

Annual Report

RESPONSIBILITY REPORT 2022

Voland Partners



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JULY 2023

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Voland employs Biochar as its neutralization methodology.

We identify and mitigate ESG risks, as well as exploit new business opportunities based on sustainable development.

€80M

Target fund size

2.79

tCO2-ekv

Article 8

SFDR compliance

4.95/5.00

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, responsible 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 NEUTRAL PORTFOLIO

We help our target companies to reduce carbon emissions and we offset the emissions by engineered carbon removal methods.



AMBITION VISION

Our vision is to become the most respected private equity partner in Finland by 2030.



VALUES

At the core of our leadership philosophy lies a strong belief in the power of values. Collaboration, Responsibility, and Entrepreneurship are the guiding principles that drive us forward.



ESG VALUE CREATION

We know how to capture the sustainability premium, integrate ESG into strategies, and create superior value by working hands-on and together 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 a UN PRI signatory.



PSYCHOLOGICALLY SAFE WORKING ENVIRONMENT

Voland will address both its employees and portfolio companies' well-being, culture, and psychological safety where employees are accepted as they are, and all opinions are listened to.



RESPONSIBLE INVESTMENT POLICY

Sustainability is integrated in our processes. We manage ESG risks meticulously. Our comprehensive Responsible Investment Policy is followed 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. We actively conduct value-adding responsibility by working together with portfolio companies, integrating the results into the strategy, and evaluating the ESG performance on the board level. We continuously monitor and reassess our portfolio, ensuring that our investments remain in line with our ESG objectives. We firmly believe that sustainable investing generates superior returns while simultaneously creating a positive impact on the surrounding society.

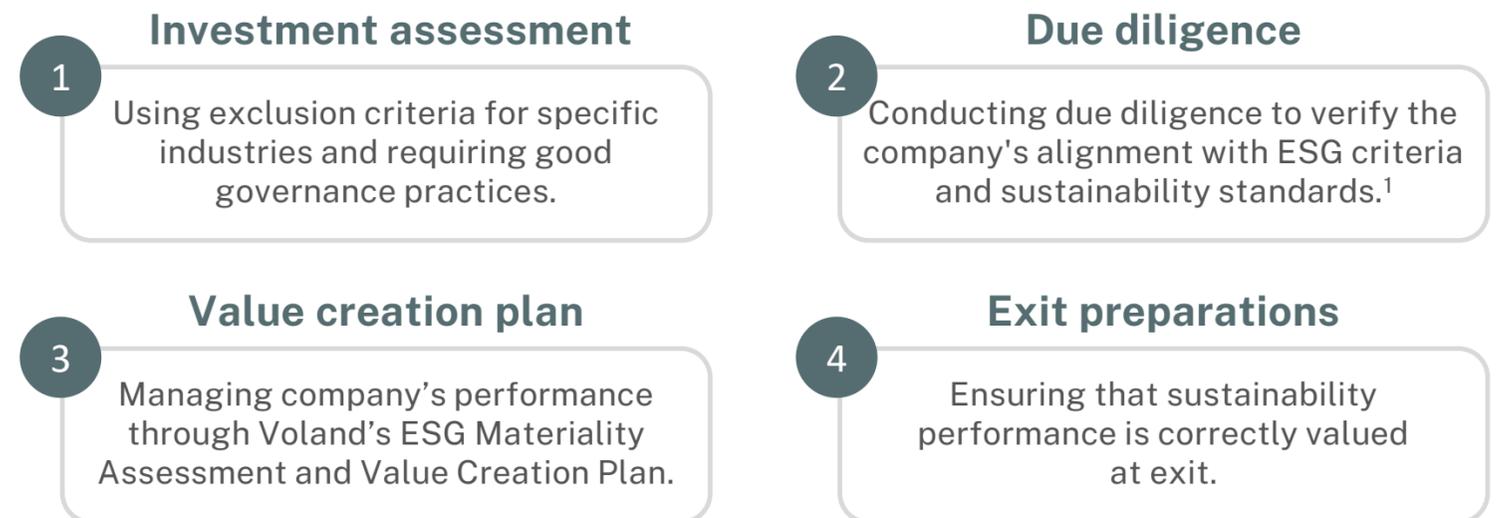


Figure 1. Sustainability in Voland's investment process

OUR COMMITMENTS

SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Voland is SFDR Article 8 compliant

We adhere to the principles outlined in SFDR Article 8, which promotes investments with positive environmental or social characteristics alongside good governance principles.

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

Voland actively monitors and reports its portfolio companies' essential PAI indicators, and additional common sustainability characteristics, including carbon footprint, employee well-being, good governance practices, gender diversity of the board, anti-bribery and corruption procedures, and tax compliance.

footprint, employee well-being, good governance practices, gender diversity of the board, anti-bribery and corruption procedures, and tax compliance.

If a specific indicator reaches an unacceptable level that poses a sustainability risk, and no viable actions can be taken to rectify the situation, the investment process is halted.

We conduct a materiality assessment with the portfolio companies to understand the value-adding ESG development programs to be integrated with the strategy. The strategic and ESG programs are then followed on the board level.

Managing Sustainability Risks

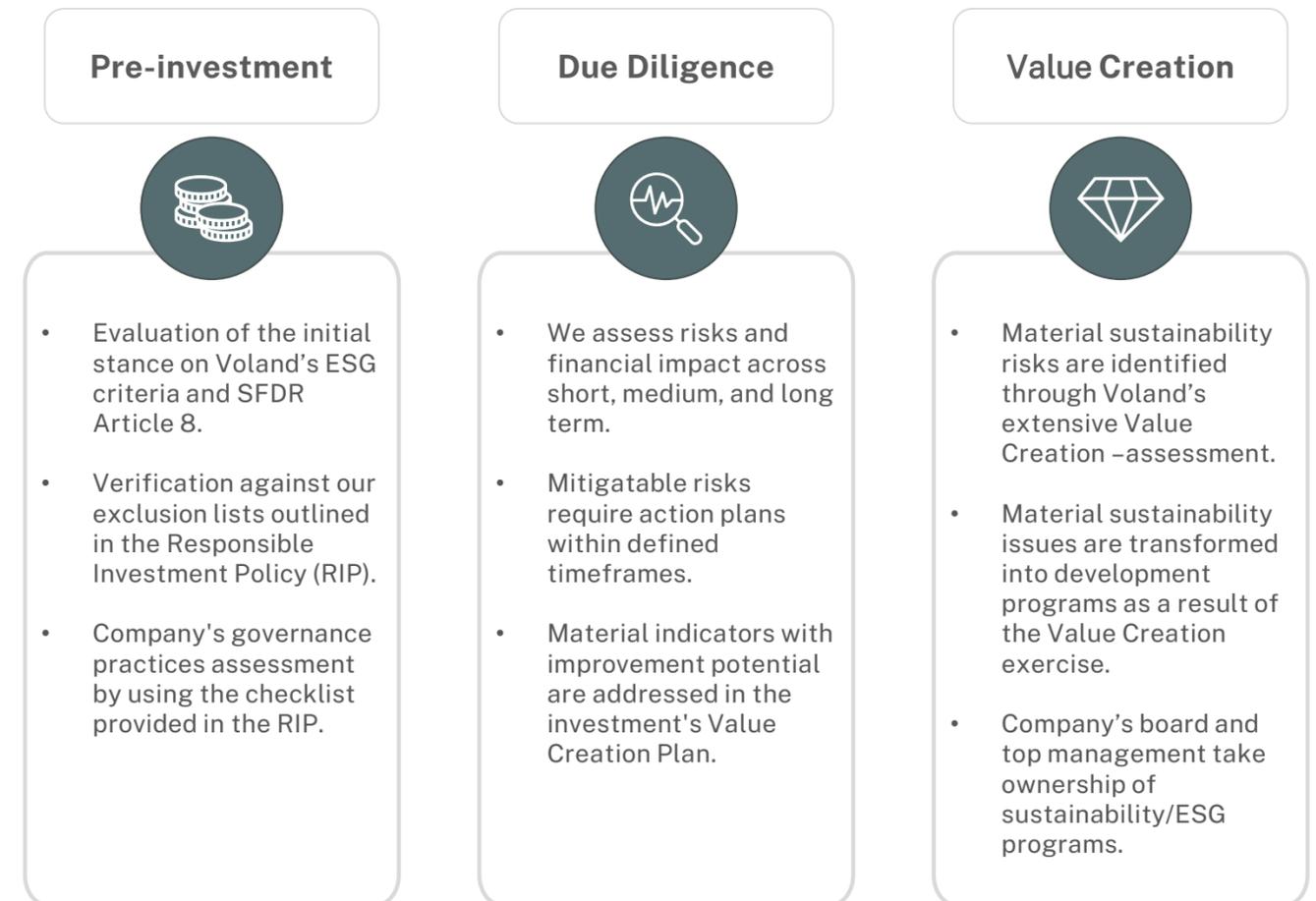


Figure 2. Sustainability risk and value creation

UN PRINCIPLES FOR RESPONSIBLE INVESTMENTS

Voland follows the UN principles for responsible investments

Voland has become 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. Our first PRI report will be publicly available in 2023 on both PRI and Voland's website.

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 responsible 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.

OUR UN SUSTAINABLE DEVELOPMENT GOALS

Voland’s impact on a healthier planet

Voland has strongly enhanced United Nations Sustainable Development Goals (SDGs).

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 3. Voland’s UN sustainability development goals

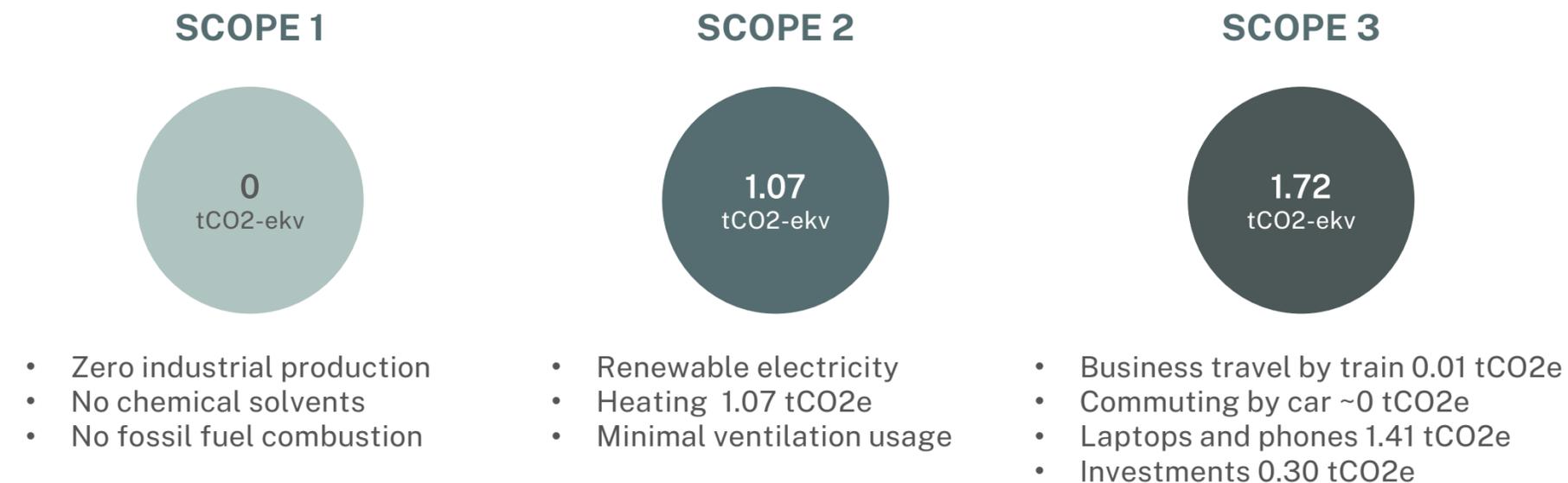


SUSTAINABILITY AT VOLAND

WE ARE ACTIVELY MANAGING OUR GREENHOUSE GAS EMISSIONS

Addressing climate change 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 approach, 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 2022 were generated mainly through portfolio companies, office energy consumption, business travelling, and employees commuting.



An overview of Voland's Scope 3 categories

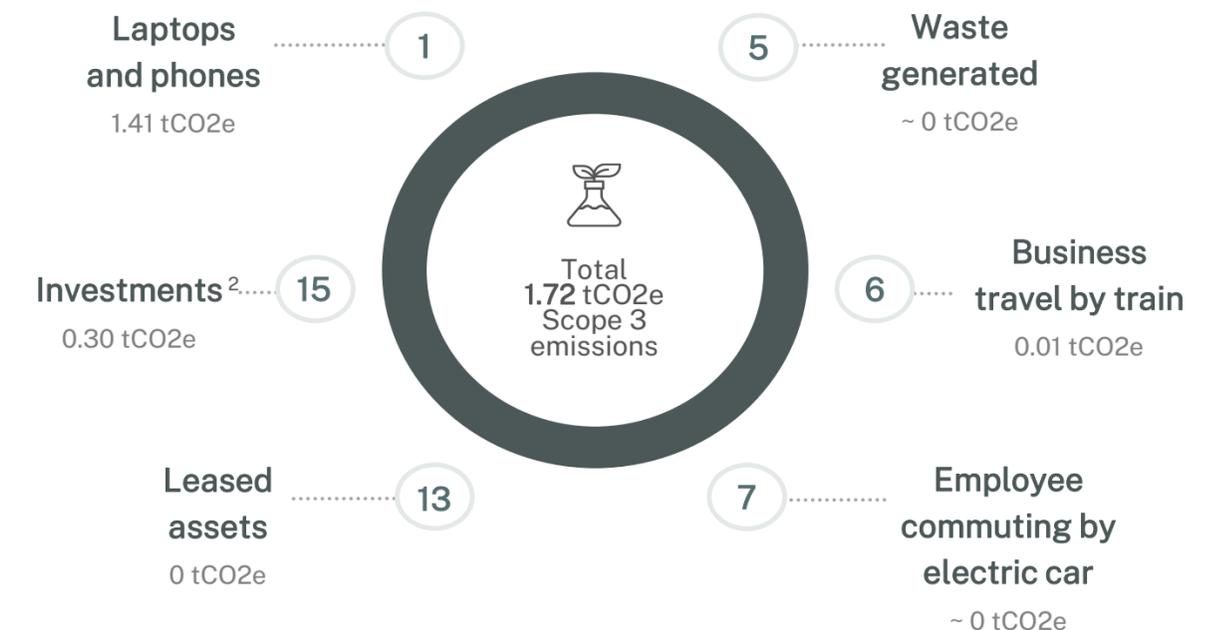


Figure 4. Selected Scope 3 categories based on materiality analysis. Voland takes into account portfolio companies' Scope 1, 2 and 3 emissions.

2) Portfolio companies' emissions are allocated to Voland fund based on the ownership share and holding time.

Note: Due to incomplete data points, emissions from cloud computing cannot be accurately determined and are therefore assumed to be zero. Voland estimated its numbers by benchmarking against Tesi's "GHG Calculator version 1.0, 2023".

VOLAND'S INTERNAL OVERALL ESG PERFORMANCE IN 2023

Building a stronger 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)	2.79 ³
Share of renewable energy consumption of total energy sources	100%
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	0
Employee well-being and satisfaction	4.95/5.00
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)	8
Ratio of female to male board members at Voland	25%

PRINCIPAL ADVERSE IMPACTS (PAI) INDICATORS OF THE TOTAL PORTFOLIO



Investments' GHG emissions

tCO₂e

Scope 1

0

Scope 2

17.5

Scope 3

50.5

Total

68.0

Voland's share

3.4⁴

68.0 tCO ₂ e Carbon footprint of investee companies	n.a share Non-renewable energy consumption and production	0% share Activities negatively affecting biodiversity-sensitive areas	0% share Violations of UNGC Principles and OECD Guidelines	20% share Average ratio of female to male board members
8.61 tons CO ₂ e / EURm revenue GHG intensity of investee companies	0% GWh / EURm revenue Energy consumption intensity per high impact climate sector	0 tons / EURm invested Emissions to water	0.92% gap Unadjusted gender pay gap	0% share ⁵ Non-recyclable waste ratio
0% share Share of investments in companies active in the fossil fuel sector	0% share Exposure to controversial weapons	0 tons / EURm invested Hazardous and radioactive waste generation	0% share Lack of processes and compliance mechanisms with UNGC Principles / OECD Guidelines	0% share ⁵ Lack of anti-corruption and anti-bribery policies

- Voland had one portfolio company in 2022
- Cloud1 spent total 294 days in hotels and generated 17.89 tCO₂e flight emissions. The major share of the employees are commuting by public transport (80%)

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 helping organizations optimize their operations, enhance productivity, and achieve digital transformation. With a team of experienced professionals and robust technology infrastructure, Cloud1 Oy is committed to delivering cutting-edge cloud data solutions tailored to meet the unique needs of their clients.

As Voland Partners’ portfolio company, Cloud1 is entitled to measure their PAI indicators, the common ESG indicators set by Voland Partners, and, in addition, work through a materiality analysis to establish ESG development programs to be integrated with the strategy.

When calculating the GHG Load, the relevant categories from the GHG Protocol consist of Scope 3: flight travel, business travels, office electronics and employee commuting, as well as the Scope 2 – heating and ventilation of the offices.

In the future, the aim is to minimize the GHG load. Cloud1 will focus on adopting energy-efficient practices, such as using energy-saving technologies, optimizing data center operations, promoting remote work, encouraging sustainable commuting options, and implementing recycling and waste reduction programs. What comes to the equity share of the emissions, the remaining GHG load is compensated by Voland Partners.

Cloud1’s total GHG emissions in 2022

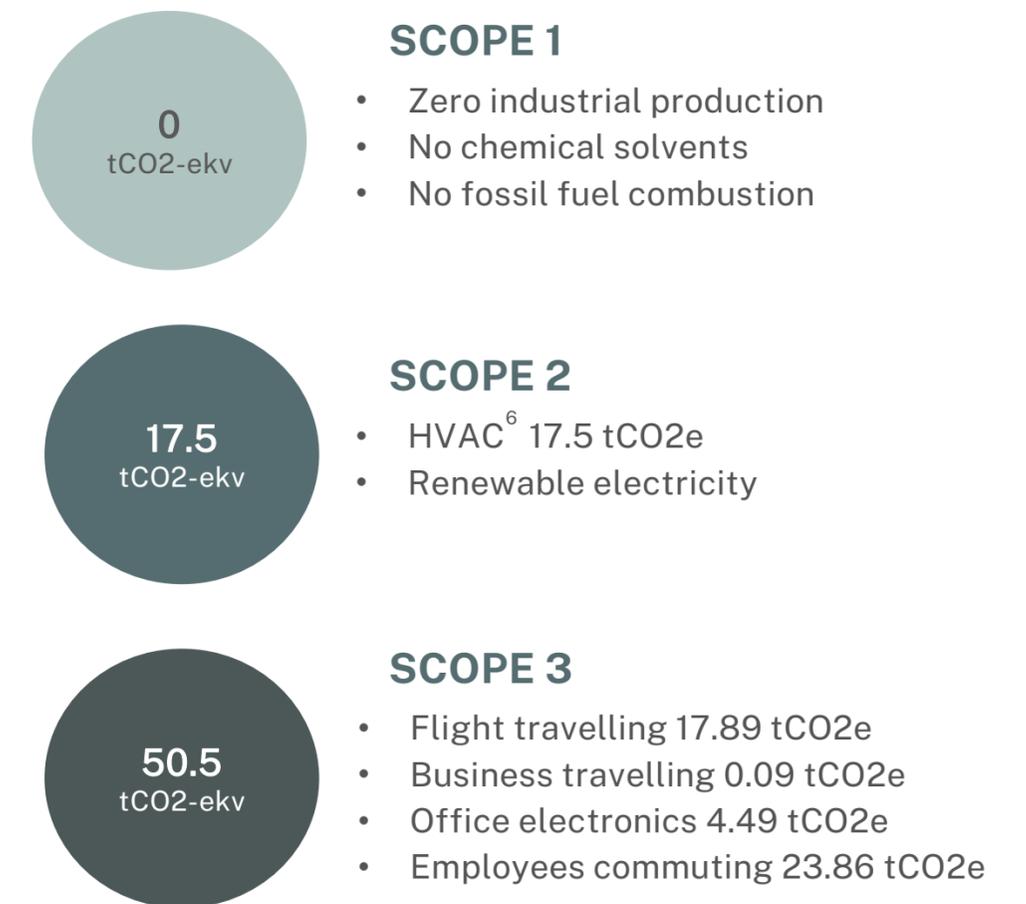


Figure 5. Cloud1’s ESG development targets

6) Heating, ventilation, and air conditioning

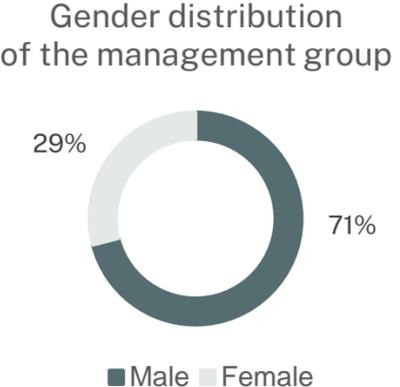
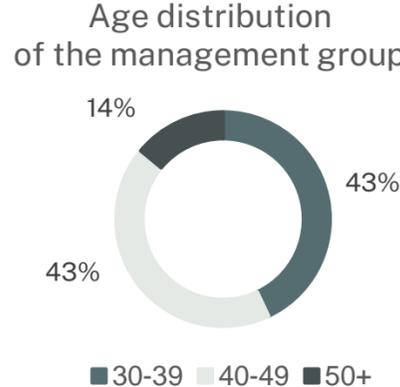
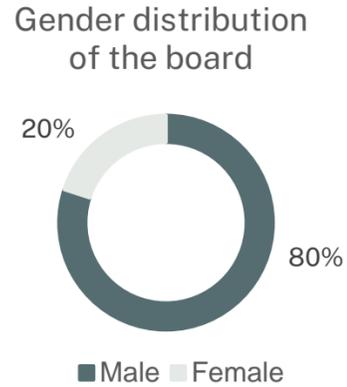
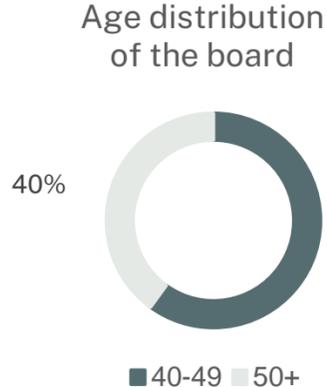
COMMON ESG CHARACTERISTICS AT CLOUD1 IN 2023

Employee well-being and top-level diversity

4.15/5.00
Average C1vibe pulse survey 2023

76,3%
Mehiläinen survey: "I have enough time to recover from work"

79/100
Siqni Liekki-index 03/2023



Other governance indicators

 Management and board level self-assessment

 Good governance practices handbook

 Internal audits

 Internal and external ESG reporting

 Transparent and well-described management structure and internal processes

 Board level review of strategic and ESG development

 Culture handbook

 Tax compliance

Note: Voland's measures common ESG characteristics, PAI indicators and company-specific parameters of each portfolio company. Due to incomplete data points, well-being surveys from 2022 cannot be accurately determined.

COMPANY-SPECIFIC INDICATORS IDENTIFIED BY MATERIALITY ANALYSIS

Three main ESG Development Programs

In addition to the PAI indicators required by the SFDR Article 8 and the common ESG characteristics presented in the previous slide, in parallel with the strategy work with Voland Partners, Cloud1 has formulated three sustainability goals to be integrated within the business strategy. These areas will guide the company’s everyday actions and shape the business practices going forward.

First, Cloud1 has recognized the importance of nurturing a culture of modern leadership practices, comprehensive talent development, and inclusive onboarding processes, with an aim to foster a work environment where every individual can thrive and contribute their unique talents.

Secondly, Cloud1 is committed to developing top-tier safety and security services within their service offering to protect the sensitive information of all stakeholders.

Third, a comprehensive code of conduct, including practices of anti-bribery and anti-corruption, upholding high ethical standards, adhering to legal and regulatory requirements, and actively engaging with surrounding communities, will be implemented. By being a responsible corporate citizen, Cloud1 aims to contribute positively to the social development and address the evolving challenges and opportunities that society faces.

Responsible conduct also contains the thorough understanding of the environmental impact the company has and how it aims to minimize it in the following years. Cloud1 plans to establish a robust carbon offset program to compensate for any remaining emissions. By investing in high-quality carbon offset projects, it will ensure that its environmental footprint is effectively mitigated.

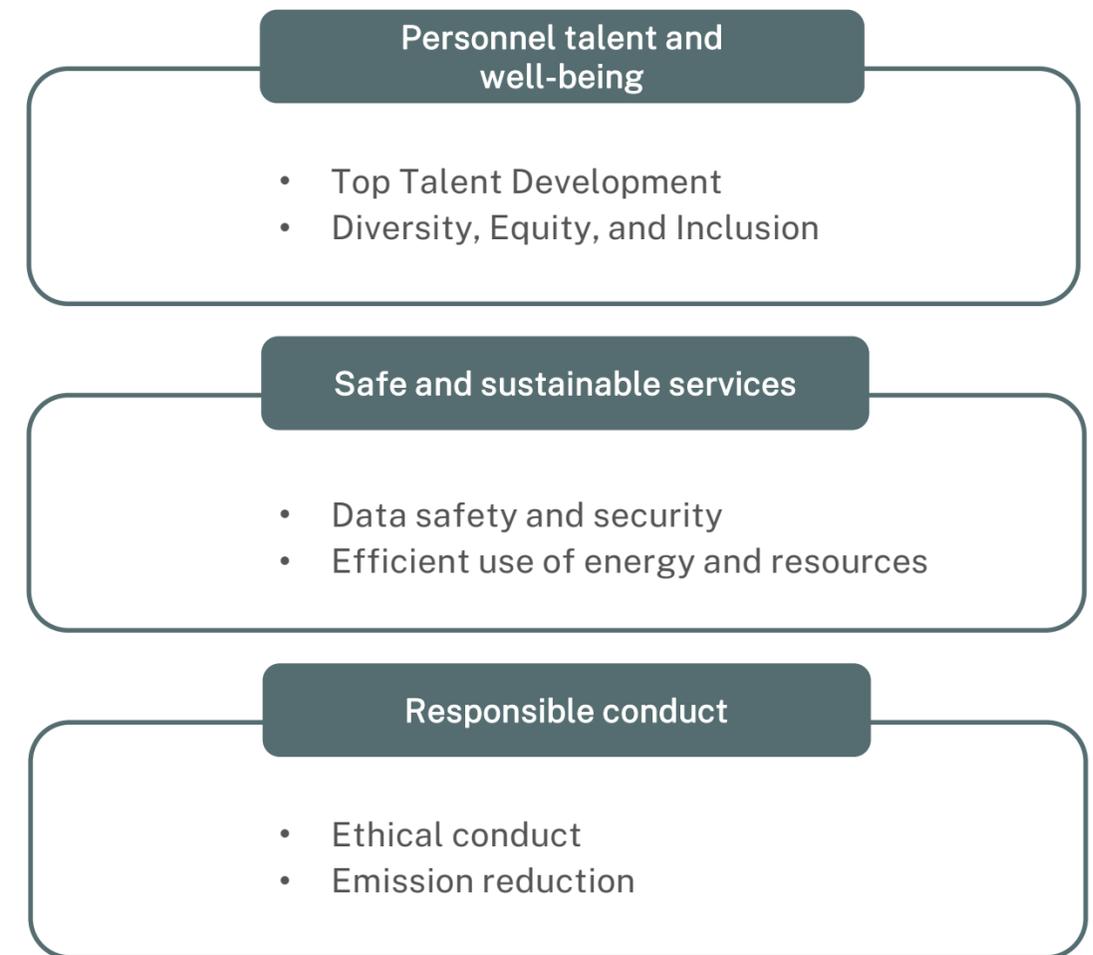


Figure 6. Cloud1’s ESG development targets

CARBON OFFSETTING

CARBON OFFSETTING

Voland offsets by engineered carbon removal methods

Carbon Removal Methods are employed to extract CO₂ from the atmosphere and store it in a stable form for long-term storage. Some methods can sequester carbon for hundreds or even thousands of years. Voland's carbon emissions have been neutralized using CO₂ Removal Certificates (CORCs) based on the **Puro.earth** Standard. This standard, aligned with the IPCC definition for carbon removal, is the first of its kind in the voluntary carbon market for engineered carbon removal methods.

Unlike voluntary offset schemes and mandatory schemes, carbon removal certificates provide a distinct approach. While other offset schemes primarily involve trading emission avoidance and face challenges in accurately measuring the absolute climate impact, carbon removal certificates guarantee the verified removal of carbon from the atmosphere.

Voland employs **Biochar** as its neutralization methodology. Biochar is a highly stable and solid form of carbon that can endure in soil for thousands of years. It finds diverse commercial applications, such as its potential use as a greenhouse additive, in soil regeneration, and in wastewater treatment. Derived from biomass or biowaste through the pyrolysis process (heating in the absence of oxygen), Biochar serves as an effective tool for scalable carbon removal.

Voland has neutralised its emissions from 2022 worth **3 CORCs**, which corresponds to **the removal of 3 tCO₂e**, calculated according to the GHG standard. Our biochar supplier is Carbon Hill based in the UK and the neutralisation will be registered in the Puro.earth's registry.



CLOSING LETTER

Leading the way in responsible investments

Voland was born with two guiding principles: responsible investment and technology knowledge. During the past year, we have created our responsible investment policy, implemented it in our own work, and worked it through with our portfolio companies. 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 have found efficient engineered carbon removal methods for 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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