

# Environmental, Social and Governance Report for 2022



BaltCap

Classroom in a schoolhouse in Kaunas, Lithuania, renovated by BaltCap Infrastructure Fund. Photo by Norbert Tuka

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# Portfolio impact in 2022 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 2022<sup>1</sup>



€1,121 million

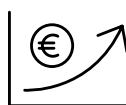
revenue of portfolio companies

(2021: €944 million)

(2020: €842 million)

(2019: €709 million)

(Entry: €514 million)



€114 million

In EBITDA

(2021: €102 million)

(2020: €101 million)

(2019: €77 million)

(Entry: €58 million)



11,320

Employees

(2021: 10,531)

(2020: 9,853)

(2019: 8,720)

(Entry: 7,254)

<sup>1</sup> Aggregate figures of companies in BaltCap managed funds BPEF I, BPEF II, BPEF III, LSMEF, BLVCF, BGF, BInF including those exited before the end of 2022. For exited companies latest available data before exit is used. These values represent the estimated annual impact on the region's economy by companies where BaltCap has been involved as an active owner.

## Current portfolio development in 2022



**€81 million**

invested in capital expenditure and R&D



**202<sup>2</sup>**

new job positions created



**102,808<sup>3</sup>**

tons of CO<sub>2</sub> emissions avoided across the portfolio



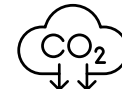
**€68.4 million**

paid in taxes



**35,710**

hours of training provided for employees in total



**65%**

portfolio companies with CO<sub>2</sub> reduction initiatives



**€681,000**

financial support to the local community and societal initiatives



**18%**

females on management boards

<sup>2</sup> Not including M&A.

<sup>3</sup> Based on BaltCap Infrastructure Fund. 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,

We are pleased to present our annual Environmental, Social and Governance (ESG) report for 2022, our 12th consecutive ESG report.

Throughout the year, BaltCap and its portfolio companies were dedicated to establishing and executing the numerous new initiatives started in 2021. Our focus encompassed **implementing ESG action plans, tackling CO<sub>2</sub> emissions and onboarding a new sustainability data management platform.**

Summarizing the annual ESG developments of our diverse portfolio is a challenge for a multi-strategy fund manager like BaltCap. Each company and asset has its unique sustainability journey with its own successes and learnings. Therefore, to highlight the latest ESG developments within our portfolio, we present single company profiles in the second half of this report.

The following paragraphs outline the key achievements of implementing BaltCap's central sustainability strategies, highlight the most impactful ESG initiatives and provide insights into our plans.

## Environmental impact – progress in climate action, new steps in biodiversity protection

Over the last two years, BaltCap's Climate Commitment has remained at the forefront of our environmental initiatives. In 2022, we continued to measure the CO<sub>2</sub> footprint of BaltCap and its portfolio companies, enabling us to identify concrete steps to reduce emissions in BaltCap's operations and throughout our portfolio.

We take pride in the progress made by our portfolio in tracking and reducing its carbon footprint and mitigating climate risks. BaltCap's main positive environmental impact comes from our infrastructure portfolio, which helped to avoid ca 102 808 t CO<sub>2</sub> eq of emissions in 2022. Notably, Krekenavos Agrofirma, the largest emitter in our buyout portfolio, decreased its Scope 1&2 CO<sub>2</sub> footprint by 43% compared to 2021.

At the fund manager level, BaltCap is making steady progress towards our goal of becoming a carbon-neutral company in Scope 1&2 emissions by 2025. The next steps in terms of climate action are assessing and measuring Scope 3 emissions.

In addition to climate issues, we kicked off a partnership with Nefco to co-create practical solutions for protecting biodiversity and raise awareness on this crucial topic in 2022. We hope this pilot succeeds in developing relevant biodiversity solutions and serves as an example of nature-positive impact strategies for years to come.

## Social impact – educational and gender issues in the spotlight

2022 opened up numerous partnerships for BaltCap to address social issues relevant to our sustainability agenda. Firstly, together with our portfolio, we continued supporting Ukraine through various donations and business activities. A noteworthy initiative from our infrastructure fund involves creating a replicable reconstruction model to restore educational infrastructure across Ukraine.

Throughout the year, the BaltCap team participated in special private equity courses launched in collaboration with Estonian and Lithuanian Private Equity and Venture Capital Associations, as well as leading universities in both countries. These courses introduced over 300 students to the private equity industry, its sustainability practices and responsible investment principles.

We also had a chance to contribute to empowering women in the business sector and raise awareness on gender equality in the Baltic region as partners for Novatore Impact Summit. The conference held in Riga brought together 400 Baltic and Nordic business leaders from 18 countries for inspiring presentations, discussions, workshops, and masterclasses.

Last but not least, in 2022, BaltCap Infrastructure Fund completed a landmark public-private partnership (PPP) project in Lithuania, revitalizing the educational infrastructure in Kaunas District. The new schoolhouses and related sports facilities provide a modern study environment and extra-curricular opportunities for 540 students and the entire local community. We are proud of the high-level recognition the project received at the United Nations Economic Commission for Europe - a special commendation for its environmental sustainability, resilience and replicability.

## Governance track – fine-tuning the sustainability framework and reporting tools

In 2022, we updated our BaltCap ESG policy to better align our sustainability goals and vision. The new policy, titled "BaltCap Sustainability Framework," outlines the pillars for building sustainable businesses responsibly and transparently. It reflects our high-level principles and commitment to responsible investment and sustainability and how we plan to deliver on our sustainability-related promises. We believe this framework will help us further strengthen our ESG practices and provide transparency to our stakeholders.

Additionally, we piloted the Worldfavor online sustainability reporting tool to automate data collection and analysis, enhancing transparency in sustainability data management for our portfolio. The platform received positive feedback, encouraging portfolio companies to revise their own sustainability disclosure practices. We aim to improve the platform for all users based on the lessons learned. We are pleased with the progress made in 2022 and look forward to continuing this momentum.

As responsible investors, we recognize the importance of transparently reporting our ESG performance to our stakeholders. Therefore, improving our sustainability reporting toolkit is our focus again in 2023. We will make further efforts to align with the EU regulations' new sustainability reporting requirements and do our best to keep our stakeholders informed and engaged.

Overall, 2022 was another year of progress for BaltCap in the ESG space. We remain committed to advancing our sustainability goals and doing our best to create a positive impact with each investment we make!



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.

**>3x MM**

From all buyout exits since 2018

**110**

Platform investments

**4**

Mutually exclusive strategies

**6**

Local offices

**€700M**

Raised since inception

**65**

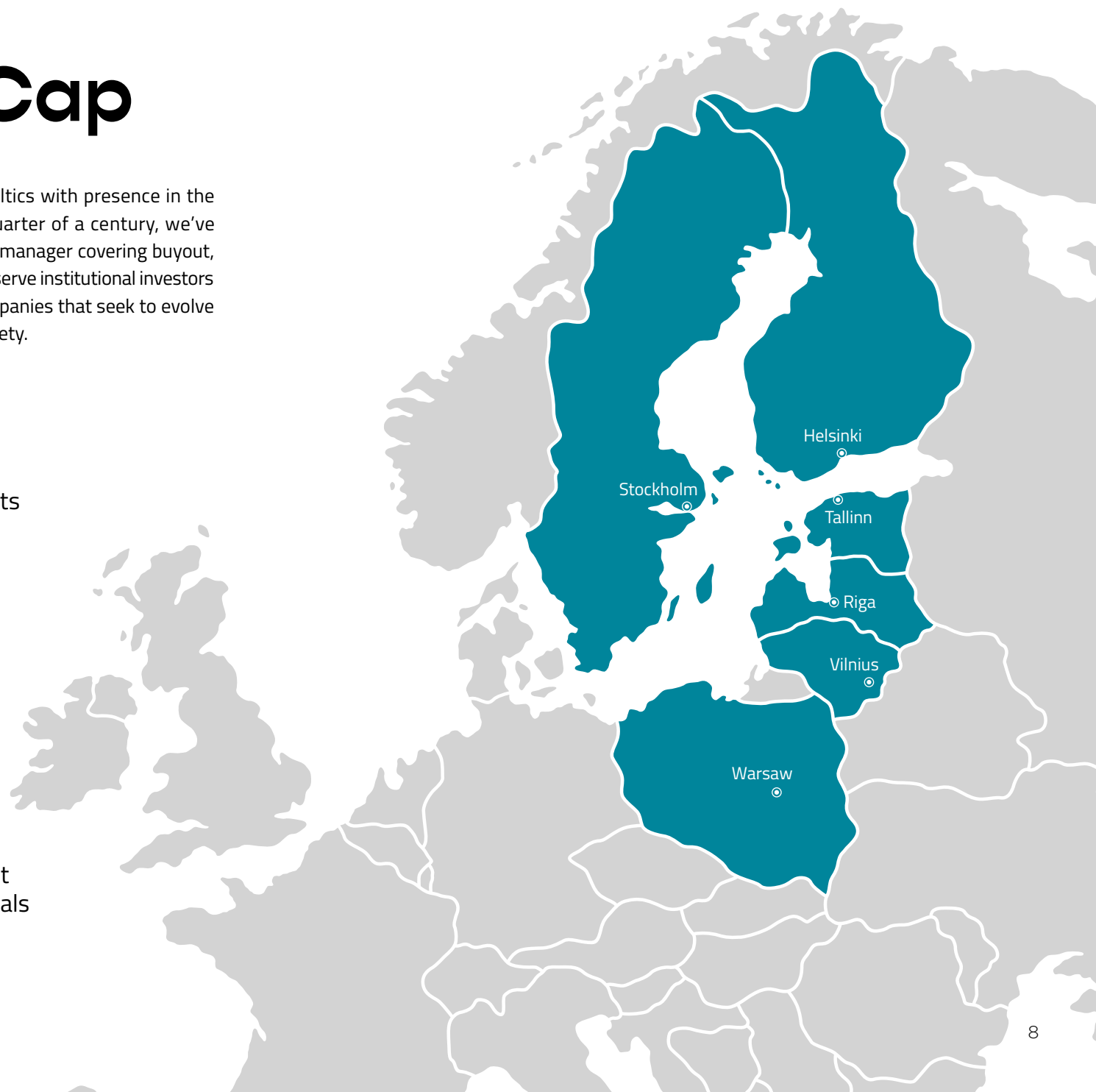
Exits

**25+ years**

Track record

**40**

Investment professionals





### *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.

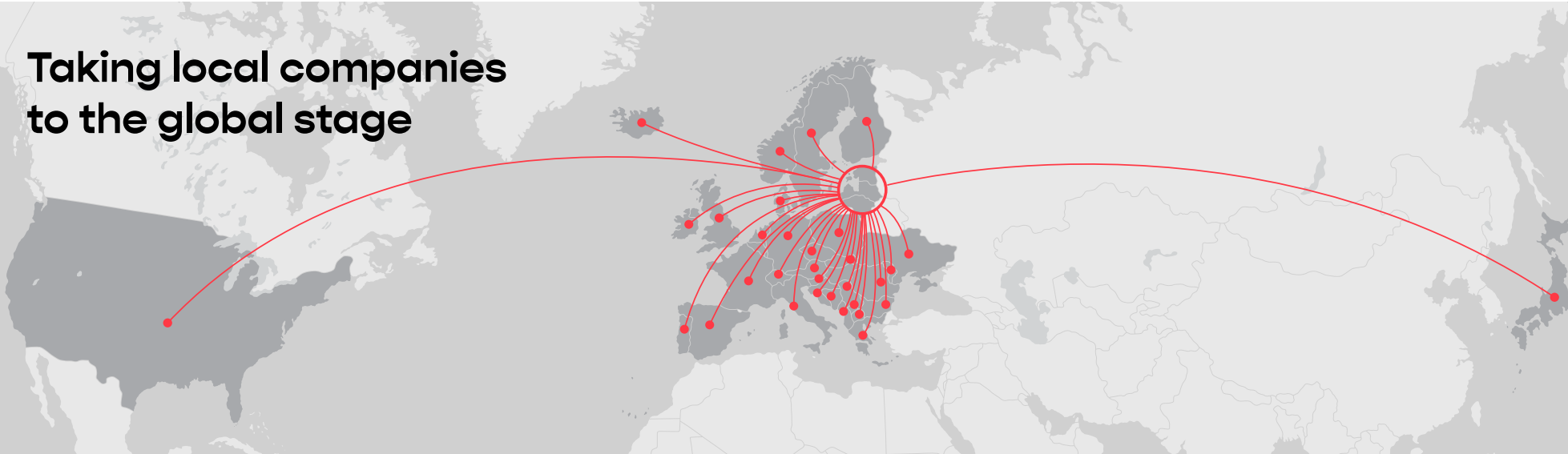
### *Building networks, building society*

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.

### *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.

## **Taking local companies to the global stage**



## 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

BlNF ('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

# BaltCap Sustainability approach

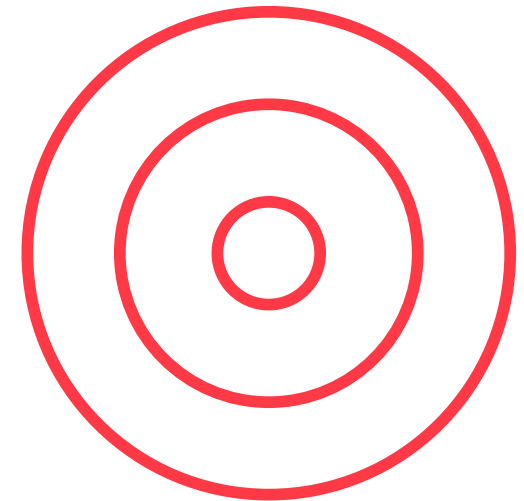
Being the largest private equity fund manager in the Baltics with a presence in the Nordics and Poland gives us a unique position to impact the growth and strategic development of numerous powerful companies in our region and beyond. This also gives us an opportunity to make a difference in a sustainability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

Our sustainable investment approach builds on BaltCap's core values, our environmental, social and governance (ESG) investment standards, and our commitment to international and global frameworks embracing sustainability - the United Nations Principles for Responsible Investment (UNPRI), Sustainable Development Goals (SDGs) and Invest Europe Professional standards, as explained in further detail in [BaltCap Sustainability Framework](#).



## Commitment to responsible investment

At BaltCap, 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 12-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.

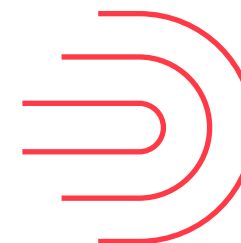
During the holding period we actively engage the company's management and key stakeholders to build an appropriate and value-creating ESG action plan and ESG monitoring reporting practices.

## Divestment

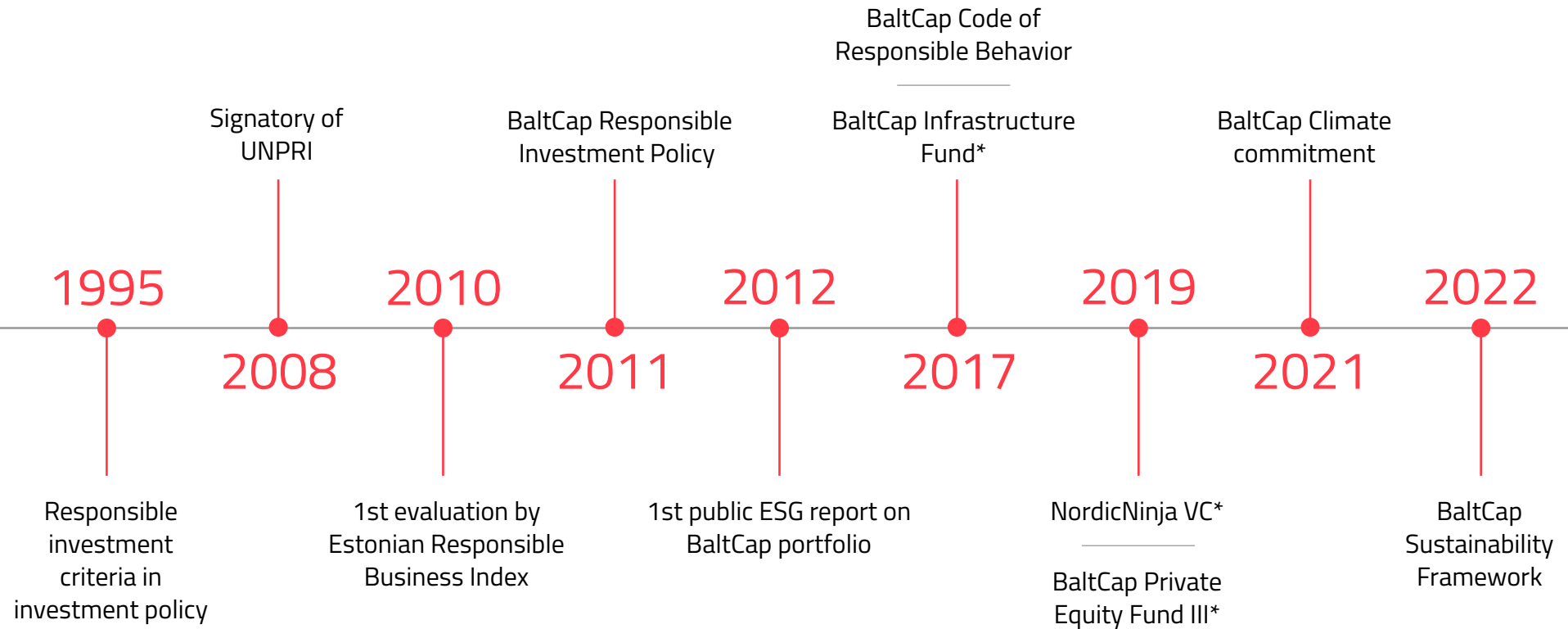
- ESG report and plan for further development

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

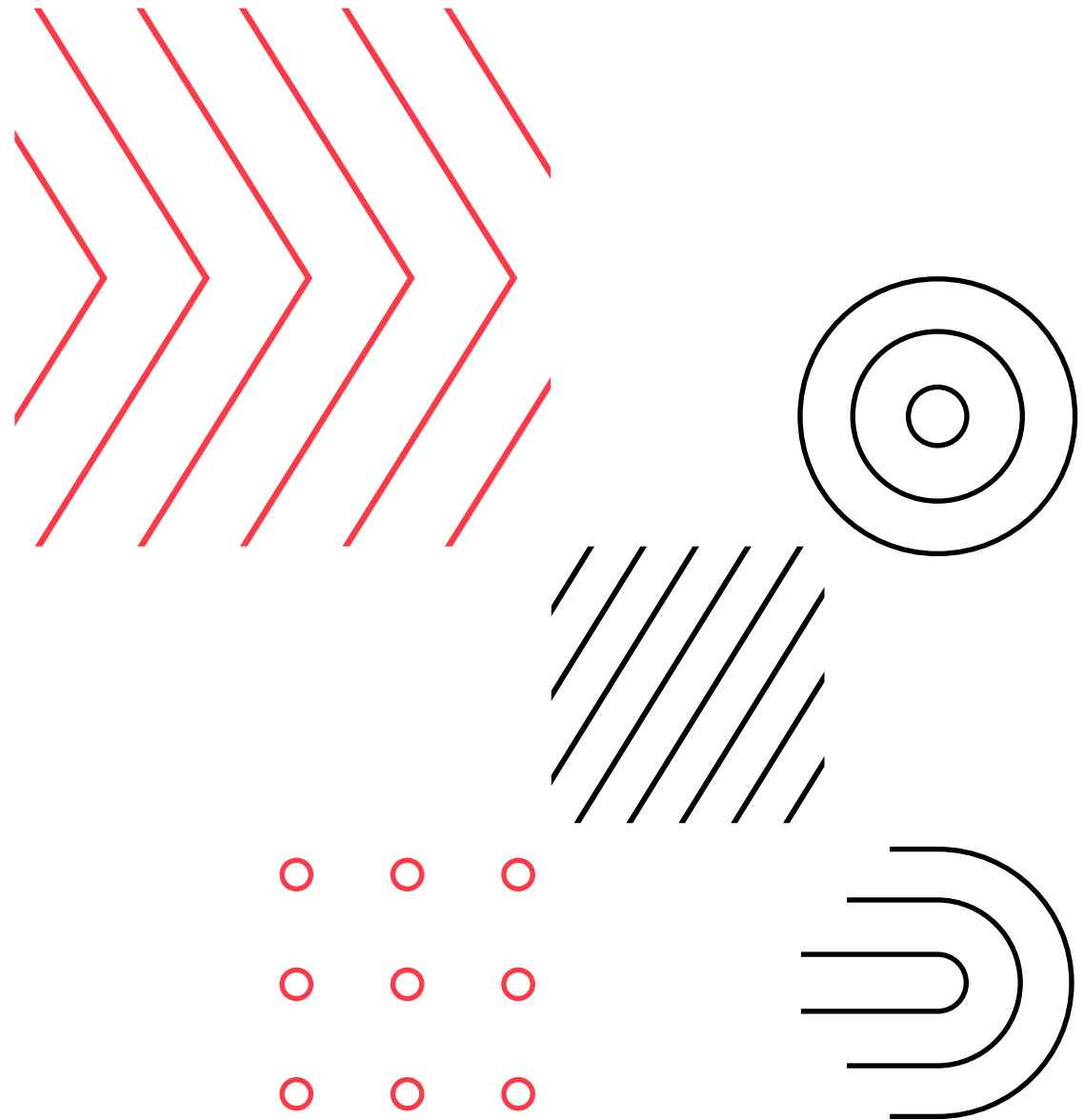


\*Funds with specific ESG + positive impact criteria

## BaltCap ESG investment standards

BaltCap ESG standards are the main environmental, social and governance topics that we consider in our investments both in the early stage of screening and sourcing and when promoting sustainable business solutions and practices in our portfolio companies. Prior to each investment we conduct comprehensive ESG assessment of target companies and investments, with a particular focus on material ESG aspects.

BaltCap is also committed to provide its portfolio companies the tools they need to achieve sustainability-focused goals most relevant to each company.



# BaltCap ESG investment standards

## Environmental considerations

BaltCap recognizes that businesses have a crucial role in decreasing the overall negative impact from human activity on the environment. We aim for all our investments to contribute to providing solutions to environmental problems, irrespective of the size of their own environmental footprint. We aim to ensure that all our investments duly address the most urgent global issues of climate warming, depletion of natural resources and biodiversity loss.

The main environmental topics considered in our investments (not limited to):

- Greenhouse gas emissions and climate impact;
- General energy efficiency;
- Circular business practices;
- Waste and water management;
- Air and water pollution;
- Biodiversity and land use, risks of deforestation;
- Breaches of international standards and conventions on the environment.

We support our portfolio companies to strive beyond compliance with environmental regulations, for example by:

- Supporting CO<sub>2</sub> footprint calculation and setting 1.5°C aligned carbon reduction targets and timeframes for each portfolio company;
- Promoting value creation activities contributing to energy efficiency, circularity and decarbonization;
- Promoting the launch of innovative products and services aimed at decreasing the general environmental footprint;
- Limiting the use of non-renewable and scarce natural resources and avoiding adverse impacts on biological diversity.

## Social considerations

At BaltCap we believe in smart economic growth that can be achieved through meaningful jobs, equitable and fulfilling working environments, innovation and open dialogue with diverse stakeholder groups, including the public sector. Therefore, we are committed to creating smart jobs and nurturing fruitful relations with employees, consumers, and communities at large.

The main social topics considered in our investments (not limited to):

- Creation of new jobs;
- Employee engagement and satisfaction;
- Occupational health and safety;
- Diversity, equity and inclusion in the workplace (DE&I);
- Product/service safety and transparency;
- Data security and privacy;
- Stakeholder engagement practices;
- Breaches of international standards and conventions on human and employee rights as well as national health, safety and worker protection regulations.

We support our portfolio companies to strive beyond compliance with social regulations, for example by:

- Supporting the creation of fulfilling working environment with clear career paths and development opportunities;
- Promoting equal opportunities in employment practices and procedures;
- Promoting positive engagement of key stakeholders.

## Governance

BaltCap strives to increase the value of portfolio companies through improved governance structures and management practices. We believe diverse and transparent governing bodies that integrate the sustainability agenda in companies' overall strategic plan are key aspects of developing accountable businesses.

The main governance topics considered in our investments (not limited to):

- Set-up and transparency of governance structure;
- Business ethics, mechanisms for refraining from bribery and corruption;
- Compliance with applicable laws and regulations;
- Responsibility for auditing and transparent tax planning;
- Diversity of governing bodies and management teams;
- Integration of ESG topics to general management practices;
- Breaches of international standards and conventions concerning good governance practices.

We are committed to sustainable governance and strive beyond compliance, for example by:

- Enforcing sound management structures and transparent remuneration practices linked to environmental and social factors in line with the companies' own objectives;
- Promoting women's participation in leadership positions and raising awareness on gender pay gap;
- Supporting portfolio companies with integrating material ESG topics to company development and action plans.



# 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.

Sandijs 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.



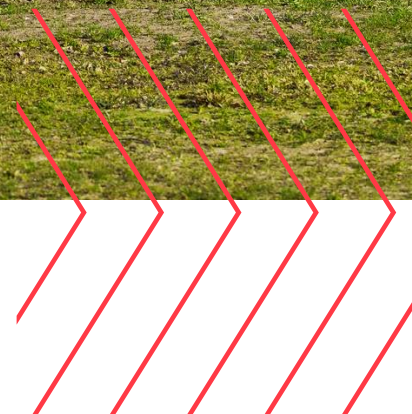
Each year, BaltCap completes the questionnaire from the Responsible Business Forum in Estonia. The results of the self-assessment are evaluated, ranked, and published by the Responsible Business Forum in the annual national index. For several years already, BaltCap has been awarded with a gold-level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

# BaltCap Climate Commitment

Over the last two years, BaltCap's Climate Commitment has remained at the forefront of our environmental initiatives. In 2022, we continued to measure the CO<sub>2</sub> footprint (based on GHG Protocol Corporate Accounting and Reporting Standard) of BaltCap and its portfolio companies, enabling us to identify further and more specific steps to reduce emissions in BaltCap's operations and throughout our portfolio.

We take pride in the progress made by our portfolio in tracking and reducing its carbon footprint and mitigating climate risks. BaltCap's main positive environmental impact comes from our infrastructure dedicated to investments with positive environmental and social impact. Its portfolio helped to avoid ca 102 808 t CO<sub>2</sub> eq of emissions in 2022.

BaltCap buyout and growth funds decreased their Scope 1&2 CO<sub>2</sub> footprint by 23%. Notably, Krekenavos Agrofirma, the largest emitter in our buyout portfolio, decreased its Scope 1&2 CO<sub>2</sub> footprint by 43% compared to 2021. More detailed information on the dynamics in each portfolio company is provided in the company profiles below.



## BaltCap company CO<sub>2</sub> footprint in 2022

At the fund manager level BaltCap is making steady progress towards its goal of becoming a carbon-neutral company in Scope 1&2 emissions by 2025. We are well on track to neutralise our footprint by reducing the internal emissions and compensating for the residual emissions with internationally recognized and certified carbon credits.

When comparing the results of 2021 and 2022, the total carbon footprint of BaltCap remained almost the same - 146 tons of CO<sub>2</sub>-equivalents (minor increase of 0,02 tons). Still, some impacts increased while others decreased: Scope 1 emissions decreased by 2%, Scope 2 emissions decreased by 93%, Scope 3 emissions increased by 20%.

As seen from Table 1, the largest annual decrease in emissions was related to purchased heating consumption (Scope 2), which in 2021 was based on natural gas. Due to lower consumption and switching to district heating, the emissions in Scope 2 decreased nearly by 15 tons CO<sub>2</sub>-equivalents (93%). Not using natural gas for heating also had an effect on the fuel and energy related activities (part of Scope 3), which decreased by 8.5 tons CO<sub>2</sub>-equivalents (34%). The largest increase for the total footprint came from business travel (part of Scope 3), which increased by 24 tons of CO<sub>2</sub>-equivalents (64%).

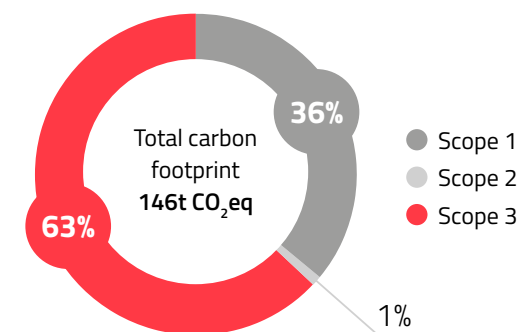


BaltCap Tallinn office has introduced green office principles that contribute to decreasing the company CO<sub>2</sub> footprint.

Photo by Terje Ugandi

	t CO <sub>2</sub> eq	% of total footprint	Annual change %
<b>Scope 1</b>			
Fuel use in company vehicles	52	36%	-2
<b>Scope 2</b>			
Purchased electricity & heating	1	1%	-93
<b>Scope 3</b>			
Business travel, employee commuting, purchased goods and other.	93	63%	20
<b>Total</b>	<b>146</b>	<b>100%</b>	<b>0,01</b>

Table 1 Breakdown of BaltCap CO<sub>2</sub> footprint



Scope 3 categories	t CO <sub>2</sub> eq	% of Scope 3
Business travel	62,0	0.5%
Fuel and energy related activities	16,7	6%
Employee commuting	7,6	18%
Capital goods	5,6	8%
Purchased goods	0,3	0.5%
Waste	0,2	67%
<b>Total</b>	<b>93,4</b>	<b>100%</b>

Table 2 BaltCap scope 3 CO<sub>2</sub> footprint

# BaltCap main ESG initiatives in 2022



## BaltCap backed the launch of the very first PE & VC university course in Lithuania

In collaboration with the Lithuanian Venture Capital Association and Vilnius University, BaltCap supported the launch of the first Private Equity & Venture Capital open course in Lithuania. Simonas Gustainis and Marius Miškinis from the BaltCap team shared their knowledge and experiences during the lectures. Their focus was on the history of PE, different investment strategies, and the main challenges faced by the industry. Additionally, BaltCap provided a special scholarship for one student.



Open course

## "Private Equity & Venture Capital in Practice"

March 7 - May 9, 2023  
VU Tech Hub

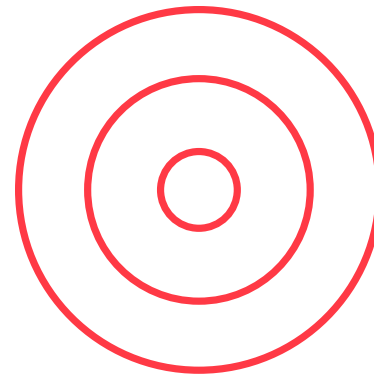
Scholarship  
powered by:

BaltCap

## BaltCap team members lectured at a special Private Equity and Venture Capital course by EstVCA and top Estonian universities

A specially tailored Private Equity and Venture Capital syllabus was taught for the second time at two universities in Estonia - TalTech and Estonian Business School. The 8-week course was created in cooperation between the universities and the Estonian Private Equity and Venture Capital Association (EstVCA) to provide a detailed overview of the role of PE/VC funds in the development and growth of companies. The syllabus is designed based on both Estonian and international practices, and the lecturers are experienced fund managers and experts in the field.

Kristjan Kalda and Martin Kõdar from the BaltCap team contributed as lecturers to the course.



## Simonas Gustainis lectures at BICG Board Member Education Program

Simonas Gustainis, Managing Partner at BaltCap, delivered a lecture on ESG challenges and opportunities from the perspective of investors and board members at the Baltic Institute of Corporate Governance Board Member Education program. The program brings together business owners, board and supervisory council members, and top executives from across the Baltics to learn about corporate governance principles and practical examples.

Simonas acts as a permanent lecturer for the program during 2022/23. He shared BaltCap's long-term ESG experience and introduced practical tools used for ESG management in BaltCap's Portfolio.



# BaltCap co-organised Estonian Responsible Business Forum seminar on sustainability reporting and CSRD

During the seminar, Hanna Ritari (Miltton) gave a presentation on the EU Corporate Sustainability Reporting Directive and related reporting standards that oblige companies to assess the impact of their business on different environmental and social aspects. Ritari elaborated on the specific requirements set by the new legislation and provided a roadmap and tips for companies to adapt to the new era of sustainability reporting.

The lecture was followed by a panel “New era of sustainability reporting: what is CSRD and how to prepare for it?” moderated by Riin Savi (BaltCap). During the panel representatives of different Estonian companies – Katrin Bats (Rimi Foods), Markus Kivimägi (Sustinere), Helen Tammemäe (Miltton) and Marika Taal from the Ministry of Finance discussed if and to what extent Estonian companies are ready for CSRD and related reporting.

The seminar was attended by more than 40 Estonian business representatives.



Vastutustundliku Ettevõtluse Foorum  
 31.03.2023, kell 10.00-12.00, Estonian Business School  
**Ettekanne: “Kestlikkusaruandluse uus ajastu: mis on CSRD ja kuidas selleks valmistuda”**  
 by Hanna Ritari, Miltton (soome)

**Vestlusring:**

- Katrin Bats, Rimi Eesti Food
- Marika Taal, Rahandusministeerium
- Helen Tammemäe, Miltton
- Markus Kivimägi, Sustinere

**Modereerib:** Riin Savi, Baltcap

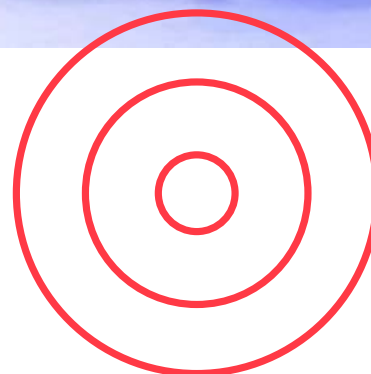


## BaltCap's school revitalisation project awarded by United Nations

A public-private partnership project of school revitalisation, implemented by BaltCap Infrastructure Fund, received a special commendation at the 7th edition of the United Nations Economic Commission for Europe (UNECE) International PPP Forum in Athens, Greece. The international jury awarded the project for its environmental sustainability, resilience and replicability.

BaltCap Infrastructure Fund and Kaunas District Municipality signed the 15-year public-private partnership (PPP) agreement to upgrade education infrastructure in the towns of Mastaičiai, Kačerginė and Zapyškis in 2020. BaltCap committed to investing €13.6 million to revitalise two existing schools, a swimming pool and construct a new school building and sports facilities. Construction of the buildings and related facilities was successfully completed in December 2022.

Professor Pedro Mateus das Neves, PhD, United Nations Advisor & Consultant on SDGs Implementation commented: Implementing the Sustainable Development, the new game, and working to achieve the SDGs implies having PPPs as key players of this new game. Evidence that this is possible, and the impact goes beyond expectations is of primary importance for the UN ecosystem. The Lithuanian PPP project, BaltCap's school revitalisation, is a great example for all of us, and we expect to see it scaled up and replicated around the world.



# Supporting Ukraine

## BaltCap donated ambulances to Ukraine

In December BaltCap and its portfolio company Coffee Address donated two fully equipped ambulances to the Ukrainian combat medics of 86 territorial defense battalion. The donation was delivered by a Dutch NGO Zeilen Van Vrijheid.



## BaltCap participates in partnership to restore schools in Ukraine

BaltCap Infrastructure Fund, BT Invest and the 1K fund of comedian and publicist Oleg Shuraye founded the Bucha School Support Fund to raise EUR 10 million to build a modern school in Bucha.

Sarunas Stepukonis, partner at BaltCap Infrastructure Fund says the team wants to implement a unique project especially adapted to the community of Bucha.

„We want the school to be built by Ukrainians themselves, still we can and must support them and guide them into the right direction. We design the school according to the highest standards - to make it energy-efficient with a microclimate and acoustic

properties which ensure a high-quality educational environment. Such projects are quite complex as there are plenty of technical details. Our vast experience in Lithuania and Poland allows us to move quickly and effectively”, Sarunas says.

The project is to be carried out with Ukrainian architects Zvidsy Agency and Lithuanian 2L Architects. The pilot project’s purpose is to build a multifunctional the educational complex in Bucha for 870 pupils, which will comprise a schoolhouse, kindergarten, and all relevant side facilities. The pilot aims to create a replicable reconstruction model to be used across Ukraine to restore educational infrastructure and help execute the state's recovery plan.



# BaltCap partnered with Novatore Impact Summit

BaltCap partnered with Novatore Impact Summit to bring together 400 Baltic and Nordic business leaders to discuss women’s role in empowering economic growth. The summit, which took place in Riga on September 22–23, brought together 50 world-class speakers from 18 countries.

The forum was focused on (re)building trust, resilience and sustainable economic growth in turbulent times from the viewpoint of female leaders. The two-day summit included inspiring speeches plus informative presentations and discussions on building businesses and driving growth from the perspective of female leaders.

Sandra Aile, Investment Director at BaltCap, participated in the Summit’s panel discussion „Economic growth and sustainability“ and shared insights on building businesses in a crisis-driven world. Sandra stressed that the capacity to act on opportunities that arise amid a crisis is crucial and that being bold usually pays off.

Gender equality is one of the focus topics on the BaltCap ESG agenda, as in the Baltics, the gender pay gap is a social issue. We seek different means to promote gender equality, women’s participation in leadership positions and transparent remuneration practices. Novatore Summit offered a unique platform to share the message outside our portfolio companies.



## BaltCap partners with Nefco to co-create solutions for protecting biodiversity and share knowledge on nature-positive impact strategies

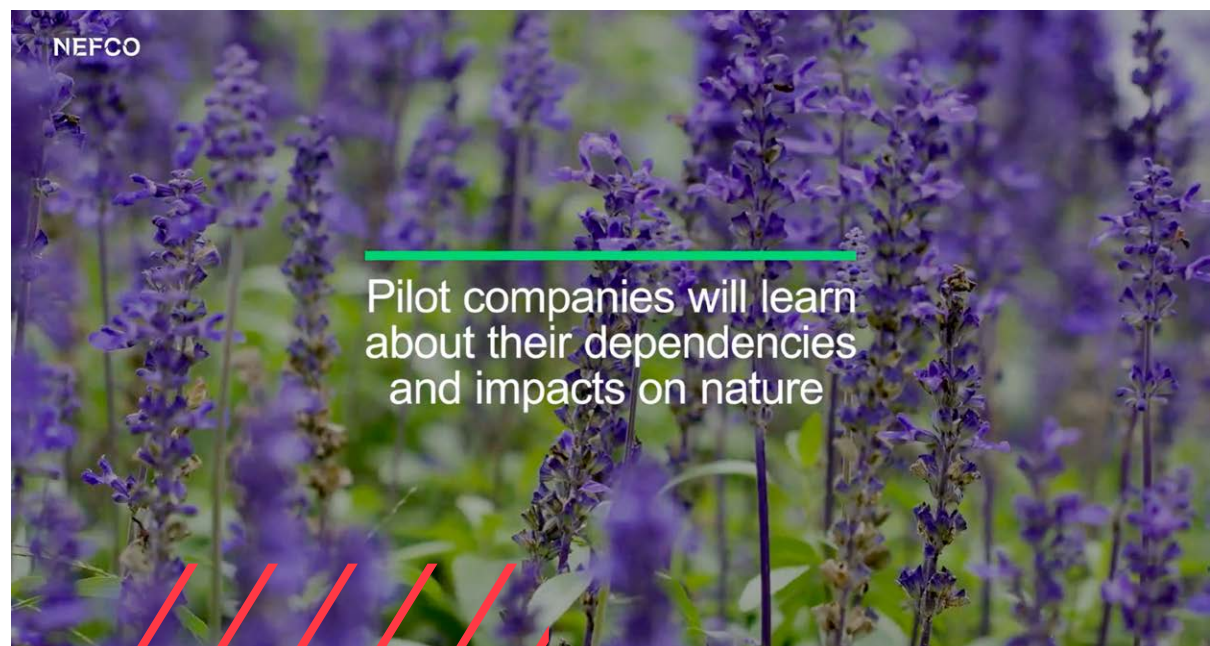
BaltCap Infrastructure Fund wind park investment was selected to Nefco's Biodiversity Pilot Programme. The programme addresses the unprecedented loss of biodiversity and nature and aims to test and develop suitable biodiversity solutions in collaboration with companies and set an example for nature-positive impact strategies among financial institutions.

In addition to BaltCap three more companies - Norsepower, Klappir and Pure Waste Textiles, participated in the pilot. Norsepower is a Finnish cleantech company and the world-leading provider of mechanical sails or large ships. Kappir is an Icelandic company specializing in sustainability software solutions tackling CO<sub>2</sub> consumption. Pure Waste Textiles is a Finnish textile company and pioneer in textile recycling.

The programme is funded by the Nordic Council of Ministers through the Nordic Environment Development Fund, which is managed by Nefco. Nefco is steering the programme and AFRY, an international engineering, design and advisory service company, acts as facilitator.

Look at the introductory video:

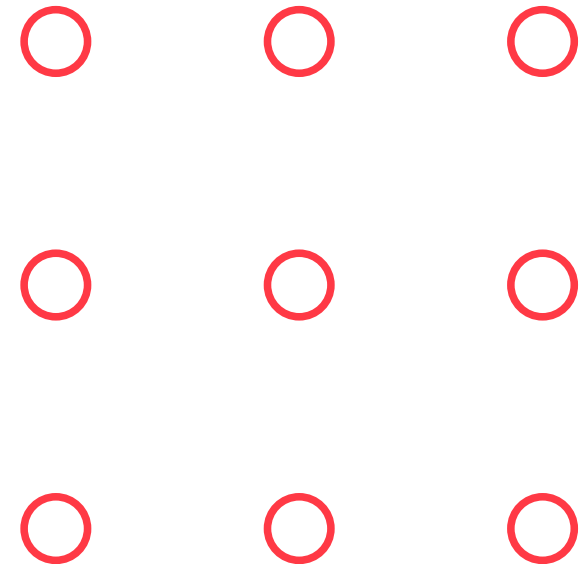
<https://www.youtube.com/watch?v=AK8jYrpgWYE>



# 2022 Portfolio overview

BaltCap is a multi-strategy fund manager. Our portfolio includes companies and assets from buyout, growth, infrastructure and VC funds, which means we have very different investments in terms of their size, development phase, business sector, ESG impact etc. Respectively, each company and asset has specific material ESG topics and unique sustainability journey.

The main ESG developments in BaltCap buyout, growth and infrastructure portfolio during 2022 are presented in the following sections.

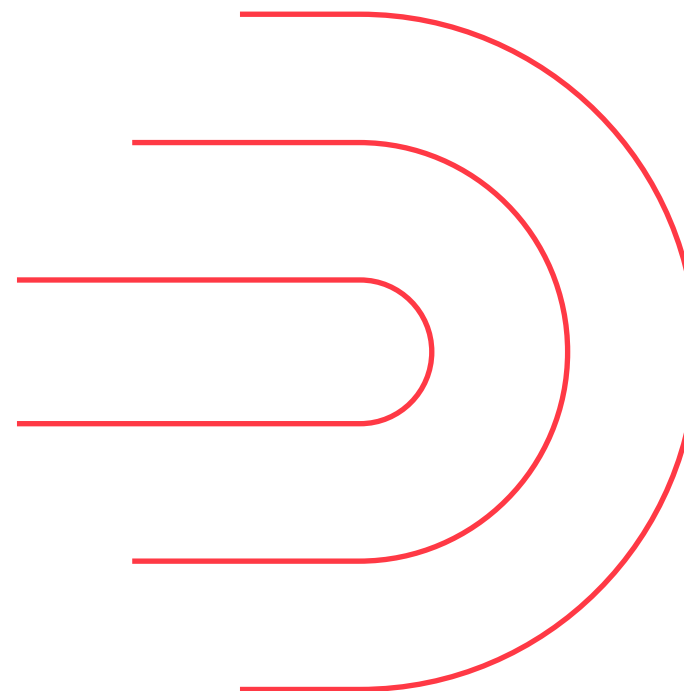


# Buyout portfolio

The next section portrays the main ESG developments in BaltCap buyout portfolio in 2022 (including the companies of BaltCap Private Equity Fund II & III).

For each company the main business metrics, material ESG topics and list of most relevant ESG initiatives are brought out.

Material ESG topics depend on the industry and business model of the 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.





## Krekenavos Agrofirma

1,045  
employees

171,075,588 €  
revenue

Medium/High  
ESG risk classification

### ESG 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 Agrofirma 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. <https://www.krekenavos.lt/en/>

### Facts:

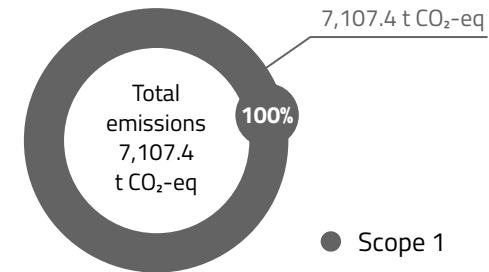
400+ different products

Exports to 30 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.

### 2022 CO<sub>2</sub> Footprint



Scope	Category	Emission source	t CO <sub>2</sub> -eq 2021	t CO <sub>2</sub> -eq 2022	Change tCO <sub>2</sub> -eq	Change %
Scope 1	Mobile combustion	Petrol	311.6	325.5	13.9	4%
		Diesel	3,472	3,572.1	100.1	3%
		LPG	9.3	7.3	-2	-22%
	Stationary combustion	Natural gas	3,342.7	3,084.6	-258.1	-8%
		Biogas	0	0.4	0.4	
	Other direct emissions	Refrigerant R-134a	0	9.1	9.1	
	Biological treatment of waste	0	108.4	108.4		
Scope 2	Electricity (standard contract)		5,370.9	0	-5,370.9	-100%
Total			12,506.5	7,107.4	-5,399.2	-43%

### Main ESG initiatives undertaken in 2022 and further plans:

- In 2022 the carbon footprint (scope 1 & 2) of the company was decreased by 43% compared to 2021. This was mainly due to transition to renewable energy. In January 2002, the company made a complete switch to green electricity;
- Biowaste treatment and energy re-generation. In 2022 a biowaste based power plant was completed that aims to recycle biowaste at sight and thereby reduce natural gas consumption by 90%;
- In 2023 it is aimed to further increase company's own electricity generation capacity by expanding its solar power plant;
- In 2023, the company plans to replace eight passenger cars with electric vehicles.



## Piletilevi Group

83 employees

5,027,532 € revenue

Low ESG risk classification

## ESG focus areas

### Governance:

- Corporate Governance

### Social:

- Data security
- Data privacy
- Employee relations

### Environment:

- Energy and water 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 700 physical sales points. In 2022, over 5 million tickets to more than 32,000 events were intermediated. 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.

<https://www.piletilevi.ee/eng/>

## Facts:

Per year served:

**32,200** events

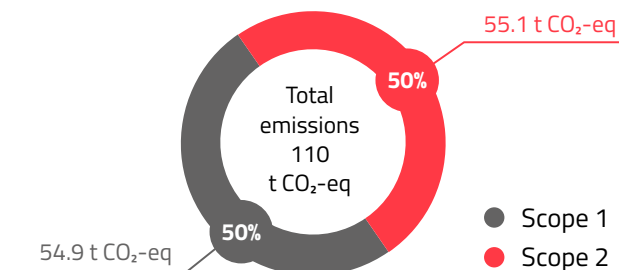
**5 M** tickets

**103 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, ensuring 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.

## 2022 CO<sub>2</sub> Footprint



Scope	Category	Emission source	t CO <sub>2</sub> -eq 2021	t CO <sub>2</sub> -eq 2022	Change t CO <sub>2</sub> -eq	Change %
Scope 1	Mobile combustion emissions	Petrol	16.1	24.7	8.6	53%
		Diesel	35.1	28	-7.1	-20%
		LPG	0	2.2	2.2	0
Scope 2	Purchased electricity & heating	Purchased electricity	28.5	37.4	8.9	31%
		Purchased heating	17.5	17.7	0.2	1%
Total			97.2	110	12.8	13%

The total carbon footprint in 2022 increased by 13% compared to 2021. This was mainly due to increase of petrol and electricity consumption

## Main ESG initiatives undertaken in 2022 and further plans:

In 2022 Piletilevi assigned a responsible person for ESG matters and established a more detailed ESG action plan. The focus initiatives have been on 5 topics as follows:

- establishing health and safety policy;
- further develop employees training and development plan;
- regularly carry out employee satisfaction surveys (eNPS);
- increase employee motivation through facilitating their participation in various health sports events and organizing different team events for all employees.



# RIDANGO

## Ridango

180 employees

16,962,897 € revenue

Low ESG risk classification

### ESG 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 CO<sub>2</sub> 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. <https://www.ridango.com/>

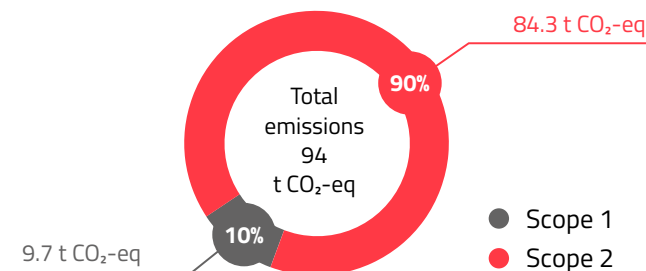
#### Facts:

- **5bn** rides served annually
- **110+** customers in 5 continents
- **25+** countries served worldwide

### 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.

### 2022 CO<sub>2</sub> Footprint



Scope	Emission source	t CO <sub>2</sub> -eq	% of total Scope 1&2 emissions
Scope 1	Petrol	5.7	6%
	Diesel	4	4%
Scope 2	Purchased electricity (market-based)	65.4	70%
	Purchased heating	18.9	20%
Total		94	100%

The total carbon footprint of Ridango increased ca three times in 2022 due to business growth by acquisition (LIT Transit was acquired in August 2022).

#### Main ESG initiatives undertaken in 2022 and further plans:

- In 2022 Ridango assigned a responsible person for ESG matters and established a thorough ESG action plan. Further plans include:
  - Systematically implement the ESG action plan;
  - Further improve employee wellbeing by introducing various initiatives;
  - Further develop the internal ESG management system;
  - Rise the awareness of employees on different sustainability issues.

**Rahva Raamat**

189 employees

21,474,855 € revenue

Low ESG risk classification

**ESG focus areas**

 **Environment:**

- Energy usage
- Carbon footprint
- Waste management

 **Social:**

- Employee relations
- Occupational health and safety
- Data privacy and security
- Intellectual property and media integrity

 **Governance:**

- Corporate Governance
- Business Ethics

**About the company**

Rahva Raamat is the largest integrated book retailer, publisher, and distributor in Estonia. With large online bookstore and 12 stores in eight cities, 3 of which are concept stores with cafes. Rahva Raamat also supplies 250 retail stores across Estonia, including market leaders such as Coop, Rimi, Prisma, Maxima and Selver. Rahva Raamat's flagship store in the capital of Estonia, Tallinn, received the 2022 Bookstore of the Year award at the world-renowned London Book Fair. <https://rahvaraamat.ee/en>

**Facts:**

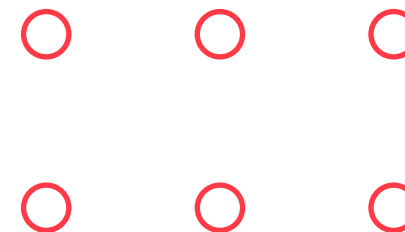
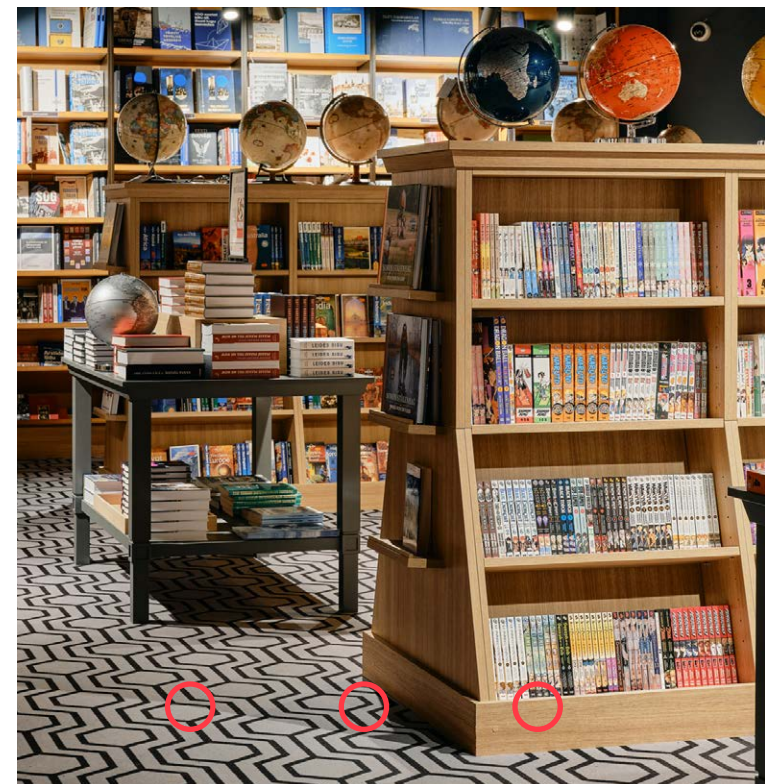
- 12 stores
- 250 retail chains
- 4,500 books sold daily

**ESG Materiality and focus areas**

Rahva Raamat's main activities are retail- and wholesale of books and stationary, combined with the offering of catering services within its bookstores. In addition, publishing and distribution are at the core of its business. The most relevant ESG topics lie in the social category - employee relations with a focus on occupational health and safety; data privacy & security and intellectual property issues.

**Main ESG plans for 2023:**

- Assigning responsibility for ESG to a specific person;
- providing a more sustainable solution for e-commerce packaging in e-store;
- creating an IT security policy, an anti-bribery statement, and a whistleblowing policy;
- Carry out CO<sub>2</sub> footprint evaluation.



# WORKLAND

## Workland

26  
employees

6,108,000 €  
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 in 2022 and further plans:

- **Waste reduction:** in 2022 all Estonian locations introduced Ringo reusable packaging solution - the clients are now able to order and return the reusable containers at the Workland premises. Similar solutions are to be introduced in Latvia and Lithuania. Also tap water filters have been installed to all the premises to decrease the use of bottled water;
- **Further investing in renewable energy solutions:** today 60% of the business locations are running fully on green energy, rest of the locations use green energy partially. Workland aims to be 100% on green energy in all locations within the next two years. All new Workland premises incorporate energy and cost-efficient electricity solutions with LED lighting and movement sensors. Workland team is working to adopt a green office standard suitable for leased office premises;
- **Improving governance:** Disclosing the company ESG approach and the main ESG KPIs on the company's website is planned in the second half of 2023. In 2022 employee and customer satisfaction questionnaires we introduced to better meet the expectations of both and plan relevant developments.



# Alma littera

## Alma Littera

350  
employees

30,890,320 €  
revenue

Low  
ESG risk classification

### The main focus areas



#### Environment:

- Energy usage
- Carbon footprint



#### Social:

- Data privacy and security
- Intellectual property and media integrity
- Employee relations



#### Governance:

- Corporate Governance

### About the company

Alma Littera Group is the largest integrated general book publisher and retailer in Lithuania. The group operates Alma Littera publishing house, Pegasas bookstores and e-commerce channels. The mission of the company is to provide diverse and valuable books to different age groups and promote reading as a source of joy, knowledge and pleasure.

### Facts:

32 sales points

300 new books presented annually

1,5 million books sold annually

### ESG Materiality and focus areas

Alma Littera's main activities are the publishing of books, periodicals and other publishing activities. The most relevant ESG topics of the company lie in the social category - data privacy & security and intellectual property issues. In addition employee relations and providing a fruitful work environment is in the focus of the company.

### Main ESG plans for 2023:

- Assign responsibility for ESG to a specific person;
- Review data privacy and data security principles;
- Carry out CO<sub>2</sub> footprint evaluation.



# Growth portfolio

The next section portrays the main ESG developments in BaltCap growth portfolio in 2022 (including the companies of BaltCap Growth Fund and selected companies of BaltCap Lithuania SME Fund).

For each company the main business metrics, material ESG topics and list of most relevant ESG initiatives are brought out.

Material ESG topics depend on the industry and business model of the 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.



**Tradehouse**

157  
employees

21,251,764 €  
revenue

Low  
ESG risk classification

**ESG focus areas**

 **Environment:**

- Climate and CO<sub>2</sub> 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.

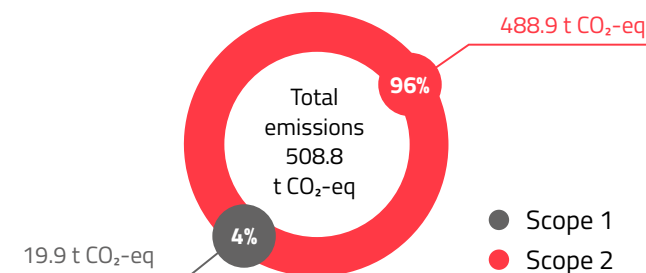
**Facts:**

- 800 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.

**2022 CO<sub>2</sub> Footprint**



Scope	Category	Emission source	t CO <sub>2</sub> -eq 2021	t CO <sub>2</sub> -eq 2022	Change t CO <sub>2</sub> -eq	Change %
Scope 1	Mobile combustion emissions	Petrol	14.6	14.1	-0.6	-4%
		Diesel	4.2	5.8	1.6	38%
Scope 2	Purchased electricity & heating	Electricity (standard contract)	367.7	415.5	47.9	13%
		Purchased heating	70.7	73.4	2.7	4%
Total			457.2	508.8	51.7	11%

The total carbon footprint in 2022 increased by 11% compared to 2021. This was mainly due to an increase in the emission factor of purchased electricity.

**Main ESG initiatives undertaken in 2022 and further plans:**

- Increasing the share of energy efficient solutions – the whole HQ of Tradehouse is now equipped with LED-lights, 80% of them with movement sensors;
- Increasing the share of low-emission deliveries to clients. In 2022, more than 43,000 carbon-neutral packages were delivered to Tradehouse customers by DPD;

Decreasing packaging waste by recycling plastics in cooperation with Neular. In 2022 Tradehouse turned its old plastic bags and products into terrace furniture. In 2023 all Tradehouse stores will accept empty plastic packages from clients, to turn them into reusable products with Neular.



## Livin

124 employees

13,556,211 € 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:

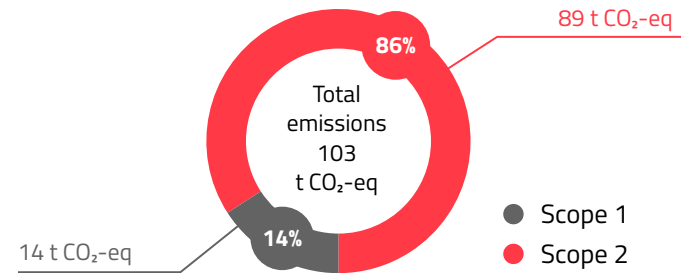
4 000+ natural products

20 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.

### 2022 CO<sub>2</sub> Footprint



Scope	Emission source	t CO <sub>2</sub> -eq 2021	t CO <sub>2</sub> -eq 2022	Change t CO <sub>2</sub> -eq	Change %
Scope 1	Petrol	15	14	-1	-7%
Scope 2	Electricity	51	86	35	69%
	Heating	30	3	-27	-90%
Total		96	103	7	7%

### Main ESG initiatives undertaken in 2022 and further plans:

- Further decrease packaging waste;
- Broaden employee motivation package by introducing private health insurance;
- Reviewing and revising the social policies of the company;
- Introduce additional professional and ESG trainings to team members.



## Verkter

32 employees

16,632,245 € revenue

Low ESG risk classification

### ESG 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.

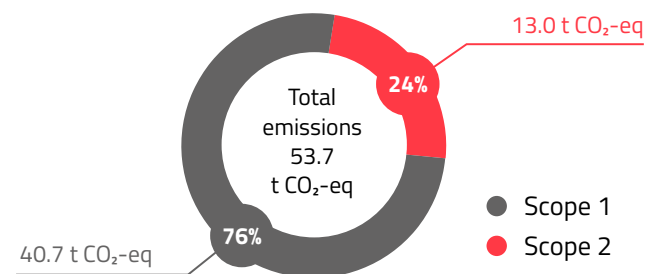
#### Facts:

- 50,000 + items on sale
- warehouse stock of over 5,000 tools
- online shops in 10 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 CO<sub>2</sub> 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.

### 2022 CO<sub>2</sub> Footprint



Scope	Category	Emission source	t CO <sub>2</sub> -eq 2021	t CO <sub>2</sub> -eq 2022	Change t CO <sub>2</sub> -eq	Change %
Scope 1	Mobile combustion emissions	Petrol	5.4	10.1	4.7	88%
		Diesel	33	30.6	-2.4	-7%
Scope 2	Purchased electricity (market-based) & heating	Electricity (standard contract)	14.2	10.5	-3.6	-26%
		Heating	6.7	2.5	-4.2	-64%
Total			59.3	53.7	-5.5	-9%

Compared to 2021, the total carbon footprint of Verkter in 2022 decreased by 9% due to lower consumption of diesel, electricity and heating.

### Main ESG initiatives undertaken in 2022 and further plans:

- In 2022 most of Verkter's ESG initiatives related to moving its HQ, pick-up point and warehouse to Kaunas, next to one of Lithuania's main traffic arteries close to the logistics' hubs of its key international and regional suppliers. The new location and facility enable to implement novel automation processes and efficiency initiatives allowing to save time and resources:
  - faster delivery to clients;
  - new waste management and sorting system;
  - increased possibilities for reusing the packaging;
  - possibilities to charge electric cars at spot.
- Improving customer satisfaction through feedback from platform TrustPilot;
- Further adapt to the demands of different employee age groups in terms of life-work balance, e.g. enabling to study and work at the same time;
- Plans for 2023 and forward:
  - Building own solar power plant;
  - Offer employees new initiatives for contributing to community wellbeing and also internal teambuilding e.g. cleaning up the green area of the office building together.





## Gemma

147 employees

4,525,725 € revenue

Medium ESG risk classification

### ESG focus areas

#### Environment:

- Responsible consumption
- Water stewardship
- Waste management

#### Social:

- Client satisfaction
- Ethics and dignity
- Employee welfare

#### Governance:

- Service quality
- Increased availability of services
- Data security

### About the company

Gemma is one of the largest private nursing, rehabilitation and wellness centres in Lithuania, where a variety of competencies allow to efficiently provide the necessary health-care services. It operates a 145 bed facility in Vilnius, the capital of Lithuania. Furthermore, the construction of a new 160 bed facility in Vievis has started in September. 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.

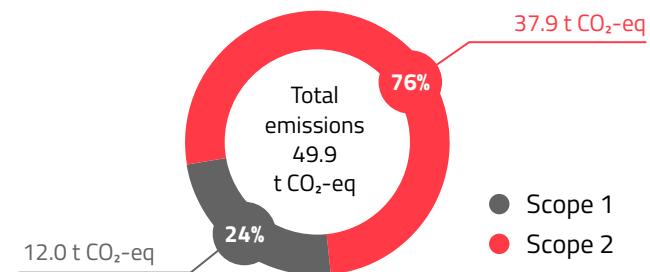
#### Facts:

capacity **145** beds  
 employ **147** staff  
 of which **130+** are care-related specialists

### ESG Materiality and focus areas

Gemma's staff helps the vulnerable part of the population. Preserving human dignity and high client satisfaction are two critical long-term sustainability factors. As healthcare 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: responsible consumption is constantly evaluated and pursued. Due to specific regulatory requirements, managing the environmental effects of medical waste is among the company's key challenges.

### 2022 CO<sub>2</sub> Footprint



Scope	Category	Emission source	t CO <sub>2</sub> -eq 2022
Scope 1	Mobile combustion emissions	Petrol	2.7
		Diesel	9.3
Scope 2	Purchased heating	Heating	37.9
Total			49.9

Compared to 2021, the total carbon footprint of Gemma decreased by 11%. In 2022, all electricity consumed came from renewable sources.

### Main ESG initiatives undertaken in 2022 and further plans:

- Install own PV solar panels;
- Maintain effective consumption management;
- Successfully accomplish BREEAM In-Use assessment at the new facility in Vievis;
- 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;
- Zero tolerance of breaches: revise ethics, compliance, and fraud policies.



## Pihlakodu

270 employees

8,600,000 € revenue

Medium ESG risk classification

### ESG 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 elderly care homes - with 530 beds in Tallinn and the surrounding areas of Nõmme (opened in 2018), Tabasalu (2019), and Viimsi (2020) and Tapa. 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:

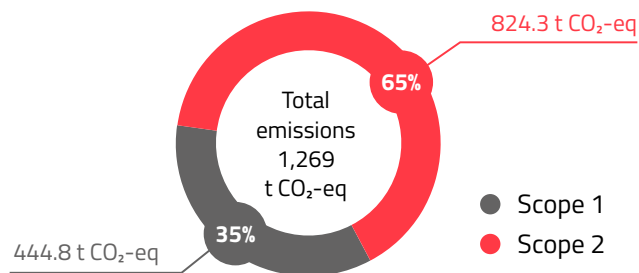
530 beds

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-intensive 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.

### 2022 CO<sub>2</sub> Footprint



Scope	Emission source	t CO <sub>2</sub> -eq	% of total
Scope 1	Natural gas	352.3	28%
	LPG	72.7	6%
	Diesel	13.4	1%
	Petrol	6.4	1%
Scope 2	Purchased electricity	824.3	65%
<b>Total</b>		<b>1,269</b>	<b>100%</b>

### Main ESG initiatives undertaken in 2022 and further plans:

- Energy consumption measurement (electricity, heating, fuel consumption). Mapping the main sources of energy consumption and their energy use. Investing in more energy efficient solutions;
- Implementation of the separate waste collection system and testing reusable and biodegradable solutions for waste processing;
- Developing employee development program and revising current employee satisfaction survey;
- Developing a uniform service standard, aligned with ESG principles;
- Preventing and managing the misuse / leakage of customer data;
- Harmonization of principles of financial planning and budgeting.



## Impuls Group

235 employees

9,529,948 € revenue

Low ESG risk classification

### ESG 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 (9 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 19 clubs and aims to expand further across the region.

### Facts:

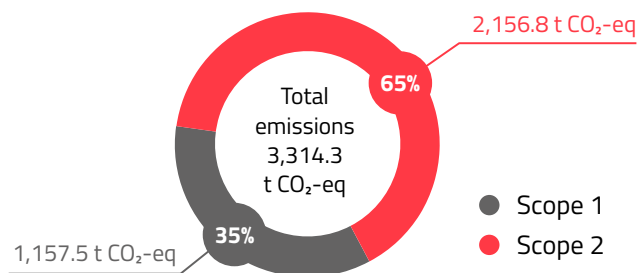
28 fitness clubs

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.

## 2022 CO<sub>2</sub> Footprint



Scope	Category	Emission source	t CO <sub>2</sub> -eq 2021	t CO <sub>2</sub> -eq 2022	Change t CO <sub>2</sub> -eq	Change %
Scope 1	Stationary combustion	Natural gas	1,559.4	1,157.5	-402	-26%
Scope 2	Purchased electricity & heating	Purchased electricity	1,158.5	1,254.9	96.5	8%
		District heating	158.6	901.9	743.3	469%
Total			2,876.5	3,314.3	437.8	15%

The total carbon footprint in 2022 increased by 15% compared to 2021. This was mainly due to increase in heating consumption directly related to post covid opening of clubs.

### Main ESG initiatives undertaken in 2022 and further plans:

- To improve water consumption efficiency water aerators were installed on the water taps;
- Focus on consumer satisfaction - multiple questionnaires were launched to address different client groups (e.g. new clients after first visit etc.);
- Improve employee retention rate by providing health insurance from club manager level to upper level after 3 months of employment;
- Train employees on data security breaches – team trainings on phishing/ scams and GDPR compliance took place;
- Monthly meetings with employees were introduced to share business results on monthly basis.



## Weekend

190  
employees

31,856,891 €  
revenue

Low  
ESG risk classification

### The main focus areas



#### Environment:

- Packaging and waste
- Service CO<sub>2</sub> 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

20 stores in the Baltics

### 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.

### Main ESG initiatives undertaken in 2022 and further plans:

- **Decreasing packaging waste:** during 2022, Weekend introduced their clients the possibility to choose between used and new packaging materials. An increasing number of clients prefer reusing the old packages and thereby contribute to decreasing the overall packaging materials;
- **Decreasing service CO<sub>2</sub> footprint** – in addition to Omniva, a new service provider DPD starts CO<sub>2</sub> neutral delivery to clients in June 2023. This allows more clients to choose carbon neutral delivery;
- **Increasing the offer of sustainable products** – in 2022 additional sustainable products produced from recycled materials were introduced;
- **Systematic focus on employee wellbeing** – in 2022 the first comprehensive employee satisfaction survey was carried out and team development plan was developed.



# Infrastructure Fund

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

In 2022, BaltCap Infrastructure Fund (BInF) made two last platform investments – PV Power to develop solar energy generation in Latvia and the Police Headquarters PPP project in Lithuania. BInF also made its first exit by selling Energia Verde, a CHP plant in Riga, to a Partners Group company. In addition, the landmark PPP project with the Kaunas district municipality to upgrade and modernise the education infrastructure reached a key milestone with three schools opening in autumn.

The next section introduces the new investments made in 2022 and the main highlights of the fund developments during the last year.



## Developing a 30 MW solar farm in Latvia

In April 2022 BaltCap Infrastructure Fund, AJ Power Group and AJP Capital's Solar Core Plus Fund signed an agreement to develop solar energy generation in Latvia. 30 MW solar farms will be built over the next three years. The plan also foresees expanding across the Baltics and increasing the capacity of the solar plant portfolio to 100 MW.



### Environmental impact

- Climate change mitigation via GHG emission savings



### Social impact

- Increased energy independence of the region

## Developing a modern police headquarters in Šiauliai, Lithuania

In December 2022 BaltCap Infrastructure Fund and the Police Department of Lithuania signed a contract to design, build, finance and operate the new County Police Headquarters in Šiauliai, Lithuania. Total value of the signed public-private partnership (PPP) agreement is €21.9 million. BaltCap's project company Safe Community takes on the task to complete the development of the new headquarters within three years and to provide facility maintenance and operation services for another 12 years.

A new building with an area of almost 5,200 m<sup>2</sup> will be built on a land plot of 1.4 ha in Šiauliai. It will include a 4-storey building for 245 employees and a 270-space parking lot.

The project will significantly improve the working environment for the police personnel by allowing officers to provide services to residents in modern and purpose-built facility. Furthermore, it will help to reduce operating costs as the total area of the facilities used by Šiauliai County Police Headquarters will decrease by 21 percent owing to more functional service space.



### Environmental impact

- Energy efficiency: A++ energy class building



### Social impact

- Increased quality and functionality of the work environment contributing to more efficient service provision
- Improved public service

## Starting the establishment of 33MW wind park in Šakiai, Lithuania

In May 2022 BaltCap Infrastructure Fund started the construction of a €42 million wind farm project in Lithuania. Six wind turbines with a total capacity of 30 MW will be installed in the Žvirgždaičiai, Šakiai district. The project is being implemented by Žvirgždaičių energija, a company controlled by the fund, and electricity production in the power plant is planned to start in 2023.



### Environmental impact

- Climate change mitigation via GHG emission savings



### Social impact

- Increased energy independence of the region



## BaltCap implemented the first comprehensive educational infrastructure PPP in Lithuania

In 2022 Kaunas District Municipality and BaltCap Infrastructure Fund successfully implemented the first comprehensive PPP project in Lithuania by upgrading the educational infrastructure for the local community in Kaunas.

The PPP was signed in 2020, in just two years the project succeeded in establishing three schools with accompanying sports facilities, adding 540 new study places to the Kaunas district. The speedy completion of the project allows the municipality to save on maintenance and energy costs.

The project was successfully implemented despite challenging (re)construction sites and challenging times. Covid-19 and the Russian invasion of Ukraine, both triggered the rise of inflation, construction prices and supply chain difficulties. This is a great example that with common goals and trust public and private players can make incredible things happen together.



### Environmental impact

- Energy efficiency: A++ energy class buildings
- Increased energy class of the renovated buildings and related facilities allowing to reduce CO<sub>2</sub> emissions

### Social impact

- Increased capacity of education infrastructure: 540 new study places
- No need to commute to faraway schools anymore
- Renovated swimming pool serving as a community training hub and facilitating 24,000 visits a year

## In 2022 BaltCap Infrastructure Fund helped to avoid 102,808 tons of CO<sub>2</sub> emissions

and accomplished 2% growth in reducing CO<sub>2</sub> emissions compared to 2021.

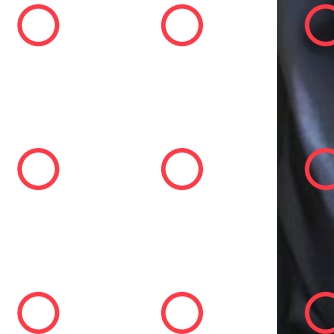
Reducing carbon emissions and eliminating dependence on fossil fuels is part of BInF's commitment to the climate change mitigation agenda.

BaltCap Infrastructure Fund portfolio contributed to CO<sub>2</sub> emission avoidance by replacing fossil fuel use for heating and hot water and reducing GHG emissions through investments in 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.

102,808 tons of CO<sub>2</sub> emissions is equivalent to the carbon sequestered by ca 1,951,200 tree seedlings grown for ten years and the CO<sub>2</sub> emitted by an average car when driving 500 million kilometres.

## BaltCap awarded for deep energy modernization of the municipal buildings in Poland

The BaltCap Infrastructure Fund PPP project, which targeted deep energy modernization of the municipal buildings in Mielno, Poland, was recognized as "The Leader of Energy Transformation" by Forum Liderów PPP, a prominent Polish forum promoting public-private partnership models among key public and private players. The Mielno project was awarded for the positive environmental impact it achieved - after the first year of operation, the commitments to reduce energy consumption in the buildings of Mielno were met.



# 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](http://www.uprightplatform.com).





BaltCap