

**2023**

# **Annual Sustainability Report**

**EVOLVER** 

# A growth partner for small businesses.

Evolver is a value-driven Private Equity investor adhering to the fundamental principles stated in the United Nations' Global Compact and the Principles for Responsible Investment. The Evolver Fund I is an Article 8 fund, meaning that sustainability is part of the overall value creation package.

## About us

As stated in ESG Policy, "Our investments should reflect our values". Contributing to the transition to more sustainable businesses resonates well with Evolver's core values building on responsibility and recognition of the importance of smart and healthy operations.

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 sustainability report consists of the annual environmental, social, and corporate governance topics of Evolver Fund I for 2023. In this report the company's recent efforts to integrate sustainability 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 Sustainability 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 Sustainability Officer: [lasse.kittelsen@evolverequity.com](mailto:lasse.kittelsen@evolverequity.com)

## Evolver Equity Ltd

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 owner-led businesses in realizing their inherent potential.

Evolver manages Evolver Fund I, a small-cap fund focusing on leveraged buyout investments in Nordic SMEs with a strong presence in Finland or Sweden.





# To our investors, partners and stakeholders.

While 2023 definitely included steps in the right direction when it comes to implementing and reporting on sustainability, there is still a lot of untapped potential in the sustainability related value creation opportunities.

## Unleashing potential

The core purpose for Evolver is unleashing potential. For nearly 15 years Evolver has explored and realized opportunities to release the inherent value-creation potential in small-cap investments in the Nordic market. While ethical and sustainable investments have been part of the investment strategy since Evolver's inception, the increased attention on ESG measuring and reporting has underpinned sustainability as an important value-creation component, further supporting Evolver's ambition to improve sustainability-related matters in all investment opportunities as a way to enhance value.

## Development of sustainability

Every year Evolver tries to identify the most critical improvement areas that are common for all portfolio companies. The 2023 theme was GHG emission measuring. While many of the companies in which Evolver invests are relatively speaking tiny contributors to GHG emissions, there are certainly aspects of every business that should be evaluated from a GHG emission perspective.

Several companies actually have a positive impact on GHG emissions when considering the services provid-

ed. This handprint effect can be far more significant than the emission levels produced by the company itself and serves as a positive force in marketing, employer branding and ultimately in the valuation of the company in the exit phase.

Going into 2024, Evolver has decided to further deepen the understanding of diversity and the untapped value-creation potential embedded within. In order to do so, we have launched a six-month project aiming to identify the primary strengths of diverse organisations and how such strengths can be leveraged in the value-creation process. The project consists of a theoretical evidence-based research phase, followed by a practical implementation phase based on the findings of the theoretical conclusions. The ambition is to implement improved diversity-related metrics and targets in at least one portfolio company during 2024.

## Fund key performance indicators

The portfolio companies have been encouraged to introduce the following fund specific KPIs: (i) Code of Conduct implementation (Governance) (ii) Ratio of renewable energy used (Emission Impact) (iii) Equal pay for work of equal value (Equality & Inclusion), and (iv) Employee Net Promoter Score (Employee Engagement). A summary of the progress so far is presented in the report.

# Investment policies, processes and fund terms.

Material changes of Evolver's relevant investment policies, processes, and fund terms regarding sustainability management.

## Investment policies

For Evolver, the most important sustainability related 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.

During 2023 no amendments to Evolver's relevant policies were made.



## Material ESG related incidents/changes

Evolver monitors ESG related matters on a weekly basis in weekly Management team meetings. Areas monitored are e.g.

- Employee well-being (social)
- AML (governance)
- Sustainability reporting, both portfolio companies and fund reporting (governance)

During 2023, no material ESG related incidents have been reported. Challenges observed during 2023 include changes of employees within portfolio companies affecting the reporting capability, as well as add-on acquisition increasing the complexity of sustainability reporting in the company.

## Sustainability risks and opportunities

The following risks and opportunities have been observed during 2023.

### Risks

- Increasing stakeholder demands
- Data availability (e.g. GHG)
- Commitment to sustainability in changing organizations
- Legislation
- Lack of reporting tools

### Opportunities:

- Actively identify and promote diversity related measures in portfolio companies
- Implementing reporting tools
- Further encouraging systematic sustainability work in portfolio companies to position the company ahead of competition

*Lasse Kittelsen*

LASSE KITTELSEN, EVOLVER  
[lasse.kittelsen@evolverequity.com](mailto:lasse.kittelsen@evolverequity.com)

# Sustainable development goals and our impact.

**5** GENDER EQUALITY



An increased focus on diversity is expected to drive value in Evolver’s investment activities. Gender diversity is part of the diversity puzzle, but understanding cognitive diversity is key to unlocking further value-creation potential. SDG 5 will continue to symbolize Evolver’s ambition to create value through diversity.

**8** DECENT WORK AND ECONOMIC GROWTH



Through the continuous support of decent job creation, entrepreneurship, and encouraging the growth of small and medium-sized enterprises Evolver drives meaningful positive impact in the small-cap space.

**13** CLIMATE ACTION



Increasing the total share of renewable energy used, as well as reducing the GHG emissions are both within Evolver’s sphere of impact. By implementing reliable measuring of said components, we believe we create more attractive assets for future buyers.

## FUND KPIs

Total fund capital

**54M€**

Active portfolio companies

**4**

5 GENDER EQUALITY



Average gender diversity

**39%**

8 DECENT WORK AND ECONOMIC GROWTH



Average eNPS score

**44\***

13 CLIMATE ACTION



Total GHG emissions

**743.5\*\***

\* Spinverse not included since metric is not comparable | \*\* Toyrock och Nordic Bim Group not included

# Fund I – Summary of fund-wide actions in 2023

## Sustainability actions 2023





In 2023 Evolver introduced GHG emission calculations to all portfolio companies. The portfolio companies participated in interactive GHS emission calculation trainings led by an external advisor (PwC). Together with the implementation of Code of Conduct (Governance), ratio of renewable energy used (Emission Impact), equal pay for work of equal value (Equality & Inclusion) and eNPS (Employee Engagement), GHG emission calculations is a part of the fund's common sustainability KPIs that portfolio companies are recommended to report on annually. This systematic work enables better outlook of the fund and separate portfolios to follow and improve sustainability work. Common KPIs and their implementation progress during 2023 is presented in a graph below. Implementation process will continue during 2024 to reach the goal of hundred-percent implementation.

## Implementation progress

- **Code of Conduct** - has been implemented by most of the companies (80%).

- **Ratio of renewable energy** - has been introduced but remains to be implemented for most companies.
- **GHG emissions** - has been calculated in the majority of the companies (80%).
- **Unadjusted gender pay gap** - has been implemented in the majority of the companies (60%).
- **eNPS** - eNPS (or the equivalent) has been implemented by all companies (100%).

## Evolver KPIs

	eNPS	<b>75</b>
	Gender diversity	<b>14%</b>
	Unadjust gender pay gap	<b>2.74%</b>
	GHG (tCO2)	<b>2</b>








# Nordic BIM Group

Nordic BIM Group is a software and consulting company specializing in creating digital advantage for their customers by adapting building information modelling (BIM) and PropTech tools to Nordic market conditions.

## Sustainability at Nordic BIM Group

Responsibility has always been central to our operations and at Nordic BIM Group we are devoted to a broad range of environmental, social and governance (ESG) commitments. These elevate our business, create value for our shareholders and investors, support our employees and customers and show respect to the local communities in which we work.

We believe ESG is our corporate responsibility as digitizer of the AEC industry, as well as an opportunity to promote good business ethics and focus on a more sustainable and resilient future - The world isn't perfect, and neither are we. This is an ongoing journey, and we are working hard to reach our goals. We learn and develop as we go and will be more sustainable over time.

	Employees	<b>51</b>
	Revenue in M€	<b>19.2</b>
	EBITDA	<b>23.3%</b>
	eNPS	<b>38 (+8)</b>
	Renewable energy%	<b>100%</b>

## Sustainability improvements

In 2023 we have continued to work according to ESG targets set based on UN sustainable development goals. In 2023 the company's own sustainability report including achievements and ambitions in more detail has been published for the first time. New sustainability centered offerings of Anavitor LCA and Green BIM certificate allow even more sustainable building design and assessment of environmental impact for our customers. Mandatory Code of Conduct training for all employees has been also launched to support common policies and principles.

## Measuring performance

Measuring is recognized as crucial part of our ESG ambitions as it allows continuous follow-up of the progress. From now on we follow our ESG progress in our annual sustainability reporting conducted by the ESG team. Employee well-being is one the main focuses for NBG as it is recognized core of our processes and success. Furthermore, usage of renewable energy demonstrates our commitment to climate action. GHG emissions have not been yet implemented due to lack of reliability in process, but ambition is to do so during 2024.



# Spinverse

Spinverse is the Nordic leader in innovation consulting, helping customers grow and solve global challenges with innovations.

## Sustainability at Spinverse

The core of our business and work with customers is heavily driven by sustainability and global challenges. Our sustainability areas focus on GHG emissions, energy efficiency as well as eco-friendly solutions and products. In terms of social responsibility, our key areas include employee satisfaction and engagement, employee development, employee turnover and diversity. Our areas of focus concerning governance include GDPR considerations, customer satisfaction and data security.

## Sustainability improvements

In 2023 sustainability activities were continued as planned. As a new improvement we introduced whistleblowing channel for staff members to create more open communication and better awareness within the company. Furthermore, initial target setting and improved measurements for our sustainability actions were put in place, and development of sustainable offerings is ongoing. Considering social aspect of sustainability "Great Place to Work" assessment was completed successfully, and certificate was renewed in Finland and received for the first time in Sweden.

	Employees	<b>100</b>
	Revenue in M€	<b>11.1</b>
	EBITDA	<b>2.1%</b>
	Great Place to Work	<b>82%</b> (-4%)
	Gender diversity	<b>43%</b> (-9%)
	Unadjust gender pay gap, Sweden	<b>12%</b>
	Unadjust gender pay gap, Finland	<b>10%</b>
	GHG (tCO2)	<b>271.5</b>

## Measuring performance

We have just recently decided on two main KPIs to measure and follow in terms of our ESG, besides our own company emissions. These KPIs will be tons of CO2 reduction equivalent of our key sustainability client projects, and connectivity, denoting the number of various stakeholders in Europe we engage in innovation projects. They both represent our impact on the markets, one key goal in our strategy. Employee engagement has been historically measured with GPTW Index, but eNPS will complement this measurement in the future.





# Toyrock

Toyrock is a leading importer, marketer and B2B distributor of toys, games and family leisure products in the Finnish market, with a growing presence in Sweden.







## Sustainability at Toyrock

High-quality and responsibly produced products are in the DNA of the group. As a company, we want to change and advance the operations of the industry to become more responsible. The Group has a clear target to be industry leaders in attracting motivated and skilled talents as well to secure well-being for employees.

We strive to build our operations around environmental friendliness, ethics, and safety. Safety in our operations and products is an absolute priority. Our portfolio includes more and more environmentally friendly products, using recycled raw materials. We strive to optimize the use of packaging materials and transport logistics to reduce our carbon footprint. Our company also has clear demands towards suppliers, with this we ensure that production has ethical standards.

## Sustainability improvements

As the biggest developments of 2023, we implemented a whistleblowing system for the company, we set KPIs that support the company's focus areas and measure things that the company tries to influence within its operations. We finalized the work with setting

	Employees	<b>88</b>
	Revenue in M€	<b>32.7</b>
	EBITDA	<b>8.3%</b>
	eNPS	<b>29</b> (-49)
	Gender diversity	<b>68%</b> (+35%)
	GHG (tCO <sub>2</sub> )	<b>Q2 2024</b>

of calculation principles for GHG-emissions for the Group. The work continues in 2024 with inclusion of gathered data from acquired Ilmapallokeskus Balloon Center Oy. Specifically aligning the data and principles used in the calculations, hence an accurate figure at group-level was not available by year end. internal reporting will start in Q2 2024 and will be monitored against a defined baseline for the Group. The general roadmap was updated in 2023 to better reflect the focus areas and KPIs.

## Measuring performance

Clear goals have now been set for the group's KPIs, which can be measured and compared. The GHG emission calculation, which will be updated during 2024 as described earlier, will supplement the emission related KPIs and enable target setting that can be used in the future. The KPIs are built around the company's goals, which also supports the UN's SDGs.



# XPartners

As a multidisciplinary technical consulting group, XPartners takes a collaborative approach to the way the built environment is planned, designed and constructed as a means of improving societal resilience and sustainability.

## Sustainability at XPartners

At XPartners we are committed to integrating Environmental, Social and Governance (ESG) considerations into our business practices to create long-term value for our stakeholders. The core sustainability areas and services that XPartners focuses on and provides to clients include energy optimization, climate calculations, life cycle analyses, reuse and circularity and a suite of validation and certification systems for a sustainable built environment, such as BREEAM, LEED, Miljöbyggnad, Well and Citylab. We use our internal collaboration platform Xbase to share and generate new knowledge and services that can be used for all clients in our projects. XPartners is participant in UN Global Compact and Swedish Green Building Council that naturally strengthens our commitment to sustainable development.

## Sustainability improvements

Together with the Fund's new co-owners Axcel, XPartners has identified calculations of GHG as one of its ESG focus areas. In 2023 the Company achieved reporting on energy consumption and GHG emissions scope 1,2 and 3 for 2022. In the beginning of 2024, the work continues with inclusion of all the newly acquired companies into the Group. This year the Group will complete a baseline for the reported GHG-emissions to be measured against. Updated calculations for 2023 will be finalized during Q2. Considering social aspects, we con-

	Employees	<b>436</b>
	Revenue in M€	<b>64.4</b>
	EBITDA	<b>19.4%</b>
	eNPS	<b>35</b>
	Gender diversity	<b>31%</b>
	Unadjust gender pay gap	<b>14%</b>
	GHG (tCO2)*	<b>470</b>

\*The figure was calculated as per end of year 2022 and includes only the actual six companies within the Group at that time. Group-level baseline to be completed in 2024.

ducted eNPS on all companies and moreover focused on gender diversity across all our functions and management teams. Governance actions in 2023 consisted of annual anticorruption and whistleblowing channel trainings. Across all these ESG areas, clear goals for the following year were implemented.

## Measuring performance

Measuring sustainability performance is in a key role of our functions and it is employed through all the ESG dimensions. In addition to this target setting and benchmarking plays also great role in our sustainability strategy to meet our goals and ambitions. Measurements are conducted in the fields of governance, environmental impact, employee wellbeing, and diversity and inclusion to better assess and manage our impact on people and environment. GHG calculations will complement these measurements during 2024.

# Evolver Equity in 2024

In 2024 implementation of common KPIs and GHG emission calculations is continued to achieve full alignment of relevant sustainability initiatives from a fund perspective. The process will be continuously supported by the fund and a more systematic reporting will be possible by introducing a common reporting platform.

To further strengthen the value creation potential of sustainability initiatives in 2024, increased emphasis will be put on social aspect of sustainability as diversity, equity and inclusion (DEI) matters are promoted. The prioritized initiatives will be based on research into the value creation aspects of diversity. KPIs measuring the relevant diversity metrics will be introduced in the portfolio companies.

# Appendix

[Evolver Annual Sustainability Report RTS 2023.pdf](#)