



Annual Report

RESPONSIBILITY REPORT 2023

Voland Partners

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JUNE 2024

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€57M

Fund size

43.87

tCO2eq. (2023)

Article 8

SFDR compliance

4.93/5.00

Work Satisfaction

CREATING A NEW WAY OF INVESTING



A Letter from the Managing Partner

Voland Partners is a responsible fund manager. We were born with the uncompromised imperative of integrity in everything we do. We understand that Voland has an impact in the society and aim to make the best out of it.

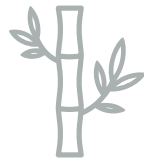
We are compliant with the EU's Sustainable Finance Disclosure Regulations (SFDR) Article 8, measure the PAI (Principal Adverse Impact) Indicators, manage the ESG risks meticulously, and work through the materiality analysis of each portfolio company to identify the company-specific development programs that will be integrated with the strategy. Also, Voland Partners is a signatory of the UN PRI organization and an active member of the FVCA ESG, and sustainability working groups. We have benchmarked our responsible conduct against the UN's Sustainable Development Goals.

We believe that value-based leadership, purpose-driven business, and a well-led culture of psychological safety leads to employee well-being and superior results. This does not come at the expense of the financial results, to the contrary: happy people, that feel appreciated and engaged in well-led teams, bring superior returns.

We support our portfolio companies in understanding and minimizing their environmental impact. We also bring professional corporate governance to our portfolio companies. We believe responsible investing means all stakeholders' benefit: investors, entrepreneurs, employees, and the entire society.

Veera Sylvius

VOLAND'S SUSTAINABILITY PRINCIPLES



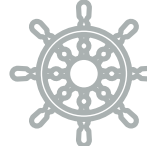
Carbon Reduction

We actively help all our portfolio companies to reduce their carbon emissions.



Ambitious Vision

Our vision is to become the most respected Private Equity partner in Finland by 2030.



Leadership Through Core Values

Our leadership philosophy is based on our core values: Collaboration, Responsibility and Entrepreneurship. They are our guiding principles that drive us forward.



Sustainable Value Creation

We integrate ESG into our investment strategy and create value by working hands-on with our portfolio companies.



Active Members

We are an active member of the ESG and Sustainability working groups of the FVCA (Finnish Venture Capital Association). We are also a signatory of the UN PRI.



Psychological Safety

Voland addresses the well-being of its employees and ensures a culture of inclusivity and acceptance.



Responsible Investment Policy

Sustainability is an integral part of our operation. We actively manage ESG risks throughout the investment, value creation and exit processes.



Transparent Reporting

Voland is committed to follow several regulations: UN PRI reporting, EU SFDR Regulation Article 8 disclosures, and Financial Supervisory Authority regulations.

RESPONSIBLE APPROACH

RESPONSIBLE INVESTMENT POLICY

ESG Reporting Standards

Voland Partners has made a commitment to Environmental, Social, and Governance (ESG) investment practices. As a responsible financial institution, we recognize that our investment decisions hold the power to shape the world for the next generations. With this understanding, we have created our own Responsible Investment Policy, that well exceeds the requirements of the SFDR Article 8 requirements. Our ESG Due Diligence and Materiality Analysis Frameworks are based on several ESG standards including Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), and Task Force on Climate-related Financial Disclosures (TCFD). We also benchmark against the UN SDG and act as a UN PRI signatory.

Responsible Investing

We believe that improving and integrating ESG into growth companies' strategies is imperative for technology companies to flourish in the future. We aim not only to identify and mitigate ESG risks, but also to identify business opportunities based on ESG development. Therefore, we strive to invest in companies that don't harm the ESG principles, actively work through their sustainability levers, and integrate the sustainability programs into their strategies, which are then followed on the board level.

We employ a comprehensive approach when implementing our ESG investment policy. We conduct rigorous research and analysis to identify investment opportunities that align with our values and principles and actively conduct value-adding responsibility by working together with portfolio companies.

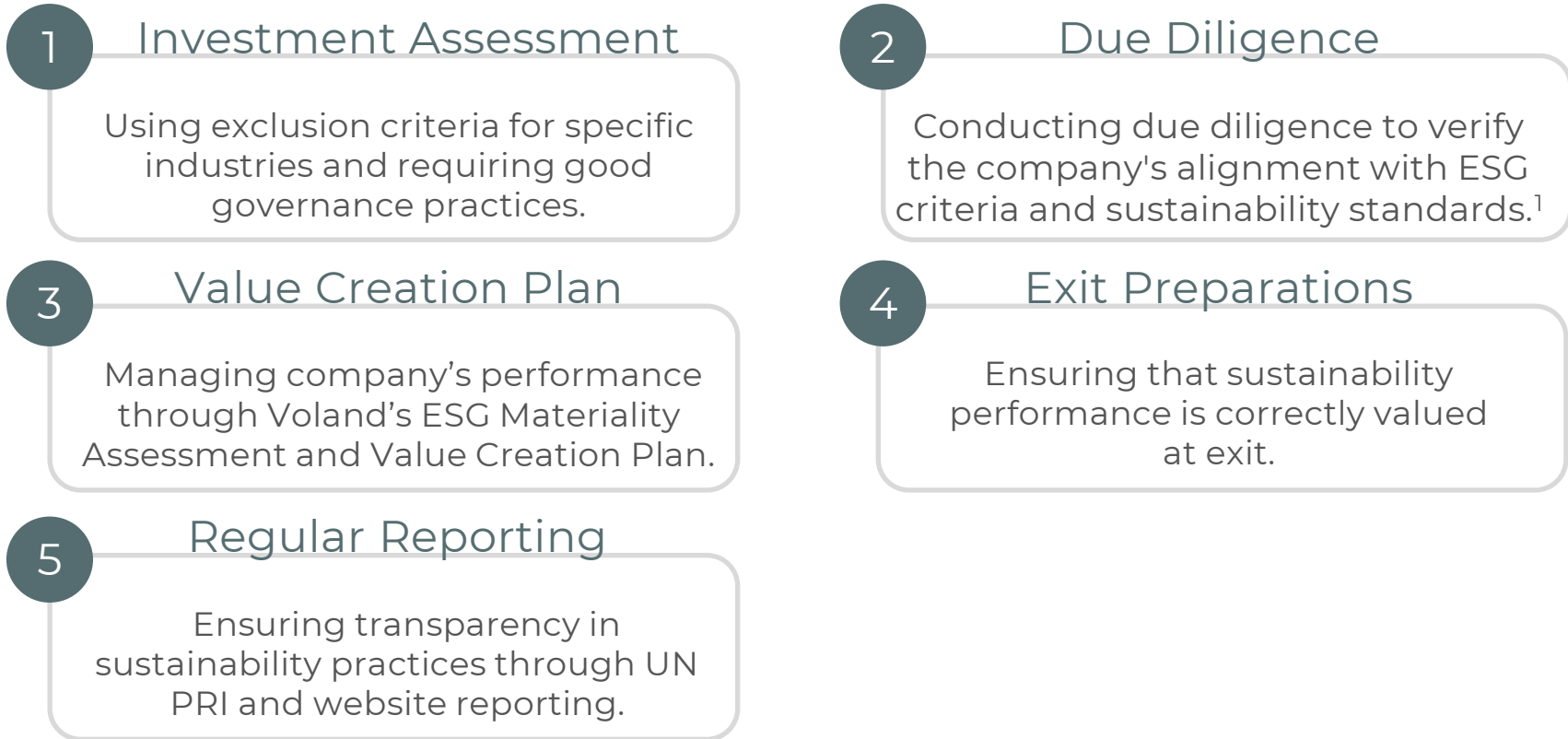


Figure 1. Sustainability in Voland's Investment Process

1) Voland benchmarks potential target companies against SASB, GRI, TCFD, UN Global Conduct standards.



OUR COMMITMENTS

SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Voland is SFDR Article 8 Compliant

We adhere to the principles outlined in European Union’s Sustainable Finance Disclosure Regulation (SFDR) Article 8, which promotes investments with positive environmental and social characteristics alongside good governance principles.

Article 8 compliance means that we carefully evaluate the ESG risks and characteristics associated with our investments, considering not only financial returns but also their impact on the environment and society.

We actively monitor and report our investee’s essential PAI indicators. These include carbon footprint, employee well-being, good governance practices, and gender diversity of the board.

If an indicator reaches an unsustainable level, and no viable actions can be taken to rectify the situation, the investment process is halted. Our exclusion criteria prevent us from investing in any business that negatively affects society.

We conduct a materiality assessment with the portfolio companies to understand the value-adding ESG development programs to be integrated with the strategy. Each program has an indicator to follow, a target rate and a responsible person to conduct it. The strategic and ESG programs are then followed on the board level.

Managing Sustainability Risks

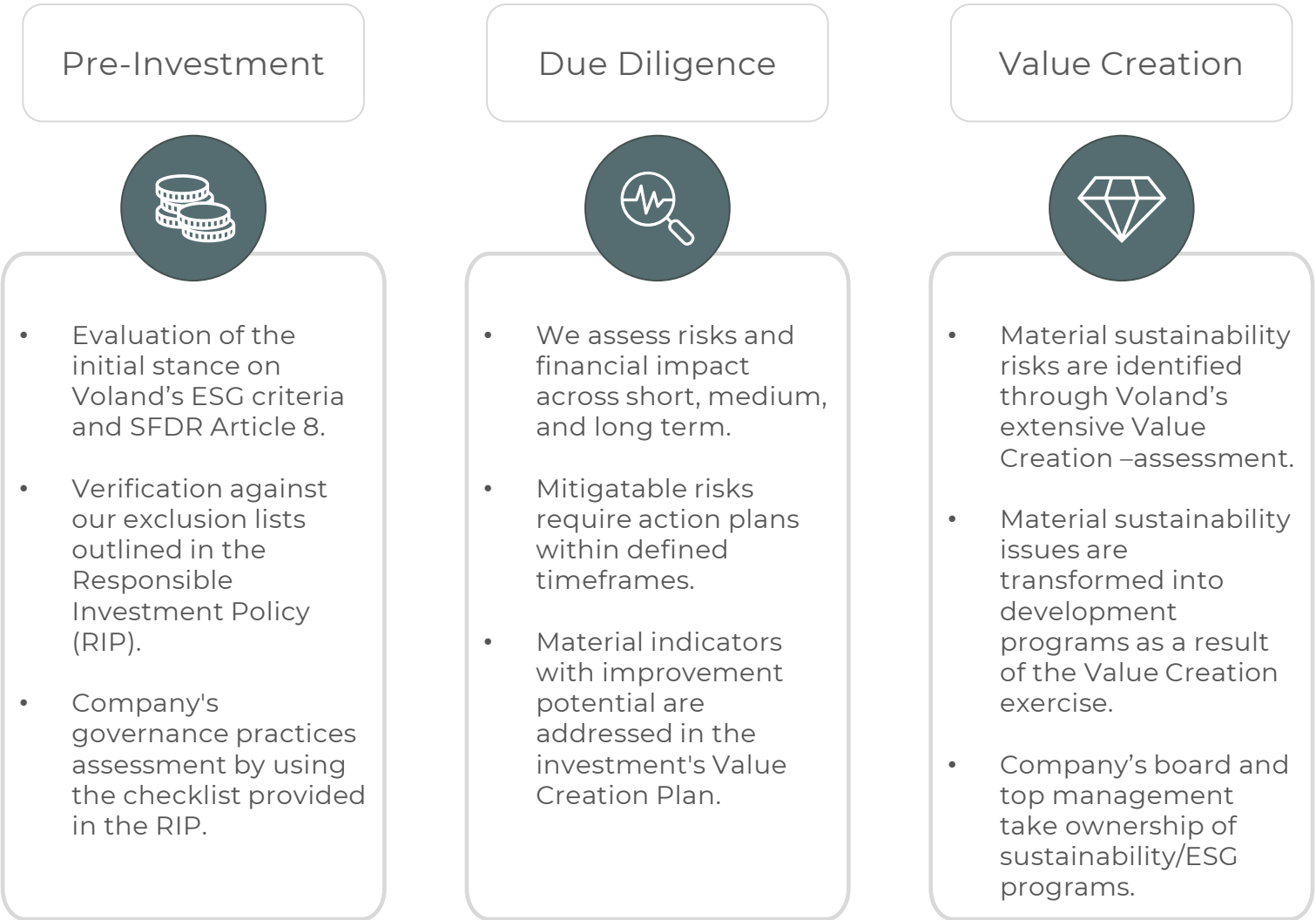


Figure 2. Sustainability Risk and Value Creation

UN PRINCIPLES FOR RESPONSIBLE INVESTMENTS

Voland Follows the UN Principles for Responsible Investments

Voland is a signatory of the United Nations Principles for Responsible Investment (PRI), reaffirming our commitment to responsible and sustainable investing. We are dedicated to aligning our investment practices with the global sustainability agenda and underscore our adherence to the six principles outlined by PRI. As signatories, we are committed to do an assessment each year and present the results on an annual basis. We received excellent results from our first PRI reporting year 2023, ranking above the median in all three indicator levels.

From the early stages of our investment process, we conduct comprehensive ESG due diligence. Voland exclusively invests in companies that demonstrate a genuine commitment to developing their ESG practices, adhering to established benchmarks such as the EU SFDR Regulation Article 8. As a part of our Value Creation framework, our portfolio companies regularly report on ESG issues alongside their corporate reporting, adopting the Integrated Reporting Framework introduced by the Value Reporting Foundation.



We believe that as investors, we have a responsibility to actively engage with the companies we invest in, advocating for positive change and promoting sustainable practices. We actively collaborate with our portfolio companies, fostering ongoing dialogue and knowledge sharing to collectively advance ESG and sustainability practices.

The Six Responsibility Principles

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

VOLAND'S UN PRI SCORE IN 2023

Strong Performance in an International Comparison

2023 was the first full year for which Voland Partners completed UN PRI's (United Nations Principles for Responsible Investment) international and standardized ESG reporting assessment. Thanks to our clear and rigorous policy for responsible investment, we achieved excellent results in the comparison, ranking above the median in all three indicator levels of the report. In addition, we achieved a full 100 points in confidence building measures, which was one of the three indicator levels.

The UN PRI promotes sustainable investment through the incorporation of environmental, social, and governance (ESG) factors. The assessment is segmented into three indicator levels: Policy, Governance and Strategy, Direct Private Equity, and Confidence Building Measures. Voland received top scores in all three indicators, with a sample size of 3774 in the two general indicators and 1012 in the Direct Private Equity Indicator.

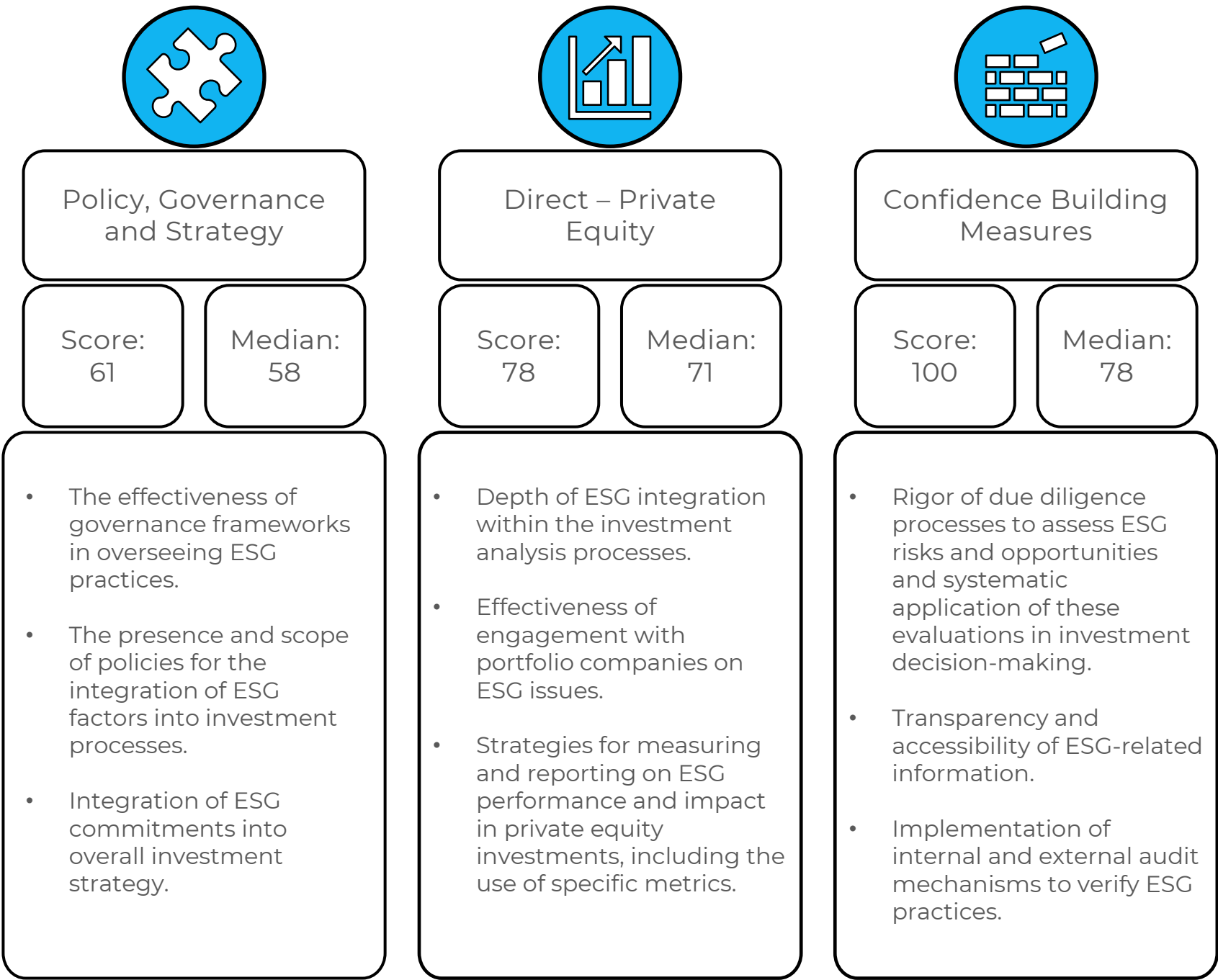


Figure 3. Voland's UN PRI Performance

OUR UN SUSTAINABLE DEVELOPMENT GOALS

Voland's Impact on a Healthier Planet

Voland is actively promoting the United Nations Sustainable Development Goals (SDGs) in its operations.

Recognizing the urgent need to address climate change, we have implemented comprehensive measures to reduce our carbon footprint and promote climate action. Voland actively engages in carbon offsetting initiatives to mitigate our remaining emissions.

As we care for our employees, we have established robust occupational health and safety protocols, ensuring a safe and healthy working environment. Voland is also highly committed to fostering gender equality in all aspects of our operations.



Our commitment to the UN Sustainable Development Goals underscores our dedication to creating a better future for all. As we continue our sustainability journey, we remain committed to aligning our business practices with the UN SDGs.



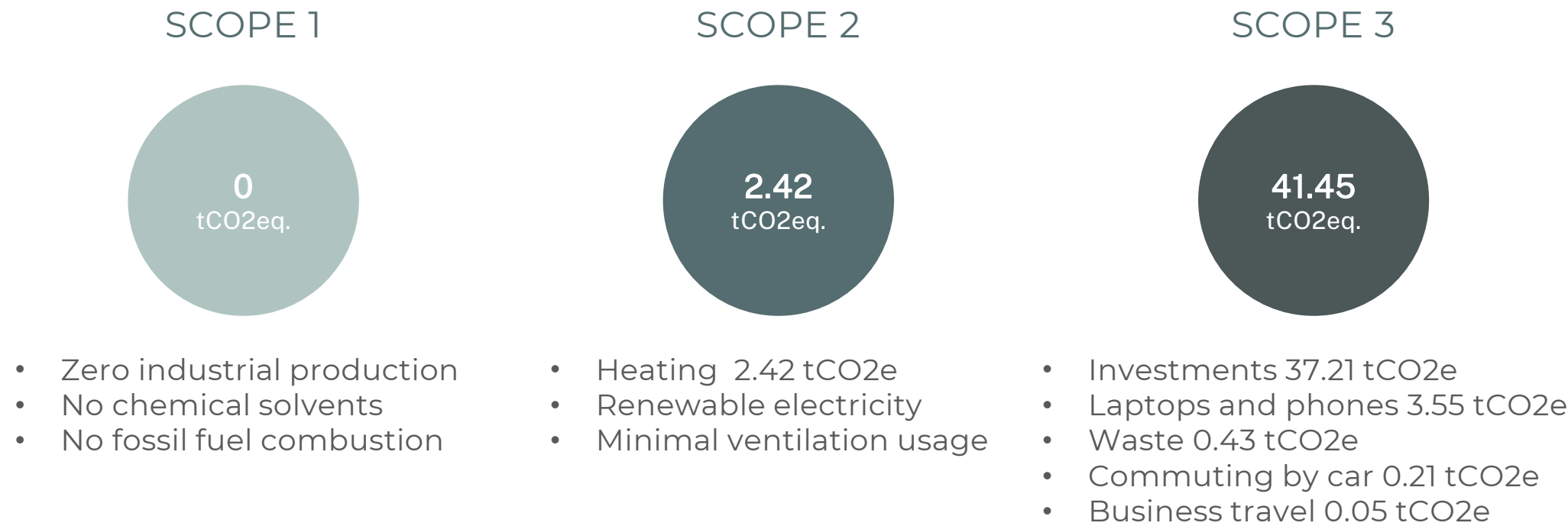
Figure 4. Voland's UN Sustainability Development Goals

SUSTAINABILITY AT VOLAND

WE ARE ACTIVELY MANAGING OUR GREENHOUSE GAS EMISSIONS

Doing Our Part by Minimizing Carbon Emissions

We recognize that as a responsible financial institution, it is our duty to lead by example and take proactive measures to address climate change. In this report, we report our own GHG scope 1, 2, and 3 emissions together with our portfolio companies' GHG Scope 1, 2, and 3 emissions, using the equity share approach. The fund uses "ICL and ERM Greenhouse Gas Accounting and Reporting Guide for the Private Equity Sector (2022)" guidelines as a basis. Voland's environmental emissions in 2023 were generated mainly through portfolio companies and office energy consumption.



An Overview of Voland's Scope 3 Categories (tCO₂eq.)

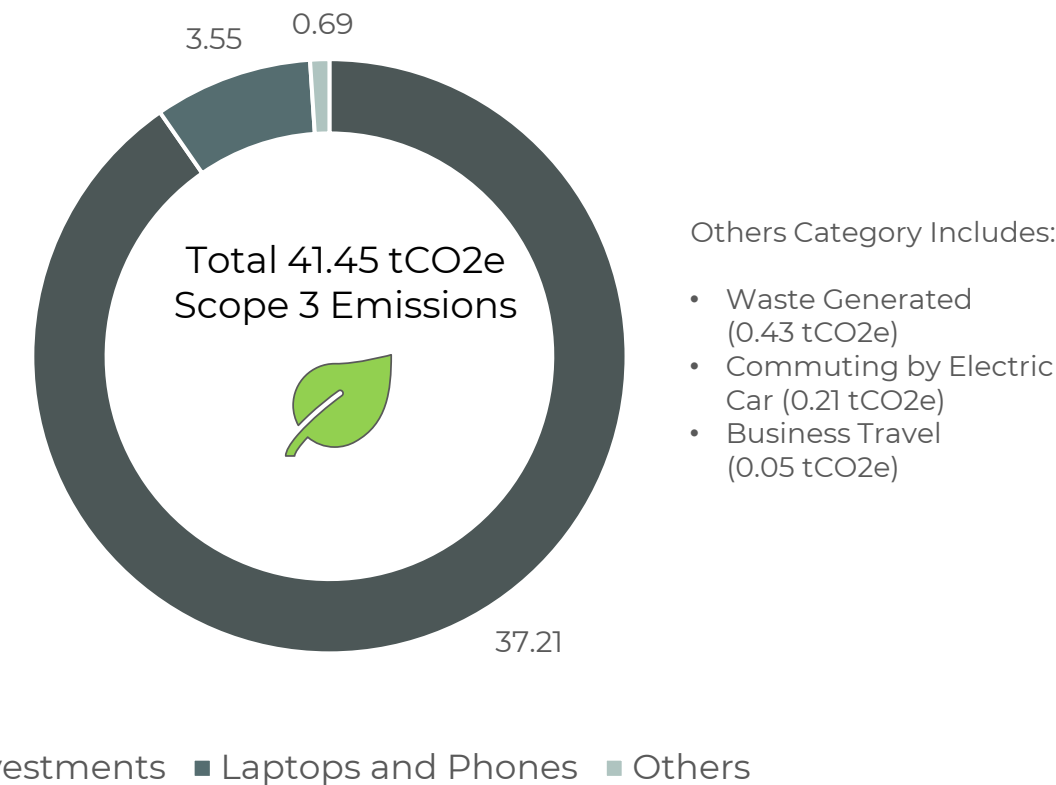


Figure 5. Selected Scope 3 Categories Based on Materiality Analysis.³

VOLAND'S INTERNAL OVERALL ESG PERFORMANCE IN 2023

Committed to a More Responsible Future

We are deeply committed to mitigating climate change and responsibly managing our environmental footprint. This encompasses diligent energy management, efficient waste and material handling, minimal wastewater treatment, and encouraging employees to walk or bike to work.

We have identified three key social topics that hold significant importance in our operations: diversity and equal opportunity, expertise and training, and leadership practices. Our objective is to cultivate dedicated, skilled, motivated, and satisfied teams, not only within our organization but also among our investees' entities.


In our pursuit of exceptional corporate governance, we focus on several key areas. The Corporate Governance section encompasses the strength and effectiveness of our management bodies, including the Board of Directors, the Management Team, and our Advisory Board. We emphasize strategic management, ensuring robust corporate governance practices, and fostering a strong foundation of internal processes, instructions, and controls. Through these efforts, we continuously enhance our corporate governance practices, upholding high standards, and embracing transparent accountability.

Environmental Factors	2023
Total GHG emissions (tCO2e)	43.87 ⁴
Share of renewable energy consumption of total energy sources	36.95%
Significant emissions to air, water, or soil	0
Other environmental violation or negative environmental impact	0

Employee Characteristics	2023
Average unadjusted gender pay gap of investee companies	21% ⁵
Employee well-being and satisfaction	4.93/5.00
Average ratio of female to male team members	33%

Transparent Corporate Governance	2023
Team's age range:	25-55
Number of different educational backgrounds (6 employees)	9
Ratio of female to male board members at Voland	25%

PRINCIPAL ADVERSE IMPACTS (PAI) INDICATORS OF THE TOTAL PORTFOLIO

 Investments' GHG emissions		336.64	n.a	0%	0%	20%
tCO2e		tCO2e	share	share	share	share
Scope 1	0	Carbon footprint of investee companies	Non-renewable energy consumption and production	Activities negatively affecting biodiversity-sensitive areas	Violations of UNGC Principles and OECD Guidelines	Average ratio of female to male board members
Scope 2	26.05					
Scope 3	310.59	16.32	0%	0	10.9%	0%
		tons CO2e / EURm	GWh / EURm revenue	tons / EURm invested	gap	share
Total	336.64	Revenue GHG intensity of investee companies	Energy consumption intensity per high impact climate sector	Emissions to water	Unadjusted gender pay gap	Non-recyclable waste ratio
Voland's share	37.21 ⁶					
<ul style="list-style-type: none">Voland had two portfolio companies in 2023.Cloud1 spent total 399 days in hotels and generated 23.13 tCO2e flight emissions. The major share of the employees are commuting by public transport (80%).Balanco spent total 316 days in hotels and generated 49.56 tCO2e flight emissions. 32% of employees are commuting by public transport.		0%	0%	0	0%	0%
		share	share	tons / EURm invested	share	share ⁷
		Share of investments in companies active in the fossil fuel sector	Exposure to controversial weapons	Hazardous and radioactive waste generation	Lack of processes and compliance mechanisms with UNGC Principles / OECD Guidelines	Lack of anti-corruption and anti-bribery policies

6) Voland's share is determined by averaging portfolio companies' quarterly emissions and multiplying it by its ownership stake.
7) Voland's additional indicators relating to environmental and anti-bribery impacts.

CLOUD 1 ESG METRICS

ESG REPORTING AND VALUE-ADDING ESG DEVELOPMENT IN CLOUD1

PAI Indicators, GHG Load, and Material Company-Specific Indicators

Cloud1 Oy is a leading cloud services provider, assisting organizations in optimizing their operations, enhancing productivity, and successfully navigating the AI transformation. Cloud1 has a team of experienced IT professionals and is equipped with robust technology infrastructure. It is committed to delivering highest-quality cloud data solutions that are tailored to the unique needs of its clients.

As part of Voland’s portfolio, Cloud1 measures its PAI indicators, the standard ESG indicators set by Voland. The company also conducts a yearly materiality analysis to integrate ESG development programs into its strategy. In 2023, Cloud1 successfully implemented the ESG programs from the previous year’s materiality analysis.

The GHG protocol for emission reporting identifies two categories that are relevant for Cloud1. Scope 2 includes heating and ventilation of the offices and Scope 3 includes flight travel, business travel, office electronics, and employee commuting.

In 2023, Cloud1 took significant strides forward in the social and governmental aspects of responsibility. The company successfully created personal development plans for over 80% of its employees, updated to a more inclusive company image, and actively participated in a community that aims to increase gender equality in the IT industry.

Cloud1 also decided on the introduction of a new workplace resource management platform, which will be implemented during 2024. The platform will give the company an even better ability to offer in-house professional training opportunities.

Cloud1’s Total GHG Emissions in 2023

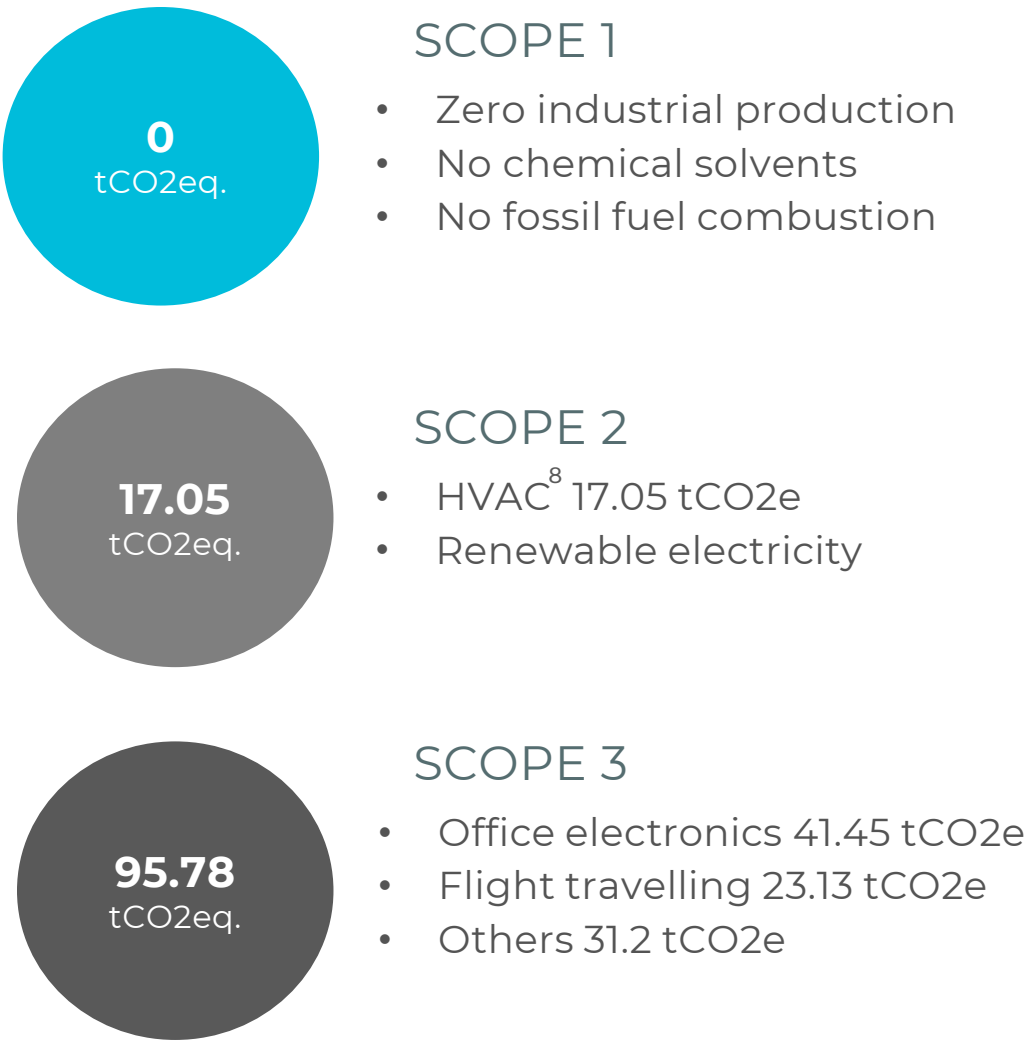
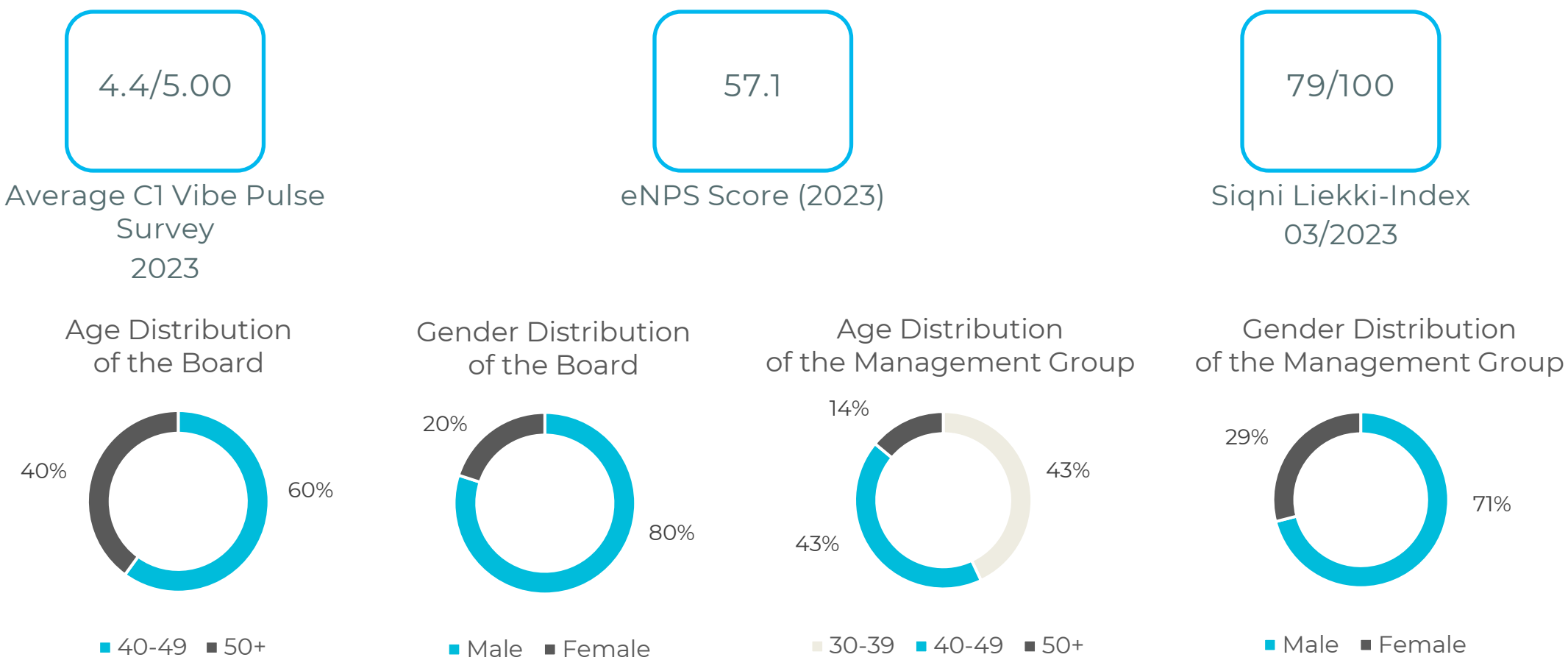


Figure 6. Cloud1’s GHG Emissions

8) Heating, ventilation, and air conditioning

COMMON ESG CHARACTERISTICS AT CLOUD1 IN 2023

High Employee Satisfaction and Strong Organizational Culture



Other Governance Indicators

- Management and board level self-assessment

Good governance practices handbook
- Internal auditing

Regular responsibility reporting
- Transparent and well-described management structure

Board level review of strategic and ESG development
- Regular employee satisfaction questionnaires

Tax compliance

COMPANY SPECIFIC INDICATORS IDENTIFIED BY MATERIALITY ANALYSIS

Governance Development Goals for 2024: Thoughts to Action

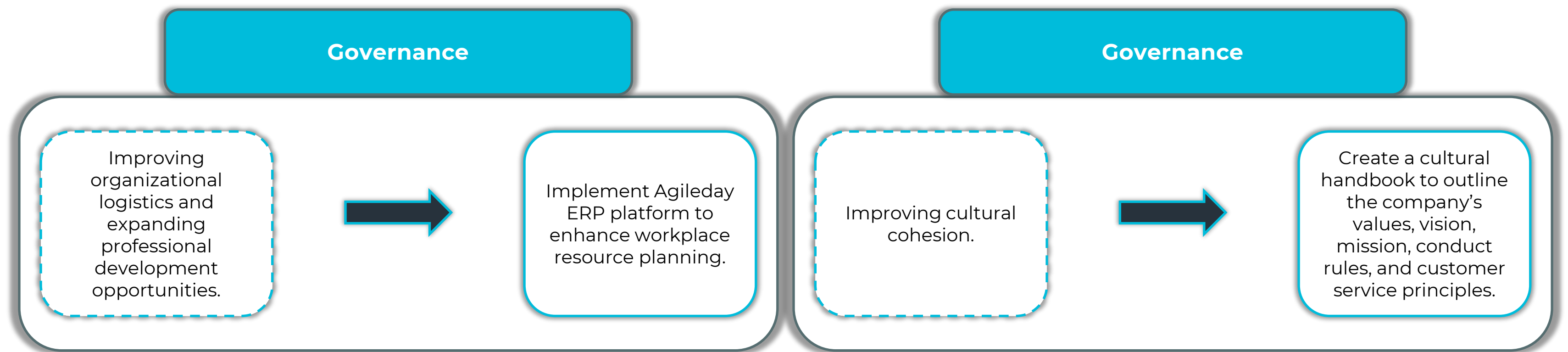


Figure 7. Cloud1's ESG Development Targets

BALANÇO ESG METRICS

BALANCO'S GHG EMISSIONS 2023

Necessary Business Travel Contributed a Major Share of 2023 GHG Emissions

Balanco Oy is an accounting firm established in 2015. The company has quickly developed into a leading account and payroll service provider across the Nordics through its strategic commitments to technological expertise, customer-orientedness, and social responsibility. Balanco currently employs 160 financial administration professionals in four Nordic countries and generated 10.4 million euros in revenue in 2023.

Balanco has strongly committed itself to sustainable operations. These include minimizing GHG emissions, having external social responsibility, and conducting fair and transparent internal governance. Voland supports Balanco in carrying out a yearly materiality analysis, which helps the company set explicit responsibility targets for the next reporting period and track goal attainment from the previous one. The GHG protocol for sustainability reporting categorizes CO2e-emissions into three categories. For Balanco, only two of the three (scope two and three) are relevant (see p. 12 for reference).

In 2023, Balanco's GHG emissions were affected particularly by necessary business travel between its 16 offices across the Nordics, most of which have been incorporated into the company recently. Together with Voland, Balanco has set an explicit target to control its GHG emissions during the ongoing reporting period. To attain this goal, the company is committed to minimizing carbon-intensive travelling by promoting remote working options. Balanco will also actively look for ways to implement employee travelling with the lowest possible emissions when necessary.

Balanco's Total GHG Emissions in 2023

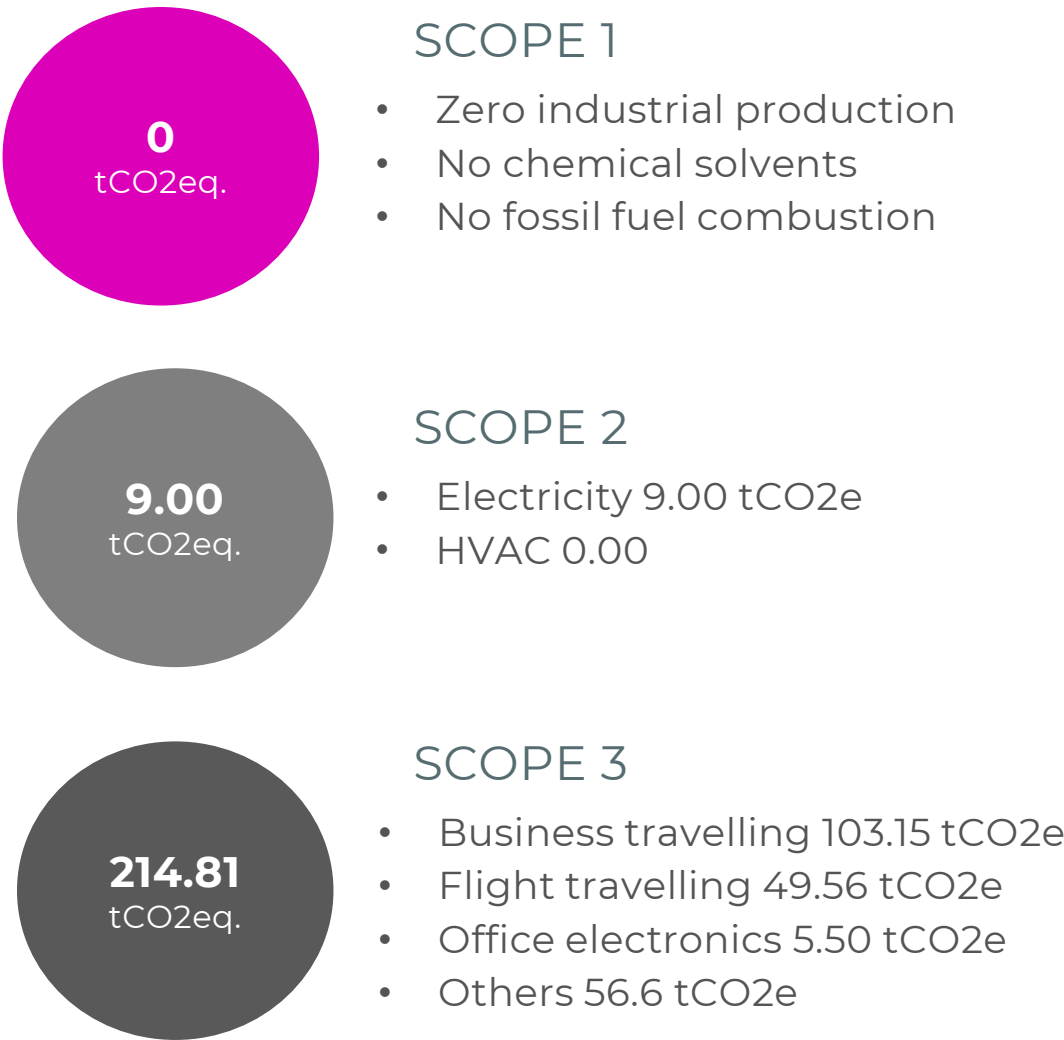
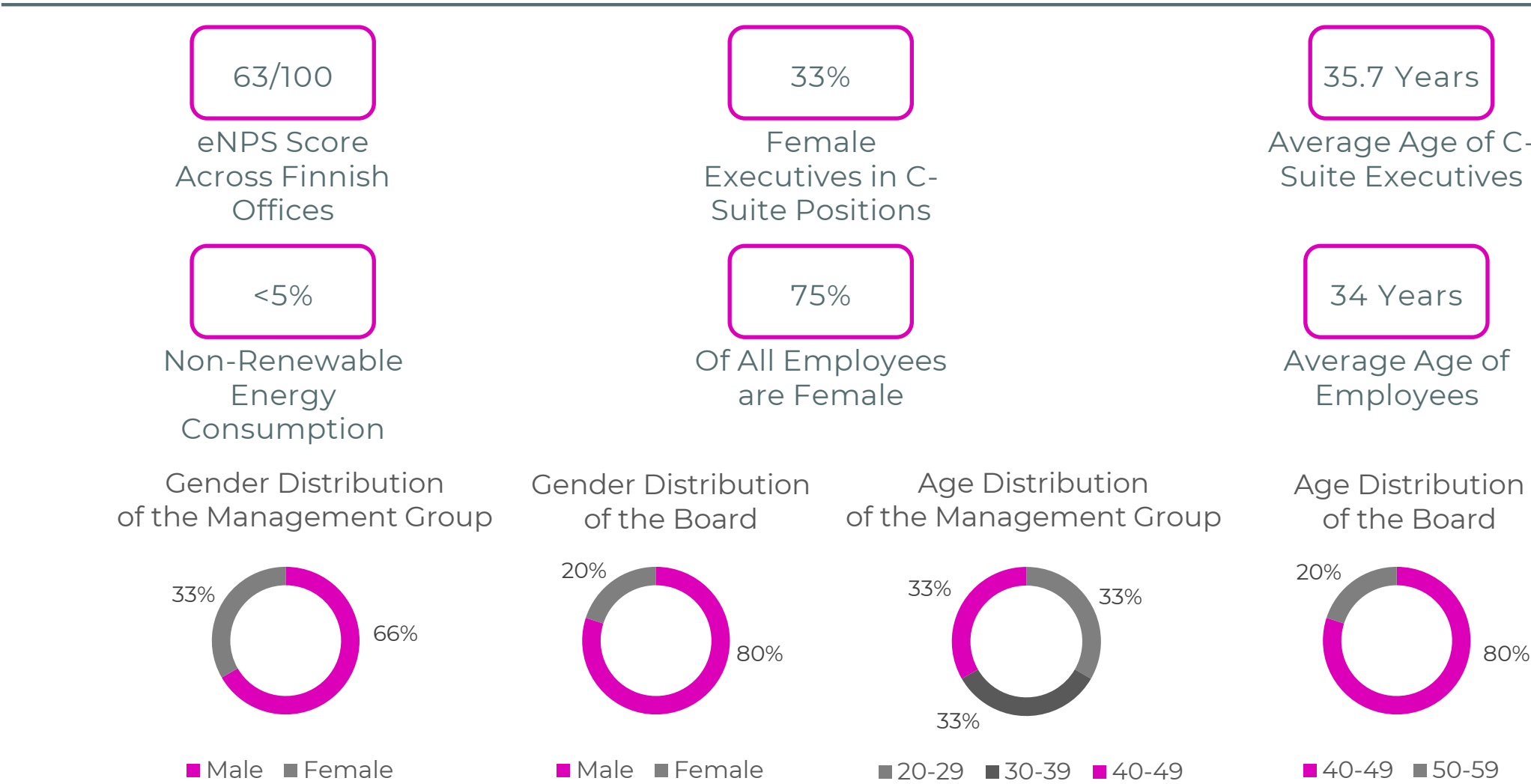


Figure 8. Balanco's GHG Emissions

COMMON ESG CHARACTERISTICS AT BALANCO IN 2023

Equal Opportunities and Top-Tier eNPS Results



Other Responsibility Indicators

- Flexible remote work opportunities for all employees

Company-sponsored partnership program for young athletes
- Personalized employee training program

Internal and external ESG reporting⁹
- Award-winning trainee program: Balanco Talent Lab

All company cars in use are electric cars
- Whistleblowing channel introduced in 2023

Early support model and substance abuse program

COMPANY SPECIFIC INDICATORS IDENTIFIED BY MATERIALITY ANALYSIS

ESG Development Programs in 2024: Thoughts to Action

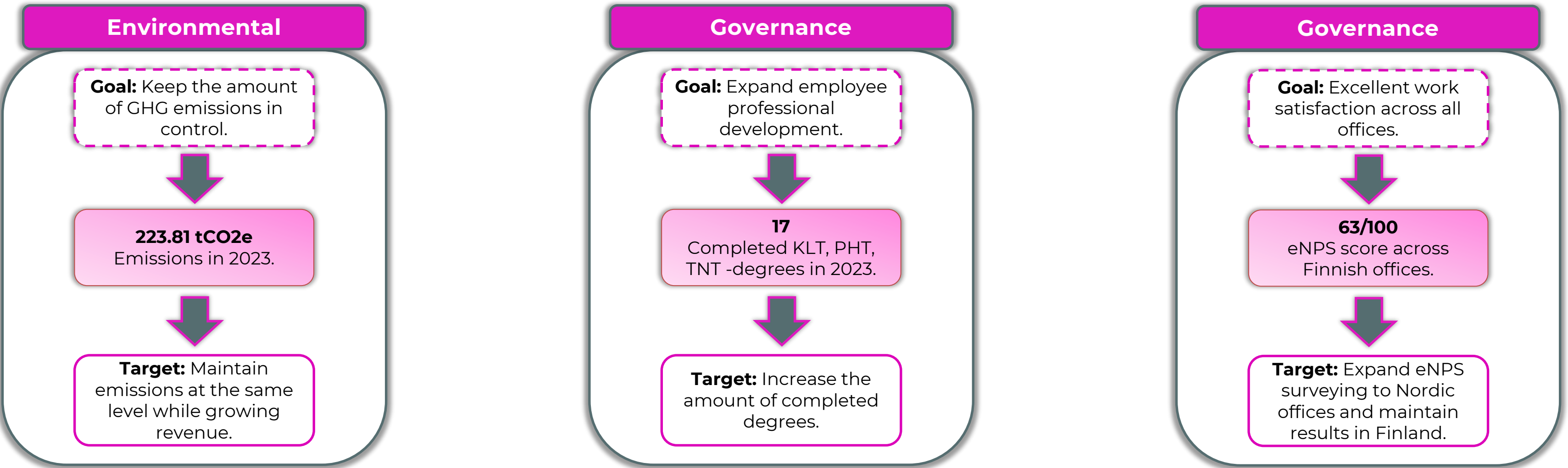


Figure 9. Balanco's ESG Development Targets

CARBON OFFSETTING

CARBON OFFSETTING

Voland Offsets Carbon by Planting Trees and Employing Finnish Youth

Voland is proud to neutralize its carbon emissions through 4H-association's Seedling Action, or Taimiteko in Finnish.¹⁰ Taimiteko is a project that not only enhances carbon sequestration but also employs local youth in small Finnish municipalities.

By participating in Taimiteko, Voland contributes to the long-term growth of Finland's carbon sinks. According to The Central Union of Agricultural Producers and Forest Owners (MTK) in Finland, there are still approximately 100,000 hectares of land in the country that are deemed suitable for afforestation. Projects like 4H-association's Taimiteko are doing vital work towards this goal.

Taimiteko collaborates closely with Natural Resources Institute Finland (Luke) to determine the carbon binding effect of afforestation. Natural forests are among the most important carbon sinks on Earth, and due to their longevity, they sequester carbon for decades. Each hectare can sequester around 127,000 kg of carbon over 55 years on mineral soil, and up to 274,000 kg on peat soil. The initiative aims to plant 10,000 hectares of new forests by 2030, resulting in approximately 20 million new trees. The average carbon footprint of a Finnish citizen is around 10 tonnes per year. Experts at the Natural Resources Institute Finland have calculated that this corresponds with planting 43 tree saplings each year.

Voland will help Taimiteko to plant 188 trees and employ four local 9th graders on the project. The carbon binding effect of these trees during their lifetime is approximately 44 tonnes of CO₂ equivalent according to the NRIF's calculations.



CLOSING LETTER

Leading the Way in Responsible Investments

Voland was born with two guiding principles: responsible investment and technology knowledge. During year 2023, we have implemented our responsible investment policy in practice with our portfolio companies and in our own work. We have done ESG value creation work in parallel with the strategy work and integrated the ESG development programs with the Must-Win Battles. They will be conducted by the management groups and followed by the boards.


Following the TCFD principles, our next step is to work on how to minimise the GHG load. Meanwhile, we are actively working on finding efficient methods for carbon offsetting. We will also continue elaborating on our own ESG indicators and science-based targets, as well as further develop our own ESG roadmap.

We are proud of the robust, comprehensive Responsible Investment Policy we have created, and how it benefits our portfolio companies. It demonstrates that, as a responsible investor, we acknowledge the impact our decisions have on the surrounding environment and society. In the future, we will continue evangelising the ESG value creation work in all organizations and lead this work by our own example.

Veera Sylvius

As co-entrepreneurs, we work to reach our portfolio company's full potential, while enjoying the ride, together.

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