

CapMan



Investments  
**Sustainability  
Report**  
2023



# We are today building the society we want to see in 2040

CAPMAN GROUP

REAL ESTATE

INFRA & PRIVATE EQUITY

OTHER BUSINESS AREAS

APPENDIX

Greetings from the management:

# Transition towards a sustainable society through active ownership

CapMan's vision is to become the most responsible Nordic private asset company. Through the investments we make, we are actively shaping the society we aspire to see in 2040. This ambitious vision, although held by a firm of merely 200 individuals, is firmly believed to be attainable. Our impact on the Nordic economies and society is significant.

As of the end of 2023, CapMan manages 5 billion euros of assets on behalf of our investors. We embrace active ownership as a means to simultaneously create financial returns and drive the transition towards a more sustainable society. Our conscious decision extends beyond investing in already sustainable assets; we also maximise value creation by supporting the transition of everyday products, services, utilities, and properties towards more sustainable operating models and the creation of functional, high-quality environments and communities.

Through developing human-centric real estate, we impact more than 220 properties, and through them, we create the pre-conditions for more than 9,400 tenants. Additionally, our 46 portfolio companies, with approximately 14,500 employees, contribute to the development of well-managed, sustainable businesses that play a vital role in the green transition. These companies drive economic growth and provide meaningful

employment. Following the acquisition of Dasos Capital in late 2023, we also became active in natural capital investments. Our portfolio includes more than 250,000 hectares of land and timberland, which sequester over 1.5 million tons of CO<sub>2</sub>e annually.

Through our active ownership, which integrates sustainability as a core theme, we simultaneously create value for investors, shareholders, and society at large.

## 2023 was a year of implementation

To reach the vision, we are driving implementation 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.





In 2022, we established our materiality framework to ensure that our work is systematic and focused on what matters. We are currently evolving this framework to meet regulatory requirements for double materiality. Our work focuses on five sustainability themes: climate action based in science, nature-positive operations that safeguard the planetary boundaries, strong and equitable businesses with meaningful work, human rights throughout our value chain and accountability, transparency and executive level diversity. During 2023, we continued to implement these material topics across our investments as well as in our own operations.

### **Our commitment to the environment goes beyond climate**

While much of the public discussion regarding sustainability remains focused solely on emissions reduction, this narrow definition does not fully encompass environmental sustainability. Human activity has already exceeded the sustainable limits across at least six of the nine planetary boundaries identified by scientists: climate change, biodiversity, environmentally risky chemicals and plastics, nitrogen and phosphorous releases, conversion of forests and natural landscapes into urban areas and farmland, and freshwater use. The trend is unfortunately towards further decline in these critical areas.

To address this broader challenge, we have initiated the development of our proprietary nature-positive approach across all investment areas. Our goal is to equip ourselves with the tools necessary to support the transition of our real estate, infrastructure, and private equity assets towards reducing negative impacts and accelerating nature-positive solutions. This approach not only future-proofs our investments by avoiding value erosion from negative impacts but also creates upside through sustainable business models. To track our progress, we are early adopters of the Taskforce for Nature-related Financial Disclosures (TNFD).

In 2023, CapMan made concrete strides in emissions reduction efforts. We committed to the Science Based Targets initiative

(SBTi), and late in 2023, we set an ambitious target: to achieve net zero by 2040 – a decade earlier than the goal set by the Paris Agreement. Importantly, our net zero target encompasses not only our own operations (i.e., Scope 1 and 2 emissions) but also includes emissions from our real estate, infrastructure, and private equity investments (which fall under Scope 3 emissions). It is within these investments that we can have the largest impact in absolute terms.

Our mid-term targets are set for 2032, by which time the emissions from our own operations should be halved. Additionally, by 2032, the target is to reduce emissions from our commercial real estate portfolio by up to 72% per square meter and residential real estate portfolio by 50% per square meter compared to 2021. Furthermore, all our eligible infrastructure and private equity assets will have set and validated their own SBT emissions reduction targets. As of the end of 2023, four portfolio companies, corresponding to 16% of our eligible portfolio, have SBT-validated targets.

### **Fostering a culture of diversity and inclusion**

Ensuring high levels of employee well-being and fostering a culture of diversity and inclusivity, where different voices are heard and respected, is a priority for our organisation as well as in our portfolio companies. In 2023, CapMan measured inclusivity for the first time as part of the annual employee satisfaction survey. Our internal Diversity, Equity, and Inclusion (DEI) working group provided concrete and actionable suggestions on how to improve. The increasing awareness and competence within CapMan enable us to promote these topics in our investments as well.

As active owners, we hold a key position to implement the protection of human rights across the value chains in our investments. In 2023, we conducted an assessment of salient human rights risks and impacts. The assessment identified a set of recommendations for strengthening current human rights governance, risk management, policies, and procedures. The

next step is to implement these recommendations across our investment areas. We have formally integrated the protection of human rights into our external and internal policies, aligning with our ongoing commitment to the UN Global Compact.

### **We forge the path as we walk it**

Our commitment to integrating sustainability into everything we do remains unwavering. It necessitates that everyone at CapMan adopts a sustainability mindset and, through active ownership, supports and imparts it to the assets we invest in. CapMan's Sustainability Academy has been introduced as a unique training program for all CapMan employees, providing invaluable insights that extend to our portfolio companies and real estate assets.

Building a more sustainable future cannot wait. Rather than waiting for perfect metrics and established standards, we choose to take action now, even with an informed yet incomplete picture. We remain open to continuous improvement, exploration, and growth alongside our stakeholders. While not without challenges, these are truly exciting and rewarding times to be sustainability frontrunners!

#### **Pia Käll**

CEO

#### **Anna Olsson**

Head of Sustainability



CapMan Group

**We are active  
owners in an  
economy in  
transition**

# CONTENTS

About CapMan .....	7
Sustainability at CapMan .....	9

**We shape Nordic  
communities and  
environments through  
our investment decisions**



# About CapMan

CapMan manages funds that invest in unlisted markets, following a multi-strategy approach. We integrate sustainability into our investment decisions. Our roots are Nordic, but our footprint and networks extend globally.

As a leading Nordic private assets expert, CapMan embraces an active approach to value creation. Over three decades, we have generated value in real estate, infrastructure, and unlisted businesses. Our objective is to provide attractive returns and innovative solutions to our investors across the private asset spectrum.

We manage Real Assets and Private Equity & Credit investments through our local and specialised investment teams, and we also offer Wealth management services. Our investment areas span real estate, infrastructure, natural capital, and minority, majority, and private credit investments in unlisted companies. As a sector-agnostic investor, we drive sustainability transformations within our portfolio.

Our actions have a far-reaching impact. We manage more than EUR 5 billion in assets on behalf of our investors. The returns from our funds contribute to the well-being of over 10 million pension beneficiaries worldwide. In 2023, the combined portfolio of our investments included 220 properties, covering an aggregate of 1.3 million square meters and serving 9,400 tenants. Additionally, we managed 46 companies, with an aggregated turnover of EUR 2.3 billion and 15,000 employees. Through our investments, we influence decisions and shape the development of these assets and businesses, thereby impacting Nordic communities and environments where they are located and active.

€5.6 bn

● ASSETS UNDER MANAGEMENT

30

● FUNDS UNDER MANAGEMENT

1.5°C

● CLIMATE TARGETS IN LINE WITH THE PARIS AGREEMENT

2040

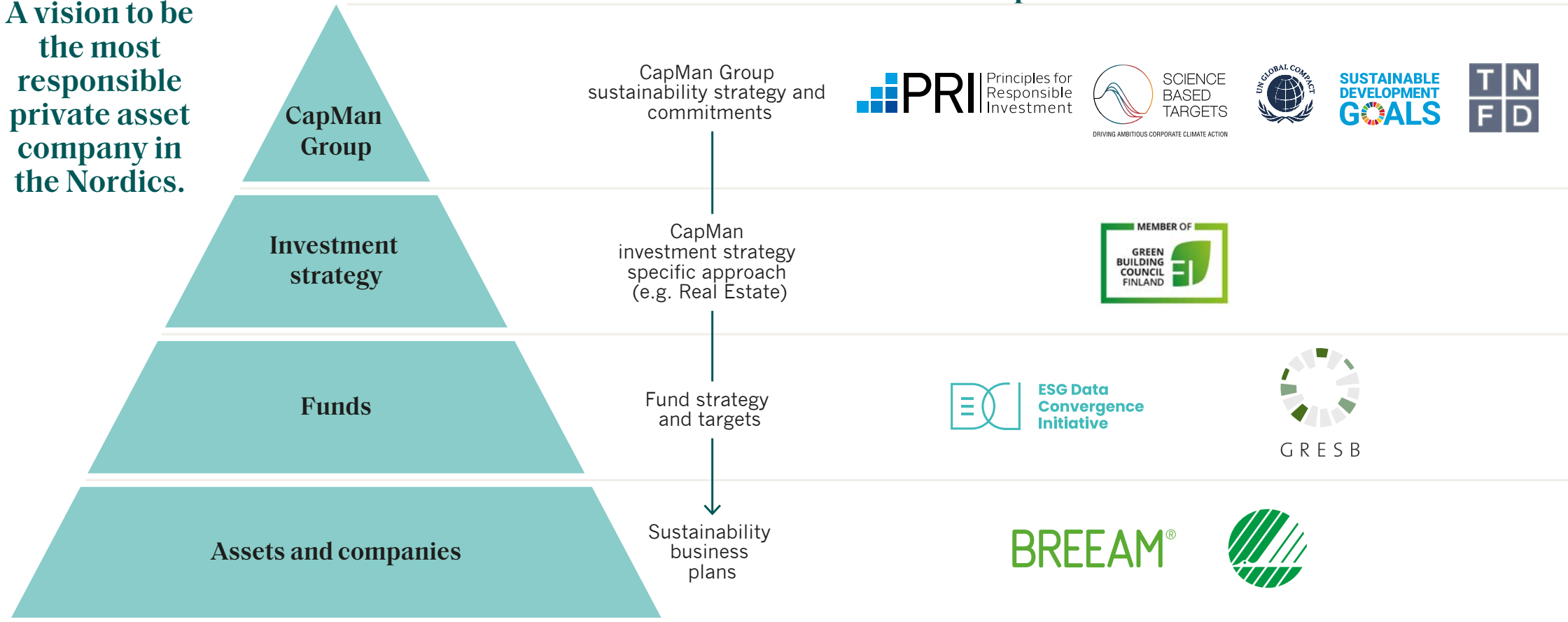
● NET ZERO TARGET YEAR

## About this report

This Investments sustainability report provides sustainability information about the holdings of CapMan’s real estate, infrastructure, private equity and credit funds under management as well as CapMan Wealth. The information provided in this report covers the period 1 January – 31 December 2023 or is as of 31 December 2023, unless otherwise specified. The report does not include natural capital and Dasos Capital Oy, which became part of CapMan Group in March 2024. CapMan Group’s sustainability disclosures are in accordance with GRI, including the assessment of material sustainability topics, and were presented in CapMan’s Annual Report 2023, published on 4 March 2024 at [capman.com/annual-report](https://capman.com/annual-report)

## Examples of frameworks and commitments

A vision to be the most responsible private asset company in the Nordics.





# Sustainability at CapMan

## Sustainability vision

CapMan’s vision is to become the most responsible Nordic private asset company. To achieve this, we anchor our sustainability work in science, focusing on material topics and incorporating a comprehensive approach that includes our various stakeholders, the communities where we operate, and the environment. Our goal is to reduce negative impacts on people and nature throughout our value chain. We do this by ensuring that the operations we can influence stay within planetary

boundaries and positively affect the well-being of people, all while creating strong financial returns.

To realise this vision, we systematically develop roadmaps based on credible frameworks to transition assets and companies toward resource-efficient, circular, and nature-positive operating models. These models promote inclusive and happy workplaces, while also ensuring respect for human rights throughout the value chain. We provide practical support to our portfolio companies and the individuals managing our assets, helping them develop their operations.

Our commitment to transparency ensures accountability for everything we do. This is how we at CapMan continue to build value for the enrichment of society toward 2040 and beyond.

In line with our vision, we do not limit our investments to sustainable assets alone. Instead, we believe that we can create more value by supporting the development of and transition toward sustainable operating models across various industries and sectors.



**Our vision is to become the most responsible private asset company in the Nordics**

**Climate action based in science**

**Nature-positive operations that safeguard the planetary boundaries**

**Strong and equitable businesses with meaningful work**

**Human rights throughout our value chain**

**Accountability, transparency and executive level diversity**

### CapMan’s sustainability organisation

To achieve our vision, we execute sustainability initiatives across the entire CapMan Group. The Head of Sustainability is a member of CapMan’s Management Group and holds overall responsibility for developing and implementing the Group-level sustainability strategy.

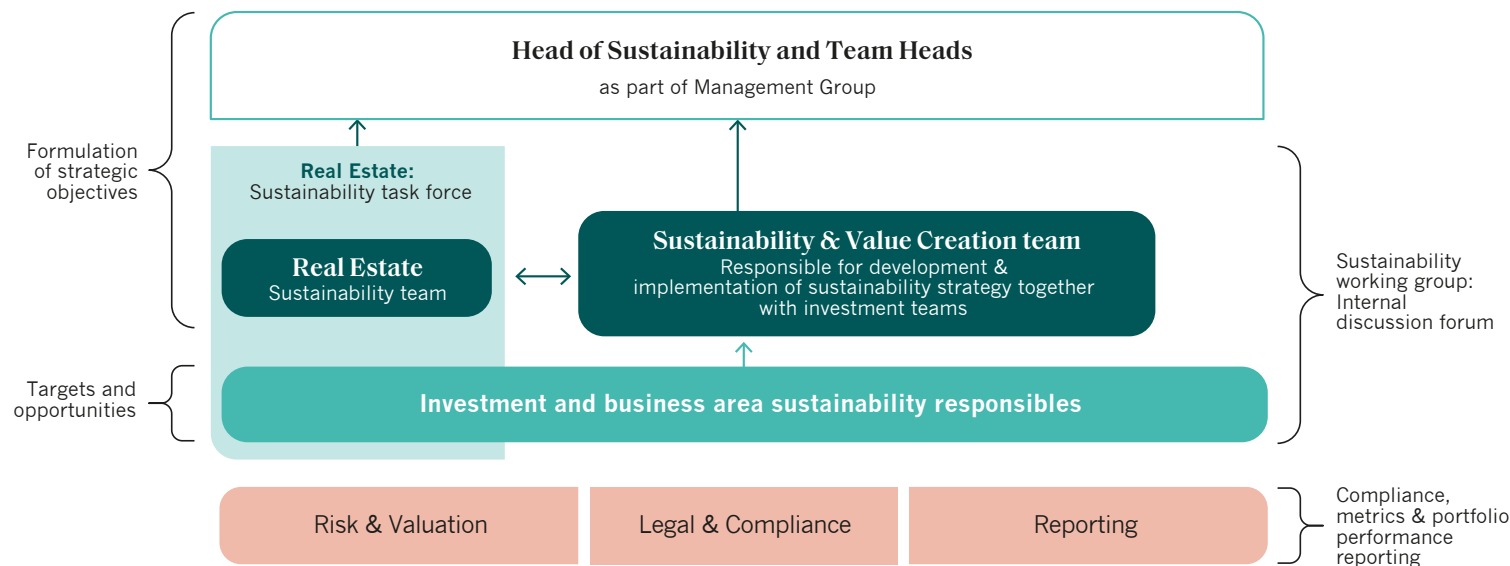
CapMan’s sustainability team collaborates closely with the investment and asset management teams to implement sustainability measures throughout the investment process, from initial investment to exit.

This process is further supported by functions such as legal & compliance, risk & valuation, and reporting, which provide documentation, risk management, and sustainability target tracking. These functions ensure regulatory compliance throughout the investment lifecycle.

### Sustainability themes

As an active owner with significant reach in the Nordic society, CapMan is ideally positioned to drive positive transitions in real estate, infrastructure assets and companies. We have organised our sustainability roadmap under five overall themes, which cover environmental, social and governance topics. The sustainability themes are:

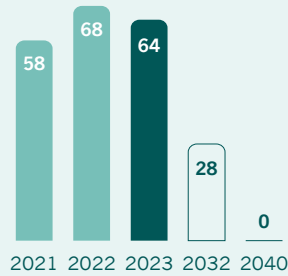
- **Climate action based in science**
- **Nature-positive operations that safeguard the planetary boundaries**
- **Strong and equitable businesses with meaningful work**
- **Human rights throughout our value chain**
- **Accountability, transparency, and executive level diversity**



*“Our sustainability work is based in science, systematic and focused on material topics. Our long-term ambition is to develop pragmatic, measurable approaches to transition assets and companies towards nature positive, circular operating models that promote inclusive workplaces and respect human rights throughout their value chains. To reach the vision of becoming the most responsible private asset company in the Nordics, we are developing long-term nature-positive approaches and taking actions to meet mid-term emission reduction targets, while continuously building internal capabilities to drive transition in our assets and portfolio companies and to meet the demand for increased transparency.”*

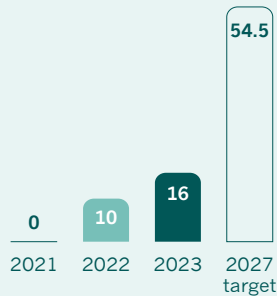
**Anna Olsson**, Head of Sustainability

**SBT: CapMan Scope 1–2 GHG emissions (tCO<sub>2</sub>e) \***

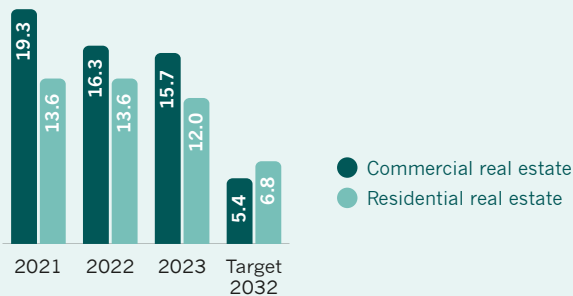


\* Based on CapMan’s Science Based GHG reduction and net zero target

**SBT: Share of portfolio companies that have set SBTs (%)**



**SBT: GHG emissions intensity for Real Estate residential and commercial buildings (kgCO<sub>2</sub>e/m<sup>2</sup>/y)**



**Climate action based in science**

Given the urgency of the climate crisis, it is crucial that decisions made at CapMan as well as in the properties and portfolio companies that we manage are made in a climate-conscious manner. Our decisions are informed by the latest and most credible methodologies and scientific research. We assess the carbon footprint of our activities and have set GHG emission reduction targets in line with the Science Based Targets initiative (SBTi). We have validated mid-term science-based targets to reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 51% by 2032. We follow the SBTi guidelines for private asset companies and have set Scope 3 GHG emission reduction targets at asset level, including reduction in GHG emissions intensity for real estate and share of portfolio companies that have set science-based targets. We are committed to reaching net-zero emissions by 2040 for all investments and in-use operational net-zero emissions by 2035 in the real estate portfolio. We also assist the real estate, infrastructure assets and portfolio companies in measuring, setting and validating individual emission reduction targets in line with SBTi guidelines, while implementing mitigation and adaptation measures. Furthermore, we annually track the Scope 1–3 GHG emissions of our investments.

Of our investments, real estate and infrastructure assets are particularly vulnerable to the physical consequences of climate change. We are working to better understand the risks of climate change on our assets under different scenarios by conducting physical climate risk assessments and adaptation plans. The relevant physical risks for most of our real estate assets (such as floods and wildfires) have already been identified with the appropriate adaptation solutions, and the same exercise will be conducted for our infrastructure and remaining real estate assets in 2024. With global transition to a low-carbon economy, we will also define the risks related to policy, technology, market changes, as well as the risks from changing consumer, employee, and stakeholder preferences under different scenarios.

**Nature-positive operations that safeguard the planetary boundaries**

By respecting and actively working to stay within the planetary boundaries, or the limits within which our planet can operate safely, we aim to do our share to maintain the balance of Earth’s ecosystems and the ecosystem services and resources they provide, such as clean air, fresh water and fertile soil, as well as a stable climate. Protecting these systems is vital not just for preserving biodiversity and natural capital, but also for supporting human life, health, and well-being. This massive undertaking requires coordinated global efforts across various levels, but we are determined to play our part and transition our assets and companies to reduce negative impacts and promote positive solutions, such as biodiversity conservation and sustainable resource use.

To create these nature-positive transition plans we first need to identify the main impacts, dependencies and risks on nature for our real estate, infrastructure assets and portfolio companies. As a first step, we are currently developing our proprietary Nature-positive approach and assessment tools for our investment teams. We are aligning our approach with current and upcoming nature-related frameworks. As a sign of our commitment, CapMan has signed up as an early-adopter of Taskforce for Nature-related Financial Disclosures (TNFD), which is the premier global risk management and disclosure framework for nature.

**Strong and equitable businesses with meaningful work**

CapMan plays an integral role in society through the properties and businesses in which we invest. We build real estate, infrastructure assets, and companies that we can take pride in and that become places where employees enjoy working and



customers and tenants want to frequent and endorse. This added value extends not only to us but also to society at large. In essence, our activities revolve around people. Accordingly, our focus lies on human capital, as it forms the core of CapMan’s success. Our decisions impact our assets, portfolio companies, and the services we provide. At CapMan, we target an eNPS (employee Net Promoter Score) above 50 and an inclusion index score above 70. For our investments, we aim for employee satisfaction above 3.5/5 or an eNPS above 25, and tenant satisfaction above 4/5 or an NPS (Net Promoter Score) above 0.

The promotion and realisation of diversity and equity is a key sustainability topic for CapMan. CapMan’s organisation and activities should reflect its stakeholders and markets in which we operate. We believe that companies that take Diversity, Equity and Inclusion (DEI) into account also tend to be more innovative and profitable, which in turn has positive effects on the societies in which the companies operate. We expect portfolio companies with over 75 employees and where CapMan is a majority owner to implement a DEI policy.

**Human rights throughout our value chain**

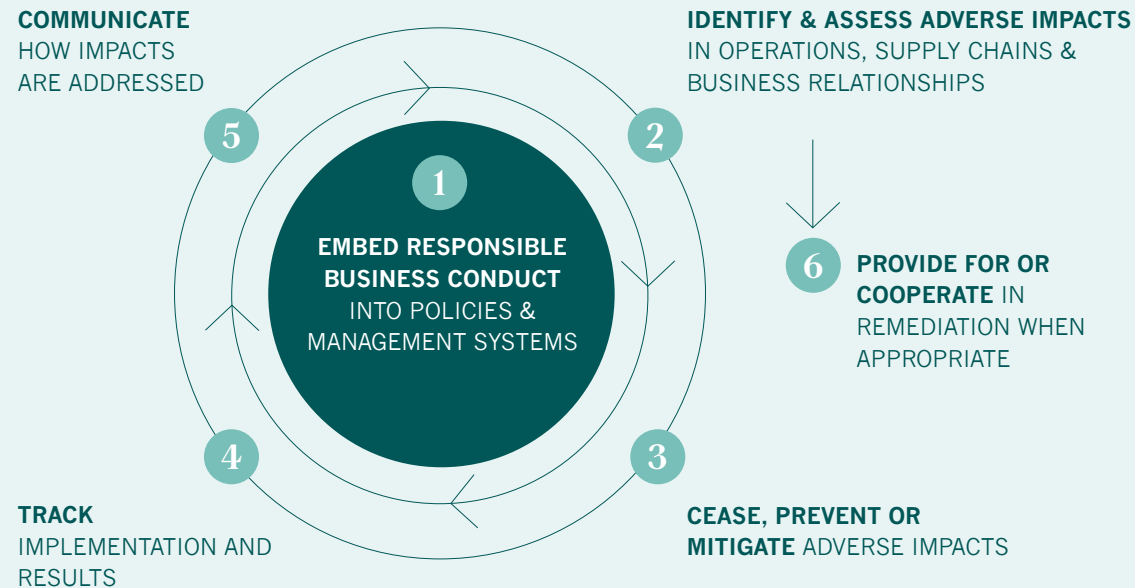
We respect human rights for all people, including our employees, those working for and with our investments, and local communities. Our target is to promote human rights throughout our investments’ value chains and continuously improve human rights governance.

To ensure human rights in practice, CapMan has conducted an assessment of salient human rights risks and impacts with external experts. This assessment has identified our existing strengths and a set of recommendations for strengthening current human rights governance, risk management, and policies and procedures. These recommendations focus on continuously identifying and assessing any adverse impacts, as well as CapMan’s grievance and mitigation mechanisms, which are communicated and reported on.

**CapMan’s internal DEI working group is leading the way**

In 2023 CapMan established an internal working group that focuses on discussing and highlighting pertinent DEI issues across the organisation. Composed of various members across teams, functions, seniorities and geographic locations, the DEI working group provides practical guidelines and recommendations to management in biannual workshops. The DEI working group is sponsored by the Audit and Risk Committee Chair of CapMan’s Board of Directors. The goal is to continuously increase diversity, equity and inclusion across CapMan, especially on a decision-making level, including Management Group, investment professionals and Partners. Our increasing awareness on DEI matters enable us to promote these topics also with our investments and how to measure success in different organisations.

**Human rights throughout the value chain**



Source: OECD (2018), Due Diligence Guidance for Responsible Business Conduct, OECD Publishing

We are currently developing an implementation plan that covers our investments, asset management, and property management.

**Accountability, transparency, and executive level diversity**

The promotion of good governance, business ethics, and integrity has always been an essential part of CapMan’s investment operations.

To improve accountability among decision-makers at CapMan and our portfolio companies, we integrate sustainability factors into remuneration. This approach strongly aligns the incentives of decision-makers with sustainability targets, ensuring that actions prioritize sustainability matters and ultimately lead to the achievement of overall sustainability goals.

CapMan develops its sustainability reporting to enhance transparency regarding sustainability measures and to prepare for the upcoming Corporate Sustainability Reporting Directive (CSRD). Our largest portfolio companies will begin reporting according to CSRD requirements simultaneously with CapMan, and we actively assist them in their preparations. Additionally, CapMan aims to enhance transparency related to the sustainability impacts of our funds under management, providing relevant disclosures in accordance with the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation.

Furthermore, CapMan promotes diversity among decision-makers both within CapMan and across our portfolio companies. We target a maximum of 70% representation of any gender in new appointments to portfolio company boards and management teams.

**CapMan’s internal training program: Sustainability Academy**

To raise in-house capacity and competence regarding sustainability issues relevant for our industry and operations, CapMan runs an internal training program, the Sustainability Academy. This program covers sustainability, responsible investments and corporate social responsibility, as well as topics like climate change, human rights, diversity and inclusion, and governance as they relate to the private assets industry. The goal of the program is to raise awareness and understanding of sustainability across CapMan and to equip the participants with the knowledge and skills to incorporate sustainability into investment decisions and business practices. The Academy offers monthly 60-minute sessions, facilitated by CapMan employees. These sessions are recorded, and all associated materials are available for review after each session.



*“The expertise of our employees in sustainability matters is crucial for success. As such, we have continued to strengthen our capacity building programme by expanding the Sustainability Academy series, which is open for all our employees and presents topical sustainability matters monthly. CapMan’s internal Diversity, Equity and Inclusion working group is an initiative that highlights DEI issues across the organisation and provides practical guidelines and recommendations to management in biannual workshops.”*

**Ivan Gjoshevski,**  
Sustainability Value Creation Manager

## Global and local sustainability initiatives



### PRI – Principles for responsible investment

CapMan has signed the Principles for Responsible Investing in 2012 and reports on the fulfilment of those principles in its investment activities annually. CapMan obtained the following scoring in 2023:

- Policy Governance and Strategy** ★★★★★
- Real Estate** ★★★★★
- Private Equity** ★★★★★
- Infrastructure** ★★★★★

For more information, please visit [capman.com/sustainability](https://capman.com/sustainability)



### UN Global Compact

Through its participation in UN Global Compact (UNGC), CapMan is committed to UNGC's principles and promotes its fundamental values related to human rights, labour principles, the environment, and anti-corruption. CapMan respects, protects and promotes internationally proclaimed human rights in its operations. CapMan upholds the Universal Declaration of Human Rights (UDHR), UN Guiding Principles on Business and Human Rights (UNGPR), International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at work, as well the Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises.



### Science Based Targets initiative

The Science Based Targets initiative (SBTi) was established as a partnership between WWF, UN Global Compact, the Carbon Disclosure Project (CDP) and the World Resource Institute (WRI). SBTi drives ambitious climate action in the private sector and strives to curb the worst outcomes of climate change. CapMan has committed to the Science Based Targets initiative (SBTi) and set a short-term greenhouse gas emission reduction targets and a net-zero commitment by 2040. CapMan Real Estate was part of the SBTi Building Pilot in 2023.



### ICI – Initiative Climat international

Initiative Climat International (iCI) is a global community of private markets firms and investors that seek to better understand and manage the risks associated with climate change. CapMan has participated in developing a carbon neutrality road map together with other private market firms. The Private Markets Decarbonization Roadmap (PMDR) offers the private markets industry a joint approach to disclose the development of their GHG emissions. It is based on existing frameworks that curb climate change.

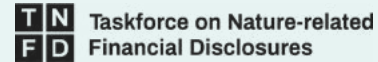


**Global and local sustainability initiatives**



**TCFD**

CapMan provides disclosures according to the Task Force for Climate-related Financial Disclosures (TCFD).



**TNFD**

CapMan is an early adopter of the Task Force for Nature-related Financial Disclosures (TNFD).



G R E S B

**GRESB**

GRESB is a global real estate sustainability benchmark organisation. CapMan reports on the sustainability management and performance of its real estate and infrastructure funds according to the GRESB framework.



**ESG Data Convergence Initiative**

CapMan is a member of the ILPA ESG Data Convergence Initiative that provides sustainability disclosures on private equity portfolio companies in a standardised format.



**CRREM**

Carbon Risk Real Estate Monitor is an EU funded research project that aims at supporting the industry to tackle real estate carbon risk factors and foster investments in energy efficiency. CapMan Real Estate utilizes the CRREM tool to monitor its existing investments' performance in alignment with the 1.5°C decarbonization and energy pathways.

**We promote sustainable practices through memberships in industry organisations and networks.**



**Finsif**

CapMan is a member of Finsif, a network organisation that promotes sustainable investment in Finland.



**Swesif**

CapMan is a member of Swesif, a network organisation that promote sustainable investment in Sweden.



**FVCA**

CapMan promotes sustainable practices in the Finnish private equity industry through the industry association FVCA.



**SVCA**

CapMan promotes sustainable practices in the Swedish private equity industry through the industry association SVCA.



**Invest Europe**

CapMan promotes sustainable practices in the European private equity industry through the industry association Invest Europe.



**INREV**

CapMan is a member of INREV, the European Association for Investors in Non-Listed Real Estate Vehicles. INREV is Europe's leading platform for sharing knowledge on the non-listed real estate industry.



**Green Building Council**

CapMan Real Estate is a member of Green Building Council Finland, Denmark (Rådet for Bæredygtigt Byggeri) and Sweden and is part of developing the industry and society.



**Level 20**

CapMan's CEO is the founder of the Nordic chapter of the Level 20 network and chair of the Finnish Level 20 committee. Level 20 is a not-for-profit organisation founded with the aim of improving gender diversity in the private equity industry.

Real Estate

# Future- proofing real estate



# CONTENTS

About CapMan Real Estate .....	19
Real Estate's sustainability vision .....	20
An actionable sustainability strategy .....	24
Sustainability in the real estate investment process .....	27
Progress towards the sustainability targets .....	28
Sustainability development per fund .....	36

**We drive sustainability transformations in the built environment**

# About CapMan Real Estate

CapMan Real Estate is a Nordic property investor. The team acquires, improves, and develops flexible real estate in major Nordic cities. The environmental and social aspects of each asset are also in focus.

The team executes both value-add and income-focused investment strategies across all major property sectors in Sweden, Finland, Denmark, and Norway. The value-add funds seek to acquire transitional properties in the most liquid Nordic markets where an asset can be significantly improved by active asset management such as redevelopment, change of use, or repositioning. The income-focused funds and mandates seek well-located, high-quality investments that generate attractive risk-adjusted returns in the long term.

CapMan Real Estate's investor base comprises some of the largest global institutional investors and investment management companies that consistently support the team's ability to deliver strong investment returns through market cycles and across the risk spectrum of different funds.

## Focus areas

**Growth-city residential**

**Logistics and light industrial**

**Offices**

## Key figures

9

● FUNDS

220

● PROPERTIES

+70

● INVESTMENT AND ASSET MANAGEMENT PROFESSIONALS

€4.2 billion

● REAL ESTATE ASSETS UNDER MANAGEMENT (31 DECEMBER 2023)

## Select retail formats

**Hotels**

**Megatrends**



*“Creating the cities and communities of tomorrow is at the heart of the mission of CapMan Real Estate. As asset owners and managers, we hold a pivotal position in the ecosystem. We drive sustainability improvements and transitions across our assets that in turn further the objectives of our investors and support the well-being of tenants and the society at large. Our ambitious initiatives to reduce the climate and nature impacts of our assets helps our Nordic cities in their green transitions. I am proud of the achievements in our portfolio so far and keen on stepping up the efforts as we take the next step in the implementation of CapMan Real Estate’s sustainability programme.”*

**Mika Matikainen**  
Managing Partner, CapMan Real Estate

# Real Estate's sustainability vision

## Sustainability highlights for 2023

-19%

- DECREASE IN EMISSION INTENSITY IN COMMERCIAL BUILDINGS FROM A 2021 BASELINE

-14%

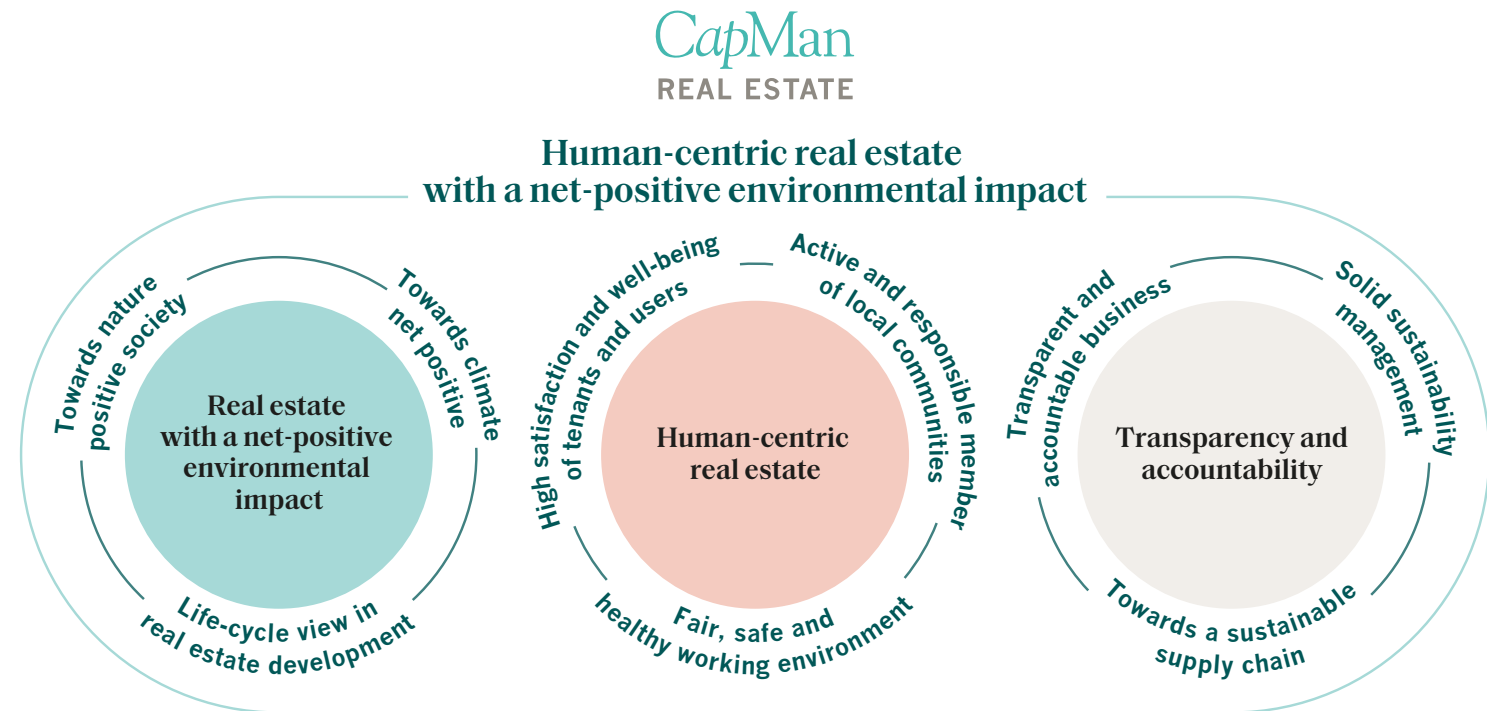
- DECREASE IN ENERGY INTENSITY FROM A 2021 BASELINE

+233%

- INCREASE IN AREA (SQM) WITH GREEN BUILDING CERTIFICATION FROM A 2021 BASELINE

CapMan Real Estate's vision is to develop human-centric real estate with a net-positive environmental impact. The aim is to generate attractive returns for investors while driving a green transition in the industry that optimises real estate lifecycle value creation for all stakeholders, from the environment to local

communities. The vision is constructed around three themes: developing human-centric real estate, transitioning towards real estate development with a net-positive environmental impact, and basing operations on transparent and accountable governance.



**Human-centric real estate**

By placing people at the centre, CapMan Real Estate develops real estate that is truly focused on its users and the surrounding community. Our operations are driven by the development of inclusive real estate that tenants enjoy and that contributes to the creation of livable communities. Creating human-centric real estate also involves ensuring a fair, safe, and healthy work and operating environment, as well as sustainable supply chains.

**Real estate with a net-positive environmental impact**

Having a net-positive impact means transitioning towards real estate that ultimately gives more than it takes in terms of climate and nature. The key to this is having a lifecycle perspective on real estate development. For both renovations and new builds, CapMan Real Estate invests in and selects solutions and innovative approaches that maximise a building’s overall lifecycle value and minimise lifecycle emissions and negative nature-related impacts.

**Transparency and accountability**

As an investor, CapMan Real Estate is accountable for its actions and transparent regarding its environmental, social, and governance impact. Our sustainability practices, management, and reporting are robust, and we actively promote transparency throughout the value chain. This commitment extends to the implementation of strong supply-chain management practices.

We ensure that systematic training equips employees and partners with the necessary tools and awareness to comply with sustainability standards and actively participate in our sustainability journey.

**SBTi Buildings Pilot**

The Science Based Targets initiative (SBTi) Buildings Project is developing science-based target-setting tools and guidance to help companies in the building sector meet the 1.5°C climate goal. SBTi’s goal is to develop robust, clear, and practical resources that support building companies in setting 1.5°C-aligned science-based targets.

CapMan Real Estate was selected among the first companies globally to participate in the SBTi Buildings Project pilot phase, putting CapMan at the forefront of contributing to the creation of guidelines for the decarbonisation of buildings. The pilot is central for the development of tools that contribute to the establishment of a science-based decarbonisation pathway for the real estate industry.



*“We continue to take significant leaps in our journey to provide human-centric real estate with a net-positive environmental impact. In 2023, our greatest achievements included achieving our first four-star GRESB ratings for our CMNPI and CMH II funds, being selected for the SBTi Building Pilot, setting net-zero targets for in-use operational and embodied carbon with roadmaps, increasing the number of EU Taxonomy-aligned properties, conducting a salient human rights impact assessment, assessing the accessibility of our properties, and finally, initiating the development of a concept for nature-positive buildings. Simultaneously, we have worked diligently to preserve and create lifecycle value for the environment, society, and economy in our properties, collaborating closely with our tenants.”*

**Anna Rannisto**  
Sustainability Director, CapMan Real Estate



**Real estate specific initiatives and associations**



**SBTi**

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis by developing standards, tools and guidance which allow companies to set science-based greenhouse gas (GHG) emissions reduction targets. CapMan has committed to the Science Based Targets initiative (SBTi) and set a mid-term greenhouse gas emission reduction targets and a net-zero commitment by 2040. CapMan Real Estate become part of the SBTi Building Pilot in 2023.



**CRREM**

Carbon Risk Real Estate Monitor (CRREM) is an EU funded research project that aims at supporting the industry to tackle real estate carbon risk factors and foster investments in energy efficiency. CapMan Real Estate utilizes the CRREM tool to monitor its existing investments' performance in alignment with the 1.5°C decarbonization and energy pathways. These CRREM pathways were also applied in the SBTi Building Pilot.



**INREV**

CapMan is a member of INREV, the European Association for Investors in Non-Listed Real Estate Vehicles. INREV is Europe's leading platform for sharing knowledge on the non-listed real estate industry.



**Green Building Council**

CapMan Real Estate is a member of Green Building Council Finland, Denmark (Rådet for Bæredygtigt Byggeri) and Sweden and is part of developing the industry and society.



G R E S B

**GRESB**

GRESB is a global real estate sustainability benchmark organisation. CapMan reports on the sustainability management and performance of most of its real estate funds according to the GRESB framework.





G R E S B

**GRESB – Global ESG performance and benchmarks**

CapMan reports on the sustainability performance of its real estate funds according to the GRESB framework. According to the framework, funds are assessed and ranked against their peers. For 2023, the assessment covered the following funds:

- CapMan Nordic Property Income ★★★★★
- CapMan Hotels II ★★★★★
- CapMan Nordic Real Estate II ★★★★★
- CapMan Nordic Real Estate III ★★★★★
- CapMan Residential ★★★★★

CapMan’s Real Estate funds performed very well in the GRESB assessments for 2023 and made significant improvements compared to the previous year. The average improvement across funds was 11 points, a testament to the systematic investments made into sustainability over the past few years.

The CMNPI and Hotels II funds both participated in the GRESB assessment for the second consecutive year and significantly improved their two-star ratings to four stars. The CMNPI fund achieved a significant 18-point increase compared to the previous year. These results were achieved through a combination of comprehensive sustainability developments at CapMan Real Estate and concrete actions performed across the funds’ assets. The CMNPI fund reduced like-for-like energy consumption, greenhouse gas (GHG) emissions, and improved waste data availability. The Hotels II fund improved energy efficiency, updated its energy performance certificates, performed energy surveys and improved data quality and availability. Both funds improved their tenant engagement and sustainability risk assessments, and increased their share of green building certifications.

**The improved  
GRESB scores  
are a testament  
to systematic  
sustainability work**

# An actionable sustainability strategy

## From vision to action

CapMan Real Estate's Sustainability Strategy and Programme 2023–2026 was created in 2022 to translate the ambitious vision into targets, actions, and milestones. The program defines environmental, social, and governance themes and details short- and long-term targets.

To ensure that the sustainability work is relevant and focused on areas with the biggest impacts, the program is based on materiality. Each focus area has further been developed into concrete targets, which in turn create a path of actions to reach the sustainability vision. These actions are incorporated into the value creation and asset management plan.

Progress towards the targets is followed up on annually. Targets are adjusted as needed in case progress is quicker than initially anticipated or the materiality assessment is significantly updated.

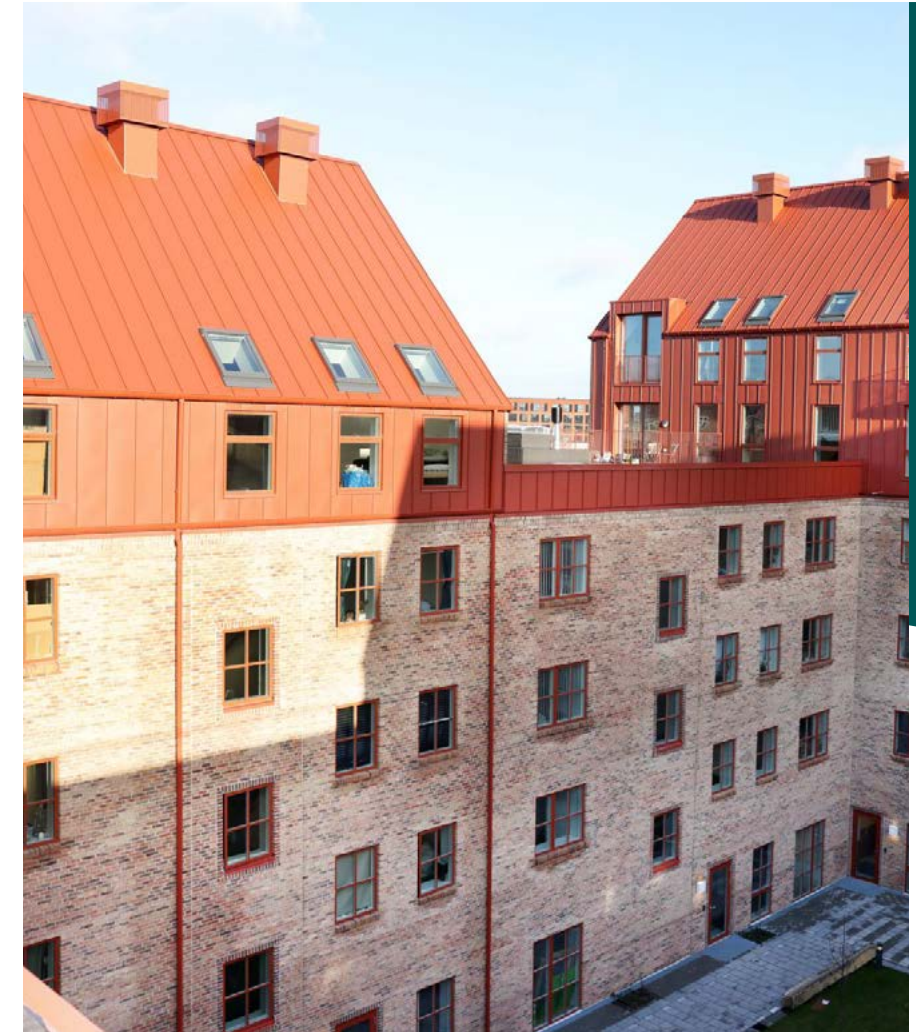
## Materiality of sustainability topics

CapMan Real Estate's materiality assessment conducted in 2022 followed a double materiality approach. Environmental, social and governance topics considered having a material impact on CapMan's real estate investments (outside-in), as well as CapMan's impact on environmental, social and governance topics (inside-out) were included. Material topics were selected based on input from Real Estate management and employees, fund LPs



and tenants, in addition to conducting a regulatory review and competitor benchmark. The top and medium priority material topics identified were as follows:

- Tenant satisfaction & well-being
- Climate change mitigation
- Energy consumption (including renewable energy)
- Business integrity
- Waste and hazardous materials management
- Climate change adaptation
- Water consumption & effluents
- Sustainable procurement practices
- Circular economy approach
- Impact on biodiversity, habitats, or ecosystem
- Health, safety and security in construction
- Accessibility, affordable housing
- Local community development
- Human rights in the supply chain

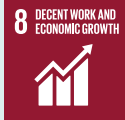

The strategic focus areas were selected based on the top and medium priority material sustainability topics both from the perspective of CapMan Real Estate as well as the environment, people, and economy.



### CapMan Real Estate Sustainability Programme 2023–2026

	THEME	CATEGORY	TARGET 2026
<p><b>ENVIRONMENT</b></p> <p>Towards a net positive nature impact</p>  	Climate and energy efficiency	GHG emissions	<ul style="list-style-type: none"> <li>• Reaching in-use operational net-zero emissions by 2035. <sup>1)</sup></li> <li>• Reaching upfront and in-use embodied net-zero emissions by 2040. <sup>1)</sup></li> <li>• Reducing commercial properties operational GHG emissions by 72% per sqm by 2032 from a 2021 base year. (Interim Science Based Targets. <sup>1)</sup></li> <li>• Reducing residential properties operational GHG emissions by 50% per sqm by 2032 from a 2021 base year. (Interim Science Based Targets. <sup>1)</sup></li> </ul>
		Energy efficiency	<ul style="list-style-type: none"> <li>• Reducing energy intensity by 26% by 2032 compared to 2021, excluding mandate funds.</li> </ul>
		Climate-related risks	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
	Towards-nature positive	Planetary boundaries	<ul style="list-style-type: none"> <li>• Developing and implementing a Nature Positive concept based on best practice and industry frameworks.</li> <li>• Conducting annual biodiversity risk assessment for all properties.</li> <li>• Developing and implementing a Circularity concept for new construction and major renovation projects.</li> <li>• Providing waste recycling facilities including bio, paper, cardboard, plastic, glass and metal sorting for all assets, if municipality/private waste services available.</li> <li>• Achieving waste material utilization rate of 70% for assets with data availability.</li> <li>• Reducing water intensity by 4% by 2026 compared to 2021 in commercial properties.</li> <li>• Achieving a minimum 80% demolition and construction waste recycling rate.</li> </ul>

<sup>1)</sup> The target year for GHG emissions differs from 2026 due to alignment with the Science Based Targets initiative or commitment.

	THEME	CATEGORY	TARGET 2026
<b>SOCIAL</b> Human centric Real Estate 	High satisfaction and well-being of tenants & users	Tenant and customer satisfaction	<ul style="list-style-type: none"> <li>• Net Promoter Score (NPS) &gt; 0 <sup>2)</sup> from tenant satisfaction survey.</li> <li>• Overall satisfaction 4.0 <sup>2)</sup> from tenant satisfaction survey.</li> <li>• General satisfaction regarding facility services included in the lease contract score 4.0 <sup>2)</sup> from tenant satisfaction survey.</li> <li>• Communication and contacting by the landlord score 4.0 <sup>2)</sup> from tenant satisfaction survey.</li> <li>• Increasing tenant and customer ESG awareness.</li> </ul>
	Active and responsible member of local communities	Community engagement and communications	<ul style="list-style-type: none"> <li>• Increasing collaboration with research and network activities.</li> <li>• Developing active communication and process to address community concerns established.</li> <li>• Supporting selected charities and contributing to local communities.</li> </ul>
	Fair, safe and healthy working environment	Fair, safe and healthy working environment	<ul style="list-style-type: none"> <li>• Identifying human rights risks throughout the supply chain by conducting a human rights risk assessment, and plan mitigative actions.</li> <li>• 0 fatalities.</li> <li>• Reducing incident rate at CapMan Real Estate construction sites.</li> <li>• Ensuring fair working conditions throughout the supply chain by at least requiring all relevant suppliers to follow CapMan Supplier Code of Conduct.</li> </ul>
<b>GOVERNANCE</b> Transparent and accountable business 	Transparent and accountable business	Solid sustainability management	<ul style="list-style-type: none"> <li>• Increasing the share of EU Taxonomy aligned properties.</li> <li>• Certifying 75% of the sqm (excl. mandates) during the holding period.</li> <li>• Including ESG clauses in all new lease contracts (“green leases”).</li> <li>• Increasing property level energy, GHG emission, water and waste data coverage to 100%, including commercial tenant energy usage and GHG emissions.</li> <li>• Increasing the ESG awareness of our employees by training and active engagement.</li> <li>• Developing and implementing clear roles, responsibilities, action plans, processes, guidelines, and policies for ESG at CapMan Real Estate.</li> </ul>
		Transparent business	<ul style="list-style-type: none"> <li>• Reporting frequently on ESG progress and KPI’s in line with best practice.</li> </ul>
		Accountable business	<ul style="list-style-type: none"> <li>• Creating an ESG restriction list for CapMan Real Estate.</li> <li>• Requiring suppliers to meet CapMan ESG standards (Supplier Code of Conduct and CapMan Real Estate Sustainable Procurement Policy).</li> </ul>

<sup>2)</sup> For assets owned by CapMan Real Estate for >3 years.

# Sustainability in the real estate investment process

CapMan Real Estate integrates sustainability criteria throughout the investment process, from sourcing of an investment to exit.

## 1. Sourcing and Screening

The first step includes initial and high-level sustainability screening, including sustainability restriction criteria analysis.

In 2023, CapMan published a real estate specific restriction list that serves as a starting point for the investment process.

## 2. Due Diligence

Following the initial screening, CapMan conducts detailed analysis on sustainability topics, including high-level analysis of potential sustainability risks and opportunities. Potential topics included are:

- CRREM 1.5°C decarbonisation and energy pathways
- Green building certification
- EU Taxonomy alignment
- Physical climate risks
- Indoor air quality
- Accessibility
- Noise
- Contaminated land
- The incidence of PCBs
- Radon
- Nature conservation areas
- History, site and neighbourhood

Sustainability value creation opportunities and potential issues are documented and a sustainability asset management plan is developed.

## 3. Ownership and Value Creation

The investment initiates the ownership and value creation phase. Value creation is based on active ownership.

During the ownership phase, CapMan implements an asset management sustainability plan, identifies further value creation initiatives and reports on the progress towards sustainability targets to stakeholders.

## 4. Exit

Ownership change is part of a continuum for the asset. All value creation and asset management activities throughout the lifecycle of the investments are targeted at managing and reducing risks as well as maximising value at exit.

As a new owner is taking over, sustainability improvements completed during CapMan's ownership are detailed and areas for further development are highlighted in order to continue sustainability work in the asset.



# Progress towards the sustainability targets

In 2023, CapMan Real Estate continued executing its sustainability strategy by strengthening resources, training, practices, policies and target setting. Several policies and processes were created or updated specifically for the real estate operations across countries and funds.

### Key policy and process developments:

- Restriction list for new lease contracts
- Roadmap to reduce upfront embodied GHG emissions
- Expanding the scope of the annual ESG property audits to also cover accessibility and refrigerants
- Second CapMan Real Estate wide tenant satisfaction survey covering commercial properties
- Updated ESG policies and guidelines related to tenant refurbishment, major renovation, new construction and procurement
- ESG appendix (“green lease”) extended to residential lease contracts

The awareness of the real estate team was further enhanced by a training programme, which included sessions about circular economy, natural capital and biodiversity, energy performance certificates (EPC), supplier code of conduct and restriction list. The real estate team also participated in CapMan’s Sustainability Academy.

### Environment: Focus on transition to net-zero emissions and energy intensity improvement

CapMan has committed 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 and 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 and have been validated by the Science Based Targets initiative. Additionally, the real estate portfolio is targeting in-use operational net-zero emissions by 2035, and upfront and in-use embodied net-zero emissions by 2040. In 2023, CapMan Real Estate updated its in-use operational emissions roadmap and created an upfront embodied emissions roadmap towards net-zero.

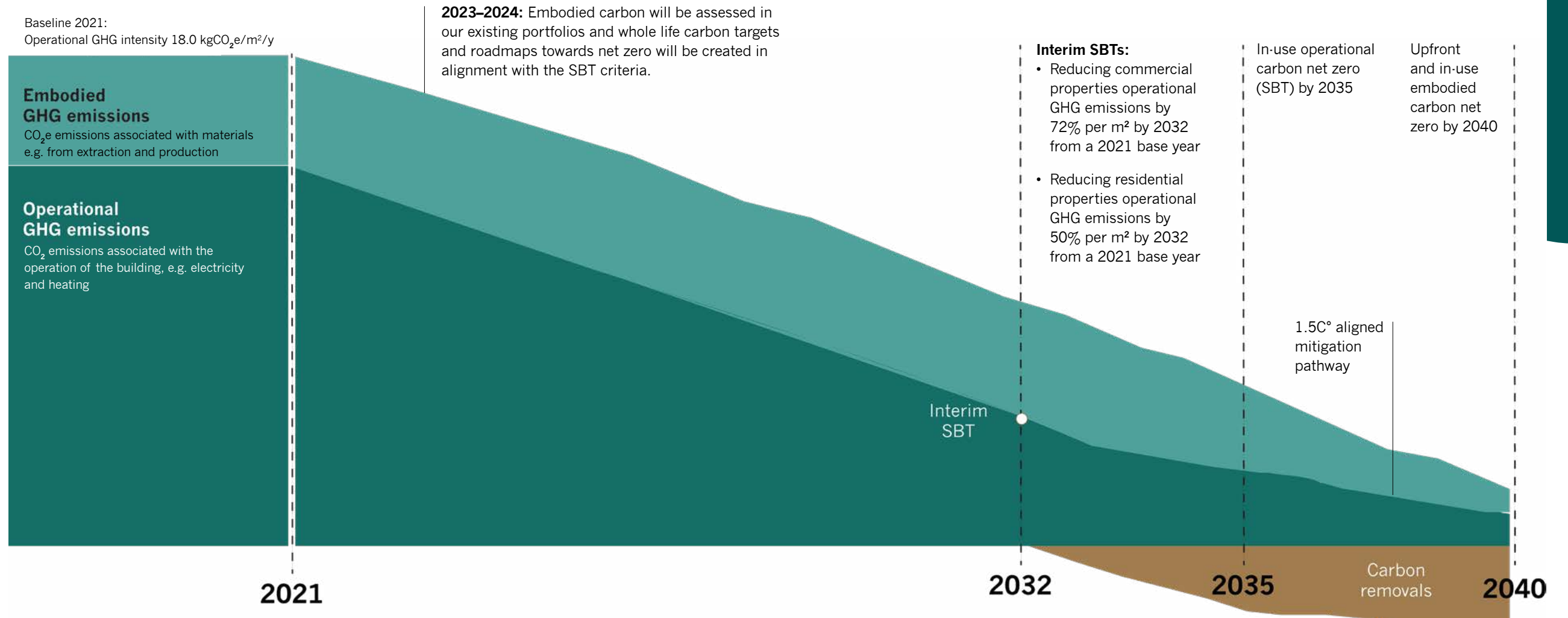
### Progress towards science-based emission intensity targets

(kgCO <sub>2</sub> e/m <sup>2</sup> )	Residential	Commercial
2021	13.6	19.3
2022	13.6	16.3
2023	12.0	15.7
% change since 2021	-11.9%	-18.6%
Target 2032	6.8	5.4
Target 2032 (%)	-50%	-72%

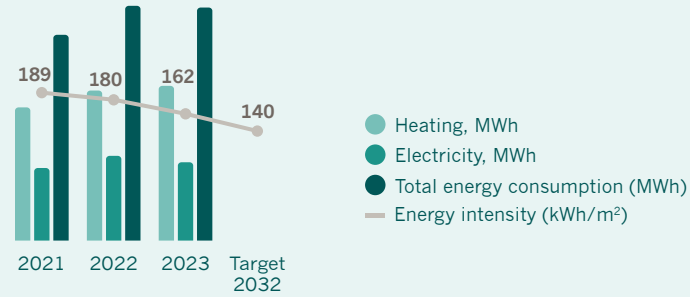
For residential properties the emission intensity has decreased by 12% in 2023, compared to the baseline 2021. The commercial properties have faced a larger decrease in emission intensity as it has decreased by 19% in 2023, compared to the baseline 2021. The decrease for both residential and commercial properties is mainly due to a transition towards renewable energy and energy efficiency improvements. In the commercial properties, the transition to renewable energy has been more impactful as CapMan has more control.



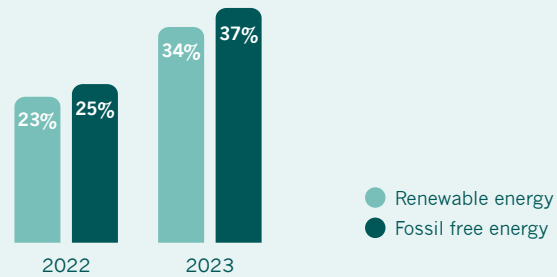
**Transition path example from Real Estate: In-use operational carbon net zero by 2035 and upfront and in-use embodied carbon net zero by 2040**



**Real Estate energy consumption**



**Share of renewable and fossil-free energy in Real Estate**



The methodology and scope of the energy, greenhouse gas, water and waste data is explained on page 39.

**GHG emissions of Real Estate funds, total**

tCO2e	Scope 1	Scope 2	Scope 3	Total	Intensity (kgCO <sub>2</sub> e/m <sup>2</sup> )
2021	60	10,667	15,107	25,834	18.0
2022	97	10,043	10,493	20,633	14.4
2023	431	9,867	9,434	19,732	13.8
% change since 2021				-23.6%	-23.4%

**Energy consumption of Real Estate funds, total**

	Electricity (MWh)	Heating (MWh)	Total consumption (MWh)	Energy Intensity (kWh/m <sup>2</sup> )
2021	67,786	124,390	192,176	189.0
2022	79,130	140,117	219,246	179.9
2023	73,135	144,502	217,637	161.8
% change since 2021				-14.4%
Target 2032				140.0
Target 2032				-26.0%

**Emissions**

In 2023, total GHG emissions have decreased by 24% compared to the baseline 2021. Both Scope 2 and 3 emissions have decreased since 2021, while Scope 1 has increased. The increase in Scope 1 is mainly due to improved data coverage and quality in 2023. The decrease in Scope 2 and 3 is mainly due to an increase in renewable energy consumption and improved energy efficiency. The transition towards renewable energy sources has been ongoing both in 2022 and 2023. The GHG intensity has decreased by 23% compared to the baseline 2021.

**Energy consumption**

Electricity consumption has increased by 8% compared to the baseline 2021. However, electricity consumption decreased in 2023 compared to 2022 by 8%. Heating consumption has increased by 16% compared to the baseline 2021. The increase in both electricity and heating consumption is mainly due to more properties being in use compared to previous years. Even though energy consumption has increased since the baseline 2021, energy intensity has decreased by 14% as various energy efficiency measures have been implemented throughout the funds.

Case: Hotels

# Making the hospitality landscape more sustainable through tenant collaboration

CapMan Real Estate's Hotels II (CMH II) Fund has made significant investments in improving the energy efficiency and overall sustainability of its portfolio. A comprehensive and concrete energy roadmap for the entire fund was created to establish the strategic measures to be taken in the coming years for substantial energy efficiency advancements. These outlined steps include ventilation overhaul, window and lighting renewal, roof renewal, investments in geothermal and solar energy, building automation renewal and optimisation, among others.



Hotel Holiday Club Tampereen Kehräämö in Tampere (FIN)

CapMan Real Estate is also committed to active tenant engagement and collaboration to increase awareness and provide support in sustainability matters. CMH II's tenants include the biggest hotel chains in Finland. Given the tenants' special role in property operations, CapMan Real Estate prioritises regular interactions with them, where sustainability is a key agenda item. In 2023, CapMan conducted comprehensive property audits, assessing the sustainability and accessibility of the hotels amongst other elements and documenting necessary improvements for each. All improvements are planned closely together with the tenant to take their needs into account, and for major renovations, the focus is always on maximising energy efficiency, for example, through heat recovery systems and building automation, and improving the usability of the property.

An increasing number of the fund's hotels, including all Lapland Hotels and GLO Hotel Art, are heated with renewable district heating. Additionally, almost all of the Fund's Scandic Hotels have received the Nordic Swan Ecolabel. A Nordic Swan-labelled hotel meets ambitious environmental requirements and has adopted a comprehensive approach to environmental work, covering energy, water, food, waste, biodiversity, chemicals, and procurement.

Case: Ground source heat pump system

# Renewable energy transformation in residential properties



CapMan Real Estate has embarked on a project to reduce carbon emissions and running costs in its Residential (CMR) Fund's properties by utilising ground source heat pump systems and solar energy. Ground source heating is a renewable energy source that harnesses heat energy from below the Earth's surface through heat pumps. This transformation is natural, given that Finland's soil base is largely bedrock.

After thorough inspection, two residential properties located in Espoo, Finland, were identified as feasible for this transformation from district heating – which is traditionally powered by non-renewable resources – to ground source heating. The properties both had sufficient space for the heating equipment and roof area for the installation of solar panels to provide electricity for the heat pumps.

Implementing the system increases the Energy Performance Certificate ratings and cuts down the greenhouse gas emissions of the properties. One of the two property transformations was successfully completed in 2023, resulting in the ground source heat pump system fulfilling approximately 98% of the property's annual heating requirements. Electricity boilers are used for peak heating demand. Installation at the other property is estimated to be completed during 2024, with similar sustainability benefits.

Additionally, CapMan Real Estate carried out a similar transformation for eight properties under a separate mandate during 2023. The estimated total annual reduction in emissions following the transition to ground source heating in these properties is 491 tCO<sub>2</sub>. Five more properties will undergo installation during the second phase of the project in 2024, making the total emission reduction even larger.

# 491 tCO<sub>2</sub>

● ANNUAL ESTIMATED REDUCTION IN EMISSIONS

**Waste generation & recycling**

	Hazardous Waste (t)	Non-Hazardous Waste (t)	Recycling Rate
2021	5	3,714	36%
2022	6	3,380	30%
2023	46	4,501	35%
Target 2026			70%

Generated waste has increased by 21% compared to the baseline 2021. The recycling rate has remained at the same level in 2023 compared to the baseline 2021. The data quality and coverage have improved in 2023 compared to 2021, which partly explains the difference. The generated hazardous waste has increased due to improved data coverage.

**Water consumption**

	Residential Consumption (m³)	Commercial Consumption (m³)	Water Intensity, commercial (m³/m²)
2021	380,088	392,135	0.39
2022	440,803	437,555	0.50
2023	457,865	472,635	0.54
% change since 2021			38%
Target 2026			0.37
Target 2026			-4%

Water consumption has increased in both residential and commercial properties compared to the baseline 2021. The increase in water consumption is partially due to an increased occupancy and increased data coverage. Furthermore, completed renovation projects have contributed to an increased water consumption. Water intensity for commercial properties has slightly increased since 2022 and has increased by 37% since the baseline 2021.

**Social: Focus on tenant satisfaction**

The funds managed by CapMan Real Estate provide spaces for 9,400 tenants, including residential and commercial assets in Finland, Denmark, Sweden, and Norway. As part of CapMan Real Estate Sustainability Programme, the target is to improve overall tenant satisfaction, Net Promoter Score (NPS), general satisfaction regarding facility services included in the lease contract, landlord communication, and tenant and customer awareness on sustainability.

The progress of the related targets is measured annually by a tenant satisfaction survey, which is sent out to commercial tenants every year and residential and hotel tenants every other year. CapMan Real Estate began to conduct tenant satisfaction surveys starting from 2022. The surveys have been carried out by KTI Finland, an external service provider.

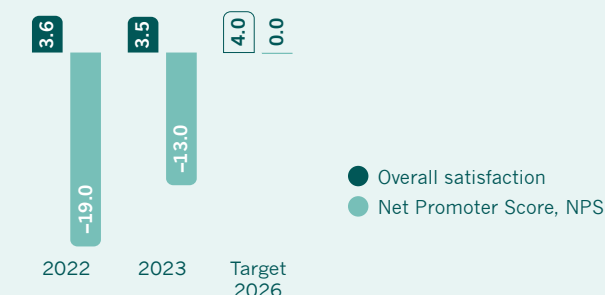
Action plans are created and implemented based on the results to improve tenant satisfaction. Actions can relate to, for example premises, landlord-tenant collaboration and facility services. CapMan Real Estate has selected overall satisfaction and Net Promoter Score, NPS, as they key performance indicators. Overall satisfaction encompasses all aspects of the survey.

In 2022 and 2023, tenants were incentivised to reply to the survey by CapMan Real Estate Ltd donating a certain sum to the UN Refugee Agency per each answer.

**Tenant satisfaction**

	2022		2023		Target 2026	
	Overall	NPS	Overall	NPS	Overall	NPS
Residential	3.9	24	n/a	n/a	4.0	0
Commercial	3.6	-19	3.5	-13	4.0	0
Hotels	3.8	29	n/a	n/a	4.0	0

**Tenant satisfaction**



**Case: Non-discrimination**

**Accessibility and sustainability in property audits**

Sustainability property audits are CapMan Real Estate's tool to identify possible sustainability related risks or opportunities during the annual property audits for all standing investments. CapMan also wants to promote equality and inclusivity by providing functional spaces for all, including individuals with functional diversity that impact their ability to walk, climb stairs, hear, see, or grasp an object. In 2023, accessibility and refrigerants were added as new topics in addition to the existing ones: energy, flooding, water, waste, indoor air quality, fire safety and invasive species. The accessibility assessment included reviewing the accessibility level of the buildings, including narrow doorways, steps, heavy doors, and poor signage for the visually impaired. Action plans were made if any improvement potential was identified.





### Case: Social Real Estate

## Social Real Estate Fund: Facilitates essential public services

The Social Real Estate (CMSRE) Fund, launched in 2023, combines financial returns with social contributions. With a strategy that invests in properties used for providing essential public services in sectors such as schools, day care, universities, civic services, public sector logistics and health care, CMSRE directly contributes to the well-being and development of communities. The fund is classified as an Article 8 financial product under the Sustainable Finance Disclosure Regulation (SFDR), integrating environmental or social considerations into its investment decisions.

The newly established fund made its first investment at the end of 2023, investing in two daycare and one school asset in central Helsinki, Finland. A month later, CMSRE acquired a historical educational property situated in Copenhagen, Denmark, that is fully leased to Copenhagen Business School (CBS). All the properties are under long-term leases and pursue EU Taxonomy alignment. As a long-term owner, the fund plays a pivotal role in fostering resilience by delivering stable income for the investors, providing stability for the tenants, and investing in property improvements over the long term. It is CMSRE's strategy to optimize operating expenses through active management and cost control, along with investing in improvements in energy efficiency, accessibility and climate adaptation for example.

Currently, the fund continues fundraising while actively looking for investment opportunities across the Nordic countries, which all present unique prospects within social real estate.

### Governance: Green building certifications and EU Taxonomy alignment

CapMan Real Estate targets to increase the share of certified and EU Taxonomy aligned properties. The area of properties with green building certifications, such as LEED or BREEAM increased to 38% in 2023. The share of EU Taxonomy aligned properties was 18% in 2023.

#### Share of green building certifications and EU Taxonomy aligned properties

	Certifications (% of sqm)	Taxonomy alignment (% of sqm)
2021	12%	
2022	23%	15%
2023	40%	18%
Target 2026	75%	N/A

The share of green building certifications has increased from the baseline 2021 by 233% in terms of square meters. The increase is mainly due to an increased focus on certifying properties in the funds, as well as the acquisition of properties that are already certified with a green building certification. CapMan has also had an increased focus on aligning properties in accordance with the EU Taxonomy as well as acquiring properties that are already EU Taxonomy aligned. In 2023, the EU Taxonomy alignment has increased by 20% since 2022.

### EU Taxonomy eligibility and alignment of Real Estate funds as of 31 December 2023

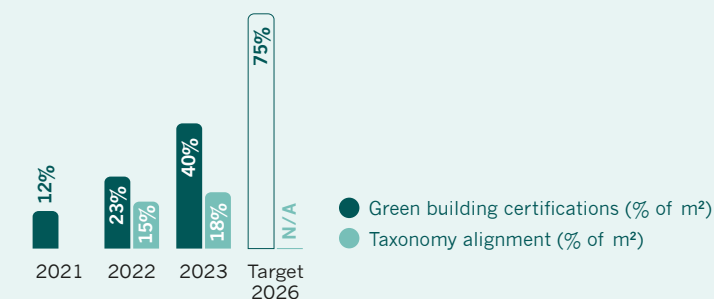
CapMan Real Estate has conducted EU Taxonomy assessments of all real estate funds under management. The funds' activities are EU Taxonomy eligible in the categories Construction of new buildings, Renovation of existing buildings and Acquisition and ownership of buildings. The EU Taxonomy Regulation provides that an economic activity can only qualify as environmentally sustainable if, in addition to meeting the other requirements of Article 3 (3), it is carried out in compliance with the minimum safeguards laid down in Article 18. As per Article 18, meeting the minimum safeguards means:

- 1) implementing international standards of responsible business conduct aligned with the OECD Guidelines on Multinational Enterprises and the UNGPs, which are currently the key international standards on corporate human rights; and
- 2) adhering to the principle of 'do no significant harm' of the Sustainable Finance Disclosure Regulation.

CapMan continues to strengthen its business practices and processes to fully embed these standards.

	Taxonomy eligibility			Taxonomy alignment		
	Turnover	CapEx	OpEx	Turnover	CapEx	OpEx
CapMan Hotels II	100%	100%	100%	0%	0%	0%
CapMan Residential	100%	100%	100%	20%	0%	22%
CapMan Nordic Property Income	100%	100%	100%	7%	0%	8%
BVK-CapMan Nordic Residential Mandate	100%	100%	100%	37%	22%	37%
CapMan Nordic Real Estate I	100%	100%	100%	96%	0%	90%
CapMan Nordic Real Estate II	100%	100%	100%	18%	1%	15%
CapMan Nordic Real Estate III	100%	100%	100%	6%	22%	6%
Kokoelmakeskus	100%	100%	100%	0%	0%	0%

### Green building certifications and Taxonomy alignment







Case: Certifications and Taxonomy alignment

## Søllerødgade – Living up to the new sustainability standards of the industry

Residential property Søllerødgade 15–19, located in the Nørrebro area of Copenhagen, Denmark showcases CapMan Real Estate's operating approach, which combines sustainability building certification with EU Taxonomy alignment. Originally constructed in 2017, Søllerødgade has been under the stewardship of the CapMan Nordic Property Income Fund (CMNPI) since 2020. The decision to exit the property early in 2024 transferring ownership to the Danish real estate investor SF FORE, marked the culmination of progressive, forward-thinking management.

During CapMan Real Estate's ownership period, the property has received a DGNB In-Use Gold certification, an accolade reflecting the property's holistic sustainability characteristics. The DGNB certification system applies a total of nine criteria for buildings in use from three topics that focus on environmental, economic as well as sociocultural and functional qualities. Søllerødgade performed well across the multiple areas evaluated by the DGNB.

Additionally, the property stands out for its alignment with the EU Taxonomy: The building has achieved an Energy Class A rating and been subjected to a physical climate risk and vulnerability assessment, along with an adaptation plan to climate risks. This ensures that Søllerødgade is not only energy efficient but also prepared for future climate-related challenges.

# Sustainability development per fund

## CapMan’s real estate funds under management

CapMan’s real estate funds invest following both value-add and income focused strategies in Finland, Sweden, Denmark and Norway. The investor base comprises some of the largest global institutional investors and investment management companies, which consistently support the delivery of strong investment returns through market cycles and across the risk spectrum of our funds. Due to the diversity of the funds’ investment strategies, sustainability performance varies a lot.

## Real estate funds

Fund	Strategy	Asset types	Assets (#)	Gross area (m <sup>2</sup> )
BVK-CapMan Nordic Residential Mandate (BVK Mandate)	Income	Residential	76	289,500
CapMan Nordic Real Estate FCP-SIF (CMNRE)	Value-add	Diversified	2	33,526
CapMan Nordic Real Estate II FCP-RAIF (CMNRE II)	Value-add	Diversified	64	309,945
CapMan Nordic Real Estate III FCP-RAIF (CMNRE III)	Value-add	Diversified	19	261,850
CapMan Hotels II FCP-RAIF (Hotels II)	Income	Hotels	35	489,509
CapMan Social Real Estate Fund (SRE)	Income	Social Real Estate	1	1,695
CapMan Nordic Property Income Fund (Income Fund)	Income	Diversified	11	81,550
Kokoelmakeskus Ky	Income	Warehouse	1	39,252
CapMan Residential Fund FCP-RAIF (Residential Fund)	Income	Residential	55	230,783
<b>Total</b>			<b>264</b>	<b>1,737,610</b>

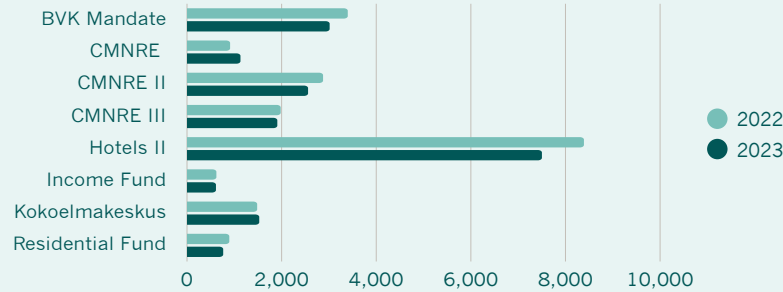
Number of assets and gross area also includes parking halls in assets where CapMan’s ownership exceeds 25%. The first investment in the CapMan Social Real Estate Fund was closed in late December 2023, and has been excluded from the sustainability indicators.

## Absolute GHG emissions and GHG intensity per fund

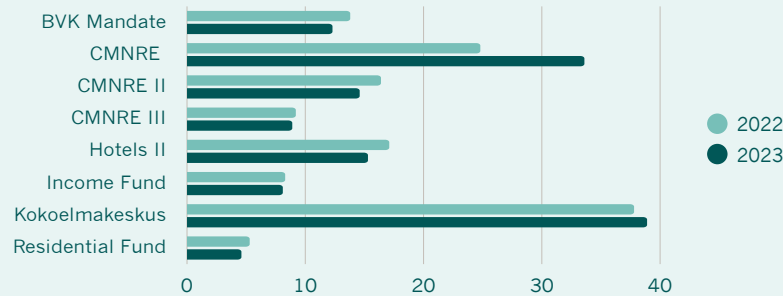
Fund	Scope 1 (tCO <sub>2</sub> e)			Total GHG emissions (tCO <sub>2</sub> e)	Change (2023 vs 2022)	GHG intensity (kgCO <sub>2</sub> e/sqm)	
	2023	2023	2023			2023	Change (2023 vs 2022)
BVK Mandate	0	2,475	541	3,015	-11.3%	12.3	-11.3%
CMNRE	33	693	404	1,130	24.0%	33.6	35.7%
CMNRE II	32	2,163	363	2,559	-11.0%	14.6	-11.0%
CMNRE III	0	1,871	37	1,909	-3.6%	8.9	-3.1%
Hotels II	365	249	6,887	7,502	-10.6%	15.3	-10.6%
Income Fund	0	346	266	612	-1.4%	8.1	-1.4%
Kokoelmakeskus	0	1,527	0	1,527	2.9%	38.9	2.9%
Residential Fund	0	477	288	765	-14.5%	4.5	-15.3%
<b>Total</b>	<b>431</b>	<b>9,867</b>	<b>9,434</b>	<b>19,732</b>	<b>-23.6%</b>	<b>13.8</b>	<b>-23.4%</b>

# Sustainability in value-add and income strategies

**Absolute GHG emissions per Real Estate fund (tCO<sub>2</sub>e)**



**GHG emission intensity per Real Estate fund (kgCO<sub>2</sub>e/m<sup>2</sup>)**



GHG intensity has decreased for all funds, except for CMNRE and Kokoelmakeskus. The decrease is mainly because of the transition towards renewable electricity, as well as renewable heating. Moreover, Scope 3 is the scope with the biggest decrease in GHG emissions across the funds while Scope 1 has increased across the funds. The increase in Scope 1 is mainly due to improved data coverage and quality across the funds. In the Hotels II fund, more fluorescent tubes have been replaced compared to the previous year. GHG intensity for Kokoelmakeskus has increased due higher energy consumption compared to last year, and for CMNRE due to an exit and different portfolio composition.

**Energy consumption per fund**

**Absolute energy consumption, energy intensity, and share of renewable and fossil-free energy per fund**

	Energy consumption, absolute, total (kWh)	Change (2023 vs 2022)	Energy intensity, absolute, total (kWh/m <sup>2</sup> )	Change (2023 vs 2022)	Share of renewable energy of the total absolute energy consumption (%)	Change (2023 vs 2022)	Share of fossil-free energy of the total absolute consumption (%)	Change (2023 vs 2022)
	2023		2023		2023		2023	
BVK Mandate	27,629,880	1.6%	112.4	-11.3%	12.7%	3.2%	12.7%	3.2%
CMNRE	5,574,379	-25.6%	163.1	-6.4%	3.6%	-70.3%	3.6%	-70.3%
CMNRE II	23,124,544	-35.9%	132.0	-35.9%	35.5%	44.5%	37.3%	49.6%
CMNRE III	32,856,697	-40.4%	136.2	-44.0%	16.4%	-6.8%	33.1%	37.2%
Hotels II	112,750,969	2.9%	230.3	2.9%	53.3%	59.4%	53.9%	58.1%
Income Fund	8,250,951	-0.5%	109.8	-0.5%	41.5%	-3.9%	50.4%	-6.1%
Kokoelmakeskus	6,539,588	5.5%	166.6	5.5%	0.0%	0.0%	0.0%	0.0%
Residential Fund	19,079,446	27.9%	115.5	28.2%	10.8%	100.0%	10.8%	100.0%
<b>Total</b>	<b>235,806,454</b>	<b>-11.0</b>	<b>161.8</b>	<b>-10.1%</b>	<b>34.0%</b>	<b>49.4%</b>	<b>37.1%</b>	<b>45.6%</b>

Energy consumption has decreased in the funds CMNRE, CMNRE II, CMNRE III, and CMNPI mainly due to established energy efficiency measures and optimisation projects, such as adjusting the building automation and switching to LED lights in the properties. In some funds, mainly BVK, Hotels II, Kokoelmakeskus and Residential Fund, energy consumption has increased mainly due to an increased occupancy rate as well as colder weather that has required increased heating consumption.

The share of renewable energy has, in general, increased except for the funds CMNRE, CMNRE III and CMNPI. In CMNRE fund the increase is due to an exit and different portfolio composition. In CMNRE II and CMNPI funds, the energy consumption has increased for assets with non-renewable energy sources. CapMan is in the process of switching its remaining fossil-free energy to renewable energy in all funds.

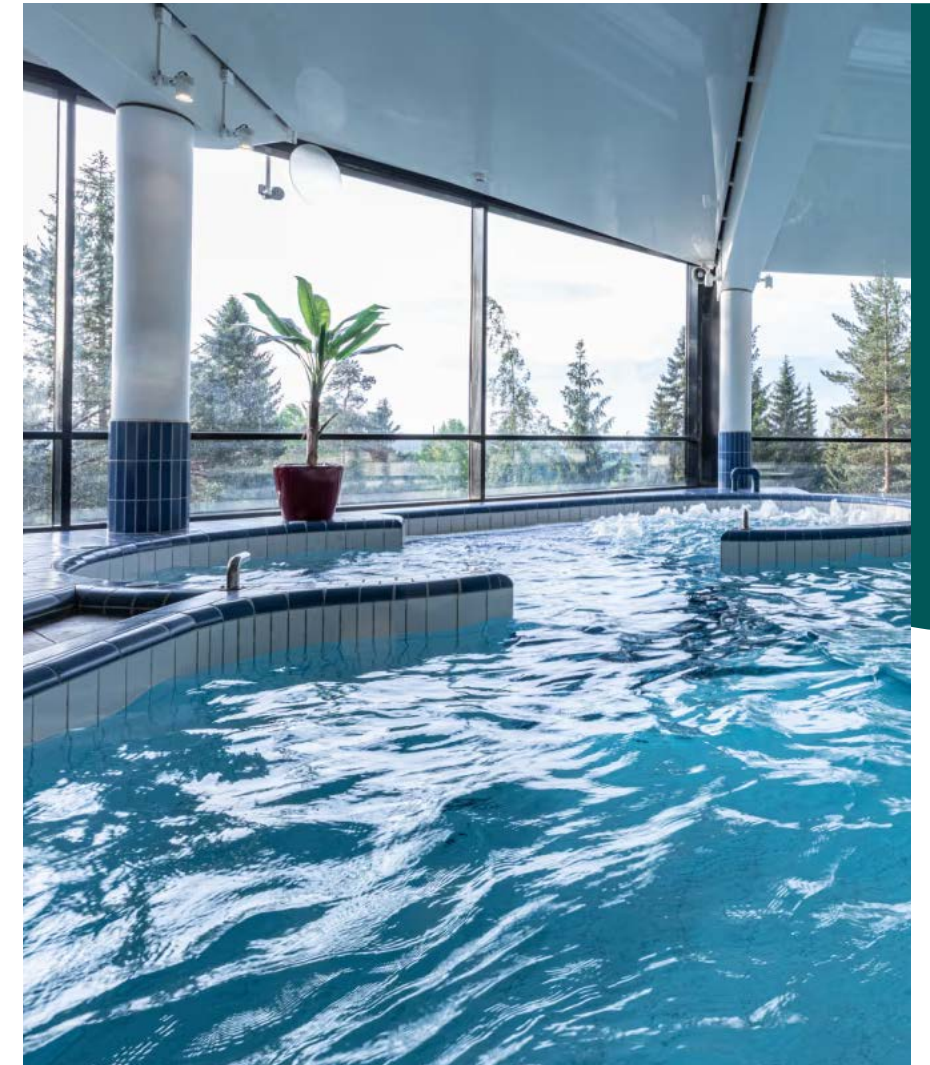


## Water consumption per fund

### Water consumption and intensity per fund

Fund	Water consumption, total (m <sup>3</sup> )	Change (2023 vs 2022)	Water intensity (m <sup>3</sup> /m <sup>2</sup> )	Change (2023 vs 2022)
	2023		2023	
BVK Mandate	237,111	1.4%	1.32	1.4%
CMNRE	13,186	-1.0%	0.39	-1.0%
CMNRE II	62,568	-0.3%	0.39	-0.3%
CMNRE III	54,674	-5.1%	0.27	-5.1%
Hotels II	370,330	9.5%	0.77	9.5%
Income Fund	17,144	-1.3%	0.25	-1.3%
Kokoelmakeskus	4,317	11.9%	0.11	11.9%
Residential Fund	195,731	17.9	1.22	9.2%
<b>Total</b>	<b>955,061</b>	<b>6.9%</b>	<b>0.72</b>	<b>5.3%</b>

For some funds, including CMNRE, CMNRE III and CMNPI, water consumption has decreased. The decreased water consumption is partly linked to changes in occupancy. Further, CapMan has installed smart water leakage detectors in several properties to prevent water damage. For the funds BVK, CMNRE II, Hotels II, Kokoelmakeskus and Residential fund, water consumption has increased. This can partly be explained by increased occupancy rates and an increased number of hotel visitors in the funds. The significant increase in Kokoelmakeskus is explained by a near completion of the renovation and activation of the humidity control of the property.



Hotel Scandic Laajavuori (Jyväskylä, Finland)

## Real estate data principles and methodology

The principles listed below apply to 2022 and 2023 figures.

### Energy data

Energy consumption is calculated based on measured absolute electricity and heating consumption which is collected from energy data management services Enerkey and Mestro, and from property managers. The absolute energy consumption excludes major renovation and new construction projects and any consumption data that is too inaccurate. The consumption data considers all data collected for that year.

For missing electricity consumption, a third-party provider has calculated estimations where measured data is not available.

Moreover, the energy intensity is calculated based on like-for-like electricity and heating consumption. The energy intensity figures exclude major renovations and new construction projects and any consumption data that is deemed too inaccurate. To be included, the property has been managed by CapMan for 24 months, two full years. The definition of like-for-like is comparable to the definition in GRESB.

The scope for energy consumption and intensity figures includes standing investments and parking halls.

The data coverage for energy consumption is 94% (93% in 2022), of which 8% is estimated.

### GHG data

Scope 1, 2 and 3 emissions are calculated based on absolute energy consumption, as described under *Energy data management*.

For the greenhouse gas emission calculations, market-based emission factors have been applied. The factors have been gathered from energy providers of the properties. If market-based emission factors have not been available, location-based emission factors have been applied. For estimated electricity consumption, location-based emission factors have been applied.

GHG intensity is calculated based on like-for-like energy consumption, as described under *Energy data management*.

SBTi figures corresponds to the absolute GHG intensity, not like-for-like. This is in accordance with the SBTi guidance. The GHG intensity used for SBTi figures excludes major renovations and new construction projects and any consumption data that is too inaccurate.

The scope for scopes 1, 2, 3, GHG intensity and total GHG emissions include standing investments and parking halls. Parking halls are excluded from SBTi figures.

The data coverage for GHG emissions is 94% in 2023 (93% in 2022).

### Water data

Water consumption is calculated based on absolute consumption. The absolute water consumption excludes major renovation and new construction projects and any consumption data that is too inaccurate.

Moreover, the water intensity is calculated based on like-for-like water consumption. The water intensity figures exclude major renovation and new construction projects and any consumption data that is too inaccurate. To be included, the property has been managed by CapMan for 24 months, two full years. The definition of like-for-like is comparable to the definition in GRESB.

The data coverage for water consumption in 2023 is 97% (96% in 2022).

### Waste data

The waste generated at each property is measured in tonnes. The recycling rate is calculated as the amount of recycled waste (tonnes) divided by the total waste generated at the properties (tonnes).

Due to data unavailability, waste-related indicators in this report exclude most properties located in Denmark. These properties mainly comprise residential properties where municipalities manage waste, but cannot specify the weight and amount of generated waste fractions.

The scope of waste data includes standing investments.

The data coverage for generated waste in 2023 is 59% (59% in 2022).



Infra & Private Equity

# Sustainability across company lifecycles

# CONTENTS

Approach for Infra & Private Equity .....	42
CapMan Infra .....	49
CapMan Growth .....	53
CapMan Special Situations .....	56
CapMan Buyout .....	59

**We drive positive change  
in our infrastructure assets  
and portfolio companies**



# Approach for Infra & Private Equity

## Roadmap for Infra and Private Equity investments

As an active investor, CapMan's role is to drive positive change in its infrastructure assets and portfolio companies. The sustainability work is based on materiality, meaning that for each asset and company, the focus is on topics that are most relevant for them. In addition, CapMan actively promotes sustainability themes which are material across all investments, and tailors the approach to asset- and company-specific conditions. These themes are **Climate action, Nature positivity, Meaningful work, Diversity, Equity and Inclusion (DEI)** at the workplace, **Respect for human rights, DEI in decision making** and **Accountability and transparency**. CapMan has set short-, mid- and long-term targets for assets and portfolio companies, and progress towards these targets is followed up annually via a sustainability survey.

While the Nature positive approach and implementation plan for ensuring the respect for human rights throughout the investment lifecycle are still under development, the following actions are promoted to reach the targets:

- Portfolio companies develop GHG calculation capabilities, set GHG reduction targets and make Science Based Targets (SBT) commitments.
- Portfolio companies measure employee satisfaction and if CapMan is the majority owner and company has over 75 employees, they formulate DEI policies.
- There can be a maximum 70% of any gender in boards' and management teams' new appointments, and executive remuneration is linked to sustainability targets.
- As part of the onboarding, relevant portfolio company specific policies are identified which are implemented during holding period. Some policies are mandatory across all, such as a Code of Conduct.

## Sustainability work in the investment process, holding period and exit

CapMan integrates sustainability throughout the investment lifecycle from initial screening to exit. CapMan is often the first institutional owner in our portfolio companies, and as such we play an important role in establishing sustainability processes and objectives. CapMan's Sustainable Investment Policy describes our approach and commitment towards the integration of sustainability within our investments and our Restriction list limits sectors and activities in which we invest. In order to ensure a systematic approach to sustainability work, CapMan has developed Sustainability onboarding and holding period guidelines for our private equity and Infrastructure investment teams to define and guide how sustainability matters should be addressed both during CapMan's investment processes and when working with our portfolio companies. CapMan's Sustainability and Value Creation team takes an active part in the process. The guidelines can be split into three phases: pre-investment, holding period and exit.

The pre-investment phase starts with an initial screening of investment opportunities. Each fund has pre-set sustainability qualification and restriction criteria to define what kind of investments the fund can make. Once a potential portfolio company has been identified and the investment process initiated, a risk assessment is conducted via CapMan's proprietary ESG Due Diligence (DD) and Value Creation tool. This can be accompanied with a more comprehensive ESG DD led by an external consultant. The tool helps investment teams to also identify material sustainability topics which the company can further analyse and pursue to gain competitive advantage compared to its competitors. We call this utilisation of business opportunities sustainability value creation. The reporting readiness of the company is also assessed to determine how well the company can deliver the sustainability metrics which CapMan collects

## CapMan's ESG DD and Value Creation Tool

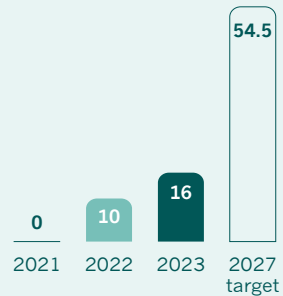
CapMan designed and systematically applies its proprietary ESG DD and Value Creation tool in order to analyse assets and companies in the pre-investment phase. The tool helps the investment teams conduct an ESG risk due diligence and provides industry-specific deep dive due diligence questions. The tool is based on the target's SASB Standards' industry classification and the associated material topics, which can further be customised. Using a risk-based approach, the tool ensures that the target is in line with CapMan's Restriction list and evaluates its sustainability maturity. These questions evaluate how well the asset or company has addressed its material sustainability topics, how much focus stakeholders have on these topics and how important these topics are for company's business model. Finally, the tool provides recommendations for value creation. Value creation opportunities are analysed based on both financial and impact materiality.



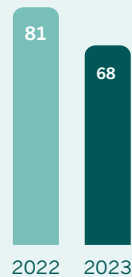
### Infra & Private Equity sustainability target roadmap

Theme	Achieved 2023	Short-term	Mid-term	Long-term
<b>Climate action</b> We drive climate action based in science	16% of eligible portfolio companies have set science-based targets	Continue setting SBTs for infrastructure assets and portfolio companies to meet the mid-term target	54.5% of eligible portfolio companies have set SBTi validated targets by 2027 and 100% by 2032	Net-zero emissions by 2040
<b>Nature positive</b> We promote nature-positive operations that safeguard the planetary boundaries	Initiated a project to develop nature-positive framework and tools for portfolio companies	Develop a nature-positive framework and tools and pilot them for selected portfolio companies	Nature-positive transition plan developed for portfolio companies as part of a nature positivity framework	Transition investments towards staying within planetary boundaries
<b>Meaningful work</b> We provide meaningful work	Overall employee satisfaction in portfolio companies 4/5	Portfolio company employee satisfaction above 3.5 out of 5 or eNPS above 25	Keeping company employee satisfaction yearly above 3.5 out of 5 or eNPS above 25	Maintain high portfolio company employee satisfaction and tenant satisfaction
<b>Diversity, Equity &amp; Inclusion (DEI) at the workplace</b> We create strong and equitable businesses	Implemented DEI policies for 87% of all majority owned portfolio companies with more than 75 employees	DEI policy implemented at all majority owned portfolio companies with more than 75 employees	Target to be decided	Diversity and inclusion increased within portfolio companies
<b>Respect for human rights</b> We respect human rights throughout the value chain.	Key human rights salient impacts identified for all investment teams by an external investigation	Continue aligning processes for human rights with the UN Guiding Principles on Business and Human Rights across investments, asset management and property management	Track implementation and communicate results on human rights while continuously improving human rights governance	Promotion of human rights throughout value chain ensured, tracked and communicated
<b>Diversity, Equity &amp; Inclusion in decision making</b> We are diverse	12% of portfolio company board members are women and 88% men 75% of management group and board appointments were men	Appoint max. 70% of any gender to portfolio company boards & management teams	Appoint max. 70% of any gender to portfolio company boards & management teams	Max 60% of any gender in portfolio company Boards and Management Groups
<b>Accountability &amp; Transparency</b> We are transparent and accountable for our actions	Sustainability onboarding & holding period guidelines developed	Sustainability onboarding & holding period guidelines implemented in all new acquisitions	Target to be decided	Target to be decided

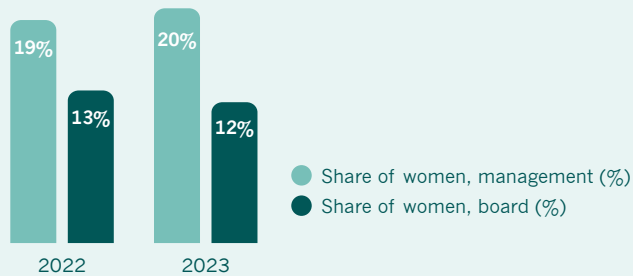
Share of portfolio companies that have set SBTs (%)



Portfolio company employee satisfaction above 3.5 out of 5 or eNPS above 25



Gender diversity of portfolio company executives



annually. Finally, the results obtained during the pre-investment phase are properly documented and included in the Investment Proposal that provides relevant information for the investment decision.

After the acquisition, the new portfolio company is introduced to CapMan’s sustainability approach, sustainability roadmap, reporting and development expectations, and the support we can provide. The next step revolves around strengthening the company’s sustainability foundation, which covers baseline sustainability processes, governance structures, relevant policies to guide its operations and linkage between remuneration and key KPIs. We provide practical tools, such as CapMan’s policy library to support companies during this development work. It is also important that the findings of the risk ESG DD made during the pre-investment phase are addressed at this point. During the business planning, sustainability becomes an integral part of strategy and progress is followed up regularly with relevant KPIs. While working with the portfolio companies we also progress CapMan’s sustainability targets and ensure that companies obtain the required training on both emerging sustainability topics and on reporting requirements to ensure the comparability of the data across our investment portfolio.

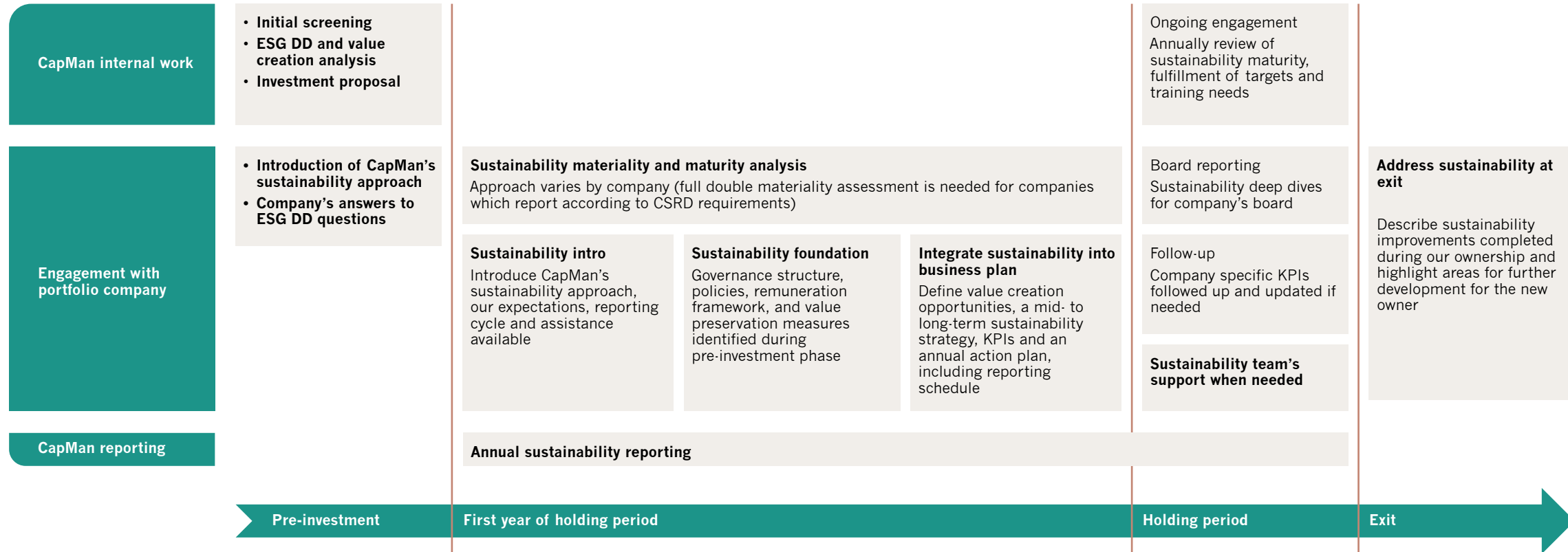
Finally, at exit, we describe sustainability improvements completed during our ownership and highlight areas for further development for the new owner.



*“In 2023, we formalised our onboarding process for portfolio companies, creating a structured approach for sustainability work throughout the holding period. Active ownership is our primary tool” for sustainable value creation. We focus on the identification of value creation opportunities for the portfolio companies and on the establishment of processes to implement sustainability development plans. We also want to ensure respect for human rights throughout the value chain. In order to strengthen processes and identify areas of improvement, CapMan has conducted an assessment of salient human rights risks and impacts across our activities, which we will start implementing in 2024.”*

**Laura Karikko,**  
Sustainability Value Creation Director

### Overview of CapMan’s sustainability onboarding & holding guidelines



**Private Equity specific initiatives and associations**



**PRI – Principles for responsible investment**

CapMan has signed the Principles for Responsible Investing in 2012 and reports on the fulfilment of those principles in its investment activities.

WE SUPPORT



**UN Global Compact**

Through its participation in UN Global Compact (UNGC), CapMan is committed to UNGC’s principles and promotes its fundamental values related to human rights, labour principles, the environment, and anti-corruption. CapMan respects, protects and promotes internationally proclaimed human rights in its operations. CapMan upholds the Universal Declaration of Human Rights (UDHR), UN Guiding Principles on Business and Human Rights (UNGPR), International Labour Organisation’s (ILO) Declaration on Fundamental Principles and Rights at work, as well the Organisation for Economic Co-operation and Development’s (OECD) Guidelines for Multinational Enterprises.



**Science Based Targets initiative**

The Science Based Targets initiative (SBTi) was established as a partnership between WWF, UN Global Compact, the Carbon Disclosure Project (CDP) and the World Resource Institute (WRI). SBTi drives ambitious climate action in the private sector and strives to curb the worst outcomes of climate change. CapMan has committed to the Science Based Targets initiative (SBTi) and set a short-term greenhouse gas emission reduction target and a net-zero commitment by 2040.



**ICI – Initiative Climat international**

Initiative Climat International (iCI) is a global community of private markets firms and investors that seek to better understand and manage the risks associated with climate change. CapMan has participated in developing a carbon neutrality road map together with other private market firms. The Private Markets Decarbonization Roadmap (PMDR) offers the private markets industry a joint approach to disclose the development of their GHG emissions. It is based on existing frameworks that curb climate change.





**TCFD**

CapMan provides disclosures according to the Task Force for Climate-related Financial Disclosures (TCFD).



**TNFD**

CapMan is an early adopter of the Task Force for Nature-related Financial Disclosures (TNFD).



G R E S B

**GRESB**

GRESB is a global real estate sustainability benchmark organisation. CapMan reports on the sustainability performance of its real estate and infrastructure funds according to the GRESB framework.



**ILPA ESG Data Convergence Initiative**

CapMan is a member of the ILPA ESG Data Convergence Initiative that provides sustainability disclosures on private equity portfolio companies in a standardised format.

We promote sustainable practices through memberships in various industry organisations and networks.



**Finsif**

CapMan is a member of Finsif, a network organisation that promotes sustainable investment in Finland.



**Swesif**

CapMan is a member of Swesif, a network organisation that promote sustainable investment in Sweden.



**FVCA**

CapMan promotes sustainable practices in the Finnish private equity industry through the industry association FVCA.



**SVCA**

CapMan promotes sustainable practices in the Swedish private equity industry through the industry association SVCA.



**Invest Europe**

CapMan promotes sustainable practices in the European private equity industry through the industry association Invest Europe.



**Level 20**

CapMan's CEO is the founder of the Nordic chapter of the Level 20 network and chair of the Finnish Level 20 committee. Level 20 is a not-for-profit organisation founded with the aim of improving gender diversity in the private equity industry.

# CapMan Infra

## About CapMan Infra

CapMan Infra invests in infrastructure assets and businesses across the Nordics. The Helsinki and Stockholm based team seeks to identify equity investments in infrastructure companies that provide essential services to society with strong market positions and limited volume or pricing risk. The team is a dedicated and active owner driving operational improvements and sustainable transitions in the portfolio companies. The focus is on companies active in the energy, transportation and digital infrastructure sectors.

## Sector focus

Energy

Transportation

Digital infrastructure

## Key figures

2

● FUNDS

7

● PORTFOLIO COMPANIES

2

● MANDATES

15

● INVESTMENT PROFESSIONALS

€562m

● ASSETS UNDER MANAGEMENT (31 DECEMBER 2023)



*“Sustainability is a key focus area for CapMan Infra and an integrated part of our value creation strategy. It is our strong belief that more sustainable and greener operations improve the value proposition for all stakeholders, which is why we have established a structured approach to support such transitions across our portfolio. CapMan Infra builds on the tight collaboration between our team and the leadership in our portfolio companies. We are also happy to discover that our concrete focus on sustainability is highly appreciated by our funds’ investors as well as the stakeholders of our portfolio companies.”*

**Ville Poukka,**  
Managing Partner, CapMan Infra

**Sustainability highlights for 2023**

**-13%**

● CHANGE IN SCOPE 1 AND 2 EMISSIONS (COMPARABLE)

**-8%**

● CHANGE IN RENEWABLE ENERGY PRODUCTION (COMPARABLE)

**86%**

● HAVE ADOPTED A HUMAN RIGHTS POLICY WITHIN ONE YEAR OF ACQUISITION

One of CapMan Infrastructure’s portfolio companies has validated its Science-Based targets. CapMan Infra portfolio companies have reported a total of Scope 1 and 2 emissions of 196,708 tCO<sub>2</sub>e for 2023. The calculations of Scope 3 emissions are continuously improving and by using a service provider, for all owned portfolio companies in 2023 CapMan Infrastructure has succeeded in obtaining a full set of data which will help in reporting progress in the future. Nevertheless, the emission analysis is based on Scope 1 and 2 emissions as the 2022 Scope 3 data was incomplete.

Furthermore, the Scope 1 and 2 emissions data is comparable for the companies that were in the portfolio in 2022 and a highlight is a reduction in total emissions primarily driven by electrification of assets in the companies, with the largest effect stemming from Koiviston Auto’s electric buses. The comparison of emissions performance between the two funds is not possible due to the addition of three new companies (Serverius and Fuzion as part of building up the DC Platform, and Napier) in CMNI II during 2023. The renewable energy production has decreased by 8% compared to 2022 due to the lower volumes produced at the Överturingen Wind Farm and Nydalen’s heating plants.

Except for two companies, the majority of the infrastructure portfolio is composed of companies with a small number of employees, and the abovementioned companies were the biggest contributors (90%) in the 102 new jobs created in 2023, furthermore, due to the small number of employees (under 10), these companies do not conduct employee satisfaction surveys. Regarding appointments to boards and management teams, all newly appointed Board members (both independent and CapMan employees) were men, whereas 25% of all new management team members in the portfolio companies were women in 2023. The newly acquired companies have to establish sustainability-linked compensation for executives and all of the companies that were in the portfolio at the end of 2022 have done so.

**CapMan Infra improved GRESB results, keeps four-star rating**



G R E S B

**GRESB – Global Real Estate Sustainability Benchmark**

CapMan reports on the sustainability performance of its infrastructure funds according to the GRESB framework. According to the framework, funds are assessed and ranked against their peers. For 2023, the assessment covered the following funds:

- CapMan Nordic Infrastructure I ★★★★★
- CapMan Nordic Infrastructure II (management) ★★★★★



**Key figures**

	2023	2022
<b>Environment:</b>		
GHG emissions Scope 1–2 (tCO <sub>2</sub> e)	196,708	154,164
GHG emissions Scope 1–3 (tCO <sub>2</sub> e)	431,950	253,232
Emission intensity (Scope 1–2) (tCO <sub>2</sub> e/MEUR)	0.30311	0.39774
Energy production (MWh) (comparable)	789,840	807,360
of which renewable (MWh) (comparable)	736,964	802,223
<b>Social:</b>		
Women, mgmt team (%)	16%	7%
Women, board (%)	2%	2%
Share of women, appointments to mgmt team & board (%)	15%	0%
<b>Governance:</b>		
Remuneration linked to sustainability	56%	83%
Human rights policy within a year of acquisition	86%	71%

CMNI II is classified as an article 8 fund under the EU’s Sustainable Finance Disclosure Regulation. As such, the fund is promoting the following environmental and social characteristics:

2023 Environmental and social characteristics promoted by CMNI II *	Skarta Energy	Napier	DC Platform
Share of women among management and the board	0%	17%	33%
Full-time equivalent (“FTE”) change in units during the reporting year	10	3	5
Lost time injury frequency rate (FTIFR)	0	0	0
Total Scope 1 and Scope 2 tCO <sub>2</sub> e for the reporting year per MEUR revenue	3	39	193
Availability of anti-corruption policy and procedures	Yes	Yes	No
Availability of a whistleblowing channel	Yes	Yes	No

\*As the fund completed its first investment in late 2022, data is available for 2023 only.

Case: Skarta

# A Finnish renewable energy pioneer



Skarta Energy offers clean energy solutions for municipalities, cities and industry needs throughout Finland, contributing to the transition to a carbon neutral society. The company specialises in emissions-free, utility-scale solar power projects and has a strategy to develop-to-own to become an independent power producer. Developing renewable energy projects supports the green transition, while improving energy security and self-sufficiency in the Nordic countries. Skarta Energy has taken investment decisions on three solar power projects with the combined capacity of c. 120 MWp in 2023. The largest project launched last year is a 102.5 MWp solar park to be established in Utajärvi, Finland which will be constructed on an area of approximately 133 hectares. The land in question consists of a disused peatbog area and once completed, the site will produce approximately 97 GWh of renewable solar power per year. Skarta Energy’s business is inherently tied to a sustainable mission, advancing our transition to a carbon neutral society. Nevertheless, the company is committed to ensure sustainable operations throughout its business on an even broader scale. During 2023 Skarta Energy established its Sustainability Policy and Code of Conduct including a Supplier Code of Conduct, which it is now implementing, and also targeting EU Taxonomy alignment during 2024. Skarta Energy is a joint venture between NYAB Plc and CapMan Infra with CapMan Infra as the majority owner. The company was originally established by NYAB Plc in 2021.

**skarta**



### Case: Koiviston Auto

## Putting people first while electrifying the bus fleet

Koiviston Auto is the largest bus operator in Finland. The company operates a nationwide network of depots and routes, employing over 2,000 people and running a fleet of over 1,000 buses. In 2022 the company kicked off systematic work around sustainability and set the target of becoming the best place to work in the transport sector, while driving forward the electrification of its bus fleet. This work has progressed in 2023, when the company also took part in their first GRESB assessment receiving a score of 82 out of 100, an excellent result for a first-time participant. In 2023 Koiviston Auto took into use more than 20 electric buses and raised their original target of over 220 electric buses by 2026 to 500 by 2028, aiming for significant emissions reductions. The company expects to reach their original target already by end of 2024. Koiviston Auto also targets to reduce diesel consumption through eco-conscious driving, to reduce both costs and emissions. Between 2022 and 2023 the company decreased its scope 1 emissions by around 26% and its scope 2 emissions by around 11%. It reported Scope 3 emissions for the first time in 2023. Considerable development steps were made around occupational safety in 2023. The company introduced safety notifications which increased reporting around safety issues and sharing of and implementing best practices across the organisation. The company also kickstarted a training program for supervisors which will in 2024 cover all repair shop and traffic management supervisors. As part of the systematisation of sustainability work, the company also implemented its Code of Conduct and Supplier Code of Conduct in 2022 and its Environmental policy, Governance policy and Social and Business Conduct policy in 2023.

KOIVISTON AUTO 

# CapMan Growth

## About CapMan Growth

CapMan Growth makes significant minority investments in Nordic companies. The team supports entrepreneurs by helping them fulfil their growth ambitions and build category-leading companies. An investment from Growth provides an opportunity for owners to realise part of the created value or restructure the ownership base. As an investor, CapMan Growth is an active partner with an entrepreneurial spirit that believes in open dialogue and fast decision-making.

## Focus areas

**Established growth companies with a significant turnover and aim to continue or accelerate growth.**

**Later-stage growth companies that aim to continue on their growth path organically or through acquisitions.**

## Key figures

3

● FUNDS

16

● PORTFOLIO COMPANIES

8

● INVESTMENT PROFESSIONALS

€184m

● ASSETS UNDER MANAGEMENT (31 DECEMBER 2023)



*“We had a successful first close of our third fund at €110M in early 2024. The fund is our first one raised since SFDR came into effect in March 2021, and we have classified it as an article 8 fund. This means that it is committed to actively promoting environmental and social characteristics in its investments in line with CapMan’s material sustainability topics. We are specifically focused on social and governance factors such as employee satisfaction and having the appropriate policies in place, but we also promote setting up good reporting of environmental factors. As a minority investor, it is key that we find ways to engage with founders and other owners while providing an institutional approach to sustainability in our portfolio companies.”*

**Antti Kumm**, Managing Partner, CapMan Growth

**Sustainability highlights for 2023**

**392**

● ORGANIC NEW HIRES

**36%**

● OF MANAGEMENT TEAM APPOINTMENTS WERE WOMEN

**75%**

● OF PORTFOLIO COMPANIES HAVE ADOPTED HUMAN RIGHTS POLICIES

CapMan Growth’s portfolio companies have not yet validated any Science-Based targets. The companies reported total Scope 1 and 2 emissions of 5,288 tCO<sub>2</sub>e for 2023. The emissions for Scopes 1–3 are estimated by Upright Project. Emissions comparable between years 2022 and 2023 (excluding emissions of Arctic Security and Silmäasema, in which Growth became an owner during 2023) were significantly lower for 2023 compared to previous year.<sup>1)</sup>

In 2023, Growth’s portfolio companies continued to contribute significantly to job creation with 392 organic net new hires. 11 out of 13 Growth companies measured employee satisfaction, and 64% of the companies reached the employee satisfaction target of eNPS above 25 or above 3,5/5.

36% of management team appointments were women, exceeding the targeted level of 30%. However, the total share of women’s appointments to management teams and boards was 25%, since all board appointments were men. In the end

of the year, 75% of the companies had implemented a human rights policy and one company had linked remuneration to sustainability.

During 2023 the Growth team was fundraising their 3rd fund, which had its first close in March 2024. The CapMan Growth Equity III fund is an article 8 fund, which means that it is committed to actively promoting environmental and/or social characteristics in its investments. The characteristics that fund is committed to promote are in line with CapMan’s material sustainability topics.

<sup>1)</sup> For some companies, the estimated emissions have experienced bigger changes compared to last year due to improvements in Upright’s model and are thus not directly comparable to previous years. The model improvements originate from two main factors: increased availability of disclosures used as a basis for the estimation, and improvement of the estimation algorithm. Overall, these improvements have resulted in more accurate estimates across all companies. Restated figures for previous years are available via the Upright Platform.

**Key figures**

	2023	2022
<b>Environment:</b>		
GHG emissions Scope 1–2 (tCO <sub>2</sub> e)	5,288	11,046
GHG emissions Scope 1–3 (tCO <sub>2</sub> e)	31,896	83,116
Emission intensity (Scope 1–2) (tCO <sub>2</sub> e/MEUR)	0.00939	0.02029
<b>Social:</b>		
Job creation	+392	+1764
Women, mgmt team (%)	28%	23%
Women, board (%)	14%	13%
Share of women, appointments to mgmt team & board (%)	25%	58%
<b>Governance:</b>		
Remuneration linked to sustainability	17%	0%
Human rights policy within a year of acquisition	75%	60%





### Case: Silmäasema

## Happy employees working together to make the “Happiest Eyes in the World”

Silmäasema is Finland’s largest operator in vision care and eye health. The company provides all products and services needed for good vision under one roof from a nationwide network of over 150 stores, eye healthcare centers, clinics and eye hospitals. Sustainability is intertwined within the nature of the business and employees’ everyday work: over 1,500 experts work together to provide health benefits for customers and thus improve their quality of life. The most material sustainability topics for Silmäasema are related to social matters such as safety, wellbeing, availability and competence and the quality and accessibility of the eye health services offered to clients. Silmäasema believes that a good and functioning work community is a critical enabler for great service quality and high customer satisfaction. The company has been particularly successful in implementing its values – courage, clarity, and responsibility – while systematically implementing its Code of Conduct. In 2022–2023 significant focus was put on ensuring that all employees receive training and commit to the ways of working and values as depicted in the Code. By the end of 2023, already 95% of the staff had successfully completed the training and committed to acting according to the company’s ethical guidelines. Over 93% of key suppliers have committed to the Supplier Code of Conduct. The company follows employee satisfaction through annual surveys and uses the NPS (Net Promoter Score) which depicts recommendation rates, to measure customer satisfaction. In 2023 the employee satisfaction score was 4.1/5. To be true to its slogan, Silmäasema wants to ensure that it has the Happiest Eye Experts in the World working together to make the “Happiest Eyes in the World”. The NPS among customers who visited an optician in Q4 of 2023 was 76.5, and among eye hospital customers, it was over 94. In 2023, Silmäasema was also chosen as Finland’s most trusted optician for the seventh consecutive time in the annual Finnish Readers Digest most trusted brand survey. Silmäasema continues to invest in training, tools and well-functioning workplace for its professionals to thrive. CapMan Growth has been supporting Silmäasema since 2023.

**SILMÄASEMA**



# CapMan Special Situations

## About CapMan Special Situations

CapMan Special Situations pursues event-driven investment situations by providing flexible capital solutions and strong operational capability to deliver step-change improvements in performance. The team specialises in demanding strategic and operational turnarounds, financial restructurings, and corporate carve-outs in which executional certainty can be assured.

## Focus areas

**Strategic and operational turnarounds**

**Financial restructurings**

**Corporate carve-outs**

## Key figures

1

● FUND

4

● PORTFOLIO COMPANIES

5

● INVESTMENT PROFESSIONALS

€77m

● ASSETS UNDER MANAGEMENT (31 DECEMBER 2023)



*“As an event-driven investor, we typically become involved with companies that are undergoing a change. We work together with management teams as well as CapMan’s sustainability team to systematically integrate sustainability in the value creation agenda. It is most rewarding to see management teams realise the tangible value that comes from implementing a sustainability programme.”*

**Antti Uusitalo**, Managing Partner, CapMan Special Situations

**Sustainability highlights for 2023**

**-7%**

● CHANGE IN SCOPE 1 & 2 GHG EMISSIONS (COMPARABLE)

**50%**

● SHARE OF WOMEN APPOINTED TO PORTFOLIO COMPANY MANAGEMENT TEAMS

**100%**

● OF PORTFOLIO COMPANIES HAVE ADOPTED HUMAN RIGHTS POLICIES WITHIN ONE YEAR OF ACQUISITION

None of CapMan Special Situations portfolio companies have validated its Science-Based Targets. Previously, HopLop had a validated SBTi target, however the company was merged into Leo's Lekland in 2023. The new, larger company has no current plans to resubmit the targets in the near future. Due to the changes in the portfolio from 2022, only Marinetek and Niemi have comparable GHG emissions data for Scope 1 and

2, which totaled 725 tCO<sub>2</sub>e for 2023. The minor decrease in the total, is primarily due to Niemi's increase in fossil free vehicles. Marinetek's emissions have slightly increased due to the higher business volume and an add on investment, completed in 2023. The Special Situations portfolio has added once company during 2023, Aro Systems and their GHG calculations capabilities have been established, however data is only available for 2023.

**Key figures**

	2023	2022
<b>Environment:</b>		
GHG emissions Scope 1-2 (tCO <sub>2</sub> e)	754	2,539
GHG emissions Scope 1-3 (tCO <sub>2</sub> e)	7,453	8,921
Emission intensity (Scope 1-2) (tCO <sub>2</sub> e/MEUR)	0.00628	0.03947
<b>Social:</b>		
Job creation	+27	+47
Women, mgmt team (%)	15%	17%
Women, board (%)	8%	8%
Share of women, appointments to mgmt team & board (%)	29%	0%
<b>Governance:</b>		
Remuneration linked to sustainability	50%	0%
Human rights policy within a year of acquisition	100%	50%

Compared to 2022, all comparable companies (Leo's Lekland, Marinetek and Niemi) have improved the conditions regarding their policies, specifically the Code of Conduct, Supplier Code of Conduct and implemented material policies for their industries, further highlighting the investment team's dedication to both financially turnaround the performance and also establish a strong sustainability baseline. A total of 27 new jobs were created in 2023 across the portfolio (excluding Leo's Lekland), with the majority stemming from Aro Systems. Except

for Marinetek, all other companies have conducted employee satisfaction surveys. Although the management teams and boards remain dominated by male members, the share of female appointments to the boards and the management teams has increased compared to 2023. Furthermore, the unadjusted pay gap has improved in 2023. Finally, there has been an increase in executive remuneration linked to sustainability compared by 2022.



Case: Niemi

## 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. The company has currently 15 full electric vehicles, the number of which it is systematically increasing on its journey towards zero emissions fleet by 2030. 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. During spring 2023 Niemi Services has taken steps to ensure that the environment is at the centre of strategic decision making. Further, the company's Board and management has recently completed a comprehensive overhaul on its sustainability policy and related instructions, which are currently in roll-out across the organization. As part of a strategic renewal together with the CapMan Special Situations team, the environmental promise has been integrated as one of the company's core values together with the company's commitments towards its clients and personnel. 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 vision of Niemi is to continue expanding its service offering to promote developments towards circular economy. CapMan Special Situations invested in Niemi Services in 2022.



# CapMan Buyout

## About CapMan Buyout

CapMan Buyout makes majority investments in mid-sized unlisted companies in the Nordic countries. CapMan Buyout is a generalist investor – transitional growth stories are born among prospective best-in-class companies regardless of industry or sector. As an active owner, the Helsinki and Stockholm based team works closely with portfolio company management in strategic and operational initiatives and draws from an extensive network of experienced industrial advisors to reach objectives.

CapMan Buyout invests in growth and helps companies to implement scalable operating models and to execute roll-up acquisitions while maintain margins, strengthening corporate culture and building up an institutional platform with good governance practices. With the help of CapMan Buyout, niche market leaders become domestic champions or international successes.

## Focus areas

**Winning cultures of portfolio companies**

**Niche market leaders**

**Growth focus**

## Key figures

3

● FUNDS

11

● PORTFOLIO COMPANIES

8

● INVESTMENT PROFESSIONALS

€340m

● ASSETS UNDER MANAGEMENT (31 DECEMBER 2023)



*“CapMan Buyout has monitored the sustainability performance of our portfolio companies for almost a decade. During this time, our alignment of strategic value creation with sustainability objectives has evolved significantly. From pre-deal assessment, during our ownership period and throughout the exit process, we actively work together with management in our portfolio companies to identify and implement the levers that have the largest impact on both improved sustainability performance and accelerated value creation.”*

**Antti Karppinen**, Managing Partner, CapMan Buyout



**Sustainability highlights for 2023**

29%

● OF BOARD APPOINTMENTS WERE WOMEN

64%

● OF PORTFOLIO COMPANIES HAVE REMUNERATION LINKED TO SUSTAINABILITY

100%

● OF PORTFOLIO COMPANIES HAVE ADOPTED HUMAN RIGHTS POLICIES

Two of CapMan Buyout’s portfolio companies have validated Science-Based targets in place. Buyout’s portfolio companies reported a total of Scope 1 and 2 emissions of 41,339 tCO<sub>2</sub>e for 2023. The data calculations of Scope 3 emissions are improving, but numbers are missing from some of the companies. The emissions are reported independently by each portfolio company or calculated by a consultant. The reported total emissions were higher for 2023 compared to 2022. However, data is not comparable, since two of the companies have made significant changes to the calculation methods. 67% of the companies which provided data that is comparable over time managed to lower their absolute Scope 1 and 2 emissions, and 44% lowered the emission intensity in relation to revenue (tCO<sub>2</sub>e/MEUR).

Total Scope 1 and 2 emissions of the latest BOXI fund are significantly lower than the emissions of the older funds. This is due to the different industries and business models of the portfolio companies in the funds. Only one of the Buyout’s portfolio companies has not yet set emission reduction targets.

Development in social KPIs was mixed. Over half of the companies were able to contribute positively to job creation, and based on the latest scores available, 67% of the companies reached the employee satisfaction target of eNPS above 25 or above 3,5/5. In 2023, employee satisfaction was measured by 9 out of 11 companies. 29% of new board appointments were women, which is close to targeted level. However, all new management team appointments were men.

By the end of 2023, 64% of the companies had linked remuneration to sustainability factors, and all companies have a human rights policy.

Buyout’s portfolio companies have taken concrete sustainability development measures to improve their sustainability operations. For example, Pharmia released its first sustainability report and Netox created a climate roadmap with a target to reach net-zero by 2035. In Sarc, for the merger with Sigge, the companies prepared a joint sustainability approach including the internal and client operations, addressing climate change, promoting a circular economy, preserving cultural heritage and enhancing societal well-being. Hydroware has made efforts within waste management and managed to reduce waste per produced unit by 10% in 2023 compared 2022. Havator has started to prepare for the upcoming Corporate Sustainability Reporting Directive (CSRD) well in advance. More specifically, the work has started with a Double Materiality Assessment, engaging the company’s key stakeholders in Havator’s sustainability journey.

**Key figures**

	2023	2022
<b>Environment:</b>		
GHG emissions Scope 1–2 (tCO <sub>2</sub> e)	41,339	28,323
GHG emissions Scope 1–3 (tCO <sub>2</sub> e)	133,091	277,921
Emission intensity (Scope 1–2) (tCO <sub>2</sub> e/MEUR)	0.06687	0.03947
<b>Social:</b>		
Job creation	+113	+567
Women, mgmt team (%)	15%	22%
Women, board (%)	18%	23%
Share of women, appointments to mgmt team & board (%)	15%	27%
<b>Governance:</b>		
Remuneration linked to sustainability	64%	55%
Human rights policy within a year of acquisition	100%	100%

Case: Netox

# Climate roadmap leads the way for Netox’s sustainability actions



Netox, a provider of IT and cyber security services, is aiming to be carbon neutral by 2035. In 2023, the company created a step-by-step climate roadmap to reduce the company’s environmental impact over the coming years. The key elements of the roadmap include the reduction of emissions, responsible sourcing, reuse and recycling of goods and devices, green energy sources as well as green working environments and employee commuting. Following the Greenhouse Gas (GHG) Protocol, Netox assessed its climate impact by calculating the carbon footprint of its operations as well as throughout the entire value chain. This was first done in 2022 and is now updated annually. “We provide lifecycle services for IT equipment. When we started to calculate our carbon footprint, it was a surprise to realise the significance of purchased goods and devices, which accounted for over 90% of our emissions,” says **Taija Niva**, Quality Manager DPO at Netox. “The rest of the emissions are from business travel, commuting and other sources.” The next big step for Netox in its sustainability efforts will be the company’s commitment to the Science Based Targets initiative (STBi) in 2024 as well as the full integration of its climate roadmap initiatives into the company’s daily work. “Our process owners need to take ownership of sustainability. The key question is how to support the intrinsic motivation of employees to consistently implement sustainability actions?” Niva asks while adding that this presents a positive challenge for the entire company. In 2025, when the EU’s new Corporate Sustainability Reporting Directive (CSRD) will apply to a wide range of companies, Niva believes that the requirements for companies and their partners will grow. “It’s imperative to lead the transition towards a more climate-friendly business. For us, it means the board is not only committed in recognising the environmental impact of our operations but also identifies greener innovations as a source of future business opportunities,” Niva says.



Case: Hydroware

# A lifecycle approach to elevators



Hydroware develops and sells products and solutions for elevator modernisations. The company has a business model based on circular economy and is at the leading edge when it comes to sustainability in the elevator industry. Since its founding in 1998, Hydroware has focused on modernisation of elevators aiming to preserve as much as possible of the material and economic values during the elevator’s lifecycle. As Hydroware sees it an elevator should have the same lifespan as the property. When an elevator is modernised, rather than replaced, several times during the lifespan of a building, resources are saved, costs are halved, installation is faster, and servicing is made more accessible. Every modernisation of an elevator can lead up to around a 50 per cent lower environmental impact compared to a full replacement. In 2023 Hydroware continued to develop its products to ensure that they are energy efficient. The development of two new models, the TractionElite ECO and the HydroElite VICI, which will be introduced in 2024, are excellent examples of this. Both models will be equipped with Hydroware’s own inverter drive which allows the lifts to become an integrated part in smart building infrastructure and participate in energy sourcing. Further the TractionElite ECO has exceptional energy-saving capabilities and the HydroElite VICI regenerates energy from downward hydraulic lift travels, also lowering total energy consumption. In 2023 Hydroware has also focused on source sorting better and reducing the proportion of waste that goes to energy recovery. In the production units, in 2023 Hydroware reduced source-sorted waste by 13% compared to 2022 and decreased the proportion of waste that goes to energy recycling by 2%. CapMan Buyout invested in Hydroware in 2022 and is supporting the company in its international expansion.



Other business areas

**We accommodate  
for evolving  
sustainability  
preferences**



# CONTENTS

Nest Capital .....	64
CapMan Wealth .....	66

**We integrate  
sustainability with  
Private Debt and Wealth  
Management solutions**



# Nest Capital

## About Nest Capital

Nest Capital, as part of CapMan Credit, manages private debt funds that are active in the Nordic region. The funds provide private debt, mainly in the form of senior, unitranche and subordinated debt, to small and medium-sized companies across the Nordic countries. The funds invest across industries and investment amounts generally range from €5 million to €20 million.

## Focus areas

Leveraged buyouts

Add-on acquisitions

Expansion projects

Refinancings and recapitalisations

## Key figures

3

● FUNDS

4

● INVESTMENT PROFESSIONALS

9

● INVESTMENTS

€300m

● COMMITMENTS RAISED



*“We take into account the principal adverse impacts in our fund and work together with portfolio company sponsors to promote sustainability topics during our investment period.”*

**Niklas Östborn,**  
Managing Partner, CapMan Credit

### Sustainability in the investment process

Nest Capital integrates sustainability in all aspects of its investment process, including sourcing and screening of potential investments, credit analysis, due diligence and investment decisions, and monitoring and management. The sourcing and screening of potential investments include:

1. A negative screening step in the form of Nest Capital's restriction list.
2. A positive screening step, whereby sponsors and owners which integrate sustainability in its operations are favoured.

Sustainability considerations form a central part of the credit analysis, due diligence, and overall risk assessment for each investment opportunity. Identified specific sustainability risks and favourable findings are included in the investment committee decision materials and discussed in the investment committee meetings. Throughout the monitoring and management of investments there is a strong focus on encouraging and supporting business owners and companies with value creation initiatives to include sustainability perspectives. Monitoring and addressing adverse impacts are the focus of sustainability efforts.

Nest Capital is working together with sponsors to collect sustainability data for 2023. The process is ongoing and the team intends to provide an update in the Q2 2024 fund reports.



# CapMan Wealth

## About CapMan Wealth

CapMan Wealth offers comprehensive wealth management services that cover public and private markets, providing investors with unparalleled access to the best solutions through an in-house Manager Selection process.

The experienced team of wealth managers works to find the best investment managers and the most efficient passive investment vehicles in order to find the right investments for a wide range of risk profiles. In addition to traditional investments, the solutions include private market products both in the Nordic countries and internationally.

## Focus areas

**Public markets**

**Private markets**

**Bespoke solutions**

## Key figures

**15**

● WEALTH SERVICES PROFESSIONALS

**+10**

● YEARS OF INDEPENDENT MANAGER SELECTION EXPERIENCE

**€670m**

● ASSETS UNDER MANAGEMENT (31 DECEMBER 2023)



*“At CapMan Wealth, sustainability standards are integrated into the investment process through the selection of suitable managers and by engaging with private market sponsors (GPs) to promote improved sustainability performance and the adoption of sustainability policies and reporting. We strive to offer a broad selection of products that account for the evolving sustainability preferences of our clients, while maintaining active communication with our stakeholders regarding our processes and results.”*

**Mika Koskinen**  
Managing Partner, CapMan Wealth

## Sustainability highlights for 2023

# Article 8

## ● THE SUSTAINABLE FINANCE FUND PROMOTES ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

### Integrating sustainability in wealth management

CapMan Wealth's Manager Selection and portfolio construction process includes a detailed and thorough ESG-based analysis of investment products and portfolios coupled with qualitative due diligence and interviews with portfolio managers and investment teams of target investment funds. In particular, the focus is on the level ESG integration and sustainability practices and processes of target funds, ESG ratings and risks, carbon intensity metrics, exclusionary policies, implementation, and engagement policies of the funds and portfolios. The investment team will systematically monitor and review selected managers and investment products with the help of data-driven ESG analysis and qualitative interviews with target fund portfolio managers and investment teams. CapMan Wealth utilises ESG- and sustainability related data from third party providers, such as e.g. Morningstar Sustainalytics or JAY Solutions.

The investment management and advisory solutions focus on the following areas:

- Incorporating client ESG-related preferences into the investment advice.
- Ensuring that responsibility factors are considered alongside risk and return levels for every investment decision.
- Allocating investments to support low-carbon alternatives.
- Promoting solutions that contribute to achieving the UN Sustainable Development Goals.
- Providing relevant sustainability reporting and information at both portfolio and fund level.

### Sustainability in private markets

CapMan Wealth integrates sustainability in cooperation with external partners. The **CapMan Wealth Investment Partners (CWIP)** Private Equity fund-of-funds programme works closely together with the investment adviser AlInvest in order to oversee their responsible investment process for selecting suitable GPs that manage the underlying funds in the programme. As a PRI

signatory since 2009, AlInvest has a longstanding commitment to responsible investment and follows a rigorous four-stage process in order to assess the sustainability performance of its managers:

1. A Responsible Investment (RI) questionnaire for all GPs.
2. RI scoring based on information received from GPs.
3. Inclusion of RI in the Investment Proposal.
4. Summary of the assessment and an RI rating.

The CWIP program invests with GPs, whose overall RI rating is at least Intermediate. Exceptions to this rule can be made in cases where there is clear progress in the GP commitment to adapting its approach to sustainability and improving the overall RI score. In such cases, the GP needs to agree to, within 12 months after the investment, to develop and implement guidelines committed to sustainability topics in a satisfactory format. Also, the GP needs to regularly report on progress.

### Sustainability-focused flagship product

CapMan Wealth manages a proprietary **Sustainable Future Fund**, which is a carefully curated global equity portfolio designed to mirror the broader stock market, via globally selected investment funds and ETFs. The strategy aims for strong risk-adjusted returns, with a heavy focus on global solution-oriented companies that have a positive impact on the UN Sustainable Development Goals as well as broadly on sustainability and environmental themes.



## Sustainable Future Fund – the cornerstones of the investment strategy

### Strong target funds

We aim to find globally efficient, unique, and best portfolio managers and targets, from both an investment and sustainability perspective, utilizing our independent fund selection process.

### Solutions

We invest globally in solution-oriented companies that promote and support the achievement of the UN’s Sustainable Development Goals and/or broadly sustainability and environmental themes and/or the environmental objectives of the EU Taxonomy.

### Low carbon footprint and high-quality ESG

We invest in companies that are committed to the goals of the Paris Climate Agreement, reducing carbon emissions, mitigating climate change, and companies that have high-quality ESG profiles.



### Active ownership

We invest with the best asset managers we can find, who are required to have active ownership and influence on target companies. We demand high-quality impact reporting and case studies of progress.

### Exclusion

We require that the selected strategies implement exclusion, such as not investing in companies that violate international agreements, engage in unacceptable business practices, or participate in controversial industries.

### Efficient global equity profile

In addition to sustainability-related goals, the objective is an efficient, well-diversified global equity portfolio that reflects the global stock market profile and targets strong risk-adjusted returns.



# Appendix

**Updated information on CapMan Group Scope 1–3 GHG emissions**

	2023	2022
Gross direct emissions (tCO <sub>2</sub> e) – Scope 1	0	0
Gross market-based indirect energy (tCO <sub>2</sub> e) – Scope 2	32	60
Gross location-based indirect energy (tCO <sub>2</sub> e) – Scope 2	33	8
Gross other indirect emissions (tCO <sub>2</sub> e) – Scope 3, of which	244,050	197,799
Business travel	2,659	156
Employee commuting	34	48
Purchased goods and services	1,683	1,732
Fuel and energy-related activities	12	
Investments*	239,662	195,863
Total emissions (tCO <sub>2</sub> e)	244,114	197,867
Emission intensity: tCO <sub>2</sub> e/Revenue MEUR	4,112	2,931
Emission intensity: tCO <sub>2</sub> e/FTE	1,334	1,070

\*CapMan reported emissions for Scope 3 Category 15 – Investments in March 2024 based on industry averages for the portfolio companies in CapMan’s funds under management, as actual emission information was not yet available for 2023. CapMan has now updated its Scope 3 emission information based on reported data from its portfolio companies and real estate.

Select sustainability metrics per portfolio company are presented on the next page.

Company details		Environmental			Social				Governance		
Investment strategy, company number	Investment duration (years)	GHG emissions Scope 1 and 2 (tCO <sub>2</sub> e)	GHG emissions Scope 1-3 (tCO <sub>2</sub> e)	Non-renewable energy consumption and production (%)	Job creation	Work-related injuries: Days lost due to injury	Management diversity (women %)	Employee engagement (eNPS)	Human rights policy	Diversity and inclusion policy	Board diversity (women %)
Buyout, 1	> 5 years	883	56,619	83%	-46	23	0%	33 eNPS	Yes	Yes	29%
Buyout, 2	> 5 years	25,986	36,966	14%	48	36	0%	19 eNPS	Yes	Yes	33%
Buyout, 3	> 5 years	10,410	N/A	6%	83	165	0%	3.8/5	Yes	Yes	17%
Buyout, 4	< 2 years	80	398	31%	19	1	17%	-1 eNPS	Yes	Yes	0%
Buyout, 5	2-5 years	34	6,231	35%	-5	0	44%	77 eNPS	Yes	Yes	20%
Buyout, 6	< 2 years	28	3,812	8%	13	0	20%	-7 eNPS	Yes	Yes	25%
Buyout, 7	2-5 years	524	1,445	41%	-14	1,349	0%	4.15/5	Yes	Yes	0%
Buyout, 8	2-5 years	342	3,885	23%	15	21	20%	2.6/5	Yes	Yes	20%
Buyout, 9	2-5 years	1,150	8,229	0%	0	0	11%	41 eNPS	Yes	Yes	0%
Buyout, 10	< 2 years	19	N/A	21%	0	0	20%	4.2/5	Yes	Yes	25%
Buyout, 11	> 5 years	1,883	5,076	3%	0	0	38%	Not surveying	Yes	Yes	33%
Growth, 12	2-5 years	154	719	44%	68	217	40%	4.4/5	Yes	No	0%
Growth, 13	2-5 years	25	121	98%	2	0	25%	Not surveying	Yes	No	25%
Growth, 14	2-5 years	28	66	44%	0	0	29%	4.4/5	No	Yes	33%
Growth, 15	< 2 years	770	1,465	44%	10	0	14%	3.85/5	Yes	No	0%
Growth, 16	2-5 years	71	678	89%	27	0	30%	21 e NPS	Yes	Yes	29%
Growth, 17	2-5 years	5	271	73%	0	0	17%	Not surveying	No	No	33%
Growth, 18	< 2 years	11	92	87%	14	0	40%	71 eNPS	Yes	Yes	0%
Growth, 19	2-5 years	11	76	64%	3	0	40%	4/5	Yes	Yes	20%
Growth, 20	2-5 years	76	306	44%	9	0	0%	47 eNPS	Yes	Yes	0%
Growth, 21	2-5 years	437	1,586	86%	22	0	20%	N/A	No	No	0%
Growth, 22	< 2 years	3,376	25,834	49%	120	124	63%	4.1/5	Yes	Yes	17%
Growth, 23	2-5 years	269	401	44%	120	0	40%	N/A	Yes	Yes	20%
Growth, 24	2-5 years	55	281	44%	-3	0	11%	-31 eNPS	Yes	Yes	20%
Infra, 25	2-5 years	130,429	206,742	0%	N/A	N/A	29%	3.85/5	Yes	Yes	14%
Infra, 26	< 2 years	57,224	108,191	25%	44	1,285	18%	14 eNPS	Yes	No	0%
Infra, 27	2-5 years	5,254	8,729	93%	0	0	0%	Not surveying	Yes	Yes	0%
Infra, 28	< 2 years	39	6,560	0%	3	0	33%	Not surveying	Yes	Yes	0%
Infra, 29	2-5 years	2,186	3,706	85%	0	0	0%	Not surveying	Yes	Yes	0%
Infra, 30	2-5 years	1,152	1,152	N/A	0	0	N/A	Not surveying	No	No	0%
Infra, 31	< 2 years	193	15,811	6%	5	0	31%	Not surveying	No	No	0%
Infra, 32	< 2 years	3	64,009	54%	10	0	0%	37 eNPS	Yes	Yes	0%
Infra, 33	2-5 years	228	17,049	0%	48	2	14%	N/A	Yes	Yes	0%
Special Situations, 34	< 2 years	30	253	0%	21	233	33%	3 eNPS	Yes	Yes	0%
Special Situations, 35	2-5 years	N/A	N/A	13%	N/A	N/A	0%	4/5	Yes	Yes	33%
Special Situations, 36	2-5 years	261	6,737	10%	6	0	0%	Not surveying	Yes	No	0%
Special Situations, 37	< 2 years	463	463	0%	0	0	29%	4/5	Yes	Yes	0%



