



*CapMan*

# Sustainability Report

## 2021/2022

We build value for the enrichment of society.



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# 1: Principles



# Greetings from the CEO

Shared global challenges emphasise how our activities impact the world around us. Climate change is perhaps the most obvious and all-encompassing, but for example threats to biodiversity, inequality, resource depletion, and lack of diversity and inclusion among decision makers are also affecting our society. We, together with our stakeholders, are becoming increasingly mindful of this and our roles as global citizens and members of local communities. The societal shift towards increased awareness and accountability is welcomed. As a private assets investor, manager and value creator, we recognise that we are in a key position to develop strong and resilient companies and assets that provide lasting value for our investors and the society at large.



**We see the connection between strong ESG performance and strong financial performance.**



During the past year we have accelerated the integration of ESG throughout our organisation and all aspects of our business. We have upgraded our ESG strategy and processes, work that will continue. We are proud of our achievements, including committing to the Science Based Targets initiative as a private equity firm, by encouraging our portfolio to make their commitments to a path towards net-zero. For the first time, we agreed to set ambitious and measurable yearly ESG improvement targets for both CapMan

Group and our investments. Setting targets is an important step in placing everyone in the organisation and our sphere of influence on the same page when it comes to measuring and tracking our progress. Sustainability KPIs also became integrated with our financing as we issued a sustainability-linked bond as the first Finnish company.

We have also significantly increased and developed our internal resources and competence to make sure that our own company and our investments are ready for the requirements of tomorrow.

The opportunities and challenges of integrating sustainability throughout our processes and operations, both from a value creation and a risk mitigating perspective, are numerous. As we see the connection between strong ESG performance and strong financial performance, we find these challenges and opportunities immensely exciting!



**Functioning private assets markets that are driven by active value creation add to and shape society.**



Our actions matter. We manage almost €5 billion in assets on behalf of institutional investors. How we decide to deploy this capital and develop the assets has significant consequences for where we operate and what activities we support. 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. The funding, expertise and support provided helps companies grow, launch new products, innovate and



add meaningful jobs to society. Through our real asset investment areas, we invest into communities to help them, and their residents prosper. Functioning private assets markets that are driven by active value creation add to and shape society. Our activity influences and has far-reaching impact on the society, and therefore how things are done is of equal importance to what is accomplished.

**“CapMan is an active investor in growing businesses, real estate and infrastructure in the Nordic countries. As active owners, we influence through decision-making and by setting and promoting best practices, and funds managed by CapMan can drive change on a broad scale”**

Joakim Frimodig  
CEO at CapMan



CapMan is an active investor in growing businesses, real estate and infrastructure in the Nordic countries. As active owners, we influence through decision-making and by setting and promoting best practices, and funds managed by CapMan can drive change on a broad scale. Our mission is to build value through 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.

In this report, we describe our approach to sustainable investing, financial instruments, internal processes, setting targets, methodologies and data, regulatory development and demonstrating how we can make a real difference through tangible examples.

In addition to the global megatrends that drive ESG action, events during this past year has further highlighted the complexities of the world in which we operate. We are only coming out of a pandemic and now have a human disaster on a large-scale unfolding in Europe in the form of a Russian invasion of Ukraine. These events raise the stakes and further emphasise the need for making decisions that are rooted in common values.

By minding our own turf, we strive to have a positive impact on the environment and society while also inspiring our networks consisting of, among others, LPs, portfolio companies, property managers, and tenants to become more sustainable. This becomes a virtuous circle as the more we improve, the more we discover new ways and areas for further improvement. The raised ambition level keeps us on our toes, motivated to do more. Now, with focus areas, targets and several concrete actions, we think this will show!

Sincerely,

**Joakim Frimodig**  
CEO, CapMan Plc



# Highlights for 2021

**788,358 MWh**

renewable energy  
produced by portfolio  
companies, equal to the  
average annual energy  
consumption of 40,000  
Swedish homes

**2,600**

net new jobs in total in  
portfolio companies

**15%**

share of certified  
square meters of  
real estate

**21%**

share of women in port-  
folio company  
management

**14%**

share of women on  
portfolio company  
boards, on average

**53%**

share of renewable  
energy consumption  
in real estate





## About CapMan

CapMan is a leading Nordic private assets expert with an active approach to value creation. As one of the private equity pioneers in the Nordics, we have built value in unlisted businesses, real estate, and infrastructure for over three decades. Our objective is to provide attractive returns and innovative solutions to investors. We are dedicated to setting science-based targets to reduce our greenhouse gas emissions in line with the Paris Agreement. We have a broad presence in the unlisted market through our local and specialised teams. Our investment strategies cover minority and majority investments in portfolio companies and real estate, and infrastructure assets. We also provide wealth management solutions. Our service business includes procurement and analysis, reporting, and back-office services. Altogether, we employ approximately 180 professionals in Helsinki, Stockholm, Copenhagen, Oslo, London and Luxembourg. We have been listed on Nasdaq Helsinki since 2001.



**We support growth and success  
by investing broadly in the  
unlisted market.**

**Our roots are Nordic and our  
handprint is global.**



# Our sustainability journey

Over the past year, we have developed our approach to integrating sustainability in our decision-making. CapMan strives to be a positive force in society and a role model for our investors and portfolio companies. Having a positive impact on our stakeholders is the essence of being sustainable. We see that as a Nordic active and significant owner, we are ideally positioned to drive the change towards well-governed, environmentally and socially sustainable businesses and assets. We steer our investments towards clear sustainability targets and are actively looking to invest in opportunities that mitigate societal and environmental challenges.

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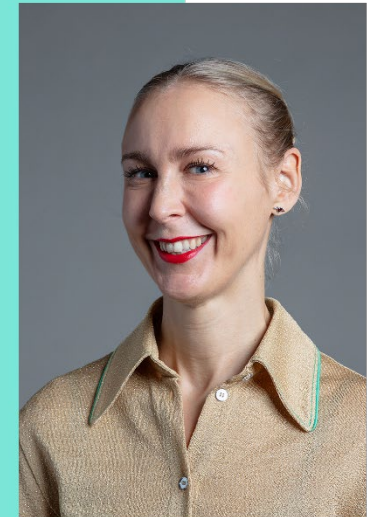
## Active ownership is at the foundation of our ESG strategy

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At CapMan, we can make a positive impact through our ability to influence decision-making and activities across the CapMan Group and the funds' portfolio companies and assets. We strive to lead by example for the entire ecosystem consisting of our funds, their portfolio companies and assets as well as value chains. For us as a private assets manager and investor, sustainability is about helping our portfolio become more sustainable. We make the most significant impact through the companies and properties that we own.

**“As a private assets manager and investor, sustainability is about helping our portfolio become more sustainable. We strive to lead by example for the entire ecosystem consisting of our funds, their portfolio companies and assets as well as value chains.”**

Anna Olsson  
ESG Director at CapMan

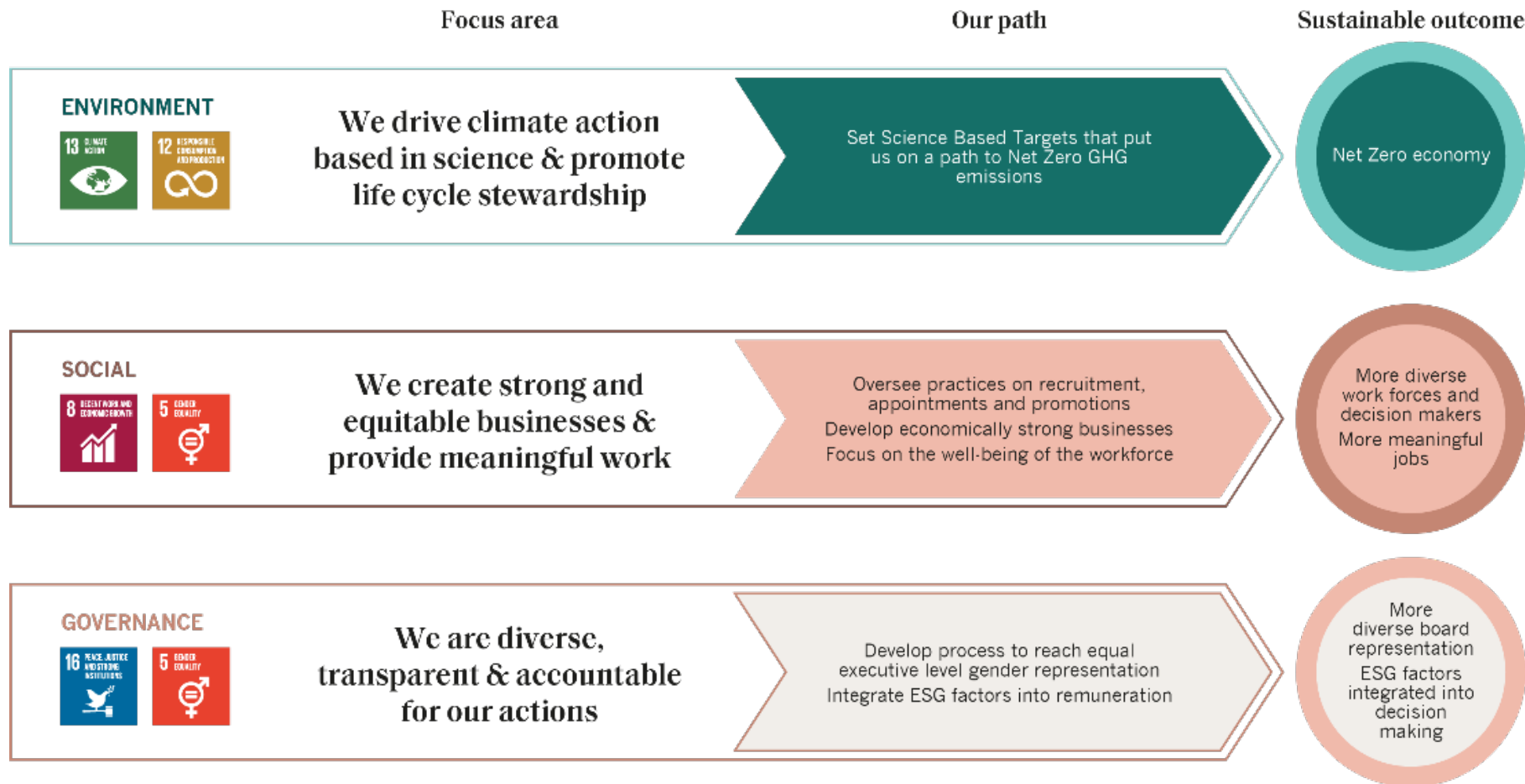




## Three focus areas in the sustainability strategy

CapMan's sustainability strategy is built around three tracks that define our approach and focus within each area. Within these three tracks, we have identified the areas that have the largest societal impact and that we want to

pursue across our investments. We also monitor other relevant areas for particular portfolio companies or real estate in terms of their sustainability work. We help our portfolio companies develop in a sustainable way.







**We drive climate action based  
in science & promote  
life cycle stewardship**

### **Climate action based in science**

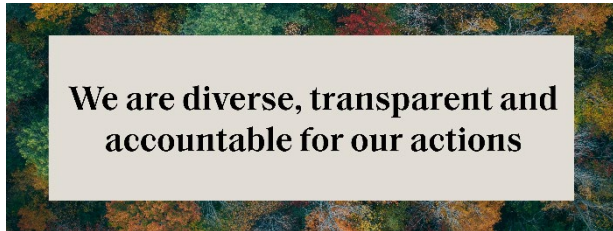
Regarding climate, our target is to commit to and set Science Based Targets (SBT) and from there commit to net-zero emissions. By doing so, we align our business with the Paris Agreement, a treaty with the goal of limiting the rise in global temperatures to preferably 1.5 degrees. This commitment puts our investments on a path towards net-zero by linking the greenhouse gas (GHG) emission reduction plan to the latest climate science. Setting SBT and getting them validated by the SBT initiative is considered best practice. By driving this initiative, we help our portfolio and ultimately our stakeholders transition towards a carbon-neutral society through positioning our portfolio companies and assets on a path towards net-zero GHG emissions. Longer-term, we are looking into how to systematically promote life cycle stewardship throughout CapMan and our portfolio companies and properties and to encourage a circular economy approach. This will promote the use of resources in our activities effectively and for as long as possible, ultimately saving both scarce resources as well as operational inputs. By introducing and incentivizing a systematic approach to recycling, reusing and sharing, we can utilise economies of scale to drive change.



**We create strong and  
equitable businesses  
& provide meaningful work**

### **Fair and equitable work environments**

At CapMan, we want to be part of building companies to be proud of, that employees are proud to work at and that customers want to frequent and promote, as well as real estate that attracts tenants. We believe that this makes the companies and properties more valuable—not only for us but for future owners and the community as well. To this end, we monitor employee satisfaction. As a Nordic company investing in the Nordics, we are relatively well-positioned in terms of labour and human rights legislation and standards. To solidify our approach and protect workers, we seek to ensure that all new companies have set Human & Labour Rights policies and processes within a year of acquisition.



**We are diverse, transparent and  
accountable for our actions**

### **Transparent, inclusive and accountable decision-making**

Creating a diverse and inclusive business is a way to ensure that we broaden our competence and that we, in addition to our portfolio companies, do not miss out on valuable opportunities. Different backgrounds contribute to more diverse insights around aspirations and priorities to be considered. It makes more voices in the organisation heard. We focus especially on diversity within decision-makers both at CapMan and in our portfolio companies, and in the adequacy of training and development opportunities throughout the CapMan organisation. We also seek to integrate sustainability targets into executive remuneration for all majority owned companies where CapMan has board representation within a year of acquisition. This strongly aligns the incentives of decision makers with sustainability targets and ensures actions that prioritise ESG matters, which ultimately leads to the achievement of Group level sustainability targets.





## ESG policy

CapMan integrates sustainability factors with investment and business practices as described in our sustainable investment policy. This policy reflects the decision-making and ownership practices applied by funds managed by CapMan as well as in CapMan's other private equity, real estate and infrastructure investments and wealth services practices. The parent company CapMan Plc is also committed to the framework described in this policy.

CapMan focuses on fostering sustainable practices in its activities and the activities of its funds under management.

## The integration of sustainability risks

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material

negative impact on the value of the investment. The investment activities that CapMan undertakes through our funds under management, on a mandate basis and on behalf of our wealth services clients may have adverse environmental and social impacts and CapMan seeks to identify and mitigate such impacts through screening, due diligence, risk management, stakeholder engagement and active value creation of the investment.






Sustainability risks are integrated in the investment decision-making process as follows:

- Potential sustainability risks are identified and their likelihood of occurrence and severity if realised is evaluated.
- A course of action is identified for eradicating or mitigating the sustainability risk or, if the risk is deemed too severe, a decision is made to not move ahead with the investment.
- Sustainability risks associated with an investment are presented to the relevant decision-making body, which makes the formal investment decision.



# ESG targets

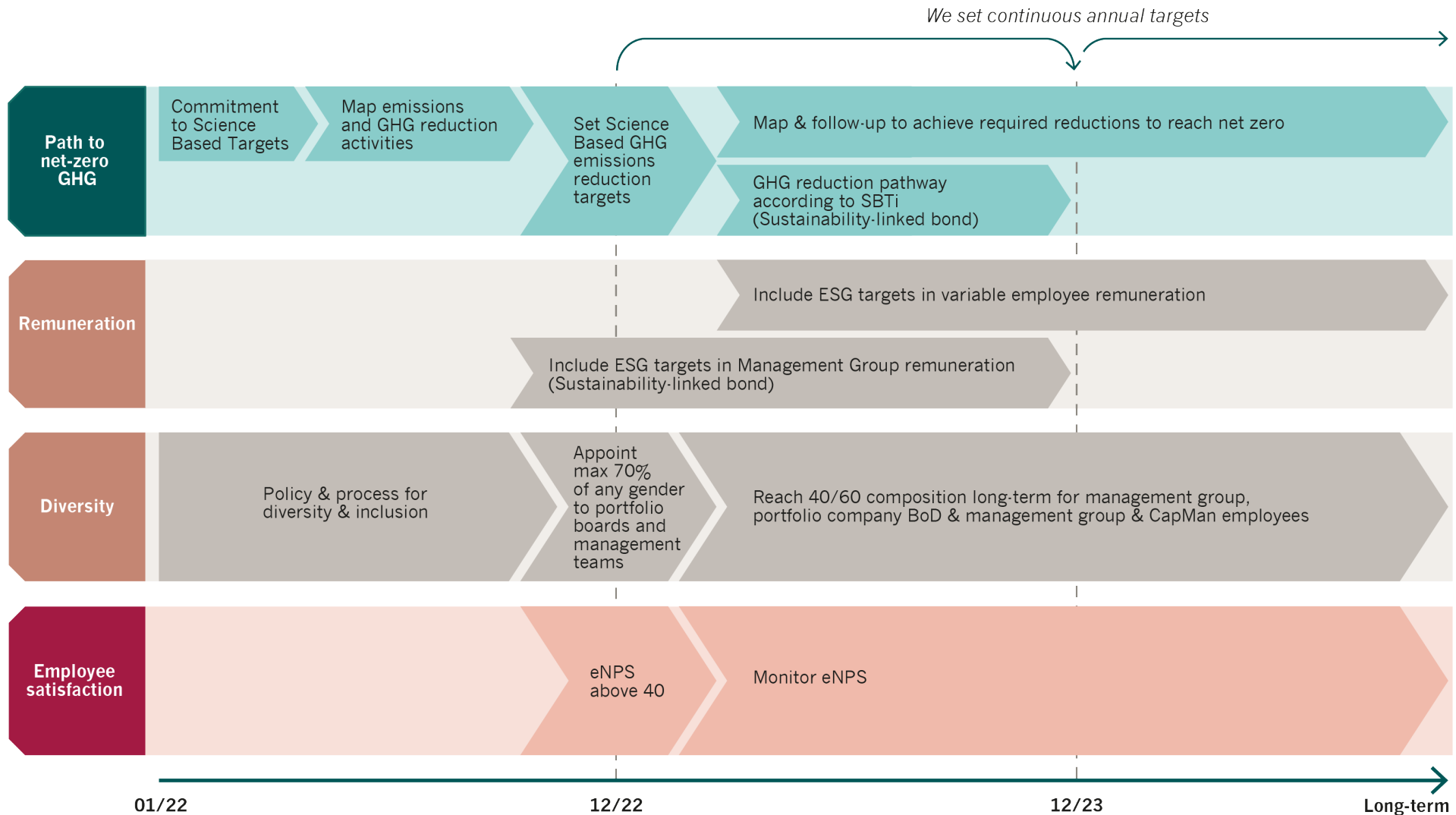
CapMan has set ESG targets for 2022. The targets are reviewed and updated annually.

CapMan Group	CapMan Private Equity & Infra	CapMan Real Estate
<b>ENVIRONMENT</b>		
 		
<b>Science-Based Targets, net-zero commitment</b> <ul style="list-style-type: none"> <li>Commit to 1,5-degree SBT, followed by a net-zero commitment</li> </ul>	<b>Science-Based Targets, net-zero commitment</b> <ul style="list-style-type: none"> <li>Commit to 1.5-degree SBT, followed by a net-zero commitment</li> </ul>	<b>Science-Based Targets, net-zero commitment, green leases &amp; water consumption</b> <ul style="list-style-type: none"> <li>Commit to 1,5-degree SBT, followed by a net-zero commitment</li> <li>Increase nr of Sustainable Building Certifications</li> <li>Increase nr of green leases (for new larger leases)</li> <li>Reduce energy and water consumption intensity</li> </ul>
↑	↑	➡
<b>SOCIAL</b>		
		
<b>Employee satisfaction</b> <ul style="list-style-type: none"> <li>Employee satisfaction eNPS survey above 40</li> <li>Create policy &amp; process for diversity &amp; inclusion</li> </ul>	<b>Employee satisfaction</b> <ul style="list-style-type: none"> <li>Employee satisfaction survey above 3,5 out of 5 for all companies</li> <li>Metric to follow: Job creation</li> </ul>	<b>Tenant engagement</b> <ul style="list-style-type: none"> <li>Yearly tenant engagement on social and environmental matters with focus on -commercial tenants</li> <li>Improve tenant satisfaction</li> </ul>
➡	➡	➡
<b>GOVERNANCE</b>		
 		
<b>Executive level diversity &amp; accountability</b> <ul style="list-style-type: none"> <li>Develop employee remuneration to include ESG targets</li> <li>Develop a process to reach equal -gender representation in the management group, at partner level and throughout the -organisation</li> </ul>	<b>Executive level diversity &amp; accountability</b> <ul style="list-style-type: none"> <li>Appoint max 70% of any gender to boards &amp; management teams</li> <li>Sustainability objectives integrated into -executive remuneration in all new majority owned companies within a year of acquisition</li> </ul>	<b>Increased transparency</b> <ul style="list-style-type: none"> <li>GRESB reporting for the following funds: CMNRE II, CMNPI, CMHRE, CMRF and BVK Mandate</li> </ul>
➡	➡	➡

↑ = Completed   ➡ = In progress   ↓ = Lagging behind



# Roadmap for setting ESG targets



# Global initiatives

Signatory of:



**PRI – Principles of Responsible Investment**

## What is the PRI?

Principles for Responsible Investment is a United Nations-supported international network of investors working together to implement its six aspirational principles:

**Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.

**Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

**Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

**Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.

**Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.

**Principle 6:** We will each report on our activities and progress towards implementing the Principles.

## How do we work with PRI?

CapMan became a signatory in 2012. ESG issues are part of the screening, due diligence and investment decision making process in private equity, real estate and infrastructure. ESG ownership policies and practices are incorporated into all majority investments while we work together with other owners for minority and credit investments to promote ESG issues during our ownership. Select ESG issues are surveyed and reported on an annual basis. We work together with our portfolio companies and deploy cross-team efforts. We co-operate with our LPs who are also signatories to promote their adherence to the principles.

The latest available assessment provided us with an A+ score for private equity, real estate and infrastructure and an A score for responsible investment strategy and governance. The assessment for 2020 is due in June 2022.



## Science Based Targets initiative

### What is the Science Based Targets initiative?

The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. SBTs show companies how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change. The initiative mobilizes industry leaders and companies to set net-zero targets in line with curbing global warming to 1.5 °C on average, which is widely recognised as the limit at which the effects on climate are still sustainable.

### What happens next?

We commit to and set SBTs as a private assets firm, following the SBTi Private Equity Sector Guidance, and thereby place our investments on a scientifically verified path towards net-zero greenhouse gas emissions. In accordance with the Private Equity Sector Guidance, it is mandatory to include CapMan's scope 1 and 2 emissions, as well as our investments that fall under category 15 of scope 3. SBTs are short and long-term GHG emissions reduction targets that are informed by independent climate science, ensuring that a company's emissions are in line with the Paris Agreement 1.5 degree C scenario. The plan is validated by the SBTi and provides a step-by-step process for how to reach the targets.

### Why we decided to commit?

The transition to a decarbonized society is one of the most important decisions of the future. We want to help our companies, assets and ultimately our stakeholders transition towards a carbon-neutral society through positioning our portfolio companies and assets on a path towards net-zero GHG emissions. To achieve this, we have committed to the Science Based Targets initiative (SBTi) Net-Zero Standard in order to build this roadmap.





## GRESB – Global Real Estate Sustainability Benchmark

### What is GRESB?

GRESB is a mission-driven and industry-led organisation that provides actionable and transparent environmental, social and governance (ESG) data to financial markets. The organisation collects, validates, scores and benchmarks ESG data to provide business intelligence, engagement tools and regulatory reporting solutions for investors, asset managers and the wider industry. CapMan Nordic Infrastructure I, CapMan Nordic Real Estate II and BVK-Residential Mandate funds completed their first GRESB assessment in 2021.

#### Our Nordic Infrastructure I GRESB scores

- Overall performance 3/5
- Overall fund GRESB score 76/100
- Management score 29/30
- Performance score 47/70

#### Our Nordic Real Estate II GRESB scores

- Overall performance 2/5
- Overall fund GRESB score 64/100
- Management score 24/30
- Performance score 39/70
- Development score 38/70

CapMan Real Estate seeks to conduct GRESB assessments for five funds starting from 2022.



## Sustainable Development Goals

### What are the SDGs?

The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.

### How do we work with selected SDGs?

At CapMan, we recognise our role as a private assets investor in promoting certain SDGs. We have identified the following SDGs as central to our business. In addition, portfolio companies and investment teams may identify other SDGs that are relevant for their respective businesses and assets.



### SDG 5: Gender Equality

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 a historically male dominated industry, CapMan Buyout is one of few Buyout investment managers in the



Nordics headed by a woman. CapMan monitors the management and board compositions of the portfolio companies.

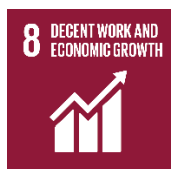


### **SDG 7: Affordable and clean energy**

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. An energy assessment analysis is always made prior to investments. CapMan Infra's investments include a wind farm in Sweden, as well as an electricity distribution network and district heating and cooling. The investments are part of the shift towards low-carbon infrastructure. CapMan Real Estate conducts energy assessments on its investments, including an assessment on the share of and plans to switch to renewable energy.



### **SDG 8: Decent work and economic growth**

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, CapMan Special Situations 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. Employee satisfaction is measured and serves as a good proxy for assessing the work environment.



### **SDG 9: Industry, innovation and infrastructure**

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.



### **SDG 11: Sustainable cities and communities**

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, investing in properties with a social or public purpose and contributing to a lower carbon footprint of office and retail properties by making technical upgrades.

**SDG 13: Climate action****13-2 INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING**

CapMan has committed to the Science Based Targets initiative (SBTi) to set targets for greenhouse gas (GHG) emission reductions that align our business with the Paris Agreement. CapMan Real Estate follows the energy consumption of its properties. CapMan Infra's investments in the transport sector are centred on reducing their climate impact. CapMan's Procurement Service CaPS encourages all supplier partners to report their CO2 emissions in an effort to increase transparency of the supply chain.

**SDG 16: Peace, justice and strong institutions****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.

Further, CapMan implements KYC and AML procedures at the establishment of the funds and conducts training for employees. We monitor and follow sanctions regimes.



# CapMan links financing to sustainability targets

CapMan became the first Finnish company to issue and list a sustainability-linked bond (SLB), tying the bond's returns to two performance goals: publishing targets for reducing greenhouse gas emissions and integrating sustainability targets into compensation plans for upper management.

The unsecured sustainability-linked notes in the aggregate principal amount of EUR 40 million will mature on 13 April 2027 and carry initially a fixed annual interest of 4.500 per cent.

The issue was conducted under CapMan's Sustainability-Linked Finance framework. This framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) 2020 as administered by ICMA.

We believe that strong ESG performance is reflected in strong financial performance, a link that is extensively supported by international research. As active owners, we can initiate change that results in collectively substantial climate action and improved diversity, thereby contributing positively to the Nordic region, and beyond. Our role and mandate as a private assets manager make us perfectly positioned to work together with all stakeholders in our portfolio companies and assets to seize opportunities, implement changes and make a difference for future generations. <sup>1</sup>



The sustainability-linked bond was listed on Nasdaq Helsinki in April 2022.

CapMan has selected the following KPIs (presented on the next page) to measure and follow-up on the performance of the sustainability characteristics of the issue. Based on an independent second-party opinion by ISS ESG, the selected KPIs are core, relevant and material to CapMan's business model and sustainability

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<sup>1</sup> Read more in the Sustainability-Linked Finance Framework at <https://www.capman.com/shareholders/debt-investors/>



### KPI #1: GHG EMISSIONS REDUCTION PATHWAY VALIDATED BY SBTi

- CapMan will seek to have its science-based targets approved by the Science Based Target initiative (SBTi).

This metric is measurable, quantifiable and externally verifiable.

**Rationale:** We want to help our companies, assets and ultimately our stakeholders transition towards a carbon-neutral society through positioning our portfolio companies and assets on a path towards net-zero GHG emissions. To achieve this, we have committed to the Science Based Targets initiative (SBTi) Net-Zero Standard. We commit to and set SBTs as a private assets firm, following the SBTi Private Equity Sector Guidance, and thereby place our investments on a scientifically verified path towards net-zero greenhouse gas emissions. In accordance with the Private Equity Sector Guidance, it is mandatory to include CapMan's scope 1 and 2 emissions, as well as our investments that fall under category 15 of scope 3. SBTs are short and long-term GHG emissions reduction targets that are informed by independent climate science, ensuring that a company's emissions are in line with the Paris Agreement 1.5 degree C scenario. The plan is validated by the SBTi and provides a step-by-step process for how to reach the targets.



### KPI #2: SUSTAINABILITY OBJECTIVES INTEGRATED INTO THE VARIABLE REMUNERATION OF CAPMAN MANAGEMENT GROUP

CapMan will seek to integrate sustainability objectives into the variable remuneration of CapMan's Management Group. Sustainability objectives to be integrated to the share plan 2025 are envisaged to include the following:

- Set science-based targets for climate, have the targets validated by the Science Based Targets Initiative and thereafter follow the emission reduction plan;
- Keep the CapMan Plc employee satisfaction eNPS survey above 40 on a yearly basis;
- Include relevant and quantifiable ESG targets in the CapMan Plc employee bonus programme. ESG targets should count for minimum 5% of the total bonus potential;
- Set percentage targets on gender diversity within Management Group, at partner level and throughout the CapMan Plc organization and reach the targets by end of March 2025. The targets will support the long-term ambition of not having any gender representing more than 60%.

These metrics are measurable, quantifiable and externally verifiable.

**Rationale:** CapMan aims at maintaining attractive, competitive, fair, and sustainable remuneration which strives to achieving strategic business objectives in short-term and especially in the long-term. By including sustainability objectives into the Management Groups variable remuneration, CapMan will clearly align the incentives of decision makers with sustainability targets and ensure actions that prioritise ESG matters, which ultimately leads to the achievement of Group level sustainability targets.



## 2: ESG in the investment process



# ESG in the investment process

We integrate ESG criteria throughout the investment process: from sourcing and screening of potential investments to due diligence and proceeding with the investment decision. ESG findings in the due diligence process are evaluated and integrated in the value creation strategy for the asset if considered material. The value creation process often also includes a sustainability aspect where we seek to find ways to create value for investors while meeting specific sustainability targets.

## Process for majority investments

### A3 Phase: Sourcing and Screening

- We implement a sustainable investment framework in the screening process for investments.
- Initial and high-level ESG screening including ESG exclusion criteria analysis.
- In order to proceed with the investment, the governance model for the investment must be such that we can implement changes if any sustainability related red flags arise in the screening process.

### A2 Phase: Due Diligence Preparations

- ESG due diligence is preceded by materiality analysis in order to devote resources to the most relevant topics from a company and societal perspective. ESG risks analysis is conducted.
- Universal topics are included as part of the ESG due diligence across all investments, such as the elimination of child or forced labour.

### A1 Phase up to Signing and Closing of Investment

- ESG value creation opportunities and potential issues are documented and an initial action plan is developed.
- Initial metrics to monitor ESG performance are identified.

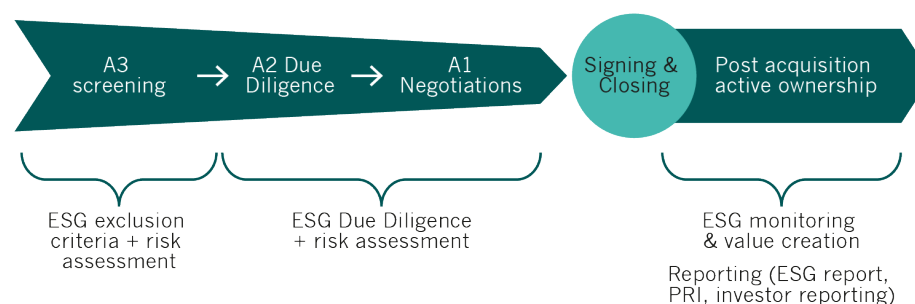
### Ownership and Value Creation

- 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 and the outcome of the company specific due diligence analysis.

### Exit

- 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

## ESG in the Private Equity investment process



## Process for Real Estate

### A3 Phase: Sourcing and Screening

- Initial and high-level ESG screening including ESG exclusion criteria analysis.

### A2 Phase: Due Diligence Preparations

- More detailed ESG desktop analysis including high-level analysis of potential ESG risks and upsides.

### A1 Phase: Due Diligence and Negotiations

- ESG value creation opportunities and potential issues are documented and an ESG asset management plan is developed.
- Initial metrics to monitor ESG performance are identified.

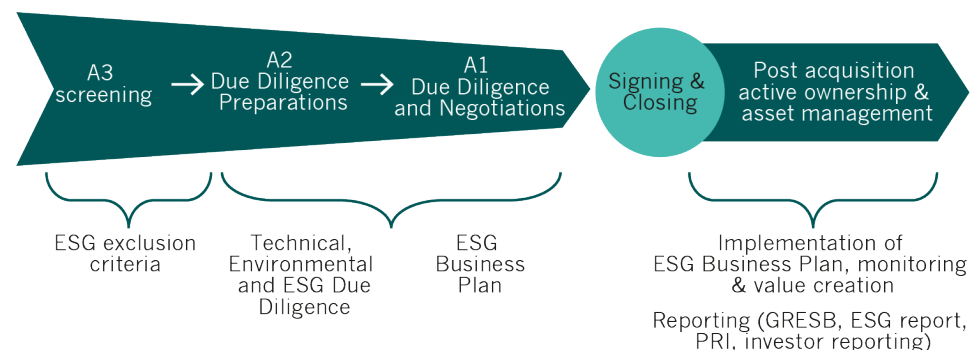
### Ownership and Value Creation

- Our value creation is based in active ownership.
- During the ownership phase, we implement the ESG asset management plan, identify further value creation initiatives and report on our progress to our stakeholders.
- We roll out portfolio level based on our sustainable investment goals and overall ESG objectives.

### Exit

- Ownership change is part of a continuum for the asset. All value creation and asset management activities through the lifecycle of the investments are targeted at managing and reducing risks as well as maximizing value at exit.
- We describe ESG improvements completed during our ownership and highlight areas for further development for the new owner

## ESG in the Real Estate investment process



## Assessing ESG risks and opportunities

ESG risks are assessed as part of the due diligence process for both private equity and real assets investments. Companies continuously assess their ESG risks and opportunities during CapMan's ownership. ESG related risks are overseen by the majority-owned companies' Board of Directors.

CapMan assesses climate risks for all real estate investments as part of the due diligence and asset management process. This includes the assessment of GHG emissions and the establishment emission reduction plans through e.g. technical upgrades and the transition to renewable energy.

## Real Estate ESG principles in new construction & major renovation projects

The focus area of CapMan Real Estate's investment strategy is to renovate outdated buildings to meet current needs of our tenants and extend the life cycle of the building stock. Our main impact to environment, people and economy lies within these improvement renovation and new construction projects.

We aim to improve the following areas in these projects:

- Minimize greenhouse gas emissions
- Improvement of energy and water efficiency
- Increase the share of renewable and low-carbon on-site generated energy
- Recycle demolition, construction, and refurbishment waste as material (mainly)
- Increase the share of environmental and sustainability building certifications such as LEED and BREEAM, including LCA (life cycle assessment) assessments where relevant
- Increase the share of EU Taxonomy alignment
- Improve the indoor climate and increase occupational health, safety and wellbeing
- Use sustainable and certified material (e.g. FSC certified wood) where possible

**“We work to align our assets with 1.5DC scenario with the most recent climate data supported by the SBTi and CRREM. We include the ambitious targets in the design of new buildings, major renovation projects, and in the asset management of standing investments.”**

Anna Rannisto, ESG Manager  
at CapMan Real Estate





A low-angle photograph of a modern, multi-story glass skyscraper under a clear blue sky with some light clouds. The building's facade is composed of numerous glass panels that reflect the sky and surrounding environment. The perspective is from the ground looking up, emphasizing the height of the building.

# 3: Quantifying ESG impact

## How we work with climate

We map and report greenhouse gas emissions (GHGs), set science-based targets as a private assets firm and develop a plan for reducing emissions. Our ultimate goal is to reduce the climate impact of our portfolio and simultaneously help our stakeholders understand their footprint as we contribute to it.

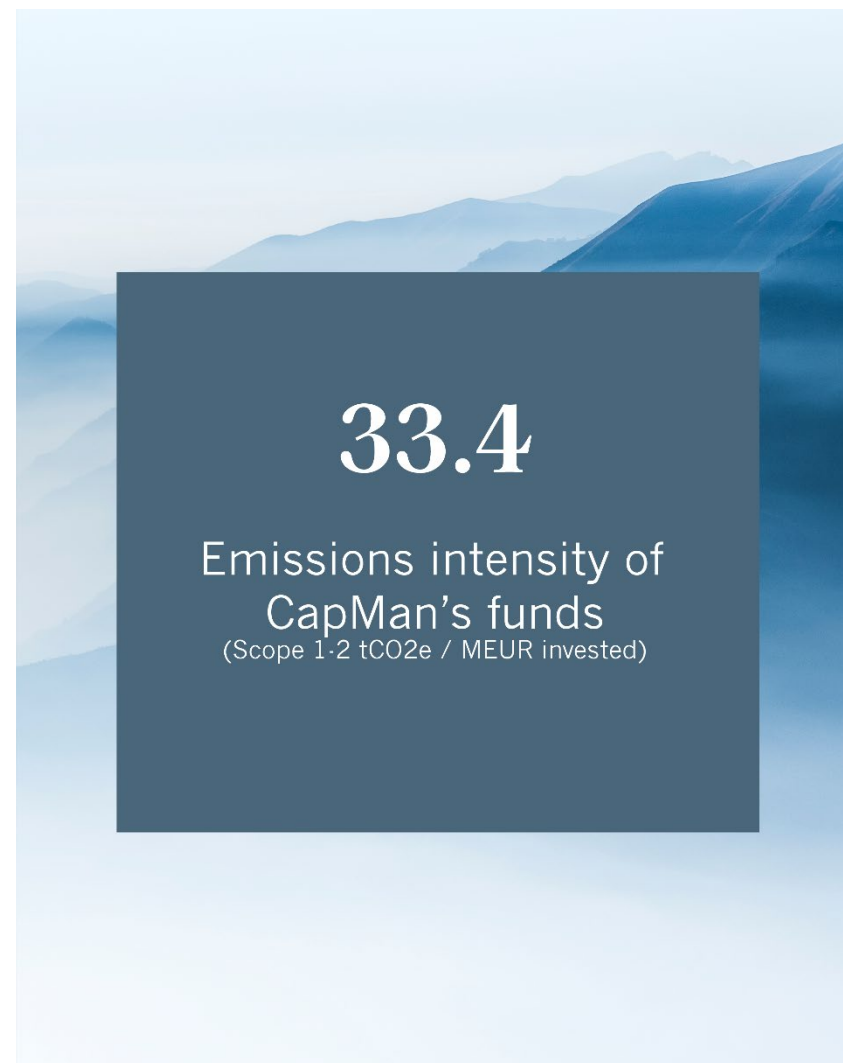
CapMan committed to the Science Based Targets initiative in February 2022. Under this initiative, we will set science-based targets as a private assets firm and thereby place our investments on a scientifically verified path towards net-zero GHG emissions. SBTs are short and long-term GHG emissions reduction targets that are informed by independent climate science, ensuring that a company's emissions are in line with the Paris Agreement 1.5°C scenario. The plan is validated by the SBTi and provides a step-by-step process for how to reach the targets. We aim to set science-based targets by the end of 2023. Targets may include, for example, ensuring that portfolio companies set science-based targets within a year of acquisition and that real estate assets set and follow an emission reduction plan.

### Assessing emissions and setting targets

To support portfolio companies with measuring and reporting their emissions, CapMan uses a GHG reporting platform for the collection and calculation of emissions in line with the GHG Protocol. Buyout, Growth, Special Situations and Infra portfolio companies report their emissions in the platform with the guidance of climate assessment experts. For companies where we have minority ownership, we have used an external consultant to estimate emissions. These tools were implemented in the beginning of 2022 and data assessed for the year 2021. Prior to this, CapMan exclusively used data reported by portfolio companies and vendors.

The first objective is to establish a baseline for emissions for each company. From this baseline, the portfolio company can, with support from the CapMan team, create reduction targets in line with the 1.5 °C scenario and an action plan for how to reach the targets. This plan may include operational and strategic measures as well.

For real estate assets, we measure and report GHG emissions for all our assets. The information is collected through property energy consumption platforms or compiled by external consultants or property managers. We will set reduction targets as part of setting science-based targets in line with the 1.5 °C scenario.





## Classification of GHG emissions based on the GHG protocol

### Scope 1

- Scope 1 greenhouse gas emissions are emissions which come directly from a company and its controlled entities. These are divided into four categories: 1) Stationary combustion, 2) Mobile combustion, 3) Fugitive emissions, and 4) Process emissions.
- Companies interested in reducing their Scope 1 emissions tend to be focused upon improving their energy efficiency and transitioning their transportation fleet towards electric vehicles.
- Reported for all companies and assets.

### Scope 2

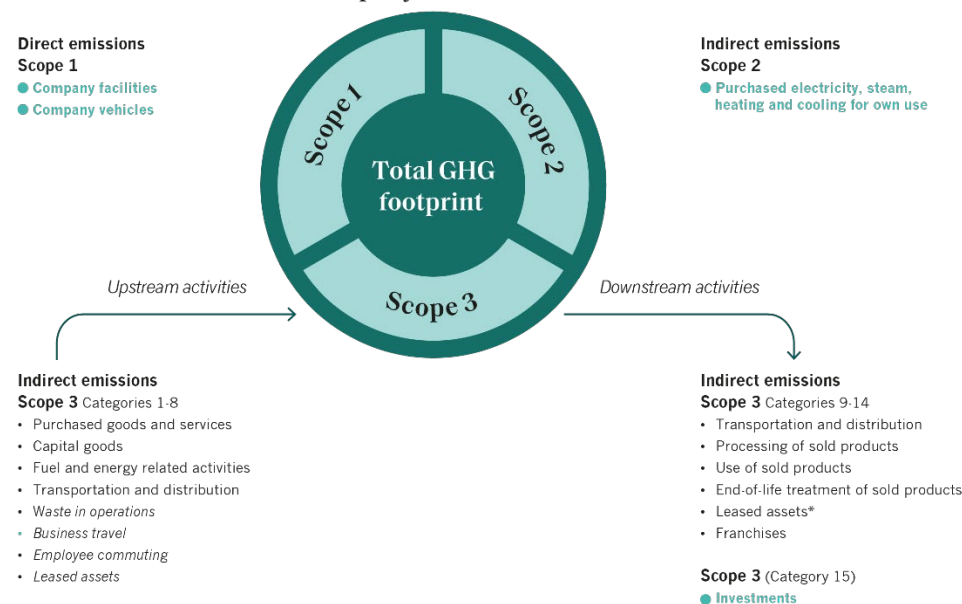
- Scope 2 greenhouse gas emissions are emissions which come indirectly from the generation of purchased energy from a utility provider. For most companies, electricity consumption is their one and only source of Scope 2 emissions.
- Companies focused upon reducing their Scope 2 emissions tend to purchase their energy from utility providers with clean energy options, as well as purchasing carbon offsets.
- Reported predominantly as market based.
- Reported for all companies and assets.

### Scope 3

- Scope 3 emissions are all indirect emissions – not included in scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions. In other words, emissions that are linked to the company's operations. According to GHG protocol, scope 3 emissions are separated into 15 categories, of which categories 1-14 relate to the company's operations and category 15 relates to its investments.
- Companies focused upon reducing their Scope 3 emissions tend to be focused upon cutting back on business travel, encouraging employees to work from home, using climate-friendly transport across the business, and cutting back on waste generation.
- Reported for 77% of companies and 19% of real estate investments (where tenant electricity data is available).

- CapMan Group Scope 3 Category 15: CapMan's share of GHG emissions (Scope 1-3) from investments based on fund ownership

## GHG emissions based on company and asset activities



● **Highlights** = the categories that are relevant for CapMan Group operations in terms of SBT (+ at least Business travel as elective Scope 3)

\*Within Real Estate Tenant electricity is included in leased assets (Scope 3, downstream)



## CapMan Group climate impact

CapMan's main GHG emissions impact comes from our investments. Our portfolio comprising 30 companies and 216 properties had an aggregate GHG emission footprint of 704,991 tCO<sub>2</sub>e for 2021.<sup>2</sup>

Due to the broad range of operations and sectors that CapMan's funds invest in, portfolio companies and assets have a mixed climate footprint. The largest footprint comes from companies in the transportation and energy sectors that have high Scope 1 GHG emissions from mobile and stationary and combustion as well as resource-intensive construction or manufacturing companies that have a high Scope 3 emissions from upstream purchased goods and services, such as raw materials.



**CapMan Group emissions  
including investments equals  
driving around the world**

**2,871** times



3

<sup>2</sup> Scope 3 emissions for real estate are incomplete due to unavailability of tenant electricity consumption data for all properties except for single tenant properties (mainly Hotels II fund).

CapMan Group's total GHG emissions amounted to 1,807 tCO<sub>2</sub>e for 2021 when including Scope 3 categories 1-14. Including investments by CapMan funds adjusted for ownership (Scope 3 category 15), the total GHG emissions footprint was 202,186 tCO<sub>2</sub>e.

### CapMan Group GHG emissions in 2021 (tCO<sub>2</sub>e)

Fund	Scope 1	Scope 2	Scope 3	Scope 3 (Investments)	Total
CapMan Group	0	61	1,746	200,379	202,186

<sup>3</sup> Based on emissions of 1,76 kg CO<sub>2</sub>e/km



### GHG emissions intensity of CapMan's funds under management

Fund	Scope 1-2 tCO <sub>2</sub> e <sup>4</sup>	MEUR invested <sup>5</sup>	Emissions intensity <sup>6</sup>
CapMan Buyout XI	310	45.9	6.7
CapMan Buyout X	5,469	71.6	76.4
CapMan Buyout IX	7,566	50.8	148.9
CapMan Buyout VIII	11,963	37.4	319.7
CapMan Growth I	536	32.3	16.6
CapMan Growth II	349	28.8	12.1
CapMan Special Situations I	2,529	18.8	134.4
CapMan Nordic Infrastructure I	21,809	126.8	172.0
Infra mandates	2,910	49.0	59.3
CapMan Nordic Real Estate I	200	72.6	2.8
CapMan Nordic Real Estate II	1,435	320.7	4.5
CapMan Nordic Real Estate III	338	94.3	3.6
CapMan Hotels II	1,548	371.4	4.2
CapMan Residential	904	404.7	2.2
CapMan Nordic Property Income	489		
Kokoelmakeskus	213	53.6	4.0
BVK	2,713		
RE II	728	75.8	9.6
Total	62,009	1854.6	33.4

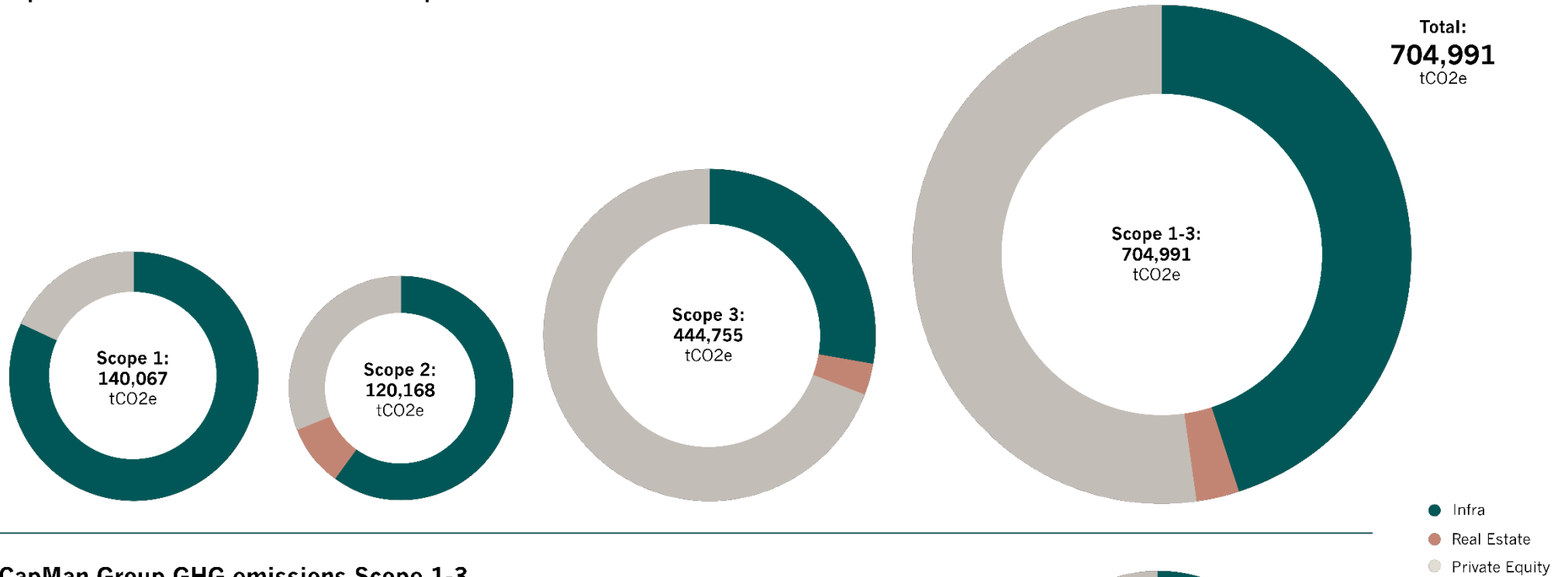
There is great variation in emission intensity of CapMan's funds under management depending on the nature and investment strategy of the fund. We have omitted Scope 3 GHG emissions from this comparison as this figure is not available for each investment.

<sup>4</sup> Scope 1-2 GHG emissions based on the fund's ownership, i.e. not equal to aggregated portfolio company emissions

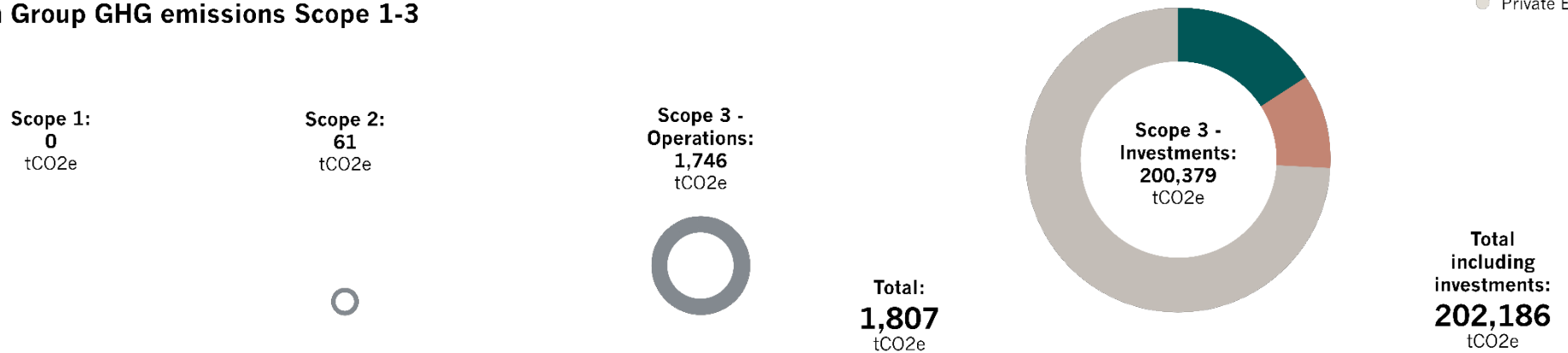
<sup>5</sup> Investment cost of the unrealised portfolio

<sup>6</sup> Scope 1-2 tCO<sub>2</sub>e/MEUR invested

## CapMan Portfolio GHG emissions Scope 1-3



## CapMan Group GHG emissions Scope 1-3

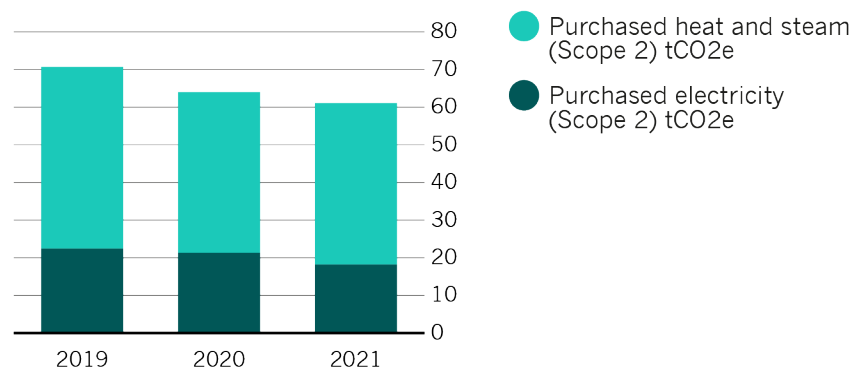




### CapMan Group GHG emissions 2019-2021

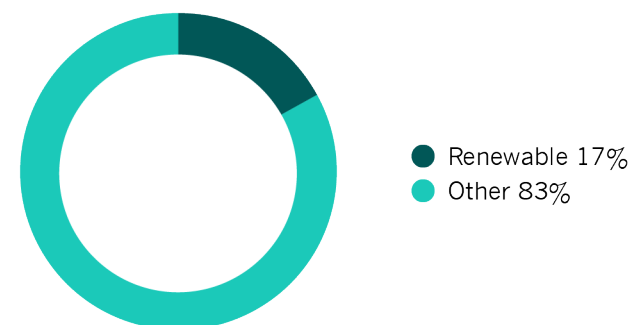
	2019	2020	2021
Purchased electricity (Scope 2 – market based)	22	21	18
Purchased heat and steam (Scope 2 – market based)	48	43	43
Purchased goods and services (Scope 3)	20	17	1,586
Waste generated (Scope 3)	2	1	0.5
Business travel & commuting (Scope 3)	347	71	144
Upstream transportations (Scope 3)			3
Fuel and energy related (Scope 3)			12
Investments (Scope 3, category 15)			200,379

### CapMan Scope 1-2 GHG emissions



CapMan's scope 1-2 GHG emissions from purchased electricity and heating have decreased from 2019 despite the expansion of office space. This is mainly due to the increased share of renewable energy.

### Share of renewable energy consumption CapMan Group



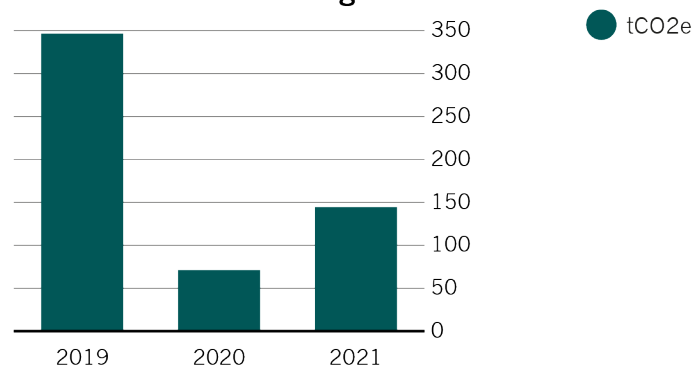
The Scope 1-2 emissions intensity has decreased both compared to revenue and headcount (FTEs).

### Emissions intensity

	2019	2020	2021
Scope 1-2 emissions (tCO <sub>2</sub> e) per employee	0.48	0.44	0.38
Scope 1-2 emissions (tCO <sub>2</sub> e) per revenue (MEUR)	1.44	1.49	1.16
FTEs	147	146	161
Revenue (MEUR)	49.0	43.0	52.8

Purchased goods and services were calculated based on spend based data and included all suppliers for 2021 compared to only office consumables and devices for 2020 and 2019. Business travel & commuting, categories of Scope 3 emissions which CapMan can influence significantly, increased by 30% from 2020 due to increased travel following the easing of travel restrictions, but were still 60% below pre-pandemic levels.

### CapMan Scope 3 GHG emissions Business travel & commuting



### Accomplished in 2021

- Collect GHG emission data for Scope 1-2 from all investments
- Follow up on climate risk and opportunity analysis for all majority-owned companies

### Next steps

- Establish a baseline for all investments
- Increase reporting of Scope 3 emissions for portfolio companies
- Set science-based targets for CapMan Group and develop emission reduction plans
- Encourage portfolio companies to set science-based targets and develop emission reduction plans
- Set science-based targets for at least 2/3 of the real estate assets and develop emission reduction plans

## Real Estate GHG emissions and identification of decarbonisation pathways for real estate

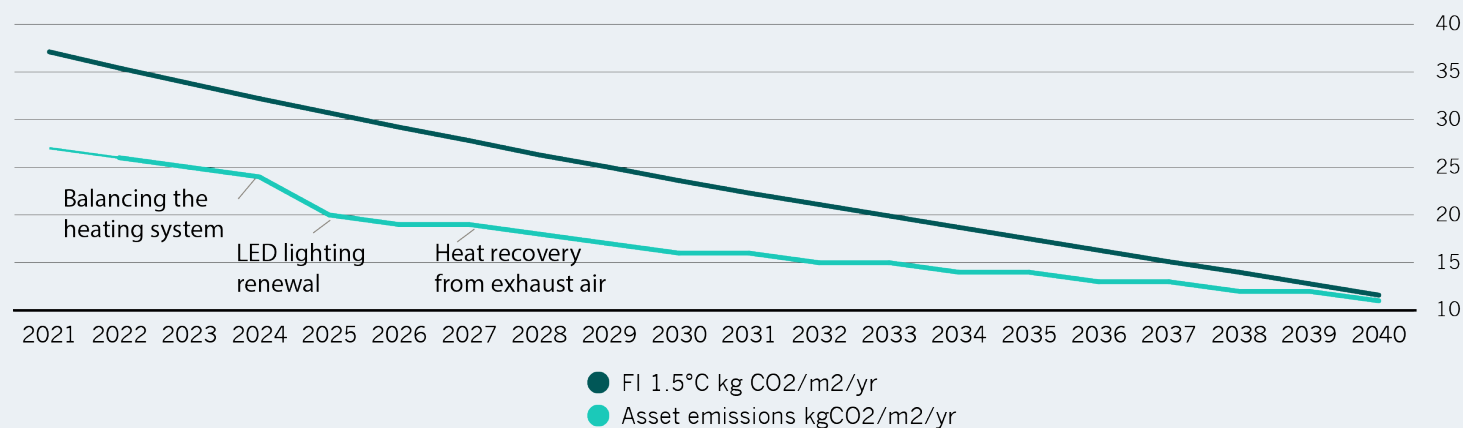
Real Estate Scope 2 emissions included purchased electricity, heating, and cooling in properties where CapMan Real Estate has direct control. Scope 3 emissions included purchased electricity, heating, and cooling in properties, where CapMan Real Estate does not have direct control (tenant controlled). Market-based emission factors were applied always when available. The energy consumption and GHG emission data in CMNRE II, Hotels II, BVK-Residential Mandate, CMNPI and CMRF funds were externally reviewed by Ramboll Finland Oy. Scope 1 emissions in real estate can include for example on-site fuel combustion (e.g. power generators) and refrigerants. Apart from on-site generated renewable energy, there was no data available for Scope 1 emissions.

CapMan Real Estate has committed to Science Based Targets and monitors its assets' 1.5°C alignment according to CRREM (Carbon Risk Real Estate Monitor). We will follow the collaboration of the SBTi and CRREM closely to align our assets' future low carbon roadmaps with the most recent information. We include the ambitious targets in the design of new buildings, major renovation projects, and in the asset management of standing investments. In practice, the measures can be e.g. installing high energy efficient equipment and appliances, energy optimization or monitoring.

### An example of CRREM assessment as part of ESG DD: 1.5°C Decarbonisation Pathways for Commercial Real Estate

CapMan Real Estate conducted an analysis to assess the decarbonisation pathways for newly acquired commercial real estate in accordance with Carbon Risk Real Estate Monitor (CRREM) 1.5°C pathway. This tool provides us with transparent, science-based decarbonization pathways aligned with the Paris Climate Goals of limiting global temperature rise to 1.5°C. In the example scenario, asset emissions would be well-aligned with the 1.5°C scenario in 2040 following a series of measures to improve the building's energy efficiency, including balancing the heating system, renewal of ventilation equipment, renewal of LED lighting and heat recovery from exhaust air.

#### CRREM 1.5°C alignment (energy used by the building & tenants)





## CapMan Group

## CapMan Private Equity &amp; Infra

## CapMan Real Estate

## ENVIRONMENT

**Science-Based Targets, net-zero commitment**

- Commit to 1,5-degree SBT, followed by a net-zero commitment

**Science-Based Targets, net-zero commitment**

- Commit to 1.5-degree SBT, followed by a net-zero commitment

**Science-Based Targets, net-zero commitment, green leases & water consumption**

- Commit to 1,5-degree SBT, followed by a net-zero commitment
- Increase nr of Sustainable Building Certifications
- Increase nr of green leases (for new larger leases)
- Reduce energy and water consumption intensity

2021/  
2022**Actions taken**

- Commitment letter 02/2022

**Actions taken**

- Information about SBT to portfolio companies to encourage them to commit

**Actions taken**

- Calculation of GHG emissions baseline
- 26 Sustainable Building Certifications to date
- Hotels II updated standard lease contracts with ESG clauses
- Water consumption baseline established

= Completed
 = In progress
 = Lagging behind

## How we work with engagement

As active owners, we engage with our portfolio companies and assets daily. We focus specifically on the development of strong companies that are attractive employers and promote a happy workforce.

- We monitor employee satisfaction and highlight areas for improvement
- We monitor jobs creation for our private equity portfolio companies

While we measure absence rate, workplace injury rate and other metrics for workplace wellbeing and safety, it is difficult to draw broad-based conclusions based on these metrics as there is a lot of variability between different sectors. Employee satisfaction is a good proxy for how employees experience wellbeing at work and how a company is managed. In 2022, we set targets to reach employee satisfaction of at least 3.5/5 for all portfolio companies and 40 eNPS for CapMan Group.

Private equity is about developing vibrant and growing companies. This is why we also monitor job creation.



## CapMan Group

## CapMan Private Equity &amp; Infra

## CapMan Real Estate

## SOCIAL



## Employee satisfaction

- Employee satisfaction eNPS survey above 40
- Create policy & process for diversity & inclusion



## Employee satisfaction

- Employee satisfaction survey above 3,5 out of 5 for all companies
- Metric to follow: Job creation



## Tenant engagement

- Yearly tenant engagement on social and environmental matters with focus on -commercial tenants
- Improve tenant satisfaction

2021/  
2022

## Latest results

- eNPS survey 41

## Actions taken

- Development of DEI policy

## Latest employee satisfaction results

- 35 eNPS
- 4/5

## Job creation

- +2,579 FTEs

## Actions taken

- Engagement process established

= Completed  
 = In progress  
 = Lagging behind

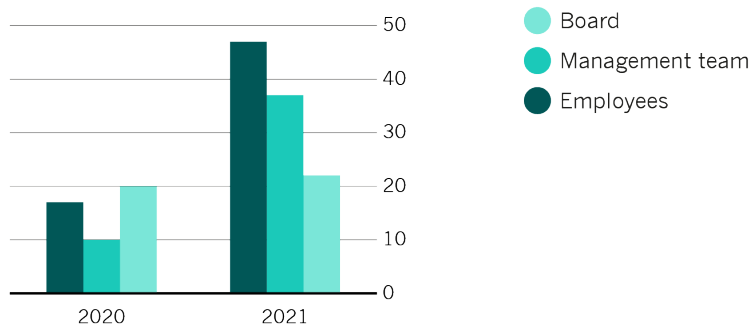


## How we work with diversity

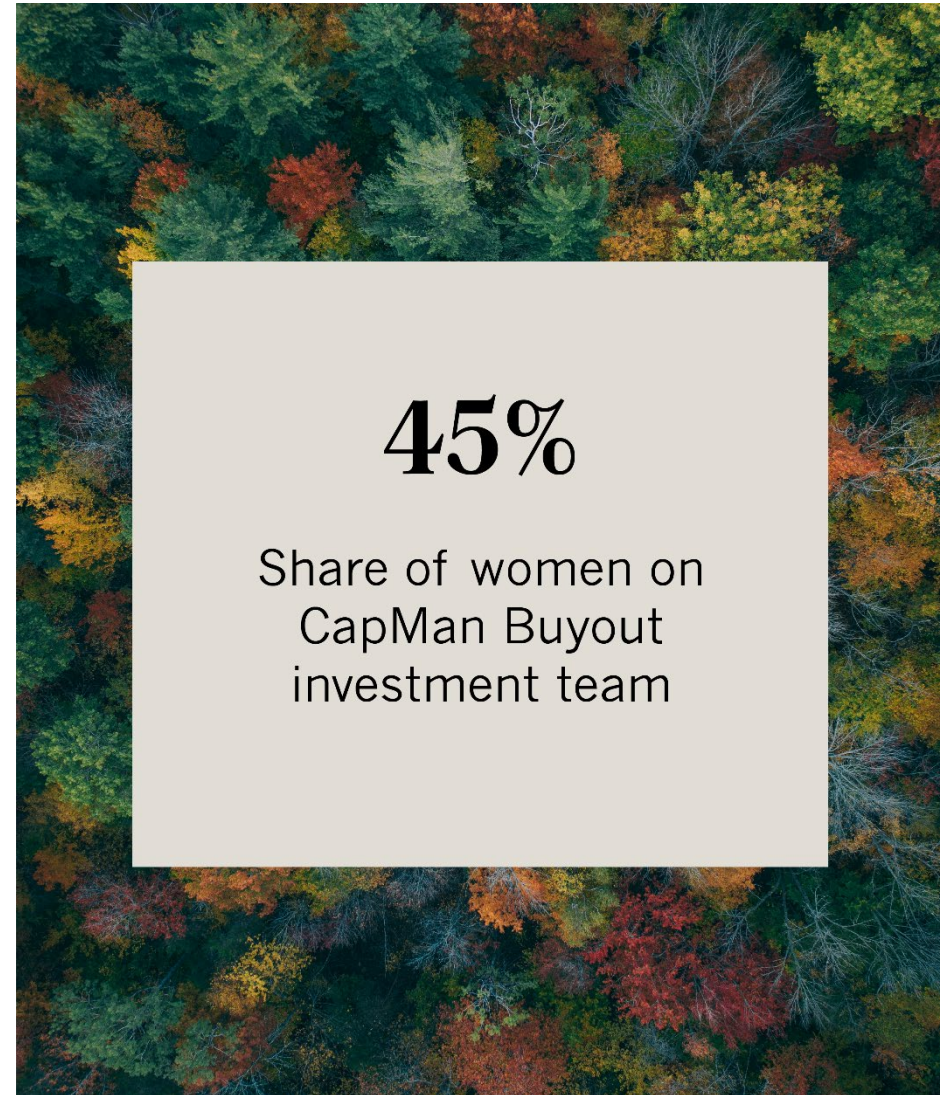
- We develop a diversity, equity and inclusion (DEI) policy for CapMan Group
- We encourage portfolio companies to develop DEI policies
- We track and encourage portfolio company diversity
- We set gender targets on CapMan's appointments to portfolio companies' boards and management groups

CapMan recognises the importance of diversity, equity, and inclusion (DEI) especially in an influential and traditionally male-dominated industry, such as private equity. Teams with complementary skillsets and backgrounds is important for success and we seek to broaden the talent pool that we recruit from in terms of nationality, education, and professional experience. Our DEI strategy includes recruitment, talent development, industry collaborations, and efforts in our management of portfolio companies. The below graph shows how the Buyout XI fund has become more diverse as the number of portfolio companies has increased.<sup>7</sup>

**BOXI, share of women (%)**



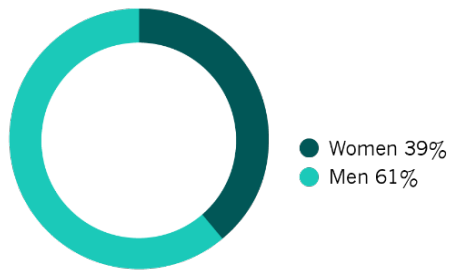
<sup>7</sup> All figures as of 31.12.2021



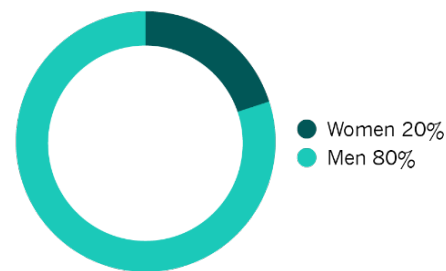
In 2022, we set targets for appointing max 70% of one gender to the Board of Directors and management teams of portfolio companies. Long term, we seek to have equal representation of genders for all portfolio companies as well as for CapMan Group.

### CapMan Group diversity

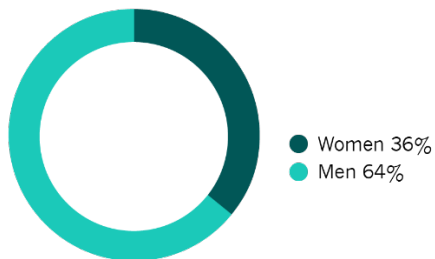
#### All employees



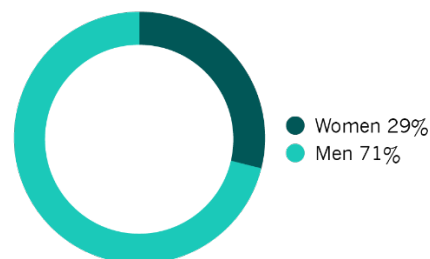
#### Investment professionals



#### Management Group



#### Board of Directors



### Our recent accomplishments and focus areas

- Defined targets for improvement: Appoint Max 70% of one gender to portfolio company board of directors and management teams
- Increase diversity among investment professionals
- Paid special attention to diversity in recruitments and emphasised this when working with headhunters
- Included gender diversity on portfolio company boards as one of three KPIs in the ESG-linked subscription facility for CapMan Buyout XI fund
- Part of the Nordics Committee of Level20 and participation in the mentorship program

## CapMan Group

## CapMan Private Equity &amp; Infra

## CapMan Real Estate

## GOVERNANCE

**Executive level diversity & accountability**

- Develop employee remuneration to include ESG targets
- Develop a process to reach equal gender representation in the management group, at partner level and throughout the organisation

**Executive level diversity & accountability**

- Appoint max 70% of any gender to boards & management teams
- Sustainability objectives integrated into executive remuneration in all new majority owned companies within a year of acquisition

**Increased transparency**

- GRESB reporting for the following funds: CMNRE II, CMNPI, CMHRE, CMRF and BVK Mandate

2021/  
2022**Actions taken**

- Process to include ESG targets for manager remuneration
- Development of process to reach equal gender representation in mgmt. group

**Current gender compositions (male/female)**

- Management Group 64/36
- Partners 26/3
- All employees 61/39

**Actions taken**

- Development of process to include ESG targets for executive remuneration

**Current board composition (male/female)**

- Board 115/22

**Actions taken**

- Process to expand GRESB reporting

= Completed  
 = In progress  
 = Lagging behind

# Our portfolio

CapMan invests in private equity, infrastructure and real estate in the Nordics. In terms of private equity we are sector agnostic but we invest in order to improve companies also from a sustainability perspective. The geographic focus makes us relatively better positioned to invest in assets that have already reached a level of maturity in terms of integrating sustainability in their activities and processes. We work with the companies to improve in areas that relate specifically to climate change impact, decent work and economic growth, and diversity.

The following sections outline our key sustainability KPIs for our Private Equity, Infrastructure and Real Estate investment areas for 2021. Data for the sustainability KPIs is provided directly by portfolio companies and asset managers on a best-efforts basis in combination with input from service providers. CapMan has further reviewed the data but cannot guarantee full accuracy as reporting standards are still developing. Fund-level figures show aggregate portfolio information and are not adjusted for fund ownership.

## Growth

CapMan Growth companies reported total emissions of 63,327 tCO<sub>2</sub>e. For 2021, CapMan Growth assessed the GHG emissions of portfolio companies together with Upright based on their net impact model that models the companies' emissions over the value chain. Scope 1, Scope 2 and Scope 3 emissions are not comparable as the methodology is different compared to last year and as so few companies reported emissions in 2020.

### Growth funds GHG emissions 2021 tCO<sub>2</sub>e

	Scope 1	Scope 2	Scope 3	Total
CapMan Growth I	2,164	3,055	39,080	44,299
CapMan Growth II	225	2,843	15,960	19,028
Total	2,389	5,898	55,040	63,327

### Growth fund KPIs

	GHG intensity (Scope 1-2 tCO <sub>2</sub> e/MEUR)		GHG intensity (Scope 1-2 tCO <sub>2</sub> e/FTE)	
	2021	2020	2021	2020
CapMan Growth I	14.9	N/A	1.5	N/A
CapMan Growth II	17.3	N/A	2.2	N/A

	Women, Mgmt team		Women BoD	
	2021	2020	2021	2020
CapMan Growth I	21 %	N/A	8 %	N/A
CapMan Growth II	19 %	18 %	12 %	0 %

	Job creation		Anti- corruption policy	Employee engagement
	2021	2020	2021	2021
CapMan Growth I	1,214	N/A	4/7	79,7/100 / 49 eNPS
CapMan Growth II	896	N/A	5/5	84,7/100 / 57 eNPS

The larger emissions of the Growth I fund are mainly due to Coronaria.



## Buyout

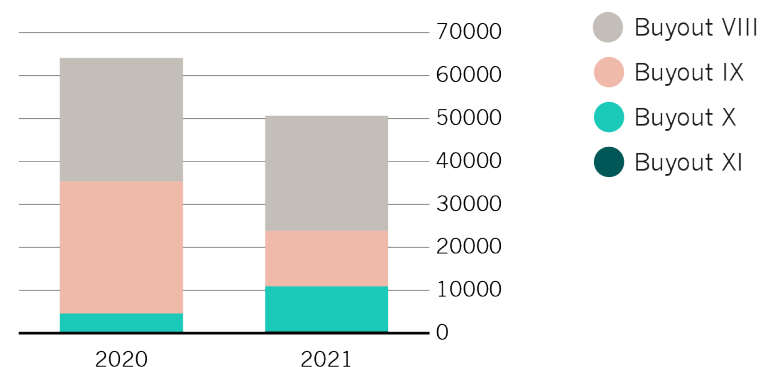
CapMan Buyout portfolio companies reported total emissions of 301,524 tCO<sub>2</sub>e for 2021. The emissions are reported independently by each portfolio company or calculated by a consultant based on either activity (Scope 1-2, partially 3) or spend (Scope 3 purchased goods and services). Total emissions are not comparable to last year as so few companies reported Scope 3 emissions in 2020 and as most did not report Scope 3 purchased goods and services for 2020.

### Buyout funds GHG emissions 2021 tCO<sub>2</sub>e

	Scope 1	Scope 2	Scope 3	Total
CapMan Buyout XI	137	313	10,675	11,125
CapMan Buyout X	4,952	5,579	12,037	22,568
CapMan Buyout IX	11,016	1,814	228,117	240,948
CapMan Buyout VIII	5,939	20,944	0	26,883
<b>Total</b>	<b>22,044</b>	<b>28,650</b>	<b>250,830</b>	<b>301,524</b>

Buyout IX fund had the largest GHG emissions footprint due to the large Scope 3 impact from purchased goods and services, mainly raw materials, of one of the portfolio companies. 2021 was the first year when the company assessed its Scope 3 GHG emissions. Based on the assessment, the company has identified measures to reduce Scope 3 emissions in the future.

### Buyout Scope 1-2 GHG (tCO<sub>2</sub>e)



### Buyout fund KPIs

	GHG intensity (Scope 1-2 tCO <sub>2</sub> e/MEUR)		GHG intensity (Scope 1-2 tCO <sub>2</sub> e/FTE)	
	2021	2020	2021	2020
CapMan Buyout XI	4.8	0.7	1.3	0.2
CapMan Buyout X	41.7	21.1	8.1	3.5
CapMan Buyout IX	41.6	63.1	13.8	25.8
CapMan Buyout VIII	114.1	170.3	11.9	15

Buyout XI fund acquired Pharmia and MM Sports in 2021 and the fund's Scope 1-2 emissions increased as a result. Overall Scope 1-2 emissions decreased as Buyout IX fund exited Solera and Bright Group in 2021.

	Women, Mgmt team		Women BoD	
	2021	2020	2021	2020
CapMan Buyout XI	37 %	10 %	22 %	20 %
CapMan Buyout X	18 %	26 %	24 %	22 %
CapMan Buyout IX	17 %	9 %	23 %	7 %
CapMan Buyout VIII	20 %	16 %	0 %	0 %

Board diversity improved in 2021 for Buyout XI, Buyout X and Buyout IX funds partially as the scope of portfolio companies changed due to investments and divestments and partially due to more diverse appointments.

	Job creation		Anti-corruption policy	Employee engagement
	2021	2020	2021	2021
CapMan Buyout XI	42	7	2/3	87.9/100
CapMan Buyout X	528	18	3/4	73.7/100
CapMan Buyout IX	136	-176	2/2	76/100 / 9 eNPS
CapMan Buyout VIII	206	-359	1/1	41 eNPS

## Special Situations

CapMan Special Situations portfolio companies reported total emissions of 4,641 tCO<sub>2</sub>e for 2021. The emissions are reported independently by each portfolio company or calculated by a consultant based on either activity (Scope 1-2, partially 3) or spend (Scope 3 purchased goods and services). Special Situations I fund did not have any portfolio companies in 2020 and as such there is no comparison year.

### Special Situation fund GHG emissions 2021 tCO<sub>2</sub>e

	Scope 1	Scope 2	Scope 3	Total
CapMan Special Situations I	188	2,671	1,782	4,641
Total	188	2,671	1,782	4,641

### Special Situation fund KPIs

	GHG intensity (Scope 1-2 tCO <sub>2</sub> e/MEUR)		GHG intensity (Scope 1-2 tCO <sub>2</sub> e/FTE)	
	2021	2020	2021	2020
CapMan Special Situations I	91.6	N/A	15.9	N/A

	Women, Mgmt team		Women BoD	
	2021	2020	2021	2020
CapMan Special Situations I	10 %	N/A	22 %	N/A

	Job creation		Anti-corruption policy	Employee engagement
	2021	2020	2021	2021
CapMan Special Situations I	-2	N/A	1/2	33 eNPS

## Infra

CapMan Infra portfolio companies reported total emissions of 314,830 tCO<sub>2</sub>e for 2021. The emissions are reported independently by each portfolio company or calculated by a consultant based on either activity (Scope 1-2, partially 3) or spend (Scope 3 purchased goods and services). Total emissions are not comparable to last year as so few companies reported Scope 3 emissions in 2020 and as most did not report Scope 3 purchased goods and services for 2020.

### Infra GHG emissions 2021 tCO<sub>2</sub>e

	Scope 1	Scope 2	Scope 3	Total
CapMan Nordic Infrastructure I	114,980	1,214	3,761	119,955
Infra mandates	466	73,060	121,350	194,875
<b>Total</b>	<b>115,446</b>	<b>74,273</b>	<b>125,111</b>	<b>314,830</b>

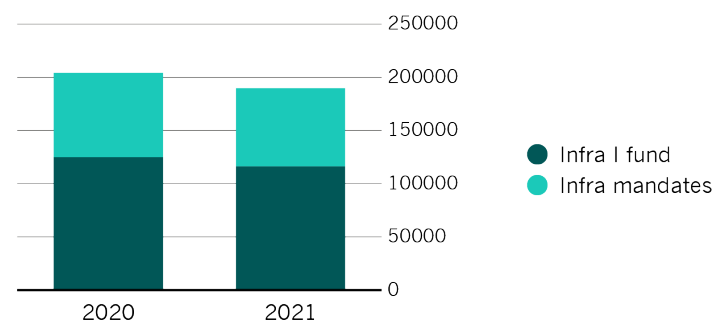
The large Scope 1 GHG emissions was mainly due to mobile and stationary combustion of Norled. Norled has not yet calculated Scope 3 emissions for 2021, and the fund's Scope 3 emissions are not comparable to other funds.

### Infra KPIs

	GHG intensity (Scope 1-2 tCO <sub>2</sub> e/MEUR)		GHG intensity (Scope 1-2 tCO <sub>2</sub> e/FTE)	
	2021	2020	2021	2020
CapMan Nordic Infrastructure I	455	636	123	138
Infra mandates	214	259	224	271

	Women, Mgmt team		Women BoD	
	2021	2020	2021	2020
CapMan Nordic Infrastructure I	21 %	12 %	17 %	N/A
Infra mandates	18 %	N/A	8 %	N/A

### Infra Scope 1-2 GHG (tCO<sub>2</sub>e)



Reported Scope 1-2 GHG emissions decreased by 8% for the Infra I fund from 2020 mainly due to a reduction in Norled's Scope 1 GHG emissions. GHG emissions for Infra mandates also decreased by 7% due to reduced emissions of Elenia.

Almost all energy produced by CapMan Infra's portfolio companies in either district heating or power generation is renewable.

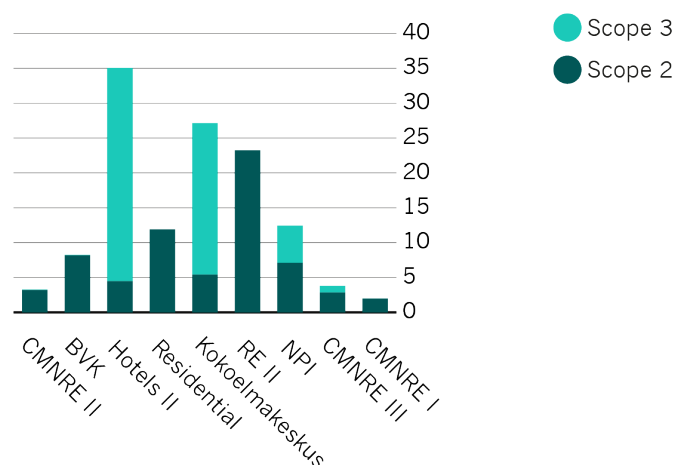
### Total & renewable energy production (MWh)

	Total	Renewable	Renewable (%)
CapMan Nordic Infrastructure I	90,619	89,766	99 %
Infra mandates	698,592	698,592	100 %

## Real Estate

CapMan Real Estate is a Nordic property investor. Through our real estate funds, we acquire, improve, and develop flexible and sustainable real estate in major Nordic cities recognising our responsibility for environmental stewardship, which has a positive impact on communities. We execute both value-add and income-focused investment strategies across all major property sectors in Sweden, Finland, Denmark, and Norway.

### GHG emissions intensity (kgCO<sub>2</sub>e/m<sup>2</sup>)\*



\*Tenant electricity data availability in 2021 was in total 19% for standing investments. For example, 89% of tenant electricity data was collected in the Hotels II fund, whereas in the Residential Fund 0% of tenant electricity data was available. Scope 2 data availability in total was 97%.

### GHG emissions in real estate

The building industry is responsible for more than 39% of the global CO<sub>2</sub> emissions, of which 72% comes from building use (energy consumption), and 28% comes from embodied emissions (materials and construction process) (IPCC Report 2018). CapMan Real Estate currently monitors and manages operational emissions (energy consumption), but in the longer run will also monitor and manage embodied carbon. Life cycle assessments (LCA) are currently conducted for some assets and projects to understand

whole life carbon. In the future, our target is to increase the number of conducted LCAs.

In 2021, CapMan Real Estate had 13 (out of 216) major renovation, demolition, or new construction projects. No operational emissions and thus Scope 2 or Scope 3 data was collected from these properties. Scope 3 emissions include tenant electricity. Tenant electricity data availability in 2021 in standing investments was in total 19%. For example, 89% of tenant electricity data was collected in the Hotels II fund, whereas in the Residential Fund 0% of tenant electricity data was available. Scope 2 emissions include purchased electricity, heating, and cooling. Scope 2 data availability in total was 97%. Scope 3 emission (tenant electricity) data is difficult to collect throughout the industry. We aim to improve this by adding ESG clauses in our new lease contracts.

Part of the properties within the Residential Fund (CMRF) were acquired in September 2021, and the rest of the properties within the fund were acquired mid-2021. Energy consumption has been reported only during the ownership period in 2021 in this report.

### Overview of real estate funds 2021

Fund	Strategy	Assets	Properties	m2 (gross)
CapMan Nordic Real Estate II	Value-add	Office, Retail	61	448,005
BVK	Income	Residential	58	331,629
CapMan Hotels II	Income	Hotels	27	345,718
CapMan Residential	Income	Residential	41	157,086
Kokoelmakeskus	Income	Warehouse	1	39,252
RE II			2	31,319
CapMan Nordic Property Income	Income	Warehouse, logistics, necessity-driven retail	10	68,818
CapMan Nordic Real Estate III	Value-add	Office, Retail	10	118,295
CapMan Nordic Real Estate I	Value-add	Office, Retail	6	151,308
<b>Total</b>			<b>216</b>	<b>1,691,430</b>





### Real Estate fund GHG emissions for 2021(tCO2e)

	Scope 1	Scope 2	Scope 3	Total	Scope 1-3 emissions/ m2
CapMan Nordic Real Estate II	-	1,441	42	1,484	3.31
BVK	0	2,713	37	2,750	8.29
CapMan Hotels II	0	1,548	10,576	12,125	35.07
CapMan Residential	0	904	0	904	11.90
Kokoelmakeskus	0	213	852	1,065	27.13
RE II	0	728		728	23.25
CapMan Nordic Property Income	0	489	369	858	12.47
CapMan Nordic Real Estate III	-	338	116	453	3.83
CapMan Nordic Real Estate I	0	302	2	303	2.00
Total		8,676	11,993	20,669	12.22

### Other Real Estate fund KPIs

	Energy consumption MWh	Energy intensity kWh/m2	Total renewable MWh %	Water m3	Share of certified properties/total %	Share of certified m2/total %
CapMan Nordic Real Estate II	5,379	12.01	25 %	66,306	6 %	3 %
BVK	20,675	62.34	0 %	56,042	0 %	
CapMan Hotels II	29,111	84.20	36 %	234,181	6,1 %	4,6 %
CapMan Residential	6,828	93.39	14 %	77,012	46 %	56 %
Kokoelmakeskus	6,323	161.08	0 %	483	0 %	0 %
RE II	8,590	274.26	48 %	10,357	50 %	54 %
CapMan Nordic Property Income	9,309	135.27	8 %	15,734	33 %	25 %
CapMan Nordic Real Estate III	79,386	671.08	92 %	483	0	0
CapMan Nordic Real Estate I	12,443	82.24	35 %	20,152	17 %	64 %
Total	178,043		53 %	480,750	12 %	15 %



## Portfolio companies

Company	Sector	Fund	Revenue mEUR	Employees FTEs
Fortaco Group Oy	OEM	BO VIII	235.7	2,251
DEN Finland Oy	Turnkey houses	BO IX	208.7	496
Havator Group Oy	Crane services	BO IX	100.0	437
Yrkesakademin AB	Vocational training	BO X	74.4	576
Forenom Oy	Hospitality	BO X	115.6	272
Renoa Group Oy	Home renovation	BO X	37.8	309
Malte Manson AB	Vehicle repair	BO X	24.6	143
MM Sports AB	Nutritional supplements	BO XI	26.1	48
PDS Vision Group AB	Software	BO XI	52.2	210
Pharmia Oy	Nutritional supplements & medical devices	BO XI	15.8	90
Arctic Security Oy	Digital security	GE I	2.1	16
Front.ai Oy	AI technology & applications	GE I	1.5	15
Coronaria Oy	Healthcare	GE I	290.0	3,200
Aste Holding Oy	Marketing	GE I	11.5	135
Insplan Oy	Infrastructure consulting	GE I	4.5	63
Emblasoft Group AB	Software services	GE I	0.8	3
Picosun Oy	ALD technology	GE I	39.6	151
Neural DSP Technologies Oy	Sound processing technology	GE II	19.0	100
Unikie Oy	Automotive & industrial AI	GE II	43.0	450
Emblasoft Test & Measurement AB	Software services	GE II	0.9	19
Sofigate Group Oy	Business technology	GE II	107.0	615
Suomen Avustajapalvelut Oy	Personal assistance services	GE II	7.2	203
HopLop Holding Oy	Leisure	Spec Sits I	14.8	127
Marinetek Group Oy	Marinas and floating solutions	Spec Sits I	16.4	58
Norled AS	Transportation	Infra I	240.5	898
Loviisan Lämpö Oy	Energy (district heating)	Infra I	4.0	2
Valokuitunen Oy	Digital communications	Infra I	6.1	43
Nydalen Energi AS	Energy (district heating)	Infra I	5.1	1
Överturingen Wind Farm	Energy (renewable)	Infra mandate	15.3	0
Elenia Oy	Energy (distribution)	Infra mandate	328.6	329



## Portfolio environmental KPIs

Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption (Scope 1-2)			Targets and policies	
	Scope 1	Scope 2	Scope 3	tCO <sub>2</sub> e/ FTE	tCO <sub>2</sub> -eq/ M€	Total	Total renewable		GHG reduction	Environmental policy
	tCO <sub>2</sub> e	tCO <sub>2</sub> e	tCO <sub>2</sub> e			MWh	MWh	%		
Fortaco Group Oy	5939	20,944		11.94	114.1	81,445	729	1 %	Yes	Yes
DEN Finland Oy	795	1,108	227,095	4.07	9.1	15,118	8,800	58 %	Yes	No
Havator Group Oy	10,221	706	1,022	25.01	109.3	11,952	3,500	29 %	Yes	Yes
Yrkesakademin AB	2,634	465	3,946	5.38	41.7	22,682	1,403	6 %	Yes	Yes
Forenom Oy	851	4,999		21.51	50.6	27,882	1,892	7 %	Yes	No
Renoa Group Oy	1,376	85	8,091	4.73	38.6	5,406	45	1 %	No	No
Malte Manson AB	90	29		0.83	4.9	4,513	2,303	51 %	No	Yes
MM Sports AB	2	113	6,601	2.40	4.4	1,172	200	17 %	No	No
PDS Vision Group AB	135	94	66	1.09	4.4	884	24	3 %	No	No
Pharmia Oy		106	4,008	1.18	6.7	741	28	4 %	Yes	Yes
Total Buyout	22,044	28,650	250,830			171,796	18,923			



Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption (Scope 1-2)			Targets and policies	
	Scope 1 tCO <sub>2</sub> e	Scope 2 tCO <sub>2</sub> e	Scope 3 tCO <sub>2</sub> e	tCO <sub>2</sub> e/ FTE	tCO <sub>2</sub> -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
Arctic Security Oy	16	32	225	3,00	22,5	142	33	23 %	No	
Front.ai Oy	2	27	157	1,93	19,3	14	4	29 %		
Coronaria Oy	1,855	2,468	33,858	1,35	14,9	11,450	3,206	28 %		
Aste Holding Oy	12	19	795	0,23	2,7	71	18	25 %	No	No
Insplan Oy	87	92	1,547	2,84	39,8	1,902	552	29 %		
Emblasoft Group AB		8	76	2,67	10,0	43	21	49 %	No	No
Picosun Oy	192	409	2,422	3,98	15,2	1,768	548	31 %		
Neural DSP Technologies Oy	37	137	2,422	1,74	9,2	876	526	60 %		
Unikie Oy	27	836	5	1,92	20,1	421	110	26 %	No	
Emblasoft Test & Measurement AB	1	16	66	0,89	18,9	74	19	26 %	No	No
Sofigate Group Oy	65	1,771	11,658	2,99	17,2	1,019	275	27 %	No	No
Suomen Avustajapalvelut Oy	95	83	1,809	0,88	24,8			24 %	No	No
Total Growth <sup>8</sup>	2,389	5,898	55,040			17,780	5,312			

Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption (Scope 1-2)			Targets and policies	
	Scope 1 tCO <sub>2</sub> e	Scope 2 tCO <sub>2</sub> e	Scope 3 tCO <sub>2</sub> e	tCO <sub>2</sub> e/ FTE	tCO <sub>2</sub> -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
HopLop Holding Oy	29	2,671	1,782	21.26	182.0	12,850	1,056	8 %	No	No
Marinetek Group Oy	159	81	2,946	4.13	14.6	1,805		0 %	No	Yes
Total Special Situations	188	2,752	4,728			14,656	1,056			

<sup>8</sup> Not including Digital Workforce Services and Avidly as they are public companies and do not report ESG metrics





Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption <sup>9</sup> (Scope 1-2)			Targets and policies	
	Scope 1 tCO <sub>2</sub> e	Scope 2 tCO <sub>2</sub> e	Scope 3 tCO <sub>2</sub> e	tCO <sub>2</sub> e/ FTE	tCO <sub>2</sub> -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
Norled AS	112,771	1,183	N/A	126.90	473.8	437,173	25,652	6 %	Yes	Yes
Loviisan Lämpö Oy	1,801	0	518	900.50	451.9	60,846	60,839	100 %	Yes	Yes
Valokuitunen Oy	37	31	3,243	1.57	11.1	15	6	36 %	No	Yes
Nydalen Energi AS	371	0	N/A	371.00	73.1	31,634	31,311	99 %	Yes	No
Överturingen Wind Farm	2	582	N/A	N/A	38.2	2,496	N/A	N/A	No	Yes
Elenia Oy	464	72,478	121,350	221.71	222.0	312,131	N/A	N/A	Yes	Yes
<b>Total Infra</b>	<b>115,446</b>	<b>74,273</b>	<b>125,111</b>			<b>848,720</b>	<b>121,648</b>			

Company	Energy production (Scope 1-2)		
	Total MWh	Total renewable MWh	%
Loviisan Lämpö Oy	55,172	54,641	99 %
Nydalen Energi AS	35,447	35,125	99 %
Överturingen Wind Farm	698,592	698,592	100 %
<b>Total Infra</b>	<b>789,211</b>	<b>788,358</b>	<b>100 %</b>

<sup>9</sup> Consumption figures for Loviisan Lämpö and Nydalen energi include energy production.



# Portfolio Social KPIs

Company	Workforce			Injuries & absence		Employee engagement		DEI policy
	Organic net new hires	Women (FTEs)	Women (management FTEs)	Work-related injuries: Days lost due to injury	Absence rate during the reporting period	Most recent score (eNPS)	Most recent score (1-100)	
	#	%	%	days	%			
Fortaco Group Oy	206	10	20	668	5.7	41	;	Yes
DEN Finland Oy	69	23	33	292	1.6	9		Yes
Havator Group Oy	67	7	0	345	4.5		76	Yes
Yrkesakademin AB	68	39	40	0	4.8		80	Yes
Forenom Oy	18	54	0	96	7.0		70	Yes
Renoa Group Oy	24	9	11	200	4.9	52		Yes
Malte Manson AB	20	9	20	70	9.0		71	Yes
MM Sports AB	2	59	44	0	9.9		83	No
PDS Vision Group AB	12	24	0	0	1.5		93	Yes
Pharmia Oy	9	57	66	56	6.0			Yes
Total Buyout	459				5.5	25	79	



Company	Workforce			Injuries & absence		Employee engagement		DEI policy
	Organic net new hires	Women (FTEs)	Women (management FTEs)	Work-related injuries: Days lost due to injury	Absence rate during the reporting period	Most recent score (eNPS)	Most recent score (1-100)	
	#	%	%	days	%			
Arctic Security Oy	1		25	0				No
Front.ai Oy	7	67	0	0	0.5			No
Coronaria Oy	1,173	88	42	48			82	No
Aste Holding Oy	19	50	16	0			82	No
Insplan Oy	4	12	0	0		49		No
Emblasoft Group AB	0	0	50	0	0			No
Picosun Oy	10	21	13	0			75	No
Neural DSP Technologies Oy	20		0	0				No
Unikie Oy	191	11	25	0		57		Yes
Emblasoft Test & Measurement AB	1	16	20	0	2.5			No
Sofigate Group Oy	162	40	27	2			80	Yes
Suomen Avustajapalvelut Oy	524	82	25	162	5		90	No
Total Growth	2,110					53	82	



Company	Workforce			Injuries & absence		Employee engagement		DEI policy
	Organic net new hires	Women (FTEs)	Women (management FTEs)	Work-related injuries: Days lost due to injury	Absence rate during the reporting period	Most recent score (eNPS)	Most recent score (1-100)	
	#	%	%	days	%			
HopLop Holding Oy	1	90	20	12	3	33		Yes
Marinetek Group Oy	-3	9	0	13	6			No
Total Special Situations	-2					33		

Company	Workforce			Injuries & absence		Employee engagement		DEI policy
	Organic net new hires	Women (FTEs)	Women (management FTEs)	Work-related injuries: Days lost due to injury	Absence rate during the reporting period	Most recent score (eNPS)	Most recent score (1-100)	
	#	%	%	Days	%			
Norled AS		17	50		5.9		78	Yes
Loviisan Lämpö Oy <sup>10</sup>	0	0	0	0	N/M	N/M	N/M	N/M
Valokuitunen Oy	12	25	33	0	2.0	4.1		No
Nydalen Energi AS <sup>11</sup>	0	0	0	0	N/M	N/M	N/M	N/M
Överturingen Wind Farm <sup>12</sup>	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Elenia Oy		48	38	0	1.3		75	No
Total Infra	12					4.1	76	

<sup>10</sup> Only two employees

<sup>11</sup> Only one employee

<sup>12</sup> No employees





## Portfolio Governance KPIs

Company	Policies							Board diversity  Board members (women %)	Oversight on ESG risks		
	Code of conduct	Human rights	Child/forc ed labour	Anti- Corruption	Whistle- blowing	Data Privacy	Cyber- security		BoD	Senior manage ment	Formal incentives for executives to perform on ESG
<b>Fortaco Group Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0 %	Yes	Yes	No
<b>DEN Finland Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	29 %	Yes	Yes	No
<b>Havator Group Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	17 %	Yes	Yes	Yes
<b>Yrkesakademin AB</b>	No	Yes	Yes	Yes	Yes	Yes	Yes	33 %	Yes	No	No
<b>Forenom Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	50 %	Yes	No	Yes
<b>Renoa Group Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	14 %	Yes	Yes	No
<b>Malte Manson AB</b>	No	No	No	No	Yes	Yes	Yes	0 %	Yes	No	No
<b>MM Sports AB</b>	Yes	No	No	No	No	Yes	Yes	25 %	No	No	No
<b>PDS Vision Group AB</b>	Yes	No	Yes	Yes	Yes	Yes	No	20 %	Yes	Yes	No
<b>Pharmia Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20 %	Yes	Yes	Yes
<b>Total Buyout</b>											



Company	Policies							Board diversity  Board members (women %)	Oversight on ESG risks		
	Code of conduct	Human rights	Child/forc ed labour	Anti- Corruption	Whistle- blowing	Data Privacy	Cyber- security		BoD	Senior manage ment	Formal incentives for executives to perform on ESG
Arctic Security Oy	No	Yes	Yes	Yes	No			0 %			No
Front.ai Oy	Yes	Yes	Yes	Yes	No	Yes	Yes	17 %			No
Coronaria Oy	No	No	No		Yes	Yes	Yes	0 %			No
Aste Holding Oy	No	No	No	No	No			25 %	No	No	No
Insplan Oy	Yes	Yes	Yes	No	No			0 %			No
Emblasoft Group AB	Yes	No	Yes	Yes	Yes	Yes	No				No
Picosun Oy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0 %			
Neural DSP Technologies Oy	Yes	No	Yes	Yes	No			0 %			No
Unikie Oy	Yes	Yes	Yes	Yes	No	Yes	Yes	0 %			No
Emblasoft Test & Measurement AB	Yes	No	Yes	Yes	Yes	Yes	No	33 %			No
Sofigate Group Oy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20 %			No
Suomen Avustajapalvelut Oy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0 %	Yes	Yes	No
Total Growth											



Company	Policies							Board diversity  Board members (women %)	Oversight on ESG risks		
	Code of conduct	Human rights	Child/forced labour	Anti-Corruption	Whistle-blowing	Data Privacy	Cyber-security		BoD	Senior management	Formal incentives for executives to perform on ESG
<b>HopLop Holding Oy</b>	Yes	No	No	No	Yes	Yes	No	25 %	Yes	Yes	No
<b>Marinetek Group Oy</b>	No	Yes	Yes	Yes	No	Yes	Yes	20 %	Yes	Yes	No
<b>Total Special Situations</b>											

Company	Policies							Board diversity  Board members (women %)	Oversight on ESG risks		
	Code of conduct	Human rights	Child/forced labour	Anti-Corruption	Whistle-blowing	Data Privacy	Cyber-security		BoD	Senior management	Formal incentives for executives to perform on ESG
<b>Norled AS</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	38 %	Yes	Yes	Yes
<b>Loviisan Lämpö Oy<sup>13</sup></b>	No	Yes	Yes	Yes	N/M	Yes	No	0 %	Yes	Yes	Yes
<b>Valokuitunen Oy</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0 %	Yes	Yes	No
<b>Nydalen Energi AS<sup>14</sup></b>	No	No	No	No	N/M	No	Yes	0 %	Yes	Yes	No
<b>Överturingen Wind Farm<sup>15</sup></b>	No	No	No	No	N/M	No	No	0 %	Yes	Yes	Yes
<b>Elenia Oy</b>	Yes	Yes		Yes	Yes	Yes	Yes	13 %	Yes	Yes	
<b>Total Infra</b>											

<sup>13</sup> Only two employees

<sup>14</sup> Only one employee

<sup>15</sup> No employees



## 4: ESG developments in the portfolio



## Case K003: Extended building lifecycle reduces CO2 footprint over time

K003 on Kansakoulukatu 3 has undergone a comprehensive renovation over the past two years. The building now meets modern office standards both visually and technically while respecting its history.

### About K003

Kansakoulukatu 3 was built in 1931 by the City of Helsinki to accommodate the General and Girls' Vocation School and the Printing School. In 1980's the building was converted temporarily to an art museum while Ateneum was refurbished. The building was then converted into office space for the city authorities. In 2022, the building has been given new life while extending the life cycle by another 50 years.

- 72,271 m<sup>2</sup>
- Acquired in 2018
- CapMan Nordic Real Estate Fund II

## Modern life to culturally and historically valuable building

CapMan acquired Kansakoulukatu 3 in September 2018 from the City of Helsinki and started the refurbishment project in October 2020 to transform an old city authority department to a modern office building and a vibrant innovation center. The building's façade and roof are protected due to their cultural and historical value. Maintaining the spirit and history of the building has been the focal point also for the refurbishment and new interior look and feel. The gilded round reliefs above the façade windows made by sculptor Gunnar Finne remind occupants and passers-by of the interesting history. The reliefs can be found in the renovated house logo and new elevators.

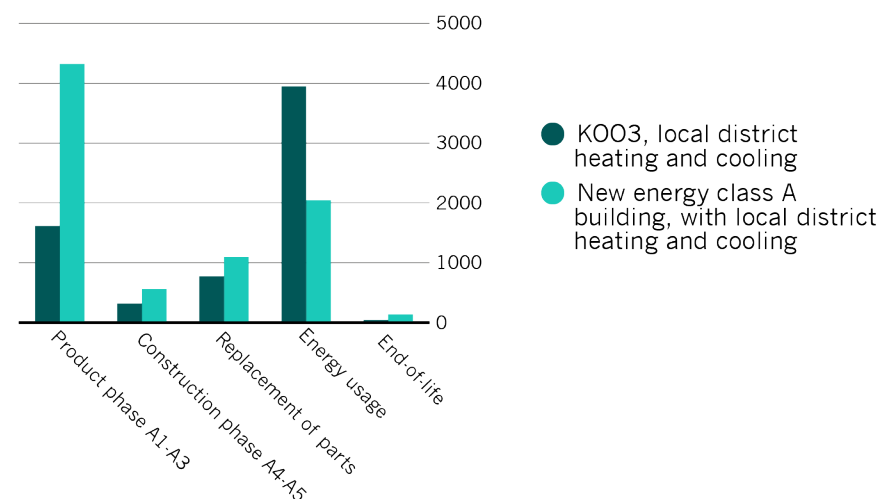


## Extending the life cycle equals smaller carbon footprint compared to new construction

The comprehensive renovation included modernising the building service technology, including HVAC system with heat recovery, plumbing system, electricity system, lighting, attic spaces, and all other interior spaces. The renovations resulted in improved energy efficiency and lower carbon footprint: primary energy demand was reduced by nearly 20 % from 165 kWh/m<sup>2</sup>/y to 135 kWh/m<sup>2</sup>/y.

The carbon footprint (LCA) for the major renovation is 18 % lower compared to a scenario where the building would have been demolished and a new A energy class building would have been constructed. The difference is mainly due to high amount of carbon related to the construction materials of a new building.

### K003: Refurbishment compared to new construction tCO<sub>2</sub>e



16

The renovation of an old building also extends the life cycle of the building. CapMan Real Estate has also considered the versatile use of space by designing the HVAC, plumbing and electrical systems to enable different room divisions without heavy technical reconfigurations.

## In pursuit of LEED Gold certification

Kansakoulukatu 3 is pursuing LEED Gold certification, which can be seen in the property in many ways. For example, bicycle racks and shared shower facilities promote sustainable commuting and encourage physical activity of the tenants. Energy simulation and LED lighting decreased the energy consumption. Electric car charging stations and proximity to public transportation promote the transition to greener transportation. Replacing

<sup>16</sup> Ramboll conducted a whole life carbon assessment study using the latest methodology (Finnish Ministry of the Environment, Method for the whole life carbon assessment of buildings, 2021), applying the method allowed additional calculation path with market-based district

heating (Helen) and its assumed decarbonization pathway. The calculation compared the renovated building Kansakoulukatu 3 to an average newly built office building with energy class A. Assessed life cycle period was 50 years.

old fixtures with water saving ones has reduced water consumption. A waste management plan, many recycling options and recycling of construction waste have and will improve the waste utilization rate.

## A Green oasis with shared pool and liveable spaces for a modern community

The well-being of the tenants has been a focus throughout the renovation. The courtyard will serve as a serene oasis for tenants complete with greenery, a deck and a jacuzzi. Sauna and shower facilities are also available for tenants.

Our tenant Innovation Home manages the lobby and offers the tenants a variety of services such as meeting rooms, event space, catering, cleaning and handyman services, and much more. The Innovation Home coworking community, including an innovation tour, is located on the ground floor and in the basement offering even more services and activities for tenants and guests. Almost all tenants have joined the Innovation Home community.



## Modern, sustainable and inclusive offices in the urban heart of Helsinki

KO03 is a vibrant innovation center and office concept that meets the requirements of innovative and contemporary companies. KO03 is fully leased before the renovation is completed. The first tenants moved into their new offices in April 2022 and the reception has been enthusiastic.

## Case Norled: Innovations drive climate transition

Norled has a long tradition of innovation and creating sustainable solutions. In a world where climate change affects all continents and countries, they see that everyone should contribute to reducing emissions and adopting environmentally friendly solutions. At Norled, 2021 was a year of sustainable progress and innovations, while outlining a green course for the future.

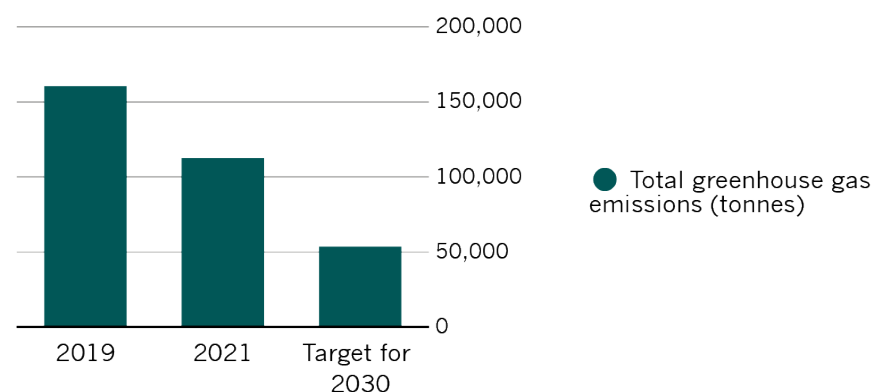


In 2021 Norled conducted a comprehensive review of priorities related to sustainability with its employees and stakeholders, resulting in a sustainability programme with four focus areas: climate and environment, people and society, prosperity, and governance.

### Towards zero-emission operations

In 2021, Norled's Scope 1 CO<sub>2</sub> emissions amounted to approximately 113,000 tonnes, showing a reduction of 27% compared to 2019 figures. The company targets to reduce CO<sub>2</sub> emissions further by approximately 59,000 tonnes by 2030, amounting to a reduction of 67% compared to the starting point in 2019, and to become a net zero-emission company by 2040.

#### Norled total greenhouse gas emissions



Key to these reductions is renewing the fleet and increasing the proportion of zero / low emission vessels in it. In May 2021, 12% of vessels in operation were electric and bio-fuel vessels compared to 2% at the time of CapMan's acquisition of Norled in 2019.



### Norled proportion zero/low emission vessels in the fleet

	2019	2021	Target for 2030
Proportion of zero / low emission ferries in the fleet	2 %	12 %	65 %
Proportion of zero / low emission express boats in the fleet	6 %	16 %	65 %

In addition to continued fleet renewals and increasing the proportion of low- and zero-emission vessels, the company plans to work with skilled partners within propulsion systems, automation, and energy carriers to create new sustainable innovations that further expedite the change towards a net zero-emission business.

### Innovation & collaboration create prosperity

The company's shareholders continuously work together with Norled to secure the company's position at the forefront of the green shift. As a leading player developing environmentally friendly technology in the ferry and express boat sector, Norled aims to be the preferred partner for creating new green concepts and development initiatives. Recent innovative concepts include the delivery of the world's first liquid hydrogen powered ferry MS "Hydra", and the creation of a battery swap system for electric express boats created together with SEAM.

Norled's ferry MS "Hydra" will in 2022 start running on liquid hydrogen as the first in the world, proving the company's strong position at the forefront of zero emission technology.

The battery swap system launched by Norled in 2021 can accelerate the conversion of express boats from diesel to electric operation. With this solution express boats can maintain high speed and regularity without major upgrades to the power grid. The solution is cost effective and can therefore speed up the electrification of the fleet. Express boats use the most diesel and emit the most greenhouse gases within the Norwegian ferry sector, therefore it is important that also these are converted to low and zero-emission propulsion systems.



### Safety first while focusing on maritime expertise

Norled continuously works to get more women into the industry and to be a leader in safety. The company employs over 860 people and follows workplace safety and employee wellbeing closely. Norled has a strong focus on the safety of its customers and employees and aims to continuously improve its HSQE culture.

As an active owner, CapMan Infra sets the tone for its portfolio companies and leads by example by considering diversity in its own team and portfolio companies' board compositions, for instance. In CapMan Infra's portfolio companies, the average share of women among top management is 24% and amongst board members 10%. In 2021, 50% of shareholder-elected Board members at Norled were women, including the chairperson. Also, 50% of top



management group members were women. These numbers are equal to the targets set for 2030. Within the whole company the proportion of women is 17%. Norled targets to increase the proportion of women overall in the company to 30% by 2030.

## Management principles & reporting

At Norled sustainability is incorporated in the company's management principles. The company is dedicated to systematic work that enables them to report on sustainability goals in accordance with sustainability standards; especially the GRESB standard.

The company targets to increase its GRESB points from 35 in 2019 to 85 in 2030 and has laid out a strategy for this. GRESB is a mission-driven and industry-led organization that provides actionable and transparent environmental, social and governance (ESG) data to financial markets. Their assessments are based on several internationally recognized reporting standards, the Paris Agreement and the UN's sustainability goals, in addition to regional and national guidelines.

## Key SDG's and targets

Norled has linked and integrated its sustainability focus areas to the UN's sustainable development goals and further to Norled's overall strategic plan, ensuring that sustainability is a natural and fully integrated part of the business. Below a summary of key SDG's and Norled's targets related to them.



**SDG 5-5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life**

The marine industry and Norled are competing for manpower. To be able to attract and retain employees, the company acknowledges it cannot forget women. Norled strongly believes that diversity has a positive effect on the

company's business and culture and is set to find ways to encourage more women to join the marine industry.

### Norled targets:

- Work to attract more women to the industry
- Target of 50% women on the board and leading positions, and increasing the proportion of women overall in the company to 30% by 2030



**SDG 9-4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities**

Driving innovation is part of Norled's DNA. The company has challenged boundaries and will continue to do so going forward, so it can offer better and more environmentally friendly solutions for the future as well. Innovation is also necessary in order to succeed against the competition.

### Norled targets:

- Introduce new environmentally friendly technology and solutions for ferries and express boats
- Introduce low- and zero-emission vessels that can offer sea transport in areas with busy roads



**SDG 11-2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons**

Norled has an important societal role in ensuring safe, accessible, and sustainable transport services along the entire coast of Norway. Heavy traffic and multiple departures in varying weather conditions require continuous work on risk awareness and safety measures.

#### Norled targets:

- Prioritize new contracts with an environmental focus
- Continuous work to avoid safety incidents on Norled vessels



**SDG 13-2 Integrate climate change measures into national policies, strategies, and planning**

The ferry sector is set to be emission-free by 2030 in Norway if the authorities follow up as expected with requirements for zero emissions in all tenders from 2023. Norled has led the way in the industry and continues to do so. Currently, express boats use the most diesel and emit the most greenhouse gases within the Norwegian ferry sector. Therefore, it is important that also they are converted to using low- and zero-emission propulsion systems.

Norled has launched a new battery replacement system for express boats as a solution for the whole industry.

#### Norled targets:

- Cut 67% of CO2 emissions by 2030
- Become a net zero company by 2040
- Increase share of low- and zero-emission vessels from 4% to 65% by 2030



#### About Norled

Norled is one of Norway's largest express boat and ferry transportation companies with a fleet of 28 express boats and 45 ferries in operation, operating 43 routes annually. CapMan Infra invested in Norled together with CBRE Investment Management in 2019. Since the acquisition, significant development has taken place on the sustainability front.

## Case YrkesAkademin: Creating opportunities for success throughout society

As the green shift creates changes in the labour markets and gaps between the unemployed and employers rise, YrkesAkademin (YA) works to reduce these gaps through their trainings, education, and employment services. YA believes that everyone can contribute to society or as their mission states “With us, everyone should succeed”. Touching a broad group of people, the company has the potential to and aims to create real positive impact.

As the leading supplier of employment training in Sweden, YrkesAkademin (YA) holds immense opportunities for positive impact. Guided by their mission “With us, everyone should succeed”, YA develops participants labour skills to facilitate their employment and support them in transitioning to more qualified occupations. YA believes that everyone can contribute to society.

Through their more than 50 locations around Sweden, YA offers vocational training, education, and employment services for adults. Employment training at its core, aims at reducing unemployment and counteracts labour shortage by being a flexible tool in the matching between unemployed and employers.

### Helping people benefit from the green shift

The ongoing green shift has significant impact on employment markets. Skillsets that were crucial before, might not be as needed while at the same time, new skillsets are in high demand. Further education programs at YA respond to this changed reality. By further educating professionals to answer the changing needs of their specific area YA gives people the tools to continue in their chosen careers and progress.



As an example, at YA mechanics are educated to also manage electric cars. The transport segment is currently the largest segment of YA, and the shift within ECO driving will lead to completely new training opportunities to customers. In this position YA works as a change agent, educating future vocational professionals.

YA is also starting, in collaboration with Boden Business Park, a competence centre within green hydrogen. The goal is to be able to offer competence development initiatives in green hydrogen to technicians, operators, production and logistics personnel.

## Towards a more gender equal workforce

Gender equality is an essential sustainability goal for YA. Not only is this an internal KPI at YA, but it is also reflected in the design and marketing of the educational modules.



As an example, YA works consciously to get more women into transport business. This is an industry where women are a minority. Through redesigned marketing and employing more women as teachers and trainers, YA seeks to attract more female participants. For instance, in 2021 a “test driving” -day targeted towards women was organised. The event aimed to raise women’s interest towards the transport industry and was a great success, attracting over 100 participants. YA also works with branch organizations, together aiming to show women the magnitude of opportunities in male-dominated professions.

## Reducing CO<sub>2</sub> emissions

YA aims to minimize their impact on the climate, avoiding emissions and leakage risks, by increasing the use of simulator-based curriculums and distance learning tools and methods. In 2021 YA avoided 1 916 tonnes of CO<sub>2</sub> by applying simulator-based curriculums. Distance- and video meetings are preferred to reduce travelling. YA’s vehicle policy encourages use of hybrid vehicles when vehicles are needed.

## Using influence to create change

YA also aims to make a positive impact through its role as a tenant. As a large tenant YA holds significant influence through its rental agreements and aims to use this to drive sustainable change by for instance requesting environmentally friendly electricity solutions, demanding sustainable waste management and so on.

## Risk management and reporting

YA has identified risks in relation to its operations and ecological footprints. The most material of these fall in four categories: environment, employee and social matters, respect for human rights, and corruption, bribery, and breach of contract. As part of the risk assessment, risk management for each risk has also been defined.

YA follows several sustainability KPIs related to its employees and participants, to achieved CO<sub>2</sub> emissions reductions, gender equality etc. In 2021, YA had ten sustainability related key performance indicators. The KPIs are followed up by the management team and disclosed to the Board of Directors.

For instance, YA follows up on and has targets regarding the percentage of participants employed after graduation. In 2021 58 % of participants were employed and working 3 months after graduation. YA targets to reach 70% employment rate after 3 months. 2021 results have been temporally negatively affected by the pandemic and the percentage is expected to increase. YA also follows up on gender equality amongst top leaders in the company. In 2021 38 % of the employees were female and 39 percent of top leaders were female. YA targets a 40% share of female top leaders.

## 2022: Connecting professional pride to sustainability

In 2022 YA kicked off a year of doing the groundwork for taking sustainability at YA to the next level. YA wants to build a society where everyone is included in working life, equalize income gaps and better their understanding of their GHG emissions in order to set up concrete and actionable targets to reduce these.

The company has defined three key sustainability focus areas for 2022:

- Improving employee engagement
- Reducing CO<sub>2</sub> emissions
- Further developing YA's management system according to standard ISO 9001 and ISO 14001

The company aims to improve employee engagement by connecting professional pride to sustainability work. By creating more common language around sustainability throughout the organisation and highlighting the valuable sustainability work the company already does YA aims to build a natural motivation and pride towards sustainability amongst employees and participants.

YA also plans to dive deeper into data on GHG emissions. Learning to identify it and consolidate the sources to catch the opportunities where change and impact can be made.

To drive this change forward, a Quality and Sustainability Director has been appointed at the start of the year, to a new role at the company to further integrate sustainability into operations and drive change together with other teams at YA



### About YrkesAkademin

YrkesAkademin (YA) offers vocational training and education and employment services for adults. Within all of YA's courses, the focus is to develop labour skills to facilitate the employment of our participants or support transit to a more qualified occupation. We believe that everyone can contribute to society, or as our mission states: With us, everyone should succeed.



## Case Heron City : A green transition set in the busiest retail area of the Nordics

Real estate, such as office and residential buildings, shopping centres and warehouses, hold huge opportunities for sustainable transformations. Several actions have been taken to improve the liveability of the space and its value to the surrounding communities. Conscious and calculated improvements pushed this property to the next level and showed us once more, how green transitions drive profitability.

CapMan Nordic Real Estate Fund acquired Heron City, a landmark retail centre located in Kungens Kurva, 15 minutes from Stockholm city centre, together with Cavendo and Varma in 2016. Kungens Kurva is the busiest retail area in the Nordics and Heron City amassed around 7 million annual visitors.

Properties such as shopping centres have significant impacts on their surrounding environments and local communities. They offer locals and other visitors places to meet, make purchases, and enjoy their free time while offering companies places to establish and grow businesses. They also consume a lot of energy, water and generate for example a lot of waste and light pollution. Buildings in general contribute nearly 40%<sup>17</sup> of global carbon

emissions mainly through their often-high energy consumption and embodied carbon in construction materials.

During our ownership period, the Heron City property has decreased its annual energy consumption by an impressive 22% and reduced its operational CO2 emissions by 97% through switching to 100% renewable electricity consumption and to district heating from 99% renewable and recycled fuels.

At CapMan Real Estate, we are setting GHG emission reduction targets as well as targets to reduce the water consumption of our assets, increase the nr of sustainable building certifications, increase the number of green leases (for new larger leases), engage tenants in social and environmental matters and improve tenant satisfaction.

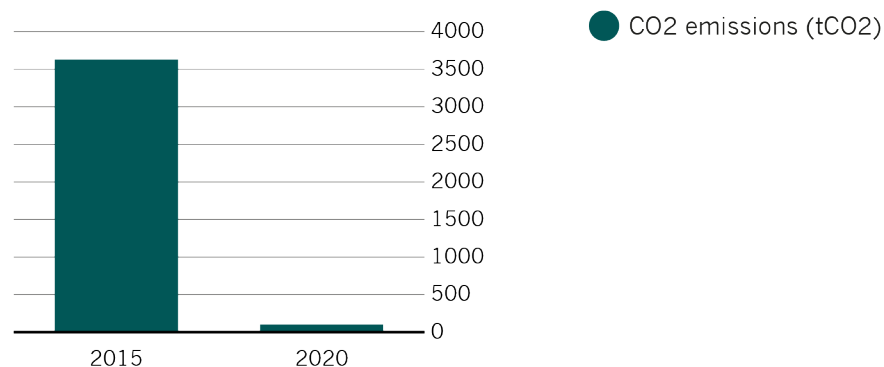


<sup>17</sup> Source: <https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic>

## Significant reduction of energy usage and CO<sub>2</sub> emissions

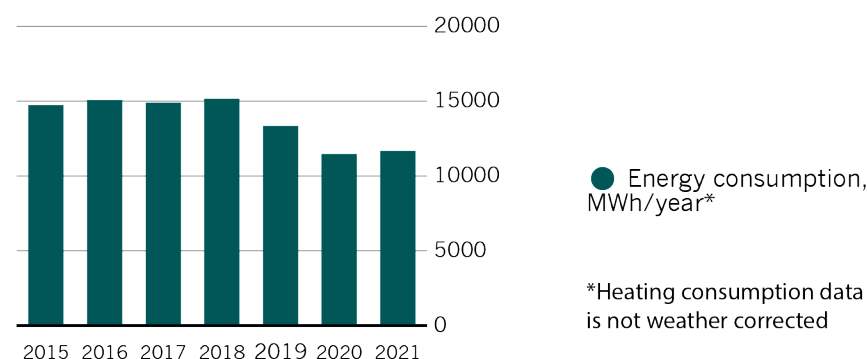
On the path towards net zero emissions, reduction of energy usage is key. Since CapMan Real Estate acquired Heron City, the 49,400 sqm shopping centre has decreased its annual energy usage with over 3 GWh<sup>18</sup>, amounting to a reduction of 22% and equivalent of the annual energy usage approx. 150 single houses in Sweden<sup>19</sup>. The operational CO<sub>2</sub> emissions have decreased by 97% in 2020 compared to 2015. The reduction is due to switching to renewable electricity.

### Operational CO<sub>2</sub> emissions at Heron City



<sup>18</sup> Calculated based on data of total energy consumption in 2015 and 2020 including consumption of tenants. Heating consumption data is not weather corrected.

### Annual energy consumption at Heron City



## Improved monitoring and steering

At Heron City we performed technical improvements to develop our energy monitoring and steering. These improvements included e.g., tenant-controlled ventilation, repairing bearings, and replacing fans. We also reviewed our energy use to reduce our exposure. These actions allowed us to better control our energy usage, to be able to optimize and lower it and made us better prepared for market changes such as rising energy prices.

<sup>19</sup> Source: Swedish Energy Agency (Energimyndigheten) estimates that detached houses consume approx. 20,000 kWh per year on average

## Switch to 100% renewable electricity

We switched our energy providers at Heron City and started using 100% renewable electricity, mainly hydro power, and 100% district heating, from which 99%<sup>20</sup> is from renewable and recycled fuels.

Also, our electricity provider not only produces green energy, but also invests back in our environment by initiatives such as the rehabilitation of the historically significant nature and fishing areas in Harmånger, an area which has previously been damaged but is now being restored.

## Consumer experience and community

At CapMan Real Estate we aim to create liveable spaces. Places where people can meet, connect, interact, establish, and develop businesses. We do this by collecting feedback and making improvements based on what we learn. We also aim to have a positive impact in the communities we invest and look for opportunities to do so.

At Heron City we performed the following actions:

- **Charging stations installed:** We installed altogether 28 charging stations for electric cars offering 11kW each, encouraging and supporting usage of more sustainable transport methods.
- **Escalators renewed:** We renewed all escalators in Heron City. The new escalators go into “sleeping mode” when not in use, making them more energy efficient.
- **Waste-to-biogas:** We run a program among our tenants aiming to improve the fractioning of waste. As part of the program, we installed a food waste collection unit where all restaurants sort out their food waste, which is then compressed and shipped off to be used in bio-gas production.



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<sup>20</sup> 99% of district heating purchased in 2021 is produced from renewable sources and recycled fuels. Read more on: <https://sfab.se/aktuellt/2022/99-fornybara-och-atervunna-branslen-2021/>

## Conscious efforts create results

All in all, CapMan Real Estate has invested over SEK 60 million in tenant improvements and energy saving upgrades for the property. Our investments have taken us closer to our sustainability targets and resulted in concrete savings which are expected to continue going forward.

Looking at the UN Sustainable Development Goals (SDG) we have made developments regarding:

- SDG 7 Affordable and clean energy: improved energy efficiency through 22% reduction of annual energy usage\*\*.
- SDG 11 Sustainable cities and communities: contribution to inclusive and sustainable urbanisation through investing in electric charging stations and through developing the shopping as a vibrant meeting point for locals.

As a result of the significant environmental improvements made, the property also received BREEAM In-Use certification Good rating at the start of 2022.

By investing in the sustainable transformation of Heron City we have been able to future proof and solidify it as a vital meeting point in the area.



### About Heron City

Heron City is a landmark retail centre with a total lettable area of approximately 49,000 sqm located in Kungens Kurva, one of the busiest retail areas in the Nordic region, 15 minutes from Stockholm city centre. CapMan Real Estate invested in Heron City in 2016 and sold it in 2022.



A full-page background image showing a dense green forest of tall evergreen trees. Several white wind turbines are visible, rising from the forest canopy. The sky is filled with heavy, grey, dramatic clouds. The text '5: ESG in other operations' is overlaid in the center in a white serif font.

# 5: ESG in other operations



## Sustainable 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 280 growing companies in Finland, Sweden and the Baltics. Around 250 vendors have been selected to serve over 100 different procurement categories.

### Consideration of ESG factors in the tendering process

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.

### Events and best practices

CaPS further promotes ESG best practices among its members and vendors by organising events where vendors discuss how they include ESG in their daily work.

### Promoting environmental disclosures

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 encourages its vendors to report on their environmental indicators and performance. Our goal is that a substantial amount of our vendors share their sustainability disclosures through our member extranet by the end of 2022."**

Heta Korpivaara  
Procurement Manager at CaPS



CaPS is committed to enhancing environmental aspects in its practices and pioneering for transparency regarding the environmental aspects of procurement. CaPS has continued to develop its environmental reporting tool, which was released for all member companies in 2019 focusing on the GHG emissions of vendors. A member's environmental reporting page discloses the total GHG emissions from all the CaPS vendors, that produce GHG emission or CO2e data for their operations. Furthermore, a member company can download more detailed reports focusing on each vendor's volumes and emissions.

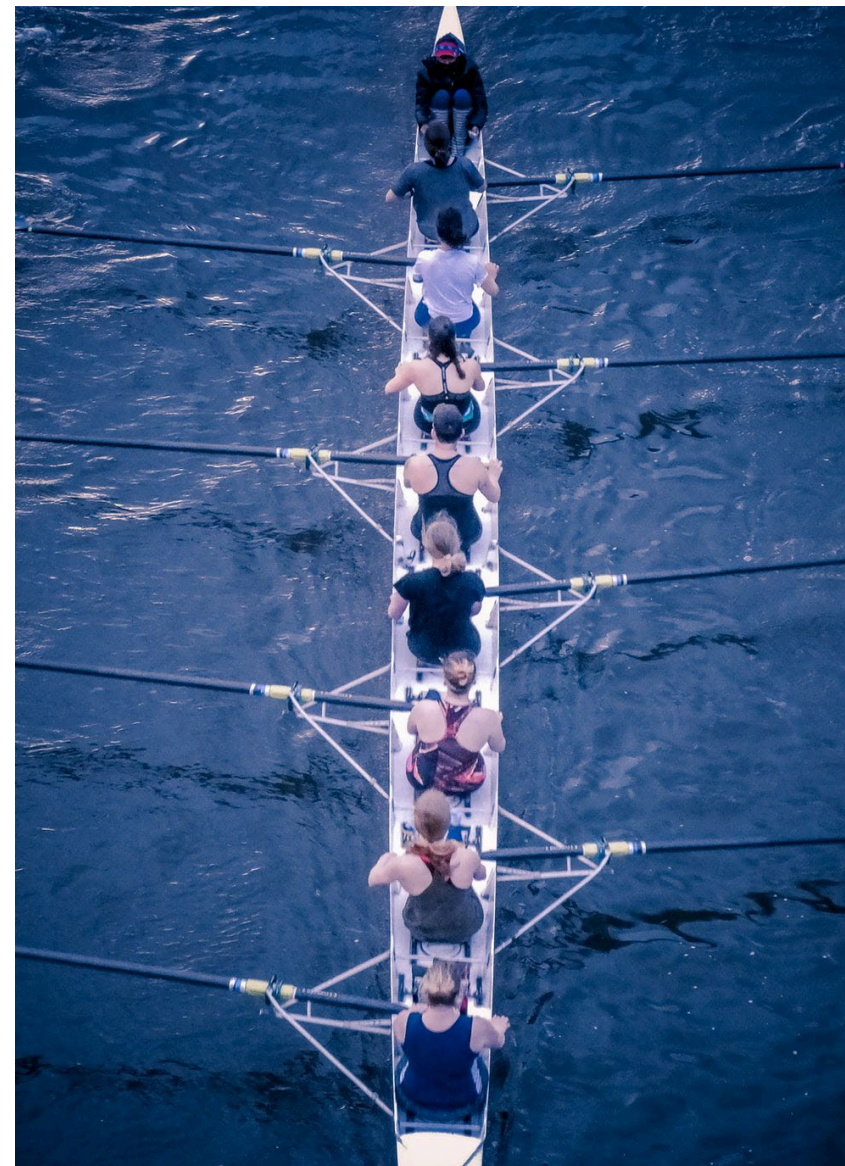


### Sustainability reporting status

FINLAND	2021.	Goal 2022
Sustainability reports	40	80
GHG emission reports	15	25

SWEDEN	2021	Goal 2022
Sustainability reports	20	60
GHG emission reports	7	25

In 2021, approx. 60 vendors, or 24% of total, have provided sustainability reports through the CaPS portal and 9% have disclosed their GHG emissions. The goal is that all CaPS vendors will provide emissions data in the future, thereby increasing transparency of suppliers' sustainability profiles. Vendors, who have disclosed environmental data, can attach an environmental badge to their profiles, working as a signal of environmental responsibility for both current and potential customers.







# 6: Governance





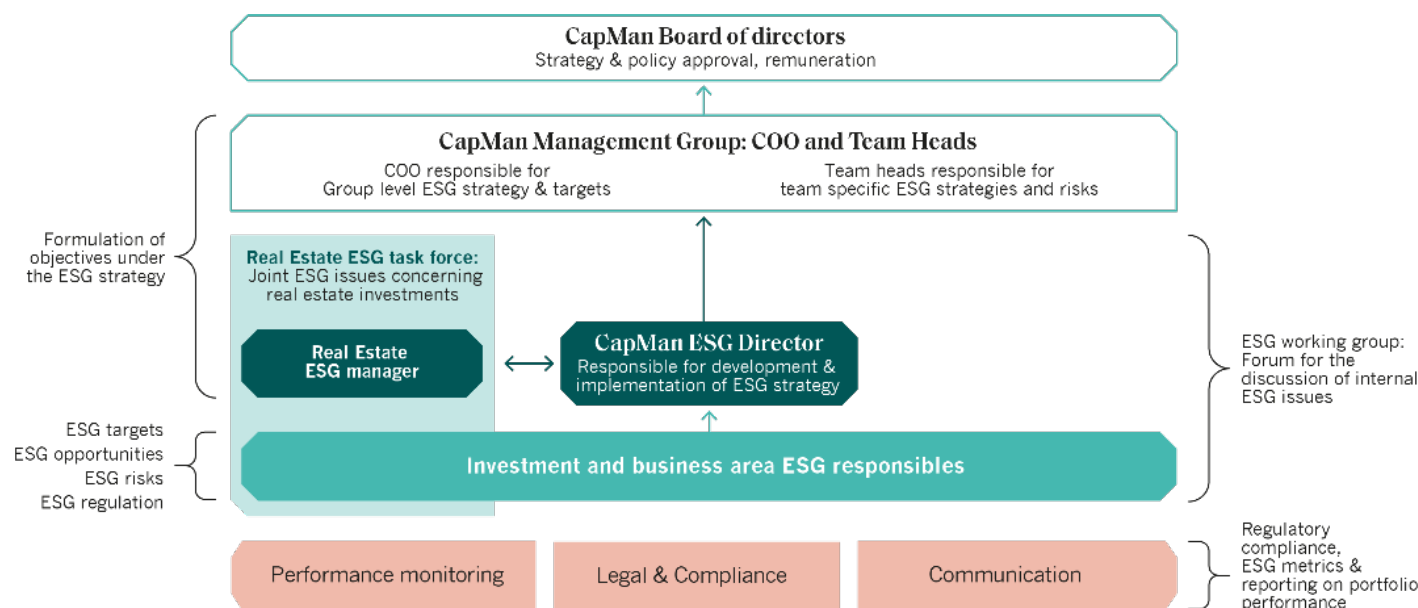
# Organisation of responsibilities

CapMan Plc's Management Group makes strategic decisions regarding sustainability with the Chief Operating Officer being responsible for the overview and resource allocation on a CapMan level. CapMan has a dedicated ESG Director responsible for developing a Group-wide sustainability strategy, including setting sustainability targets and monitoring the development of such targets as well as implementing the sustainability strategy.

Every investment area has a designated investment professional responsible for implementing sustainable investment considerations in the corresponding funds and portfolios and work together with case teams, asset management and portfolio company management to identify risks and opportunities related to ESG.

Performance Monitoring and Fund Operations gather data and follow up on fund ESG performance. Legal and Compliance work to ensure that operations are compliant with national and EU level sustainability regulation.

CapMan strives to share information and develop joint policies and best practices in a dedicated ESG working group with representatives from all investment areas, including Private Equity, Real Estate, and Infrastructure as well as services and other group functions. The working group helps implement sustainable investing at CapMan





# Management of ESG risks

Investment teams, the Board of Directors of CapMan AIFM and its risk management function are responsible for assessing and managing applicable ESG risks and opportunities at CapMan. The risks are also reviewed by the Audit Committee of CapMan Plc's Board of Directors.

CapMan has identified the following key causes and effects for ESG risks:

## Causes

- Increasing public and investor focus on ESG matters
- New regulation
- Climate change, loss of biodiversity
- Any ESG incidents

## Effects

- Direct impact on individual assets or funds and thus on fair values
- Difficulties in fundraising
- Reputational risk, impact may spill from one fund to another
- Regulatory issues or sanctions

ESG risks are categorised as strategic / market / operational risks. Possible ESG incidents may incur in portfolio companies and assets relating to a wide range of issues, e.g. pollution, environmental hazards, corruption or safety. There is also a risk of regulatory non-compliance as new regulations are being introduced, or difficulties in fundraising due to ESG incidents. The risks have a potentially high impact on CapMan's operation and performance.

## Control activities / Risk mitigation

- Continuous monitoring of regulation and investor preferences
- Maintaining and updating policies and procedures both on Group and Fund level
- Sufficient ESG DD process for new investments and monitoring on portfolio company or asset level
- Sufficient tools and knowledge, as well as a clear process for monitoring investments and gathering data for mandatory reporting

## Potential impact

- Any incidents may have dramatic impact on individual investments and therefore impact fund performance, fair values and fundraising
- Reputational issues following a major incident or perceived wrongdoing (or lack of action) by CapMan may impact also other CapMan funds, as well as employees, stockholders or bank relations etc
- Portfolio could be impacted by physical risks such as rising sea levels, or a particular investment strategy becoming obsolete due to lack of investor appetite if perceived as not sufficiently sustainable
- In the short term, transitional risk concerning new regulation





# The implementation of SFDR and Taxonomy Regulation

The Sustainable Finance Disclosure Regulation has provided additional requirements on CapMan AIFM Ltd as the manager of alternative investment funds (AIFs) as well as AIFs regarding the disclosure of sustainability risks and adverse impacts of investment decisions. CapMan assesses the classification of each fund established and open for new commitments after 10 March 2021 according to SFDR.

All CapMan funds raised after this date have to adhere to the following:

- Follow CapMan ESG policy (note that all funds regardless of article must follow this policy)
- Follow general transparency and mandatory PAIs
- Take into account sustainability risks and principal adverse sustainability impacts for all funds.

## Funds that promote environmental and/or social characteristics (Article 8)

CapMan assesses whether the fund includes environmental or social considerations in its strategy and as such, is considered promoting environmental and/or social characteristics.

Environmental or social considerations can relate to any topics with an environmental or social dimension that are considered in the decision-making process for the fund that can be applied in a systematic fashion across the fund. Topics can include, for example diversity of management teams, monitoring of energy efficiency, CO2 footprint, environmental certifications, applied sector exclusions, or public adherence to Global Compact or other codes.

The environmental and/or social characteristic(s) must be defined and measurable. There must be a goal linked to the characteristics that are in

line with CapMan policy and targets where applicable. If investee companies or assets are already aligned with the goal, then the focus is on maintenance. If investee companies or assets are not aligned with goal, an action plan should be set and implemented. The environmental and/or social characteristic(s) and potential exclusion criteria are to be included in the investment process, including the due diligence process.

A fund that promotes environmental and/or social characteristics may also make investments that are aligned with the EU Taxonomy. In that case, it will disclose the share of that alignment.

## CapMan funds that are classified as Article 8:

- CapMan Residential
- CapMan Nordic Infrastructure II

Further, open-ended funds CapMan Nordic Property Income and CapMan Hotels RE II funds are in the process of transitioning into Article 8 funds following updates to the funds' strategies. CapMan Special Situations I and Nest Capital III Fund are classified as Article 6.

## Funds with a sustainable investment objective (Article 9)

Having a sustainable investment objective means that the product seeks to reach specific environmental and/or social targets, for example alignment with the EU Taxonomy. If the target is not aligned with the EU taxonomy, a separate framework is needed, clarifying how the chosen objective qualifies as an environmental and/or social sustainable objective and how the product seeks to measure and reach the targets set out in the framework. Further, the Do No Significant Harm ("DNSH") principle towards other EU Taxonomy objectives and minimum social safeguards has to be met.

CapMan does not have any Article 9 funds currently.

CapMan is conducting taxonomy eligibility assessments and later alignment for the activities of its Article 8 or Article 9 funds established after 10 March 2021.



## Taxonomy eligibility

The below table presents the Taxonomy eligibility of funds currently categorised as Article 8 or in the process of becoming Article 8 funds

	Revenue	OPEX	CAPEX
<b>CapMan Residential Fund</b>	100%	100%	100%
<b>CapMan Hotels II</b>	100%	100%	100%
<b>CapMan Nordic Property Income Fund (CMNPI)</b>	59.8%	91.8%	100%



## Overview of CapMan's policies

CapMan Group has three levels of policies. CapMan Group policies are applicable to all Group companies. CapMan AIFM policies are applicable to CapMan's AIFM operations (and to some extent to other non-AIFM operations). The separation between CapMan Group policies and CapMan AIFM policies is made based on the evaluation of regulatory requirements. CapMan Wealth Services policies are additional to CapMan Group policies and are applicable only for the operations of CapMan Wealth Services.

The below tables provide an overview of available external and internal policies.

### CapMan Group

Policy	Approver	Distribution
Code of Conduct	Board of CapMan Plc	Available on CapMan website
Anti-Bribery and Corruption Policy	Board of CapMan Plc	Can be shared to third parties upon request
Insider Management Policy	Board of CapMan Plc	Internal
AML/KYC Policy	Board of CapMan Plc/ Board of CapMan AIFM	Can be shared to third parties upon request
Remuneration Policy	Board of CapMan Plc	Available on CapMan website
Data Protection Policy	Board of CapMan Plc	Internal (Privacy Notices available on website)
Whistleblowing Policy	Board of CapMan Plc	Internal
Sustainable Investment Policy	Management Board of CapMan Plc	Available on CapMan website
Related Parties Policy	Board of CapMan Plc	Internal



## CapMan AIFM

Policy	Approver	Distribution
Conflict Of Interest Policy	Board of CapMan AIFM	Internal; distribution to third parties at the discretion of the AIFM
Compliance Function	Board of CapMan AIFM	Internal
IT Management Policy	Board of CapMan AIFM	Internal; distribution to third parties at the discretion of the IT Director
Business Continuity Plan	Board of CapMan AIFM	Internal
Internal Control System	Board of CapMan AIFM	Internal
AIFM Procedural Manual	Board of CapMan AIFM	Internal
AIFM Risk Management	Board of CapMan AIFM	Internal
Risk Management Policy for CapMan Nordic Property Income Fund	Board of CapMan AIFM	Internal
Risk Management Policy for CapMan Hotels II FCP-RAIF	Board of CapMan AIFM	Internal
Risk Management Policy for Real Estate Value-add strategy	Board of CapMan AIFM	Internal
Risk Management Policy for Buyout strategy	Board of CapMan AIFM	
Risk Management Policy for Growth Equity strategy	Board of CapMan AIFM	
Internal Policy regarding AIF risk management – CapMan Residential Fund FCP-RAIF	Board of CapMan AIFM	
Risk Management Policy for CapMan Nordic Infrastructure I SCSp	Board of CapMan AIFM	
Risk Management Policy for CapMan Tre Smeder	Board of CapMan AIFM	
CapMan AIFM Valuation Policy	Board of CapMan AIFM	
Valuation policy CapMan Nordic Property Income Fund	Board of CapMan AIFM	
Valuation policy CapMan Single investor non-UCITS funds	Board of CapMan AIFM	Internal

## CapMan Wealth Services

Policy	Approver
Anti-Bribery and Corruption Policy	Board of CWS
Insider management Policy	Board of CWS
AML/KYC Policy	Board of CWS
Data Protection Policy	Board of CWS
Conflict Of Interest Policy	Board of CWS
Compliance Function	Board of CWS
Business Continuity Plan	Board of CapMan AIFM

A close-up photograph of a person's hands and arms as they climb a dark, textured rock face. The climber is wearing a dark long-sleeved shirt. Their hands are firmly gripping a thick, braided rope. Several orange carabiners are attached to the rope and the climber's gear. The background is a blurred view of a mountain range under a bright sky. The text is overlaid in the center of the image.

As a private assets manager and investor, sustainability is about helping our portfolio become more sustainable.