



TELESTO STRATEGY

Examples of Client Impact

Partnering with leading companies to deliver growth
and sustainability

CONFIDENTIAL

Any use or reproduction of this material without the express written consent of Telesto Strategy LLC is prohibited

We help leading organizations drive internal sustainability...

Examples of recent client work

-  Developed **net zero target** and strategy for \$30B publicly-listed real estate company
-  Evaluated bankability of **onsite solar deal structures** for S&P500 REIT with >1,000 unique properties
-  Created **ESG roadmap** for construction supplies manufacturing company

... and capture value through sustainable products and services

Double-clicks to follow

-  Conducted **property-level climate risk assessment** for leading real estate company
-  Developed **portfolio of ESG service offerings** for Global F1000 insurance brokerage
-  Created **GTM strategy** for facilities management software that helps lower building emissions

1 We developed a net zero target and strategy for \$30B publicly listed real estate company

Context

- A real estate company with \$30B AUM was tasked by their board to **develop a net zero target and strategy**
- Portfolio included **multiple asset classes** with different emissions profiles

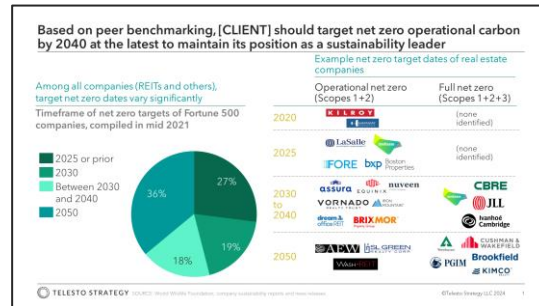
Our approach

- Developed **granular emissions forecasting model** for each asset class; model developed on top of client data and aligned with architecture of their business model
- Model integrated **Telesto's database** on eGRID emissions forecasts, **expert inputs** on VPPAs, and on-the-ground learnings from **client's engineering and operations teams**
- Developed a **board-level business case** including competitor benchmarks, business rationale, key risks, and a detailed appendix of supporting information

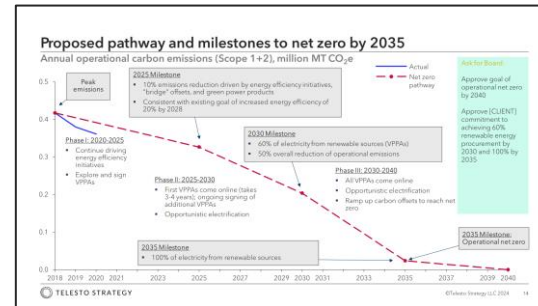
Impact

- Net zero target and plan were **ratified by client's Board** and announced publicly
- Client's ESG team **received budget approval** to pursue **emissions reduction initiatives** such as renewable energy

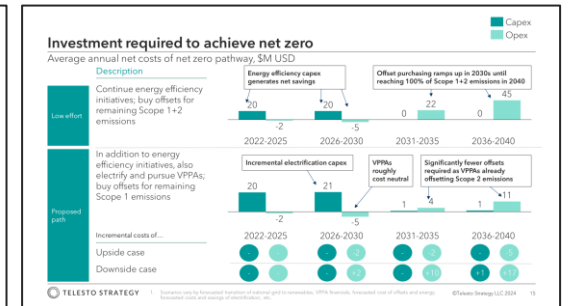
Key tools and deliverables



Detailed assessment of peer net zero targets by year and scope of commitment



High-level roadmap of emissions reduction milestones and key initiatives



Summary of financial impact of net zero strategy vis-à-vis business as usual

2 We evaluated the bankability of onsite solar deal structures for an S&P500 REIT with >1,000 unique properties



Context

- A leading real estate investment firm (REIT) with over 60M sqft of properties had several onsite (rooftop) solar development offers but was unsure which to pursue, if any
- REIT had not experience with renewable energy procurement



Our approach

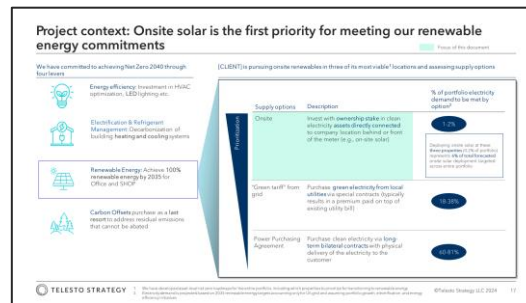
- Conducted detailed financial assessment of several different deal structures and sites, including sensitivity testing under different long-term cost of energy and cost of capital scenarios
- Integrated qualitative inputs from solar developers, client's facilities team, and client ESG team; tested assumptions with key stakeholders
- Created business case pack for client's capital committee, including linkage to REIT's net zero target



Impact

- REIT's capital committee approved recommended deals and moved forward with first solar projects in its history
- Committee issued standing approval for deals with same structures and metrics

Key tools and deliverables

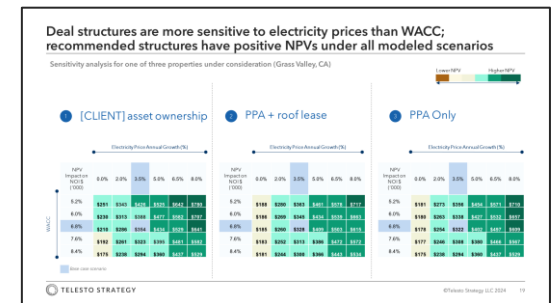


Linkage to net zero targets in business case deck

Executive summary: Project overview by property

| Category | Item | Proposed investments in properties California | | | Total |
|---|--|---|--------------|---|---|
| | | Green Valley | Walnut Creek | Valley View | |
| Building operations | Year built | 2000 | 1978 | 1976 | - |
| | Building size | Sq. Ft. 86,532 | 107,800 | 96,478 | 290,810 |
| | Annual electricity consumption | MWh 455,188 | 498,389 | 441,800 | 2,230,377 |
| | Proposed annual solar energy generation | MWh 204,882 | 280,377 | 334,067 | 819,326 |
| Energy and emissions | Annual electricity demand met by solar | % 30% | 30% | 50% | 30% |
| | GHG emissions abated | MT CO ₂ e 5.3 | 10.5 | 9.5 | 25.3 |
| | Percentage of portfolio GHG emissions abated | % 0.001% | 0.002% | 0.002% | 0.007% |
| | Year 1 net electricity cost savings | \$ 114,641 | \$19,209 | \$38,669 | \$172,519 |
| Financial overview of real estate development | Year 1 net electricity cost savings | \$ 114,641 | \$19,209 | \$38,669 | \$172,519 |
| | Year 1 net electricity IRR savings | % 0.001% | 0.002% | 0.002% | 0.007% |
| | Average annual savings | \$ 114,641 | \$19,209 | \$38,669 | \$172,519 |
| | Impact on roof requirement | N/A | None | Acquisition \$1.5M investment from 2021 to 2024 | Acquisition \$2.5M investment from 2021 to 2024 |
| 20 year IRR | % \$10,237 | \$106,980 | \$475,457 | \$1,344,657 | |
| 20 year NPV | % n/a | 14% | 51% | 24% | |

Summary of deal financials (NPV, IRR) and emissions impact of multiple projects



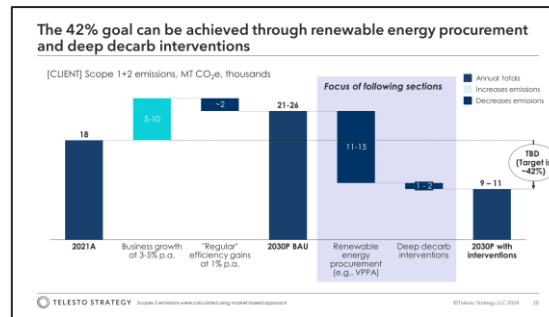
Sensitivity analyses of different deal structures, energy price growth, and WACC forecasts

3 We created an ESG roadmap for a construction supplies manufacturing company



- Private water fixtures manufacturer was under pressure from its customers to **develop an ESG roadmap**
- Client had **recently hired first VP of Sustainability** who was tasked with creating roadmap and report
- Conducted **organization-wide interviews** to understand current programs that align with ESG and potential future initiatives
- Developed **business rationale** for sustainability target / initiatives that was **bespoke to client's context**
- Assessed public ESG commitments of **key customers and competitors**
- Broadly syndicated** roadmap and commitments to build buy-in
- Ownership gave **full approval for roadmap** and proposed set of commitments
- Client now **regularly asked to present at industry events** on their ESG journey and impact

Key tools and deliverables



Eight key initiatives to maintain [CLIENT] competitiveness in sustainability and ESG

| Category | Initiative | Benefits to [CLIENT] |
|---------------|---|--|
| Environmental | 1. Establish an emissions reduction goal | Align [CLIENT] with emission reduction goals of customers |
| | 2. Pursue renewable energy | Reduce energy consumption |
| | 3. Drive energy efficiency and electrification | Enhance brand |
| | 4. Lead industry on water and water-energy approaches | Establish [CLIENT] as leader in water conservation Gain additional revenue streams from broader water service offerings |
| Social | 5. Continue investing in safe and efficient products | Revenue uplift |
| | 6. Amplify DEI&E programs | Improve employee recruitment, retention, engagement, and productivity Enhance brand |
| Governance | 7. Enhance supply chain governance | Decrease brand and operational risks |
| | 8. Publish ESG report | Provide customers with data required to meet their reporting commitments Enhance brand |

TELESTO STRATEGY | ©Telego Strategy LLC 2024

Benchmarking against competitors and best practice

% best practice initiatives in public disclosures

| Initiative | Included in public disclosures! | | | | | |
|--|---------------------------------|------|------|------|------|------|
| | Current | 2022 | 2023 | 2024 | 2025 | 2026 |
| Energy & emissions | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Environmental conservation & protection | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Embedding sustainability across company | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Diversity, Equity, Inclusion & Belonging (DEI&B) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Product safety | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Stakeholder engagement & satisfaction | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Occupational health & safety | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Responsible supply chain | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Compliance & ethics | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

TELESTO STRATEGY | ©Telego Strategy LLC 2024

High-level forecast of emissions under BAU and sustainable growth scenarios

Summary of roadmap; each initiative includes detailed double-clicks

Benchmarking of proposed ESG roadmap vs. peers' disclosed commitments

4 We conducted property-level climate risk assessment for leading real estate company

Context

- Publicly traded real estate company was seeking to improve its climate risk reporting and integrate climate risk into decision-making processes

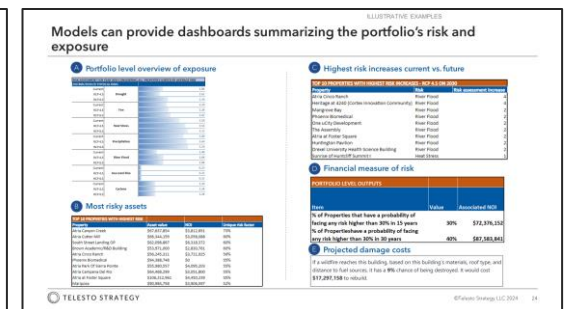
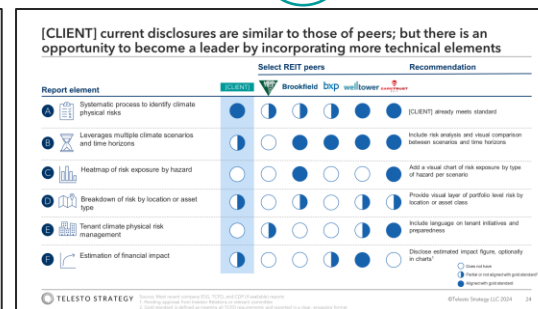
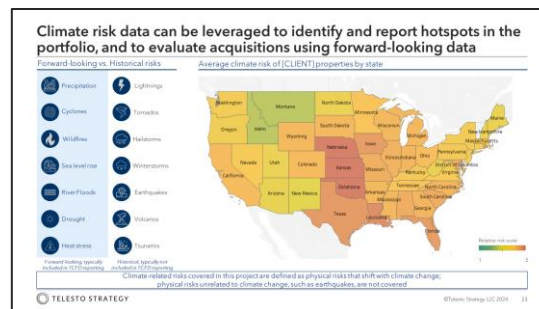
Our approach

- Developed recommended enhancements to current climate risk disclosures based on peer benchmarking and expected regulations
- Identified largest sources of revenue (NOI) at risk across portfolio of 1,000+ properties
- Developed proof of concept risk assessment model, leveraging geospatial climate risk datasets, to inform decision-making in investment, divestment, and capital deployment (climate adaptation) processes

Impact

- Client fully endorsed recommendations; future ESG reports to include more robust risk disclosures
- Currently in discussion with client's risk and capital committees regarding implementation

Key tools and deliverables



Summary of climate risk types and risk exposure of client portfolio

Benchmarking of client's current climate risk disclosures vs. peers

Overview of climate risk synthesis model developed for client by Teleso

5 We developed a portfolio of ESG service offerings for Global F500 insurance brokerage

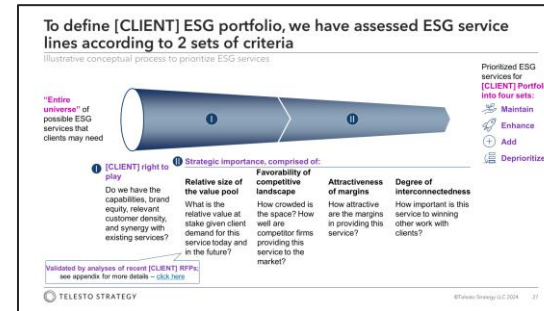


- Client is global insurance services company with \$9B in annual revenues
- Client has received several requests from customers for ESG support and sought to organize its services into structured offerings aligned to its strengths and market demand
- Developed comprehensive framework of all possible ESG offerings by assessing competitors, customer RFPs, existing services, and relevant frameworks (e.g., CSRD)
- Assessed full inventory of potential services against client's right to play and strategic importance of service, including value pool and margins
- Prioritized subsets of services for client to maintain, enhance, add, or deprioritize based on assessment
- Client endorsed recommendations on which services to prioritize for buildout
- Client team given approval to further develop business cases and GTM / implementation roadmaps for prioritized services

Key tools and deliverables



Framework of all possible ESG services that client could offer



Conceptual overview of prioritization method & criteria

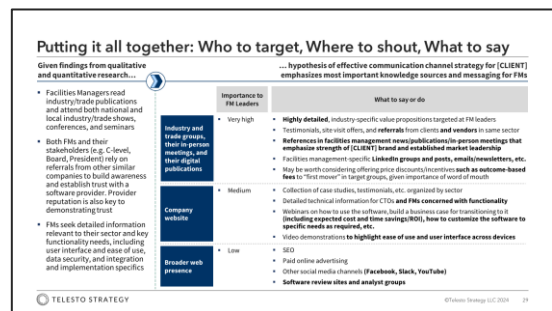
Overview of assessment of all potential client services

6 We created a **GTM strategy** for facilities management software that helps lower building emissions

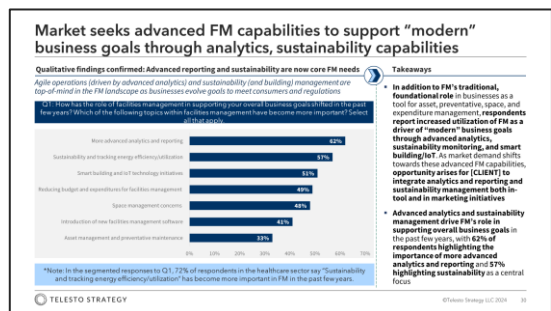


- Facilities management software company was seeking to **increase sales** with more **targeted customer outreach** and tailored value propositions
- Key elements of value prop included **energy savings** and **sustainable facility operations**
- Conducted **25 hourlong interviews with target buyer personas** to uncover industry trends, key needs, and test value propositions
- Developed **bespoke quantitative survey** and surveyed of **300 target executives** to quantify needs, effectiveness of value propositions, etc.
- Synthesized results into executive summary pack** for key decisionmakers at parent company (\$10B market cap)
- Client **redeployed millions in marketing spend** based on our recommendations

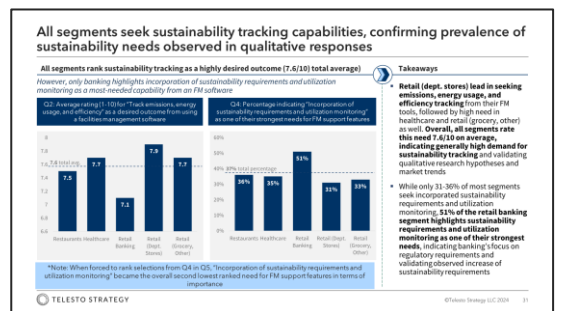
Key tools and deliverables



Synthesized recommendations on communicating bespoke value prop to target market



Survey results on customer needs, including sustainability reporting



Example of cross-tabs by different market segments

Note: We value our clients' confidentiality and do not widely disclose our client list; as such, all above exhibits are sanitized. Client referrals are available upon request



TELESTO STRATEGY

Contact information

For more information and client references, please reach out to a member of our leadership team:



Alex Kruzel
CEO & Founder
alex.kruzel@telestostrategy.com



Andrew Alesbury
Managing Director
andrew.alesbury@telestostrategy.com



Ben Vatterott
Managing Director
ben.vatterott@telestostrategy.com

Or visit our website at: www.telestostrategy.com