



Annual ESG Report

2021

EVOLVER 

About us

Responsible value creation is part of Evolver's brand promise and a guiding core principle for all our investment activities. Evolver adheres to the fundamental principles stated in the United Nations' Global Compact and the Principles for Responsible Investment. "Our investments should reflect our values" – we firmly believe that improving ESG matters creates value for investors. With ESG, our aim is to recognize opportunities, avoid harm and mitigate risks. We operate on managerial level, which means that through active stewardship, we focus on improving the ESG profile of every company where such a potential is identified.

Awareness is the first step to improvement and Evolver aims to materially develop the ESG performance of its portfolio companies during its holding period. Dedicated investment professionals meet regularly with top management in our portfolio companies. This collaborative approach helps ensure that the management is taking the right steps to create value and mitigate risks through focus on ESG.

The ESG performance of our target companies is screened as part of the due diligence process preceding every investment. However, suboptimal ESG performance at the time of acquisition does not prevent Evolver from investing. In some instances, the improvement potential can be identified as a lever for creating value.

About this report

This ESG report consists of the annual environmental, social, and corporate governance topics of Evolver Fund I for 2021. In this report the company's recent efforts to integrate ESG considerations in the investment activities are described. The report should be read in light of Evolver's ESG policy, in which Evolver's ambition and focus areas are described in further detail.

The underlying data has been collected by Evolver's ESG Officer. The responsibility for providing Evolver with data for portfolio companies lies with the Boards of Directors of the respective portfolio companies.

For further inquiries, please contact ESG Officer: lasse.kittelsen@evolverequity.com



Evolver Equity Ltd

Based in Åland, Evolver Equity Ltd is a Finnish private equity firm and a registered Alternative Investment Fund Manager operating under the supervision of the Finnish Financial Supervisory Authority.

A growth partner for small businesses, Evolver supports Swedish and Finnish owner-led businesses in realizing their inherent potential.

Evolver manages Evolver Fund I, a small-cap fund focusing on leveraged buyout investments in Finnish and Swedish SMEs.

To our investors, partners and stakeholders

Looking in the rear-view mirror, the year 2021 has been intense for the Evolver deal team. A major effort has been made to advance the development of XPartners Samhällsbyggnad AB, Evolver's most ambitious investment project to date. From an ESG perspective, the project shows promising potential to significantly influence the way we plan and build in the future.

As a small cap investor, it is a privilege to contribute to the movement towards a more sustainable society. We recognize that we can do a lot more to considerably improve the way we support and follow up the ESG development across the fund.



We are keen to learn how much each activity moves the needle. To achieve this, we encourage a more uniform use of KPIs, even if the portfolio companies are at different stages in their ESG maturity. Understanding the true ESG impact is as important as understanding the other financial and operational improvements, as it is the sum of the achieved improvements that represents the value created.

The year 2022 will be another active one for Evolver, targeting two to three new platform investments. We will show special interest in companies that – similar to the fund's investments so far – show potential for positive and measurable ESG impact.

Evolver's ambition is to create value through continuous improvement in environmental, social and governance aspects. To underline our commitment, the fund is in the process of redefinition according to Sustainable Finance Disclosure Regulation (SFDR) and becoming an Article 8 fund. This will increase the transparency of the fund as we follow the reporting requirements.

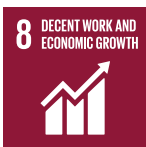
What's next? We continue to work on the materiality analyses for Evolver as well as all current and future companies. By identifying the potential for positive and negative impacts, we can better create value and mitigate risks. The KPIs that we plan to implement will describe our progress in achieving the set targets. We will work closely with the management teams through the value chain to promote a culture that is in line with our ESG ambitions.

Lasse Kittelsen
Managing Partner

SUSTAINABLE DEVELOPMENT GOALS AND OUR IMPACT



We have identified three SDGs that are clearly important for us throughout the value chain. These have both positive and negative impacts. Evolver's primary focus in the Social and Governance dimensions lies on Gender Equality (SDG 5) and Decent work (SDG 8), as Evolver has a real opportunity to make a positive impact within these areas. In the Environmental dimension, reducing negative climate impact is highly important to Evolver (SDG 13 – Climate Action).



The preliminary ESG impact analysis indicates that increasing gender equality and supporting decent job creation, entrepreneurship, and encouraging the growth of small and medium-sized enterprises are areas where Evolver can have a meaningful impact. We see every investment as an opportunity to contribute to the transformation to a more sustainable society.



To ensure continuous progress and follow-up, we are evaluating the following KPIs for the fund and our portfolio companies: i) Code of Conduct implementation in all portfolio companies (Governance), ii) ratio of renewable energy used (Emission Impact), iii) equal pay for work of equal value (Equality & Inclusion), iv) introducing and following up on the Employee Net Promoter Score (Employee Engagement).

Investment policies, processes and fund terms

Material changes of relevant investment policies, processes, and fund terms regarding ESG management

The implementation of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) affected Evolver's ESG Policy, as well as the way in which ESG-related matters are managed throughout the investment process.

For Evolver, the most important ESG areas that should be considered in a potential investment are:

- Collaborate with and invest in companies that share Evolver's values regarding human capital and work environment, and that understand the importance of employee well-being.
- Collaborate with and invest in companies that understand the importance of having sufficient processes and routines in place to comply with all relevant national and international legislation regarding environment, work ethics and responsibilities as an employer.

Avoid working with businesses that are not considered ethical, considered controversial, or that have a significant negative impact on the environment and climate. Unethical or controversial businesses include, but are not limited to, the weapon industry, tobacco, gambling, drugs and pornography. Businesses with high negative impact on the environment and climate include but are not limited to mining and distribution of oil, gas and coal.

- In addition to updating its ESG Policy, Evolver has also re-structured its due diligence procedures, increasing consistency.
- In order to increase commitment and meet employees' expectations, Evolver launched a project to create a structured ESG reporting process in Q4 2021. Led by an external advisor, Evolver will also define common fund KPIs and specific portfolio company KPIs as part of the project. The work will continue in 2022.

MATERIAL ESG-RELATED INCIDENTS

Material ESG-related incidents during the reporting period

ESG-related incidents reported for the General Partner during 2021 are of occasional nature. The COVID-19 pandemic and high workload resulted in a slightly increased level of sick leaves in one of Evolver's portfolio companies. The current workload is discussed at group management level monthly, and weekly in the relevant operating companies, in order to decrease the risk of unsustainable working conditions.

ESG RISKS AND OPPORTUNITIES

On an overall fund level, the risks and opportunities relate to Emission Impact, Equality & Inclusion, Governance and Employee Engagement. So far, the relevant ESG risks include reducing CO₂ emissions and environmental load, as well as developing occupational well-being and health.

Increasing the use of renewable energy and reducing travel costs have been identified as key measures to reach the set targets in one of the portfolio companies. Gender diversity and salary reviews are relevant across the fund.

Implementing a Code of Conduct and providing guidance for everyday work will be prioritized. In addition, community involvement and investments provide opportunities.

Developing a harmonised ESG reporting structure across the fund and following up on relevant KPIs will contribute to the value creation in the fund's investments. These measures will enhance the understanding of value-creation through ESG improvements.

Our portfolio companies



**Asmegin AB, including Maxcon AB,
Firetech AB, A-Sprinkler AB**

Inprocon is a leading Swedish fire protection group with nationwide presence comprising of three well-respected companies within the industry. Inprocon's 140 fire protection professionals serve the Swedish market from offices in seven cities and provide services ranging from risk analyses and fire safety engineering to design, installation and service of automatic extinguishing systems, with the mission of making workplaces and public areas such as hospitals and hotels safer.

MATERIAL ESG-RELATED IMPROVEMENTS

Inprocon has strengthened collaboration between individuals and the operating companies. One concrete initiative was organizing a workshop on appropriate treatment of employees, suppliers and customers.

One of the group companies, Maxcon, has undergone a review by the Swedish Work Environment Authority (Sv: Arbetsmiljöverket). Maxcon has been approved and the review has been completed in the beginning of 2022.

As a result of the review, existing routines have been documented in written routines for systematic work environment, risk assessments and action plans. The organizational and social work environment has been examined and a personnel handbook and work environment handbook are being prepared.

PLAN FOR NEXT 12-MONTH PERIOD

Inprocon continues to actively improve the environmental, social and governance areas in 2022.

Group management are participating in a joint development project, led by an external consultant. The project aims, among other things, to improve leadership skills.

The company is creating "The Inprocon School", a training program for project managers to improve their competences and attract the best talent to Inprocon.

Further, the ongoing work to complete a personnel handbook and work environment handbook aims to improve the related structures and processes.

The group's Sustainability report will be updated in 2022. The report demonstrates Inprocon's approach in ESG to customers and other stakeholders. The report update will primarily be developed regarding energy use, recycling and reuse of scrap and waste.



Our portfolio companies



Xpartners Group is a multi-disciplinary technical consulting group with a focus on collaborative re-thinking of how the built environment is planned, designed and constructed to improve societal resilience and sustainability.

MATERIAL ESG-RELATED IMPROVEMENTS

With its advanced technical and digital understanding, XPartners Samhällsbyggnad has an influential position in the value chain and is typically engaged at an early stage in the design and construction process, which is the phase when the critical design decisions affecting the environmental impacts over the building's entire life-cycle are made. As new technologies evolve at high speed and project complexity increases, XPartners' technical and digital proficiency enables it to guide and help customers take advantage of energy-saving technologies and ignite step-change improvements throughout the AEC value chain, from design and construction to facility management.

A working group has been set up to formulate joint Group ESG questions and topics.

One of the companies in the Group has undergone internal and external audits with approved results. The audits are linked to the certification body FR2000 management system for quality, environment, work environment, fire protection and competence supply.

Furthermore, another company in the Group has conducted an employee survey regarding well-being, work environment and the understanding of goals and tasks. The results of the survey are being evaluated.

PLAN FOR NEXT 12-MONTH PERIOD

Xpartners has identified a number of initiatives for 2022 and onwards. One key measure is to appoint a dedicated ESG resource, enabling the company to increase the pace of progress.

Key initiatives in 2022 are:

1. Determine the governance structure for enhancing sustainability
 - Define ESG roles and responsibilities on Group and company level
 - Identify the sustainability initiatives/frameworks to be used
2. Define the ESG materiality and value chain on company level
3. Define ESG related risks and opportunities on company level and on a Group level
4. Identify and determine ESG metrics on Group and company level
5. Determine ESG metrics data collection methods & sources, as well as reporting procedures
6. Plan and introduce a whistle-blowing channel

Our portfolio companies



Design: Kyläkoski Oy © Pluspuu Houses



Nordic BIM Group is a software and consulting company specializing in creating digital advantage for its customers by adapting BIM and PropTech tools to Nordic market conditions.

The company is committed to helping customers within the architecture, construction and property sectors make positive impacts on the sustainable built environment.

MATERIAL ESG-RELATED IMPROVEMENTS

Nordic BIM Group appointed an ESG Officer to lead and progress the company's efforts in this area.

In early 2021, Nordic BIM Group launched a group-wide project to develop an ESG policy and identify the relevant ESG areas.

The Board of Directors adopted an ESG policy with relevant focus areas and KPIs. The policy has been developed through several workshops in the group management team, engaging the entire organization through surveys.

The company appointed a group-wide ESG team responsible for monitoring ESG implementation and risk management.

To raise awareness and highlight sustainability in the BIM sector (Building Information Modeling), preparations have

started for the introduction of a trademark protected "Green BIM certificate" for customers who have completed NBG's training program.

An approval policy to improve governance and group-wide reporting and accounting principles to ensure consistency has been established.

PLAN FOR NEXT 12-MONTH PERIOD

The forward-looking ESG work will focus on (i) reducing CO₂ emissions and environmental load, (ii) developing occupational well-being and health, (iii) community investment, and (iv) implementing a Code of Conduct that harmonizes operating principles and provides guidance for everyday work, including implementing processes for data breach monitoring and mitigation.

"Green BIM Certification" will be a key initiative helping to highlight the best ways to improve resource efficiency in the AEC industry (Architecture, Engineering and Construction) and enable the most sparing use of resources. The target for 2022 is to grant over 50 Green BIM Certifications.

Impact analyses with customers are being discussed as an opportunity to measure impacts further down the value chain (Scope 3).

With Environmental and Social KPIs under development, more focus will be given to the Governance aspect during 2022.

An aerial photograph of a dense evergreen forest. The majority of the trees are dark green, but a single tree in the middle-right section is a vibrant yellow, standing out from the rest of the forest. The image is used as a background for the top and bottom sections of the document.

Evolver Equity in 2022

Evolver Equity Ltd/Evolver Fund I

Evolver Fund I, currently formally an Article 6 fund, will reposition itself to an Article 8 fund, as it corresponds to the actual ESG ambition and status of the fund.

Common fund KPIs for all Evolver portfolio companies will be introduced and followed up on. These KPI's will reflect the prioritised SDGs for Evolver Fund I.

Further measures will be introduced in order to deepen the materiality analysis of Evolver Fund I's positive and negative impacts. We believe these measures will support Evolver in realizing the full value potential for each investment.