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TNFD disclosures

As a Nordic private assets company and an Early Adopter of the Taskforce on Nature-related Financial Disclosures (TNFD), CapMan is taking steps to better understand and manage our interactions with nature. This report outlines how we have started integrating nature into our investment processes across our asset classes using the TNFD's Locate, Evaluate, Assess, Prepare (LEAP) framework.

Starting in fiscal year 2024, CapMan began aligning its reporting with the TNFD Recommendations, structured around four pillars: governance, strategy, risk and impact management, and metrics and targets.

CapMan believes that aligning with the TNFD is essential for informed investment decisions, effective risk management, and long-term value creation in a world increasingly shaped by environmental constraints. By incorporating a science-based approach and piloting practical frameworks and tools across real estate, infrastructure, natural capital, and private equity investments, CapMan aims to ensure its assets remain future-ready and resilient.

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Governance

We have embedded oversight of nature-related risks and opportunities as part of our overall sustainability governance structure. CapMan Plc's Board of Directors is responsible for ensuring that sustainability is appropriately organised across the Group. The Board approves CapMan's long-term, Group-level sustainability objectives and priorities, and has oversight of material sustainability risks. The Audit and Risk Committee monitors sustainability risks, reporting processes, and KPIs. The Management Group serves as CapMan's sustainability steering group and is responsible for overseeing implementation of the Board-approved strategy. It agrees on high-level action plans for execution across investment teams. Each investment team is accountable for integrating CapMan's sustainability investment policies into its operations. The Head of Sustainability, as a member of the Management Group, leads the development and implementation of CapMan's Group-level sustainability strategy.

Nature-related governance is also supported by internal guidelines, which provide our asset classes with tools to identify and assess nature-related dependencies, impacts, risks and opportunities, as well as actions to mitigate impacts and risks, and realise opportunities.

Strategy

WHY NATURE MATTERS TO OUR BUSINESS

Nature loss poses a material risk to long-term value creation. Our investments depend on ecosystem services such as climate stability, erosion control, renewable natural materials, and flood protection. At the same time, they also have the potential to impact natural systems through land use change, greenhouse gas (GHG) emissions, and resource extraction.

These dependencies and impacts are especially relevant to our Real Assets investments, including Real Estate, Infrastructure, and Natural Capital. In our Private Equity investments, they are significant for certain portfolio companies. CapMan's own operations are not heavily reliant on physical assets, resulting in low exposure to nature risks, which are monitored by internal teams.

STRATEGIC RESPONSE

In response, we have conducted a Group-wide Nature Project to help us assess the materiality of nature dependencies, impacts, risks, and opportunities across asset classes. This project is informed by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the Science Based Targets for Nature (SBTN), the TNFD's LEAP approach, and the concept of Planetary Boundaries. It establishes a framework to support the integration of nature into our investment strategies, governance, and reporting. The Project resulted in:

- A Corporate Sustainability Reporting Directive (CSRD) compliant double materiality assessment of nature dependencies, impacts, risks, and opportunities for the Real Estate, Infrastructure, and Private Equity asset classes.
- A Nature Assessment Tool that identifies industry-based nature dependencies and impacts for the Real Estate, Infrastructure, Natural Capital, and Private Equity asset classes. The Tool integrates background data from the SBTN Tool and the Exploring Natural Capital Opportunities, Risks, and Exposure (ENCORE) Tool to gauge the materiality of nature-related dependencies and impacts.
- Nature Transition Guidebooks for the Real Estate, Infrastructure, and Private Equity assets that provide practical, step-by-step instructions on how the assets can set their respective transition, ambition, and metrics towards nature positivity.

After the acquisition of the Natural Capital Investment team in early 2024, we also expanded the Project to include the natural capital specifics into CapMan's nature approach. This work has continued into 2025.

NATURE FRAMEWORK

As part of the Nature Project, we have adopted a three-tiered Nature Framework to guide each asset class in determining the specific requirements needed to achieve varying levels of ambition for each nature pressure. The Framework defines three ambition levels:

- Towards no net loss: Minimising direct and indirect impacts (e.g. avoiding habitat conversion, reducing emissions)
- No net loss: Offsetting or fully mitigating remaining impacts (e.g. through restoration, conservation agreements)
- Net nature positive: Creating net benefits for ecosystems and biodiversity.

The Nature Framework also outlines more detailed requirements for CapMan's asset classes, with nature pressures further broken down into relevant subcategories:

- For Real Estate, the requirements are divided based on three property statuses: standing investments, major renovation, and new construction.
- For Infrastructure, the requirements are divided based on the industries that the Investment Team has traditionally been involved in, such as environmental and facilities services, water services, solar energy provision, wind energy provision, telecommunication and wireless services, road transportation, and marine transportation.
- For Private Equity the requirements are industry-agnostic.
- The same approach will be adopted for the Natural Capital assets.

These ambition levels are built on guidance from the TNFD and the SBTN and are compatible with existing and expected SBTN methodologies. In areas where current methodologies are still under development, we have applied international best practices relevant to each asset class, for example the Science Based Targets initiative (SBTi) Buildings Guidance and the "Do No Significant Harm" criteria from the EU Taxonomy.

Furthermore, the ambition levels are embedded in the Nature Transition Plan Guidebooks for each asset class. The resulting plans link the different ambition levels with operational actions, monitoring, and long-term sustainability value creation. The goal is to enable investment teams to assess how much nature-related ambition is feasible and investable in each case. The plans also provide a basis for engagement priorities, especially in Real Assets and Private Equity. This ensures our actions are targeted, material, and proportionate.

NATURE PRESSURES CONSIDERED IN OUR STRATEGY

We assess our impacts and dependencies in relation to key nature pressures, which represent the direct ways in which our investment activities affect ecosystems and biodiversity. These categories align with the SBTN and TNFD methodologies.

The nature pressures we consider include:

- Land Use Change
  Clearing, sealing, or transforming natural land (e.g. forests, wetlands) for development, infrastructure, or other uses. This pressure is highly relevant for Real Estate, Infrastructure, and Natural Capital.
- Climate Change
  GHG emissions that contribute to global warming and disrupt ecosystems (e.g. forest fires, species migration). All asset classes contribute to and are exposed to this pressure.
- Pollution
  Emissions to air, water, or soil (e.g. nitrogen, pesticides, heavy metals, construction runoff) that degrade ecosystems. This pressure is relevant for industrial assets, real estate development, and some supply chains.
- Resource Exploitation (Overextraction)
  Excessive use of water, timber, fish, or other biological and non-biological resources beyond natural regeneration rates. All asset classes contribute to and are exposed to this pressure.
- Invasive Species and Biological Disturbance
  Introduction or spread of species that disrupt local biodiversity and ecosystem balance. This pressure is particularly relevant for Natural Capital, landscaping in real estate, and biodiversity-sensitive land management.

PILOTS

To test out this approach, we conducted pilots in our Real Estate, Infrastructure, and Private Equity (Special Situations investment team) portfolios.

CAPMAN GROUP OPERATIONS

Despite the limited dependencies and impacts on nature, our four largest offices have been certified with the WWF Green Office Programme. This certification serves as a model for reducing our carbon footprint and using natural resources.

ALIGNMENT WITH CLIMATE ROADMAP

Our overall 2032 near-term climate targets, and Real Estate's 2035 net-zero targets for operational and 2040 net-zero targets for upfront embodied GHG emissions have been validated by the SBTi. We have also committed to manage all our investments in accordance with net-zero by 2040. We recognise the close connection between climate and nature and treat them as such in our sustainability strategy. Nature-based solutions are also part of our approach to delivering on these targets.

Risk and Impact Management

APPROACH: LEAP FRAMEWORK

We have started integrating the LEAP approach recommended by the TNFD to assess nature-related issues:

- Locate: Mapping our investments for physical proximity to biodiversity-sensitive areas and ecosystem services, where material. For example, this includes natural capital assets, real estate developments near wetlands or biodiversity-sensitive areas, infrastructure in water-stressed regions, and supply chains linked to land use or deforestation.
- Evaluate: Analysing key dependencies and impacts. For example, real estate assets depend on flood regulation and shade from vegetation, while infrastructure development can disrupt habitats and fragment ecosystems. Forestry operations depend on soil health and water retention, while Private Equity holdings may drive land use change indirectly via sourcing.
- Assess: We consider four categories:
- Physical risks (e.g. flooding or erosion linked to habitat degradation),
- Transition risks (e.g. changes in regulation on land use, water access, deforestation),
- Legal and reputational risks (e.g. non-compliance or NGO-led campaigns),
- Opportunities (e.g. premium pricing, nature-based revenue streams, resilience of companies).
  We prioritise risks and opportunities based on their likelihood and potential financial impact and integrate them into existing ESG risk screening and asset management.
- Prepare: Where nature is material, each Investment team decides on developing a Nature Transition Plan based on Group guidance. These plans align ambition levels with specific actions, such as implementing biodiversity net gain principles in real estate projects, reducing ecosystem pressures in forestry operations, or setting deforestation-free supply chain targets in private equity.

INTEGRATION INTO GROUP RISK MANAGEMENT

Nature-related risks are included in CapMan's overall risk management framework and risk assessment.

Metrics and Targets

WHAT WE MEASURE TODAY

While our current nature-related data coverage is limited, we track the following key indicators:

- Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impact (PAIs) indicators, including share of investments in biodiversity-sensitive areas (PAI #7), and the optional PAI indicator for real estate on biodiversity in certain funds.
- GHG emissions across all scopes (with targets validated through SBTi),
- Certification rates in forestry, for example percent of Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified areas
- Identified invasive species on site across standing investments in real estate
- Energy and water consumption in real estate
- Waste generation and recycling rate in real estate

Additionally, we have tested measuring on-site and off-site nature impacts in real estate by using the Biodiversity Net Gain (on-site) and Lifecycle Assessment (LCA) (off-site, construction stage) for selected assets. The unit for the nature LCA is biodiversity equivalent (BDe/1kg).

DATA GAPS AND NEXT STEPS

We are working to improve data availability and harmonise metrics across funds and asset classes. Next steps include:

- Developing standard biodiversity KPIs (e.g. habitat area impacted/restored, water use, pollution reduction),
- Extending the use of spatial tools (e.g. IBAT, ENCORE) to assess nature risk exposure,
- Collecting asset-level data through enhanced questionnaires and portfolio company engagement,
- Aligning with SBTN methodologies as they become available for setting quantitative targets,
- Enhancing transparency through annual progress updates and stakeholder engagement,
- Collaborating with external partners (e.g. participation in the Green Building Finland's nature roadmap working group)
- Continuing capacity building across the teams.

TNFD disclosures

Governance	Strategy	Risk & Impact management	Metrics & Targets
Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	**Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.**	**Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.**	**Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.**
A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	**A.** Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term	**A(i)** Describe the organisation's processes for identifying, assessing, and prioritising nature-related dependencies, impacts, risks, and opportunities in its direct operations	**A.** Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process
B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities	**B.** Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place	**A(ii)** Describe the organisation's processes for identifying, assessing, and prioritising nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s) .	**B.** Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature
C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	**C.** Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios	**B.** Describe the organisation's processes for managing nature-related dependencies, impacts, risks, and opportunities	**C.** Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations	**C.** Describe how processes for identifying, assessing, prioritising, and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes	