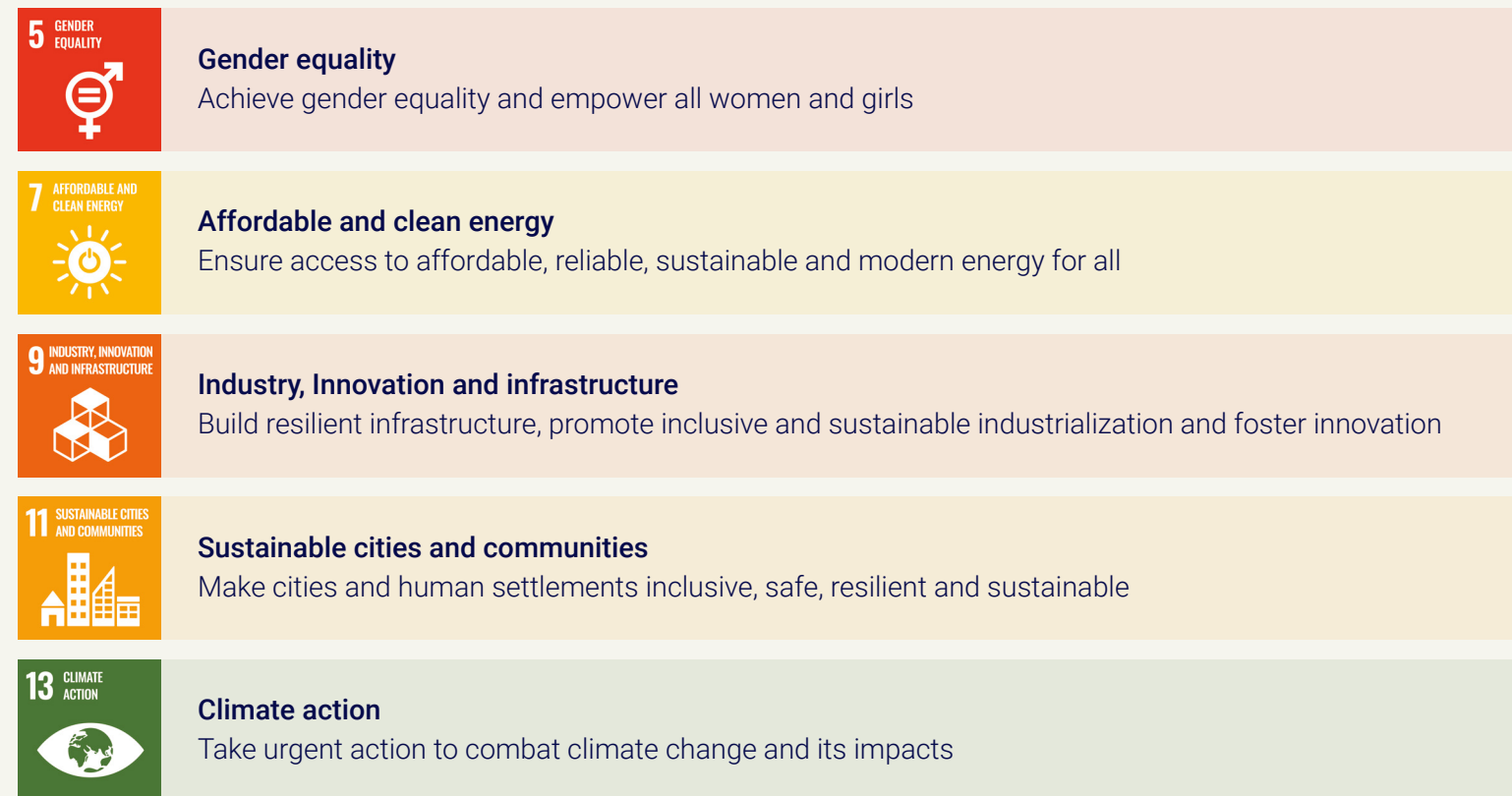
3.



Our contributions to the SDGs embody our proactive role as a changemaker

The Sustainable Development Goals (SDGs) were adopted in 2015 by the United Nations General Assembly and are a compilation of 17 goals formulated by 193 countries to be achieved in order to “transform our world by 2030”.

At Incus Capital, our impact for a more sustainable world is represented through 5 SDGs expressed at different levels of the organization.



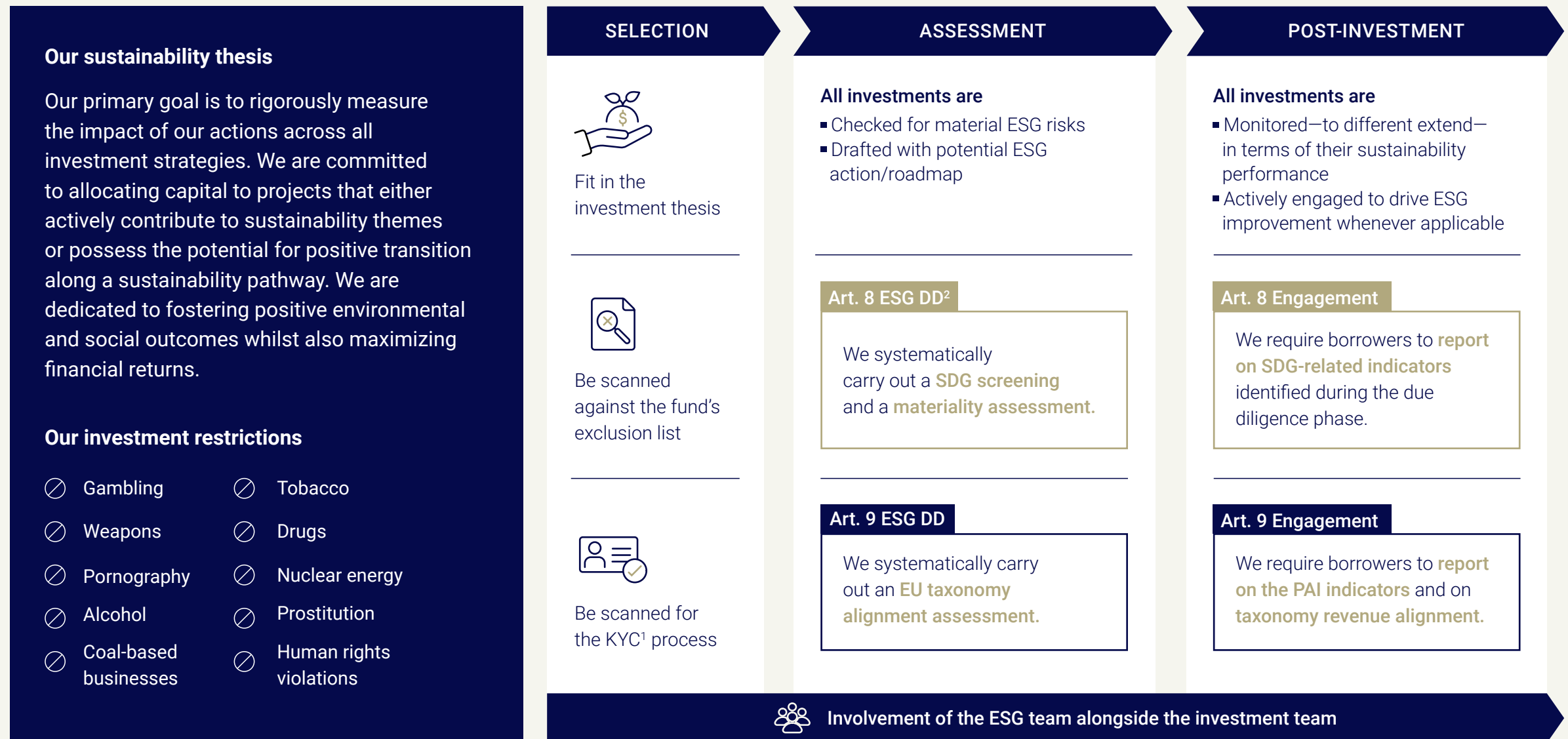


Our contribution to the SDGs underlines our commitment to ESG issues at all levels





Cross-functional teams under the stewardship of the ESG Leads ensure rigorous ESG integration






1. Know Your Customer; 2. ESG Due Diligence.

This sustainable investment approach has gradually been refined over time

All new Incus Capital funds will pursue article 8. & 9. under SFDR

In recent years, the firm's approach to ESG has shifted from a risk mitigation tool to a key strategic element that informs our investment decisions, how we understand value creation and the way we seek to maximize returns for our investors.

LEVEL OF ESG INTEGRATION	INCUS CAPITAL FUNDS	ESG OBJECTIVES
 <p>Art. 6 Funds ensuring minimum safeguards</p>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 40%;">Specialty Credit Fund I, II, III</div> <div style="border: 1px solid black; padding: 5px; width: 40%;">Real Estate Credit Fund I</div> </div>	<p>2012</p> <ul style="list-style-type: none"> Screening for potential material negative environmental and social impact
 <p>Art. 8 Funds that promote environmental and/or social characteristics</p>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 40%;">Specialty Credit Fund IV, V</div> <div style="border: 1px solid black; padding: 5px; width: 40%;">Real Estate Credit Fund II</div> </div>	<p>2018</p> <ul style="list-style-type: none"> Promoting environmental or social characteristics for 90% of the capital invested Minimum proportion of 10% of investments qualified as environmentally sustainable under the EU Taxonomy Including covenants directly related to relevant indicators
 <p>Art. 9 Funds that make sustainable investments</p>	<div style="border: 1px solid black; padding: 5px; width: 40%;">Renewables Credit Fund II</div>	<p>2024</p> <ul style="list-style-type: none"> Making 100% of sustainable investment with an environmental objective whether it be qualified under the EU Taxonomy or not Including covenants directly relate to relevant indicators



Climate transition is a strategic priority for Incus Capital

We fully support the transition towards a low-carbon economy by aligning our Article 9 fund with the EU's 2050 decarbonization goals



In 2015, the Paris Agreements set targets to limit climate change

+2°C

The main objective of the universal agreement is to **keep the global temperature increase well below 2 degrees Celsius** and to make even greater **efforts to limit the temperature increase to 1.5 degrees Celsius** above pre-industrial levels.

Net Zero

It also aims for **carbon neutrality**, meaning **achieving a balance** where the greenhouse gases we emit are offset by the amount absorbed by carbon sinks like forests.



More recently, the European taxonomy has raised the ambitions

-55%

Net 55% or greater reduction below 1990 levels by 2030.

Net Zero

Climate-neutrality objective by 2050.

For example, this can be done by investing in the following sectors:

- Research and development of low-carbon technologies,
- Renewable energy,
- Low-carbon transport solutions,
- Industrial de-carbonisation.

Incus Capital is the **leading alternative lender** in the renewables space in Continental Europe and has therefore set **net zero emission targets for our Renewables Credit Fund II**.

European Renewables Credit Fund II

Size

€300M

SFDR

Article 9

The fund is focused on providing senior credit solutions for energy transition in Europe. Incus Capital has already held a €300m initial close for Fund II.

The fund is a successor investment vehicle to Fund I raised in 2022.

Objective by 2050



This is a critical time to provide flexible capital solutions for the development of renewable energy infrastructure. Europe is in desperate need for more capital investment to achieve our energy transition goals. Flexible capital from private credit managers like Incus Capital is an important part of the financial solution.

Estanisló Carvajal

Incus Partner – Renewables



Our approach to sustainability is fueled by our team

We believe that achieving our goals is only possible with people from diverse backgrounds, experiences, and talents

Diversity, equity, accessibility, and inclusion are crucial to our company's excellence and mission fulfillment. Senior leadership is dedicated to these principles, recognizing that we can only achieve them through collaboration with our staff.

Therefore, we promote equal opportunities in recruitment and in professional opportunities based on merit and regardless of gender identity, including gender reassignment, ethnicity, religion, age, nationality, disability, sexual orientation, marriage and civil partnership, parental status, and socio-economic status.



As a company committed to equal opportunity regardless of gender, sexual orientation, or religious beliefs, Incus Capital ensures diverse representation among its employees, **with women amounting to 40% of the firm's total workforce.**



We all deserve a workplace where everyone is treated with respect and dignity. To support this, we have implemented the **Anti-Harassment Protocol for Sexual and Gender-Based Harassment in the Workplace**, followed by **mandatory training for all employees.**

We encourage employees to speak up when witnessing any unlawful acts using the whistleblower channel, which ensures their anonymity.



To foster growth and development, we encourage **continuous learning among our employees.** We support their development by facilitating as many 1:1 meetings as needed and providing opportunities for them to set their own goals with their line managers. These objectives are reviewed bi-annually to ensure ongoing progress and alignment. We promoted 5 employees this year.



To achieve our goals, we prioritize the well-being of our employees by **promoting work-life balance.** As part of this commitment, we have implemented a "digital disconnection policy."



Incus Capital is committed to best practices in governance

Compliance



In compliance with AML regulations, **Incus Capital has established an independent unit dedicated to overseeing anti-money laundering activities**, ensuring complete autonomy from the board of directors.



Our strong compliance culture is reflected in our annual review of each compliance policy to ensure adherence to all relevant regulations. To maintain their effectiveness, all internal policies are reinforced through **mandatory training for all employees**.



We are also developing a **comprehensive code of conduct** to guide our actions and align with our core principles.

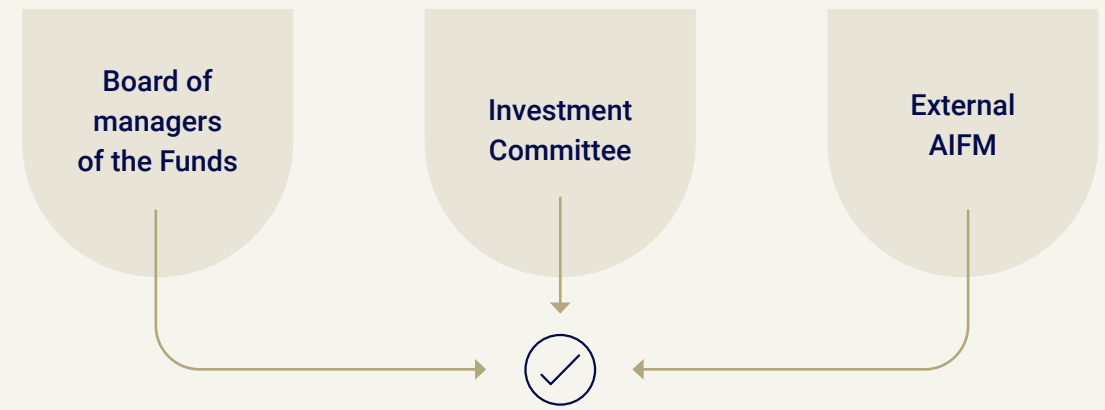


Personal data processing is a crucial component of our operations, as it fosters trust. We have established **robust policies** and require all employees to sign statutes that ensure **compliance with GDPR¹**, protect against cybercrime, and safeguard employee rights.

1. General Data Protection Regulation.

Organization

To prevent conflicts of interest, we have implemented a three-tier approval process.



Additionally, we have a senior risk committee that meets quarterly with risk managers from each department to oversee and mitigate risks.



Alejandro Moya
Partner
Real Estate



Jessica Perramón
COO



Monica Peral
General Counsel



Martin Pommier
Partner
Product Strategy



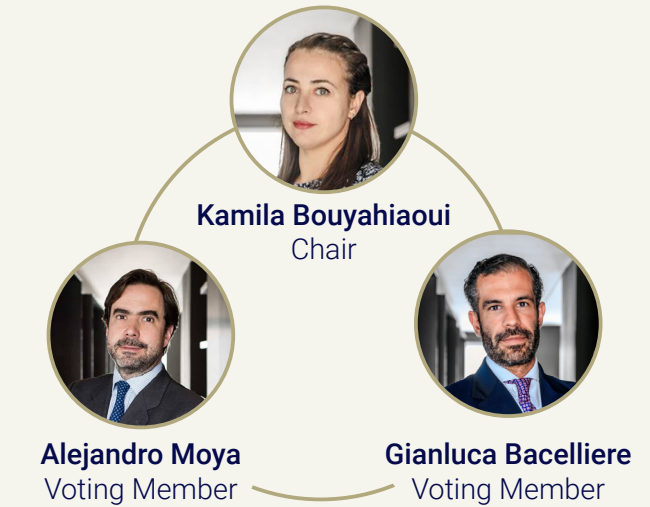
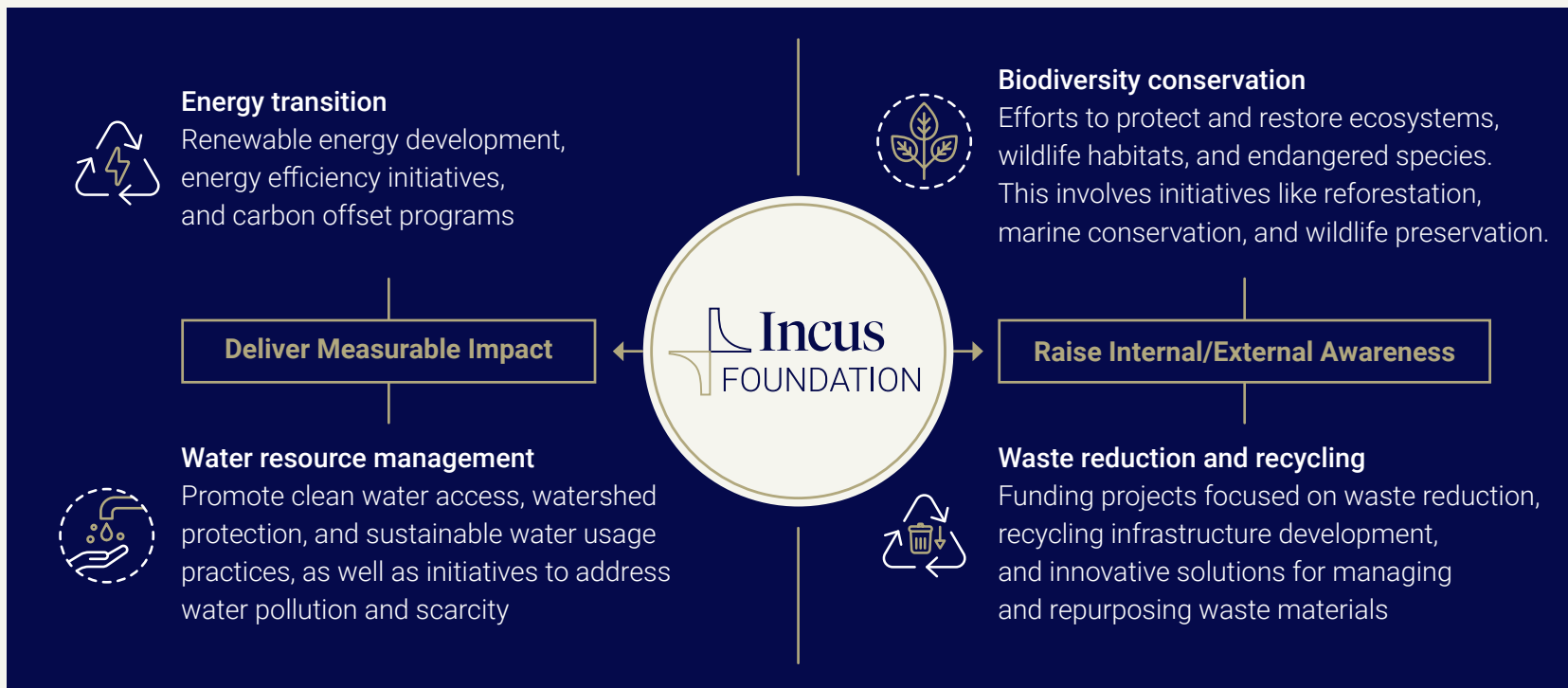
Taking a step further to amplify our impact, **in 2013, we launched the Incus Foundation** to actively contribute to the sustainable development of the markets in which we operate

We are proud to announce we have taken a more ambitious approach to amplify our impact



Incus Foundation is closely connected to and aligned with the values, thematic investment expertise, and entrepreneurial spirit of Incus Capital

A dedicated team to manage the Incus Foundation



<p>€1m over 5 years</p>	<p>€50k average donation</p>	<p>4-5 donations/ year</p>
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Incus Foundation made its first donation to the **Fundación Oceanogràfic de Valencia** to help preserve our marine resources

The Fundació Oceanogràfic, created in 2006, aims to protect the marine environment. The Oceanogràfic Foundation is committed to providing new knowledge, informing and raising awareness throughout society, with the aim of improving the conservation of species and their natural habitat.



Research

Improve scientific knowledge of the oceans and the life that lives in them to help conserve endangered species



Conservation

Carry out actions that directly affect the marine environment or its species in order to improve its conservation

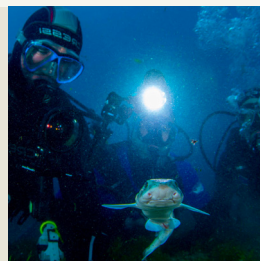


Education

Bring knowledge closer to society in order to awaken its sensitivity and encourage care for the oceans



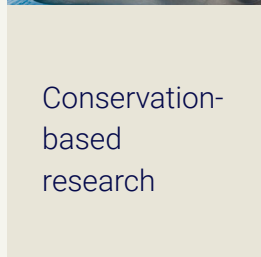
Study the physiology of marine vertebrates



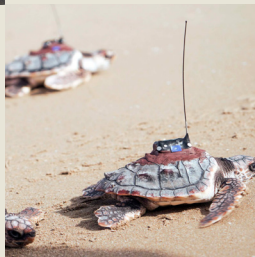
Reintroduction



Awareness campaigns



Conservation-based research



Ghost net removal



Volunteer program



HABITAT RESTORATION

REDUCTION OF PLASTIC POLLUTION

PROTECTING LIVELIHOODS

MARINE LIFE PRESERVATION



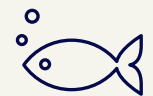
€25,000
donation/year



3 year
program



1,5 tons
of waste removed



3,000
fishes saved



4.

Fund
performance



Measurement of non-financial outcomes through different KPIs in our Art.8 and Art. 9 funds


KPIs followed for Art. 8 fund

Non-sustainable Investments

(not committed to specific sustainable goals)




Exclusion list	Ratio of investments rejected as a result of the exclusion list compared to the total number of potential
SDG screening	When an SDG is directly applicable to the investment, a correlated KPI(s) will be determined
Materiality assessment	SASB material KPI(s) per investment

Sustainable investments

Taxonomy eligibility assessment	Emissions avoided (tCO ₂ e) MWh of renewable energy for sale
Share of sustainable investment	Minimum 10% of total allocation  On track

KPIs followed for Art. 9 fund

To measure the attainment of the fund's sustainable investment objective, Incus Capital uses 3 SDGs as indicators with specific KPIs associated

7 AFFORDABLE AND CLEAN ENERGY 	Cumulative installed capacity of renewable energy projects
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	CO ₂ emissions avoided
13 CLIMATE ACTION 	Number of renewable energy projects financed

To complete the monitoring of the fund's performance, Incus Capital also uses the 14 mandatory PAI¹ indicators and adds two others:

	<ul style="list-style-type: none"> ▪ The existence of carbon reduction initiative at the investee level ▪ The rate of accident
---	--

1. Principle Adverse Impacts.



Real Estate case study: Project Eagle

Project Eagle is a reconversion of an office building in San Sebastian de los Reyes (Madrid, Spain), into c.126 “loft style” units.

Project Eagle is a good example of Incus Capital’s asset reconversion strategy by focusing on investing in assets with high urban rehabilitation potential and space transformation to the new ways of working and living. Reconverting this abandoned office space into appealing loft units will help the neighborhood become a more modern and appealing area while providing affordable housing to the city.



Project Eagle will make sure to meet the highest standards of sustainability and the lowest environmental impact. Similarly, the development will count with solar panels on the roof top to power the water boiler. The development will count with an “A” standard energy efficiency certification by reducing all energy consumption of the condominium to a minimum.

Project Eagle is the perfect example of circular economy in Real Estate development

-  Recycling and re-use of existing materials
-  Common areas bathrooms have been recycled
-  Use of local suppliers
-  Bicycle spaces
-  Eco taps to cut energy and save water
-  Installation of solar panels in the rooftop
-  1,000 sqm of garden spaces with c. 400 plants
-  Parity across project and design teams
-  Area utilization has been maximized with 1,500 sqm of terraces
-  Installation of 7 EV chargers
-  A+ Energy Efficiency Certificate
-  Support local youth sports team



Real Estate case study: Project Eagle



Álvaro Rivera
Partner

How was the deal originated?

In September 2021, a local Spanish developer and sales broker with an extensive track record in loft development in San Sebastián de los Reyes, presented the opportunity to Incus Capital. The asset in question was an abandoned office building that had never been completed due to the bankruptcy of the developer. This building was held as collateral for a non-performing loan (NPL), which Incus Capital acquired at a significant discount.

The real estate developer teamed up with the former architect of the building and negotiated a swift possession accession with the owner. They then approached Incus Capital with a proposal to collaborate on acquiring the asset and redeveloping it into a loft building.

What has the project consisted in and how has it been executed?

The objective was to transform the abandoned building into a best-in-class loft complex with a variety of amenities, including a gym, rooftop swimming pool, and padel court. Partnering with an experienced asset manager has clearly paid off. The construction works have run smoothly, allowing us to preserve as much of the old structure as possible. We've focused on reusing materials wherever feasible and recycling anything that couldn't be reused.

How has the market responded to the project?

The project has garnered very strong interest from both investors and individuals. Remarkably, it is almost sold out even before the construction works are completed. This response indicates that the final product we've created is very attractive and superior to any other offerings in the area.

In what ways is Project Eagle a good example of sustainable real estate development?

The concept itself is a perfect example of circular economy, by reconvertng an abandoned building into a product which adapts to today's trends in ways of living, we have given a new life to a structure and materials which would have otherwise been thrown away.

Also, the building features all the possible characteristics to make it as sustainable as possible. It has solar panels on the roof for self-consumption of electricity, eco-taps which reduce water consumption, EV charges in the garage. We've also maximized the green spaces throughout the complex, and all these elements have allowed us to achieve grade "A" energy standard.

“The concept itself is a perfect example of circular economy, by reconvertng an abandoned building into a product which adapts to today's trends [...].”

Renewables case study: Project Hype (art.8)



Project Hype is a construction financing for the construction of a 150MWp solar PV portfolio distributed across 5 clusters with 18 projects in Portugal.

While initially rooted in Iberia with +640MW solar energy developed over 50 solar projects in the past, the company has as well expanded its activities to Western Europe, starting by Romania where it has a current pipeline of 460MW. In aggregate the company has a pipeline of approximately 3.4 GW of renewable energy projects (installed capacity by 2030), primarily located in Iberia.



13 CLIMATE ACTION We performed a thorough ESG analysis: The company's core activities align with climate change mitigation efforts, demonstrating a positive environmental impact.

Environment

- Water management
- Supplier selection process
- Sustainable procurement policy

Social

- Health & Safety incidents register
- HR policy
- Employees handbook

Governance

- Dedicated resource to ESG
- Stakeholder engagement plan
- Grievance register
- Code of conduct
- Whistleblowing procedure

Project Hype shows how our borrowers implement ESG roadmaps in order to reach a higher environmental and social impact all the while improving their company governance.



Renewables case study: Project Croa and Oural (art.9)



Projects Aura I (Croa Hub) & Aura II (Oural Hub) are part of a portfolio of five onshore wind assets fully owned by a renewables specialist Group.

The portfolio, known as Aura Portfolio, comprises five wind farms in the Spanish northwestern region of Galicia. The assets within the Aura Portfolio have a combined installed capacity of 74.2MW.

As with all our Article 9 investments, we carried out extensive ESG due diligence



We also make sure that the project contributes to the SDGs we are following



Project Aura contributes to 74,2 MW installed capacity of renewable energy.



Project Aura allows to avoid 27 ktCO₂eq per year.



Project Aura allows the fund to add one project in the number of renewable energy projects financed.



Our thematic investment approach in action:

We see the market potential of green energy and we seize it



Guillermo Entrecanales
Director, Investment Team

How long has Incus Capital been investing in the renewables space?

With more than €800m invested in the asset class, renewables is a theme we've been investing in since the early days. Our initial investments were during the first years of the Spanish subsidy moratorium (2012 and onwards). At that time, we took over a number of plants that were questioning the financial viability of the sector without subsidies. Once the sector became profitable on a standalone basis, we helped many independent power producers bridge their equity needs through the permitting process all the way up to "ready-to-build" phase. Many of these players are now coming back to us to seek construction financing to take the plants to operation, which is precisely the core of our Renewables Credit Fund II investment strategy.

How big is the market opportunity?

More than €300bn are required to meet the Net Zero Emission Goals of the EU by 2050. That represents an average funding gap of ca. €10bn annually between Spain, Italy and Portugal, which are the countries where we see the largest amount of opportunities.

What else makes the market opportunity so attractive?

The first reason is probably the fact that renewable generation is a massive priority for the EU. Secondly, the fact that the renewables sector is profitable on a standalone, i.e. merchant basis. Southern Europe has great natural resources, there is very limited regulatory risk that could potentially impact the viability of the investments. From a relative value perspective, we believe that the investment opportunity is more appealing from a credit vs equity perspective. As transitional capital, our exposure is limited to a short period of time, meaning that we're pretty shielded from any long-term energy price fluctuations in the market.

Has deployment of capital become more difficult now that the Fund is an art.9 fund under SFDR?

I wouldn't necessarily say so. It certainly adds a layer of complexity to the underwriting, but at the end of the day all it does is set out a number of additional checks and balances which our counterparties have to meet in order to have access to our financing, and that is a good thing. One thing we've come to realize, is that most of the time our counterparties actually meet these requirements already, which is a testimony to the quality and sophistication of the companies we typically lend to.

“ More than €300bn are required to meet the Net Zero Emission Goals of the EU by 2050.

A close-up photograph of a light-colored leaf, showing a prominent central vein and a network of smaller veins branching off it. The leaf is slightly curved, and the lighting highlights its texture.

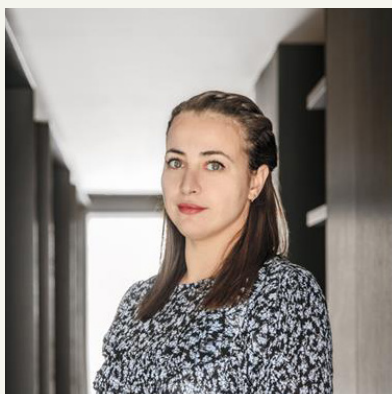
5.

Forward-looking
ambition

Our vision to build a sustainable future



Gianluca Bacelliere
Vice President, Investor Relations



Kamila Bouyahiaoui
Vice President, Investment Team

It looks like the past 12 months have been fairly transformative for the firm. Would you say this applies to your different ESG initiatives as well?

GB: It certainly does, but it's also important to bear in mind that in many instances we've just provided structure that was already there. An example of it is the Incus Foundation. Incus has always been aware of its privileged position in society and over the years we've been making donations to many great projects and initiatives. But as the platform started evolving, both in size and number of employees, we recognized the need for a more structured and strategic approach to our philanthropic efforts. This transformation meant establishing a formal framework for the Incus Foundation, which now allows us to not only increase our contributions but also ensure they are more impactful and aligned with our core values. By setting clear objectives and measurable outcomes, we can better support initiatives that resonate with our mission and deliver lasting benefits to the communities we serve.

What is going to be the focus over the next 12 months?

GB: From an Investment perspective, we spent a lot of time designing the necessary operational architecture that we need in order to fully integrate ESG into the fund cycle. All of this has now implemented, and it's now time to put it to work, make an impact where we can and obtain the data. Kamila—you're the expert on this. Anything to add?

KB: I mean now that the groundwork is done, we're eager to see the results. Our priority will be developing specific ESG roadmaps for each of our investee companies, working closely with them to implement practices that meet both their goals and our ESG standards. In addition to that, we'll be focusing heavily on collecting and analyzing data. This data will help us measure the impact of our ESG initiatives and make informed adjustments as needed. Essentially, our aim is to ensure that ESG is not just a checkbox but a meaningful part of how we operate and invest. At the same time, we're eager to continue supporting great projects through the Foundation.

What are the key challenges and opportunities that you expect?

GB: I think it's important to remember that as a credit firm our impact is always going to be more limited than if we were equity providers. We know that, and our investors know that, but at the end of the day, some impact is better than no impact. There is also an important educational component to it. Our borrowers are SMEs that are at different stages of their ESG journeys themselves. We're aware that change won't happen overnight and that's just fine.

KB: But we're also excited to keep exploring new sustainable investment themes. We're currently heavily invested in the renewables space, but there are many other great impact driven strategies out there, especially in the real assets space, that generate impact outcomes without compromising on investor returns.

How do you expect the industry to evolve and what will Incus do to adapt?

The alternatives industry is on a transformative path where ESG considerations will play a pivotal role. Investors will increasingly demand that fund managers not only consider but also demonstrate the positive environmental and social impacts of their investments. We also expect greater regulatory scrutiny. Many of the ESG regulations are fairly vague, and we expect this to change in the near future. We as a firm must stay ahead of these changes to maintain trust and meet legal obligations. Finally, we believe there will be increased demand for thematic funds targeting specific ESG issues, just like our Renewables Credit Fund II. More and more investors are realizing that attractive returns and positive impact are not mutually exclusive, which is why we'll continue developing specialized expertise and strategies to align with these thematic interests.



Madrid Office

Paseo de la Castellana 60, 6th floor—28046 Madrid, Spain
Contact: mpommier@incuscapital.com
Telephone: +34 91 282 11 41

Paris Office

52 Rue d'Anjou—75008 Paris, France
Contact: skessas@incuscapital.com
Telephone: +33 1 40 06 04 77

Lisbon Office

Rua Castilho 13D-8^a—1250-066 Lisboa, Portugal
Contact: tbrandao@incuscapital.com
Telephone: +351 211 955723

Milan Office

Via Statuto 10—20121 Milano, Italy
Contact: cgiovanelli@incuscapital.com
Telephone: +39 340 901 59 90

Luxembourg Office

11-13 Boulevard de la Foire—L-1258 Luxembourg
Contact: mpommier@incuscapital.com
Telephone: +352 26 20 38 03

Frankfurt Office

Neue Mainzer Str. 34—60311 Frankfurt am Main
Contact: pellebracht@incuscapital.com
Telephone: +49 178 2792796

incuscapital.com

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This report has been published on December 2024.

Graphic design by Radiographique—Léa Rolland & Redouan Chetuan

