

Environmental, Social and Governance Report for 2021

BaltCap



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Portfolio impact in 2021 in brief

Our total impact and contribution to society lie in generating and distributing financial value (revenue, taxes, salaries, and payments to suppliers and providers of capital), providing employment and development opportunities, mitigating our environmental footprint, investing in innovation and knowledge creation, contributing to various societal initiatives, and many more activities by our portfolio companies.



Total all-time investments

110+ platform investments

Overall portfolio impact in 2021¹



€944 million

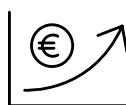
revenue of portfolio companies

(2020: €842 million)

(2019: €709 million)

(2018: €649 million)

(Entry: €514 million)



€102 million

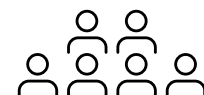
In EBITDA

(2020: €101 million)

(2019: €77 million)

(2018: €67 million)

(Entry: €58 million)



10 531

Employees

(2020: 9 853)

(2019: 8 720)

(2018: 8 000)

(Entry: 7 254)

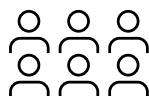
¹ Aggregate figures of companies in BaltCap managed funds BIF III (Intrac only), BPEF I, BPEF II, BPEF III, LSMEF, BLVCF, BGF, BInF including those exited before the end of 2021. For exited companies latest available data before exit is used.

Current portfolio development in 2021



€52 million

paid in salaries



335

new job positions created



€31 million

Invested in capital expenditure and R&D



€62.5 million

taxes paid



101 261

hours of training provided for
employees in total



€656 000

financial support to the local community
and societal initiatives



20%

Females on management boards



119 757

tons of CO₂ emissions avoided across the
BaltCap Infrastructure Fund portfolio²

² Principle of evaluation – taking into account change of fuel balance (Base scenario – production of energy in capacity fired by biomass (renewable energy sources (RES))).
Counterfactual scenario – production of energy fired by natural gas in existing gas CHPs (fossil fuel)).

Message from the Managing Partners



Dear Readers,

Sustainability, responsible investment, and ESG-minded leadership received a new perspective in Europe and beyond in February 2022 after the invasion of Russia to Ukraine, a free and democratic country.

Russia's violations of international law and its brutal attacks on fundamental human rights and the freedom of political and civil liberties in Ukraine, in the heart of Europe, remind us that the building of Europe is far from over. This is a reminder to all of us that we have an essential role to play in building a peaceful Europe.

Two types of actions are now important. Firstly, **it is essential to continue supporting Ukraine and its people and not forget them.** This has been our focus since the outbreak of the war. BaltCap, with its portfolio companies, has donated more than 200 000€ for humanitarian aid and other initiatives. In addition, we must help the Ukrainian people who have left their homeland to go on with their daily lives. BaltCap portfolio companies have been contributing in a few ways, such as with providing a decent living and work environment, creating opportunities for childcare, and helping the injured with rehabilitation. We are thankful to our companies.

Secondly, **we must think of the long-term perspective - how to build societies where no one is left behind. This is crucial for building a peaceful Europe.** We, the Private Equity Industry, have an especially influential role to play here. Our role lies in building smart and tech-savvy businesses and inclusive communities. This needs to continue with even stronger urgency and awareness.

For BaltCap, this means continuing to invest in local companies to build them into business champions - successful and sustainable companies strengthen our region and Europe. The impact we can have - together with our investors, our portfolio companies, and their management - on the societies around

the Baltic Sea exceeds similar opportunities elsewhere. We are committed to backing the smart development of the region and helping Baltic Sea countries realize their potential to lead Europe in innovation, growth, and unique thinking in business as well as governance.

In 2021, we undertook two main initiatives that helped us to pursue these aims.

BaltCap Climate Commitment

There is no doubt that environmental protection and climate-friendly business models are essential cornerstones of smart growth. Green energy solutions also contribute to increased energy independence and security; both are of utmost relevance in building a stronger Europe.

In 2021, BaltCap announced its Climate Commitment plan to increasingly contribute to decarbonizing the economy and meeting the EU's 2050 climate-neutrality goal.

We believe that **to make decarbonizing the economy really happen, it must be perceived both as a business opportunity and as a responsibility of all the players in the ecosystem.** Our aim for BaltCap as fund manager and for all our portfolio companies to take an active part in the climate solution and be well aware of our businesses' role in climate change mitigation.

As the first step of this commitment, we initiated a portfolio-wide awareness building and CO₂ measurement in 2021, the results of which are presented in the current report below. BaltCap, as a fund management company, has committed to reaching net-zero in its operations by 2025. We hope to serve as a role model for our portfolio and the wider community.

continues on next page >>

Towards more inclusive ESG management

In 2021, our focus was also on more inclusive and business-focused ESG management in the BaltCap portfolio. Together with our portfolio company management teams, we screened sustainability impact areas to align further company activities with ESG-related business opportunities and risk mitigation activities.

This has been an inspiring journey including numerous brainstorming sessions, workshops, and materiality maps, the fruits of which will be picked in the years to come. In the current report, you can find the first summaries of company-based ESG plans.

Another step towards more inclusive ESG management in 2021 was joining the global sustainability platform Worldfavor. The online tool allows collecting and analyzing sustainability data online and makes sustainability data management more transparent across the BaltCap portfolio. We believe the new reporting platform also helps our portfolio companies when implementing data-driven sustainability plans.

Our focus in 2022

In 2022, we will mainly focus on implementation – taking steps to decrease the CO₂ emissions, putting into action the materiality based ESG plans in our companies and starting to work with the new online reporting tool.

In addition, we continue with ESG stewardship and connecting BaltCap portfolio managers and teams for mutual learning in sustainability topics and beyond. In June the very first BaltCap Academy to bring our portfolio managers and Alumni together for high-level networking and knowledge sharing. In 2022 we aim to take this initiative further and provide dedicated workshops for the management teams for competence building in different sustainability areas.

We are happy to present our 2021 ESG report, the 11th consecutive annual report for BaltCap highlighting the main ESG related activities and developments in our portfolio in 2021.

This report differs from the previous reports as instead of a whole portfolio summary it presents portfolio company case studies. Hope you find it informative, enjoy the reading!



Peeter Saks



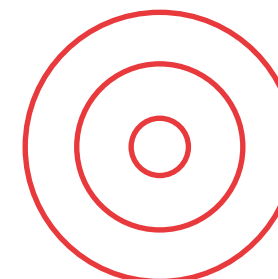
Martin Kõdar



Dagnis Dreimanis



Simonas Gustainis



About BaltCap

BaltCap is the largest private equity firm in the Baltics with presence in the Nordic countries as well as in Poland. In over a quarter of a century, we've evolved to become the region's only multi-strategy manager covering buyout, growth, venture, and infrastructure investments. We serve institutional investors from around the world, and we are attracted to companies that seek to evolve and develop, those with the potential to benefit society.

Our raison d'être

We are patriots. We're loyal to the Baltic Sea region, home to our founders and our employees. We put our money where our mouth is: we aim to build local companies into international business champions. We seek sustainable opportunities that benefit both society and our investors.

Building networks, building society

Over the past 25 years, we've built a network of thousands of investors, financial experts, company owners, and managers. We have a proven track record of growth and return, and we have lived up to our potential. It's why we've earned the trust of leading institutional investors. Our region is a breeding ground for great ideas and companies. This is thanks to our world-class STEM educational systems and the unbridled energy of people for whom the domestic market is never enough. No wonder our region boasts the world's highest concentration of unicorns *per capita*.

Beyond the Baltics

BaltCap is international. Our first partners came from Finland, bringing competence, professionalism, and grit they call *sisu*. Our first investors were Nordic, bringing a culture of transparency and mutual respect. Our managing partners from the three Baltic states have parlayed our region's dynamism into a company culture that celebrates a can-do attitude, passionate determination, and hard work. Our team is embedded in the diverse societies of the Baltic Rim and beyond. We are proud to work in our seven native languages across country offices in Helsinki, Tallinn, Riga, Vilnius, Stockholm, and Warsaw. Nordic Ninja, our joint venture with Japanese partners, connects us further to the Nordics and Asia. Currently, our portfolio companies have headquarters in seven European markets.



>3x MM

From all buyout exits since 2018

65

Exits

110

Platform investments

40

Investment professionals

4

Mutually exclusive strategies

25+ years

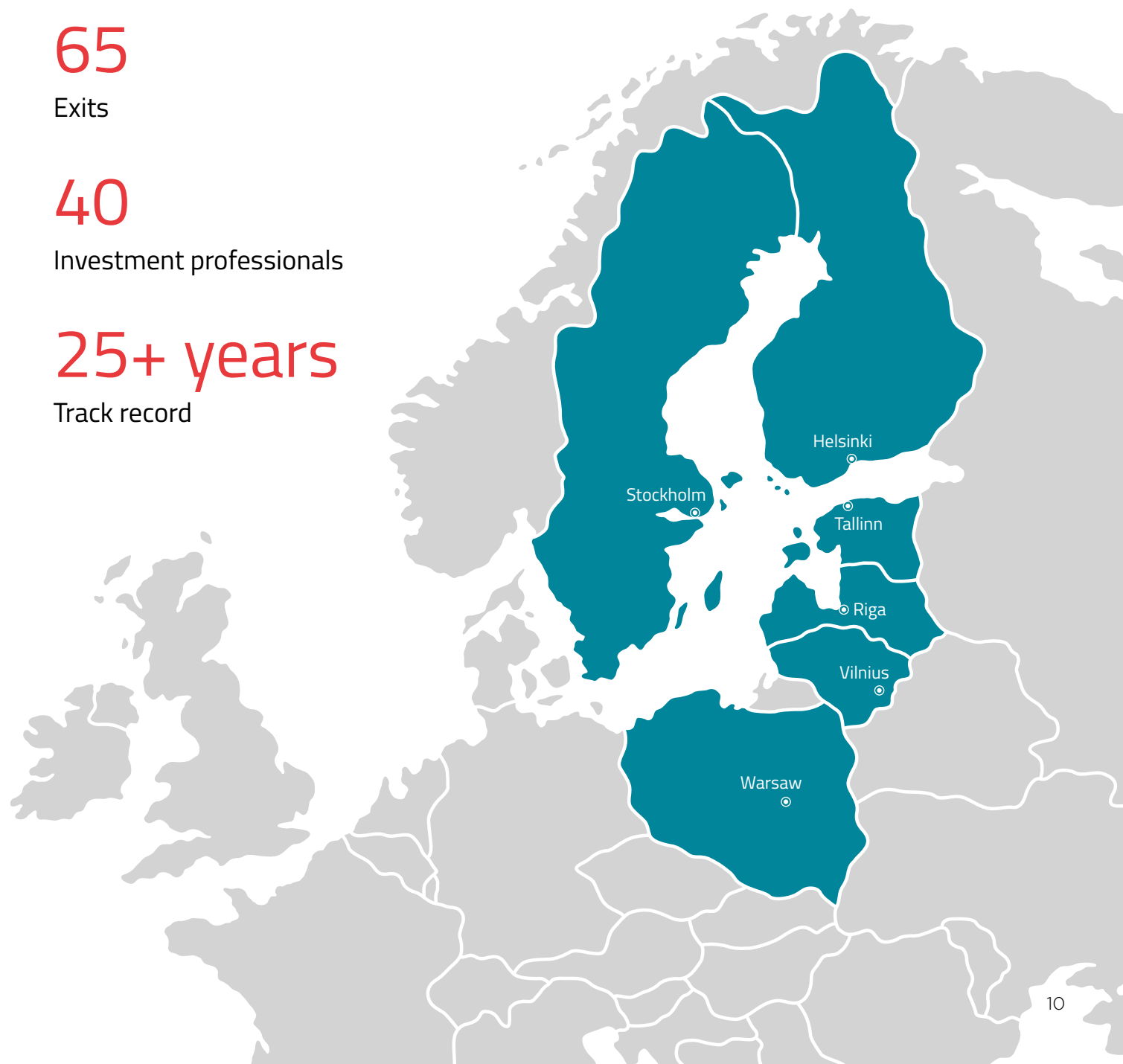
Track record

6

Local offices

€700M

Raised since inception



Four complementary, mutually exclusive strategies with dedicated investment teams

Buyout

BPEF III ('19) €177 million

- Well established companies with leading positions in their field
- Buyout, buy and build opportunities (incl. cross-border)
- Initial EV > €10m
- Primarily majority ownership stakes
- €5-20m equity tickets

Growth

BGF ('17) €41 million

- Small-size companies with proven and profitable business model
- Growth capital for expansion, M&A, shareholder liquidity or MBO events
- Initial EV < €10m
- Majority or influential minority stakes
- €1-10m equity tickets

Infrastructure

BInF ('17) €103 million

- Low risk economic and social infrastructure assets with predictable cash flows
- Development and operating stage projects with yields of 10-15%
- Long term develop and hold approach reducing exit and valuation risk
- SFDR Article 9 compatible, investments only with positive impact
- €3-15m equity tickets

NordicNinja vc

NoNi ('19) €101 million

- Series A-B venture capital investments
- Joint venture with Japanese JBIC IG Partners
- Start-ups with innovative technologies, deep tech
- Minority stakes
- €1-6m equity tickets

Taking local companies to the global stage



BaltCap Sustainability approach

Being the largest private equity fund manager in the Baltics with a presence in the Nordics and Poland gives us a unique position to impact the growth and strategic development of numerous powerful companies in our region and beyond. This also gives us an opportunity to make a difference in a sustainability context.

Our goal is to create long-term value for our investors, the companies and properties in which we invest, and the communities where we live and work.

We seek to make a positive impact with each investment and are committed to building sustainable businesses. We can only achieve this goal by combining excellent financial performance with creating a positive impact on our employees, communities, and the environment.



Commitment to responsible investment

At BaltCap, Environmental, social and governance (ESG) issues are an integral part of the investment process. ESG criteria are integrated from sourcing and deal screening to the due diligence process and investment decision making in both majority and minority investments.

Investing in better life

We are committed to building sustainable businesses. ESG factors are fully integrated into the operations of BaltCap and our portfolio companies. We have a 11-year track record of reporting our ESG performance, and we aim to continuously improve our results.



Integrating ESG in BaltCap investment process

Sourcing

- Exclusion list
- Negative screening

BaltCap does not invest in certain industries and businesses that cause environmental or social harm (e.g. gambling, weaponry).

BaltCap avoids investing in companies and businesses whose products and services cause negative environmental and social impact with no opportunity to mitigate the negative impacts.

Entry

- ESG due diligence

BaltCap assesses the attractiveness of investment opportunities through ESG due diligence and ESG materiality analyses.

In this stage both sustainability related risks and value creation opportunities are documented.

Based on the analysis initial ESG action plan for investment is developed and proposed as part of the 100-day plan.

Ownership and value-creation

- ESG governance mechanism
- ESG action plan and disclosure routine

BaltCap is committed to improving the portfolio companies' practices, ESG performance and disclosure routines during its ownership period.

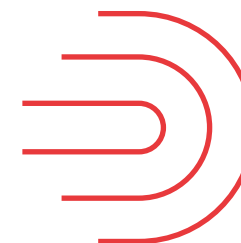
During the holding period we actively engage the company's management and key stakeholders to build an appropriate and value-creating ESG action plan and ESG monitoring reporting practices.

Divestment

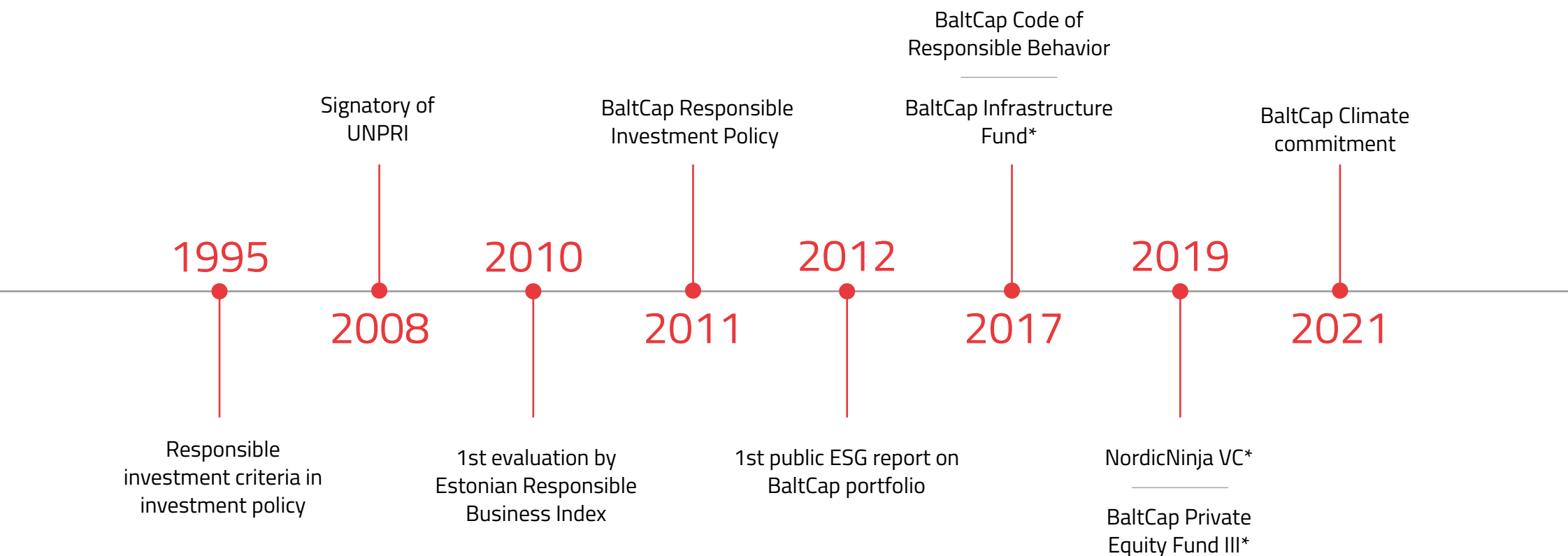
- ESG report and plan for further development

For BaltCap it is important that our companies can continue their sustainability track after the exit.

Transparent communication to prospective owners about the ESG status of the company, improvements completed during our ownership and areas for further development are part of an exit process.



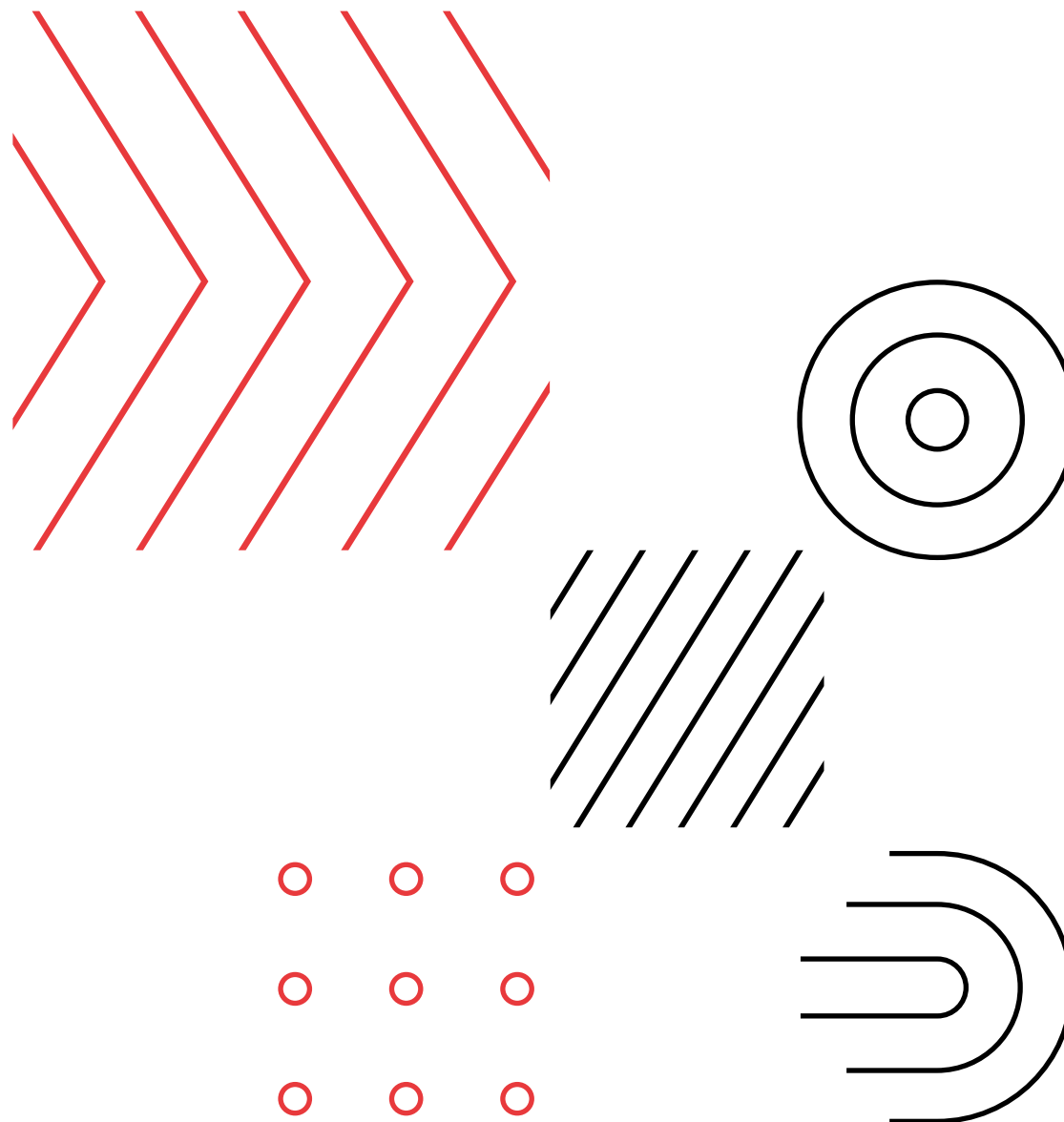
ESG History in BaltCap



*Funds with specific ESG + positive impact criteria

BaltCap ESG investment standards

We believe that environmental performance, social impact management, and good governance are as important for long-term value creation as are financial results. The following chapter summarizes the central ESG matters in BaltCap that are outlined in more detail in BaltCap's ESG policy (www.baltcap.com/company/responsibility/esg-policy).



Environment

We take our responsibility to the environment seriously. We make investments only if material environmental factors, such as greenhouse gas emissions, biodiversity, air and water pollution, risks of deforestation, waste and water management, mineral resource depletion, soil degradation, and other potential impacts are duly addressed by the investee companies' operations.

Furthermore, we seek to adopt environmentally sound guidelines for our internal processes and portfolio companies. We support our portfolio companies to strive beyond compliance with environmental regulations by

- Fostering the adoption of environmental management systems
- Incorporating environmental considerations into product and service development
- Supporting the adoption of new and efficient technological solutions
- Reducing energy consumption, waste, and emissions

Social

At BaltCap, we are committed to promoting fruitful and meaningful relations with our employees, consumers, and communities.

People are our most valuable asset, and the motivation and well-being of our employees is our highest priority. Therefore, we ensure quality job opportunities by creating safe and healthy working conditions, promoting equal opportunities in employment practices and procedures, and ensuring an inclusive and rights-respecting work environment.

We prioritize consumer safety and interests by engaging in responsible marketing practices, ensuring product safety and transparency, and protecting the data and privacy of our customers.

We see the inherent value in sustainable and inclusive communities. Therefore, community and government relations are an important part of our day-to-day operations. We also look beyond our own operations and promote diversity and equal opportunities in our external supply chains as well as among service providers.

Governance

At BaltCap, we act in accordance with the highest legal and ethical standards and promote the best governance practices in our portfolio companies.

We comply with applicable laws and regulations, adhere to anti-bribery and anti-corruption principles, foster transparency, promote fair competition and responsible marketing, and protect copyright and other forms of intellectual property.

We aim to influence the local business community by sharing our experiences and knowledge.

BaltCap as an active participant in industry organizations

BaltCap is an active member of numerous international, European, and local industry organizations that promote responsible investment and develop the private equity industry. Working together helps us to develop the investment community, promote responsible business behavior, and guide it towards more sustainable growth.





As a signatory of the **United Nations Principles for Responsible Investment (UNPRI)**, an investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact, BaltCap follows the policies and practices of responsible investment and has incorporated ESG considerations into its daily operations. BaltCap also compiles and carries out an annual self-assessment regarding its environmental, social, and governance procedures as well as its performance based on the UN PRI Initiative. The results are published by UN PRI in their Report on Progress.



Invest Europe is the association representing Europe's private equity, venture capital, and infrastructure sectors, as well as their investors. As an active member of **Invest Europe**, BaltCap also abides by Invest Europe's professional standards and other guidance including ESG matters.

The BaltCap team is actively engaged in Invest Europe work. Martin Kõdar, Managing Partner of BaltCap, is a member of the MidMarket Council and Professional Standards, which drives best practices for the entire private

equity industry across Europe. Infrastructure Fund Partner Sarunas Stepukonis is a member of Infrastructure Roundtable.



Responsible Business Forum in Estonia

The Responsible Business Forum Estonia is a non-profit organization focused on fostering CSR and corporate sustainability in the Estonian business sector. It serves as a platform for competence-building and communication. BaltCap was among the founding members of the forum and has been a member since. Riin Savi, Head of Communications and Culture at BaltCap, is a Board Member since 2021.

BaltCap actively contributes to local market development by being a founding member of the Estonian, Latvian, and Lithuanian Private Equity and Venture Capital Associations.



The Estonian Private Equity and Venture Capital Association is the representative body of private equity and venture capital industry players and

related support services providers in Estonia. Since its founding in 2009, its main focus has been on strengthening and developing the local ecosystem and international relations and providing industry knowledge, research, and training to its members, associate members, and other key stakeholders.

Kristjan Kalda, Partner at BaltCap, is a founding member and Board Member since 2021.



The Latvian Private Equity and Venture Capital Association was founded in 2003 to represent the interests of the industry to state institutions and legislators, organize and ensure cooperation with international and foreign Venture Capital associations, promote the exchange of knowledge and experience of the members of the association, and inform entrepreneurs and the public about the possibilities of receiving venture capital financing.

Sandijš Abolins-Abols, Partner at BaltCap, is a Board Member since 2017.



The Lithuanian Private Equity and Venture Capital Association monitors and helps to improve the regulatory

and business environment which is necessary for healthy functioning of the private capital market in Lithuania. The association also serves as a central platform for representation and promotion of the Lithuanian private equity and venture capital market to institutional investors, policymakers, and the general public on a local and global level.

Marius Miskins, Investment Director at BaltCap, is a Board Member since 2021.



Each year, BaltCap completes the questionnaire from the Responsible Business Forum in Estonia. The results of the self-assessment are evaluated, ranked, and published by the Responsible Business Forum in the annual national index. For several years already, BaltCap has been awarded with a gold-level Quality Label (the highest level) in the Estonian Responsible Business Index.

Providing platform for knowledge sharing

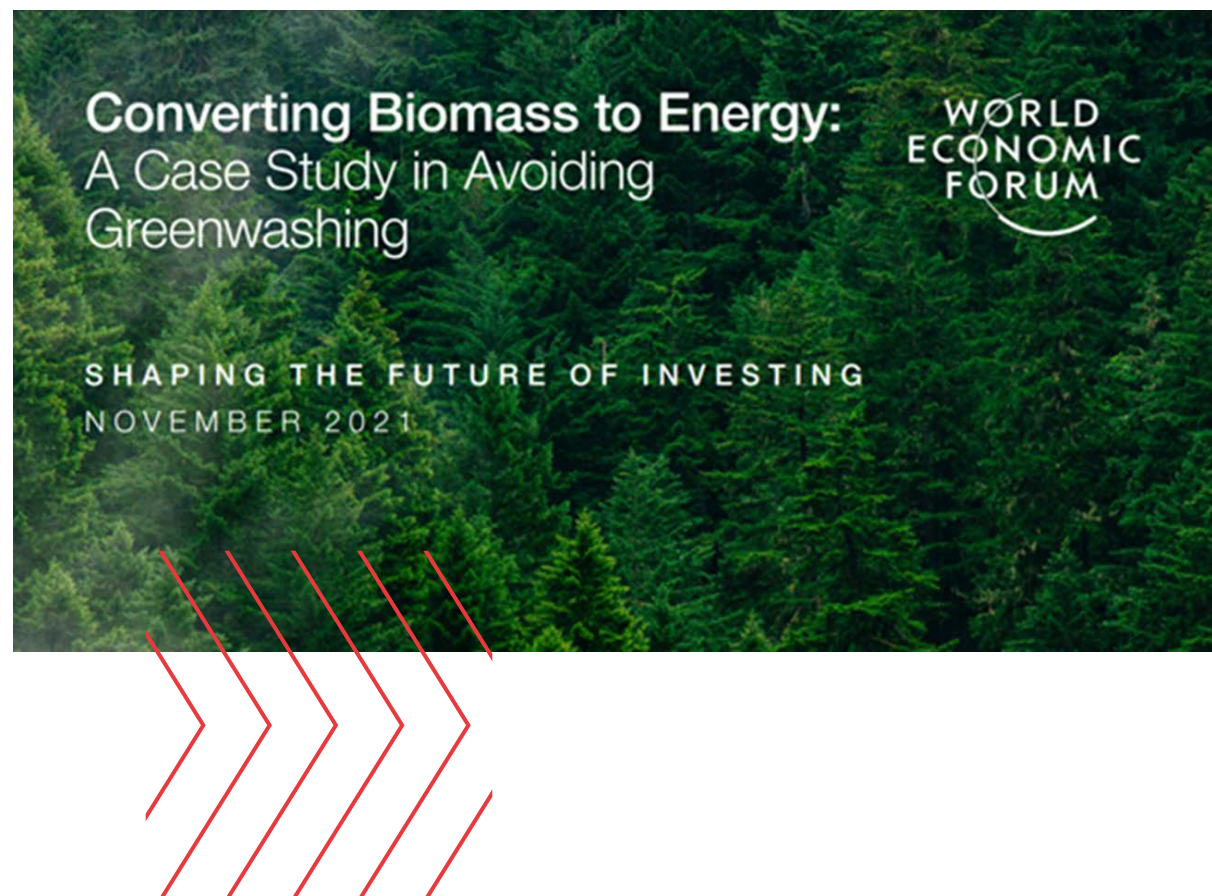
BaltCap encourages sharing sustainability and ESG related knowledge, best practices and individual experiences inside its team, among its portfolio companies and with industry peers. Most important seminars and initiatives from 2021 are presented in the next section.



BaltCap Infrastructure Fund (BInF) is raising awareness on biodiversity loss and related implications in energy investments

To provide guidance on incorporating biodiversity risks into the investment process, the World Economic Forum summarized several investor approaches in a case study report. As an active steward of sustainable investments, BInF contributed with a case study tackling the use of biomass as a source of clean energy.

The BInF case study, based on Vilnius's heat-only biomass plant, highlights that biomass can be considered a renewable energy source only when it is produced with low lifecycle emissions and does not harm the forest ecosystem or its biodiversity. The study emphasizes that biomass investors and users must recognize that granting unconditional carbon neutrality to biomass for energy could significantly affect the forest ecosystems and biodiversity. The case study concludes that there is scope to consider additional metrics other than greenhouse gas emissions (e.g., water and pollination) and invites to take measures to ensure that this well-intentioned technology does not become a tool for greenwashing. The full report is available [here](#).



BaltCap raised the gender pay gap as a focus topic at the Estonian Responsible Business Forum

BaltCap organized a webinar with the Estonian Responsible Business Forum on the gender pay gap to raise awareness of the causes and consequences of pay inequality. Over 40 representatives from Estonian enterprises joined in to listen and discuss how to tackle the crucial social issue. The panelists from the Ministry of Social Affairs, Law Firm Sorainen, LHV Bank, and Miltton shared their experiences and best practices. The participants emphasized the importance of leadership being committed to equal pay, defining occupational groups, creating transparent remuneration policies, and acknowledging that the gender pay gap is a society-wide challenge.



BaltCap co-hosted the “ESG as a game-changer” seminar

BaltCap co-hosted the “ESG as a game-changer” seminar with PwC Estonia and LHV to discuss the main challenges and opportunities the new European sustainability regulation and ESG bring to the world of transactions. 70 participants from 50 companies attended the seminar in Tallinn.

BaltCap managing partner Martin Kõdar participated in the panel to share experiences from private equity firms.

Seminar “ESG as a game changer”

Wednesday, 3 November, from 3pm to 6pm

BaltCap team and portfolio managers discussed the possibilities for decarbonizing the operations of BaltCap and its portfolio companies during a workshop.

To kick-off portfolio-wide CO₂ measurement, BaltCap investment team and portfolio managers gathered for a mutual workshop. During the meeting BaltCap Managing Partners Simonas Gustainis and Martin Kõdar introduced BaltCap Climate Commitment plan and related activities in the portfolio. In addition, sustainability company Sustinere gave an overview of the latest developments related to EU's 2050 climate-neutrality agenda and introduced the process of GHG measurement. In addition, BaltCap former portfolio company EKJU shared experiences on the main challenges a company faces when starting the process of CO₂ measurement.

BaltCap Climate Approach

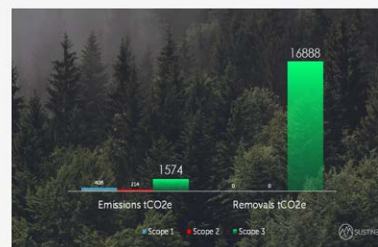
Portfolio meeting
17 November 2021



BaltCap

Case study EKJU

Year 2018 data



BaltCap

Dealing with main impact - logistics



Why commit now? Why commit at all?

There is no other way in order to **remain competitive and keep the license to operate**



BaltCap

BaltCap Climate Commitment

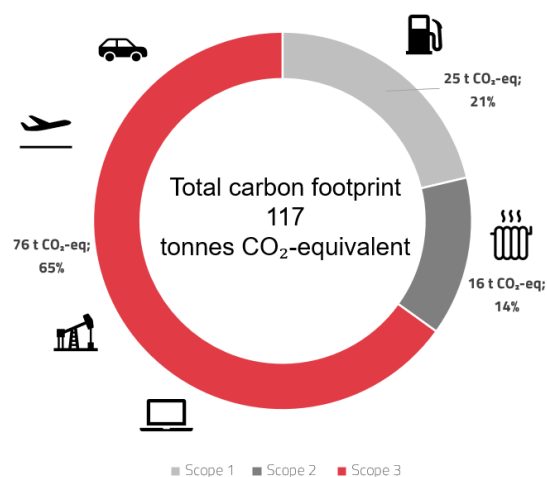
To actively contribute to decarbonizing the economy and meeting the EU's 2050 climate-neutrality agenda, BaltCap announced its Climate Commitment plan in November 2021.

BaltCap chose a differentiated approach where each portfolio company and BaltCap as a fund manager will have individual targets and timeframes for CO₂ reduction. As the first step, BaltCap initiated a portfolio-wide CO₂ measurement, the results of which will be the baseline for the reduction targets that will be validated by the Science Based Targets Initiative.

As a fund management company, BaltCap has committed to reaching net zero in scope 1&2 emissions by 2025.



BaltCap CO₂ footprint in 2021³



	t CO ₂ eq	% of total footprint
Scope 1	25	21.3%
Scope 2	16	13.6%
Scope 3	76	65.1%
Total	117	100.0%

Scope 3 categories	t CO ₂ e	% of Scope 3	% total footprint
Purchased goods	0	0.3%	0.2%
Capital goods	3	3.8%	2.5%
Fuel and energy related activities	18	23.5%	15.3%
Employee commuting	17	22.4%	14.6%
Waste	0	0.0%	0.0%
Business travel	38	50.0%	32.6%
Total	76	100.0%	65.1%

3 Includes Scope 1-3 emissions of BaltCap as fund management company, portfolio companies not included.

BaltCap completed its CO₂ footprint measurement

BaltCap completed the measurement of its total CO₂ footprint (Scope 1-3) and set its reduction policy and targets.

The results of the measurement show that direct emissions from sources owned or controlled by BaltCap (Scope 1) formed 21%; indirect emissions from the generation of purchased or acquired electricity, heating, or cooling (Scope 2) formed 14% and all other indirect emissions from BaltCap value chain (Scope 3) formed 65% of the company's carbon footprint.

The largest emission sources were business travel 33% (38 t CO₂e), fuel use in company vehicles 21% (25 t CO₂e), fuel and energy related activities 15% (18 t CO₂e) and employee commuting 15% (17 t CO₂e).

Martin Kõdar, Managing Partner at BaltCap, says the result indicating that the bulk of BaltCap's emissions come from business travel and commuting, was expected and several ideas for reduction are being discussed. "Numerous initiatives are being tested and negotiated, mainly concerning renewable fuels for cars and flights. Some steps have already been taken – moving to an environmentally efficient office in Tallinn, sorting waste, and reducing bottled water usage in all our offices," Kõdar

commented. He emphasized that BaltCap as a fund manager wants to lead by example for its portfolio: "We want to be part of the climate solution, no matter how small the CO₂ footprint. We are eager to test and pilot different initiatives that help to reduce our emissions. We hope it motivates our portfolio companies to do the same."

BaltCap signed the 2021 Global Investor Statement to Governments on the Climate Crisis

BaltCap joined investors globally in urging governments to step up their collective response to the climate crisis in a statement prepared

by the Investor Agenda, a global network of organizations working with investors.



BaltCap and other financial market

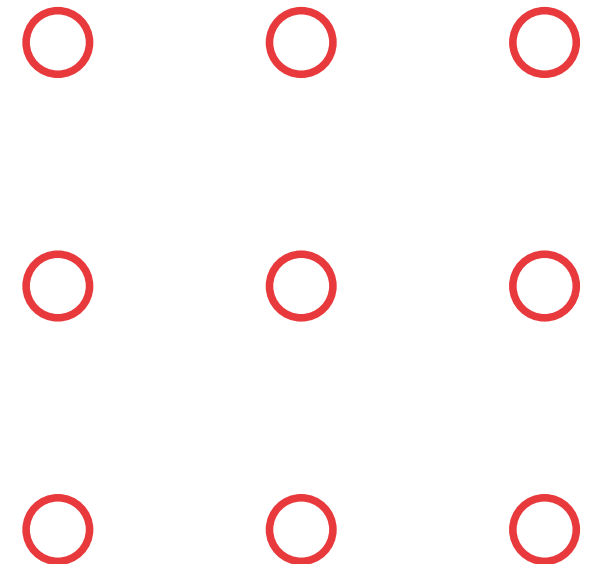
participants highlighted that their ability to allocate finances to net-zero transition is limited by the gap between current government commitments set out in Nationally Determined Contributions and the emission reductions needed to mitigate climate change. Therefore, the signatories encourage all countries to significantly strengthen their Nationally Determined Contributions for 2030 and ensure the transition to net zero by 2050 or sooner.

2021 Portfolio overview

In 2021, BaltCap buyout and growth portfolio companies carried out numerous ESG initiatives. Across the portfolio, two central initiatives were launched – a CO₂ footprint measurement and an ESG-materiality analysis.

The next sections summarize the main outcomes of these undertakings in our buyout and growth portfolio.

In addition the projects of BaltCap Infrastructure Fund launched in 2021 are presented.



Methodology for CO₂ measurement

The **portfolio-wide CO₂ footprint measurement** is the first step of BaltCap's Climate Commitment plan that aims to actively contribute to decarbonizing the economy and meeting the EU's 2050 climate-neutrality agenda.

BaltCap chose a differentiated approach where each portfolio company, as well as BaltCap as a fund manager, will have individual targets and timeframes for CO₂ reduction. The results of 2021 will be the baseline for the reduction targets.

The carbon footprint calculations were carried out by BaltCap sustainability partner Sustinere, based

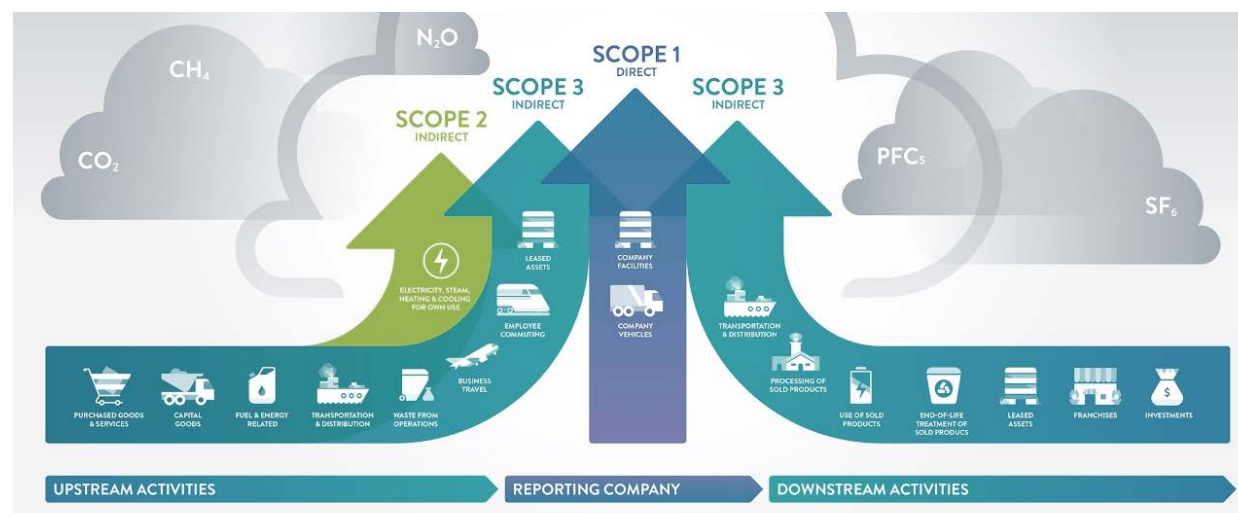
on the world's most widely used greenhouse gas accounting standards - GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 and 2 of all portfolio companies were measured, and Scope 3 emissions will be assessed as a next step at companies with a high ESG risk score.

The standard unit for measuring carbon footprints is **CO₂-eq** or **carbon dioxide equivalent**. It expresses the impact of different greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in terms of the amount of CO₂ that would create the same amount of warming over a period of one hundred years.

GHG Protocol divides emissions into three scopes:

- **Scope 1** = direct emissions from sources owned or controlled by the company
- **Scope 2** = indirect emissions from the generation of purchased or acquired electricity, steam, heating, or cooling
- **Scope 3** = all other indirect emissions (not covered under Scope 2) that occur along the company's whole value chain. Scope 3 is voluntary under the standard.

*Emission scopes based on the
Greenhouse Gas Protocol Standard,
www.ghgprotocol.org*



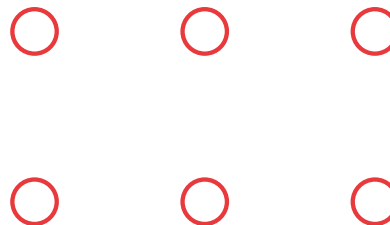
Methodology for materiality assessment

Company-based materiality assessments were initiated in buyout and growth fund companies to map each company's most important ESG topics.

The materiality of ESG topics depends on the industry and business model of a company as each sector is faced with different risks and opportunities related to sustainability. In addition, the needs and expectations of stakeholders determine the priority of the most important ESG topics and help companies to focus on key questions.

In line with the best practice and the upcoming sustainability reporting regulations, BaltCap portfolio companies applied a double materiality perspective when conducting the assessment. Both sustainability issues that affect the financial performance of the company (*outside-in risks*) as well as the impacts that the company has on people and the environment (*inside-out impacts*) were considered.

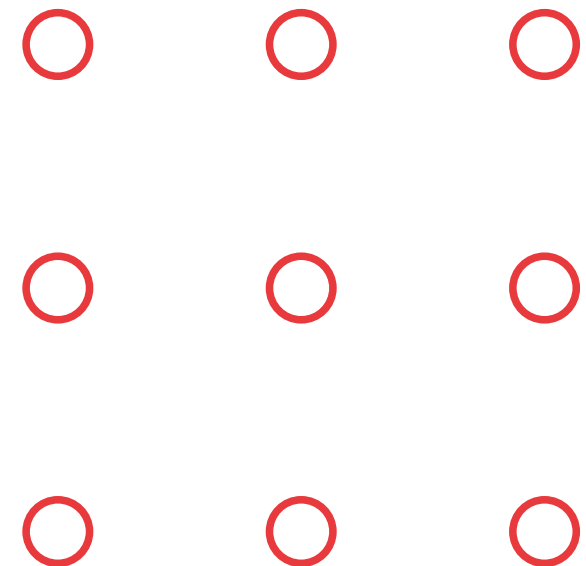
The materiality assessments were carried out by external service providers. The analyses applied a sector-based approach and were aligned with a combination of proven international frameworks (e.g., Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB)) and methods in the responsible investment industry. In addition, internal and external benchmark studies and expert analyses were integrated to validate the assessments.



Buyout portfolio

Including the companies of BaltCap Private Equity Fund III and selected companies of BaltCap Private Equity Fund II.

The next section presents the main outcomes of ESG-materiality analysis and CO₂ footprint measurement in Buyout portfolio.





Krekenavos Agrofirmos

1 041
employees

132 561 358 €
revenue

Medium/High
ESG risk classification

The main focus areas



Environment:

- Waste and water management
- GHG emissions
- Energy Efficiency



Social:

- Food safety
- Employee health & safety
- Employee wellbeing



Governance:

- ESG stewardship

About the company

Krekenavos Agrofirmos (KAF) is one of the leading food sector companies in Lithuania that operates the largest and most modern meat processing plant in the Baltics. More than 100 tons of fresh meat and almost 30 tons of meat products are produced daily. The company has a market share of ~30% in fresh meat and ~15% in meat products in Lithuania.

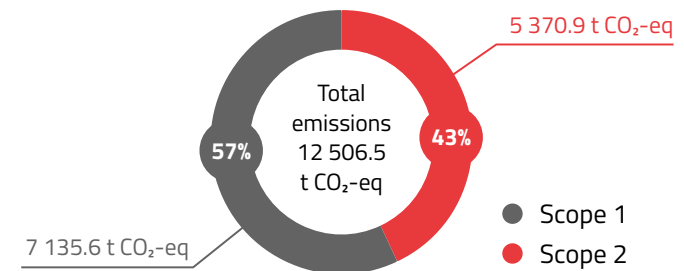
Facts:

- +1000** employees
- 33%** of our products are exported to
- 27** countries across the world

ESG Materiality and focus areas

In terms of material ESG topics, the biggest impact areas of Krekenavos as a meat processing company lie within environmental and social issues. The most relevant topics from an environmental perspective are waste and water management, energy efficiency, and greenhouse gas reduction. From a social angle, crucial value chain issues such as food safety, employee wellbeing, and health & safety are essential for the company.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (57%)	Diesel	3 472.0	28%
	Natural gas	3 342.7	27%
	Petrol	311.6	2%
	LPG	9.3	0.1%
Scope 2 (43%)	Purchased electricity (market-based)	5 370.9	42.9%
Total		12 506.5	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

Key ESG initiatives in 2022 and onward:

- Transition to renewable energy. In January 2022, the company made a complete switch to green electricity.
- Increasing company's own electricity generation capacity by expanding its solar power plant. Plan is to double the capacity of the power plant in 2022
- Further develop company's biowaste treatment plant, which contributes to decreasing the use of natural gas by half and significantly reducing transportation emissions
- Establishing a 70-bed employee housing in Kėdainiai to help accommodate the foreign workforce. Currently, part of the house accommodates Ukrainian refugees.



Piletilevi Group

86
employees

4 604 825 €
revenue

Low
ESG risk classification

The main focus areas

Governance:

- Data security
- Data privacy

Social:

- Employee relations

Environment:

- Energy usage
- GHG emissions

About the company

Piletilevi Group is the largest ticketing service provider in Estonia, Latvia, and Lithuania. Piletilevi Group's main line of business is ticket sales through digital platforms and a network of over 800 physical sales points. In addition, Piletilevi Group offers marketing and consultation services. The company has experience in serving a wide range of cultural and sports events, including the largest events in the region with more than 100 000 participants.

Facts:

Per year served (2019):

45 000 events

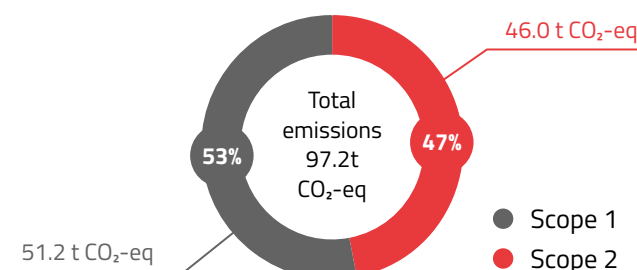
7.5 M tickets

125 M € value of tickets

ESG Materiality and focus areas

The most important ESG areas of Piletilevi Group are related to its activities in retailing & e-commerce and software services. A central topic, therefore, is data security and data privacy, as it represents the company's ability to secure data, as well as protect customers' information against cybercrime and the level of resilience in case of data breaches. Secondly, having a well-built corporate governance system to ensure compliance with regulations and requirements and to minimize the risk of incidents is crucial. Thirdly, as Piletilevi is active in retail and e-commerce, the current market's shortage of workers with specific skills brings employee relations to the forefront. Lastly, though the environmental footprint of Piletilevi is small compared to other industries, contributing to decarbonizing the economy and to a cleaner environment through its value chain is essential to the company.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (53%)	Diesel	35.1	36%
	Petrol	16.1	17%
Scope 2 (47%)	Purchased electricity	28.5	29%
	Purchased heating	17.5	18%
Total		97.2	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

Main options to reduce the CO₂ footprint include switching to use alternative fuels with lower climate impact, increase the share of renewable energy and harness smart technologies to use devices more.

Key activities to improve ESG management in 2022 and onward:

- Develop 'Business conduct guidelines'
- Review and revise the 'Anti-bribery and corruption' policy
- Review and revise Data Processing Policy
- Further develop periodical tracking of employee satisfaction
- Further develop employee training and development programs
- Continue measuring and reducing company CO₂ emissions

Ridango

170
employees

9 254 555 €
revenue

Low
ESG risk classification

The main focus areas

Social:

- Work-life balance
- Talent attraction and retention
- Data protection principles

Governance:

- Compliance and business ethics
- ESG leadership

Environment:

- E-waste management
- Service CO₂ intensity
- Operational energy efficiency

About the company

Ridango is an established solution provider for public transport with a focus on ticketing, payments, and real-time passenger information systems. Ridango is one of the most proven account-based ticketing and contactless bank card acceptance providers for public transport globally. The company operates in 27 countries. Its scalable state-of-the-art technology is designed to serve transport systems of any size, large or small.

Facts:

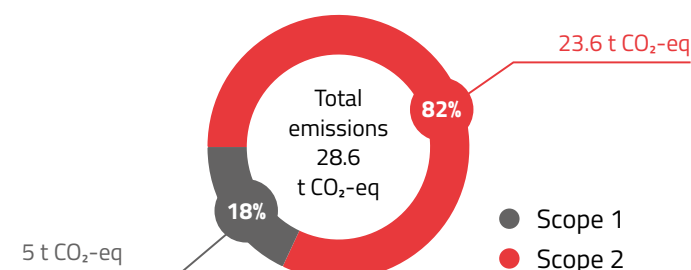
5bn passenger trips a year

27 countries

ESG Materiality and focus areas

The most important sustainability areas for Ridango are related to value and supply chain, business ethics, human resources, and the environment. Three central topics, based on the materiality assessment, are supply chain management, innovation, and product CSR alignment. Also, business ethics and data protection management remain relevant. Thirdly, from the environmental aspect, the main focus areas are GHG emissions and climate transition. Though the climate impact of Ridango itself is small, Ridango plays a crucial role in contributing to greener cities and low carbon economies by enabling Smart public transportation.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1	Petrol	5	18%
Scope 2	Purchased electricity (market-based)	23.6	82%
Total		28.6	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

Main options to reduce the CO₂ footprint include increase the share of renewable energy, harness smart technologies to use devices more efficiently and switching to alternative fuels with lower climate impact.

Key ESG activities planned in 2022 and onward:

- Decrease the amount of e-waste produced
- Further improve employee wellbeing by introducing different initiatives
- Further develop an internal ESG management system
- Further invest in operational energy-efficiency

WORKLAND

Workland

28
employees

4 010 481 €
revenue

Medium
ESG risk classification

The main focus areas



Environment:

- Waste management
- Operational energy-efficiency
- Renewable energy solutions



Social:

- Engaged working community
- Service quality
- Data protection
- Healthy and safe work environment



Governance:

- ESG structure & culture across Workland

About the company

Workland is the largest network of co-working spaces in the Baltics with 13 centers across the region. Workland centers in Tallinn, Riga, Vilnius, and Kaunas provide flexible workplaces for ca 2 500 people and companies of different sizes - from freelancers and startups to large international corporations. It offers different office solutions - planned co-working areas, private offices, or a lively lounge. Workland's mission is to provide inspiring workspaces on flexible terms with professional support services and a community that supports the company's growth.

Facts:

13 co-working centers across the Baltics

2 500 workplaces

ESG Materiality and focus areas

The most important sustainability areas (ESG) for Workland are related to providing customers with a healthy and safe working environment and customer satisfaction. As Workland employees are also part of the working community, it is equally important to focus on employee satisfaction and their health and safety. From the environmental topics, the main focus is on the management of energy consumption and waste production. Governmental material aspects are related to data security and ESG governance.

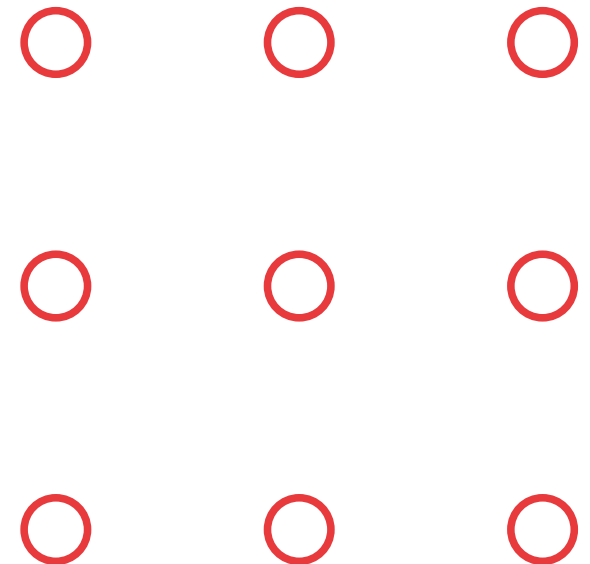
Key ESG activities planned in 2022 and onward

- Further invest in renewable energy solutions
- Decrease waste and test new reusable containers & cups
- Establish the scope and baseline of ESG metrics
- Implement ESG strategy and monitor KPIs
- Engage with stakeholders to better understand their ESG related needs and expectations
- Start disclosing the company ESG approach on the company's website

Growth portfolio

Including the companies of BaltCap Growth Fund and selected companies of BaltCap Lithuania SME Fund.

The next section presents the main outcomes of ESG-materiality analysis and CO₂ footprint measurement in Growth portfolio.





Livin

116
employees

12 370 368 €
revenue

Low
ESG risk classification

The main focus areas



Environment:

- Packaging
- GHG emissions



Social:

- Client satisfaction
- Product safety
- Data security



Governance:

- Procurement policy
- Labelling and marketing

About the company

LIVIN is the largest healthy lifestyle retail and e-commerce network in the Baltics that supports a sustainable lifestyle. The company operates e-shops in all three Baltic countries and 22 physical stores in Lithuania and Latvia. LIVIN carries the largest assortment of health products in the Baltic market, offering more than 4 500 healthy products that are certified organic and natural.

Facts:

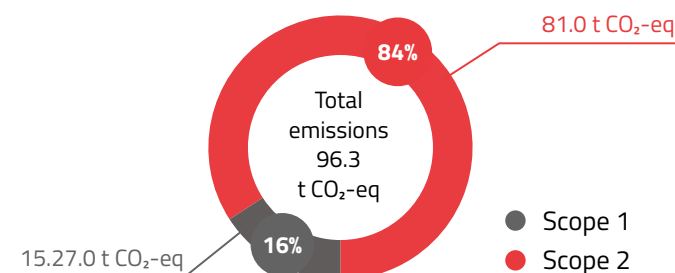
4 500+ natural products

22 stores

ESG Materiality and focus areas

LIVIN retail chain is an agent of change that caters to environmentally and health-conscious consumers. Consumer respect and trust are the most critical ESG focus areas. Ensuring supply chain transparency and product quality control is at the top of the company's governance agenda. The long-distance shipment of imported goods has the most significant indirect adverse environmental effect. On the other hand, short supply chains are being developed constantly, as LIVIN operates as a market entry point for many local producers in the Baltics.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (16%)	Petrol	15.23	16%
	Diesel	0.04	0%
Scope 2 (84%)	Purchased electricity (market-based)	50.8	53%
	Purchased heating	30.2	31%
Total		96.3	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating, or cooling.

Key ESG activities planned in 2022 and onward

- Eliminate unnecessary packaging
- Source more local products to reduce Scope 3 GHG emissions
- Explore innovative ways to make stores more energy efficient
- Measure and communicate the benefits of the consumption of sustainable, eco-friendly products
- Focus on improving disclosure of health and environment-related information
- Lower headquarters' employee turnover to <15%
- Appoint an ESG leader in the company
- Zero tolerance of breaches: revise ethics, compliance, and fraud policies
- Supply chain transparency
- Reporting for business transparency

Tradehouse

160
employees

20 439 030 €
revenue

Low
ESG risk classification

The main focus areas



Environment:

- Climate and CO₂ emissions
- Renewable energy
- Packaging



Social:

- Sustainable products
- Motivated workforce
- Data protection



Governance:

- ESG structure and culture

About the company

Tradehouse is the largest importer and distributor of professional beauty products in Estonia. The company supplies professional hair care products, cosmetics, accessories, and equipment to hair salons and beauty professionals. The company also operates five retail stores and a busy e-shop. Tradehouse's product range includes more than 700 brands and over 100 000 sales items.

Facts:

700 brands

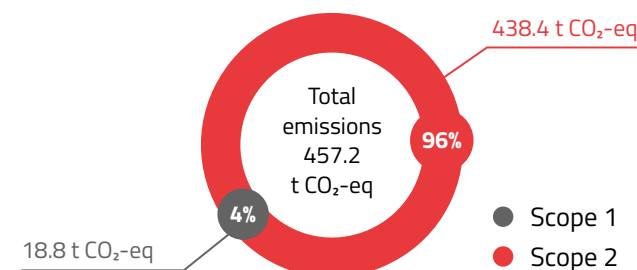
100 000 products

10 000 e-shop orders per month

ESG Materiality and focus areas

A central topic, based on the materiality assessment, is the environmental and social impact of supply chain management, customer health and safety, as well as customer satisfaction. From an environmental point of view, operational eco-efficiency and GHG emissions play an essential role. Thirdly, from the governmental side, the main focus area is corporate governance.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (4%)	Petrol	14.6	3.2%
	Diesel	4.2	0.9%
Scope 2 (96%)	Purchased electricity (market-based)	367.7	80.4%
	Purchased heating	70.7	15.5%
Total		457.2	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

Relevant measures to reduce climate impact: Decrease energy consumption and increase energy efficiency (e.g., low-wattage bulbs, sensor-operated lights). Decrease CO₂ emissions by increasingly integrating renewable energy solutions and increasing the share of low-emission transportation.

Key ESG activities planned in 2022 and onward

- Establish an internal ESG-management framework
- Create role profile for ESG Lead
- Raise ESG awareness through trainings and communication
- Further invest in energy efficiency and renewable energy solutions



Verkter

40
employees

15 719 881 €
revenue

Low
ESG risk classification

The main focus areas



Environment:

- Packaging
- GHG emissions (scope 3)



Social:

- Client satisfaction
- Occupational health and safety



Governance:

- Private data security
- Service standards
- Innovation

About the company

Verkter is an e-commerce group selling a wide range of professional work tools and accessories in Europe. The company sells high-quality products manufactured by well-known brands such as Makita, Bosch, Dewalt, Metabo, Milwaukee, Festool, Femi, Kärcher, Tormek, Stiga.

Facts:

> 60 000 items on sale

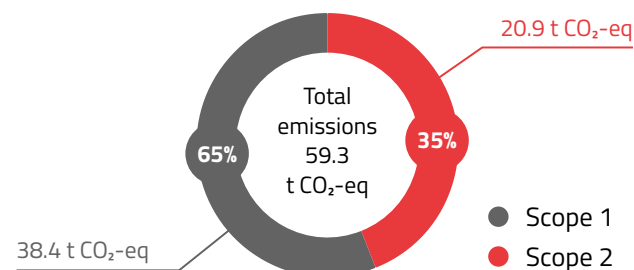
warehouse stock of over 5 000 tools

online shops in 11 languages

ESG Materiality and focus areas

Critical material topics for Verkter's long-term success are security of customer data and client satisfaction. On the environmental agenda, the company's impact is in logistics and packaging. Shipment optimization allows for saving transportation costs as well as reducing the company's CO₂ footprint. The company adjusts packaging sizes to the original size of the product, and 99% of the packaging is recyclable. Product quality and consumer experience management help to achieve low return rates. The company does not demolish returned goods.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (65%)	Petrol	5.4	9%
	Diesel	33.0	56%
Scope 2 (35%)	Purchased electricity (market-based)	14.2	24%
	Purchased heating	6.7	11%
Total		59.3	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

To reduce the CO₂ footprint several actions are planned – Shipment optimization, increasing energy efficiency and shift to green energy.

Key ESG activities planned in 2022 and onward

- Optimize shipping routes
- Use recycled and recyclable packaging & optimize packaging
- Ensure that returned goods are not destroyed
- Increase energy efficiency to decrease GHG intensity
- Shift to green energy to eliminate Scope 2 GHG emissions
- Employee turnover < 30%
- Sustain client satisfaction level (4.7/5.0)
- Zero tolerance of breaches
- Focus on consumer protection regulation



Weekend

206
employees

27 404 904 €
revenue

Low
ESG risk classification

The main focus areas



Environment:

- Packaging and waste
- Service CO₂ footprint
- Renewable energy solutions



Social:

- Product & Service quality
- Supply chain management
- Data security & privacy
- Occupational health and safety



Governance:

- ESG leadership
- ESG stewardship

About the company

Weekend is a leading omnichannel footwear and apparel business in the Baltics with an 'online first' mindset. It currently operates 13 large-format physical stores in Estonia and Latvia and has a rapidly growing online channel across the Baltics. Customers have awarded Weekend the best e-shop title in Estonia and Latvia for several years.

Facts:

20 000+ products

15 stores in Estonia

ESG Materiality and focus areas

The most important sustainability areas for Weekend are related to supply chain management, packaging waste, and ESG leadership. A central topic, based on the materiality assessment, is the environmental and social impact of supply chain management, employee wellbeing, as well as product innovation and product CSR alignment. From an environmental point of view, operational eco-efficiency and the circular economy play the main role. Thirdly, from the governmental side, the main focus area is corporate governance of ESG issues.

Key ESG activities planned in 2022 and onward

- Decrease packaging waste
- Increase the share of low-emission transportation
- Further invest in renewable energy solutions
- Increase the selection of sustainable products
- Establish sustainability standards for the supply chain
- Further develop employee wellbeing
- Establish the ESG management system

Weekend has focused on the environmental aspect of ESG since 2020 and today:

- 100% renewable energy is used at its headquarters
- Green electricity is used in the warehouse
- CO₂ neutral delivery to customers with Omniva
- E-shop server operates on renewable energy



Gemma

128
employees

3 882 119 €
revenue

Medium
ESG risk classification

The main focus areas



Environment:

- Water stewardship
- Waste management



Social:

- Human rights
- Ethics and dignity
- Employee welfare



Governance:

- Service quality
- Data security

About the company

Gemma is a modern private nursery hospital and rehabilitation service provider. It operates a 145-bed facility in Vilnius, the capital of Lithuania. Gemma unites over 100 medical, nursing, and rehabilitation specialists. At Gemma, service provision builds on modern care standards employed by experienced medical staff, top-notch rehabilitation, and therapy combined with an individual and trust-based approach to the patient, as well as cozy premises that are adapted to facilitate effective care practices.

Facts:

capacity **145** beds

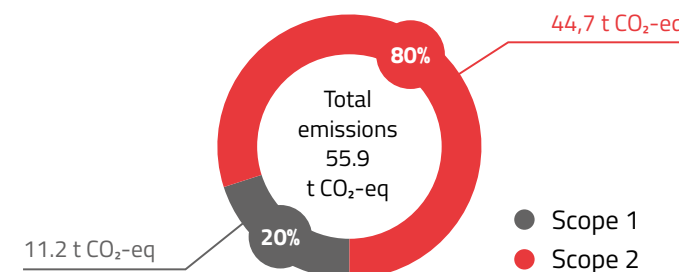
employ **130** staff

of which **100+** are care-related specialists

ESG Materiality and focus areas

Daily, Gemma's staff helps the vulnerable part of the population. Hence, preserving human dignity and high client satisfaction are two critical long-term sustainability factors. As health care is a highly regulated sector, robust quality management systems and data security are top priorities on the company's governance agenda. Environmental topics are also of high importance. In 2021, Gemma used seven mega liters of water; thus, opportunities for improved water stewardship are constantly evaluated and pursued. Due to specific regulatory requirements, managing the environmental effects of medical waste is among the company's key challenges.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (20%)	Petrol	4.0	7%
	Diesel	7.2	13%
Scope 2 (80%)	Purchased heating	44.7	80%
Total		55.9	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating, or cooling.

Key ESG activities planned in 2022 and onward

- Advance waste management practices
- Maintain effective water and effluent management
- Further ensuring dignity and safety of patients
- Investing in human capital development to ensure client expectation management
- Revise service standards to achieve top quality service
- Define ESG's role in the company and appoint an ESG Ambassador
- Drive accountability through sustainability reporting
- Evaluate the supply chain for resilience and ESG compliance
- Zero tolerance of breaches: revise ethics, compliance, and fraud policies



Pihlakodu

230
employees

7 900 000 €
revenue

Medium
ESG risk classification

The main focus areas



Environment:

- Invest in energy-efficient solutions
- Decrease waste production
- Switch to renewable energy where possible



Social:

- Further improve the level of service quality
- Invest in a stable and qualified workforce
- Focus on employee wellbeing and engagement



Governance:

- Secure alignment with data protection guidelines
- Increase financial system transparency

About the company

Pihlakodu is a leading nursery home operator in Estonia. The Pihlakodu chain includes four modern elderly care homes in Tallinn and the surrounding areas of Nõmme, Tabasalu, and Viimsi and Tapa home in Lääne-Viru County. In addition to the care service, Pihlakodu offers a wide range of services from inpatient nursing care to home care services. Its staff of 230 is guided by the needs of clients and strives for individualized high-quality services.

Facts:

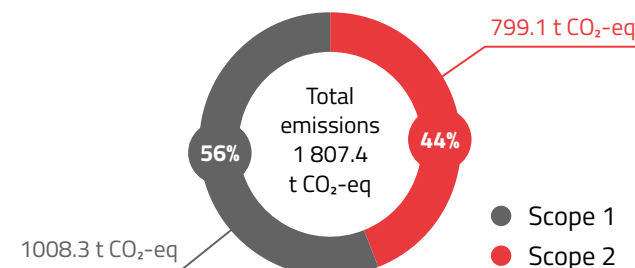
530 beds

4 homes

ESG Materiality and focus areas

The most important sustainability areas for Pihlakodu are related to human resources, supply chain, and the environment. Considering that giving care is an employee-intense service, one central ESG topic is the wellbeing, health, and safety of employees along with their equal treatment and engagement. Secondly, from a value chain perspective, customer health and safety, access and affordability to provided service, and focus on service quality are relevant. Thirdly, from an environmental point of view, the main focus lies on the circular economy and reducing waste production, as well as paying attention to operational and energy efficiency.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (56%)	Petrol	14.6	1%
	Diesel	519.5	29%
	AdBlue	0.6	0%
	LPG (liquefied petroleum gas)	69.8	4%
	Natural gas	403.8	22%
Scope 2 (44%)	Purchased electricity	799.1	44%
Total		1807.4	100%

Scope 1 includes direct emissions from sources owned or controlled by the company.

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

Relevant measures to decrease climate impact: invest in energy-efficient solutions, switch to renewable energy where possible, transition to alternative fuels with lower climate impact.

Key ESG activities planned in 2022 and onward:

- Further integrate ESG-related risks, opportunities, and impacts to the business plan
- Provide necessary resources for ESG management
- Raise awareness and provide ESG trainings to the team and main stakeholders
- Work out a long-term ESG plan

Impuls Group

235
employees

9 529 948 €
revenue

Low
ESG risk classification

The main focus areas



Environment:

- Water stewardship
- Energy-efficiency



Social:

- Client satisfaction
- Client safety



Governance:

- Innovation management
- Data security
- Service standards

About the company

Impuls Group is the largest fitness club chain in the Baltics, managing 28 clubs in eight largest Baltic cities. The company operates the Impuls chain (14 clubs), which offers a full range of services including group exercise, functional & personal training, swimming pools, and saunas. The company also operates a budget club concept under the Lemon Gym brand. Currently, Lemon Gym operates 14 clubs and aims to expand further across the region.

Facts:

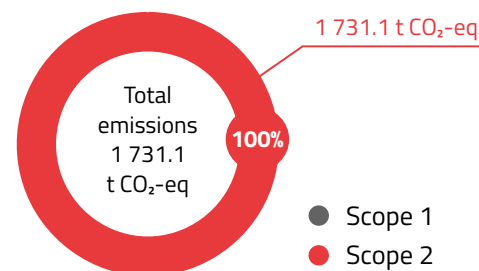
28 fitness clubs

8 Baltic cities

ESG Materiality and focus areas

The ESG strategy for Impuls is to safely provide people with a way to improve their fitness and health. In addition to client health and safety, data privacy and client satisfaction are two other key ESG areas. Responsible management of swimming pools and water entertainment areas are high on all three ESG agendas. Water stewardship and energy efficiency are top environmental issues, while robust service and safety standards are priorities on the governance agenda. Smart adaptation of innovations might improve ESG performance on all dimensions.

ESG Focus in 2021 – CO₂ footprint measurement



Scope	Emission source	t CO ₂ -eq	% of total
Scope 1 (0%)	There were no Scope 1 emission sources detected.	0	0%
Scope 2 (100%)	Purchased electricity (market-based)	1158.5	67%
	Purchased heating	572.6	33%
Total		1731.1	100%

Scope 2 includes indirect emissions from the generation of purchased or acquired electricity, heating or cooling.

Measures to decrease the CO₂ emissions: Switch to renewable energy, consider producing our own renewable energy. Improve energy efficiency by increasing the use of smart technologies and devices.

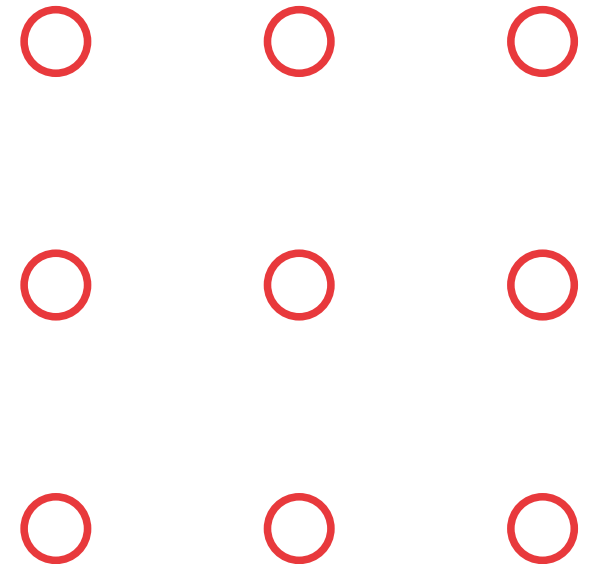
Key ESG activities planned in 2022 and onward

- Improve water consumption efficiency
- Measure consumer satisfaction
- Improve employee retention rate
- Appoint an ESG leader
- Constantly train employees and watch for data security breaches
- Reporting for business transparency
- Zero tolerance to breaches: Revise ethics, compliance, and fraud policies

BaltCap Infrastructure Fund

The main goal of the 20-year lifetime fund is to finance infrastructure projects that create positive environmental and social impact. With regards to environmental impact, it targets resource efficiency, climate change mitigation, and adaptation projects.

In 2021, BaltCap Infrastructure Fund made five new investments that are explained in the next section.

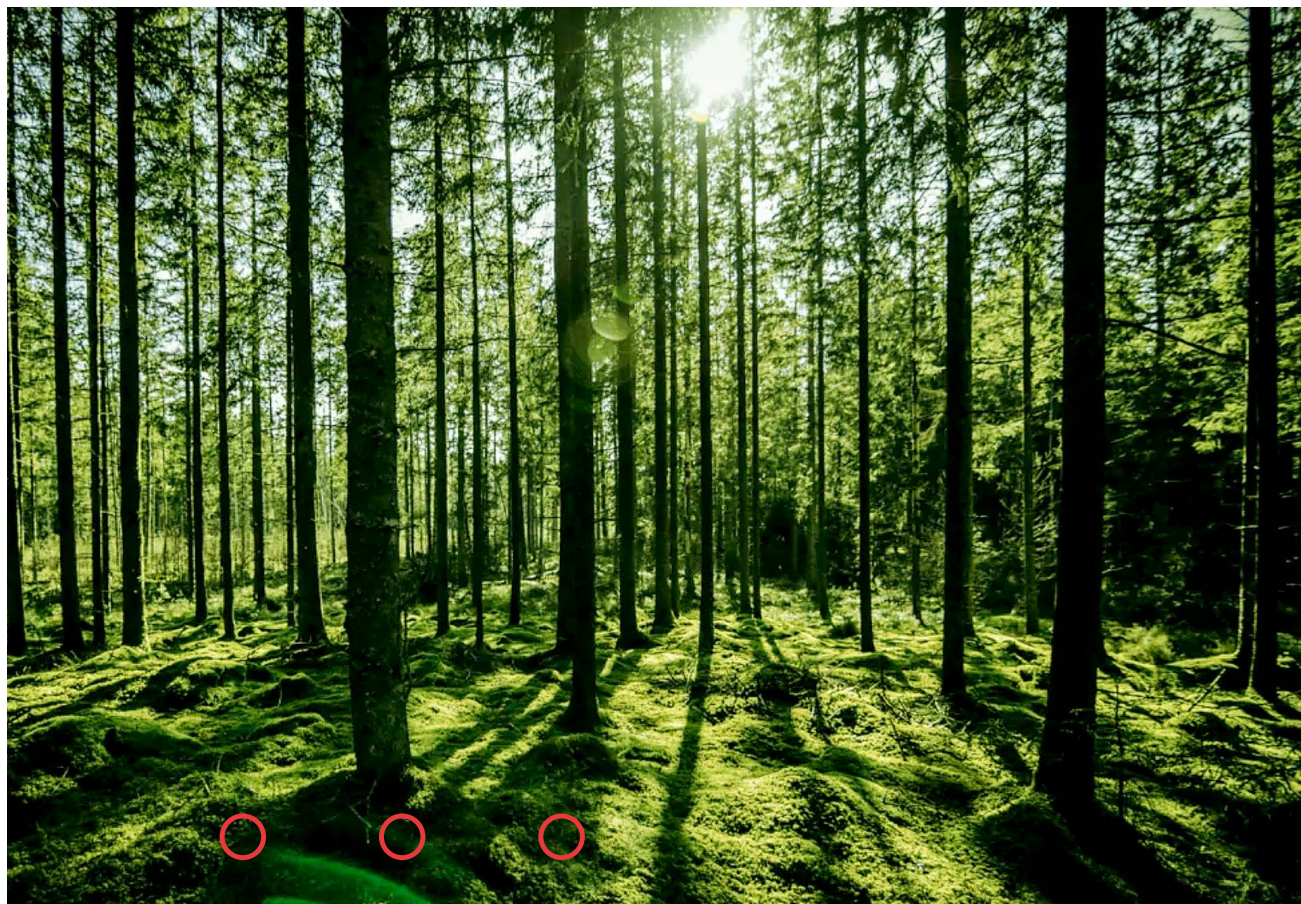


In 2021, BaltCap Infrastructure Fund helped to avoid 119 757 tons of CO₂ emissions and accomplished 2% growth in reducing CO₂ emissions compared to 2020.⁴

Reducing carbon emissions and eliminating dependence on fossil fuels is part of BlnF's commitment to the climate change mitigation agenda.

BaltCap Infrastructure Fund portfolio contributed to CO₂ emission avoidance by replacing fossil fuel use for heating and hot water and reducing GHG emissions through investments in a biomass-fired combined heat and power plant in the Riga region, three biogas plants in Latvia, a heat-only boiler producing heat in the Vilnius district, and the deep energy modernization of public buildings in Poland.

119,757 tons of CO₂ emissions is equivalent to the carbon sequestered by ca 1,951,200 tree seedlings grown for ten years and the CO₂ emitted by an average car when driving 500 million kilometers.



⁴ Principle of evaluation – taking into account change of fuel balance (Base scenario – production of energy in capacity fired by biomass (renewable energy sources (RES))). Counterfactual scenario – production of energy fired by natural gas in existing gas CHPs (fossil fuel)).

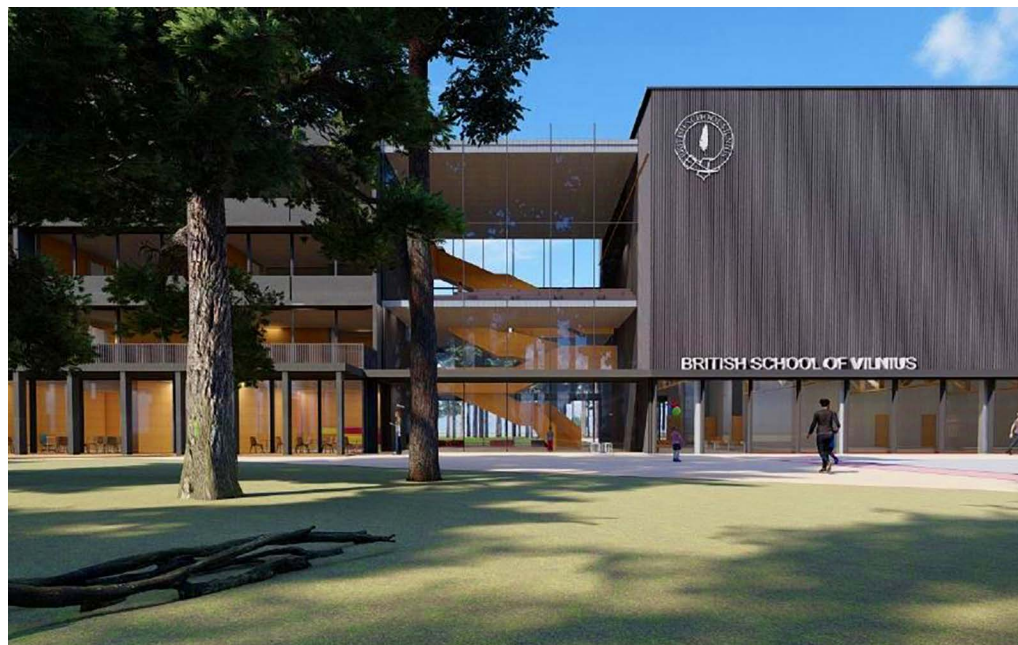
Developing a modern school complex in Vilnius, Lithuania

In December 2021 BaltCap Infrastructure Fund invested EUR 6 million to develop a modern school complex in Vilnius, Lithuania. The school will be built in Vilnius City Innovation Industrial Park and will be operated by The British School of Vilnius. The complex will be designed by 2L architects and developed via a special purpose company BSV Development.

Located on the 12 thousand m2 lot, the A++ energy class, 4-storey, 4 thousand m2 building will have large, modern and bright classrooms. The complex will include a science laboratory and art classes, a gym, a swimming pool, and outside sports infrastructure with football pitch and basketball court.

Location in Vilnius City Innovation Industrial Park ensures access to educational services for the growing community. Modern educational facilities significantly impact pupils' creativity and achievements, as well as the well-being of the entire community.

According to the plans the new school will accommodate up to 400 children from both preschool and school. The complex will employ up to 50 teachers and administrative staff.



Environmental impact

- Energy efficiency: A++ energy class building



Social impact

- Increased capacity of education infrastructure: 400 new study places
- Increased quality of social infrastructure: modern study environment
- Increased well-being of the community

Upgrading the sports infrastructure in Lubań, Poland

In November 2021, BaltCap and the urban municipality of Lubań signed a Public-Private Partnership agreement to modernize a sports hall and a swimming complex in Lubań, Poland. The PLN 20 million project aims to increase energy efficiency and create an up-to-date sports complex that meets the latest industry standards for residents.

By 2023, the current sports hall and indoor swimming pool will be modernized, and their functionality expanded. The upgrade will also improve the energy class of the building and help to considerably reduce the energy consumption and related CO₂ emissions of the sports complex.



Environmental impact

- Increased energy efficiency: deep energy renovation of the existing building
- Reduced GHG emissions



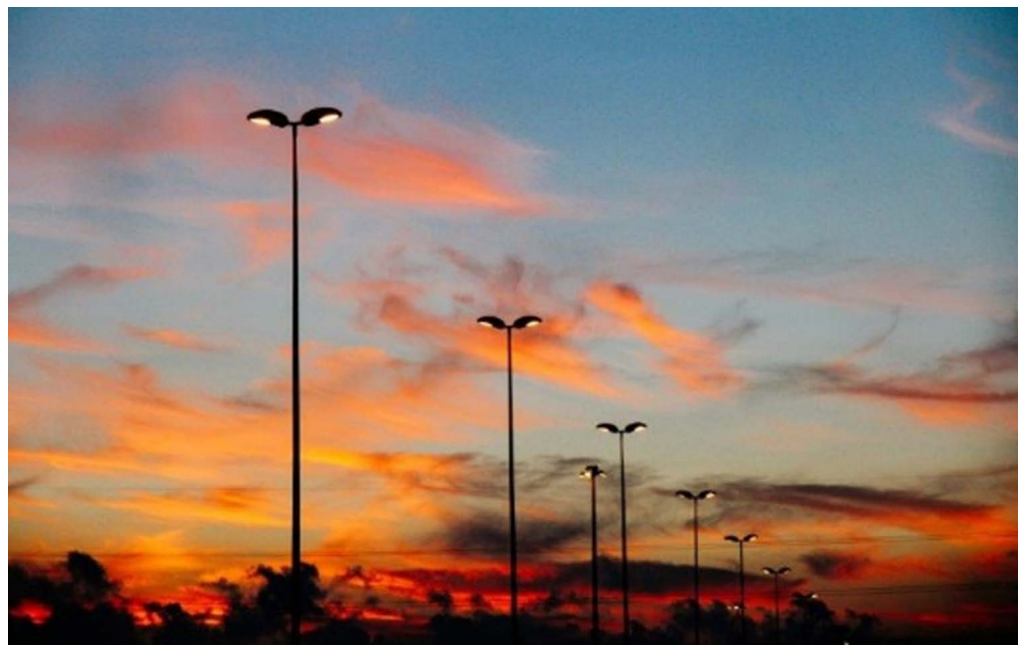
Social impact

- Increased capacity of the social infrastructure
- Increased accessibility and quality of the social infrastructure

Modernizing the street lighting infrastructure in Miedźno, Poland

In January 2021, IZIM and the municipality of Miedźno signed a public-private partnership (PPP) agreement to modernize and significantly expand the street lighting infrastructure in Miedźno. Nearly 1900 LED lamps will be deployed within the Miedźno municipality over the next two years. The project is worth approximately PLN 22.4 million, making it the largest local-government investment in street lighting in Poland conducted as a public-private partnership.

Over the next two years, the number of lighting points will triple. The lighting will cover the municipality's entire road infrastructure, which will have a positive impact on safety and the quality of life of Miedźno's residents. Secondly, the LED lamps will increase energy efficiency. Despite a considerable expansion of the infrastructure, the municipality will not incur higher energy consumption costs.



Environmental impact

- Increased energy efficiency: 1900 LED lamps installed



Social impact

- Increased quality of public infrastructure resulting in an overall higher level of safety in the area
- Increased quality of life for residents

Constructing a biomass combined heat and power plant in Alytus, Lithuania

In December 2021, BaltCap Infrastructure Fund agreed to provide a EUR 6 million loan via its subsidiary Forest Investment to construct a biomass combined heat and power plant in Alytus, Lithuania. The project is being developed by the local company Biovatas.

The new power plant will have a 2.5 MW electric turbine and a 12 MW heat boiler with flue gas condensing economizers. Additionally, a biomass warehouse and storage site will be constructed on the plot located on Pramonės Street in the capital of the Dzūkija region.

The project contributes to BaltCap's commitment to the climate change mitigation agenda by reducing carbon emissions and ending dependence on fossil fuels. At the same time, the power plant will help reduce heating prices on the market. The power plant is scheduled to start operating in 2023.



Environmental impact

- Reducing carbon emissions
- Ending dependence on fossil fuels



Social impact

- Reducing heat prices on the market

Developing a multifunctional sports complex in Vilnius, Lithuania

In October 2021, BaltCap, the Lithuanian Ministry of Education, Science and Sport, and Vilnius City Municipality signed the largest PPP agreement in the Baltics to create the National Stadium in Vilnius. The 25-year concession agreement with a total value of €280 million aims to create an 85 thousand sq. m. multifunctional sports complex.

The project revitalizes a large, abandoned area in the heart of Vilnius and creates a multifunctional community infrastructure. A 15 thousand-seat UEFA IV category stadium with a sports museum, a three thousand-seat IAAF stadium, outdoor and indoor sports facilities, a kindergarten, and a culture and education center for the local community will be developed.

The project will be implemented by BlnF company Vilniaus daugiavfunkcis kompleksas, using the design-build-finance-operate model and completed within three years after the financial closing. After commissioning, the concessionaire undertakes to operate the complex for the next 22 years.



Environmental impact

- A++ energy efficiency class buildings



Social impact

- Urban revitalization of an abandoned city territory located next to the city center
- Significant increase in the city's non-formal education capacity and quality

NordicNinja VC

NordicNinja VC is a joint-venture with our Japanese partners JBIC, Panasonic, Omron, and Honda – focusing on deeptech venture investments in the New Nordics. Investing in technologies building the society of tomorrow, it helps companies scale up and grow globally.

NordicNinja partners with Upright, an open impact data platform to measure the net impact of its portfolio on building a better society. More information is available on Upright Platform's homepage www.uprightplatform.com.





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