

The background of the slide is a photograph of a landscape covered in snow. In the foreground, there are snow-laden evergreen trees. In the middle ground, several wind turbines are visible, their silhouettes standing against a sky with soft, warm light from a low sun, likely during sunset or sunrise. The overall tone is serene and sustainable.

CapMan

Sustainable Investments

Snapshot 2020

*Impact through
active selection
and value creation*

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Cover picture: Överturingen onshore wind farm under development in central Sweden under mandate of CapMan Infra

Our Values

CapMan is an active investor in growing businesses, real estate and infrastructure in the Nordic countries. As active owners, funds managed by CapMan can drive change on a broad scale. Our governing principle is to add to the enrichment of society. This applies to returns from our investments but also to how we make these returns and what the compound effects are for a broad group of stakeholders. Our investment activities are founded on our values: Active Ownership, Dedication and High Ethics.

ACTIVE OWNERSHIP

DEDICATION

HIGH ETHICS

Who benefits from private assets?

We manage more than €3 billion in assets on behalf of institutional investors. Whose money is it that we manage? The returns from our funds contribute to the well-being of more than 10 million pension beneficiaries around the world. Our activity also shapes the Nordic communities where we invest. At the end of 2019, CapMan's portfolio companies employed an aggregate of approx. 15,000 people¹ and our real estate assets housed approx. 3,000 tenants. The funding and expertise provided helps companies grow, launch new products, innovate and add meaningful jobs to society. Through our real asset investment areas we invest into communities and services to help them and their residents prosper. It turns out that everyone benefits from functioning private assets markets that are driven by active value creation.

¹ Including employees of Buyout, Growth, Credit and Infra fund portfolio companies

15,000

Employees in total in portfolio companies

+3,000

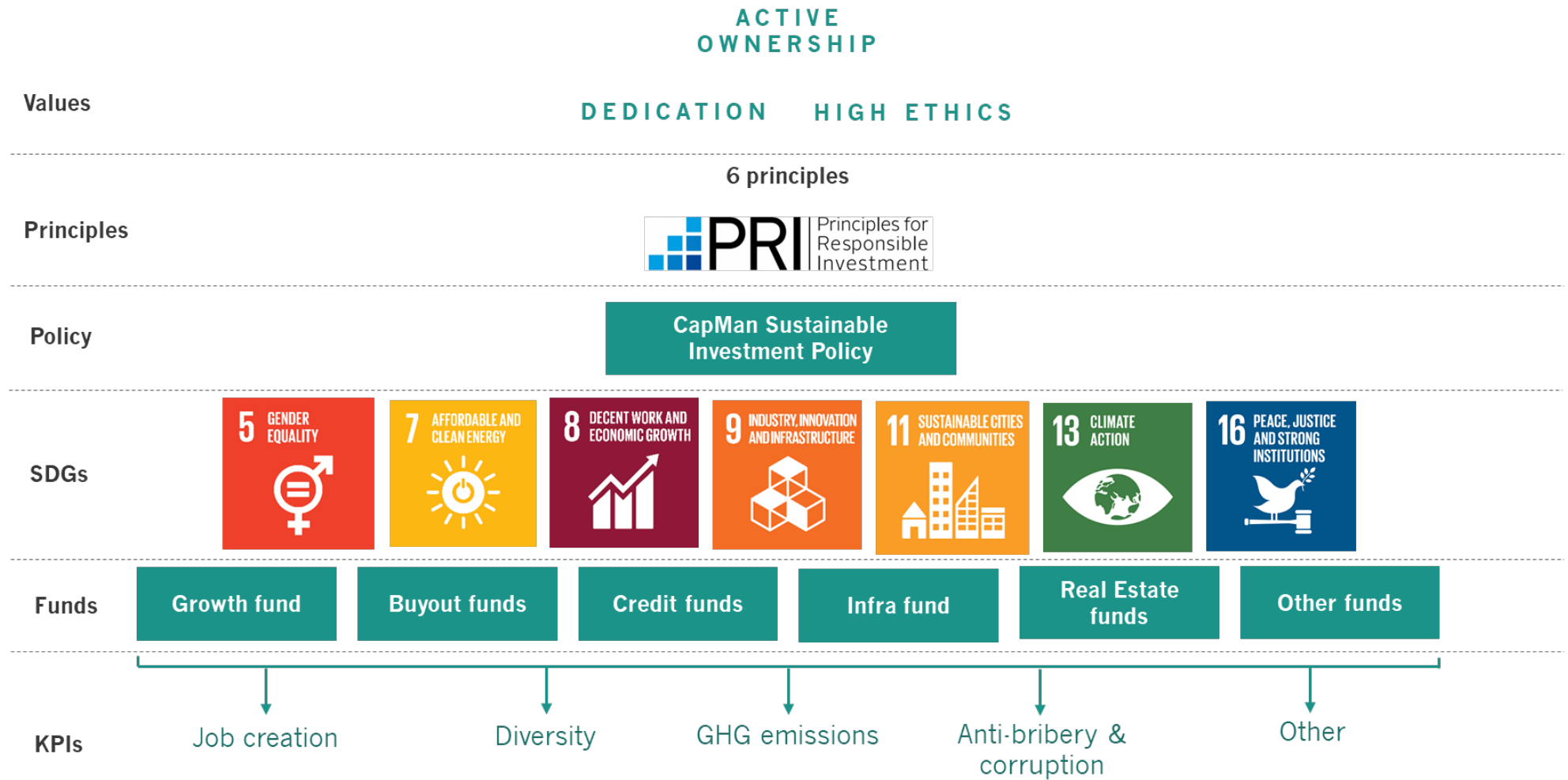
Million euros in assets under management

+10

Million pension beneficiaries

During the past year, we have continued to develop our approach to sustainable investing by going over processes, gathering data, conducting materiality analysis and defining where we can make a real difference. We are aware that we still have a lot of work ahead of us. In addition to specific actions taken in individual investments, we consider the network effect from working together with LPs, advisors and potential buyers of portfolio companies and assets. Our activity has far-reaching impact on the society, and therefore how things are done is of equal importance to what is accomplished. We owe it to our current stakeholders and future generations to come.

Our Approach



Principles of Responsible Investing

CapMan became a signatory of the Principles of Responsible Investing in 2012. The six principles are guiding us throughout the investment process.

Our PRI scorecard based on the latest available assessment of our 2018 report provided us with an A score for private equity and a B score for responsible investment strategy and governance as well as real estate. Since, CapMan has developed its governance model related to sustainable investment practices. The scorecard for 2019 is due in July 2020. The latest PRI Transparency Report is available on PRI's and CapMan's web pages.



	Principle	CapMan's response
1	We will incorporate environmental, social and corporate governance (ESG) issues into investment analysis and decision-making processes.	ESG issues are part of the screening, DD and investment decision process in all majority investments (Buyout, Real Estate, Infra)
2	We will be active owners and incorporate ESG issues into our ownership policies and practices.	ESG issues are incorporated into ownership policies and practices (Buyout, Real Estate, Infra)
3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	ESG issues are surveyed and reported on an annual basis (Buyout and Infra).

	Principle	CapMan's response
4	We will promote acceptance and implementation of the principles within the investment industry.	We highlight our commitment to the principles in our communication with LPs and shareholders.
5	We will work together to enhance our effectiveness in implementing the principles.	We work together with our portfolio companies and deploy cross-team efforts.
6	We will each report on our activities and progress towards implementing the principles.	We report on our progress to UN PRI and work to improve our ESG reporting to our stakeholders.

Impact examples from our portfolio

+3.0

Aggregate Upright Project score for Private Equity, Credit & Infra investments

40,000

Tonnes of CO2 offset by Infra investments p.a.

21%

Share of women on portfolio company management teams on average

15,000

Employees in portfolio companies 2019

-19%

Reduction in average CapMan employee CO2 footprint in 2019

Our Sustainable Investment Policy

CapMan's sustainable investment policy describes our approach towards responsible investment and business practices. It reflects the decision-making and ownership practices applied by the funds managed by CapMan as well as in CapMan's other private equity, real estate and infrastructure investments. The parent company CapMan Plc is also committed to the principles described in the policy.

CapMan's sustainable investment objectives

1

Improve energy efficiency and promote policies and activities that combat climate change and reduce waste

2

Promote fair labour conditions

3

Promote fair business and governance practices

Our sustainability approach focuses on the following environmental, social and governance (ESG) issues in particular:

ENVIRONMENTAL



- Greenhouse gas emissions and impact on climate
- Effective use of energy resources, and effort to reduce the amounts
- Minimising waste, pollution and risk for environmental hazard
- Improving overall environmental footprint

SOCIAL



- Health and safety, including but not limited to safe workplaces, appropriate and continuous risk assessments and improvements where necessary
- Working conditions, including ensuring good labour standards
- Good employee, partner, tenant and social relations and promoting diversity to ensure positive development of satisfaction and engagement
- Monitor and take action to improve stakeholder satisfaction within our investments
- Avoid actions that have a broad negative impact on the public or other stakeholders. Sometimes decisions have to be taken even knowing it will cause negative reactions. To mitigate the negative effects proactive communication and tight dialogue is important.

GOVERNANCE



- Anti-bribery policy
- Ensuring proper treatment of stakeholders, including indigenous communities
- Board diversity and structure
- Efficient but fair tax strategy
- Certified management systems, where feasible

The full policy is available on CapMan's web pages.

Sustainability Governance

CapMan Group's parent company CapMan Plc has been a public company since 2001. We follow the Finnish Corporate Governance Code. We also follow national and EU level public company regulation on transparency.

We have implemented compliance procedures and processes in our fund management operations to prevent money laundering and fraud. The identities of all investors in CapMan funds are verified and the source of their funds are identified.

CapMan Plc's Management Group has joint responsibility for sustainable investment practices on a Group level.

The Management Group has established a dedicated sustainable investment working group with representatives from investment areas, including Real Estate, Buyout, Infra and Growth, as well as CapMan Procurement Services CaPS. The working group reports to the CEO of CapMan Plc and includes representatives from CapMan's Communications and Performance Monitoring teams. The purpose of the working group is to share information as well as develop and follow up on joint policies and best practices for implementing sustainable investing at CapMan.

Every investment area has a designated investment professional responsible for implementing sustainable investment considerations in the corresponding funds and portfolios. The case teams are responsible for reporting any ESG issues during the due diligence phase of transactions. The Investment Committee and/or the local asset management team are responsible for ensuring that the relevant ESG issues have been identified, and that concrete steps are in place for issues that need to be ratified.

Following an Investment Committee decision, the case team or asset management team is responsible to ensure that the necessary actions are implemented in accordance with the investment business case. The team proactively identifies new risks and opportunities related to ESG and maintains an open dialogue together with portfolio company management.

Governance training

Our code of conduct covers all employees and we conduct mandatory compliance training for all our employees in order to increase awareness of governance issues and establish best practices.

Our Responsible Investment Framework

Our Commitment to UN Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) provide a global framework for addressing the most urgent social and environmental challenges. The SDGs are further split into separate actionable targets that establish how these goals can be achieved. At CapMan, we recognise our role in promoting the SDGs. We have identified the following SDGs as well as separate targets as central to our business. In the section “Measuring our Impact,” we further describe how we measure the implementation of these targets.



Examples of CapMan's impact based on separate targets:



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

CapMan is an equal opportunity employer with career paths irrespective of gender. Although private equity is considered a traditionally male dominated industry, CapMan Buyout is one of few Buyout investment manager in the Nordics headed by a woman. CapMan Buyout and CapMan Growth monitor the management and board compositions of their portfolio companies. Within the CapMan Infra Team one of the three partners is a woman.

CapMan is a founding member of the Nordic chapter of Level 20, a network promoting equality and inclusion in the private equity sector. CapMan has organised several events together with the network and participates in the mentorship programme providing both mentors and mentees.

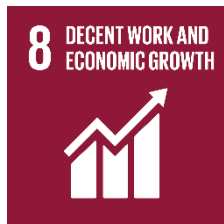


7-2 INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

7-3 DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY

Energy is one of three key sectors in which CapMan Infra invests and an energy assessment analysis is always made prior to investments. CapMan Infra has invested in a wind farm in Sweden, which is expected to generate ~815 GWh of renewable electricity annually when fully operational, as well as an electricity distribution network and district heating and cooling. We are part of the shift towards low-carbon infrastructure.

CapMan Real Estate conducts energy assessments on its larger investments, including an assessment on the switch to green energy.



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

CapMan Buyout, CapMan Growth and CapMan Infra portfolio companies contribute to employment and economic growth in the Nordic countries. Revenue growth is a foundation for building healthy businesses that contribute to value-add goods and services while providing job opportunities and tax revenue. All companies follow national and international labour law and conventions based on the country where the work is conducted. Providing a safe work environment is a basis for building successful businesses. Labour practices are discussed in board meetings and companies are encouraged to implement policies that also cover the supply chain.



9-1 DEVELOP SUSTAINABLE, RESILIENT AND INCLUSIVE INFRASTRUCTURES

9-3 INCREASE ACCESS TO FINANCIAL SERVICES AND MARKETS

9-4 UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

CapMan Growth invests in knowledge intensive businesses driven by innovation that create new industries, professions, and jobs.

CapMan Infra invests in the backbone of Nordic societies through investments in energy, transportation, and telecommunications companies. Investments have a sustainable foundation through e.g. replacement of carbon-intensive solutions or through the strengthening of public infrastructure networks.



11-2 AFFORDABLE AND SUSTAINABLE TRANSPORT SYSTEMS

11-3 INCLUSIVE AND SUSTAINABLE URBANISATION

CapMan Real Estate and CapMan Infra contribute to the establishment of sustainable cities and societies in the Nordics. This includes investing alongside existing public transport infrastructure, converting existing building stock into new use with a public purpose and contributing to a lower carbon footprint of office and retail properties.



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

CapMan Real Estate follows the energy consumption of its properties. CapMan Infra's value creation cases are centred on improving the environmental footprint of its investments.

CapMan's Procurement Service CaPS encourages all supplier partners to report their CO2 emissions in an effort to increase transparency of the supply chain.



16-5 SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY

Ensuring a strong governance for both CapMan Plc, the funds under management as well as portfolio companies and assets is a prerequisite of conducting business. As part of the value creation and management process, we establish and formalise governance practices for our portfolio companies and assets.

Our operations include extensive KYC and AML procedures that we implement at the establishment of new funds as well as when conducting capital calls.

Networks and External Initiatives

We work in cooperation with several external organisations in order to engage and further the discussion around sustainable investing.



PRI

The PRI is the world's leading independent proponent of responsible investment. The Principles were launched in April 2006 at the New York Stock Exchange following an initiative by the United Nations. Since then the number of signatories has grown from 100 to over 2,300 institutional investors and organisations. The PRI is supported by, but not part of, the United Nations.

CapMan became a signatory of the Principles in 2012. We report to the PRI annually regarding how we apply the principles in our activities. The report is publicly available on the PRI website as well as CapMan's website.



Level 20

Level 20 was founded in the UK in 2015 to promote equality and inclusion within the private equity industry. The name refers to an objective that at least 20 % of senior investment professionals should be women. CapMan has been part of establishing the Nordic chapter of the organisation and frequently arranges events in order to promote the organisation's objective. CapMan is also involved in the Nordic mentorship programme organised under Level 20.



CapMan for Good

CapMan for Good is an independent foundation established by CapMan in 2019. The purpose of CapMan for Good is to support entrepreneurship, education and other activities in order to increase well-being in disadvantaged parts of society. Through its operations, the foundation promotes the prerequisites of a healthy society. The foundation operates mainly in the Nordic countries but may also act globally. In 2019, CapMan's networks raised more than €150,000 to benefit young people that are at risk of becoming marginalised. €100,000 was directed to the Tukikummit foundation.



The Upright Project

The Upright Project provides an automated way to quantify companies' net impact on people, planet, society and knowledge. The primary data source for scientific literature for the Upright net impact model is the CORE database, which contains approximately 180 million scientific papers. That represents approximately 50% of all scientific articles that have ever been published. Public statistical databases used by the Upright model include The World Bank database, OECD Structural and Demographic Business Statistics (SDBS), OECD Programme for the International Assessment of Adult Competencies (PIAAC), The Global Burden of Disease database from IHME, The Global Peace Index, and others. CapMan has participated in the Net Positive Nordics research to determine the impact of our investment operations on the society.

**Örebro School of Business Center for Sustainable business**

CapMan provides support for the establishment of a two-year master in Sweden with a profile in sustainability and business studies. We contribute by providing practical know-how on sustainability issues in the finance sector.

**INREV**

CapMan is a member of INREV, the European Association for Investors in Non-Listed Real Estate Vehicles. INREV strives to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors. The association offers training and best practices for managers of unlisted real estate and sets the standard for corporate governance, sustainability, accounting and reporting.



Finsif

CapMan's subsidiary JAM Advisors is a member of Finsif, a member-based organisation that promotes responsible investment. Finsif organises events, training and best practices for investment professionals and advisors.



Pääomasijoittajat – Finnish Venture Capital Association

CapMan is one of the founding members of Pääomasijoittajat – FVCA. FVCA is the industry body and public policy advocate for the venture capital and private equity investors in Finland. As

the voice of the Finnish VC and PE community and the entrepreneurs they fund, the association demonstrates the positive impact of the industry on the Finnish economy and provides market intelligence, specialist training and more. The association also develops and maintains professional standards and guidelines for the industry in Finland and provides training for its members.



SVCA – Swedish Venture Capital Association

CapMan is a member of the SVCA since [2003]. SVCA is the industry body and public policy advocate for private equity and venture capital companies in Sweden. The association develops and maintains professional standards and guidelines for the industry in Sweden, promotes transparency and ethics in the industry and provides training for its members. CapMan participates in roundtable discussions with the association.



Invest Europe

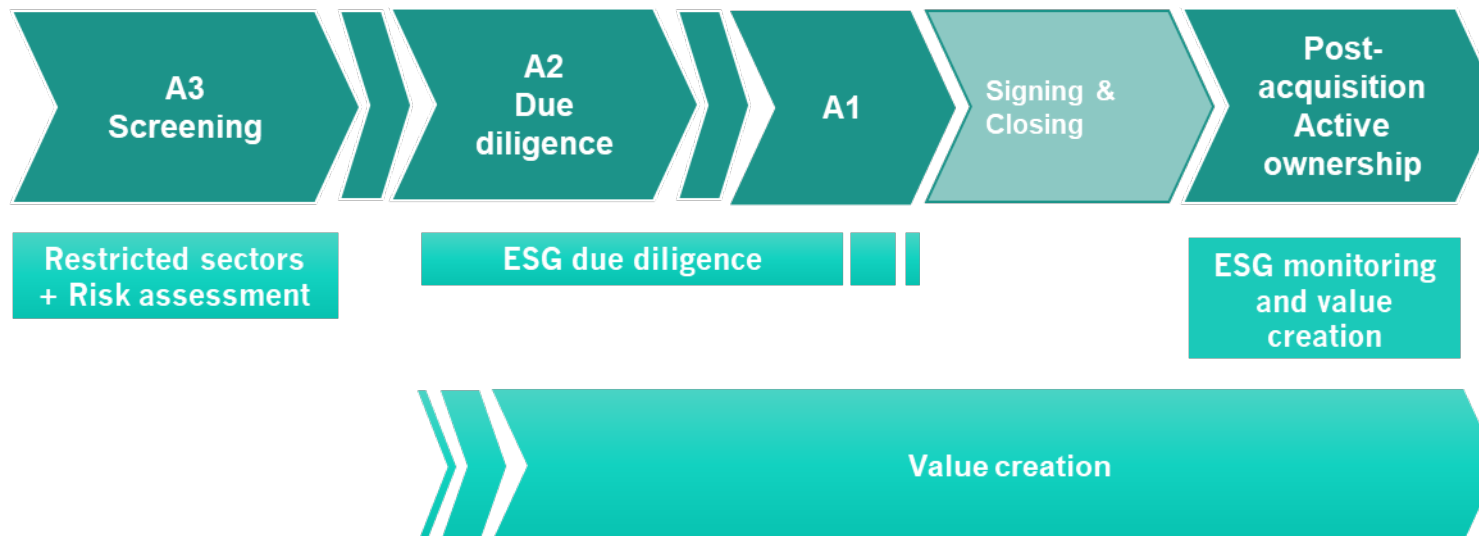
CapMan is a member of Invest Europe (formerly EVCA). Invest Europe is the world's largest association of private capital providers and it represents Europe's private equity, venture capital and infrastructure investment firms, as well as their

investors, including some of Europe's largest pension funds and insurers.

Invest Europe's members take a long-term approach to investing in privately-held companies. They inject not only capital but dynamism, innovation and expertise. This commitment helps create healthy and sustainable companies across Europe, securing millions of jobs and delivering strong returns for leading pension funds and insurers whose members depend on them for their retirements.

CapMan's Sustainable Investment Process

The investment case responsible is responsible for integrating environmental, social and governance (ESG) issues throughout the investment process. The work is facilitated by a designated person responsible for developing and implementing the ESG framework for each investment area. ESG issues are managed in the following phases of the investment process.



A3 Phase: Sourcing and Screening	A2 Phase: Due Diligence	A1 Phase up to signing and Closing of Investment	Ownership and Value Creation	Exit
<ul style="list-style-type: none"> → We implement a sustainable investment framework in the screening process for investments. → We also conduct negative screening, which means that we don't invest in certain industries or practices. → In order to move forward with the investment, the governance model for the investment must be such that we can implement changes if any sustainability red flags arise in the screening process. 	<ul style="list-style-type: none"> → ESG due diligence is preceded by materiality analysis in order to devote resources to the most relevant topics from a company and societal perspective. → Universal topics are included as part of the ESG due diligence across all investments, such as the elimination of child or forced labour. 	<ul style="list-style-type: none"> → ESG value creation opportunities and potential issues are documented and an initial action plan is developed as part of the 100-day plan. → Initial metrics to monitor ESG performance are identified. 	<ul style="list-style-type: none"> → Active ownership is the basis for the value creation phase of the investment. Active ownership provides agency to drive change. → During the value creation phase, we identify value creation initiatives that also have a value building impact from an environmental, social or governance perspective. → We roll out portfolio-level ESG initiatives based on the fit with our sustainable investment goals. 	<ul style="list-style-type: none"> → Ownership change is part of a continuum for the business or the asset. All value creation and asset management activities through the lifecycle of the investments are targeted at managing and decreasing risk and improving value for the purpose of improving the attractiveness of the business or asset at exit. → We describe ESG improvements completed during our ownership and highlight areas for further development for the new owner.

Measuring our impact

CapMan has implemented sustainable investment practices in all its teams. How we measure our impact for Buyout, Growth, Real Estate and Infra is presented below.

Other investment areas, namely Credit (as advised by Nest Capital), are not included in the scope of this report. The Nest Capital team implements ESG checks as part of the sourcing, screening and due diligence phases of the investment process. As responsibility for operational issues lies with the equity owners of the portfolio companies to which the Nest Capital's funds provide private debt financing, the ability to steer operations is limited.

Key Performance Indicators

CapMan focuses on six major sustainability Key Performance Indicators (KPIs) in order to measure the impact of our sustainability work. The KPIs are in line with select SDGs and key targets.



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

KPI 1: Gender Equality

Definition: Share of female among all employees, in management and in board at year end

Rationale: To contribute to more inclusive and equal decision making across organisations.



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

KPI 2: Job creation

Definition: Full-time equivalent (FTE) change in units during the reporting year.

Rationale: Jobs contribute to healthy economic growth and tax revenue.

KPI 3: Absence rate (AR)

Definition: $\text{Workdays lost due to absence} / (\text{Average number of FTEs} \times \text{Number of work days available per employee}) \times 100$

Rationale: Low absence rate correlates positively with job satisfaction



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

KPI 4: CO2 intensity

Definition: Total Scope 1 & 2 CO2 for the reporting year per revenue:

Total Scope 1 & 2 CO2 in tons /
Total revenue (M€)

Rationale: Measure the impact on CO2 emissions from the business in order to better understand causes and opportunities for emission reduction.



16-5 SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY

KPI 5: Availability of anti-corruption policy and procedures

Definition: Has an anti-corruption policy in place, Yes/No

KPI 6: Availability of whistleblowing channel

Definition: Has a whistleblowing channel in place, Yes/No

Rationale: Bribery and corruption disempower people and destroys economic growth and opportunity while bringing other significant risks.

Sustainability at CapMan Buyout

CapMan Buyout implements a proprietary ESG framework for all investments and has a designated investment professional responsible for coordinating ESG efforts within the investment area.



CapMan Buyout is intent on keeping ESG matters a priority on portfolio companies' agenda. Since 2013 CapMan Buyout has conducted an annual ESG survey across all portfolio companies, and ESG matters have been included in the quarterly fund reporting. In 2019,

as part of updating the tools and framework, fund level ESG metrics were developed. 2020 will be the first year with full implementation of the fund level metrics with complete data.

The aim of ESG work in CapMan Buyout is to, in each portfolio company, identify and work with the matters through which we have the largest impact on both improved ESG and accelerated value creation.

In addition to managing risks, ESG matters are a way for companies to create value and differentiate from competitors, as well as to attract the highest quality talent.

CapMan Buyout's portfolio

CapMan Buyout's sustainability analysis includes assets from the Buyout X and Buyout IX funds that were in the portfolio as of 31 December 2019.

Company	Fund	Investment year	Sector
Renoa	BOX	2018	Home renovation
Forenom	BOX	2016	Hospitality
Yrkesakademin	BOX	2014	Vocational training
Malte Månsson	BOX	2014	Vehicle repair
Acona	BOIX	2013	Oil & gas field consultancy
DEN	BOIX	2011	Turnkey houses
Havator	BOIX	2010	Crane services
Solera	BOIX	2011	Beverage distribution
Bright	BOIX	2011	Events technology
INR	BOIX	2010 (exit in 2020)	Bathroom equipment



Yrkesakademin provides vocational training in Sweden and Finland.

” 8 out of 10 unemployed who go to our labour market or adult education get a job within three months of the education.

Martin Modig, CEO of Yrkesakademin

Results in 2019:



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

KPI 1: Gender Equality

Definition: Change in share of women among all employees, in management and in board at year end

Buyout X Fund

Share of women (%)	Employees	28%
	Management	24%
	Board	23%

Share of women among employees, management and board members was over 20% on average. In half of the companies the share of women was above 30% on all measured levels. Change data is not available for the year.

Buyout IX Fund

Share of women (%)	Employees	27%
	Management	19%
	Board	7%

In 60% of companies the share of female employees and management is well balanced. However, there is room for improvement in share of females in the Board in all companies, and in the management for around half of the companies. Change data is not available for the year.

Planned action:

Educate portfolio companies to promote diversity and provide opportunities for different genders equally.



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

KPI 2: Job creation

Definition: Full-time equivalent (FTE) change in units during the reporting year.

Buyout X Fund

Average change in FTE	-43
Average change in FTE %	-12%

Number of FTEs in 2019 declined, mainly driven by large restructuring in one of the four companies.

Buyout IX Fund

Average change in FTE	-20
Average change in FTE %	-2%

Number of FTEs in 2019 was fairly stable, with the decline on portfolio level mainly driven by restructurings in one of the companies.

KPI 3: Change in absence rate (AR)

Definition: Unit change in workdays lost due to absence / (Average number of FTEs x Number of workdays available per employee) x 100

Buyout X Fund

Absence rate	5%
Change in absence rate pp-points	+0.36 pp

Absence rate for most 4-6%
Slight increase in absences from 2018

Buyout IX Fund

Absence rate	2%
Change in absence rate pp-points	-0.67 pp

Absence rate is on a satisfactory level and there was a slight improvement in overall absence rate from 2018 driven by significant improvement in two of the companies.

Planned action:

Continue to create jobs by investing in growth within our companies. Promote the importance of employee well-being within our portfolios to reduce absence rates.



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

KPI 4: Change in CO2 intensity

Definition:

Unit change compared to previous reporting period in total Scope 1 & 2 CO2 for the reporting year per revenue:
 Total Scope 1 & 2 CO2 in tons / Total revenue (M€)

Buyout X Fund

CO2 intensity reporting is starting in 2020 when the first results of change in CO2 intensity will be available.

Buyout IX Fund

CO2 intensity reporting is starting in 2020 when the first results of change in CO2 intensity will be available. Baseline data for 2019 available currently for three companies.

Planned action:

Support companies in reducing CO2 emissions in their operations through efficiency improvements and creating habits of avoiding unnecessary emissions.



16-5 SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY

KPI 5: Availability of anti-corruption policy and procedures

Definition: Yes/No

Buyout X Fund

2/4 companies

Buyout IX Fund

3/5 companies

Sustainability at CapMan Growth

CapMan Growth has one fund under management. CapMan Growth makes significant minority investments in growth stage companies in the Nordic countries.

The team has appointed a designated investment professional with an overall responsibility for coordinating ESG efforts within the investment area.



CapMan Growth gathers and tracks ESG-data throughout the investment phase and during the entire holding period of portfolio companies. During Due Diligence, a detailed analysis of the company is done in regard to ESG, and a roadmap is done

to correct potential shortcomings. During the holding period, the Growth team actively follows its portfolio companies' relevant ESG metrics, which the portfolio companies report once a year.

The team utilises Upright Project methodology (described in more detail the section "The External View" in this report) for measuring the net impact of portfolio companies. By looking at data relating to the environment, health, society and knowledge, Upright assesses how much assets are consumed by a company and how much they manage to produce from these assets. A value of 1.0 means that a company causes an impact equal to the average company relative to its size. CapMan Growth portfolio companies received a combined score of +13.3. This score is very strong compared to the average score of Nasdaq Helsinki companies which received a score of 2.1. CapMan Growth portfolio companies contribute positively especially to health and society where, for instance, Coronaria, a healthcare provider, stands out in creating a positive impact. Moreover, due to the lack of energy intensive production in the portfolio companies, the environmental impact is very limited.

CapMan Growth also strives to be a major contributor to national economic wellbeing. The majority of funding provided to growth companies is used to create new jobs. The role as a major local employer is a significant feat and one the Growth

team takes pride in. CapMan Growth wants to build inclusive companies that promote opportunities and career paths to people from different backgrounds, genders, ages, cultures, and nationalities. A good example is **Digital Workforce Services**. The company has recruited 180 employees in the last two years all the while keeping a strong retention rate of approx. 85%.

As companies with high-growth prospects often focus their resources on delivering increasing revenues, the governance aspects of the company may be left neglected. CapMan Growth aims to improve its portfolio companies' governance procedures by e.g. strengthening the board of directors as well as instilling reporting structures. By improving governance practices, the portfolio companies' operations become fairer and more ethical leading to a more transparent employer. By instilling good governance practices in the companies, eventual buyers of the portfolio companies can be confident that they receive correct information at the time of exit.

CapMan Growth portfolio

CapMan Growth's sustainability analysis surveys companies from the Growth Equity 2017 fund that were in the portfolio as of 31 December 2019.

Company	Fund	Investment year	Sector
Digital Workforce Services (DWS)	Growth	2017	Robotic process automation
Picosun	Growth	2019	ALD technology
Front.ai	Growth	2019	AI technology & applications
Touhula	Growth	2018	Daycare
Arctic Security	Growth	2018	Oil & gas field consultancy
Aste Helsinki	Growth	2018	Marketing

In addition, the fund includes the following companies that did not participate in the survey and have therefore been excluded from the analysis: Coronaria, RealMachinery, Insplan and Avidly.

Results in 2019

The results are based on information from 6/10 portfolio companies.



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

KPI 1: Gender Equality

Definition: Share of women among all employees, in management and in board at year end

Growth Fund

Share of women (%)

Management	17%
Board	31%

Planned action:

Educate portfolio companies to promote diversity and provide opportunities for different genders equally.



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

KPI 2: Job creation

Definition: Full-time equivalent (FTE) change in units during the reporting year.

Growth Fund

Average change in FTE	+27
Average change in FTE %	+13%

Planned action:

Continue to support companies with their growth plans in order to support job creation



16-5 SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY

KPI 5: Availability of anti-corruption policy and procedures

Definition: Yes/No

Growth Fund
3/6 companies

KPI 6: Availability of whistleblowing channel

Definition: Yes/No

Growth Fund
2/6 companies

Planned action:

Highlight the establishment of formal anti-bribery and corruption policy and whistle blowing channel and encourage adoption of such.

Impact metrics from the portfolio

180

New employees recruited to **Digital Workforce Services** in the last two years all the while keeping a strong retention rate of approx. 85%.



DIGITAL WORKFORCE™

=



180 new
employees

Sustainability at CapMan Infra

Sustainability is at the core of CapMan infrastructure's investment activities. Taking environmental, social and governance concerns into account helps drive long-term value and enhance returns for investors, while improving society at large as well as supporting customers and employees in our portfolio companies. As asset managers we have a key role in ensuring the smooth operation of infrastructure that is at the centre of functioning communities. By investing, we can help bring cleaner, better and more efficient energy, transportation, and telecom solutions to the general public.



CapMan Infra's portfolio

CapMan Infra's sustainability analysis includes all assets that were in the portfolio as of 31 December 2019. Investments in Valokuitunen and Nydalen Energi were completed in the beginning of 2020.

Asset	Fund	Investment year	Sector
Norled	CMNI I	2019	Transportation
Valokuitunen	CMNI I	2019/2020	Telecom
Nydalen Energi	CMNI I	2020	Energy (district heating)
Överturingen	Mandate	2018	Energy (wind)
Elenia	Mandate	2018	Energy (distribution)

Results in 2019:



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

KPI 1: Gender Equality

Definition: Share of women among management and the board.

Nordic Infrastructure I Fund

Share of women (%)	Management	23%
	Board	19%

Share of females among management and board members was over 20% on average. Of all portfolio companies, Norled has the most equal distribution of Board and Management Group members. CapMan has played a pivotal role in establishing a gender-balanced composition of both governing bodies. Change data is not available for the year.

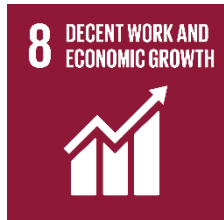
Mandates

Share of women (%)	Management	17%
	Board	9%

There is room for improvement in both management team and board composition for mandates. Change data is not available for the year.

Planned action:

Gender equality is an important focus area in the recruitment process for portfolio company executives, as well as CapMan Infra investment professionals.



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

KPI 2: Job creation

Definition: Full-time equivalent (FTE) change in units during the reporting year.

Nordic Infrastructure I Fund

Average change in FTE	-63
Average change in FTE %	-5%

Number of FTEs in 2019 declined for CMNI I Fund portfolio companies. Reduction of 63 employees relates to route operator changes and efficiencies for Norled. Industry practise is to move an employee with the contract if the operator changes. There were no changes in the other portfolio companies.

Mandates

Average change in FTE	n/a
Average change in FTE %	n/a

Total number of FTEs: 286 (Överturingen windfarm does not have any employees but at the peak had over 200 contractors working on the project with 1 GM). The reported change in FTEs is not meaningful due to sale of Elenia's district heating business.

Planned action:

As part of the value creation process, CapMan Infra has ambitious organic growth targets for its investments. Examples include Valokuitunen and Norled, where successful execution on the growth strategy will result in job growth.



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

KPI 4: CO2 intensity

Definition: Total Scope 1 & 2 CO2 for the reporting year per revenue. Total Scope 1 & 2 CO2 in tons / Total revenue (M€)

Nordic Infrastructure I Fund

	Norled
GHG emissions, tonnes of CO2	~160,000
GHG emissions intensity, CO2/€ ²	~750

Nydalen Energi and Valokuitunen has no measured Scope 1 or 2 emissions at this point as was recently acquired in 2020.

Mandates

	Eleni
GHG emissions, tonnes of CO2	~79,00
GHG emissions intensity, CO2/€ ²	~27

Överturingen has minor CO2 emissions during the construction phase. Once the wind farm is operational it is estimated that ~33,000 tonnes of CO2 emissions will be avoided annually.

Planned action:

Assets with positive ESG characteristics (e.g. low GHG emissions or high GHG emission improvement potential) are prioritised in investment screening.

² 1 NOK = 0.09 EUR (14 May 2020)



16-5 SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY

KPI 5: Availability of anti-corruption policy and procedures

Definition: Yes/No

KPI 6: Availability of whistleblowing channel

Definition: Yes/No

Nordic Infrastructure I Fund

	Norled	Valokuitunen	Nydalen Energi
Anti-corruption policy and procedures	Yes	Under development	Under development
Communication of anti-corruption policies	Yes	n/a	n/a

and procedures			
Whistleblowing channel	Yes	Under development	Under development

Transactions for Valokuitunen and Nydalen Energi recently closed in 2020. As such, policies and procedures are still being reviewed and will be implemented later during this year.

Mandates

	Elenia	Överturingen ³
Anti-corruption policy and procedures	Yes	Yes
Communication of anti-corruption policies and procedures	Yes	n/a
Whistleblowing channel	Yes	Yes

Contractors have to follow their own anti-corruption policies.

Planned action:

Establish policies and implement training for all Infra portfolio companies.

³ Överturingen has no employees. The owners have decided on strict anti-corruption policy and procedures for Överturingen and this has been taken

into account in the selection process of contractors. However, contractors have their own anti-corruption policies and procedures that they communicate to employees and provide training on.

Impact metrics from the portfolio

11,000

Introduction of 20 reduced emission ferries at Norled as planned by 2021 would offset emissions from 11,000 cars⁴



40,000 tonnes of CO₂ p.a.

Offset by infra investments⁵

⁴ Assuming Savings of 8 379 tons from 2019-2020 and 5 564 tons from 2020 to 2021 levels and assuming 0,7kg diesel pr. mile and yearly 20 000km driving

40,000

Annual production of Överturingen wind farm at full capacity would green energy for 40,000 houses. ⁶



⁵ Including the impact of replacing diesel ferries with reduced emission ferries in Norled and the establishment of 241 MW capacity at Överturingen wind farm

⁶ Assuming Överturingen wind farm 241 MW of capacity at completion, estimated annual output of over 820 GWh and consumption of 20,000 kWh per house in Sweden per year

Sustainability at CapMan Real Estate

CapMan Real Estate ESG promotes environmental, social, and governance matters that help to drive the sustainability and long-term viability of our investments.

The primary focus on ESG and sustainability is on the environmental aspects of our property investments, which provide great potential for improvements in performance. Consequently, ESG considerations are embedded within our investment decision-making approach and the daily asset management of assets in our real estate funds.

CapMan Real Estate's ESG work towards sustainability includes:

- Conversion to green energy / renewable energy sources,
- Proactively working to reduce energy consumption and water usage,
- Improving waste management and recycling,
- Actively working to reduce greenhouse gas emissions,
- Where appropriate, applying for environmental certifications such as LEED and BREEAM for our real estate investments.

In addition, we perform detailed energy efficiency assessments (covering areas such as heating, electricity, water and structure) through sector experts and then follow these up with the creation of improvement plans with a concrete development agenda.



Energy efficiency improvements in our assets result in a decreased environmental burden and direct cost savings through lower energy usage.

The Real Estate team has appointed a designated investment professional with overall responsibility for coordinating ESG efforts. In addition, all team members either already possess or are developing an in-depth knowledge about sustainable investments and ESG, which is being enhanced through regular

attendance at internal and external courses in ESG, sustainability and environmental certifications.

CapMan's real estate portfolio includes more than 70 properties in Finland, Sweden, Denmark and Norway. As part of the ESG work to identify areas for improvements and cost savings, CapMan Real Estate is mapping the energy consumption of its portfolio. This not only allows us to track the energy use, but also enables us to measure improvements and results from ESG investments in the properties and monitor relevant KPIs and modify our ESG targets.

CapMan Real Estate continuously evaluates membership and participation in international and local organisations which focus on improving and developing frameworks and methodologies for sustainable real estate investments and property management procedures. CapMan Real Estate will report to GRESB in 2021 and participate in the leading global ESG benchmarking service for the real estate industry.

Covid-19: Supporting tenants through tough times

In Finland, all restaurants and cafés closed for April and May to prevent the spread of the coronavirus. CapMan Real Estate decided not to collect rent from the months during which the entrepreneurs did not have the possibility to continue their operations normally. The rent reprieve was offered for the restaurants and other foodservice businesses that are tenants in the CapMan's fully owned, Finnish business premises.

With the rent reprieve, we wanted to ensure the long-term operations of our tenants and help enable the continuity of the businesses.

Sustainability at Wealth Advisory Services

JAM Advisors provides advisory services for clients on ESG from investment policy integration to specific ESG solutions and reporting. JAM evaluates roughly 150 fund managers annually and ESG integration is a key topic in every meeting with the portfolio managers. The unbiased access to leading ESG, Thematic and Impact Managers globally helps our clients to improve their portfolio ESG scores and align holdings to meet their targets on portfolio sustainability.

JAM X-Ray reporting visualized ESG factors for mutual funds and ETFs, by looking at the underlying individual holdings in each fund. JAM X-Ray ESG analytics provides a quick overview on the funds E, S and G rank amongst the relevant peer group.

JAM X-Ray will also launch single stock ESG analytics during 2020 for global equities. The analytics is based on data from the leading independent ESG research provider Sustainalytics.

JAM clients have benefitted from stable returns from Impact Investments that support financial inclusion and opportunities for over 1.5 million people in developing countries if current investments are held for 5 years on average.

Key SDGs and targets supported



9-3 INCREASE ACCESS TO FINANCIAL SERVICES AND MARKETS

The JAM X-Ray service collects asset and portfolio data from multiple sources for each client and compiles this into a single and unique consolidated format. This increases transparency in the financial markets. Development of the reporting tool provides additional information on the sustainability profile of aggregate investments, allowing investors to better assess the ESG impact of their portfolios.

Sustainability at Procurement Services

CapMan's procurement organisation CaPS provides a service for driving down costs on non-strategic products and services for its member companies. The network of member companies has grown to include more than 200 growing companies in Finland and Sweden. Around 250 vendors have been selected to serve over 80 different procurement categories.

In the tendering process, information regarding customer satisfaction, corporate responsibility and environmental reporting data, environmental and occupational safety certifications as well as documents relating to the customer liability law requirements are requested from all potential vendors and considered in tandem with the specific offer prior to decision-making. This includes a presentation of the vendor's social responsibility and/or environmental reporting as well as a description of the major activities that relate to environmental protection.

ESG factors considered in the tendering process



Environmental reporting

CaPS encourages its vendors to report on their environmental indicators and performance. Environmental reporting is the communication of environmental performance information by an organisation to its stakeholders. This information can include, for example, contribution to ecological and sustainable

development, impacts on the environment and performance in managing these impacts.

CaPS is committed to enhancing environmental aspects in its practices and pioneering for transparency regarding the environmental aspects of procurement. As a result, the first version of CaPS environmental reporting tool was released for all member companies in 2019, focusing on the emissions of vendors. CaPS sees emissions as one important metric which is relevant to all companies. A member's environmental reporting page discloses the total CO2 emissions from all the CaPS vendors, who are able to produce CO2 data in regard to their operations. Furthermore, a member company can download more detailed reports focusing on each vendor's volumes and emissions.

Currently, approx. 20 vendors, or 10% of total, have provided company-specific data for CO2 reporting and their sustainability reports through the portal. Approx. 30 vendors disclose their environmental reporting to members. This includes the majority of vendors in the categories of logistics, energy and transportation, which also account for the categories with the highest emissions. The goal is that all CaPS vendors are able to provide emissions data in the future, thereby facilitating greater environmental transparency. Vendors are rewarded for environmental transparency by introducing an Environmental

Vendor of the month on the front page of the CaPS Extranet member portal. Furthermore, vendors who have disclosed environmental data have the opportunity to attach an environmental badge to their profiles, working as a signal of environmental responsibility for both current and potential customers.

Key SDGs and targets supported



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

The CaPS network has on average achieved savings of 23% for its member companies in procurement. This supports sustainable economic growth and improves productivity by allowing companies to allocate resources to their core operations.



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

By highlighting the CO2 footprints of vendors and encouraging transparent disclosure, CaPS seeks to influence its member companies to select less CO2 intensive alternatives in their procurement decisions.

Further development and planned action:

CaPS works continuously to expand and develop the environmental reporting tool, which since its introduction has received excellent feedback given the increasingly vital role played by corporate CO2 and sustainability reporting. The aim is to broaden the range of emission data available and work on improved quality and comparability of the reported content. Similarly, CaPS works continuously to broaden the range of sustainability reports available from vendors in order to make the content of the environmental reporting tool more comprehensive. The concept will be rolled out to Swedish vendors by the end of 2020.

Sustainability in CapMan Group

We also measure the impact of CapMan Group activities as measured by our approx. 150 employees based in five offices.

Results in 2019:



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

KPI 1: Gender Equality

Definition: Share of women among all employees, in management and in board at year end

Share of women (%)	Employees	36%
	Management	38%
	Board	33%

Share of women among employees, management and board members was around one-third for all categories.

Planned action:

CapMan continues to take diversity into account in recruitment and team composition.



8-1 SUSTAINABLE ECONOMIC GROWTH

8.2 DIVERSIFY INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

8.3 PROMOTE DEVELOPMENT-ORIENTED POLICIES THAT SUPPORT JOB CREATION AND GROWING ENTERPRISES

KPI 2: Job creation

Definition: Full-time equivalent (FTE) change in units during the reporting year.

Average change in (organic) FTE	(+5) +30
Average change in (organic) FTE %	(+4%) +26%

Change in FTEs was due to acquisition of JAM Advisors and additional recruitments.

Planned action:

CapMan continues to focus on profitable growth of operations which supports offering of meaningful & impactful employment opportunities.



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

KPI 4: CO2 intensity

Definition:

Total Scope 1 & 2 CO2 for the reporting year per revenue:
Total Scope 1 & 2 CO2 in tons / Total revenue (M€)

CapMan has started to compile CO2 emissions of our activities related to office use and travel. So far, we have gathered data on our headquarters in Helsinki, which is our largest office with 100 employees. As we do not have data for all offices, we don't report CO2 intensity per unit of revenue. Instead we report CO2 intensity per employee. In 2019, the

average CO2 emissions per employee were 2,104 kg, down from 2,588 kg in 2018.

CO2 (kg)	Helsinki	
	2019	2018
Office		
Electricity	23 307	24 577
Heating & cooling	19 969	21 729
Travel		
Air travel	166 908	134 730
Ground travel	228	91
Total	210 413	181 127
Employees (average)	100	70
kg CO2/employee	2 104	2 588

Planned action: CapMan plans to continue data gathering for all offices and operations in order to obtain a more comprehensive GHG emission footprint.

In light of the data gathered so far, air travel has by far the largest impact on CO2 emissions. The ongoing covid-19 pandemic is likely to have a positive impact on our emissions as air travel will be significantly reduced during the year. CapMan seeks to further evaluate the need for business travel going forward



16-5 SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY

KPI 5: Availability of anti-corruption policy and procedures

Definition: Yes/No

Yes, CapMan follows a Code of Conduct that includes anti-bribery and corruption policies and has a KYC process in place for all funds under management.

KPI 6: Availability of whistle blowing channel

Definition: Yes/No

Yes, CapMan has a whistle blowing channel available for all employees.

Planned action: CapMan plans to continue governance practices in line with regulation and guidelines.

The External View: The Upright Project

CapMan has worked together with The Upright Project, a Finnish start-up, with the objective to understand the net impact of CapMan's funds. This includes both positive and negative impacts. CapMan's net impact profile is based on the products and services provided by the companies in the funds.



The analysis was conducted with Upright net impact model. The model utilizes scientific articles and machine learning to summarize how companies impact the environment, health of people, society and creation and distribution of knowledge.

In total, the net impact of eight CapMan Private Equity, Infra and Credit funds in total is +3.0. Negative contribution to the

environment from investment in transport and to health from investments in the alcoholic beverage sector are offset by positive impacts from investments in educational and care services as well as tax generation.

Although sector selection has a profound influence on our net impact profile, actions taken during CapMan's ownership period will matter. As an example, replacing Norled's current diesel ferries with reduced emission ferries as according to the business plan would significantly reduce the environmental impact of the investment.

+3.0

Aggregate Upright Project score for Private Equity, Credit & Infra investments vs. 2.06 for all Nasdaq listed companies.

Net impact profile of CapMan funds



















NAME

NET SCORE ?

 CapMan Growth, Buyout, Infra and Credit funds	2.96	
 Nasdaq Helsinki	2.06	

Net impact profiles ?

☐ Absolute scores ?





IMPACT	NEGATIVE	SCORE	POSITIVE
>  Environment	-3.6  -2.8 	-3.6 -2.6	+0.0 +0.2 
>  Health	-2.5  -1.1 	-1.3 +0.4	+1.2 +1.5  
>  Society	-0.1  -0.1 	+6.9 +2.9	+7.0 +3.1  
> ABC Knowledge	-1.0  -0.9 	+1.0 +1.3	+1.9 +2.2  

Net impact profile of Norled – diesel ferries vs. electric ferries

NAME	NET SCORE ?
Urban ferry transport with diesel ferries	-6.44 *
Urban ferry transport with electric ferries	-2.26 *

Net impact profiles ?

☐ Absolute scores ?

IMPACT	NEGATIVE	SCORE	POSITIVE
>  Environment	-7.1 -3.6	-7.1 -3.6	
>  Health	-0.7 -0.1	-0.6 -0.1	+0.1 +0.1
>  Society	-0.2 -0.0	+2.2 +2.4	+2.4 +2.4
>  Knowledge	-0.9 -0.9	-0.9 -0.9	+0.0 +0.0

Master version of Upright model on 30th Jan. 2020 at 11:08

Case studies

“

*Our framework comes to
life through practical examples.*



Case Norled **NORLED**

” Driving the green shift in the Norwegian ferry sector

Norled is one of Norway's largest ferry and express boat transportation companies with a fleet of 48 ferries and 27 express boats that transport more than 15 million passengers and 7 million cars annually. CapMan Infra invested in Norled together with CBRE Caledon in 2019. Since the investment, many developments have been taking place on the sustainability front.

Ferries are ubiquitous elements of the Norwegian fjord landscape and critical to the country's transportation infrastructure. In 2018, the Norwegian Parliament adopted a resolution with the goal to make the country's fjords zero-emission zones by 2026. This means that any vessel wishing to enter any port, harbour or fjord will need to be operated without any emissions of CO₂.

A green technology leader

Being a technological leader in the ferry sector, Norled is currently renewing its fleet to zero emission vessels. By the end of 2020, 17 electric vessels will have been introduced, comprising over 20% of Norled's fleet. Going forward, significant investments to renew the ferry operator's fleets with zero and low emission vessels continues.

Furthermore, activities to measure CO₂ emissions from the fleet and set targets for reduction is well underway. In 2019, CO₂ emissions were approximately 160,000 tons. With the current developments, the emissions are expected decrease by approximately 14,000 tons by 2021, which corresponds to approximately 11,000 fewer cars on the road. Investments and new zero emission contracts will further decrease the CO₂ footprint to 135,000 tons by 2023. With continued investments, the emissions could be halved by 2026 and decreased by 75% by 2029.

Safe workplace and diverse team at the core

The shareholders work together with Norled to secure the company's position at the forefront of the green shift, while also aiming to be the safest marine transportation workplace in Norway. Norled employs over 1,000 people and follows workplace safety and employee wellbeing closely. Employee satisfaction has been at a high level for several years already, and 2019 did not make an exception to this. In an employee survey implemented in 2019, the share of employees reporting they enjoy their work increased further from previous years.

As an active owner CapMan Infra sets the tone for our portfolio companies. Establishing and following proper HR policies that include zero tolerance for discrimination and that promote fair and inclusive hiring and advancement practices increases awareness around these issues. As owners, we also lead by example through for example considering diversity in the establishment of investment committees and in board composition. In addition, CapMan Group and CapMan Infra are part of Level20, a non-profit organisation aiming to increase awareness of diversity and inclusion topics within the private equity industry, supported by over 40 international private equity firms.

In the CapMan Infra portfolio companies, the share of women among management and board members was over 20% on average. At Norled, 38% of Board members and 50% of Management Group members are women. CapMan has played a pivotal role in establishing a gender-balanced composition of both governing bodies. Furthermore, gender equality is an important focus area in the recruitment process for portfolio company executives, as well as CapMan Infra investment professionals.

Key SDGS and targets



9-4 UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

24%

Share of fleet which is planned to be upgraded to reduced emission solutions by 2021

Planned capex for 2019-2021 dedicated to electric vessels / hydrogen is NOK ~3bn (around MEUR 280).



13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING

75%

Decrease in CO2 emissions by 2029.

By the end of 2020, 17 electric vessels will have been introduced, comprising over 20 % of Norled's fleet. In 2019, CO2 emissions were approximately 160,000 tons. With continued investments, the emissions could be halved by 2026 and decreased by 75% by 2029.



11-2 AFFORDABLE AND SUSTAINABLE TRANSPORT SYSTEMS

15

Million passengers annually

More than 15 million passengers and 7 million cars annually rely on Norled as a form of transport in the Norwegian fjords.



Case Forenom

”

Towards more sustainable business travel

Forenom, a CapMan Buyout backed business since 2016, is the leading serviced apartment provider in the Nordics offering tailor made accommodation solutions for businesses' needs.

As a forward-looking force in the hospitality industry, Forenom constantly evolves to accommodate new market segments and trends in travel: increased global workforce mobility, growing demand for longer-term stays and the desire for home-like accommodations. While responding to these global trends and corporate needs, sustainable operations are ensured by not only minimising the negative effects, but also maximising the good by creating more jobs, promoting diversity in the team, as well as building more sustainable cities and neighbourhoods, both for the guests and the local communities.

<i>400,000</i>	guests per year
<i>87%</i>	of customers being satisfied with the experience
<i>+7800</i>	apartments and rooms
<i>4</i>	Nordic countries
<i>515</i>	professionals

Sustainable business accommodation in a nutshell

Avoiding unnecessary new construction

Forenom avoids unnecessary new construction by utilising the existing capacity in the market whenever possible and renovate buildings rather than building new sites. The properties are also designed efficiently and compactly. For instance, square meters are saved for more spacious apartments and rooms by building small yet modern entrances and lobbies.

Maximising the usage of housing capacity

The flexible housing solutions maximise the usage of housing capacity on the market, as companies and organisations have no need to buy or rent their own capacity to accommodate employees. This helps improve the availability of rental apartments while promoting the more sustainable use of housing capacity. In 2019, Forenom's total occupancy rate was 76%.

The one-visit principle

Forenom offers over 7,800 accommodation options across the Nordic countries, and thus, the apartment visits for cleaning and maintenance work have a significant accumulative impact on the environment. All of the employees follow the 'one-visit principle', which means that all maintenance and cleaning

work in an apartment is carried out during a single visit and staff's driving routes are optimised to reduce environmental impact.

Close collaboration with the suppliers to ensure sustainable procurement

When choosing a supplier, Forenom pays close attention to the company's ethical choices, environmental certification and the greening of procurement processes.

Optimising water and energy usage

Forenom is committed to reducing the use of natural resources, mainly water and energy. Apartments are cleaned only when necessary, allowing Forenom to save water and energy by avoiding, among other things, unnecessary washing of linen. Electricity accounts for most of the energy consumption and thus, Forenom is constantly looking for new solutions to reduce power consumption and increase the use of renewable energy.

Focus on serving flexible stays

By providing flexible stays in fully-furnished apartments, Forenom endorses eco-efficiency, as companies have no need to rent or buy empty apartments and furnish them with single-use furniture.

Cleaner, more sustainable power

Forenom continues to reduce overall energy use and increasing the share of green energy throughout the properties. Electricity is a major part of Forenom's energy consumption, and thus, Forenom pays attention to the fact that the electricity they use is produced responsibly and is constantly looking for new solutions to reduce electricity usage and increase the use of renewable energy. In Finland Forenom works with a power company who in recent years has continuously reduced the use of fossil fuels in power generation and, consequently, increased the use of renewable energy sources.

Furthermore, Forenom is looking for ways to reduce the water consumption in the properties. In some of the largest properties, the company has introduced a water saving system, which monitors the water consumption 24/7 and reports immediately if there is a suspected water leak. Also, water-saving equipment have been installed in the larger properties to reduce the water flow and the customers are provided with guidance on reducing water consumption.

Diversity as a competitive advantage

At Forenom, the sustainability efforts are not limited to cover only environmental issues. Being number one in the industry also means being number one as a workplace. Diversity is

embraced in all its forms and equal opportunities are provided to the employees irrespective of their age, gender, race, religion, disability, origin or other status.

Forenom staff:

56%	Women
44%	Men
18-60	Age range
23	Languages spoken

Forenom also provides training and other opportunities for professional growth for the the entire Nordic workforce and promote lifelong learning. Internal education plan is updated

twice a year, and all training courses and programs are held by experienced business leaders. Forenom has also established an internal school for learning and development, Forenom Academy, with the mission to maximize the potential of the employees. All Forenomians are encouraged to develop their skills and competences and to inspire each other to learn and share their knowledge.

Being part of the local community

Urbanisation brings challenges to city planning and management. Being part of the solution, Forenom helps companies to create jobs and mobilise their workforce, without straining land and resources. Forenom aims to enhance the communities in which they operate and bring prosperity to these areas.

The Forenom guests are temporary residents in their new neighbourhood, which is why the company bears responsibility to care for the well-being, privacy and safety of not only the guests but also the greater community. Forenom aims to create the best possible living quarters for both the residents and the neighbours: guests are informed about Nordic culture and terms and conditions that support peaceful and friendly living, and the apartment buildings are renovated and appealing, and the surroundings are kept tidy and welcoming.

Supporting businesses through exceptional times

Forenom promotes sustained economic growth, higher levels of productivity and technological innovation. The services can support natural business growth and future innovation by helping emerging businesses to accommodate their workforce efficiently.

The importance of the support for the businesses is emphasised in exceptional situations. In response to coronavirus pandemic, Forenom has offered flexible accommodation solutions companies to ensure the continuity of businesses. For example, when movement between countries was restricted, Forenom provided new accommodation solutions to labour from outside Finland to enable them to stay in the country and thus to keep construction sites running. In addition, some of the accommodation properties have been turned into facilities for remote work to enable knowledge workers to continue working efficiently despite the exceptional situation.

Key SDGs and targets



5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION MAKING

Diversity is embraced in all its forms and equal opportunities are provided to the employees irrespective of their age, gender, race, religion, disability, origin or other status.

33% of the Management Group and 33% of the Board of Directors are women. Throughout the company, 23 languages are spoken and the age of staff ranges between 18 and 60.



11-3 INCLUSIVE AND SUSTAINABLE URBANISATION

Urbanisation brings challenges to city planning and management. Being part of the solution, Forenom helps companies to create jobs and mobilise their workforce, without straining land and resources. Forenom aims to enhance the communities in which they operate and bring prosperity to these areas.

Case Fabric



” Office property in central Stockholm with significant value-add opportunities.

In 2018 CMNRE II Fund acquired the 10,000 sqm multi-let office property called Fabric. The property was originally developed in 1956 and situated in an area called Hammarby Sjöstad, 3 km outside Stockholm CBD in one of Stockholm's fastest growing business areas.

At acquisition, the property benefited from a well-diversified tenant mix with stable income, but also had several value-add opportunities, including technical upgrades which could create energy and cost savings and provide great potential for future capital growth.

As part of CapMan Real Estate's ESG work, we investigated how the property could be operated more efficiently and where we could reduce the energy burden and environmental footprint.

In H2-2019, CapMan Real Estate engaged a third-party energy expert to make a detailed energy survey of the property and its

operations. The scope of the survey was to make a thorough study of the energy use and performance as well as identify how the energy usage and environmental footprint could be reduced.

The energy survey identified eight prioritised measurements and nine secondary measurements. Identified measurements included for example a geothermal energy investment, installations of new thermostats, BMS-updates and installation of solar panels.

All-in-all the prioritised measurements were estimated to reduce the energy consumption in the property with approximately 900 MWh/year, or around 60% per annum. The energy consumption in the property after upgrades was estimated to be in parity with the city of Stockholm's energy target for new properties.



Due to the strong Swedish investment market and great investor demand for the subject property, CapMan Real Estate decided to sell the property in early 2020 and achieved a great result. All identified measurements had not yet been carried out, but several ESG-investments had been completed, which included for example replacement of the central heating, installation of motion detectors, upgraded lighting and improved operational routines of the technical system. The

completed ESG-investments had up until sale reduced the electricity costs by 30% during the preceding 12 months. For the benefit of the new owner, the investigations and energy studies were part of the sale package and handed over to the buyer.

Key SDGs and targets



7-2 INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

7-3 DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY

60%

Estimated reduction in energy consumption p.a.

The prioritised measurements were estimated to reduce the energy consumption in the property with approximately 900 MWh/year, or around 60% per annum. The completed ESG-investments had up until sale reduced the electricity costs by 30% during the preceding 12 months.

Case Skutktossen



Fully leased school property located in a fast expanding area of greater Stockholm.

The 12,000 sqm property called Skutkrossen was developed in 1970 and acquired by CMNRE I Fund in Q2-2017. Although the property was leased to ten tenants, approximately 67% of the lettable space and 82% of the rental income related to a lease to the city of Stockholm's Education Department for school use. The public elementary school provided education services for some 900 students in the property.

At acquisition, the property use permit was nearing expiry and the school close to breaching the zoning plan. If not correctly addressed, the school would possibly have to close. CapMan Real Estate was able to sort out the zoning issues, allowing for a permanent school use, and signed a new long lease with the Education Department. As a property owner in the area, CapMan Real Estate also participated in the wider zoning process for the local area with the purpose of enhancing the local socioeconomic status as well as improving the general outdoor areas. This included a better provision of green areas and bike commuting opportunities.



The technical installations in the property at acquisition were in a poor condition. Parts of the ventilation system were from 1970 and in need of upgrades and replacement, particularly when considering the ventilation demand from the large number of students in the property every day.

During its ownership, CapMan Real Estate improved the energy performance in the property by replacing the Building Management System. In addition, outdated installations were replaced with environmentally friendly alternatives. For example, 800 sqm of solar panels were installed in H2-2019 and contribute approximately 34% of the annual energy requirement in the property. This reduces the energy cost by an estimated SEK 165,000 per annum.

CapMan Real Estate sold the property in Q1-2020 with a great result to a Swedish institution specialised in owning school properties long-term. The environmental improvements and energy savings made by CapMan Real Estate contributed positively towards the sale price achieved as well as saving costs during its period of ownership.

Key SDGs and targets



11-3 INCLUSIVE AND SUSTAINABLE URBANISATION

CapMan Real Estate contributed to solving zoning issues related to the use of the property, allowing it to be utilised as a permanent school facility. CapMan Real Estate also participated in the wider zoning process for the local area with the purpose of enhancing the local socioeconomic status as well as improving the general outdoor areas. This included a better provision of green areas and bike commuting opportunities.



7-2 INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

7-3 DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY

34%

Of annual energy requirement comes from renewables

800 sqm solar panels were installed in H2-2019 and are estimated to contribute to 34% of the annual energy requirement in the property and reduce the energy cost by SEK 165,000 per annum.

Learn More

We continue to develop and implement sustainable investment practices at CapMan. Please contact us to learn more!

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A wide-angle photograph of a calm body of water in an Arctic or Antarctic setting. Several large, white icebergs of various shapes are scattered across the water. In the center of the frame, a series of concentric ripples emanate from a point, reflecting the light from the sky. The background shows distant, snow-covered mountains under a pale, hazy sky with soft, wispy clouds. The overall color palette is dominated by blues, whites, and greys, creating a peaceful and cold atmosphere.

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Building value for the enrichment of society.