

A photograph of three hikers walking away from the camera on a mountain trail. The sun is low on the horizon to the left, creating a strong golden glow and lens flare. The hiker in the foreground is wearing a large blue and black backpack. The trail is covered in dry grass and small purple flowers. In the background, there are rolling hills and mountains under a clear sky.

Sustainability Report 2022

Driving transformation through ambition & active ownership

CapMan

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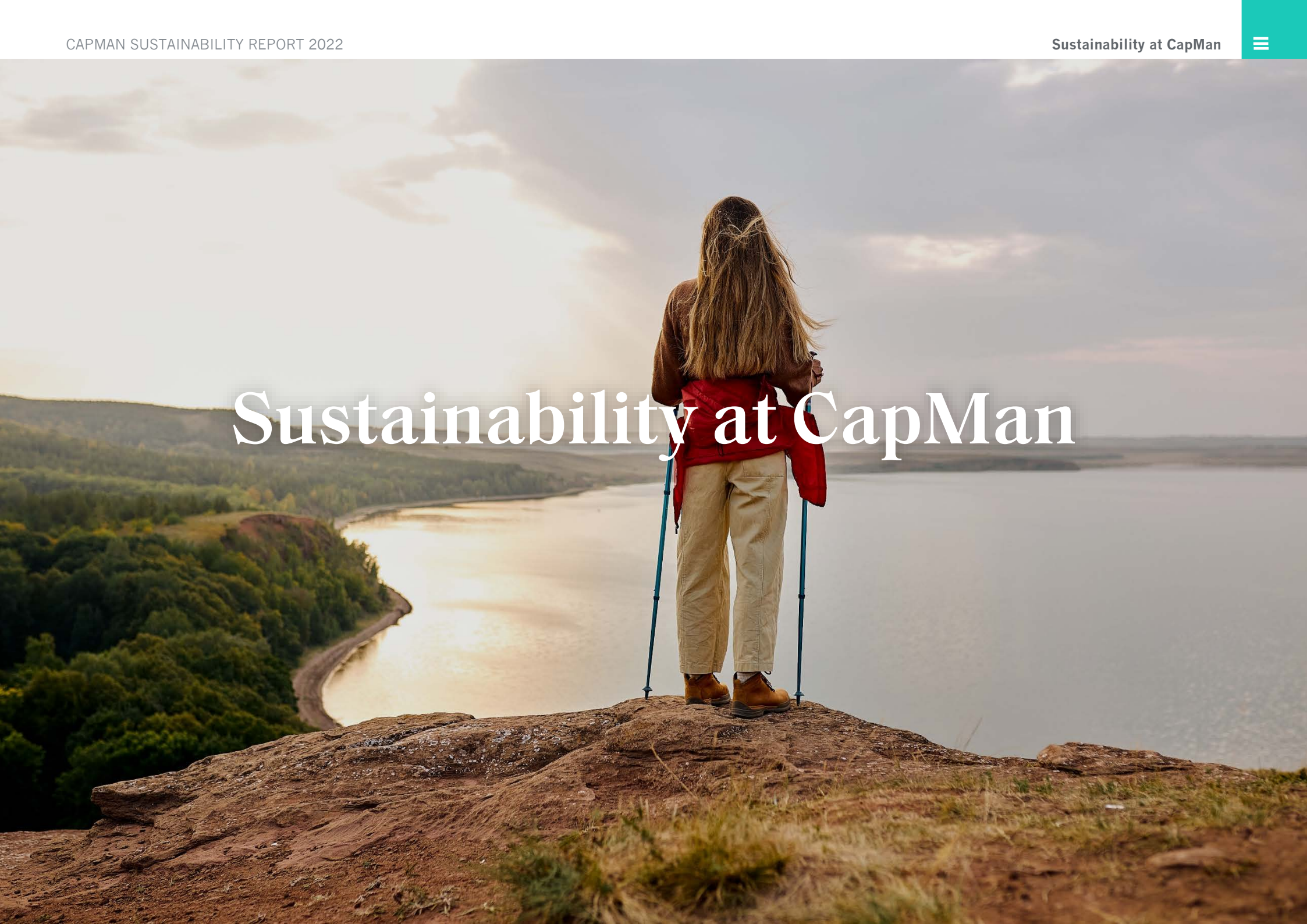
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Sustainability at CapMan



About CapMan

CapMan is a leading Nordic private asset 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. With €5.1 billion in assets under management, our objective is to provide attractive returns and innovative solutions to investors. We are a mainstream investor driving sustainability transformation in our portfolio. An example of this is greenhouse gas reduction targets that we have set under the Science Based Targets initiative in line with the 1.5°C scenario. 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 consists of procurement services. Altogether, CapMan employs approximately 180 professionals in Helsinki, Jyväskylä, Stockholm, Copenhagen, Oslo, London and Luxembourg. We are listed on Nasdaq Helsinki since 2001. Learn more at www.capman.com.

1989
CapMan Group
founded



30,000+
Shareholders,
Listed on Nasdaq
Helsinki



2022
Commitment
to Science
Based Targets



186
Employees



~55%
International
AUM

~300
LPs as
customers

€5bn
AUM

22
Funds

3
Investment
areas



PRIVATE EQUITY



REAL ESTATE



INFRASTRUCTURE

7
Countries



HELSINKI



STOCKHOLM



COPENHAGEN



OSLO



LUXEMBOURG



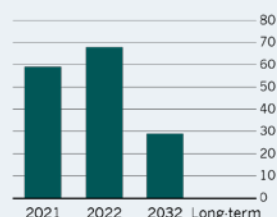
LONDON

Progress towards our sustainability targets

CapMan Group 2022

ENVIRONMENT : Climate resilient and resource efficient operations

Scope 2 GHG emissions



+17%

Scope 1-2 GHG emissions increased
(target 51% reduction by 2032)

52%

renewable electricity
(target 100% by 2030)

SOCIAL : Meaningful work in a diverse and inclusive workplace

36%

share of women, Management
Group (36% in 2021)

58

eNPS
(41 in 2020)

40%

share of women, all employees
(39% in 2021)

GOVERNANCE : Accountability, transparency & executive level diversity

33%

share of women on BoD
(33% in 2021)

Aligned Code of Conduct with
international standards

Performance share plan has been
linked to ESG targets

Investments 2022

Real Estate emission intensity



-28%

Decrease in emission intensity for
commercial real estate (target 72%
reduction by 2032)

11%

of portfolio companies have set SBTs
(target 54.5% by 2027)

19%
share of women in management, average
(21% in 2021)

76/100

average employee engagement
survey score (rescaled)

+2,516

organic net new hires
(+2,579 in 2021)

3.7/5

overall average tenant satisfaction

13%
Share of women on boards, average
(14% in 2021)

69%

share of companies that have
a Whistleblowing policy
(63% in 2021)

34%

share of companies that have linked
remuneration to ESG targets
(20% in 2021)

Letter from the management

Active ownership lays our sustainable pathway

Much of the discussion in past years has focused on climate change and emission reductions. While that is important, it is a too narrow definition of environmental sustainability. Human activity is beyond the sustainable limits on at least four of the nine planetary boundaries identified by scientists: biodiversity loss, chemical and plastics pollution, nutrient pollution and greenhouse gas emissions. On another two, forest cover loss and freshwater consumptions, we are close to the limit. Looking at projections for 2030, only seven years out, further decline is expected.

If we continue on the current path, irreversible negative environmental changes affecting people and societies across the globe will exacerbate. The estimated scale of investments and financing needed to turn the tide is massive. To achieve the transition in an affordable way, we believe we need to both take a more holistic approach towards resource efficient, circular and nature positive business models and do it in a way that is not only economically viable but value creating. Needless to say, this transition must be just and equitable throughout the value chain and society.

We firmly believe that active ownership enables financial success and advancing sustainability in a

comprehensive manner. Through our investments across private equity, infrastructure and real estate we take an active role in the transition of the broader economy and society, i.e., everyday products and services, utilities and properties, towards more sustainable operating models. We build better organized, managed and financially stable companies that contribute to overall economic well-being while reducing the negative impacts on the environment and societies. When done responsibly, these efforts result in more jobs and innovations which in turn create better conditions for society overall. Similarly, through real estate and infrastructure we contribute to functional high-quality environments and utilities that form the cornerstones for functioning societies. This is how we simultaneously create value for investors, shareholders and society at large.

“Our handprint is significant and we want to use it to contribute to the transition towards a long-term sustainable society.”

We manage more than €5 billion in assets on behalf of our investors. The returns from our funds contribute to the well-being of more than 10 million pension beneficiaries around the world. In 2022 the combined portfolio of our investments included 40 companies, with an aggregated turnover of € 2.4 billion and almost 15,000 employees, and more than 220 properties, covering in aggregate 1.8 million square metres and servicing almost 9,000 tenants. Through our investments we influence decisions and development of the companies, infrastructure and real estate assets, thereby shaping the Nordic communities and environments where these businesses are active.

We have the vision to be the most responsible Nordic private asset company. We want our sustainability work to be based in science, systematic and focused on material issues. The long-term ambition is to develop pragmatic, measurable approaches to transition companies and assets towards resource efficient, circular and nature positive operating models that promote inclusive workplaces and respect human rights throughout their value chains. In this way, we reduce negative impacts and enhance positive impacts on the planetary boundaries in a responsible manner while creating strong financial returns.

In line with our vision, we have made the conscious decision to not only invest in already sustainable assets, as we believe we can create more value by supporting the development and transition towards sustainable operating models across industries and sectors.

To reach the vision, we are in practice working in parallel on three different levels: developing the long-term circular and nature positive approaches, taking actions to meet mid-term goals like setting and following ambitious emission reduction targets, while simultaneously investing the time and legwork needed in the short-term to build the capabilities within CapMan and in our portfolio to sustain change, and meet the increasing demand for transparency and reporting.

The task to tackle sustainability and financial returns in sync is not easy. To succeed we need to tap into broad talent pools and manage to attract, retain and develop expertise across functions and industries. This is only possible if we meet the employee expectations on diverse, equal and inclusive work communities, and truly provide equal opportunities for our employees and those of our portfolio companies.

In 2022 we achieved several key milestones

In 2022 we established our materiality framework to ensure our work is systematic and focused on what matters. Through assessing the double materiality of

CapMan's own operations and that of our portfolio we derived three focus themes for which we set metrics and targets: Climate conscious and resource efficient operations, Meaningful work in an inclusive workplace, and Accountability, transparency and executive level diversity.

In 2022 CapMan committed to the Science Based Targets initiative (SBTi) and our greenhouse gas emission reduction targets were validated in early 2023. We have committed to reduce more than half our Scope 1 and 2 emissions by 2032. Scope 3 includes our investments, which is where we have the largest impact in absolute terms, by far. All our eligible private equity and infra assets will establish SBT validated emission reduction targets by 2032, and by the same year we will achieve emission reductions in our real-estate portfolio with up to 70% per square-metre compared to 2021. By the end of 2022, already 3 portfolio companies, corresponding to 11% of our portfolio, have SBT validated targets, and several more are under development.

In addition to climate-related initiatives, we have made progress in employee well-being and support the realisation of a diverse work environment in practice. We have set up a working group with the task to recognise and develop themes that relate to diversity, equity and inclusion at CapMan. We have formally integrated the protection of human rights in our external and internal policies following our ongoing commitment to the UN Global Compact. These policies include our Code of Conduct as well as

our new Supplier Code of Conduct that we launched in the beginning of 2023 and implement in our contracts going forward. Additionally, sustainability factors are part of variable remuneration for our employees, and elements related to sustainability have been integrated in the performance targets for almost every employee starting from 2023. CapMan also became the first Finnish company to issue and list a sustainability-linked bond, tying the bond's returns to sustainability performance goals.

“Continuous capability building is key to keep up progress.”

During 2022 we further integrated ESG aspects in the update of the ESG Investment Policy and the introduction of CapMan's restriction list. We also updated our ESG due diligence and value creation tool, enabling the assessment from restricted sectors, adverse impact and risk factors to materiality and value creation opportunities. In early 2023 this was followed with an onboarding process for portfolio companies, creating a structured approach for sustainability work throughout the holding period; from putting in place policies to supporting the validation and executing of emission reduction targets, and strategic value creation initiatives. In 2023 the capability building program has continued with the launch of CapMan's ESG Academy open for all our employees and convening monthly around topical sustainability matters.

We create the path while walking it

While our sustainability work has taken great strides forward, we recognise the challenges we face. The fast evolving, but in many places still lacking systematic standards and regulations are challenging for any organization to keep up with. We welcome these developments and remain steadfastly committed to our vision of becoming the most responsible Nordic private asset company. Since we invest in small and mid-sized assets, we are often the first institutional owner. As a result, at our entry, measurements and data are usually incomplete, if not totally lacking, with local resources and capabilities constrained. We do not shy away from this; we are ready to roll up our sleeves and create the change that we want to see.

Building a more sustainable future cannot wait. Therefore, we rather take action and create positive change based on an informed yet incomplete picture, than wait for perfect metrics and established standards. As a consequence, when our experience and expertise grow, we remain open to continuously update and improve our approaches, metrics and targets.

While not easy, it is truly exciting! We look forward to continuing to work together with our highly skilled employees and stakeholders to create sustainable value for our investors, shareholders and the society.

Pia Kåll

CEO

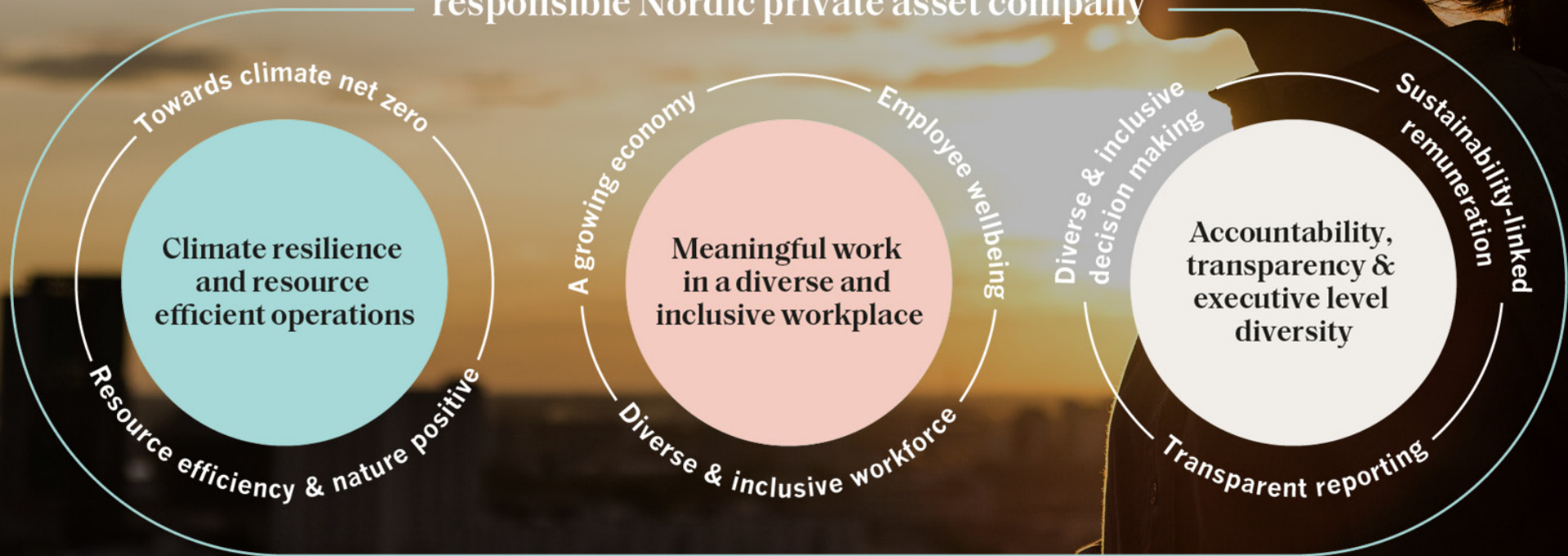
Anna Olsson

Head of ESG




CapMan

Our vision is to become the most responsible Nordic private asset company



Sustainability roadmap

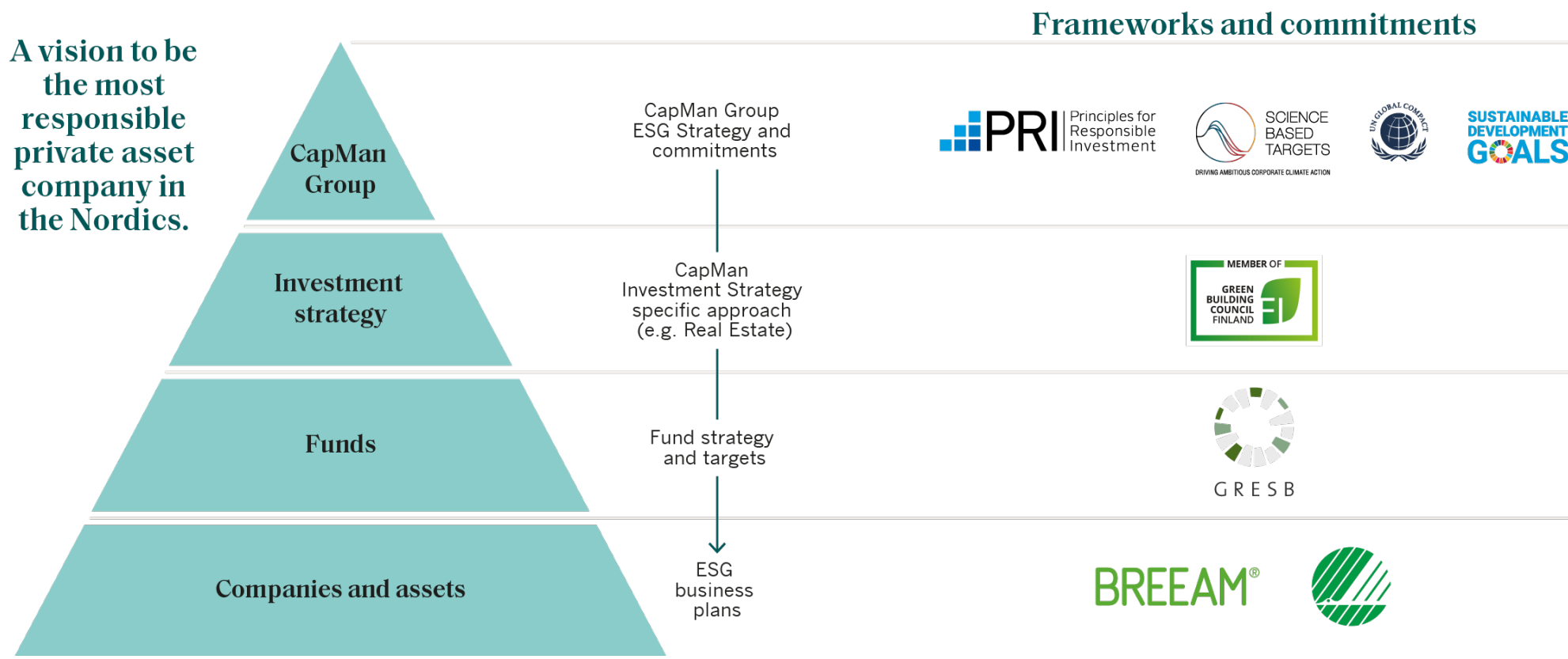
CapMan is dedicated to creating a sustainable future that is resilient to climate change and utilizes resources efficiently. With the aim of contributing to a thriving economy, meaningful job opportunities, and diverse workplaces, we have established short-term, mid-term, and long-term targets. These targets apply not only to the CapMan Group as a whole but also to our investment areas. We continue to develop our approach and transition towards our long-term goals.

			2022	2023	Mid-term	Long-term
ENVIRONMENT: Climate resilience and resource efficient operations	Climate	CapMan Group	Commit to Science Based Targets Validated CapMan Group 	Science Based Targets validated and make net-zero commitment	Reduce absolute scope 1 and 2 GHG emissions 51% by 2032, increase annual sourcing of renewable electricity to 100% by 2030	Climate Net Zero
		Private Equity & Infra			54.5% of eligible PE investments to set SBTi validated targets by 2027 and 100% by 2032	
		Real Estate			Reduce residential RE portfolio emissions 50% and commercial (service) buildings emissions by 72% by 2032	
	Resources & nature	CapMan Group		Roll out WWF Green Office programme Develop an approach that considers nature dependencies, risks and impacts	Work in progress	Nature-positive and circular economy
		Private Equity & Infra		Pilot a nature positive business model Develop an approach that considers nature dependencies, risks and impacts	Work in progress	
		Real Estate		Annual biodiversity risk assessment for all properties (invasive species) Increase waste material utilisation, improve demolition and construction waste recycling and reduce water intensity Develop an approach that considers nature dependencies, risks and impacts	Waste material utilization rate: 70% for assets with data availability Demolition and construction waste recycling rate minimum 80% 4% water intensity reduction by 2026 compared to 2021 in commercial properties	

			2022	2023	Mid-term	Long-term
SOCIAL: Meaningful work in a diverse and inclusive workplace	Meaningful work	CapMan Group	Sustain high employee satisfaction at CapMan eNPS 58 ✓		Work in progress	A growing economy with meaningful jobs & inclusive workplaces throughout the value chain
		Private Equity & Infra	Sustain portfolio company employee satisfaction on average above 3.5/5 (70/100) or eNPS above 25 Employee satisfaction 76/100, eNPS 30 ✓		Work in progress	
		Real Estate	Tenant satisfaction measured		NPS >0, overall satisfaction 4.0 (2026)	
	Diversity, Equity & Inclusion at the workplace	CapMan Group	Increase diversity, equity and inclusion (DEI) across CapMan by implementing a Diversity, Equity and Inclusion working group, initiated ✓	Set mid- and long-term percentage targets by end of 2023 on gender diversity, including targets for appointments for Management Group and Partner level, and targets for new recruits throughout the CapMan organisation.	Achieve mid-term target levels (2025)	
		Private Equity & Infra		Implement DEI policy at all majority owned portfolio companies with over 75 employees	Work in progress	
GOVERNANCE: Accountability, transparency & executive level diversity	Diversity, Equity & Inclusion in decision making	CapMan Group	Emphasise board diversity in the selection process (board elected by AGM)		Work in progress	Accountable & transparent decision making
		Private Equity & Infra	Appoint max 70% of any gender to boards (independent board members) & management teams Independent board members 11% women, CapMan appointed board members 25% women, management teams 43% women ✓	Appoint max. 70% of any gender to boards (independent board members) & management teams	Min 60%/40% gender split at	
	Accountability	CapMan Group	Introduce ESG elements in remuneration ✓	Establish a CapMan way of responsible supply chain management	Work in progress	
		Private Equity & Infra	Introduce policy library Updated ESG Investment policy and Restriction list ✓	All new portfolio companies to adopt required and recommended policies Introduce updated ESG DD & VC tool Implement a structured ESG Onboarding & Holding process	Work in progress	
		Real Estate	All new construction and major renovation projects to be certified ✓ Increase the share of EU Taxonomy aligned properties		75% of all assets certified by sqm and during holding	
				Human Rights value chain salient risk assessment & gap analysis		

Dimensions of CapMan's sustainability strategy

We build our sustainability strategy around joint Group level frameworks and commitments which are used to meet the requirements of our diverse investment strategies, funds and ultimately customised objectives and ESG business plans of individual assets.



Materiality of sustainability topics

In order to focus on the topics where CapMan can have the biggest impact, CapMan builds its sustainability agenda around a double materiality framework. CapMan assesses its business areas, engages with stakeholders and monitors global topics and policy developments to identify key sustainability topics for further follow-up and disclosure. Material sustainability topics are those factors that have a direct or indirect impact on CapMan's ability to create, preserve or erode economic, environmental and social value for the company, its stakeholders and society at large. CapMan looks at both its effect on the world as well as the impact of external sustainability issues on its activities, thereby applying a double materiality framework on its materiality assessment.

CapMan engages with both internal and external stakeholders. Internal stakeholders include employees and management and external stakeholders include shareholders, Limited Partners, portfolio company management and employees, real estate tenants, advisors and partners, suppliers, local community representatives, and the general public.

The most significant issues related to sustainability are identified through information gathering, industry analysis, surveys and stakeholder interviews and risk mapping.

Double materiality assessment

Scope for CapMan Group double materiality assessment:

The impact of CapMan Group (parent company CapMan Plc and Group companies) on ESG factors and impact of ESG factors on CapMan Group.

CapMan's materiality analysis was conducted in 2022 based on stakeholder interviews, including interviews with investors and board members, internal surveys, review of industry standards and best-practices, and the assessment of CapMan's role in the value chain and overall society.

Based on impact, likelihood and relative weight of stakeholders, seven topics were identified as the most material for CapMan. Diversity and equity are seen as the most material topics, followed by governance in investment practices, board diversity and business ethics and integrity. The impact of travel habits on climate change is a material environmental topic. The resulting materiality map forms CapMan's current priorities and ambitions for sustainability. CapMan sets annual and long-term targets that follow these materiality topics. The materiality assessment is revisited on an annual basis.

CapMan also extends the materiality analysis to its investments to take into account the specific characteristics of each investment area. Separate materiality assessments were conducted for CapMan's investment areas and are presented in this report on pages 53 and 83.

Material topics for CapMan Group

CapMans environmental, social and governance sections of this report.

Environmental

- Climate change – The effect of travel habits and energy use and efficiency on emissions.

Social

- Diversity and equity – Diversity and equity among CapMan employees, as well as non-discrimination at the workplace.
- Attractive workplace – Employee wellbeing, talent development and retention and performance-based remuneration.

Governance

- Good governance in investment practices – Active ownership.
- Board diversity.
- Business ethics and integrity – Compliance with laws and regulations and codified ethical business practices that are rooted in CapMan's values.
- Tax responsibility – The impact of tax revenue and transparency of taxation.

The material topics serve as the basis for CapMan's ESG strategy, including ESG processes and priorities. Management of materiality topics is described in

MATERIAL TOPIC		MATERIAL SUBTOPIC
ENVIRONMENT		
Climate resilient and resource efficient operations	Climate Change	Travel habits
		Energy use, efficiency
SOCIAL		
Meaningful work in an inclusive workplace	Diversity and equity	Employee diversity and equity
		Non-discrimination
	Attractive workplace	Employee wellbeing
		Talent development and retention
		Performance based remuneration
GOVERNANCE		
Accountability, transparency & executive level diversity	Good governance in investment practices	Active ownership
	Board diversity	Board diversity
	Business ethics and integrity	Compliance with laws and regulations
		Ethical business practices that are based on CapMan's values
	Tax responsibility	Tax revenue and tax transparency

ESG investment policy

CapMan integrates sustainability factors with investment and business practices as described in its ESG investment policy. The policy was updated in 2022.

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

The integration of sustainability risks

The ESG investment policy includes CapMan's approach to the integration of sustainability risks. Environmental risks can relate to, among others, climate-related risks (physical and transition), biodiversity or pollution. Social risks can relate to for instance safety and well-being, human rights in the supply chain, and employee or tenant satisfaction. Governance risks can relate to for example inadequate management of ESG, management incentives, corruption, bribery, cybersecurity, or data privacy. The potential sustainability risks to which any investment is exposed may cause a negative impact on the value of investments.

Before any investment decisions are made, and as part of its overall investment analysis, CapMan will identify the material sustainability risks associated

with the proposed investment. Investment decisions will then be made by referencing the relevant investment policies and objectives, including an action plan for mitigating any sustainability risks at asset level. During the holding period, CapMan considers the adverse impacts of its investments and creates an action plan for the most material aspects.

CapMan applies certain restrictions at an investment strategy level. In addition, CapMan has a Restriction list applicable to all CapMan Private Equity, Infrastructure and CapMan Balance Sheet investments. CapMan does not invest in any investment opportunity that falls within any of the restriction areas criteria. The restriction list was adopted in 2022.

The topics considered include, but are not limited to:

Environmental:

- GHG emissions, climate impacts, climate-related risks;
- 1.5-degree Science Based Targets and a net-zero commitment;
- Efficient energy use;
- Waste, pollution, environmental hazards;
- Biodiversity and nature impacts;
- Circular business practices;
- Overall environmental footprint;
- Breaches of international standards.

Social:

- Employee & tenant engagement and satisfaction;
- Job creation through our investments;
- Health and safety;
- Diversity, equity and inclusion;
- Breaches of international standards and conventions concerning human rights;
- Supply chain management;
- Positive impacts on local communities.

Governance:

- Gender diversity in boards and management teams;
- Sustainability objectives integrated in executive remuneration;
- ESG-related risks oversight and management by board of directors and/or management teams;
- Business ethics and good governance practices;
- Supply chain management;
- Certifications;
- Solutions that support the UN SDGs;
- Breaches of international standards and conventions concerning good governance.

→ Read more at capman.com/sustainability

Global initiatives

Principles of Responsible Investment (PRI)

Signatory of:



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.

Score for latest assessment:

- Investment & Stewardship Policy 4/5 stars (median 3/5 stars)
- Private Equity 4/5 stars (median 3/5 stars)
- Real Estate 4/5 stars (median 3/5 stars)
- Infrastructure 5/5 stars (median 3/5 stars)

The transparency report is available in full on CapMan's website as well as on the PRI website.

→ unpri.org

UN Global Compact (UNGC)



United Nations
Global Compact

CapMan supports the Ten Principles of the UNGC on human rights, labour, environment and anti-corruption.

→ unglobalcompact.org

CapMan implements its commitment to respect human and labour rights through the People Policy, Code of Conduct and Supplier Code of Conduct.

Climate-related policies and external commitments

Science Based Targets initiative (SBTi)



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. CapMan committed to the initiative in 2022 and set targets in 2023.

initiative Climat International (iCI)



Private equity action on climate change

CapMan has committed to the initiative Climate International, which is supported by the PRI. As part of the initiative, CapMan will contribute to the objective of the Paris Agreement to limit global warming to 1.5°C by integrating climate change analysis into investment processes. As part of the initiative, CapMan actively engages with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance. This is done by identifying companies and assets where climate change poses a material risk and measuring their carbon footprint. CapMan further engages with management teams of portfolio companies to develop emissions reduction and climate change action plans.







Embedding policy commitments

CapMan utilises its Code of Conduct and Supplier Code of Conduct to implement its policy commitments to human rights, labour rights, environmental management and business ethics throughout its supply chain.

CapMan respects, protects and promotes internationally proclaimed human rights. CapMan upholds the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, International Labour Organisation's Declaration on Fundamental Principles and Rights at work, as well as the Organisation for Economic Co-operation and Development's Guidelines for multinational enterprises. CapMan has zero tolerance regarding forced, compulsory and child labour as well as human trafficking.

CapMan's risk and valuation team is responsible for implementing internal controls. Human resources is responsible for implementing the commitments regarding labour rights. The Board of Directors has an oversight role and significant findings or deviations are discussed in the Audit and Risk committee.

CapMan's focus areas in relation to the UN Sustainable Development Goals (SDGs)

Focus area	SDG	SDG target	CapMan contribution
Environment: Climate resilience and resource efficient operations		13-2 Integrate climate change measures into policies and planning	<ul style="list-style-type: none"> All portfolio companies and real estate assets are to identify their primary climate risks. CapMan has set GHG emission targets validated by the Science Based Targets initiative (SBTi) that align the business with the Paris Agreement 1.5C scenario. The targets include GHG emission targets for real estate assets and targets that portfolio companies set their individual GHG reduction targets in the form of Science Based Targets.
		12-2: Achieve sustainable management and efficient use of natural resources 12-5: Reduce waste generation through prevention, reduction, reuse and recycling	<ul style="list-style-type: none"> Identify the environmental impacts through the use of natural resources and toxic materials, and the waste and pollutants generated, throughout the production/construction and consumption/operation process for portfolio companies and real estate. Encourage more sustainable consumption and production patterns through the implementation of policies and international agreements on the management of resources.
Social: Meaningful work in a diverse and inclusive workplace		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	<ul style="list-style-type: none"> CapMan's 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. Workplace/worksite safety is a basis for building successful businesses and real estate. Relevant policies that safeguard human and labour rights in the operations are required by new portfolio companies and in real estate. Employee and tenant satisfaction is measured and serves as a proxy for assessing workplace wellbeing and liveability.
		5-5 Ensure full participation in leadership and decision making	<ul style="list-style-type: none"> CapMan is an equal opportunity employer with career paths irrespective of gender. CapMan established a DEI working group. The working group has semiannual workshops with the management team and is sponsored by a CapMan Plc. board member. CapMan monitors the diversity of the management of the portfolio companies and seeks to appoint max 70% of one gender to the management.
Governance: Accountability, Transparency & Executive Level Diversity		5-5 Ensure full participation in leadership and decision making	<ul style="list-style-type: none"> CapMan monitors the board compositions of its portfolio companies and seeks to appoint max 70% of one gender to the boards.
		16-5 Substantially reduce corruption and bribery	<ul style="list-style-type: none"> Ensuring a strong governance for both CapMan Plc, the funds under management as well as portfolio companies and real estate is a prerequisite of conducting business. Meeting tax obligations are part of CapMan's corporate responsibility. As part of the value creation and management process, we establish and formalise governance practices for our portfolio companies and real estate. All portfolio companies are to adopt a code of conduct and whistleblower system.

Sustainability targets met for Sustainability-Linked bond

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

The following KPIs measure 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.

CapMan achieved both KPIs in April 2023.

KPI #1

GHG emission reduction pathway validated by SBTi

CapMan's GHG emission reduction targets were approved by the Science Based Target initiative (SBTi) in April 2023.



KPI #2

Sustainability objectives integrated into the variable remuneration of CapMan Management Group

The Board of Directors have integrated sustainability targets to the Management Group's long-term performance share plan which are linked to CapMan's overall sustainability targets. CapMan's performance share plan 2022-2025 includes a share reward component earned on the basis of achieving such sustainability targets as follows:

- 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 50 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 mid- and long-term percentage targets by end of 2023 on gender diversity, including targets for appointments for Management Group and Partner level, and targets for new recruits throughout the CapMan organisation. CapMan should reach the mid-term target (to be set by the end of 2023) by April 2025.

A shift towards 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 300 growing companies in Finland, Sweden and the Baltics. Around 250 vendors have been selected to serve over 100 different procurement categories ranging from IT equipment to logistics.

Consideration of ESG factors in the tendering process

In the tendering process, information regarding customer satisfaction, corporate responsibility, sustainability reporting, 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.



The CaPS team demonstrates its ambition in driving sustainable procurement services as well as in athletic endeavours.

Engagement through events and best practices

CaPS is a powerful network of companies that is used to promote ESG best practices among its members and vendors by organising events annually where member companies and vendors discuss how they integrate sustainable practices in their daily work. CapMan has also organised training sessions regarding specific sustainability topics, such as the implementation of the Science Based Targets.

Implementation of a Supplier Code of Conduct

In 2022, CaPS started implementing a Supplier Code of Conduct aimed for its suppliers and vendors. The Code of Conduct stipulates requirements regarding environmental and social processes and due diligence, which the vendors and their subcontractors are expected to abide by. All vendors have to agree to the Supplier Code of Conduct before becoming part of the CaPS network.

Promoting environmental disclosures and making the environmental footprint visible

CaPS encourages its vendors to report on their environmental and social indicators and performance. Such sustainability reporting is used to manage environmental and social topics in an organisation and used to communicate progress to its stakeholders. This information can include, for example, contribution to environmental and social development (handprint), environmental and social impacts (footprint), risk analysis and performance in managing the contributions and impacts.

Sustainability reporting status

	2021	2022	2023 goal
Sustainability reports	60	158	200
GHG emission reports	22	34	48

CaPS continues to work on improving and expanding environmental and social aspects of its operations while increasing transparency regarding the environmental and social aspects related to procurement. CaPS has continued to develop its environmental reporting portal, which was released for all member companies in 2019 with a focus on tracking GHG emissions of all vendors. A member's environmental reporting page discloses the total GHG emissions from all CaPS vendors that provide GHG emission information for their operations. Furthermore, a member company can download more detailed reports focusing on each vendor's volumes and emissions through the portal. This allows member companies to better understand the environmental footprint of their procurement activities.

The goal is that all CaPS vendors will provide GHG emissions data in the future, thereby increasing transparency of suppliers' sustainability profiles.

CaPS is also identifying vendors who have been committed to zero-emissions through the Science Based Targets initiative.



A person with a backpack is riding a bicycle across a bridge. The background shows a city skyline with a prominent domed building under a bright, hazy sky. The scene is bathed in warm, golden light, suggesting sunrise or sunset. The bridge has a metal railing, and the person's shadow is cast on the pavement.

1: Climate resilient and resource efficient operations

Climate resilience

Given the urgency of the climate crisis, it is crucial that decisions made at CapMan as well as in the portfolio companies and the properties that we manage are made in a climate conscious manner. Of its investments, CapMan's real estate assets are particularly vulnerable to climate change. CapMan adapts to climate change by conducting physical climate risk assessments and mitigation plans. CapMan assesses the carbon footprint of its activities and has set GHG emission reduction targets in line with the Science Based Targets initiative (SBTi) and is looking to set a net-zero target in 2023.

Management of material environmental topics

	Actual and potential impacts	Involvement in the impacts	Policies or commitments	Actions taken	Tracking effectiveness	Engagement
Energy use, efficiency: Energy 	CapMan utilises energy for the electricity consumption and heating of its office premises. Depending on the energy sources used, the activities contribute to emissions and consequently climate change.	CapMan's own energy consumption is limited. The majority of the impacts come from the energy use of the portfolio companies and properties of its funds under management.	As part of its commitment to the SBTi, CapMan has set reduction targets for its Scope 1, 2 and 3 emissions, to which energy use has a major contribution. Energy intensity reduction targets have been set for real estate.	CapMan monitors its energy use and the sources of energy in its own operations as well as its investments, which have adopted energy efficiency initiatives and targets.	CapMan monitors energy consumption, energy intensity and the use of renewable energy both in its own activities as well as in its portfolio and tracks development against targets.	CapMan collects feedback from both internal and external stakeholders, including employees, Board of Directors and Limited Partners (LPs), regarding its energy consumption and sources used.
Travel habits: Emissions 	CapMan's activities contribute to GHG emissions indirectly through the electricity consumption and heating of its offices as well as through upstream and downstream activities, such as business travel, commuting and investments. By reducing emissions, CapMan seeks to align its activities with a 1.5°C scenario.	Emissions by investments, that is portfolio companies and properties of funds under management, are by far the largest contributor to emissions in CapMan's value chain.	As part of its commitment to the SBTi, CapMan has set targets to reduce Scope 1, 2 and 3 GHG emissions. CapMan is in the processes of setting a net-zero target for Scope 1 and 2 emissions. CapMan has also committed to sustainable travel practices.	CapMan monitors its Scope 1, 2 and 3 emissions. As part of Scope 3 emissions, CapMan monitors the GHG emissions of its portfolio companies and properties. CapMan encourages transition to renewable energy sources. CapMan actively invests in the production of renewable energy.	CapMan monitors GHG emissions and emission intensity both in its own activities as well as in its portfolio. Through the commitment to the Science Based Targets initiative, CapMan has committed that its portfolio companies set individual SBTs and that its properties reduce Scope 2 emissions aligned with 1.5°C scenario specified by the Paris Agreement.	CapMan collects feedback from internal and external stakeholders, including employees, board and LPs, regarding the management of emissions. Limiting and/or reducing emissions in order to combat climate change is a central target for many stakeholders, including LPs.

CapMan Group climate impact

CapMan accounts for the Scope 2 indirect emissions from its own activities (mainly offices) as well as Scope 3 emissions from purchased goods and services, business travel, employee commuting and the share of emissions from the investments that it manages.

Electricity and heat

Scope 2 emissions increased due to larger emissions from heating as CapMan leased larger office premises in Finland and Denmark due to a higher headcount. A higher share of heat energy from fossil fuels also accounted for higher emissions from heating.

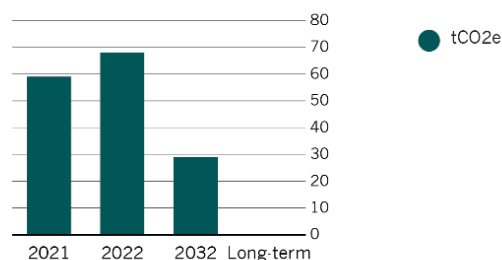
Travel and commuting

Scope 3 emissions (excluding investments) have increased due to higher headcount. Emissions from business travel increased as travel picked up in 2022 following artificially low levels in 2021 due to travel restrictions. According to CapMan's travel policy, business trips are planned based on climate conscious choices in addition to keeping costs and time spent travelling at a reasonable level. Emissions from commuting decreased as more employees elected to commute by bike and public transport.

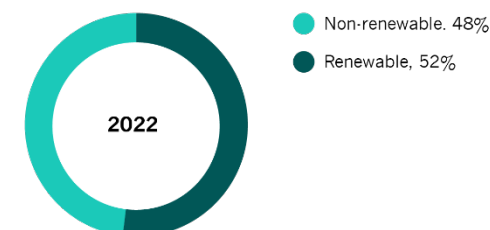
CapMan Group total GHG emissions

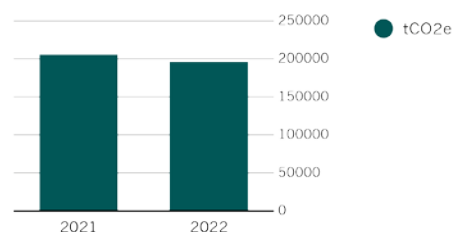
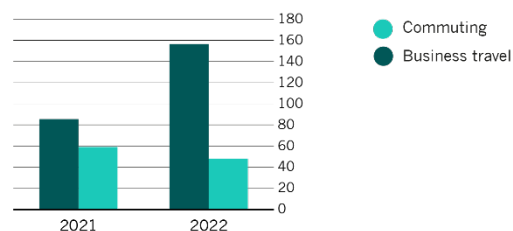
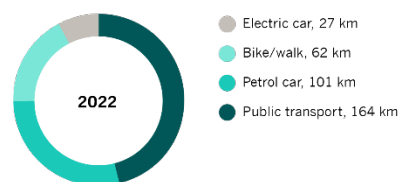
	2022	2021
Gross direct emissions (tCO ₂ e) – Scope 1	0	0
Gross market-based indirect energy (tCO ₂ e) – Scope 2	60	52
Gross location-based indirect energy (tCO ₂ e) – Scope 2	8	6
Gross other indirect emissions (tCO ₂ e) – Scope 3, of which	197,799	207,540
Business travel	156	85
Employee commuting	48	59
Purchased goods and services	1,732	1,586
Investments	195,863	205,810
Total emissions (tCO ₂ e)	197,867	207,598
Emission intensity: tCO ₂ e/Revenue €m	2,931	3,932
Emission intensity: tCO ₂ e/FTE	1,070	1,289

CapMan Group Scope 1-2 GHG emissions



CapMan Group Share of renewable electricity (%)



CapMan Group Scope 3 - Investments (tCO₂e)**CapMan Group Scope 3 - Business travel & commuting (tCO₂e)****CapMan Group breakdown of commute (km)****Investments**

The by far largest GHG emissions impact comes from our investments. Our portfolio comprising 39 companies and 223 properties had an aggregate GHG emission footprint of 195,863 tCO₂e for 2022.¹

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 companies that have a high Scope 3 emissions from upstream purchased goods and services, such as raw materials.

¹ Scope 3 emissions from CapMan's investments include Scope 1-3 emissions from the underlying companies and assets adjusted for CapMan's ownership. Availability of Scope 3 emissions has improved from 2021 but remains incomplete. Absolute emissions include estimations in instances where actual emissions have not been available.

Emissions intensity of CapMan's investments

There is great variability of emissions 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 the figure is not comparable with 2021 due to significantly more companies reporting Scope 3 emissions for 2022. Emissions intensity decreased overall due to CapMan Nordic Infrastructure II fund's exit from Norled. When excluding investments and divestments made during the reporting period, comparable emissions intensity increased for Buyout, Growth and Infra investment strategies and decreased for Special Situations.

As more portfolio companies set Science Based Targets (SBTs) and as portfolio companies and assets reduce their emissions in line with the targets, emission intensity for funds is likely to reduce over time. The effects are expected to be demonstrated long term as CapMan continuously acquires additional portfolio companies and assets in its funds that may be in the beginning of their emission reduction journey. Therefore, it is more relevant to look at how many companies set SBTs. CapMan may invest in companies and assets with initially high emissions that have transformation potential, and set them on a trajectory towards 1.5°C.

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

³ Scope 3 GHG emissions based on the fund's ownership i.e., not equal to aggregated portfolio company emissions

GHG emissions intensity of CapMan's funds under management

Fund	Scope 1-2 tCO ₂ e ²	Scope 3 tCO ₂ e ³	MEUR invested ⁴	Scope 1-2 emissions intensity ⁵	
	2022	2022	2022	2022	2021
CapMan Buyout XI	322	11,966	46.9	6.9	6.7
CapMan Buyout X	7,079	11,168	63.6	111.4	76.4
CapMan Buyout IX	10,707	85,304	50.8	210.8	149.9
CapMan Growth I	666	5,061	20.1	33.1	16.6
CapMan Growth II	859	3,617	51.2	16.8	12.1
CapMan Special Situations I	1,935	5,649	22.1	87.4	134.4
CapMan Nordic Infrastructure I	5,468	1,109	115.5	47.3	367.4
Capman Nordic Infrastructure II	1,040	1	8.0	130.7	n/a
Infra mandates	2,568	3,502	49.0	52.4	59.3
Nest Capital III	2,247	13,752	56.2	0.0	n/a
CapMan Nordic Real Estate I	283	696	34.4	8.2	6.6
CapMan Nordic Real Estate II	2,846	842	291.0	9.8	9.5
CapMan Nordic Real Estate III	1,155	222	219.8	5.3	9.5
CapMan Hotels II	197	7,257	396.5	0.5	3.4
CapMan Residential	1,518	381	486.4	3.1	2.1
CapMan Nordic Property Income	357	571			
Kokoelmakeskus	1,222	0	58.3	21.0	10.7
BVK	2,844	843			
RE II	609	0	75.8	8.0	6.0
Total	43,923	151,940	2,046	19.9	32.9

⁴ Investment cost of the unrealised portfolio

⁵ Scope 1-2 tCO₂e/MEUR invested.

Science based approach to setting climate targets

CapMan's science based GHG emission targets (SBTs) were validated by the Science Based Targets initiative in 2023. Our objective is to reduce greenhouse gas emissions following a 1.5°C aligned pathway and set a target for net-zero emissions by a date to be established during 2023. Being on track with regards to these targets aligns our business, including our investments, with the Paris Agreement, a treaty with the goal of limiting the rise in global temperatures to preferably 1.5 degrees.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Why SBTi?

Setting Science Based Targets and having them validated by the SBT initiative is considered best practice for setting greenhouse gas reduction targets. 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.

Scope 1 and 2 emission reduction

CapMan has set a target to reduce absolute Scope 1 and 2 GHG emissions 51% by 2032 from a 2021 base year. CapMan commits to increase annual sourcing of renewable electricity from 46% in 2021 to 100% by 2030. Next, CapMan will set a net-zero target for Scope 1 and 2 GHG emissions.

Scope 3 emission reduction

The majority of CapMan's Scope 3 emissions are generated through our investments. CapMan's targets for reducing Scope 3 under the SBTi guidelines for private assets companies are as follows:

Real Estate

CapMan commits to reduce its real estate portfolio GHG emissions from residential buildings within its direct investment portfolio 50% per square meter by 2032 from a 2021 base year.

CapMan commits to reduce its real estate portfolio GHG emissions from commercial (service) buildings within its direct investment portfolio 72% per square meter by 2032 from a 2021 base year.

The targets follow a sector decarbonisation approach.

Private Equity and Infrastructure

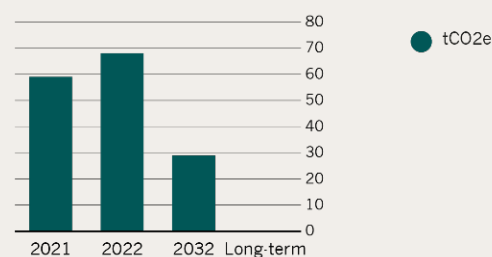
CapMan commits to 54.5% of its eligible private equity investments by assets under management setting SBTi validated targets by 2027, and 100% by 2032. The targets follow a portfolio coverage approach.

Although not explicitly part of CapMan's Science Based Targets, CapMan monitors the Scope 3 Emissions generated by employee commuting and business travel as company policy and employees can influence the direction of these emissions directly.

CapMan Group Science Based Targets overview

Scope 1&2 GHG emissions

CapMan Group Scope 1-2 GHG emissions



2022

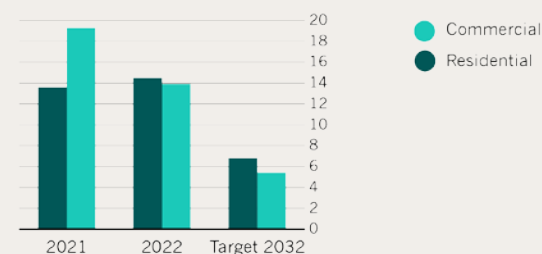
+17%

Target 2030

-51%

Real estate portfolio GHG emissions
(residential and commercial⁶)

CapMan Real Estate GHG intensity (kgCO2e/m2)



2022

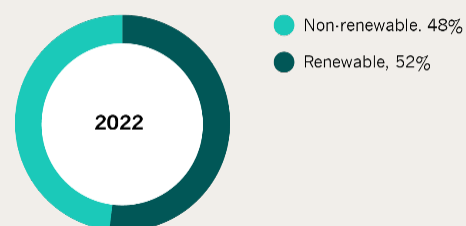
+7%
residential-28%
commercial

Target 2032

-50%
residential-72%
commercial

Renewable electricity sourcing

CapMan Group Share of renewable electricity (%)



2022

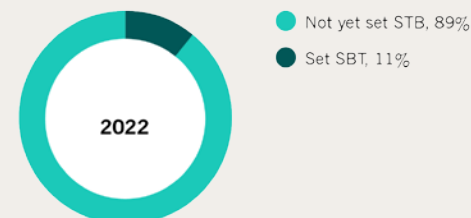
52%

Target 2030

100%

SBTi validated targets set by eligible private equity investments⁷

CapMan Group share of portfolio companies that have set SBT (%)



2022

11%

Target 2027

54.5%

Target 2032

100%

⁶ Commercial assets defined as service assets in SBT framework.⁷ Investments in Buyout, Growth and Infra where CapMan's ownership is 25% or more

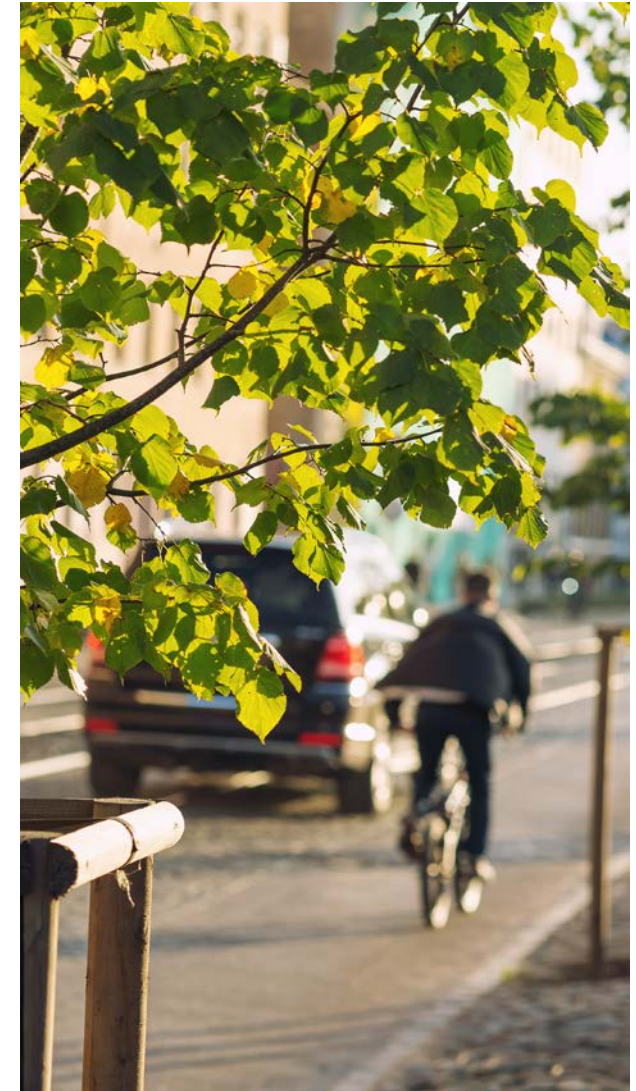
Action plan for environmental topics

Accomplished in 2022

- Collected GHG emission data for Scope 1-2 from all investments.
- Collected GHG emission data for Scope 3 investments from 95% of portfolio companies and 100% of properties.
- EU Taxonomy aligned physical climate risk assessments were conducted for 37 real estate assets. CRREM transition risk assessment was conducted for all standing assets.
- Physical (EU Taxonomy aligned) climate risk assessments were also conducted for all new real estate acquisitions.
- Established a GHG emission baseline for all investments.
- Set science based targets for CapMan Group.
- 11% of portfolio companies as per applicable private equity AUM have set Science Based Targets for GHG emission reduction.
- GHG emission reduction targets have been set for 83% of residential real estate assets and 85% of commercial real estate assets based on AUM.

Next steps

- Adopt WWF Green Office environment management system and develop emission reduction plans for CapMan Group.
- Encourage portfolio companies to set science based targets and develop emission reduction plans.
- Encourage understanding of nature dependencies, impacts, risks and opportunities at portfolio companies and real estate where environmental aspects are material (based on double materiality).
- Calculate embodied carbon for real estate and set a net zero target covering whole life-cycle carbon.
- Set science based targets for at least 2/3 of the real estate assets and develop emission reduction plans.
- Continue physical and transitional climate risk assessments for new real estate acquisitions. Conduct CRREM (transition risk) assessment annually for all real estate assets.
- Additional physical climate risk assessments for selected assets.
- Continue to implement environmental targets as outlined in the Real Estate ESG programme.



TCFD report for 2022

CapMan makes the following disclosures to describe its process to address climate risks and opportunities.

This inaugural Task Force on Climate-related Financial Disclosures (TCFD) report highlights our process for implementing climate risk assessment across our activities and to linking climate-related metrics to our financing instruments.

Action plan

CapMan's action plan on climate change follows the recommendations from PRI "TCFD for Private Equity General Partners: A Technical Guide", which addresses each pillar of the TCFD in turn, and outlines a series of actions for private equity GPs in each specific pillar. We have highlighted the corresponding actions taken by CapMan over the past year in support of these pillars.

Metrics and highlights:

197,900 tCO₂e

CO₂e emissions, CapMan Group

662,200 tCO₂e

aggregate CO₂e emissions, CapMan investments

800 GWh/year

renewable energy produced by portfolio companies

100%

of portfolio companies and real estate assets that provide carbon footprint information (at least Scope 1-2)

66%

of portfolio companies' senior management oversees and/or manages climate-related risks

EUR **40** million

sustainability-linked bond issued by CapMan Plc in 2022

Pillar 1: Governance

Objective 1: Raise climate awareness throughout the organisation

Actions:

- Internal awareness building through training.
- Training on climate change for Management Group, Partners organised by the ESG team.
- Shared information and best practices regarding how to take climate-related actions in an internal ESG working group.
- Set up the ESG Academy to share ESG insights internally.

Portfolio companies:

- Two trainings conducted for all portfolio companies on how to report on emissions.
- Engaged with portfolio companies that identified climate related topics as material and supported them in incorporating the insights into their value creation plans.

Real estate:

- Various internal trainings, such as those on the EU Taxonomy and climate risks, have been completed at CapMan Real Estate for all employees in order to raise awareness about various frameworks and understand the possible implications from physical and transitional climate-related risks.
- Technical property managers are instructed to assess possible flooding risks at the sites each year as part of annual property audits. Instruction have been provided.

External initiatives & outreach, collaboration

- Committed to Science Based Targets and set reduction targets as a private equity company. The targets were validated in 2023.
- Joined the PRI affiliated initiative Climat International (iCI), joined the net-zero working group.
- Participated in the Data Convergence Project to provide a standard set of ESG metrics for private companies, including GHG emissions and renewable energy use.

- Participated in and hosted Finsif and Swesif seminars and events.
- Served as an active member of the ESG working group at FVCA sharing knowhow, experience and best practice for climate-related impacts.
- Participated in the Green Building Council in Finland in order to promote and learn best practice in climate risk assessments and climate-conscious building.
- Participated in '1 degree lower' energy saving initiative during the heating season 2022-2023, initiated by Motiva Ltd.
- Spoke at several conferences and forums regarding the role of private assets in enabling a green transition.
- Supported one student to conduct a climate-related academic theses.
- Collaborate with the private asset industry: CapMan joined the Initiative Climat International in order to work together with other private equity firms. This is to ensure that we are aligning with an international framework.
- CapMan joined UN Global Compact in August 2022.

Objective 2: Define a climate-dedicated governance

Climate governance is part of sustainability governance. During 2022, CapMan further developed its governance model to include climate-related risk oversight.

Overall **climate oversight** lies with CapMan's Board of Directors through the Audit and Risk committee.

Climate **oversight responsibilities** are the responsibility of the Management Group.

Investment team heads (part of Management Group) bear responsibility of the **assessment of climate risks and opportunities** as part of the investment and value creation process.

Integration of climate assessments is conducted by the investment teams and the sustainability team.

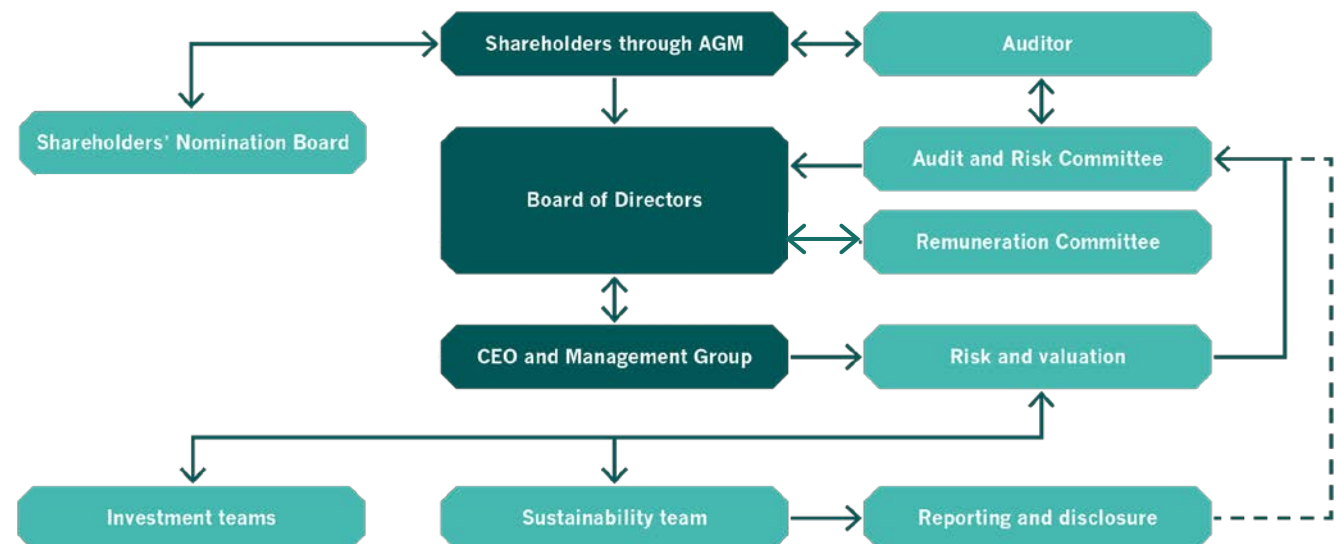
Reporting and follow-up on the effectiveness of initiatives lies with the sustainability and reporting functions.

The investment teams **implement climate management plans** in portfolio companies and assets.

Actions:

- Formalise the oversight role for ESG activities.
- Align with international frameworks.

Description of governance framework at CapMan



Pillar 2: Strategy

Objective 1: Conduct materiality analysis on current portfolio holdings to identify climate risk exposure

Actions

1. Identify how climate risks and opportunities impact investment areas and establish investment strategy-specific guidelines for due diligence and assessment.
2. Establishment and update of ESG policy that includes approach to climate opportunities and risks.
3. Materiality analysis of whether climate change contributes significantly to CapMan's operations and the investment activities.

Real estate:

Conducting physical climate risk assessments for all new acquisitions and selected standing investments.

- The assessments are in line with the EU Taxonomy technical criteria and include asset-level adaptation plans.
- The climate risk assessments consider the relevant environmental emission scenarios, or Representative Concentration Pathways (RCP), in order to effectively propose adaptation solutions.
- RCP8.5, also known as the business-as-usual scenario, assumes high emissions that continue to increase after 2100.

- RCP4.5 is an emissions scenario where global emissions are reduced, and the climate impact stabilizes by 2100.
- RCP8.5 and RCP4.5 are likely to be chosen to reflect the probable future scenario within the expected lifespan of longer than 50 years.

Conducting CRREM assessments to identify transitional risks for all new acquisitions and standing investments on an annual basis.

- The CRREM assessments are done against both energy intensity and greenhouse gas intensity 1.5°C decarbonization pathways.

Portfolio companies:

- Development and implementation of an ESG risk and value creation tool to identify climate change mitigation and/or adaptation value creation opportunities and risks in potential new investments.
- Identify the industries, activities and individual companies that significantly contribute GHG emissions following a materiality analysis.
- Establish and implement emission reduction plans for these companies.
- Support portfolio companies in setting Science Based Targets.

Pillar 3: Risk management

Objective 1: Define key climate performance indicators for each portfolio holding

Real estate:

- Number of conducted climate risk assessments
- Stranding year per asset (CRREM)

Portfolio companies:

- Establish and implement Scope 1, 2 and 3 GHG emission reduction plans for companies which have a high exposure to climate change.

Objective 2: Fully integrate climate considerations within the investment process

Actions for investments:

An initial implementation of a climate risk materiality analysis to include physical and transition risks in the process.

A sustainability check is conducted for investments for all Article 8 funds when climate considerations are recognised as environmental characteristics for the fund.

Introduce climate change related KPIs to sustainability-linked financing for portfolio companies and real estate.

For all new acquisitions, CapMan Real Estate will carry out an ESG Due Diligence Study (ESG DD).

- The ESG DD will always identify various ESG parameters, including energy consumption, greenhouse gas consumption, water use, and waste consumption.
- Energy and GHG emissions intensities are calculated and compared to CRREM 1.5°C decarbonization pathways and Science Based Targets, in order to see what carbon and energy reduction actions need to be taken for the asset to be aligned with CRREM 1.5°C aligned energy and GHG trajectories.
- New assets are also assessed to determine what actions could be taken to align them with the EU Taxonomy climate change mitigation and or climate change adaptation technical criteria.
- The ESG DD includes red flags and identifies the scope of the climate risks, the level of severity, and proposed actions that can be taken to mitigate the risks.

ESG Business Plans are created for all new acquisitions.

- Based on the ESG DD findings, proposed actions to address and mitigate physical and transitional climate-related risks are included

in the ESG business plans (i.e., the asset management plans).

- Recommended actions are put forward, along with an EU Taxonomy assessment with a recommendation for reaching alignment.

Objective 3: Support holdings with tools and recommendations to address climate change

Portfolio companies:

- Implementation of the ESG value creation tool identifying climate-related risks and opportunities in the portfolio companies.
- Collection of GHG emissions for 39/39 portfolio companies.
- Recommendations for climate change specific considerations in environmental policies available for portfolio companies.
- Supporting portfolio companies in setting Science Based net-zero targets aligned with a 1.5°C trajectory.
- Support assessment of physical and transitional risks from climate change for companies where climate change is identified as a significant risk factor and establish adaption and mitigation strategies.

Real estate:

- CapMan Real Estate aims increase the share of EU Taxonomy alignment of its properties.
- This entails conducting climate risk assessments and creating adaptation plans

for the appropriate assets in order to assess what actions should be taken at the asset level.

- The CRREM tool and its 1.5°C decarbonization pathway is utilized annually to conduct assessments for all assets.
- These assessments are used to demonstrate the energy and emissions stranding year for each property and additionally to see how these stranding years are impacted by making various ESG improvements.
- As part of the company's ESG Strategy, CapMan Real Estate aims to assess both physical and transitional climate-related risks for all assets and continues to make improvements to the risk assessments and adaptation plans.

CapMan will proceed with conducting climate scenario analyses in order to integrate climate-related risk assessment further in the investment decision making process.

Pillar 4: Metrics and targets

Objective 1: Conduct yearly reviews of portfolio holdings to assess progress towards climate objectives

CapMan reports progress on achieving the Science Based Targets in the Climate section of this report and plans to report on the climate risks of CapMan Real Estate assets in the future.



2: Meaningful work in a diverse and inclusive workplace


Cecilia
Marholm





Employee wellbeing in focus

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. The same applies for real estate, as we invest in and develop properties that support the objectives of tenants and their stakeholders. We believe that this makes the companies and properties more valuable—not only for us but for future owners and the society as well.

Management of material social topics

	Actual and potential impacts	Involvement in the impacts	Policies or commitments	Actions taken	Tracking effectiveness	Engagement
<p>Talent development and retention, employee wellbeing:</p> <p>Training and education</p> 	<p>The development of the competencies and professional skills of all employees is a fundamental part of CapMan's corporate culture. Providing employees with opportunities for learning and an understanding of stakeholder needs are required for continued competitiveness. Actively pursuing professional development ensures that knowledge and skills stay relevant and up to date. Additionally, competence development generally improves employee motivation, which can benefit employee engagement.</p>	<p>Training and education is significant both through CapMan's own operations as well as through the portfolio companies in which its funds under management invest.</p>	<p>CapMan describes its approach to training and education in its People Policies. CapMan offers opportunities for professional development by providing different types of training on a case-by-case basis. The aim for all individual training or team training is to reward, motivate and actively encourage the employees to develop skills and ways of working as well as to develop CapMan as a company.</p>	<p>CapMan has developed and expanded its available training modules and offers additional opportunities to participate remotely or through a recorded training session.</p>	<p>All new employees undergo predefined training modules to learn about the organisation and processes. CapMan tracks the participation in mandatory corporate training. Competence development is tracked through the employee satisfaction survey and reflected in the eNPS score, which is used to measure the meaningfulness of work. eNPS is used as a general KPI to measure the effectiveness of CapMan's social actions related to an attractive, diverse and inclusive workplace.</p>	<p>CapMan collects feedback from employees and managers through an employee survey and development discussions, which form the basis for its approach to competence development.</p>



	Actual and potential impacts	Involvement in the impacts	Policies or commitments	Actions taken	Tracking effectiveness	Engagement
<p>Employee diversity and equity, board diversity:</p> <p>Diversity and equal opportunity</p> 	<p>CapMan's organisation and activities should reflect its stakeholders and markets in which the company operates. CapMan believes that companies that take into account diversity, equity, and inclusion also tend to be more innovative and profitable, which in turn has positive effects on the societies in which the companies operate.</p>	<p>Diversity, equity and inclusion is significant both through CapMan's own operations as well as through the portfolio companies in which its funds under management invest.</p>	<p>All employees must be treated fairly and equally. CapMan has committed to set mid- and long-term percentage targets by end of 2023 on gender diversity, including targets for appointments for Management Group and Partner level, and targets for new recruits throughout the CapMan organisation. DEI is integrated into CapMan's HR policy.</p>	<p>Diversity and inclusion is measured by age, location and gender distribution. Due to the small number of employees at certain locations, a complete breakdown across employee groups is not provided.</p>	<p>CapMan has set up goals to improve diversity across the organisation, including the Management Group, and to improve the reported sense of inclusion, which is monitored through its employee satisfaction survey. eNPS is used as a general KPI to measure the effectiveness of CapMan's social actions related to an attractive, diverse and inclusive workplace.</p>	<p>CapMan utilises an internal diversity, equity and inclusion (DEI) working group to establish guidelines and recommendations for managing DEI-related topics.</p>
<p>Performance based remuneration:</p> <p>Non-discrimination</p> 	<p>Combating discrimination is important to safeguard human rights especially of vulnerable or under-represented groups. Adherence to non-discrimination policies also helps retain talent, ensures that individuals are not missing out on development opportunities, or the company on income generation opportunities.</p>	<p>Combating discrimination is significant both through CapMan's own operations as well as through the portfolio companies in which its funds under management invest.</p>	<p>Discrimination on the grounds of age, disability, ethnic origin, family commitments, gender, gender identity, political attitude, employees' representative activities, religion, sensitive medical conditions, sexual orientation, social background, or other personal characteristics is prohibited.</p>	<p>A commitment to human rights was added to CapMan's Code of Conduct and Supplier Code.</p>	<p>CapMan tracks transgressions through its whistleblowing channel and reports them to the Board of Directors.</p>	<p>CapMan promotes the use of its whistleblowing channel to encourage internal and external stakeholders to report any incidents of discrimination.</p>

Attractive workplace

Happy employees are key for increasing the meaningfulness of work. We monitor employee satisfaction and recommend our portfolio companies to do the same.

CapMan strives to create a positive work environment that promotes the wellbeing of CapMan's approx. 200 employees. CapManians are characterised by ambitious and entrepreneurial attitudes and inspired, forward-looking way of working. By aligning work with our values and providing meaningful jobs, we strive to attract and retain the best talent in the industry.

Wellbeing at work is supported by broad access to healthcare and other benefits as well as employee-initiated social activities and events, such as joint lunch runs, pilates at the office, and breakfasts and after work events. CapMan also provides tools and guidelines for retaining a healthy work life balance.

58 eNPS

Employee satisfaction
in 2022



CapMan received a Future Workplaces Certificate for 2022. The certification is granted based on the Signi survey, to workplaces where company culture is led with exceptional employee insight.

We live by our core values:

ACTIVE OWNERSHIP

Active ownership is the basis for all our actions. We deliver innovative solutions proactively and with a hands-on approach. We create lasting value by working closely with all our stakeholders.

DEDICATION

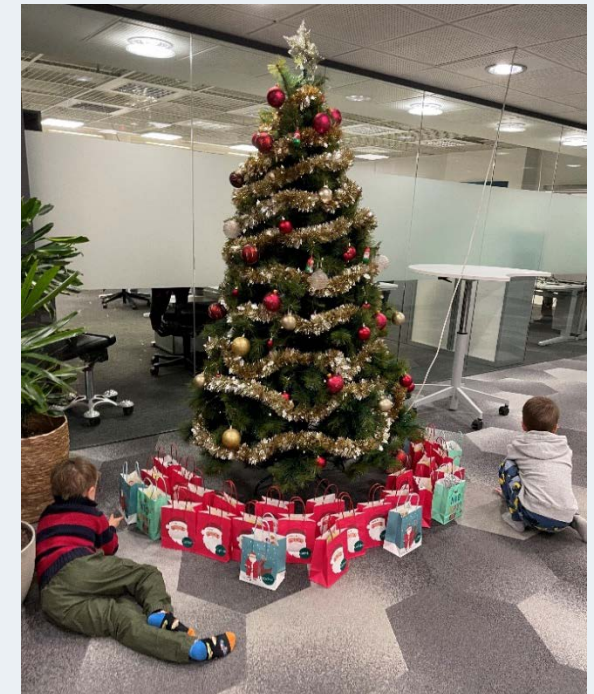
We are committed to entrepreneurial drive. We are hungry but humble and encourage continuous development and learning.

HIGH ETHICS

We believe in integrity and transparency. We are a reliable partner and responsible owner respecting all our stakeholders. We always consider the long-term impacts of our actions.

A healthy work life balance

CapMan provides tools and guidelines for retaining a healthy work life balance. We are a family friendly employer and offer generous parental leave and flexible working hours. Around the Holidays, employees' children were invited to the office for breakfast complete with a Santa workshop and goodie bags.



CapMan Mentors



CapMan organised a mentorship programme for entrepreneurs and small businesses through its foundation CapMan for Good. In the programme, CapMan employees, alumni or other people part of CapMan's network mentored eight companies and entrepreneurs and supported them in the establishment of business plans, obtaining financing and guiding them through exits.



Training and education

CapMan is committed to continuous learning and development. In 2022, the following topics were in focus:

Leadership training: We believe that all success is based on good leadership, and we seek to ensure that CapMan leaders have all the needed capabilities and competencies for responsible leadership. In 2022, CapMan arranged leadership trainings that consisted of group sessions focusing on leadership principles and best practices sharing. CapMan also organised **Manager briefs** for team leaders.

Negotiation and presentation skills: This training programme is designed to develop and strengthen negotiation and selling skills and provide tools for strong presentation and communication especially for investment professionals. Training sessions were organised in Helsinki and Stockholm.

ESG training: In 2022, CapMan held 40 internal training sessions on ESG topics, such as Science Based Targets and ESG value creation opportunities, throughout the year to increase in-house expertise and awareness. CapMan also held training sessions for portfolio companies, external property managers and hotel operator tenants to increase ESG awareness. Persons involved in ESG policy, investment decisions and reporting have also participated in industry specific external ESG training. CapMan works together with consultants and service providers to improve its understanding of the application of ESG topics and

materiality. To meet the need for ESG know-how and to ensure that ESG is fully integrated into all aspects of the organisation, CapMan established **CapMan ESG Academy**, an internal training programme. More information about the programme is presented on page 48.



Introduction days: CapMan organises two-day introductory events for new employees. At the Introduction Days, new employees obtain a comprehensive overview of CapMan's business areas, culture and organisation. The event is held semi-annually, and in 2022 approximately 60 employees across all CapMan offices participated.

In addition to these topics, training modules offered to employees include project management skills, compliance, anti-money laundering, anti-bribery & -corruption and media training, as well as substance-specific training based on the professional role.

Career development and performance reviews

While CapMan does not offer formal upskilling or transition assistance programs, our managers regularly conduct assessments of the skills required to be successful in our industry. CapMan management are encouraged to offer trainings and opportunities to build on specific skills required to excel in the current positions in the team or to transition to new roles within CapMan.

CapMan has a Career landscape programme that evaluates various steps in each individual's career development. The programme was developed in 2022 and launched in 2023.

All employees received a regular performance and career development review in 2022 as part of CapMan's employee evaluation and development process.

Diversity, Equity and Inclusion

Improving the diversity, equity and inclusion of our work community is important to ensure that our employees are content and contribute to our joint goals. Considering the current conditions in the private markets industry, taking diversity, equity and inclusion aspects into account is also a way to make sure that we do not miss out on talent.

CapMan aims to recruit people who combine talent, education and skills with great attitude and drive. We also believe, that Diversity Equity and Inclusion (DEI) bring value to our organisation in the form of diverse perspectives and ideas, which are inextricably linked to our success. CapMan is committed to promoting an equal distribution of genders across all positions and career steps in the company. This is supported by a recruitment process and a framework for promotions and internal recruitments that prioritises the experience and knowledge needed in the position as selection criteria over gender, age, or other non-job-related traits. When recruiting, we aim to consider different backgrounds and strengths while challenging our unconscious biases and ideas of ideal candidates to utilise the whole competence potential.

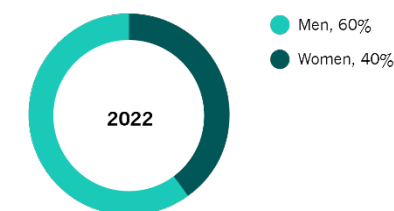
We expect understanding of DEI also from our recruitment partners and other service providers. In 2022, discussions regarding employee diversity and creating a strategy for development took place throughout the organisation and also on Management Group level.

DEI Working Group

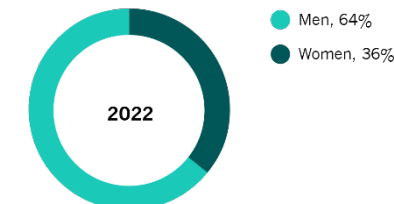
CapMan established an internal working group that focuses on highlighting DEI issues across the organisation. The group consists of a diverse group of members across teams, functions, seniorities and geographic locations. The working group is sponsored by the Audit and Risk Committee Chair of CapMan's

Board of Directors. The goal is to continuously increase diversity, especially on a decision-making level, including Management Group, investment professionals and partners.

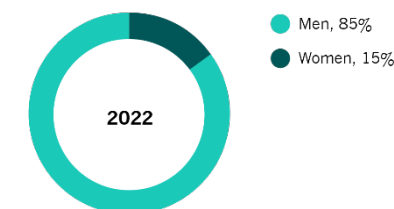
CapMan Group breakdown of gender diversity (employees)



CapMan Group breakdown of gender diversity (management)



CapMan Group breakdown of gender diversity (investment professionals)



Action plan for Social topics

Accomplished in 2022

- Establish a DEI policy and an internal DEI working group.
- High employee satisfaction maintained.
- Human rights integrated into Code of Conduct, People policies and Supplier Code.
- First ever tenant satisfaction survey conducted for all Real Estate tenants.

Next steps

- Improve transparency regarding remuneration.
- Set mid- and long-term percentage targets on gender diversity at CapMan, including targets for appointments for Management Group and Partner level.
- Implement actions to improve portfolio company and tenant satisfaction.
- Conduct a Human Rights value chain salient risk assessment & analysis on how to close potential gaps for CapMan Group and our investment and service teams.

CaPS and CapMan networks raise EUR 210,000 for the Tukikummit foundation to prevent marginalisation of children and youth

CaPS and CapMan networks cooperate with the Tukikummit foundation to prevent the marginalisation of youth and children in Finland. In 2022, EUR 210,000 was raised and donated to the cause. We have raised approx. EUR 1.2 million for the Tukikummit foundation since 2014 and the contributions have reached more than 14,000 children and youth in Finland. The co-operation between CapMan for Good and Tukikummit has intensified in 2023 with CapMan for Good taking on the administration of the Tukikummit foundation and further developing its mission and reach.




A photograph of three people (two men and one woman) sitting on a grey sofa, engaged in a discussion. They are all wearing microphones. The man on the left is bald with glasses, wearing a blue suit. The man in the middle has short hair and glasses, wearing a dark blue suit. The woman on the right has long hair and glasses, wearing a dark blue top. They are all smiling and looking at each other. The background is a light pink wall with some faint, stylized graphics. In the foreground, there are two small, round, dark blue tables. One table has a small vase with green flowers on it.


3: Accountability, transparency & executive level diversity

Sustainability Governance


Sustainability is an integral part of CapMan's corporate governance. CapMan works to improve the accountability of sustainability work and to report transparently to stakeholders. CapMan works to leverage the high standards of professional conduct by requiring the same from all portfolio companies.

Management of material governance topics

	Actual and potential impacts	Involvement in the impacts	Policies or commitments	Actions taken	Tracking effectiveness	Engagement
<p>Active ownership, compliance with laws and regulations, ethical business practices that are based on CapMan's values:</p> <p>Anti-corruption</p> 	<p>CapMan can be exposed to corruption and bribery through its investments, customer relationships and supply chains, which may negatively impact the realisation of human rights especially for disadvantaged groups of people. In contrast, efficient anti-corruption measures, including processes to manage conflicts of interest, help strengthen the rule of law and the functioning of institutions and processes. If CapMan fails to adequately combat corruption in its operations, CapMan can face reputational risks, legal risks, business risks, and potential costs.</p>	<p>Taking sufficient measures against corruption is significant both through CapMan's own operations as well as through the funds that it manages.</p>	<p>CapMan has zero tolerance for corruption and expects the same commitment from its employees, investors, customers, suppliers, and other business partners. As a policy, Group employees do not offer or receive gifts, hospitality and other such benefits if they create or may create improper influence. CapMan has internal policies in place to guide decisionmakers in terms of conflicts of interest. The processes are described in detail in CapMan's anti-bribery and anti-corruption policy. Risk management criteria to assess anti-corruption behaviour take into account the location and nature of operations. Operations based in the Nordic countries lower the risk of corruption.</p>	<p>The risks are mitigated, for example, by implementing a code of conduct, training personnel on the identification of corruption risks and different manners of corruption in CapMan's business context, screening of investments and customers against international norms and standards, ensuring appropriate systems and controls to identify, disclose and manage conflicts of interest,' and by recognising anti-corruption measures in the supplier code of conduct. Further, KYC processes can help identify corruption risks.</p>	<p>Code of conduct training is mandatory for all employees. Training procedures, practices and platforms are regularly reviewed. There is specific training for employees who have a key role in overseeing anti-corruption training. CapMan tracks the participation in trainings as well as confirmed incidents.</p>	<p>CapMan provides regular updates to the Board of Directors and Management Group. Discussions with and reporting requests by large investors have influenced the formulation of the policies, procedures, and targets.</p>

	Actual and potential impacts	Involvement in the impacts	Policies or commitments	Actions taken	Tracking effectiveness	Engagement
<p>Active ownership, compliance with laws and regulations, ethical business practices that are based on CapMan's values:</p> <p>Anti-competitive behaviour</p> 	<p>Fair dealing and fair competition help foster a healthy business environment, including workers' rights, supplier relationships and innovations. As a consequence, CapMan does not engage in anti-competitive practices. The company's activities are organised in a manner that is compliant with applicable anti-trust and competition laws.</p>	<p>The approach to anti-competitive behaviour is significant both through CapMan's own operations as well as through the funds that it manages.</p>	<p>Anti-competitive behaviour is covered in CapMan's Code of Conduct and trainings related to CapMan's Code of Conduct are provided to all new employees and frequently to all employees.</p>	<p>The topics is included in the investment process with training for employees that are considered particularly exposed to this topic.</p>	<p>Investments undergo a review by the case team and in significant cases local competition authorities in order to ensure that they do not promote anti-competitive behaviours. CapMan regularly reviews its processes for managing anti-competitive behaviour.</p>	<p>CapMan conducts regular reviews by the Board of Directors and Management Group and discussions with and reporting requests to large investors have influenced the formulation of the policies, procedures and targets.</p>
<p>Tax responsibility</p> <p>%</p>	<p>Meeting tax obligations is part of CapMan's corporate responsibility. By paying taxes, companies contribute to the societies in which they operate. Private asset funds, such that CapMan manages, have an important role in the Nordics by attracting international capital into the region and thereby supporting growth, development and employment.</p>	<p>The approach to taxation is significant both through CapMan's own operations as well as through the funds that it manages. The fund structures used by CapMan attract international investors to invest in the Nordic countries.</p>	<p>CapMan complies with applicable tax laws, tax treaties and relevant international guidance. CapMan's fiduciary duty towards our shareholders extends to managing our tax affairs in a responsible way.</p>	<p>CapMan pays taxes in the countries in which its actual business operations take place. Practices aimed at tax avoidance are prohibited.</p> <p>CapMan follows transparent communications practices towards its shareholders, investors in its funds, and the public. We comply with laws and regulations in all our operations.</p>	<p>CapMan has zero tolerance for tax avoidance or tax evasion. CapMan regularly reviews fund structures and agreements through a tax perspective in order to ensure that tax practices are complied with.</p>	<p>CapMan strives to communicate transparently with all external and internal stakeholders on tax issues and deal with tax authorities in a timely and professional way.</p>



	Actual and potential impacts	Involvement in the impacts	Policies or commitments	Actions taken	Tracking effectiveness	Engagement
<p>Active ownership, compliance with laws and regulations, ethical business practices that are based on CapMan's values:</p> <p>Customer privacy</p> 	<p>Protecting customers, investors and other stakeholders' personal data is of utmost importance. CapMan operates in the asset management sector, which is a highly regulated industry and characterised by a large amount of personal data processing. CapMan can face reputational risks, legal risks, business risks, and potential costs if it fails to comply with data privacy regulations and guidelines.</p>	<p>Data security is significant both through CapMan's own operations as well as through the portfolio companies and properties in which its funds under management invest.</p>	<p>CapMan undertakes to keep collected and processed personal data safe and to inform the data subjects of all data usage purposes as well as the data subject's rights. The policies are described in detail in CapMan's privacy notices tailored for different data subjects.</p>	<p>CapMan monitors any data breaches and organises internal training sessions and information campaigns regarding cyber security, GDPR and data protection.</p>	<p>CapMan monitors data breaches and leaks. The target is zero data privacy transgressions.</p>	<p>CapMan updates its policies and processes regularly following regulatory developments, feedback from its internal and external stakeholders and any significant events.</p>

Organisation of decision making

Sustainability is at the heart of CapMan's strategy. One of the key tasks of CapMan's Board of Directors is to approve and monitor the progress of the strategic goals, including identifying and linking them to sustainability impacts sustainability aspects. The Board has mandated the Audit and Risk Committee to monitor and assess company's internal control and risk management systems, and as part of that duty the Audit and Risk Committee reviews the progress of CapMan's sustainability agenda and monitors the sustainability-related processes and controls. In 2022, the Audit Committee convened five times. Sustainability was discussed in one meeting specifically and in another meeting as part of the overall risk assessment. The Audit and Risk Committee has sustainability as a regular item in its meetings starting from the third quarter of 2023, and it can give recommendations to the organisation on sustainability matters, including the assessment and management of sustainability impacts.

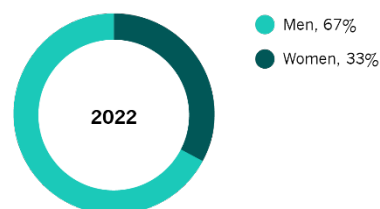
The Audit and Risk Committee oversees the due diligence process by ensuring that the organisation has correct and sufficient resources to comply with the requirements.

CapMan's sustainability agenda, including sustainability goals, strategies and policies, is prepared by the ESG organisation headed by the Head of ESG, who is also a management group member as of February 2023. CapMan has a cross-team ESG

working group contributing to the ESG work and sharing information across the organisation. The Management Group reviews and approves the ESG-related policies.

The Board has approved all Management Group appointments. ESG impacts are delegated to the CEO by the Board as part of the CEO mandate. The Board Charter states that sustainability is discussed at least once a year in the Board meeting and as of the third quarter of 2023, sustainability will be a regular topic in the Audit and Risk Committee meetings.

CapMan Group breakdown of gender diversity (Board of Directors)



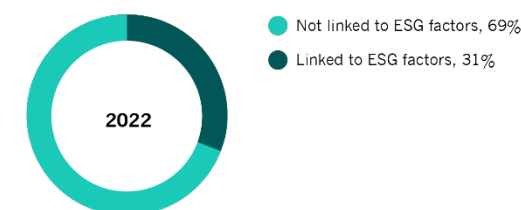
Accountability through remuneration

In order to improve accountability of the decision makers at CapMan and our portfolio companies, we integrate sustainability factors with remuneration.

At CapMan, sustainability targets have been integrated into variable remuneration as part of the performance share plan 2022 as well as variable remuneration. We also seek to integrate sustainability targets into executive remuneration for all 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 overall sustainability targets.

CapMan Group portfolio companies remuneration linked to ESG factors (%)



Fair dealing and fair competition

Fair dealing and fair competition help foster a healthy business environment, including workers' rights, supplier relationships and innovations. CapMan aims to avoid engaging in anti-competitive practices. The company's activities are organised in a manner that is compliant with applicable anti-trust and competition laws.

Anti-corruption and bribery

CapMan does not accept corruption or bribery in any form. Each CapMan employee, officer and director is personally responsible and accountable for knowing and complying with the anti-corruption and bribery policy, anti-corruption laws as well as the ethical and business standards outlined in the CapMan Code of Conduct. As of 2023, CapMan encourages its portfolio companies and service-providers, suppliers, and other

business partners and contractors to implement a similar policy or set of standards in their operations. Each employee has access to the anti-corruption and anti-bribery policy and instructions and is responsible for complying with them.

CapMan's expectations for portfolio companies:

- Implement a Code of Conduct in line with CapMan's Code of Conduct.
- Newly acquired portfolio companies conduct a materiality exercise and identify primary environmental and social impacts.
- Measure and follow up on the diversity in the portfolio company boards and management teams.
- Integrate sustainability targets with remuneration.
- Adopt sustainability goals and follow up on them at least once each year:

Executive level diversity

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.

Transparency

CapMan seeks to develop sustainability reporting to improve transparency on sustainability measures and to prepare for upcoming sustainability disclosure regulation.

CapMan also seeks to improve the transparency related to the ESG impacts of its funds under management and provide relevant disclosures according to SFDR and the Taxonomy Regulation.

Tax management

Tax management principles of CapMan Group and the funds it manages are aligned with CapMan's vision to be the most sustainable Nordic private asset company and overall strategy. CapMan's responsible tax management strategy supports our goal to be a positive influence in society and a role model for our investors, portfolio companies and collaboration partners.

Overview of CapMan's policies

CapMan has an extensive set of policies to ensure good governance and compliance with applicable regulations including regulation related to listed company status and financial industry. Most important policies are approved by the Board of CapMan Plc. Policies are periodically reviewed and updated. Below is a list of policies which can be considered as most relevant to CapMan's sustainability work. The list does not include all CapMan's policies and governance documents.

- Code of Conduct
- Supplier Code of Conduct
- Anti-Bribery and Corruption Policy
- Insider Management Policy
- Disclosure Policy
- AML/KYC Policy
- Remuneration Policies
- Data Protection Policy
- Whistleblowing Policy
- ESG Investment Policy
- Conflict of Interest Policy
- Risk Management Policies
- Valuation Policies

CapMan

ESG Academy



ESG Academy at CapMan

The ESG Academy is an internal training program at CapMan focused on ESG topics and issues that are relevant for our industry and operations. This program covers sustainability, responsible investments and corporate social responsibility, as well as topics like climate change, human rights, diversity and inclusion, and governance in how they relate to the private assets industry.

The goal of the program is to raise the awareness and understanding of ESG across CapMan, as well as to equip the participants with the knowledge and skills to incorporate ESG into investment decisions and business practices.

The Academy provides monthly 45-minute sessions provided by CapMan employees. The sessions are recorded, and all of the associated materials are available for review post-session.

Each session revolves around a specific topic. The following topics will be covered in 2023:

1. What is 'nature positive' and can CapMan and its investments achieve it – with examples from our portfolio companies.
2. Impact investing and CapMan
3. ESG Trends, and what are LPs looking for?
4. Diversity, Equity & Inclusion (DEI), and how it impacts the private asset industry and CapMan?
5. What is and how do we get to net-zero?
6. Supply chain sustainability: what is CapMan doing about it?
7. What is Materiality in the context of ESG?
8. Circularity as a goal and an investment – with examples from our portfolio companies.
9. Do happy workers make money for companies?
10. From ESG value erosion to ESG value creation – with practical examples.
11. How to incentivize ESG performance across the organization?

Action plan for Governance topics

Accomplished in 2022

- Link policies to global frameworks.
- Link remuneration to ESG targets.
- Link to Supplier Code of Conduct.

Next steps

- Continue improving sustainability reporting and prepare for upcoming regulatory frameworks.
- Develop and implement responsible supply change management.

Memberships and associations

CapMan is a member of the following national and international organisations and associations that promote sustainable investment in the private asset industry.

Association

Signatory of:



Principles of Responsible Investment – Promoting responsible investment practices globally



Initiative Climat International – Private equity industry action on climate



Science Based Targets initiative – Defines and promotes best practice in science based target setting



UN Global Compact – Promoting sustainable and socially responsible policies



Global Real Estate Sustainability Benchmark – Real assets reporting framework



Green Building Council Finland – Promoting sustainable practices in the construction industry



Finnish Sustainable Investment Forum – Promoting sustainable investment in Finland



Swedish Sustainable Investment Forum – Promoting sustainable investment in Finland



Finnish Venture Capital Association - A trade association representing Finland's private equity and venture capital sectors



Swedish Venture Capital Association - A trade association representing Sweden's private equity and venture capital sectors



Level 20 – An organisation promoting diversity and equality in the private equity industry



Invest Europe – A trade association representing Europe's private equity, venture capital and infrastructure sectors



European Investors in Non-Listed Real Estate - A trade association representing Europe's investors in non-listed real estate

Private Equity and Infrastructure investments



Highlights from the portfolio:

-6%

aggregate comparable
GHG emission reduction

30%

women, of appointments to
boards and management
teams in 2022, on average

69%

Human rights

3

companies have set GHG
reduction targets
under SBTi
(11% of eligible assets
under management)

76/100

average employee
satisfaction

50%

Diversity, Equity &
Inclusion

+2,516

new jobs created

60%

Cyber security

800 GWh

production of
renewable energy

34%

companies have linked
remuneration to ESG criteria

74%

Anti-corruption

69%

Whistleblowing

Aggregate GHG emission reduction excludes Credit as they did not report any emission information in 2021. Comparable figures include only portfolio companies that were held over 2021 and 2022.

Our private equity and infrastructure 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 point of view.

The geographic focus makes us relatively better positioned to invest in assets that have already reached a level of maturity in terms of sustainability. That said, the companies we invest in have not reached their full potential when it comes to sustainability factors. As an active investor, our role is to drive positive change in the portfolio companies with regards to a broad group of stakeholders.

We work with the companies to improve in areas that relate specifically to climate change impact, decent work and economic growth, and diversity.

Private Equity and Infra investments

40

companies

€1.3 bn

AUM

14,700

aggregation employees

€2.4bn

Aggregate turnover

Materiality for Private Equity and Infra investments

The following environmental, social and governance topics are considered having a material impact on CapMan's investments based on a materiality assessment that was conducted in 2022.

Materiality assessment

Material topics were selected based on input from CapMan's investment teams, portfolio company management and employees, and LPs.

Double materiality assessment of CapMan's investments:

The impact of private equity and infrastructure investments of CapMan's funds under management on ESG factors and impact of ESG factors on the investments.

MATERIAL TOPIC	SUB-TOPIC
ENVIRONMENT	
Climate change	Climate change mitigation (eg. GHG emission reduction scope 1, 2 and 3)
	Climate change adaptation (adjusting to current or expected effects of climate change)
Energy use	Energy use, efficiency
	Energy transition (towards renewables)
Impacts on nature	Impact on Biodiversity, habitats, or ecosystem
	Circular Economy approach
	Water use and emissions
	Waste management
SOCIAL	
Job creation	Job creation
Diversity	Diversity, Equity and Inclusion
Supply chain management	Supply chain management
Human rights	Human rights
Health and safety	Health and safety
GOVERNANCE	
Good governance	Compliance with laws and regulations
	Anti-bribery and corruption
	Fraud
	Anti-competitive behavior
Cyber Security	Cyber Security
	Data integrity, security and privacy

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. The process has been developed further in 2022 and is implemented as follows going forward:

Sourcing and Screening

In addition to an initial ESG risk assessment to identify any red flags, a screening is conducted based on Fund Level and CapMan's restricted sectors.

ESG Due Diligence and Value Creation tool

CapMan utilises a proprietary desktop analysis tool for identifying ESG value creation opportunities, risks and material topics. The tool is utilised throughout the investment process from screening through investment and establishment of the value creation plan.

Due Diligence Process

The internally driven process follows CapMan's proprietary Due Diligence framework and is supported by the ESG Due Diligence and Value Creation tool. The process can further be supported by external consultants.

A materiality analysis identifies relevant ESG topics, which are assessed, determining the level of maturity each investment opportunity has, as well as the key ESG-related risks and opportunities.

The maturity assessment provides insights of actions to be taken that would preserve and create value from an ESG perspective.

Based on these insights, an initial ESG value preservation and creation plan is created.

The implications of EU regulation are analysed, based on fund specific requirements and classifications.

Before Signing and Closing of Investment

Findings from the above steps are used to create an initial value creation plan & metrics and are included in Investment Committee materials.

Ownership and Value Creation

ESG preservation by ensuring a minimum level of SEG compliance.

In line with CapMan's active ownership values, initiatives that have a value building impact from an ESG perspective are implemented.

ESG preservation & value creation are integrated into the business plan.

Integration of ESG strategy with general business strategy.

Performance is monitored according to CapMan's ESG Standards and investment specific targets.

ESG related data are collected and regularly disclosed.

Exit

CapMan describes ESG improvements completed during our ownership and highlight areas for further development for the new owner.

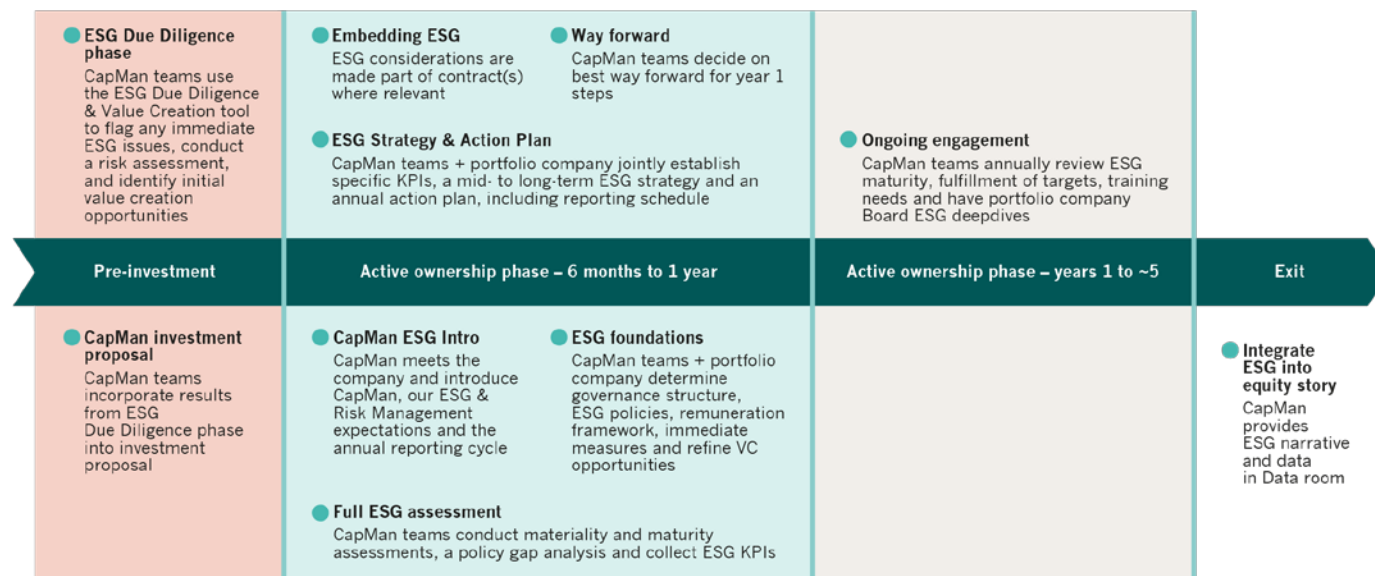
ESG onboarding process

CapMan's onboarding process focuses on addressing material topics. The minimum onboarding requirements for portfolio companies are as follows:

- Measure and follow up on and report GHG emissions.
- Set Science Based Targets (if eligible)
- Measure and follow up on energy consumption.
- Measure and follow up on unadjusted gender pay gap.
- Adhere to international human rights and labour rights principles.
- Conduct an employee satisfaction survey.
- Establish and implement a Code of Conduct.
- Establish and implement a Supplier Code of Conduct.
- Establish a Compliance function.
- Establish Whistleblowing channel.

Other topics are required depending on the industry of the portfolio company and whether the information is considered material.

ESG integration in the portfolio company lifecycle



Workplace related health and safety risks

CapMan's portfolio companies operate in diverse industries with varying health and safety risks related to the workplace. CapMan conducts a risk-based assessment of the workplaces of its portfolio companies and real estate sites and implements relevant guidelines and processes to manage health and safety concerns. CapMan monitors incidents and accidents at portfolio companies. To solidify our approach and protect workers, we seek to ensure that all new companies have established appropriate policies and processes that consider human & labour rights within a year of acquisition.

Measuring progress in the portfolio

The following sections outline sustainability KPIs for our Private Equity and Infrastructure investment strategies.

Data for the sustainability KPIs is provided directly by portfolio companies 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. Change from the previous period is presented using comparable figures i.e., excluding investments to and divestments from the portfolio during 2022.

Data availability improved from 2021. 100% of portfolio companies reported Scope 1 and 2 emissions and 95% reported Scope 3 emissions in 2022. More activities were included to measure Scope 2 and 3 emissions in 2022 and for that reason emissions are not fully comparable to 2021 figures.



CapMan Special Situations portfolio company Marinetek has established an environmental management system and adopted human rights policies. *Photo: Marinetek*

Buyout

CapMan Buyout portfolio companies reported total emissions of 277,921 tCO₂e for 2022. 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 were lower for 2022 compared to 2021, mainly due to exits of high-emission portfolio companies during the year.

Buyout XI fund acquired SARC Architects, Netox and Hydroware in 2022 and the fund's Scope 1-2 emissions increased as a result.

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. The company has reduced its Scope 3 emissions during 2022. In general, the GHG footprint of the newer portfolio companies is much lower. 82% of all portfolio companies have set emission reduction targets

-7%

change in total emissions (comparable)

33%

of Buyout XI companies have committed to Science Based Targets

Buyout funds GHG emissions

2022	tCO ₂			
	Scope 1	Scope 2	Scope 3	Total
CapMan Buyout XI	276	416	17,505	18,197
CapMan Buyout X	3245	13,733	25,044	42,022
CapMan Buyout IX	10,025	628	207,049	217,702
Total	13,546	14,777	249,598	277,921

2021	tCO ₂			
	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
Total	22,044	28,650	250,830	301,524

Buyout fund KPIs

	GHG intensity (Scope 1-2 tCO ₂ e/MEUR)		GHG intensity (Scope 1-2 tCO ₂ e/FTE)	
	2022	2021	2022	2021
CapMan Buyout XI	3.2	4.8	0.7	1.3
CapMan Buyout X	62.7	41.7	11.8	8.1
CapMan Buyout IX	32.3	41.6	10.8	13.8
CapMan Buyout VIII		114.1		11.9

Board diversity improved in 2022 for Buyout XI, as the scope of portfolio companies changed due to investments and divestments and partially due to more diverse appointments. Diversity of management teams and boards decreased in 2022 from 2021 for comparable companies.

More portfolio companies linked remuneration to ESG factors for all funds.

27%

women appointed to management teams and boards in 2022 (target to appoint max. 70% of one gender)

+567

organic new hires in 2022

78%

of companies have linked remuneration to ESG targets within one year of acquisition

100%

of portfolio companies have established Human & Labour Rights policies within one year of acquisition

	Women, Mgmt team		Women, BoD	
	2022	2021	2022	2021
CapMan Buyout XI	28%	37%	23%	22%
CapMan Buyout X	16%	18%	22%	24%
CapMan Buyout IX	14%	17%	23%	23%
CapMan Buyout VIII		20%		0%
Total average	22%	23%	23%	21%

	Job creation		Employee survey	
	2022	2021	2022	2021
CapMan Buyout XI	32	42	82/100	88/100
CapMan Buyout X	365	528	65/100	74/100
CapMan Buyout IX	170	136	72/100	76/100 / 9 eNPS
CapMan Buyout VIII		206		41 eNPS
Total	567	912	74/100	79

Remuneration linked to ESG		
	2022	2021
CapMan Buyout XI	50%	33%
CapMan Buyout X	66%	25%
CapMan Buyout IX	100%	50%
CapMan Buyout VIII		0%
Total	64%	30%

Circularity in the portfolio

“As real estate owners are looking to reduce their carbon footprint, lift modernisations provide a viable opportunity to address this.”

Johan Pålsson

CapMan Buyout



⁸ Life cycle assessment for a 4 stop 1,000 kg lift in a residential building. Assuming life time of a

Hydroware – a circular approach to lift solutions

Hydroware develops products and solutions for lift modernisations – transforming the industry towards a more circular business model by example. The company was founded on the premise that things could be done differently, producing significantly less waste and with a much smaller life-cycle environmental impact.

Through lift modernisation and the company’s offering, existing lift components can be reused, lift lifetime extended, and energy consumption reduced. As an example, modernising a lift throughout the life cycle of a building can reduce the CO2 footprint with c. 37,000 kg compared to a situation where the lift is fully replaced with the same intervals.⁸

“A sustainable transformation is happening throughout society, affecting whole industries. As real estate owners are looking to reduce their carbon footprint, lift modernisations provide a viable opportunity to address this. Circularity has been part of Hydroware’s DNA since its inception and we are pleased to support a company with positive and real impact on our path to a net zero target.”, **Johan Pålsson**, CapMan Buyout.

CapMan Buyout invested in Hydroware in 2022 and is supporting the company in accelerating its growth journey and international expansion.

residential building of 80 years and 20 years for the lift.

Culture as a key for success in the portfolio

“To us, winning culture means creating employee engagement through honest leadership and clear communication on our vision and our company goals. It’s key to have a culture based on strong engagement on all levels, leadership based on trust and responsibility throughout the organisation, and communication that ensures all our employees know where we stand and what we want to achieve.”

Erik Sjöberg

CEO at MMSports



Culture as a key for success in the portfolio

MMSports – culture as the key for success

Founded in 2002, MM Sports has built a growing and profitable business driven by its “Winning Culture”. Today they are one of the leading sports nutrition and health supplement companies in the Nordics.

“People who work with us are often genuinely passionate about our products and when we as a company reach small or big targets, they are openly and spontaneously celebrated. Many of our employees also work out, use our products and act as ambassadors of our brands”, shares **Karin Lindberg**, HR Manager at MM Sports.

This almost family-like atmosphere has been at the company for a long time and is something the company does not take for granted. Throughout last year, MM Sports has worked to implement actions that support this culture also in the formal processes and ways of working. As an example, the company has improved their way of communicating with all the employees and now arranges frequent companywide meetings where current progress is shared and where the company’s values and expectations of each individual are discussed. Monthly “Pulse” -surveys have been established to allow the company to monitor how employees are doing so that management can take action based on those results. Finally, the company has updated its individual employee evaluation criteria to include also behavioural elements. Behavioural elements now make up two thirds of the evaluation criteria and one third focus on targets achieved. The idea is to measure success through how things are done, not just what is accomplished.

“To us, winning culture means creating employee engagement through honest leadership and clear communication on our vision and our company goals. It’s key to have a culture based on strong engagement on all levels, leadership based on trust and responsibility throughout the organisation, and communication that ensures all our employees know where we stand and what we want to achieve”, **Erik Sjöberg**, CEO at MMSports.

Going forward the company wants to continue focusing on developing and supporting its people and ways of working, the things that form the basis of its success and is summarized by the Buyout team as the Winning Culture approach to investing.

CapMan Buyout invested in MM Sports in 2021.

What is Winning Culture?

The concept of Winning Culture is built on the foundation of McKinsey’s Organisational Health Index.

It is defined as a strong, performance based and entrepreneurial culture with strong sales and customer focus. Its definition also includes the ability to attract top talent. Companies with strong Winning Cultures are likely to have strong financial performance.*

CapMan Buyout use the Winning Culture approach when assessing potential investments, to develop portfolio companies, and to position the company at exit.

**Source: McKinsey Organisational Health Index database*

Growth

CapMan Growth portfolio companies reported total emissions of 83,116 tCO₂e for 2022. The emissions are estimated by Upright Project.

Total emissions were higher for 2022 compared to 2021 mainly due to new investments. Excluding investments and exits over the period, emissions increased by 28%.

In 2022, Growth II fund acquired Cloud2 and Fennoa, which lowered emissions intensity (emissions to turnover). Growth I fund exited Picosun, which increased intensity.

+28%

change in total emissions (comparable)

Growth funds GHG emissions

2022	tCO ₂			
	Scope 1	Scope 2	Scope 3	Total
CapMan Growth I	2,340	3,716	45,013	51,069
CapMan Growth II	316	4,674	27,057	32,047
Total	2,656	8,390	72,070	83,116

2021	tCO ₂			
	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 ₂ e/MEUR)		GHG intensity (Scope 1-2 tCO ₂ e/FTE)	
	2022	2021	2022	2021
CapMan Growth I	17.1	14.9	2.5	1.5
CapMan Growth II	15.6	17.3	4.1	2.2

Board diversity improved in 2022 for both Growth funds due to more diverse director appointments, as well as investments and exits.

58%

women appointed to management teams and boards in 2022 (target to appoint max. 70% of one gender)

+1,764

organic new hires in 2022

64%

of portfolio companies have established Human & Labour Rights policies within one year of acquisition

	Women, Mgmt team		Women, BoD	
	2022	2021	2022	2021
CapMan Growth I	21%	21%	15%	8%
CapMan Growth II	25%	19%	10%	12%
Total average	23%	20%	13%	10%

	Job creation		Employee survey	
	2022	2021	2022	2021
CapMan Growth I	1,296	1,214	28 eNPS / 86/100	49 eNPS / 80/100
CapMan Growth II	468	896	31 eNPS / 76/100	57 eNPS / 85/100
Total / average	1,764	2,110	29 eNPS / 81/100	53 eNPS / 83/100

Special Situations

CapMan Special Situations portfolio companies reported total emissions of 8,921 tCO₂e for 2022. 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).

Absolute GHG emissions increased due to the acquisition of Niemi Services as well as more comprehensive Scope 3 reporting for 2022. Emissions intensity decreased. Excluding investments made in 2022, total GHG emissions increased by 10% despite a reduction in Scope 1 and 2 emissions.

+10%

change in total emissions (comparable)

-44%

change in emissions intensity Scope 1-2 tCO₂e/MEUR turnover (comparable)

Growth funds GHG emissions

2022	tCO ₂			
	Scope 1	Scope 2	Scope 3	Total
CapMan Special Situations I	274	2,265	6,382	8,921

2021	tCO ₂			
	Scope 1	Scope 2	Scope 3	Total
CapMan Special Situations I	188	2,671	1,782	4,641

Growth fund KPIs

	GHG intensity (Scope 1-2 tCO ₂ e/MEUR)		GHG intensity (Scope 1-2 tCO ₂ e/FTE)	
	2022	2021	2022	2021
CapMan Special Situations I	28.3	91.6	6.0	15.9

Management team diversity improved due to new investments. If excluding investments, diversity was lower in 2022.

Net new hires was positive for the fund in 2022.

0%

women appointed to management teams and boards in 2022 (target to appoint max. 70% of one gender)

+47

organic new hires in 2022

50%

of portfolio companies have established Human & Labour Rights policies within one year of acquisition

	Women, Mgmt team		Women, BoD	
	2022	2021	2022	2021
CapMan Special Situations I	17%	10%	8%	22%

	Job creation		Employee survey	
	2022	2021	2022	2021
CapMan Special Situations I	47	-2	38 eNPS / 72/100	33 eNPS

HopLop has set Science Based Targets

HopLop has set GHG emissions reduction targets aligned with a 1.5°C scenario by 2030. HopLop commits to reduce its scope 1 and scope 2 GHG emissions 42% by 2030 from a 2021 base year, and to measure and reduce its scope 3 emissions.



Towards emissions free operations in the portfolio



Niemi Services – towards emissions free moving and logistics services

Niemi Services is putting sustainability at the centre. From adding environment as a stakeholder in its values, to targeting net zero transportation by 2030 and investing in innovations around circular economy, the company is taking concrete steps to level-up its already sustainable operations.

The moving and logistics services company's fleet has been running on fossil-free fuels since 2019 and the company is now taking steps to electrify its fleet. Since this spring, the company has six full electric vehicles. The rest of the vehicles run on either biogas or Neste MY renewable diesel. Using Neste MY renewable diesel reduces GHG emissions by up to 90 % as compared to traditional diesel. The company is targeting a zero emissions fleet by 2030.

During spring 2023 Niemi Services has also taken steps to ensure that the environment is at the centre of strategic decision making. As part of a strategic renewal performed together with the CapMan Special Situations team, the environment has been placed side by side with clients and personnel in the company's values, and responsibility is integrated even deeper to the company's customer centric service approach.

The company also offers recycling services which allow its clients to minimise the environmental impact of the recycled materials. The company reuses furniture whenever possible via its partners and if recycled as materials, the materials are first reused and only if that is not possible, used as energy. The company is working to develop its circular economy services even further.

CapMan Special Situations invested in Niemi Services in 2022.

Infra

CapMan Infra portfolio companies reported total emissions of 253,234 tCO₂e for 2022. 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).

Emissions decreased in total mainly due to the exit by CapMan Nordic Infrastructure I fund from Norled, a company in the transport sector. The decrease was partially offset by mobile combustion emissions from Koiviston Auto, a bus operator, which the fund acquired in early 2022. Emissions intensity was reduced. Excluding exits and investments over the period, total emissions decreased by 12% while intensity increased by 7%.

-12%

change in total emissions (comparable)

+7%

change in emissions intensity Scope 1-2 tCO₂e/MEUR turnover (comparable)

+2%

change in renewable energy production (comparable)

Infra GHG emissions

2022	tCO ₂			
	Scope 1	Scope 2	Scope 3	Total
CapMan Nordic Infrastructure I	77,388	4,652	1,530	83,570
CapMan Nordic Infrastructure II		2		2
Infra mandates	661	71,463	97,538	169,662
Total	78,049	76,117	99,068	253,234

2021	tCO ₂			
	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	194,876
Total	115,446	74,273	125,111	314,830

	GHG intensity (Scope 1-2 tCO ₂ e/MEUR)		GHG intensity (Scope 1-2 tCO ₂ e/FTE)	
	2022	2021	2022	2021
CapMan Nordic Infrastructure I	336	455	32	123
CapMan Nordic Infrastructure II	0	0	0	0
Infra mandates	223	214	223	223

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

The diversity of management teams and boards of directors decreased following the exit from Norled and the acquisition of Koiviston Auto. Diversity for the comparable portfolio (excluding investments and exits over the period) also decreased.

All CapMan Nordic Infrastructure I fund portfolio companies have linked remuneration of management to ESG targets.

0%

women appointed to management teams and boards in 2022 (target to appoint max. 70% of one gender)

100%

of companies have linked remuneration to ESG targets within one year of acquisition

67%

of portfolio companies have established Human & Labour Rights policies within one year of acquisition

	Energy production (MWh)		Renewable (MWh)		Renewable (%)	
	2022	2021	2022	2021	2022	2021
CapMan Nordic Infrastructure I	103,305	90,619	98,168	89,766	95%	99%
CapMan Nordic Infrastructure II	0	0	0	0	0	0
Infra mandates	704,055	698,592	704,055	698,592	100%	100%

	Women, Mgmt team		Women BoD	
	2022	2021	2022	2021
CapMan Nordic Infrastructure I	4%	21%	0%	17%
CapMan Nordic Infrastructure II	0%	n/a	0%	n/a
Infra mandates	25%	18%	6%	8%
Average	7%	20%	2%	8%

	Remuneration linked to ESG	
	2022	2021
CapMan Nordic Infrastructure I	100%	50%
CapMan Nordic Infrastructure II	0%	
Infra mandates	50%	

Focus on solar energy in the portfolio

“Currently, solar energy accounts for only half a percent of all electricity produced in Finland, a figure expected to increase significantly as Finland targets to become fossil fuel free by 2035.”

Jan Montell

Chairperson at Skarta Energy

Skarta Energy – Filling the solar energy gap

CapMan Infra invested in Skarta Energy in December 2022.

“Currently, solar energy accounts for only half a percent of all electricity produced in Finland, a figure which is expected to increase significantly as Finland is targeting to become fossil fuel free by 2035. This has led to strong corporate and consumer demand and support for green electricity,” says **Jan Montell**, Chairperson at Skarta Energy.



800 MW
of solar power
to be produced
over the next
five years

Skarta Energy is a Finnish renewable energy developer currently specializing in emissions-free utility scale solar power projects to ensure reliable and secure energy in the future.

The company is driving the development of solar energy which supports the green transition, while improving energy security in the Nordic countries. Through its significant investments in green energy generation the company sets to support Finland's goal to become fossil fuel free by 2035. During the next five years, the company targets to develop and operate approx. 800MW of solar power projects, which corresponds to the electricity consumption of over 80,000 (average) Finnish households.

CapMan Infra invested in the company in 2022, partnering up with NYAB to build Skarta Energy into a leading independent power producer together.

Building an open and inspiring culture amid growth in the portfolio



Photo: Valokuitunen

Valokuitunen – one of the best places to work in Finland

CapMan Infra's Valokuitunen ranked as one of the best workplaces in Finland in the annual Great place to work (GPTW) ranking published in April 2023. The company ranked 15th in the mid-size company series. This is a huge success for such a young company, established just a few years ago in 2020. These results show that the company has been able to develop an open and inspiring culture while expanding to the growth-oriented company of over 100 employees it is today.

The company also received its Great Place To Work Certification in November 2022. The certification is based on an employee survey and recognizes employers who create an outstanding employee experience. In the survey, 86% of the companies' employees regarded the company as a very good place to work overall. In a typical Finnish company, only 38% of personnel evaluate their workplace as very good.

Great Place To Work® has published its Finland's Best Workplaces™ -ranking since 2002. The ranking is a well-known and respected recognition in Finland and worldwide, providing evidence-based proof of a company's employee experience. The research is based on more than 30 years of research on the key elements of a good workplace.

CapMan Infra invested in Valokuitunen in 2020.

83/100

Employee satisfaction



Portfolio environmental KPIs

Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption			Targets and policies	
	Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Scope 3 tCO ₂ e	tCO ₂ e/ FTE	tCO ₂ -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
Company 1	9,022	442	0	20.14	0.00	40,332	2,298	6%	Yes	Yes
Company 2	1,003	186	207,049	2.29	398.94	15,233	11,716	77%	Yes	Yes
Company 3	1,260	164	7,271	5.35	27.33	909	0	0%	No	No
Company 4	1,309	12,360	14,580	39.27	41.88	49,056	2,941	6%	Yes	No
Company 5	676	1,209	3,193	2.30	3.89	23,191	808	3%	Yes	Yes
Company 6	2	36	8,872	0.56	130.96	1,179	435	37%	Yes, SBT	No
Company 7	162	182	774	0.81	1.82	516	103	20%	Yes, SBT	No
Company 8	0	147	4,369	1.46	43.25	863	129	15%	Yes	Yes
Company 9	38	21	3,423	0.46	27.17	82	0	0%	Yes	Yes
Company 10	74	10	64	0.51	0.39	509	465	91%	Yes	Yes
Company 11	0	20	3	0.24	0.04	132	0	0%	No	No
Total Buyout	13,546	14,776	249,599			132,000	18,897	14%	82%	55%



Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption			Targets and policies	
	Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Scope 3 tCO ₂ e	tCO ₂ e/ FTE	tCO ₂ -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
Company 12	23	44	320	3.72	17.78				No	No
Company 13	3	41	232	2.59	13.65					
Company 14	16	27	1,104	0.31	8.00				No	No
Company 15	0	8	83	2.67	27.67				No	No
Company 16	98	103	1,750	2.96	25.74				No	Yes
Company 17	2,148	2,856	39,196	1.95	15.30					
Company 18	52	637	2,328	3.45	11.64					
Company 19	83	2,302	14,278	3.70	22.14				No	No
Company 20	1	23	92	1.14	4.38				No	No
Company 21	34	1,061	6,073	2.63	14.60					
Company 22	55	939	1,502	16.57	25.03					
Company 23	11	44	79	1.62	2.32					
Company 24	56	205	3,642	2.61	36.42					No
Company 25	76	100	1,391	0.58	4.56				No	No
Total Growth	2,656	8,390	72,070							



Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption			Targets and policies	
	Scope 1	Scope 2	Scope 3	tCO ₂ e/ FTE	tCO ₂ - eq/M€	Total	Total renewable	%	GHG reduction	Environmental policy
	tCO ₂ e	tCO ₂ e	tCO ₂ e			MWh	MWh			
Company 26	138	118	3,363	4.93	64.68	430	24	6%	Yes	Yes
Company 27	28	1,734	3,019	11.83	20.26	9,622	1,634	17%	Yes, SBT	No
Company 28	107	413	0	1.18	0.00	12,217	11,886	97%	Yes	Yes
Total Special Situations	274	2,265	6,382			22,268	13,544	61%		



Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption			Targets and policies	
	Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Scope 3 tCO ₂ e	tCO ₂ e/ FTE	tCO ₂ -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
Company 29	1,851	1,856	499	1236	166	80,980	75,000	93%	Yes	Yes
Company 30	52	19	1,030	1	11	70	67	95%	No	Yes
Company 31	73,751	2,777		31	0.00	354,767	26,060	7%	No	No
Company 32	1,734	0	1	867	1	32,531	26,994	83%	Yes	Yes
Company 33	0	2		0.00	0.00	0	0		No	No
Company 34	2	586	0	0.00	0.00	2,513	0	0%	No	Yes
Company 35	659	70,877	97,538	221	301	302,707	469	0%	Yes	Yes
Total Infra	78,049	76,115	99,068			773,568	128,590	17%		

Company	GHG emissions			GHG emission intensity (Scope 1-2)		Energy consumption (Scope 1-2)			Targets and policies	
	Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Scope 3 tCO ₂ e	tCO ₂ e/ FTE	tCO ₂ -eq/M€	Total MWh	Total renewable MWh	%	GHG reduction	Environmental policy
Company 36	11	100	412	-	-	7	-	-	-	-
Company 37	307	1,296	9,343	-	-	4,028	-	-	-	-
Company 38	517	13	3,986	-	-	1,080	-	-	-	-
Company 39	0	3	11	-	-	65	-	-	-	-
Total Credit	835	1,412	13,752	-	-	5,180	-	-	-	-



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	%				
Company 1	108	9	0%	242	8		76	Yes	
Company 2	62	23	29%	144	2		68	Yes	
Company 3	225	12	11%	141	14		51	Yes	
Company 4	72	53	0%	131	2	23		Yes	
Company 5	68	49	38%	16	9		78	Yes	
Company 6	8	56	44%	0	11		78	No	
Company 7	2	19	0%	305	2		83	No	
Company 8	10	55	50%	85	9	-		Yes	
Company 9	14	17	25%	0	2			Yes	
Company 10	7	20	29%	3	4			Yes	
Company 11	5	53	20%	0	0		84	No	
Total/average Buyout	567	33	22%	97	6		74		



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	%			
Company 12	6		10	25%	0	0		No
Company 13	5			33%	0	0		No
Company 14	7		57	17%	19	17	90	Yes
Company 15	0		0	0%	388	4		No
Company 16	15		10	0%	0	2	35	No
Company 17	1,238		88	42%	18	2	82	Yes
Company 18	25		0	30%	0	2	20	No
Company 19	160		40	44%	0	3	64	Yes
Company 20	2		22	17%	0	3		No
Company 21	92		10	10%	0	1	21	Yes
Company 22	15			14%	0	3	41	No
Company 23	10			25%	141	7		No
Company 24	51		16	25%	0	0		No
Company 25	138		80	40%	0	2	88	No
Total/average Growth	1,764		30	23%	40	3	29	81



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	%			
Company 26	5	15	0%	0	5			No
Company 27	29	89	17%	49	5	38		Yes
Company 28	13	10	33%	1,037	3		72	Yes
Total/average Special Situations	47	38	0	362	4			

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	%			
Company 29	1	25	0%	0	0			Yes
Company 30	32	22	17%	0	2	66	83	Yes
Company 31	100	9	0%	1,305	5	-2.5	71	No
Company 32	1	0	0%	0	0			Yes
Company 33	4	25	0%	0	1			Yes
Company 34	0	0		0	0			No
Company 35	0	47	25%	0	3		75	No
Total/average Infra	138	18	0	186	2		76	



Portfolio Governance KPIs

Company	Policies							Board diversity	Oversight on ESG risks		
	Code of conduct	Human rights	Child/forced labour	Anti-Corruption	Whistle-blowing	Data Privacy	Cyber-security	Board members (women %)	BoD	Senior management	Formal incentives for executives to perform on ESG
Company 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	17%	Yes	Yes	Yes
Company 2	Yes	Yes	Yes	Yes	Yes	Yes	Yes	29%	Yes	Yes	Yes
Company 3	Yes	Yes	Yes	Yes	No	Yes	Yes	0%	Yes	Yes	No
Company 4	Yes	Yes	Yes	Yes	Yes	Yes	No	33%	Yes	Yes	Yes
Company 5	No	Yes	Yes	Yes	Yes	Yes	Yes	33%	Yes	No	No
Company 6	Yes	Yes	No	Yes	Yes	Yes	Yes	40%	Yes	Yes	No
Company 7	Yes	Yes	Yes	Yes	Yes	Yes	No	20%	Yes	Yes	Yes
Company 8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20%	Yes	Yes	Yes
Company 9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	33%	Yes	Yes	Yes
Company 10	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Yes	Yes	No
Company 11	No	No	No	No	No	Yes	No	25%	Yes	Yes	No
Total/average Buyout	82%	91%	82%	91%	82%	100%	73%	23%	100%	91%	55%



Company	Policies							Board diversity Board members (women %s)	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
Company 12	No	Yes	Yes	Yes	No	Yes	Yes	25%	Yes	Yes	No
Company 13	Yes	Yes	Yes	Yes	No			20%			No
Company 14	No	No	No	No	Yes	Yes		33%	No	No	No
Company 15	Yes	No	Yes	Yes	Yes	Yes	No	0%			No
Company 16	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Yes	Yes	No
Company 17	No	No	No		Yes	Yes	Yes	0%			
Company 18	Yes	Yes	Yes	Yes	Yes	Yes	Yes	29%			
Company 19	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20%			No
Company 20	Yes	No	Yes	Yes	Yes	Yes	No	33%	No	No	No
Company 21	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20%			No
Company 22	Yes	Yes	No	No	Yes	Yes	Yes	0%			No
Company 23	Yes	Yes	Yes	Yes	No			0%			No
Company 24	Yes	No	Yes	Yes	No			0%			No
Company 25	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Yes	Yes	No
Total/average Growth	79%	64%	79%	85%	71%	100%	80%	13%	60%	60%	0%



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
Company 26	No	Yes	Yes	No	No	Yes	Yes	0%	Yes	Yes	No
Company 27	Yes	No	No	No	Yes	Yes	Yes	25%	Yes	Yes	No
Company 28	No	No	No	No	No	Yes	No	0%	No	Yes	No
Total/average Special Situations	33%	33%	33%	0%	33%	100%	67%	8%	67%	100%	0%

Company ⁹	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
Company 29	Yes	Yes	No	Yes	n/a	No	No	0%	Yes	Yes	Yes
Company 30	Yes	Yes	Yes	Yes	No	Yes	Yes	0%	Yes	Yes	Yes
Company 31	Yes	No	No	Yes	Yes	No	No	0%	Yes	Yes	Yes
Company 32	Yes	Yes	Yes	Yes	n/a	Yes	Yes	0%	Yes	Yes	Yes
Company 33	No	No	No	No	No	No	No	0%	Yes	Yes	No
Company 34	No	No	No	No	n/a	Yes	Yes	0%	Yes	Yes	Yes
Company 35	Yes	Yes	Yes	Yes	Yes	Yes		13%		Yes	
Total/average Infra	71%	57%	43%	71%	29%	57%	50%	2%	100%	100%	83%

⁹ Companies 29, 32 and 34 have less than 5 employees and all policy requirements are therefore not applicable



Real Estate investments

Human centric real estate with a net positive environmental impact

CapMan Real Estate is a Nordic property investor. Through our real estate funds, we acquire, improve, and develop flexible real estate in major Nordic cities, with a clear focus on developing their environmental and social aspects, recognising our responsibility to create 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.

Real Estate investments

223

properties

€3.2 bn

AUM

8,700

aggregate number of tenants

1,750,000 sqm

aggregate gross area

Real Estate materiality assessment

The following environmental, social and governance topics are considered having a material impact on CapMan's real estate investments based on a materiality assessment that was conducted in 2022.

Materiality assessment

Material topics were selected based on input from fund LPs, tenants, Real Estate management and employees in addition to a regulatory review and competitor benchmark.

Double materiality assessment:

The assessment considers the impact of real estate investments of CapMan's funds under management on ESG factors and impact of ESG factors on the investments.

MATERIAL TOPIC	SUB-TOPIC
	ENVIRONMENT
Climate change	Climate change mitigation (eg. GHG emission reduction scope 1, 2 and 3) Climate change adaptation (adjusting to current or expected effects of climate change)
Energy consumption	Energy consumption & efficiency Energy transition (towards renewables)
Impacts on nature	Impact on biodiversity, habitats, or ecosystem Circular Economy approach Water consumption & effluents Waste and hazardous materials management
	SOCIAL
Tenant & community engagement	Tenant satisfaction & well-being Local community development
Diversity, equity & inclusion	Accessibility, affordable housing
Human rights	Human rights in the supply chain
Health and safety	Health, safety and security in construction
	GOVERNANCE
Good governance	Compliance with laws and regulations Business integrity Anti-bribery and corruption Sustainable procurement practices

Highest priority topics



Real Estate ESG vision and strategy

Vision

At CapMan Real Estate our vision is to develop human centric real estate with a net positive environmental impact. We aim to generate attractive returns for investors while driving a green transition in our industry, optimizing real estate life-cycle value creation to all stakeholders, from the environment to local communities. Three themes build into our vision: developing human centric real estate, moving towards real estate development with a net positive environmental impact and basing our operations on transparent and accountable governance.

Human centric real estate

This means developing real estate truly centred around its users and the surrounding community. We want to develop real estate that is inclusive, delights our tenants and contributes to the development of liveable communities. Naturally, developing human centric real estate includes ensuring a fair, safe and healthy work environment in our operations and throughout our supply chains.

Real estate with a net positive environmental impact

This means moving towards real estate that ultimately gives more than it takes in terms of climate and nature. Key to this is our life-cycle view to real estate development which means that in renovations, new builds and standing investments, we invest in and choose new solutions and innovative approaches that allow us to maximise our buildings overall life-cycle value and minimise life-cycle emissions and negative nature related impacts.

Transparency and accountability

We are accountable for our actions and transparent about our ESG impact. We undertake solid sustainability practices, management and reporting. We promote transparency throughout our value chain and engage in robust and more sustainable supply-chain management. We provide trainings to ensure that our employees and partners have the tools awareness needed to comply with and be active partners on our ESG path.

Strategy and ESG programme

Guided by our vision we have set an ambitious strategy and ESG programme including detailed long- and short- term annual targets for the period 2023–2026.¹⁰

Our approach to sustainability is comprehensive. In our strategy, we have identified the environmental, social and governance focus areas which are most relevant to us and through which we can create the biggest impact. Each focus area has further been developed into concrete targets which set us on a path to reach our ESG vision. We will follow up on progress annually and adjust targets as needed when going forward.

The strategy and targets were defined in 2022 and decided by partners. The strategy work included comprehensive background work and was performed in close cooperation with CapMan Group ESG.

¹⁰ Science Based Targets and energy efficiency targets are set for 2032.

CapMan
REAL ESTATE

Human centric real estate
with a net positive environmental impact





Real Estate funds

Overview of real estate funds

Our funds invest following both value-add and income focused strategies. Our investor base comprises some of the largest global institutional investors and investment management companies who consistently support our ability to deliver strong investment returns through market cycles and across the risk spectrum of our funds. Due to the diversity of the funds' investment strategies, emissions per square meter have a lot of variability.

Fund	Strategy	Assets	Properties	Gross area
BVK-CapMan Nordic Residential Mandate (BVK Mandate)	Income	Residential	55	278,072
CapMan Nordic Real Estate FCP-SIF (CMNRE)	Value-add	Office, Retail	3	146,760
CapMan Nordic Real Estate II FCP-RAIF (CMNRE II)	Value-add	Office, Retail	61	364,550
CapMan Nordic Real Estate III FCP-RAIF (CMNRE III)	Value-add	Office, Retail	19	222,531
CapMan Hotels II FCP-RAIF (Hotels II)	Income	Hotels	27	395,479
CapMan Nordic Property Income Fund (Income Fund)	Income	Warehouse, light logistics, necessity-driven retail	11	80,522
Kokoelmakeskus Ky		Warehouse	1	39,252
CapMan RE II Ky (RE II)		Office, Retail	2	31,419
CapMan Residential Fund FCP-RAIF (Residential Fund)	Income	Residential	44	188,222
Total			223	1,746,807

ESG in the Real Estate investment process

CapMan integrates ESG criteria throughout the investment process.

Sourcing and Screening

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

Due Diligence

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

Topics include, for example:

- CRREM 1.5°C decarbonisation and energy pathways.
- Green Building certification.
- EU Taxonomy alignment.
- Physical climate risks.
- Indoor air quality.
- Accessibility.
- Contaminated land.
- The incidence of PCBs.

ESG value creation opportunities and potential issues are documented and an ESG asset management plan is developed.

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.



Solna Kasernen 1, a landmark hotel and office property in Sweden, was acquired by CapMan Real Estate in 2022. CapMan Real Estate plans to refurbish the asset which will include investments in measures lowering the assets energy consumption.

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.



CapMan Real Estate sold the iconic “Red Warehouse” office building, located in the Carlsberg City Districts in the heart of Copenhagen in 2022. Before this CapMan initiated and managed the transformation of the building from its original use as a warehouse and workshop to a modern office building.

ESG milestones & accelerated ambition

In 2022, CapMan Real Estate stepped up in terms of ESG resources, training, practices, policies and target setting. During the year, two full time ESG resources were hired, and the first ESG focused hire was made also to the asset management team. Several policies and processes were created or updated specifically for the real estate team across countries and funds:

Key policy and process developments

- CapMan Real Estate Design & Construction Manual focusing on ESG criteria;
- CapMan Real Estate Sustainable Procurement Policy;
- ESG appendix (“green lease”) to commercial lease contracts;
- ESG checklist for annual property audits;
- First CapMan Real Estate wide tenant satisfaction survey;
- Carbon reduction roadmaps for each fund in line with Science Based Targets;
- Tenant ESG guidelines for selected properties;
- Updated ESG Due Diligence scope and ESG business plan templates for new acquisitions based on best practice.

The awareness of the real estate team was increased by a training programme, which included sessions about green building certifications, EU Taxonomy in real estate, climate risks, and embodied carbon. The real estate team also participated in CapMan Group ESG trainings related to shared sustainability themes, such as Sustainable Finance Disclosure Regulation (SFDR).

The ambition level for future development was set high and is shared by the whole team. **CapMan Real Estate ESG Strategy and Programme 2023–2026** were created in 2022 to translate CapMan’s ambition level into concrete targets, actions, and schedule. The strategic focus areas were selected based on the real estate business’ impact on environment, people, and economy, and vice versa.




“We acknowledge the complexity of this journey and are always looking for suitable partners to share our vision of human centric real estate with a net positive environmental impact.”

Anna Rannisto

ESG Manager CapMan Real Estate





CapMan Real Estate ESG Programme 2023–2026

	THEME	CATEGORY	TARGET 2026
ENVIRONMENT Towards a net positive nature impact  	Climate and energy efficiency	GHG emissions	<ul style="list-style-type: none"> Reducing commercial properties operational GHG emissions by 72 % per sqm by 2032 from a 2021 base year. (Interim Science Based Targets)¹¹ Reducing residential properties operational GHG emissions by 50 % per sqm by 2032 from a 2021 base year. (Interim Science Based Targets)¹¹ Extending the existing GHG reduction targets to reach Net Zero whole life emissions in alignment with the Science Based Targets initiative.
		Energy efficiency	<ul style="list-style-type: none"> Reducing energy intensity by 26% by 2032 compared to 2021, excluding BVK Mandate fund.
		Climate-related risks	<ul style="list-style-type: none"> Assessing both physical and transitional climate-related risks for all assets in accordance with TCFD, CRREM and/or EU Taxonomy, and creating adaptation plans to mitigate risks.
	Towards nature positive	Planetary boundaries	<ul style="list-style-type: none"> Developing and implementing a Nature Positive concept based on best practice and industry frameworks. Conducting annual biodiversity risk assessment for all properties. Developing and implementing a Circularity concept for new construction and major renovation projects Providing waste recycling facilities including bio, paper, cardboard, plastic, glass and metal sorting for all assets, if municipality/private waste services available. Achieving waste material utilization rate of 70% for assets with data availability. Reducing water intensity by 4% by 2026 compared to 2021 in commercial properties. Achieving a minimum 80% demolition and construction waste recycling rate.
SOCIAL Human centric Real Estate 	High satisfaction and well-being of tenants & users	Tenant and customer satisfaction	<ul style="list-style-type: none"> Net Promoter Score (NPS) > 0¹² from tenant satisfaction survey. Overall satisfaction 4.0¹² from tenant satisfaction survey. General satisfaction regarding facility services included in the lease contract score 4.0¹² from tenant satisfaction survey. Communication and contacting by the landlord score 4.0¹² from tenant satisfaction survey. Increasing tenant and customer ESG awareness.
	Active and responsible member of local communities	Community engagement and communications	<ul style="list-style-type: none"> Increasing collaboration with research and network activities. Developing active communication and process to address community concerns established. Supporting selected charities and contributing to local communities.

¹¹ Commercial and residential properties operational GHG emissions have targets set for 2032 aligned with the Science Based Targets initiative.

¹² For assets owned by CapMan Real Estate for >3 years.

	THEME	CATEGORY	TARGET 2026
SOCIAL Human centric Real Estate 	Fair, safe and healthy working environment	Fair, safe and healthy working environment	<ul style="list-style-type: none"> Identifying human rights risks throughout the supply chain by conducting a human rights risk assessment, and plan mitigative actions. 0 fatalities. Reducing incident rate at CapMan Real Estate construction sites. Ensuring fair working conditions throughout the supply chain by at least requiring all relevant suppliers to follow CapMan Supplier Code of Conduct.
GOVERNANCE Transparent and accountable business 	Transparent and accountable business	Solid sustainability management	<ul style="list-style-type: none"> Increasing the share of EU Taxonomy aligned properties. Certifying 75% of the sqm (excl. BVK Mandate) during the holding period. Including ESG clauses in all new lease contracts ("green leases"). Increasing property level energy, GHG emission, water and waste data coverage to 100%, including commercial tenant energy usage and GHG emissions. Increasing the ESG awareness of our employees by training and active engagement. Developing and implementing clear roles, responsibilities, action plans, processes, guidelines and policies for ESG at CapMan Real Estate.
		Transparent business	<ul style="list-style-type: none"> Reporting frequently on ESG progress and KPIs in line with best practice.
		Accountable business	<ul style="list-style-type: none"> Creating an ESG restriction list for CapMan Real Estate. Requiring suppliers to meet CapMan ESG standards (Supplier Code of Conduct and CapMan Real Estate Sustainable Procurement Policy).

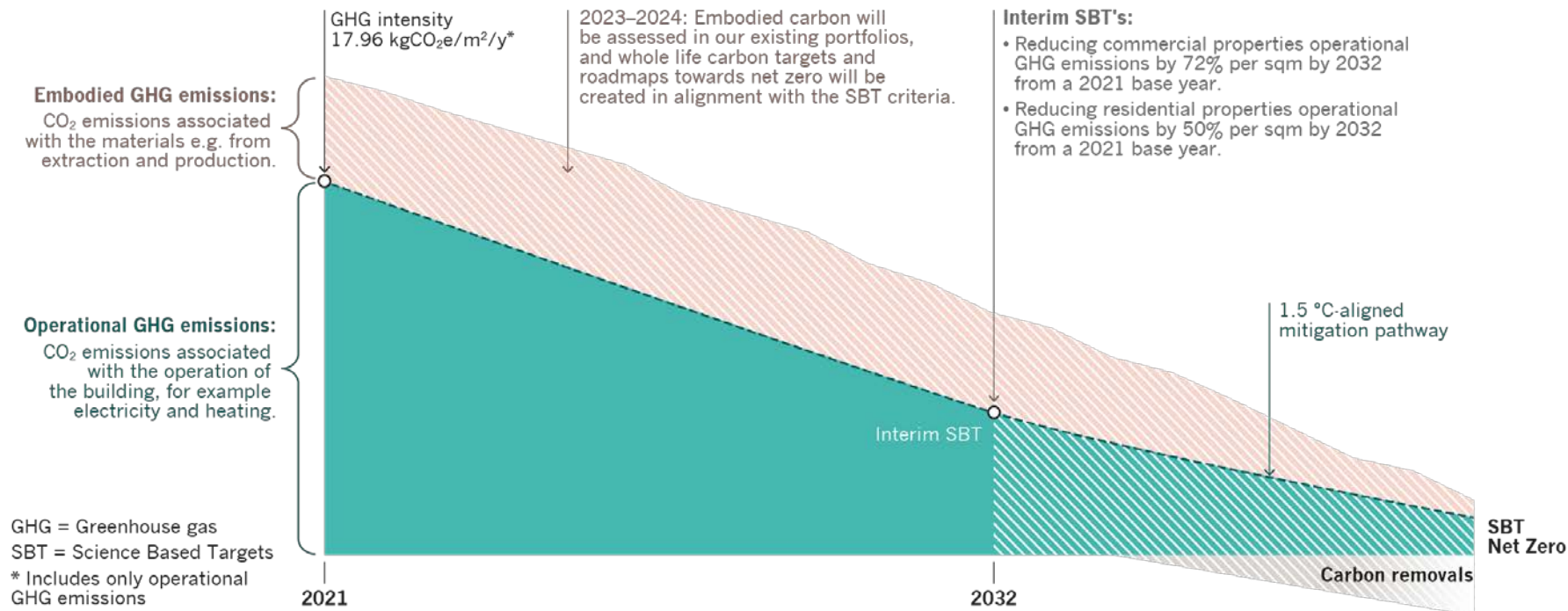
Emission reduction pathway

CapMan Real Estate has a long-term vision of creating real estate that generates a net positive environmental impact. To achieve this goal, we have established science based operational emission reduction targets that align with a 1.5°C pathway. We have taken the initial steps towards reaching these targets, marking the beginning of our journey towards realizing our vision.

In the upcoming year, we will further advance by evaluating the embodied carbon in our current portfolio. This assessment will allow us to set comprehensive whole-life carbon targets and develop a roadmap towards achieving net zero emissions. Our roadmap will be aligned with the criteria outlined by the Science Based Targets initiative.

By undertaking these measures, we are actively working towards sustainable practices and making meaningful contributions to combat climate change. Our commitment to reducing emissions and striving for net zero aligns with our vision of creating a net positive impact with our real estate investments.

Roadmap towards net zero whole life carbon



Progress towards targets

Highlights:

-15%

Overall GHG emission reduction

+7%

Increase of GHG emissions (residential) per sqm

-21%

Reduction in GHG emission intensity

-28%

Reduction in GHG emissions (commercial) per sqm

31%

Share of renewable energy
(23% in 2021)

23%

Area (sqm) with Green Building Certification
(12% in 2021)

Tracking progress

Overall, absolute GHG emissions of all real estate funds decreased by 15% in 2022 from 2021, while intensity decreased by 21%.

GHG emission reduction aligned with Science Based Targets

CapMan commits to reduce its real estate portfolio GHG emissions from residential buildings within its direct investment portfolio 50% per square meter by 2032 from a 2021 base year.

CapMan commits to reduce its real estate portfolio GHG emissions from commercial (service) buildings within its direct investment portfolio 72% per square meter by 2032 from a 2021 base year. The targets follow a sector decarbonisation approach.

Progress towards Science Based Targets

	GHG emissions (kgCO ₂ e/m ²)	
	Residential	Commercial
2021	13.6	19.3
2022	14.5	13.9
	+7%	-28%
Target 2032	6.8	5.4
	-50%	-72%

GHG emissions by square meters increased by 7% for residential real estate and decreased by 28% for commercial (service) real estate.

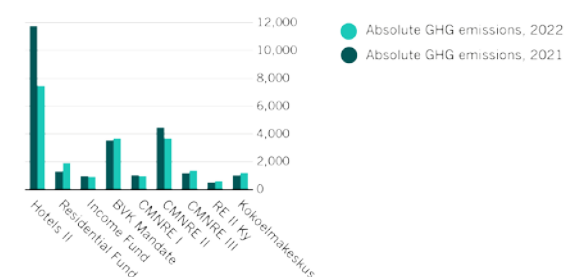
Absolute GHG emissions of Real Estate funds, total

	Scope 1	Scope 2	Scope 3	Total	Intensity (GHG/m ²)
2021	60	10,667	15,107	25,834	18.0
2022	63	10,863	10,919	21,845	14.1
				-15%	-21%

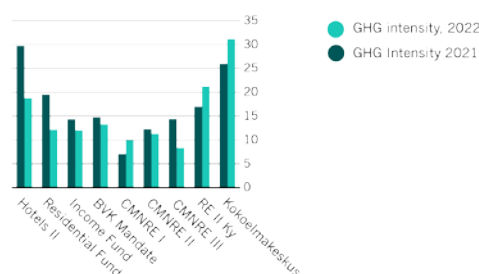
CapMan Real Estate GHG intensity (kgCO₂e/m²)



CapMan Real Estate Absolute GHG emissions per fund (tCO₂e)



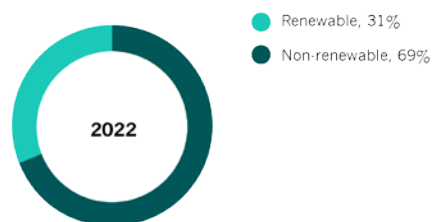
CapMan Real Estate GHG intensity per fund (kgCO₂e/m²)



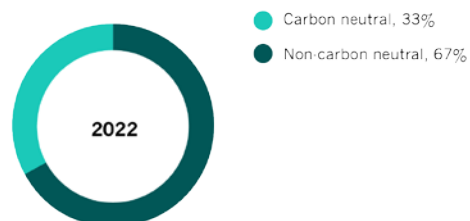
Energy consumption reduced

Actual measured energy consumption remained at level with 2021. Energy intensity was reduced by 5%. The share of certified renewable energy increased from 23% to 31%. When accounting for estimated consumption in instances where no actual data was available, total energy consumption decreased from 2021.

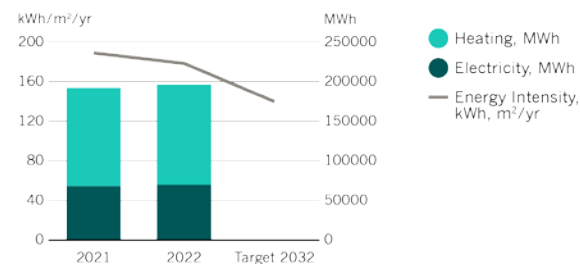
CapMan Real Estate share of renewable energy (%)



CapMan Real Estate share of carbon neutral energy (%)



CapMan Real Estate energy consumption



Note: Figure only includes data from assets providing comparable energy consumption data from 2021 and 2022. Consumption figures include BVK Mandate while intensity excludes BVK Mandate.

	Electricity (MWh)	Heating (MWh)	Energy Intensity (kWh/m²)
2021	67,786	124,390	189
2022	69,470	126,937	179
Target 2032			140

Energy transformation in the portfolio

Hotels Fund energy transformation

The CapMan Real Estate Hotels fund has taken significant steps to transform its portfolio in a more sustainable direction. Between 2021 and 2022 the Fund was able to decrease its energy usage, intensity, CO₂ emissions and GHG intensity – all amidst increasing occupancy rates in a market gaining speed post-pandemic. Overall, the fund reduced its operational market-based CO₂ emissions and GHG intensity by 37% and its absolute energy consumption energy intensity by 8%. The Hotels Fund accounted for around 45% of CapMan Real Estate total emissions in 2021 but 34% in 2022 making this progress even more significant.

This progress was a result of a coordinated effort to enhance the funds sustainability performance on multiple fronts. Key efforts behind these results were:

CO₂ emissions

-37%

- The fund switched to carbon-free energy in most of its assets and encouraged its tenants to do the same.
- Energy consumption monitoring system Enerkey was taken into use.
- When major renovation projects took place, measures improving energy efficiency were integrated into them. These included for instance improved heat recovery, pool technology renewal improving water and energy efficiency, life cycle design and renewal of glass roof.
- Building automation optimization projects.
- Energy audits which helped assess where improvements can and should be made.
- Solar panel feasibility studies for all assets.
- Alternative heating systems, such as geothermal heating, were assessed.
- Energy data quality was improved by connecting properties to energy data.
- Active tenant engagement, increase of ESG related awareness and collaboration.

GHG intensity

-37%

Energy intensity

-8%

Going forward the fund continues to invest in green transition especially due to the age of the building stock. The fund plans to further decrease its energy intensity and emissions as outlined in its carbon reduction roadmap to achieve short and long-term GHG emission targets in 2027 and 2032. The roadmap was created in 2022 in line with the Science Based Targets initiative.

Absolute energy consumption

-8%

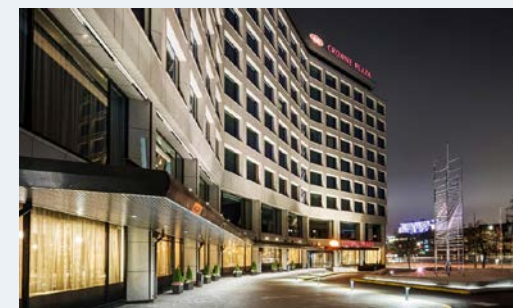


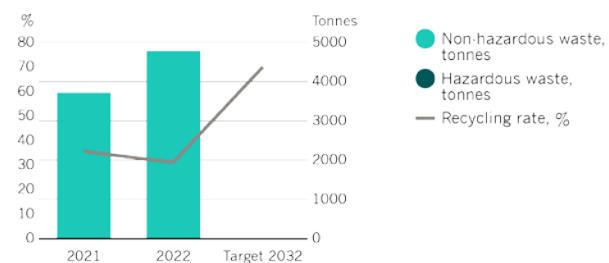
Photo: Hotel Crowne Plaza



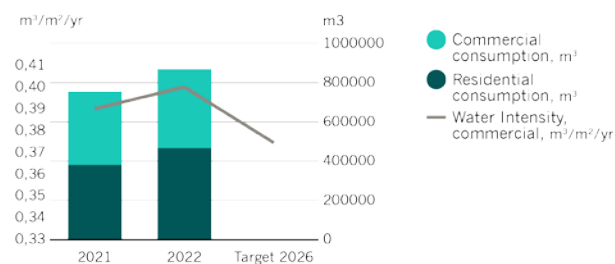
Photo: Hotel Glo Art



CapMan Real Estate waste generation and recycling



CapMan Real Estate water consumption



Waste generation & recycling

Measured waste generation increased in 2022 from 2021 with a slightly lower recycling rate, mainly due to improved data collection and tracking of waste generation.

	Hazardous Waste (t)	Non-Hazardous Waste (t)	Recycling Rate
2021	5	3,714	36%
2022	5	4,774	31%
Target 2026	N/A	N/A	70%

Water consumption

	Residential Consumption (m3)	Commercial Consumption (m3)	Water Intensity, commercial (m3/sqm)
2021	380,088	392,135	0.39
2022	465,933	390,871	0.39
Target 2026			0.37

Tenant satisfaction, CapMan Real Estate

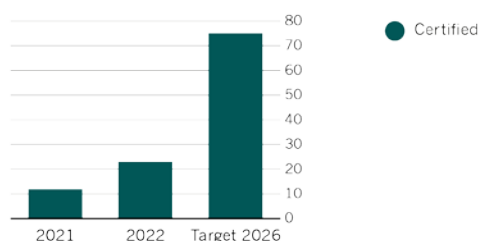
	Overall satisfaction	NPS
2022	3.7	-8
Target 2026	4.0	0

Share of green building certifications

The area of properties with green building certifications, such as LEED or BREEAM increased to 23%.

Certifications (% of sqm)	
2021	12%
2022	23%
Target 2026	75%

CapMan Real Estate green building certifications (%)



Note: Excluding BVK.

CapMan Real Estate has improved assessment of ESG metrics in 2022 due to improved availability and updated calculation methods. As a consequence, energy consumption, emissions, water consumption and certification figures have been restated for 2021. CapMan continues to improve quality and range of ESG data. Please see the section on Additional environmental disclosures for additional information.

Down a degree -campaign

In an effort to conserve energy in the heating season 2022/2023, CapMan lowered the temperature by one degree on average at applicable retail and office buildings starting from October 2022. CapMan Real Estate also encouraged its tenants to participate in the initiative by taking daily energy saving measures.

The measures concerned CapMan Real Estate properties under full control and management, whose technical characteristics and lease terms allow for a decrease in temperature. CapMan further follows the classification of a good and healthy indoor climate during the initiative and reduced the temperature within the permitted limits. In co-owned properties, we strived to achieve similar energy measures in cooperation with partners.

The initiative accounted for total savings of 319 MWh, which accounted for a 5% reduction of total energy consumption for the energy used for heating in comparable properties in the 2021/2022 heating period.

	MWh	%
Average energy consumption saving	-159	
Energy consumption saving compared to 2021/2022	-319	-5%

ASTETTA  **SNÄPPET** 
ALEMMAS **SVALARE**

EU Taxonomy eligibility and alignment of Real Estate funds

CapMan Real Estate has conducted a Taxonomy assessment of all real estate funds under management. The funds' activities are Taxonomy eligible in the categories **Construction of new buildings** and **Renovation of existing buildings**. In light of the recommendations on Minimum Safeguards, CapMan's current assessment is that the due diligence processes to ensure that minimum safeguards are met are not sufficient to ensure Taxonomy alignment. CapMan has conducted an assessment regarding the extent to which the funds' activities would be taxonomy aligned, should the minimum safeguards criteria be met. This information serves as basis for further analysis and CapMan seeks to increase the share of taxonomy aligned activities by improving processes to ensuring that we fully meet the minimum safeguards.

	Hotels II	Residential	Income	BVK	CMNRE I	CMNRE II	CMNRE III	RE II	Kokoelmakeskus
EU Taxonomy eligible activities									
Turnover	100%	100%	100%	100%	100%	97%	99%	100%	100%
CapEx	100%	100%	100%	100%	100%	100%	100%	100%	100%
OpEx	100%	100%	100%	100%	100%	91%	97%	100%	100%
Taxonomy aligned activities									
Turnover	0%	0%	0%	0%	0%	0%	0%	0%	0%
CapEx	0%	0%	0%	0%	0%	0%	0%	0%	0%
OpEx	0%	0%	0%	0%	0%	0%	0%	0%	0%
EU Taxonomy aligned activities (if Minimum Safeguards criteria met)									
Turnover	0%	21%	9%	43%	58%	13%	0%	0%	0%
CapEx	0%	0%	0%	1%	0%	0%	8%	0%	0%
OpEx	0%	22%	7%	39%	71%	8%	0%	0%	0%

EU taxonomy aligned projects in the portfolio



“This is our first taxonomy aligned residential building project at Hartela. I am happy we are carrying out this project together with CapMan. Together we work to find solutions which take us towards our targets of minimising the environmental impacts of housing.”

Veli-Matti Kankare

Planning Manager at Hartela Länsi-Suomi Oy

Pukkila – sustainable EU taxonomy aligned living

In the Pukkila neighbourhood of Turku Finland, sustainable living is taking shape. Last September, CapMan Real Estate invested in a project set out to build two LEED Gold -level certified, energy class A, residential apartment buildings in Pukkila together with Finnish construction company Hartela. The project is now up in full swing. Once completed in 2024 the buildings will house 127 apartments ranging from studios to two-bedroom apartments. This is the first EU taxonomy aligned residential building project for both CapMan Real Estate and Hartela.

What does “taxonomy aligned” mean in practice here then? Well, amongst other things the buildings energy system is designed to exceed the energy performance certificate A threshold. The building will use ground source heat as their main form of heating. It will also have its own solar panels producing on 9 500 kWh on an annual basis. The construction site targets a recycling rate over 70%. Further, water efficient showers and faucets that respond to LEED Gold -level criteria, which is stricter than the EU Taxonomy criteria, have been selected for the buildings.

In order to further improve tenant satisfaction, the buildings will also feature electric vehicle charging stations, a car sharing service and a bicycle maintenance spot.

“This is our first taxonomy aligned residential building project at Hartela. I am happy we are carrying out this project together with CapMan. Together we work to find solutions which take us towards our targets of minimising the environmental impacts of housing”, shares **Veli-Matti Kankare**, Planning Manager at Hartela Länsi-Suomi Oy.

ESG KPIs for Real Estate funds

Absolute GHG emissions per fund

	Scope 1, 2022 (tCO ₂ e)	Scope 2, 2022 (tCO ₂ e)	Scope 3, 2022 (tCO ₂ e)	Total GHG emissions, 2022 (tCO ₂ e)	Change (2022 vs 2021)	GHG intensity (kgCO ₂ e/sqm/y)	Change (2022 vs 2021)
BVK Mandate	1	2,843	843	3,687	4%	13.3	-10%
CMNRE	0	283	696	979	-5%	9.9	42%
CMNRE II	15	2,831	842	3,688	-21%	11.3	-8%
CMNRE III	9	1,145	222	1,377	12%	8.2	-43%
Hotels II	20	178	7,257	7,455	-37%	18.8	-37%
Income Fund	13	345	571	928	-6%	11.9	-16%
Kokoelmakeskus	0	1,222	0	1,222	17%	31.1	20%
RE II	0	609	0	609	13%	21.2	25%
Residential Fund	6	1,513	381	1,899	46%*	12.1	-38%

Absolute figures account for the ownership period. *) The Residential Fund owned the Duck portfolio for 3 months in 2021 and Primo portfolio for 6 months in 2021. Fluctuations in emissions throughout the year may account for the large change in emissions.



Energy consumption per fund

	Energy consumption, absolute, total (kWh) 2022	Change (2022 vs 2021)	Energy intensity, absolute, total (kWh/m ² /yr) 2022	Change (2022 vs 2021)	Share of renewable energy of the total absolute energy consumption (%) 2022	Change (2022 vs 2021)	Share of carbon neutral energy of the total absolute consumption (%) 2022
BVK Mandate	19,890	-9%	71.5	-9%	20%	-89%	16%
CMNRE	3,097	-10%	92.4	-10%	52%	7%	58%
CMNRE II	23,141	34%	107.3	34%	13%	171%	17%
CMNRE III	8,662	0%	134.2	0%	28%	16%	46%
Hotels II	104,157	-8%	263.4	-8%	39%	31%	40%
Income Fund	8,557	-7%	152.2	-7%	39%	3%	54%
Kokoelmakeskus	6,199	-2%	157.9	-2%	0%	0%	0%
RE II	8,598	-9%	273.6	-9%	47%		54%
Residential Fund	14,107	344%*	92.4	90%	13%	-57%	13%

Absolute figures account for the ownership period. *) The Residential Fund owned the Duck portfolio for 3 months in 2021 and Primo portfolio for 6 months in 2021. Fluctuations in energy consumption throughout the year may account for the large change in energy intensity.



Water consumption per fund

	Water consumption, total (m3)	Change (2022 vs 2021)	Water intensity (m3/m2/yr)	Change (2022 vs 2021)
BVK Mandate	296,705	0%	0.87	-16%
CMNRE	13,338	28%	0.40	28%
CMNRE II	72,167	0%	0.29	-13%
CMNRE III	27,536	77%	0.14	-40%
Hotels II	294,179	1%	0.75	-6%
Income Fund	18,267	12%	0.27	-7%
Kokoelmakeskus	4,351	-0%	0.11	-0%
RE II	7,306	-28%	0.23	-28%
Residential Fund	165,482	101%	1.06	-6%

Tenant satisfaction per fund

	Overall Satisfaction	Net Promotor Score
BVK Mandate	3.78	-7
CMNRE I	N/A	N/A
CMNRE II	3.51	-23
CMNRE III	3.39	-55
Hotels II	3.64	29
Income Fund	3.80	-26
Kokoelmakeskus	N/A	N/A
RE II	N/A	N/A
Residential Fund	3.83	18

Sustainability upgrades in the portfolio

Future proofing an industrial property in Sweden

“Lock is an asset that embodies what CapMan Real Estate’s ESG strategy is all about: human centric and environmentally sustainable real estate. Our Swedish team been instrumental in ensuring ESG measures are considered and completed at every step of this property’s renovation”, Anna Rannisto, ESG Manager at CapMan Real Estate.

Lock, an office and industrial property located in Eskilstuna, west of Stockholm, was acquired by CapMan Real Estate in 2018. Since then, the property, originally built in different steps between 1929 and 1977, has gone through several modernization upgrades and tenant fitouts. The new premises are a great uplift for all employees allowing a healthy workplace. Well monitored and filtered air, daylight combined with good indoor light, high level of sound reduction and multiple in and outdoor recreation area.

Throughout the building’s renovations,

- materials used were selected based on sustainability criteria,
- parts of the buildings were reused,
- roofs were insulated and new windows were installed to improve energy efficiency,
- the property was decontaminated,
- historical parts of the building were preserved, including a railway track that goes across the property.

Specific ESG upgrades are ongoing and done in collaboration with tenants, but include so far,

- solar panels producing an annual 700 MWh installed for one tenant,
- LED lighting installed throughout the buildings,
- a new ventilation system with high heat recovery as well as new cooling equipment installed,
- submetering included for all tenants,
- water leak detection and building automation systems installed,
- more than 50 electric vehicle chargers for cars and bikes added,
- native landscaping around the property including actions to prevent flooding have been completed.

Further, information screens, shower stations for bikes, and extra bike racks have been added to increase tenant satisfaction. Accessibility has been an integrated part of the design with installation of metal strips on the floors and handrailing to assist the visually impaired. Fire safety measures for tenants, including those in wheelchairs have been implemented.

The work is still ongoing but has already shown excellent results. All projects are done with BREEAM In-Use certification Very Good criteria in mind.



Photo: Lock property

Solar panels produce electricity

700 MWh

A photograph of a park pond. Large, green weeping willow trees hang over the water from the left. In the background, there is a large, multi-story building with a glass facade, possibly a conservatory or a museum. The pond is decorated with several dragonfly sculptures made of metal and glass, standing in the water. A small, ornate bridge is visible in the distance. The water is calm, reflecting the surrounding greenery and the building.

Additional sustainability disclosures

Additional governance disclosures

The following sustainability disclosures pertain to CapMan Group.

CapMan Group consists of the parent company CapMan Plc and its subsidiaries and majority-owned companies. These subsidiaries are management and/or advisory companies for funds that invest in private assets, or investment companies, among others. CapMan raises capital for its funds under management primarily from institutional investors based in the Nordic countries, in Europe or globally. In 2022, CapMan had approx. 300 institutional investors as customers. The capital is invested according to the fund strategy in Finnish, Swedish, Norwegian and Danish companies, real estate and infrastructure assets. The portfolio companies and assets are managed and developed by CapMan and sold typically in 4-6 years to an industrial buyer or another investor, or they are floated on a public exchange.

CapMan's business comprise private equity fund management and advisory services, as well as investment business. In the Management Company Business, the funds managed by CapMan make investments in Nordic companies and in real estate and infrastructure assets in the Nordic countries. The Management Company Business also includes the wealth services offered to smaller investors. The

Service Business includes analysis and reporting services, and procurement services to companies. Through its investment business, CapMan invests in the private equity asset class, mainly in its own funds, but also selectively in funds managed by external fund managers.

The company has three operating segments: Management Company business, Service business and investment business, of which Management Company business (fund management activities and wealth management) and Service business (services) account for the vast majority of turnover.

- Fund management accounted for €55.9 million (83%) of turnover; and
- Services accounted for €11.1 million (16%) of turnover.

In addition, CapMan's organisation includes a company offering procurement services for Finnish and Swedish companies, as well as corporate functions to support the fund advisory, fund management and other activities. The company's own procurement consists mainly of professional services and IT systems. The activities, products, services and markets served has not changed significantly compared to 2021. The share of non-Nordic customers has increased.

Governance structure and composition

CapMan's governance model consists of the General Meeting of shareholders, the Board of Directors and the CEO. The Board has set up two committees: 1) Audit and Risk Committee and 2) Remuneration Committee. The management group supports the CEO in the operative management of the company.

In Finland, Board committees' role is generally to support the Board by preparing matters falling within the competence of the board of directors. The committees generally do not have autonomous decision-making power, and the decisions within the committees' competence are taken collectively by the board of directors.

The Board composition is described in detail in CapMan's Corporate Governance Statement for 2022 and on the company's website.

CapMan does not report on under-represented social groups. Competencies relevant to the impacts of the organization are partly reported through disclosures of Board members backgrounds and stakeholder representation is reported through the disclosures and dependencies of Board members.

Nomination and selection of the Board of Directors

CapMan Plc's 2018 AGM decided to establish a Shareholders' Nomination Board to prepare proposals concerning the election and remuneration of the members of the Board to the General Meeting. The AGM has also adopted a Charter for the Nomination Board. The Shareholders' Nomination Board consists of representatives nominated by the four largest shareholders of the company and the Chairman of CapMan Plc's Board, serving as an expert member. As an expert member the Chairman of the Board of CapMan Plc does not take part in the decision-making of the Shareholders' Nomination Board. The primary task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence and experience to meet the needs of the Company. The Nomination Board shall take into account the Board's diversity principles and independence requirements set forth in the Finnish Corporate Governance Code when preparing the proposal on the Board composition to the shareholders' meeting.

The Chair of the Board did not have a senior executive role in 2022. Information about the Chair of the Board is available in the Corporate Governance Statement of 2022.

If the Chair is also a senior executive, he or she will exclude themselves from decision making in order to avoid conflicts of interest.

Gender distribution, Board and senior executives

	2022		2021	
	Total	of whom women, %	Total	of whom women, %
Board of Directors	6	33%	6	33%
Management Group	11	36%	11	36%

AGM votes for/against

	For	Against	No vote
Proposed Board members	95%	5%	0%

Role and knowledge of the Board of Directors in sustainability matters

The Board of Directors has been part of assessing the material topics but is not responsible for reviewing and approving this information yet as it is not part of the Board Charter. The Board of Directors is responsible for assessing sustainability risks. There is a plan to evolve the sustainability governance and reporting framework that the Board of Directors is responsible for to include sustainability factors.

Board members have not been offered specific training on sustainability topics in 2022. However, sustainability has been discussed frequently in the Board meetings and CapMan's ESG Director has presented CapMan's sustainability agenda to the Board. There is specific sustainability related training planned for 2023 for the Audit and Risk Committee, and the Board members will be invited to participate CapMan's internal ESG trainings.

CapMan's Board of Directors evaluates its work annually. The evaluation can be independent and conducted by an external consultant or completed internally as a self-evaluation exercise. Until now, sustainability has not been a specific topic in the evaluation.

Conflicts of interest

The Board members are requested to disqualify themselves from decision-making in matters in which they are not allowed to participate in accordance with applicable laws. Board members' occupation, other significant board positions, positions of trust, their shareholdings in CapMan and independence assessments are disclosed on our website. CapMan's largest shareholders are also disclosed on the website and updated monthly. The Annual Report includes information on related-parties and related-party transactions.

Overall, CapMan ensures that appropriate systems and controls are in place to identify, disclose, prevent and manage any conflicts of interest that may arise. CapMan has internal policies in place to guide decisionmakers in terms of conflicts of interest. Business decisions must always be made in the best interests of CapMan and avoid any conflicts of interest. In case conflicts of interest arise, it is recommended that the decision-maker recuses oneself from decision-making.

Remuneration

The remuneration of CapMan's Board of Directors and CEO is described in the Remuneration Policy available on the company's website under <https://capman.com/shareholders/governance/remuneration/>.

The variable remuneration of the CEO includes a performance share plan with a sustainability-linked component.

The process to determine remuneration is described in detail in the Remuneration Policy for governing bodies and on our website.

The company's Annual General Meeting for 2023 resolved the remuneration policy, report and the remuneration for the Board of Directors.

Annual total compensation ratio

EUR	Total	Total
CEO, annual income	453,125	376,300
CEO, share rewards	2,343,150	0
Board member	49,794	48,552
Personnel, average income	171,204	185,373
Personnel, average share rewards	24,843	0
Personnel, median income		
Personnel, median share rewards	0	
Investment personnel, Finland, median income	120,000	
Service personnel, Finland, median income	63,300	
Investment personnel, Sweden, median income	84,756	
Service personnel, Sweden, median income	81,996	0

Number of comparable employees is less than five in most categories and therefore not reported.

	2022	2021
CEO, total annual income	2,796,275	376,300
Increase, %	643%	
Personnel, average total income	196,047	185,373
Increase, %	6%	
Share of CEO income, %	7%	49%

AGM votes for/against

	For	Against	No vote
Remuneration policy	82%	11%	7%
Remuneration report	89%	11%	0%
Board remuneration	100%	0%	0%

CapMan reports annual compensation of the CEO in relation to average employee compensation as median figures are not available.

Compliance with laws and regulations

No significant instances of non-compliance with laws and regulations or no fines or other sanctions were incurred during the reporting period.

Fair dealing and fair competition

Anti-competitive behaviour is covered in CapMan's Code of Conduct and trainings related to CapMan's Code of Conduct are provided to all employees. Due to the updates made to Finnish Competition law effective as of January 2023, parts of the investment process that relate to anti-competitive behaviour were reviewed and internal processes were slightly amended. Anti-competitive training to the investment professional was prepared to be held in January 2023.

During 2022, there were no legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which CapMan has been involved.

Whistleblowing channel

CapMan strives to maintain a transparent business climate and high business ethics and comply with all applicable legislations. An opportunity to report on wrongdoings provides internal and external stakeholders with means to hold us accountable for our actions. CapMan has a Whistleblowing channel in place through which critical concerns can be reported. Through this channel, CapMan can get significant information about grievances, internal or outside threats and an opportunity to react to them quickly. Any grievances reported through the channel are reviewed by Compliance and HR as well as monitored by the Chair of the Audit and Risk Committee of CapMan's Board of Directors. The Whistleblowing Channel and related grievance management processes are tested regularly, and deviations are reported to the Board of Directors.

The Whistleblowing channel can be used by internal and external stakeholders to alert CapMan about illegal actions or unlawful misconducts, such as money laundering, market abuse, violations of data privacy, corruption, violations of CapMan's Code of Conduct or internal rules of process affecting individuals, our organisation, the society or the environment.

CapMan received one report through the Whistleblowing channel in 2022. The report was investigated and not deemed a genuine Whistleblowing event and did therefore not require further actions.

Processes to remediate negative impacts

CapMan seeks to minimize negative impacts from its operations and has implemented continuous processes to monitor and manage operational incidents and risks. Issues are actively managed and there are controls in place to mitigate risk for the most critical functions. CapMan works together with reputable insurance brokers to ensure reasonable insurance coverage for potential liability that might result from any material conventional operative incidents. Internal and external stakeholders can report negative impacts of the business, any grievances and raise concerns about CapMan's business conduct through the Whistleblowing channel.

Anti-corruption and bribery

CapMan does not accept corruption or bribery in any form. Although CapMan acknowledges that a certain level of courtesy is customary in business relationships, the offer or reception of gifts, hospitality and other such benefits is prohibited if they create or may create improper influence. CapMan pays increased caution when hospitality is offered to public officials. Risk management criteria to assess anti-corruption behaviour take into account the location and nature of operations.

Processes related to anti-corruption and bribery are described in detail in CapMan's Anti-Corruption and Bribery policy.

Risk assessments

Risk assessments are process-based and as such, the company does not conduct risk assessments that specifically relate to corruption. Risks related to corruption have not been identified as a significant risk category in the company's annual general risk assessment. Risks related to corruption are managed through personnel training and open internal reporting channels.

Training

CapMan provides anti-corruption and bribery training to its personnel regularly. This training is also a part of the general compliance training, which is mandatory for all new employees, including Management Group. Information about training is shared in CapMan's internal information channels and communicated to all employees across regions and business functions.

Anti-corruption is also part of CapMan's Code of Conduct offers training on anti-corruption matters to all employees as part of its Code of Conduct trainings, that all employees are required to participate in periodically. The Compliance function also organises Compliance roadshows that cover anti-corruption.

The company's Code of Conduct was updated and communicated to the members of the Board of Directors during the fall of 2022, and at the same time a decision was made to train the entire organization (including Board members) at the beginning of 2023.

Only new employees were trained in the year 2022. Board members were not included in these trainings.

	Communication	Training
Board:		
Finland	6/6, 100%	0/0 0%
Employees		
Finland:	32/41, 78%	32/41, 78%
Sweden	5/41, 12%	5/41, 12%
Other Nordic	3/41, 7%	3/41, 7%
Other	1/41, 3%	1/41, 3%

There were no confirmed cases of corruption or breach of business ethics in 2022 and no employees were dismissed or disciplined for corruption.

Anti-Money Laundering

CapMan also implements Anti-Money Laundering (AML) policies and procedures designed to prevent and detect money laundering and related activities. The activities involve KYC (know your customer) procedures on fund investors and portfolio companies. These topics are covered by regular trainings. CapMan reviews its AML strategies, goals and objectives regularly. CapMan is committed to combating financial crime and to implementing appropriate controls to mitigate the risk that investments made by alternative investment funds (AIFs) managed by the CapMan AIFM Oy as well as investors investing into the AIFs are in breach of the AML laws, namely for the purposes of money laundering, terrorism financing, bribery and fraud events.

Tax management

CapMan's tax practices are guided by the following principles:

1. CapMan complies with applicable tax laws, rules, and regulations in the countries it operates and CapMan pays and collects direct and indirect taxes in the countries where its operations occur.
2. CapMan does not approve aggressive tax planning. Therefore, artificial arrangements and practices aimed at tax avoidance are prohibited. Any corporate and/or transaction structuring by CapMan is undertaken to

ensure appropriate economic and commercial substance required by applicable laws and regulations.

3. Decisions relating to tax matters are driven by business needs, and CapMan considers stakeholder opinion, reputational risk, commercial, financial, legal and regulatory factors alongside tax legislation in making decisions relating to tax matters.
4. CapMan ensures that all decisions regarding CapMan's tax affairs are taken by well informed and trained professionals at the appropriate governance level, supported with documentation that evidences the judgments involved.
5. CapMan does not engage in uncooperative jurisdictions identified by OECD or non-cooperative jurisdictions identified by the EU or FATF "grey list" or "black list" or list of "borderline countries."
6. CapMan facilitates fund structures that are attractive for a wide investor base aiming at a fair and neutral tax treatment of all Fund investors. CapMan does not provide any tax guidance or advice to any of its investors or clients.
7. CapMan's transfer pricing practices are based on the arm's-length principle. CapMan's intercompany transactions are conducted and priced in line with the same principle.
8. CapMan strives to communicate honestly and transparently with all external and internal

stakeholders on tax issues and deal with tax authorities in a respectful and professional way.

9. CapMan encourages portfolio companies of the Funds to align their tax practices with the approach and principles set out herein.

CapMan Group taxes are mainly handled in the finance function and fall within the CFO's responsibility. Fund related taxes are mainly handled in the platform functions reporting to the COO and fall within the COO's responsibility.

CapMan considers tax governance and compliance as an important part of its oversight and broader risk management systems. Tax risk management is executed as a part of CapMan's risk management process. CapMan identifies, manages, and mitigates tax-related risks also by monitoring regulatory changes and seeking external advice from reputable, trusted, and experienced advisors. Tax management principles are embedded in the organisation through internal guidance, knowledge sharing around taxes, and regular training. Taxes are managed consistently, accurately, and timely.

CapMan intends to develop its tax management by improving documentation, processes and knowledge sharing around taxes. New Group Tax Policy will be approved during the financial year 2023.

CapMan works together with industry advocacy groups, such as Pääomasijoittajat (FVCA) in order to raise awareness and influence decisionmakers on topics related to tax.

CapMan's Whistleblowing Channel can be used to raise concerns about business conduct and integrity related to tax. See section on Whistleblowing for more information.

Tax disclosures are audited as part of the company's financial statements by the company's auditors. The audit report is available in the Annual Report.

Customer Privacy

No complaints received from outside parties or regulatory bodies. There was one identified leak of customer data during 2022.

	2022
Total number of substantiated complaints received concerning breaches of customer privacy	
complaints received from outside parties	0
complaints received from regulatory bodies	0
Total number of identified leaks, thefts, or losses of customer data.	1



Additional employee disclosures

People at CapMan

Total headcount increased in the period from 185 employees in 2021 to 202 in 2022. The increase was due to an expansion of investment strategies and services. There were no significant fluctuations in the number of employees between the different categories during 2022 or between reporting periods.

Headcount of employees per gender

2022				
	Female	Male	Not disclosed	Total
Number of employees	80	122		202
Number of permanent employees	73	118		191
Number of temporary employees	7	4		11
Number of non-guaranteed hours employees	n/a	n/a		n/a
Number of full-time employees	74	115		189
Number of part time employees	6	7		13

Headcount of employees per region

2022				
	Finland	Sweden	Other	Total
Number of employees	153	25	24	202
Number of permanent employees	143	25	23	191
Number of temporary employees	6	n/a	n/a	11
Number of non-guaranteed hours employees	n/a	n/a	n/a	n/a
Number of full-time employees	143	25	21	189
Number of part time employees	10	n/a	n/a	13

2022

Not employees	5	2%
Total	202	



At CapMan, workers who are not employees are generally special advisors active in CapMan's local and global networks. They perform various tasks that are either project-related or advisory in nature and work under consultant contracts instead of employment contracts, mainly due to their geographic location or the nature of the work that they perform. In 2022, a total of 5 persons were identified as not covered by an employment contract. There were no significant fluctuations over the reporting period or from the previous period.

Collective bargaining agreements

CapMan follows applicable employment law in all countries, including working conditions and terms of employment. CapMan seeks to provide more competitive conditions than collective bargaining agreements within the finance sector.

Non-discrimination

CapMan has zero tolerance for harassment and bullying both at the office and at personnel and customer events. All employees must be familiar with this policy and recognize every person's right to be treated with dignity and respect. All employees are aware of how to report suspected discrimination, bullying or harassment according to CapMan's Fairness Procedure and Whistleblower Channel. CapMan will always investigate any complaint of discrimination, bullying or harassment sensitively and without prejudice. All complaints are taken seriously and must always be made in good faith.

There were no incidents of discrimination reported in 2022.

Collective bargaining	2022
Percentage of total employees covered by collective bargaining agreements	0%

Training and performance management

	2022
Average hours of training during the reporting period	
Women	7.5
Men	7.5
Service professionals	7.5
Investment professionals	7.5

	2022
Performance review, % of employees	
Women	100
Men	100

Diversity of governance bodies and employees

Board of Directors	2022
Women	33%
Men	67%
under 30	0
30-50	0
Over 50	100%



Management Group	2022
Women	36%
Men	64%
under 30	0%
30-50	82%
Over 50	18%

Employees	2022
Women	40%
Men	60%
under 25	6%
26-35	43%
36-45	31%
45-55	15%
Over 55	5%

Ratio of basic salary and remuneration of women to men	2022
Finland	
- Investment professional	0.64
- Service professional	0.83

Information for other locations except Finland are not provided due to categories being below five employees. Definition for significant location of operations is a country with more than 4 persons per country, gender and employee category.

Additional environmental disclosures

Energy consumption

Information on CapMan's energy consumption is available for energy from electricity and heat consumed by CapMan's operations at all seven office locations and from electricity, heat and cooling for CapMan's Stockholm location. The information is based on actual energy consumption provided by the utility providers and property managers of CapMan's Helsinki, Jyväskylä, Stockholm and Copenhagen locations. Consumption is estimated based on location and area information at the London, Luxembourg and Oslo locations, where CapMan has less than 10 people per location.

Energy consumption increased in 2022 due to increased office space in Helsinki and Copenhagen and a higher headcount. CapMan engaged in a campaign to save energy by turning office temperatures down by one degree. The campaign is estimated to have resulted in a 7% reduction in heating energy consumption over the heating period based on measured consumption of the Stockholm office for the months of November and December.

The information is calculated based on a 2021 baseline.

Total energy consumption

	2022	2021
Total energy consumption, MWh	457,172	370,367
Total electricity, MWh	131,496	133,198
Total heating, MWh	314,066	237,169
Total cooling, MWh	11,610	
Share of renewable electricity, total, %	52%	46%
Share of renewable heating, total, %	n/a	n/a

Energy sources and emission factors:

	2022	2021
<u>Purchased electricity:</u>		
Market-based emission factor, kg CO2/MWh	0.065	0.13
Renewables, %	52%	46%
Non-renewables, %	48%	54%
Location-based emission factor, kg CO2/MWh	0.375	0.197
<u>Heating:</u>		
Market-based emission factor, kg CO2/MWh	0.177	0.171
Renewables, %	n/a	n/a
Non-renewables, %	n/a	n/a
Location-based emission factor, kg CO2/MWh	0.189	0.134

Energy intensity

Energy intensity ratios include energy consumption from electricity, heating and cooling within the CapMan organisation.

	2022	2021
Total energy intensity, MWh/FTE	2,471	2,300
Total energy intensity, MWh/turnover m€	6,773	7,015

Emissions

CapMan Group discloses its greenhouse gas emissions as CO₂ equivalents (CO₂e) in line with the GHG Protocol.

Scope 1:

Scope 1 GHG 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.

There were no biogenic CO₂ emissions. The calculations include CO₂ for emissions from electricity and CO₂, CH₄ and N₂O for heat.

The base year for emissions calculations is 2021.

CapMan Group had no Scope 1 emissions.

Scope 2:

Scope 2 GHG emissions are emissions which come indirectly from the generation of purchased energy from a utility provider. For CapMan, electricity, heating and cooling consumption is the only source of Scope 2 emissions.

The market-based method is used for the majority of emissions from the company's office locations (Helsinki, Stockholm, Jyväskylä and Copenhagen). For offices with less than 10 employees (Oslo, London and Luxemburg), the location-based method is used. Emission factors are provided by the utility companies.

Scope 3:

Scope 3 GHG 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.

CapMan utilises Normative, a third-party carbon accounting platform, to calculate most of its Scope 3 emissions. Emissions from category 1 (purchased goods and services), category 3 (fuel and energy related activities), category 5 (waste generated in operations) are spend based and calculated with emissions factors provided by Normative's carbon accounting engine based on established industry and product categorisations, such as NACE, GICS, UNSPSC, or similar. Emissions from category 6 (business travel excluding hotel stays) are activity based and utilise a distance-based method with emission factors from DEFRA. Emissions from category 7 (employee commuting) are activity based and utilise a distance-based method with emissions factors provided by Normative's carbon accounting engine. Category 15 (investments) includes CapMan's share of emissions of portfolio companies and assets of funds under CapMan's management. Portfolio company information is provided by the companies and asset data is provided by real estate asset managers and property management companies. CapMan does not have, or has very marginal, emissions in Scope 3 categories 4, 8, 9, 10, 11, 12, 13 and 14, which is why these are not accounted for separately.

CapMan Group Scope 3 Category 15: CapMan accounts for its share of GHG emissions (Scope 1-3) from investments based on fund ownership. CapMan relies on Scope 1-3 emissions reported by portfolio companies and conducts an internal assessment with the help of a third-party consultant to assess Scope 1-3 emissions of real estate investments. Scope 1-2 emissions were reported for 100% of companies and properties. Scope 3 emissions were reported for 95% of companies and 100% of properties. Emissions from real estate investments included both actual



and estimated emissions. Market-based emissions factors were used when actual consumption information was available. For estimated consumption, location-based emissions factors were used.

Restatements:

Improved calculation methodologies and data availability have resulted in restatements of 2021 emission data. Scope 2 emissions for CapMan's offices in Stockholm and Copenhagen for 2021 have been restated to account for adjustments in the emissions factor for heat energy, resulting in 3.3 tCO₂e lower GHG emissions for 2021 than previously reported.

Scope 3 emissions from investments (category 15) have been adjusted upward by 5,431 tCO₂e for 2021 to account for more comprehensive emissions calculations for Real Estate funds. The restatements increase the Science Based Targets baseline from which the reduction of residential and commercial real estate GHG emissions intensity will be measured.

GRI content index

About the report

CapMan Plc has reported in accordance with the GRI Standards for the period 1 January–31 December 2022. This report includes information related to the GRI Universal Standards from a material point of view for CapMan. The comparison between material topics and GRI Topics is described in the Materiality of sustainability topics section of this report and the comparison to GRI Standards is provided in the GRI Content Index.

The report also includes Global Compact reporting. The GRI Content Index describes what GRI indicators are used to demonstrate the execution of human

rights, workers' rights, environmental principles and anti-corruption principles.

CapMan is a Finnish public limited liability company headquartered in Helsinki, Finland. The parent company of the Group is CapMan Plc (LEI 743700498L5THNQWVL66) domiciled in Helsinki, with a registered office address at Ludviginkatu 6, 00130 Helsinki, Finland. The company has operations in Finland, Sweden, Denmark, Norway, London and Luxembourg.

This sustainability report covers all CapMan Group companies. A complete list of CapMan Group companies is available in the Annual Report for 2022.

The information in this report covers the period 1 January–31 December 2022, unless otherwise noted. CapMan's Management Group has approved the methodologies and information provided for this report. The information has not been externally assured.

This report was published on 8 June 2023. For questions or about this report or requests for additional information, please contact Linda Tierala, Director, Communications & Investor Relations (linda.tierala@capman.com).

<i>Standard & disclosure</i>	<i>Location</i>	<i>Comment</i>	<i>UNGC principle</i>
GRI 2: General Disclosures 2021			
2-1 Organizational details	117		
2-2 Entities included in the organization's sustainability reporting	117	A full list of subsidiaries is included in the Annual Report: https://capman.com/annual-reports/	
2-3 Reporting period, frequency and contact point	117		
2-4 Restatements of information	116		
2-5 External assurance	117		
2-6 Activities, value chain and other business relationships	4, 105		
2-7 Employees	111		
2-8 Workers who are not employees	111		
2-9 Governance structure and composition	46, 105		



<i>Standard & disclosure</i>	<i>Location</i>	<i>Comment</i>	<i>UNGC principle</i>
2-10 Nomination and selection of the highest governance body	106		
2-11 Chair of the highest governance body	106		
2-12 Role of the highest governance body in overseeing the management of impacts	32, 46, 106		
2-13 Delegation of responsibility for managing impacts	46		
2-14 Role of the highest governance body in sustainability reporting	106		
2-15 Conflicts of interest	106, 107		
2-16 Communication of critical concerns	108		
2-17 Collective knowledge of the highest governance body	106	The Corporate Governance Statement includes competences of the BoD: https://capman.com/wp-content/uploads/2023/02/Capman_CG-Statement_2022.pdf	
2-18 Evaluation of the performance of the highest governance body	106		
2-19 Remuneration policies	46, 107	Remuneration policy: https://capman.com/shareholders/governance/remuneration/	
2-20 Process to determine remuneration	107		
2-21 Annual total compensation ratio	Omission	The information available is incomplete. CapMan reports annual compensation of the CEO in relation to average employee compensation as median figures are not available. CapMan works on establishing procedures to collect this data for future reporting purposes and expects to report on this metric starting from 2024.	
2-22 Statement on sustainable development strategy	6-8		
2-23 Policy commitments	16-17		7
2-24 Embedding policy commitments	17		4-6, 7
2-25 Processes to remediate negative impacts	108		
2-26 Mechanisms for seeking advice and raising concerns	108		
2-27 Compliance with laws and regulations	108		
2-28 Membership associations	49		
2-29 Approach to stakeholder engagement	13		
2-30 Collective bargaining agreements	112		3



<i>Topic & disclosure</i>	<i>Location</i>	<i>Comment</i>	<i>UNGC principle</i>
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	13		
3-2 List of material topics	14		
GRI 205: Anti-corruption 2016			
3-3 Management of material topic	11, 43		1-2, 10
205-1 Operations assessed for risks related to corruption	108-109		10
205-2 Communication and training about anti-corruption policies and procedures	109		10
205-3 Confirmed incidents of corruption and actions taken	109		10
GRI 206: Anti-competitive Behavior 2016			
3-3 Management of material topic	44		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	108		
GRI 207: Tax 2019			
3-3 Management of material topic	44		
207-1 Approach to tax	47, 109		
207-2 Tax governance, control, and risk management	109-110		
207-3 Stakeholder engagement and management of concerns related to tax	110		
207-4 Country-by-country reporting	Omission	CapMan reports information on taxes in its annual financial statements based on business segments and not by country.	
GRI 302: Energy 2016			
3-3 Management of material topic	10, 23		
302-1 Energy consumption within the organization	114		
302-2 Energy consumption outside of the organization	71-73, 102	Energy consumption outside the organisation refers to energy consumption by portfolio companies and real estate owned by the funds	
302-3 Energy intensity	115		
302-4 Reduction of energy consumption	114		
GRI 305: Emissions 2016			
3-3 Management of material topic	10, 23		7-9
305-1 Direct (Scope 1) GHG emissions	24, 115		8
305-2 Energy indirect (Scope 2) GHG emissions	24, 115		8
305-3 Other indirect (Scope 3) GHG emissions	24, 115-116		8
305-4 GHG Emissions intensity	24		8
305-5 Reduction of GHG emissions	24		8



<i>Topic & disclosure</i>	<i>Location</i>	<i>Comment</i>	<i>UNGC principle</i>
GRI 404: Training and Education 2016			
3-3 Management of material topic	36		
404-1 Average hours of training per year per employee	39-40, 112		
404-2 Programs for upgrading employee skills and transition assistance programs	40		6
404-3 Percentage of employees receiving regular performance and career development reviews	40, 112		6
GRI 405: Diversity and Equal Opportunity 2016			
3-3 Management of material topic	11, 37		6
405-1 Diversity of governance bodies and employees	106, 113		6
405-2 Ratio of basic salary and remuneration of women to men	113		
GRI 406: Non-discrimination 2016			
3-3 Management of material topic	11, 37		1-2, 6
406-1 Incidents of discrimination and corrective actions taken	112		6
GRI 418: Customer Privacy 2016			
3-3 Management of material topic	45		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	110		

The background image is a photograph of a modern playground. In the foreground, a young child with blonde hair, wearing an orange long-sleeved shirt and dark pants, stands on a white metal railing, looking down. The railing is part of a curved structure. In the background, several people are sitting on a wooden bench, and there are colorful flower boxes and a blue and white patterned rug. The overall scene is bright and sunny.

Additional disclosures:

Regulatory frameworks

The implementation of SFDR and EU 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 classification under the SFDR must follow this policy)
- Provide general transparency and report mandatory PAIs. Funds disclose this information to investors.
- Take into account sustainability risks and principal adverse sustainability impacts for all funds.

CapMan further discloses information on the transparency of sustainability risk policies and adverse sustainability impacts as well as on the principal adverse impacts of investment decisions on sustainability factors on an entity level on its website under www.capman.com/sustainability

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 Property Income
- CapMan Hotels II
- CapMan Nordic Infrastructure II

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.

Implications for CapMan Wealth Services

CapMan Wealth Services (CWS) is subject to the SFDR as a financial advisor.

CWS takes sustainability risks into account in its services.

The policies and processes for identifying and prioritizing sustainability risks are described in CapMan's ESG investment policy.

Transparency of adverse sustainability impacts on an entity level

CWS services include advisory and full mandate wealth management services. The team selects third-party managed funds on behalf of its clients. The selection process includes a detailed analysis based on ESG data and, if necessary, qualitative interviews with portfolio managers and analysts.

The advisory services focus on the following areas in particular:

- Mapping customers' ESG-related preferences.

- Taking sustainability factors into account when making investment decision - together with risk level and returns.
- Targeting investments to support low-carbon options.
- Inclusion of the following sustainability factors in fund analyses: carbon intensity, green-to-brown turnover, management methods, activities contrary to the UN Global Compact and OECD guidelines.
- Promotes solutions that support the UN's Sustainable Development Goals
- Portfolio and fund level responsibility reporting.

Taxonomy alignment

The below table presents the EU Taxonomy eligibility and alignment and eligibility of funds currently categorised as Article 8.

As of 31 December 2022, CapMan had four funds that could make sustainable investments. All activities of the real estate funds were Taxonomy eligible, but not aligned, as minimum safeguards had not been sufficiently analysed. The activities of CapMan Nordic Infrastructure II fund were neither eligible nor aligned.

	CapMan Hotels II	CapMan Residential	CapMan Nordic Property Income	CapMan Nordic Infrastructure II
Taxonomy eligible activities				
Turnover	100%	100%	100%	0%
CapEx	100%	100%	100%	0%
OpEx	100%	100%	100%	0%
Taxonomy-aligned activities				
Turnover	0%	0%	0%	0%
CapEx	0%	0%	0%	0%
OpEx	0%	0%	0%	0%

