

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

CapMan published its Responsible Investment Statement first in 2012. It was developed into a Sustainable Investment Policy in 2019.

CapMan's Sustainable Investment Policy

At CapMan, our mission is to build value for the enrichment of society. We believe that it is central for the long-term success of our portfolio companies and real estate investments as well as CapMan itself to incorporate **environmental, social and governance** considerations (**ESG**) in our funds' decision-making processes and ownership activities.

CapMan plays an important role in the society by managing the capital invested in its funds by institutional investors, such as private and state pension funds, funds of funds, life insurance companies and foundations, and developing the companies, properties and infrastructure assets in its funds' portfolios. CapMan itself makes significant investments in those funds. Our business model allows us to invest in a variety of sectors and regions. Through our funds' investments, we help portfolio companies to succeed through promoting innovation and facilitating new solutions to challenges e.g. relating to various societal developments. Through active management of investments in real estate and infrastructure, CapMan influences and shapes communities. Our successful investments provide superior returns to our fund investors and shareholders, thereby helping them to meet the expectations of their own constituencies.

Due to our strong company values and business and governance model, CapMan is well-positioned to implement ESG issues and drive change throughout our portfolio. Specifically, we:

1. Have a long-term investment horizon;
2. Focus on the alignment of interests between CapMan and company/management/tenants/end users;
3. Commit to active ownership/management of asset as a majority or significant owner with a mandate to influence.

Sustainable DNA

The environmental and social impacts and governance of business operations influence profit, expenses and reputation of companies, real estate and infrastructure operations. Accordingly, they are important also in terms of return on investment and risks. CapMan strives to integrate ESG issues with its business practices and obtain a strong return on investment from its ESG efforts. These efforts include Integrating ESG with the core business, creating a strong culture that drives sustainable practices both at CapMan and at its portfolio companies.

CapMan's Sustainable Investment Objectives

CapMan focuses on three main objectives for implementing its sustainable investment framework. These objectives are selected due to their 1) significance for reaching UN Sustainable Development Goals and 2) relevance for CapMan's investment and service operations.

1. Improve energy efficiency and promote policies and activities that combat climate change and reduce waste;
2. Promote fair labour conditions;
3. Promote fair business and governance practices.

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

CapMan focuses on the following issues in particular:

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

2. Promote fair labour conditions

CapMan aims to promote fair labour conditions and human rights practices in its own operations as well as in its portfolio companies, real estate projects and infrastructure investments, including:

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

3. Promote fair business and governance practices

CapMan aims to promote fair business and governance practices in its own operations as well as in its portfolio companies, real estate projects, infrastructure investments, fund management and procurement activities, including:

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

CapMan's Sustainable Investment Framework

CapMan's values

As an active and significant owner, we are committed to promoting responsible business practices in our portfolio companies and to conducting sustainable asset management of our real estate investments.

CapMan is a role model for its portfolio companies and consequently sustainability plays a key role also in CapMan's own business operations. Our commitment to sustainability is reflected in our values:

- Active Ownership
- Dedication
- High Ethics

Our investments, value creation efforts, exit processes and other business operations are conducted in accordance with our values.

Active Ownership

Both value creation and asset management in our investments are based on active ownership, which focuses on long-term development. This includes monitoring and managing a wide range of financial and non-financial issues related to the performance of the companies and assets.

Dedication

We have an entrepreneurial drive. We are hungry but humble and encourage continuous development and learning. We take a long-term objective and correct our course on the way to get there, if necessary.

High Ethics

Our operations are conducted with integrity and in a transparent manner. We are a reliable partner and responsible owner respecting all our stakeholders. We always consider the long-term impacts of our actions.

Principles of Responsible Investment

CapMan became a signatory of the Principles for Responsible Investment (PRI) in 2012. The guiding code is summarised as the following six principles:

1. We will incorporate environmental, social and corporate governance (ESG) issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will each report on our activities and progress towards implementing the principles.

CapMan strives to meet all Principles comprehensively in our investment activities and report on our activities to PRI on a yearly basis.

UN Sustainable Development Goals

CapMan works to align investment activity with the UN Sustainable Development Goals.

Sustainable Investment Governance

CapMan Plc is publicly listed on Nasdaq Helsinki Ltd. As a public company, we follow transparent communications practices towards our shareholders and other stakeholders. CapMan Plc's corporate governance model follows the Finnish Corporate Governance Code for listed companies. Funds managed by CapMan report on the funds' performance, including ESG issues, to the funds' limited partners on a regular schedule.

CapMan Plc's Board of Directors are responsible for CapMan Plc's sustainable investment practices. Fund advisory boards are responsible for the sustainable investment practices of funds following the requirements of limited partners. While not able to directly influence decision making in a fund, CapMan Plc has significant influence as a major fund investor.

CapMan's ESG steering group comprises CapMan's Management Group. ESG issues are further managed by a working group consisting of representatives of CapMan's investment and service teams.

Reporting

CapMan monitors financial and non-financial performance of its investments and ESG issues are to an increasing extent forming a part of this regular monitoring process.

CapMan reports on the progress of responsible investment implementation annually to PRI. The annual Transparency Reports can be found on the PRI website www.unpri.org.

CapMan monitors portfolio companies following the investment and reports ESG issues regularly to limited partners throughout the investment's life cycle. CapMan further encourages a continuous dialogue with limited partners related to ESG issues. In case of an ESG-related incident, limited partners are informed immediately.

Due to the underlying characteristics of private equity, where growth and a changing portfolio are integral parts of the business model, CapMan does not focus on measuring the aggregate ESG impact of the operations. Instead, CapMan focuses on improving operations from an ESG standpoint for individual portfolio companies and assets throughout the investment period taking the materiality of the issue at hand into account.

Non-Compliance with the policy

Non-Compliance with or deviations from the policy shall be addressed by the case responsible, fund advisory board and/or CapMan Plc's Management Group.