

CapMan

CapMan Plc

Sustainability-Linked Finance Framework

April 2022



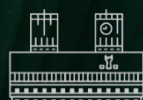
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1 Approach to Sustainability

1.1 About CapMan

CapMan is a leading Nordic private asset expert with an active approach to value creation. As one of the Nordic private equity pioneers, we have developed hundreds of companies and real estate assets and created substantial value in these businesses and assets over the past 30 years. Our objective is to provide attractive returns and innovative solutions to investors. We have a broad presence in the unlisted market through our local and specialised teams. Our investment strategies cover Private Equity, Real Estate and Infra. We also have a growing service business that includes procurement services, wealth management, and analysis, reporting and back office services. Altogether, CapMan employs around 160 people in Helsinki, Stockholm, Copenhagen, London and Luxembourg. We are a public company listed on Nasdaq Helsinki since 2001 and a signatory of the UN Principles for Responsible Investment (PRI) since 2012.

1.2 Sustainability at CapMan

CapMan is an active investor in growing businesses, real estate and infrastructure in the Nordic countries. As active owners, funds managed by CapMan can drive sustainability and change on a broad scale. Our governing principle is to add to the enrichment of society. This applies to returns from our investments but also to how we make these returns and what the compound effects are for a broad group of stakeholders. Our investment activities are rooted in our values.

CapMan's societal impact is significant. As of 31 December 2021, our portfolio companies employ a total of 13,000 people with a combined turnover of €2.2 billion. We also manage real estate with a combined area of 1,300,000 square meters and approx. 6,500 tenants in total. Our assets under management amount to €4.5 billion. We have the opportunity and a strong drive to develop our portfolio companies and properties in a more environmentally friendly, and socially sustainable direction while adhering to good governance principles. This is how we build a more sustainable society in the Nordics. We have implemented our new ESG strategy, which integrates sustainability factors more systematically into all our activities. As part of this work, we have established clear sustainability commitments to CapMan as well as the funds that we manage. We commit to actions that limit global warming in line with the boundaries established by the Paris Agreement. We also commit to promoting employee wellbeing and the establishment of diverse and inclusive work communities as part of active value creation.

In the beginning of 2022 CapMan has made an environmental commitment to set Science Based Targets in line with a 1.5°C scenario as well as other ESG improvement targets. We have updated our ESG KPIs in line with market best practice. These KPIs are gathered through a data management platform that enables us to follow up, on developments on an asset and fund level and support portfolio companies in establishing their own sustainability strategy and targets.

As a company listed on Nasdaq Helsinki, we follow the Finnish Corporate Governance Code. We also follow national and EU level regulation on transparency that concerns public companies and financial market participants. We develop and implement compliance procedures and processes in our fund management operations to prevent money laundering and fraud. The identities of all investors in CapMan funds are verified and the sources of their funds are identified.

1.2.1 Our approach to investing sustainably

We manage €4.5 billion in assets on behalf of institutional investors. The returns from our funds contribute to the well-being of more than 10 million pension beneficiaries around the world. Our activity also shapes the Nordic communities where we invest. The funding and expertise provided helps companies grow, launch new products, innovate and add meaningful jobs to society. Through our real asset investment areas we invest into communities and services to help them and their residents prosper. Functioning private assets markets that are driven by active value creation benefits the society as a whole.

Functioning governance is important, not only for our own activities, but for the efficacy and credibility of the entire private assets sector. We work to contribute to well-functioning financial markets that channel funds in a sustainable manner also in the future.

We follow the Principles of Responsible Investing, to which we became a signatory in 2012, in our investment operations. The six principles are guiding us throughout the investment process. Our PRI scorecard based on the latest available assessment of our 2020 report provided us with an A+ score for private equity, infrastructure and real estate and an A score for responsible investment strategy and governance on a scale of 'A+ to E'. The next assessment reports are due to be published by June 2022.

We also take UN Sustainable Development Goals into account that are relevant for a particular investment strategy or fund. We further co-operate with NGOs and networks that promote responsible investment and business practices.

ESG in the investment process

Our most significant impact on the development of ESG factors is through our investments. We integrate ESG criteria throughout the investment process: from sourcing and screening of potential investments to due diligence and proceeding with the investment decision. ESG findings in the due diligence process are evaluated and integrated in the value creation strategy for the asset if considered material. The value creation process often also includes a sustainability aspect where we seek to find ways to create value for

investors while meeting specific sustainability targets. Please see Picture 1 and Table 1 for additional information.

The investment case responsible person is responsible for integrating ESG issues throughout the investment process. The work is facilitated by a designated person responsible for developing and implementing the ESG framework for each investment area. ESG issues are managed in the following phases of the investment process.

CapMan considers adverse impacts on sustainability of its investments. Sustainability factors may impact the revenue and cost structure of target investments directly, or have external impacts, such as impacting the quality of life for community stakeholders or perceived value for customers. Accordingly, sustainability factors may also impact return on investment. CapMan strives to integrate sustainability factors with its general core business, creating a strong culture that drives sustainable practices both at CapMan and in its portfolio companies.

Organisation of responsibilities

CapMan Plc's Management Group makes strategic decisions regarding sustainability with the Chief Operating Officer being responsible for the overview and resource allocation on a CapMan level. CapMan has a dedicated ESG Director responsible for developing a Group-wide sustainability strategy, including setting sustainability targets and monitoring the development of such targets as well as implementing the sustainability strategy. Every investment area has a designated investment professional responsible for implementing sustainable investment considerations in the corresponding funds and portfolios and work together with case teams, asset management and portfolio company management to identify risks and opportunities related to ESG. Further, CapMan has a dedicated ESG working group with representatives from all investment areas, including Private Equity, Real Estate, and Infrastructure as well as services and other group functions. The purpose of the working group is to share information as well as develop and follow up on joint policies and best practices for implementing sustainable investing at CapMan.

Picture 1: Overview of the investment process



Table 1: ESG measures in the investment process






A3 Phase: Sourcing and Screening	A2 Phase: Due Diligence	A1 Phase up to signing and Closing of Investment	Ownership and Value Creation	Exit
<ul style="list-style-type: none"> • We implement a sustainable investment framework in the screening process for investments. • We also conduct negative screening, which means that we don't invest in certain industries or practices. • In order to move forward with the investment, the governance model for the investment must be such that we can implement changes if any sustainability-related red flags arise in the screening process. 	<ul style="list-style-type: none"> • ESG due diligence is preceded by materiality analysis in order to devote resources to the most relevant topics from a company and societal perspective. • Universal topics are included as part of the ESG due diligence across all investments, such as the elimination of child or forced labour. 	<ul style="list-style-type: none"> • ESG value creation opportunities and potential issues are documented and an initial action plan is developed. • Initial metrics to monitor ESG performance are identified. 	<ul style="list-style-type: none"> • Active ownership is the basis for the value creation phase of the investment. Active ownership provides agency to drive change. • During the value creation phase, we identify value creation initiatives that also have a value building impact from an environmental, social or governance perspective. • We roll out portfolio level ESG initiatives based on the fit with our sustainable investment goals. 	<ul style="list-style-type: none"> • Ownership change is part of a continuum for the business or the asset. All value creation and asset management activities through the lifecycle of the investments are targeted at managing and decreasing risk and improving value for the purpose of improving the attractiveness of the business or asset at exit. • We describe ESG improvements completed during our ownership and highlight areas for further development for the new owner.

1.2.2 Our sustainability programme and sustainability targets

Our sustainability strategy centres around our role as an active owner. We make an impact through our ability to influence decision-making and activities across the CapMan Group and portfolio companies and assets. We steer our investments towards clear sustainability targets. We strive to find opportunities that mitigate societal and environmental challenges.

Three tracks define our environmental, social and governance approach and focus. We focus on the topics with the most material impact in terms of development and ability to influence. We also monitor other areas that are of relevance for some of our portfolio companies and real estate through established processes and ESG KPIs.

Picture 2:

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

Environment

We want to help our companies, assets and ultimately our stakeholders transition towards a carbon-neutral society through positioning our portfolio companies and assets on a path towards net-zero GHG emissions. To achieve this, we have committed to the Science Based Targets initiative (SBTi). We commit to and set SBTs as a private assets firm and thereby place our investments on a scientifically verified path towards net-zero greenhouse gas emissions. SBTs are short and long-term GHG emissions reduction targets that are informed by independent climate science, ensuring that a company's emissions are in line with the Paris Agreement 1.5°C scenario. The plan is validated by the SBTi and provides a step-by-step process for how to reach the targets.

Longer term, we are looking into how to systematically include life cycle analysis throughout CapMan and our portfolio companies and properties and to adopt a circular economy approach. This will promote the use of resources in our activities effectively and for as long as possible, ultimately saving both scarce resources as well as operational inputs.

Environmental targets for 2022

CapMan targets

- Commit to 1.5°C aligned Science Based Targets, followed by a net-zero commitment

CapMan investments targets

- Commit to 1.5°C aligned Science Based Targets, followed by a net-zero commitment
- Increase nr of Sustainable Building Certifications (for Real Estate)
- Increase nr of green leases (for new larger leases for Real Estate)
- Reduce water consumption (for Real Estate)

Social

We want to be part of building companies to be proud of, that employees are proud to work for and that customers want to frequent and promote. We also want our real estate to attract high-quality tenants. We believe that this creates value in the companies and makes the assets more valuable for future owners as well. To this end, we monitor employee satisfaction.

Social targets for 2022

CapMan targets

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

CapMan investments targets

- Employee satisfaction surveyed above 3.5 out of 5 (for PE and Infra)
- Yearly tenant engagement on social and environmental matters with focus on commercial tenants (for Real Estate)
- Improve tenant satisfaction (for Real Estate)

Governance

Creating a diverse and inclusive business broadens our competence. It ensures that we, in addition to our portfolio companies, do not miss out on valuable opportunities. Different backgrounds contribute to more diverse insights around aspirations and priorities to be considered. It makes more voices in the organisation heard. We focus especially on diversity within decision-makers both at CapMan and in our portfolio companies, and in the adequacy of training and development opportunities throughout the CapMan organisation.

We also seek to integrate sustainability objectives into executive remuneration for all companies where CapMan has board representation. This ensures that decision-makers are incentivised to act in a manner that prioritises ESG matters and helps us meet sustainability targets.

Governance targets for 2022

CapMan targets

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

CapMan investments targets

- Appoint max 70% of any gender to boards & management teams
- Sustainability objectives integrated into executive remuneration in all new majority owned companies within a year of acquisition (for PE and Infra)
- GRESB reporting for the following funds: CMNRE II, CMNRE III, CMNPI, CMHRE and CMRF (for Real Estate)

1.2.3 Promotion of the UN Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) provide a global framework for addressing the most urgent social and environmental challenges. At CapMan, we recognise our role in promoting the SDGs. We have identified the following SDGs as central to our business. CapMan describes the link between its activities and the SDGs in its annual sustainability-focused publication.



5-5 Ensure full participation in leadership and decision making

CapMan is an equal opportunity employer with career paths irrespective of gender. Although private equity is a historically male dominated industry, CapMan Buyout is one of few Buyout investment managers in the Nordics headed by a woman. CapMan Buyout and CapMan Growth monitor the management and board compositions of their portfolio companies.

CapMan is a founding member of the Nordic chapter of Level 20, a network promoting equality and inclusion in the private equity sector. CapMan has organised several events together with the network and participates in the mentorship programme providing both mentors and mentees.

CapMan targets aligned with the SDG

CapMan targets

- Develop a process to reach equal gender representation in the Management Group, at partner level and throughout the organisation

CapMan investments targets

- Appoint max 70% of any gender to boards & management teams (for PE and Infra)



7-2 Increase global percentage of renewable energy

7-3 Double the improvement in energy efficiency

Energy is one of three key sectors in which CapMan Infra invests and an energy assessment analysis is always made prior to investments. CapMan Infra's investments include a wind farm in Sweden, as well as an electricity distribution network and district heating and cooling. We are part of the shift towards low-carbon infrastructure.

CapMan Real Estate conducts energy assessments on its larger investments, including an assessment on the switch to green energy.

CapMan targets aligned with the SDG

CapMan investments targets

- Increase nr of Sustainable Building Certifications (for Real Estate)
- Increase nr of green leases (for new larger leases) (for Real Estate)

**8-1 Sustainable economic growth****8-2 Diversify innovate and upgrade for economic productivity****8-3 Promote development-oriented policies that support job creation and growing enterprises**

CapMan Buyout, CapMan Growth and CapMan Infra portfolio companies contribute to employment and economic growth in the Nordic countries. Revenue growth is a foundation for building healthy businesses that contribute to value-add goods and services while providing job opportunities and tax revenue. All companies follow national and international labour law and conventions based on the country where the work is conducted. Providing a safe work environment is a basis for building successful businesses. Labour practices are discussed in board meetings and companies are encouraged to implement policies that also cover the supply chain. Employee satisfaction is a good proxy for a decent work environment.

CapMan targets aligned with the SDG**CapMan targets**

- Employee satisfaction eNPS survey above 40

CapMan investments targets

- Employee satisfaction surveyed above 3.5
- Metric to follow: job creation

**9-1 Develop sustainable, resilient and inclusive infrastructures****9-3 Increase access to financial services and markets****9-4 Upgrade all industries and infrastructures for sustainability**

CapMan Growth invests in knowledge intensive businesses driven by innovation that create new industries, professions, and jobs. CapMan Infra invests in the backbone of Nordic societies through investments in energy, transportation, and telecommunications companies. Investments have a sustainable foundation through e.g. replacement of carbon-intensive solutions or through the strengthening of public infrastructure networks.

**11-2 Affordable and sustainable transport systems****11-3 Inclusive and sustainable urbanisation**

CapMan Real Estate and CapMan Infra contribute to the establishment of sustainable cities and societies in the Nordics. This includes investing alongside existing public transport infrastructure, converting existing building stock into new use with a public purpose and contributing to a lower carbon footprint of office and retail properties.

CapMan targets aligned with the SDG**CapMan investments targets**

- Yearly tenant engagement on social and environmental matters with focus on commercial tenants (for Real Estate)
- Improve tenant satisfaction (for Real Estate)



13-2 Integrate climate change measures into policies and planning

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

CapMan targets aligned with the SDG

CapMan targets

- Commit to 1.5°C aligned Science Based Targets, followed by a net-zero commitment

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CapMan investments targets

- Commit to 1.5°C aligned Science Based Targets, followed by a net-zero commitment



16-5 Substantially reduce corruption and bribery

Ensuring a strong governance for both CapMan Plc, the funds under management as well as portfolio companies and assets is a prerequisite of conducting business. As part of the value creation and management process, we establish and formalise governance practices for our portfolio companies and assets.

Our operations include extensive KYC and AML procedures that we implement at the establishment of new funds as well as during the life of the funds.

CapMan targets aligned with the SDG

CapMan targets

- Develop employee remuneration to include ESG targets

CapMan investments targets

- Sustainability objectives integrated into executive remuneration in all new majority owned companies within a year of acquisition (for PE and Infra)
- GRESB reporting for the following funds: CMNRE II, CMNRE III, CMNPI, CMHRE and CMRF (for Real Estate)

1.2.4 Networks and external initiatives

We work in cooperation with several external organisations in order to engage and further the discussion around sustainable investing.



PRI

The PRI is the world's leading independent proponent of responsible investment. The Principles were launched in April 2006 at the New York Stock Exchange following an initiative by the United Nations. Since then the number of signatories has grown from 100 to over 2,300 institutional investors and organisations. The PRI is supported by, but not part of, the United Nations. CapMan became a signatory of the Principles in 2012. We report to the PRI annually regarding how we apply the principles in our activities. The report is publicly available on the PRI website as well as CapMan's website.



Level 20

Level 20 was founded in the UK in 2015 to promote equality and inclusion within the private equity industry. The name refers to an objective that at least 20 % of senior investment professionals should be women. CapMan has been part of establishing the Nordic chapter of the organisation and frequently arranges events in order to promote the organisation's objective.



CapMan for Good

CapMan for Good is an independent foundation established by CapMan in 2019. The purpose of CapMan for Good is to support entrepreneurship, education and other activities in order to increase well-being in disadvantaged parts of society. Through its operations, the foundation promotes the prerequisites of a healthy society. The foundation operates mainly in the Nordic countries but may also act globally.



Invest Europe

CapMan is a member of Invest Europe (formerly EVCA). Invest Europe is the world's largest association of private capital providers and it represents Europe's private equity, venture capital and infrastructure investment firms, as well as their investors, including some of Europe's largest pension funds and insurers. Invest Europe's members take a long-term approach to investing in privately-held companies. They inject not only capital but dynamism, innovation and expertise. This commitment helps create healthy and sustainable companies across Europe, securing millions of jobs and delivering strong returns for leading pension funds and insurers whose members depend on them for their retirements.



GRESB

GRESB is a mission-driven and industry-led organization that provides actionable and transparent environmental, social and governance (ESG) data for real assets, including real estate and infrastructure, to financial markets. GRESB collects, validates, scores and benchmarks ESG data to provide business intelligence, engagement tools and regulatory reporting solutions for investors, asset managers and the wider industry. CapMan Nordic Infrastructure I fund completed its first GRESB assessment in 2021 and CapMan Real Estate seeks to conduct GRESB assessments for all funds starting from 2022.



Science Based Targets initiative

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

2 Sustainability-Linked Finance Framework

CapMan wants to contribute to solving the major issues related to climate change and sustainability. By setting up this Sustainability-Linked Finance Framework (the Framework), CapMan strives to integrate sustainability features in its funding. This Framework will also contribute to awareness around CapMan's commitment to its goals, as well as offer an opportunity to communicate with investors and other market participants about its work within this area in a dedicated and frequent manner.

This Framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) 2020 as administered by ICMA¹. Substantially similar core components are outlined under the Sustainability Linked Loan Principles 2021, published by the LMA in connection with sustainability linked loans².

CapMan can under this Framework issue securities, including but not limited to bonds, with a sustainability-linkage.

"Sustainability-Linked Bonds (SLBs) are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives. In that sense, issuers are thereby committing explicitly (including in bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are a forward-looking performance-based instrument. The proceeds of SLBs are intended to be used for general purposes; hence, the use of proceeds is not a determinant in its categorization."

The following five components form the basis of CapMan's Framework:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Security characteristics
4. Reporting
5. Verification

¹ International Capital Markets Association SLB 2020:
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Translations/2020/Finnish-SLBP2020-06-091020.pdf>

² Loan Market Association SLLP 2021:
<https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

2.1 Selection of Key Performance Indicators (KPIs)

CapMan has selected the following KPIs, which is core, relevant, and material to its business and measures the sustainability improvements of CapMan:



KPI #1: GHG EMISSIONS REDUCTION PATHWAY VALIDATED BY SBTi

- CapMan will seek to have its science-based targets (“SBTs”) approved by the Science Based Target initiative (“SBTi”).
- This metric is measurable, quantifiable and externally verifiable.
- **Rationale:** We want to help our companies, assets and ultimately our stakeholders transition towards a carbon-neutral society through positioning our portfolio companies and assets on a path towards net-zero GHG emissions. To achieve this, we have committed to the Science Based Targets initiative (SBTi) Net-Zero Standard. We commit to and set SBTs as a private assets firm, following the SBTi Private Equity Sector Guidance, and thereby place our investments on a scientifically verified path towards net-zero greenhouse gas emissions. In accordance with the Private Equity Sector Guidance, it is mandatory to include CapMan’s scope 1 and 2 emissions, as well as our investments that fall under category 15 of scope 3. More details on the scope can be found in the guidance document [here](#). SBTs are short and long-term GHG emissions reduction targets that are informed by independent climate science, ensuring that a company’s emissions are in line with the Paris Agreement 1.5 degree C scenario. The plan is validated by the SBTi and provides a step-by-step process for how to reach the targets. CapMan measures its scope 1 and 2 GHG emissions, as well as select scope 3 emissions. CapMan Buyout, Infrastructure, Real Estate and Growth report on scope 1 and 2.

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



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

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

These metrics are measurable, quantifiable and externally verifiable.

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

2.2 Calibration of Sustainability Performance Targets (SPTs)

SPT #1: GHG EMISSIONS REDUCTION PATHWAY VALIDATED BY SBTi

Sustainability Performance Targets: CapMan will seek to have its science-based targets ("SBTs") approved by the Science Based Target initiative ("SBTi").

Sustainability Performance Target Trigger: Whether CapMan is referenced by the SBTi as having approved and published GHG emission reduction targets before or by 31 December 2023 – Target Observation Date at which the performance of KPI #1 against SPT #1 is observed.

CapMan is committed to getting approved targets by 31 December 2023 at the latest as (i) CapMan applied to the SBTi at the beginning of 2022 (formal commitment date 3 February 2022, (ii) the official SBTi guidelines for Private Equity sector were published in November 2021 and (iii) CapMan has up to 24 months to submit and publish the validated SBTs on the SBTi website.

Strategy to achieve the Sustainability Performance Target: CapMan is in the process of developing the SBTs. CapMan needs to gather its scope 1 and 2 GHG emission data from 2021. It is needs to evaluate which of the voluntary scope 3 categories to include in the target setting (category 1-14). Regarding scope 3 category 15, CapMan's investments, CapMan will align the scope with the SBTi Private Equity Sector Guidance. For private equity and infrastructure, the targets will be based on the share of portfolios by invested capital that will have set SBTs short term and long term. For real estate, it is about reducing GHG emissions by X % per square meter floor area covering short term and long term. CapMan is working with a third-party consultant to develop the SBTs.

Risks to the achievement of the target: Potential delays in the process of submitting SBTs and getting approval by the SBTi.

SPT #2: CAPMAN WILL INTEGRATE SUSTAINABILITY OBJECTIVES INTO THE VARIABLE REMUNERATION OF CAPMAN MANAGEMENT GROUP

Sustainability Performance Targets: The board will integrate sustainability targets to the Management Group's long-term performance share plan which will be linked to CapMan Group's overall sustainability targets. For the performance share plan 2022-2025 targets are envisaged to include the following:

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

These metrics are measurable, quantifiable and externally verifiable. The progress of the targets will be monitored by the board on an annual basis after the targets are set during the entire duration of the performance share plan. The share reward related to the targets will be determined at the end of the performance share plan by the board depending on reaching the targets. The targets mentioned above are all related to the long-term targets of aligning CapMan's business with the 1.5 degree scenario based in science, keeping employee satisfaction at a high level, ensuring that ESG is implemented throughout the organization and reaching equal gender diversity throughout the organization, with no gender representing more than 60%. The board will use an external third party for the purpose of verifying that the targets are reached at their discretion.

As of March 2022, the Management Group is composed of CapMan's CEO, COO, CFO, Head of People and Culture, Head of Fund Investor Relations and the Heads of the following investment teams: Real Estate, Infrastructure, Buyout, Growth and CWS, as well as the Head of CaPS. The Management Group represents over 90 % of CapMan's AUM.

With the current share price of CapMan³, the euro value of the maximum performance share reward linked to achieving the 2025 sustainability-targets for Management Group members would correspond to over 20% of their annual fixed compensation for 2022.

Information regarding CapMan Management Group members can be found on the company's website⁴.

Sustainability Performance Target Trigger: CapMan Management Group members will have integrated sustainability objectives in the long-term performance share plan 2022-2025 by 31 December 2023 – Target Observation Date at which the performance of KPI #2 against SPT #2 is observed.

Strategy to achieve the Sustainability Performance Target: CapMan's performance share plan 2022-2025 includes a share reward component earned on the basis of achieving targets that will be aligned with CapMan's overall sustainability linked-targets. CapMan will set concrete sustainability goals for the duration of the performance share plan during the next twelve months in order for the Board to set the targets by the observation date.

Risks to the achievement of the target:

Potential delays in setting sustainability goals for the duration of the performance share plan would not allow the Board to integrate the targets into the performance share plan by the observation date.

2.3 Security characteristics

The financial characteristics of any security issued under this Framework will be specified in its corresponding security documentation including but not limited to the KPIs, SPTs, along with the year in

³ Based on the 20 day volume weighted average price of CapMan's share as of 28.3.2022

⁴ <https://www.capman.com/shareholders/governance/management-group/>

which the relevant SPT is to be achieved (the Reference Year) and the potential change in such security characteristics.

2.3.1 Trigger Events

The occurrence of any of the following events (the Trigger Events) will trigger a change to the financial characteristics of the relevant security as described in 2.3.2 below.

- CapMan has not achieved the applicable SPT relating to the KPI for the relevant Reference Year as reported on or before the Reporting End Date following the end of such Reference Year, or
- CapMan's reporting does not meet the requirements set out in Section 2.4 (Reporting) of this Framework in all material respects, or
- the verification of the SPT in accordance with section 2.6 (Verification) of this Framework has not been provided and made public by the Reporting End Date (as defined below).

The "Reporting End Date" for any KPI shall be the date falling 90 days after the respective KPI's Target Observation Date.

2.3.2 Changes in security characteristics

The occurrence of a Trigger Event will result in a coupon step-up or increase in the redemption price applying to the relevant security from the first day of the next interest period immediately following the Reporting End Date for the relevant Reference Year until maturity of the relevant security.

The size of the step-up applicable to the coupon or the increase of the redemption price will be specified in the security documentation for each respective security issued under this Framework.

For the avoidance of doubt, if in respect of any securities issued under this Framework, the company has achieved the relevant SPT for the Reference Year, and reporting and verification for the KPI and SPT have been provided and made public in accordance with the reporting and verification sections of this Framework, the financial characteristics of the relevant security issued by CapMan under this Framework shall remain unchanged.

For any security issued under this Framework, a Trigger Event impacting the financial characteristics of the security may only occur once during the tenor of the relevant security.

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to CapMan's sustainability strategy. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. Any new or updated Sustainability-Linked Finance Framework, in relation with any subsequent capital markets transactions, shall not have any implications on the securities issued under this Framework.

2.4 Reporting

In order to provide investors and other stakeholders with adequate information about CapMan's implementation of its sustainability strategy in general, CapMan will provide relevant reporting on the progress made in respect of the KPIs, and (in relation to any Reference Years only) the achievement or not of the applicable SPTs set out in the security specific documentation. Such reporting shall be made publicly available on an annual basis in a Sustainability-Linked Finance Progress Report and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the financial and/or structural characteristics of securities issued hereunder. The Sustainability-Linked Finance Progress Report shall be published on CapMan's web page no later than the Reporting End Date after the end of the year being reported on. For the avoidance of doubt, a failure to report does not trigger a step-up after the reporting end date for that year. The step-up will only occur after the reporting end date relating to the Reference Year, regardless of when a failure to report occurs.

The Sustainability-Linked Finance Progress Report will contain all the relevant information needed to assess if any changes to the security characteristics are to be made, including but not limited to:

- The performance of the KPIs, as per the relevant reporting period including the calculation methodology and baselines where relevant;

- Information about recalculations, if any, of baseline for the KPIs (if applicable);
- A verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the security characteristics; and
- Information on any updates to CapMan's sustainability strategy and/or governance with an impact on the KPIs and SPTs.

Where feasible and possible the Sustainability-Linked Finance Progress Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the performance on the KPIs on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement;
- Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope;
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

The performance level against each SPT for each KPI outlined above shall be verified by a qualified external reviewer with relevant expertise as described in section 2.5 (Verification).

2.5 Verification

In order to provide transparency to investors and in alignment with the SLBP, CapMan will ensure an external and independent verification by a qualified external reviewer with relevant expertise, as outlined in the Voluntary Guidelines for External Reviews developed by the Green and Social Bond Principles, of its actual performance level against each SPT for each KPI. The verification shall be conducted with limited assurance by the external reviewer. CapMan has the discretion to change the external reviewer subject to fulfilling the requirements set out herein. The ex-ante reviewer of the Sustainability-Linked Finance Framework shall differ from the ex-post reviewer.

The verification of the actual performance relative to the SPTs shall be made public together with CapMan's Sustainability-Linked Finance Progress Report on the company's webpage no later than the Reporting End Date in each year as set out in section 2.3 (Security Characteristics) and specified in the security specific documentation for as long as any securities issued under this Framework remain outstanding. The verification, together with the Sustainability-Linked Finance Progress Report, will form the basis for evaluating any change in the financial characteristics of any securities issued under this Framework as described in the section 2.3 (Security Characteristics).

Failure to provide the ex-post verification before the Reporting End Date in any year up to and including the year following the Reference Year for any securities issued under this Framework, shall result in an automatic adjustment in the financial characteristics of such securities as outlined in the security specific documentation.

Amendments to this framework

CapMan will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. CapMan will also review this Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPT's calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of a qualified provider of second party opinion. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier. The updated Framework, if any, will be published on CapMan's website and will replace this Framework.

DISCLAIMER

The Framework contains certain forward-looking statements that reflect CapMan's management's current views with respect to future events and financial and operational performance of the Group. These forward-looking statements are based on CapMan's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of CapMan to control or estimate precisely. Investors are cautioned not to place undue reliance on the forward-looking statements (as well as information and opinions) contained herein, which are made only as of the date of this document and are subject to change without notice. CapMan does not undertake any obligation or responsibility to release any updates or revisions to any forward-looking statements and/or information to reflect events or circumstances after the date of publication of this Framework. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has not been independently verified by any independent third party.

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