



CAPITAL
FOUR

NOVEMBER 2025

Sustainability Report 2024

We partner with great companies to positively transform the future

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About this Report

This Report covers Capital Four Management Fondsmæglerselskab A/S and Capital Four AIFM A/S, hereinafter jointly referred to as “Capital Four”. The data presented in this Report covers the period from January 1st, 2024, to December 31st, 2024.

Letter from Management

In 2024, the ESG landscape experienced a shift in focus. After several years of strong momentum and broad support across the financial industry, discussions increasingly concentrated on the effectiveness of ESG integration and its role within investment decision-making, particularly in relation to long-term societal impact. Addressing these issues requires significant commitment and effort from both investment managers and investors, making it essential that ESG initiatives are structured to deliver meaningful and measurable outcomes.

At Capital Four, we remain committed to the course we have set in recent years within ESG. We recognize the responsibility it entails to be entrusted with managing more than EUR 20 billion in assets for leading global investors: we should deliver competitive, risk-adjusted financial returns for our clients over the long term, while also recognizing our broader impact on society.

As a continuation of this commitment, 2024 has been yet an important year for our ESG efforts. Several key initiatives were rolled out across our platform:

One major milestone was the rollout of our Engagement Policy. This initiative was about actively using our position as an investor to engage with portfolio companies. By year-end, we had engaged with more than 160 portfolio companies in total, fostering transparency, promoting our commitment to positive societal change, and ensuring sustainability risks and opportunities are addressed. Another major development was the initiation of enhancing and updating our ESG scoring framework. With the vast increase in available ESG data, we saw the opportunity to design a more structured and objective framework to integrate this data into our investment process. The updated ESG scoring allows a more comprehensive assessment of risks and opportunities using the full range of information and data available

to us. The enhanced framework also reflects notable improvements in ESG data coverage, ensuring a more consistent and data-driven assessment of sustainability risks and opportunities across our portfolios.

Finally, 2024 also saw the rollout of existing ESG initiatives across some of our strategies, ensuring that key sustainability assessments are applied across our platform. This includes Principal Adverse Impact (PAI) screening and Net Zero alignment assessments where relevant, reinforcing our commitment to responsible investing across asset classes.

We are proud of the progress we have made in advancing our sustainability ambitions and strategy. Looking ahead, we remain focused on refining our sustainability framework and driving ESG integration forward to ensure that our investment decisions continue to support both financial performance and commitment to positive societal outcomes.

Lastly, we would like to thank our investors for their continued trust, dialogue, and collaboration, which have been instrumental in shaping and strengthening our ESG journey. Together, we look forward to building on this momentum in the years ahead.



Sandro Näf
CEO, Portfolio
Manager &
Co-founder



Torben Skødeberg
President, Portfolio
Manager & Co-founder

Focus Areas 2025 and Beyond

In 2025 and beyond, we at Capital Four are dedicated to advancing our ESG efforts across multiple focus areas. This includes:

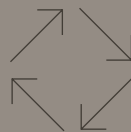
Developing a Do No Significant Harm (DNSH) framework. With most data now in place, we will formalize our approach to assessing DNSH when identifying sustainable investments.



Defining and developing a positive contribution framework. For our private debt investments, we will develop a methodology for identifying sustainable investment including evaluating potential data providers.



ESG Scoring and Data Enhancements. Rolling out our new enhanced ESG scoring framework across all parts of our business and investment process, ensuring consistency and deeper ESG insights across asset classes.



Expanding and refining our data foundation for ESG analysis. Over the past year, we have made significant improvements, particularly in illiquid investments, where we continue to strengthen the depth and consistency of available data.



Responsible Investments Across our Platform

At Capital Four, our responsible investment approach is embedded across our investment platform, ensuring that sustainability risks and opportunities are systematically integrated throughout the investment process. In this section, we provide a detailed overview of our sustainability practices, outlining how ESG considerations are applied across our platform, from screening and investment decisions to active engagement and continuous monitoring.

Pre-investment Screening and Exclusions

Our pre-investment screening process and exclusion are guided by our company's responsible investment standards, which include exclusions and global standards.

Exclusions

At Capital Four, we seek to invest in companies that demonstrate progress along a sustainable transition pathway and actively engage with issuers to support that journey. As part of our firmwide pre-investment screening, we apply exclusions to sectors and activities that are fundamentally misaligned with our sustainability objectives or where engagement is unlikely to drive meaningful change. These exclusions include:

- Companies involved in controversial weapons, where engagement has limited potential to drive meaningful change.
- Industries with significant negative health impacts, such as tobacco production.
- Highly carbon-intensive energy sources, such as thermal coal mining and coal-based energy production, where revenue dependence on these sources exceeds a certain threshold.

We also conduct thorough screening of investments to ensure compliance with international sanctions, including EU and UN's sanctions lists.

Compliance with Global Standards

In addition to exclusion and sanctions compliance, we also evaluate investments against key international standards, including:

- UN Global Compact (UNGC) Principles
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises

Violations of these standards are flagged, and portfolio companies that do not take reasonable action to address the issues are excluded from investment consideration.

This includes avoiding direct investments in companies that engage in aggressive tax planning, defined as exploiting tax technicalities or inconsistencies across jurisdictions in ways that contradict the intent of tax legislation.

Please see our [Responsible Investment Policy](#) for more information.

Principle Adverse Impact Indicators

Principal Adverse Impacts (PAIs) are a set of sustainability indicators that measure the potential negative impact of an investment on Environmental, Social, and Governance (ESG) factors. In our ESG framework, PAIs play a central role in identifying and assessing potential negative impacts of a company’s operations, helping to highlight areas where sustainability risks may be material. Concretely, we assess all 14 mandatory PAIs alongside two voluntary indicators: Whistleblower protection policies (governance) and investments in companies without carbon emission reduction initiatives (environmental).

For liquid credit strategies, we primarily use Octus ESG, supplemented by MSCI, as our data providers. For our illiquid portfolios (private debt), where PAI data is less readily available, we use eFront®, a part of BlackRock, which provides a detailed ESG questionnaire sent to portfolio companies to support data collection.

Central in our PAI assessment is to identify portfolio companies that are negative outliers within an indicator. Our approach here differs for quantitative and qualitative indicators:

- *For quantitative indicators*, e.g. carbon emissions, we define an outlier as portfolio companies that fall in the worst 25% within their industry.
- *For qualitative indicators*, e.g. the presence or absence of a whistleblower protection policy or carbon emission reduction initiatives, we assess them as binary variables and flagged if not in place.

PAI performance is directly embedded into our ESG scoring framework, influencing company ratings across environmental, social, and governance pillars.

GHG Emissions

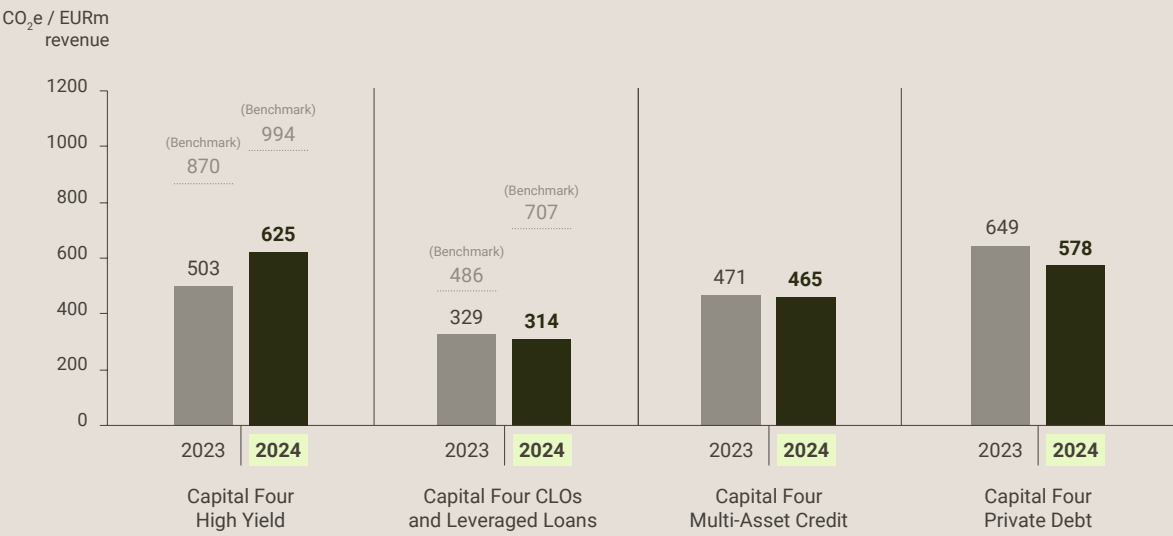
Understanding both the absolute emissions and carbon intensity of portfolio companies is central for us to evaluate portfolio companies’ environmental impact and exposure to transition risks.

When calculating carbon intensity on a portfolio level, we use a weighted average, based on portfolio weights of each investment, so-called Weighted Average Carbon Intensity (WACI). Here the company’s carbon emissions are set relative to their revenue so it can measure how effectively the company uses carbon emissions compared to its size. See Figure 1 for the carbon intensity (Scope 1, 2, and 3) across four of our strategies.

We collect carbon emissions data using a systematic data waterfall approach, prioritizing issuer-disclosed data where available. When company-reported emissions are not provided, we rely on third-party data providers, to supplement the dataset. If neither is available, we apply industry average estimates as a fallback. This ensures that we achieve broad coverage across our portfolios while recognizing the limitations of current emissions reporting, particularly in private markets.

From 2023 to 2024, the results show a varied development across Capital Four’s strategies. High Yield portfolios recorded an increase in carbon intensity, mainly driven by higher reported Scope 3 emissions, yet they continue to compare favourably to their benchmark, which remains significantly more carbon intensive. CLOs and Leveraged Loans showed

Figure 1 – Carbon Intensity Scope 1, 2 and 3¹



¹ The figure shows PAI 3 (Weighted Average Carbon Intensity - WACI) for the respective portfolios and benchmarks, calculated as the weighted average CO₂e emissions (Scope 1 & 2, and Scope 3) relative to revenue, as per SFDR methodology. High Yield Benchmark: ICE BofA European Currency High Yield Constrained Euro Hedged (HPC0). Leveraged Loans Benchmark: Credit Suisse Western European Leveraged Loan Index (Non-USD).

a slight decrease in intensity and remain well below their benchmark, reflecting the relatively lower carbon exposure of portfolio holdings. Multi-Asset Credit remained broadly stable, while Private Debt experienced a reduction in carbon intensity, supported by improved data coverage and increased transparency among borrowers.

In summary, while trends differ across strategies, all Capital Four portfolios remain substantially less carbon intensive than their respective benchmarks. These results demonstrate the continued impact of ESG integration and data enhancements, while also highlighting where targeted climate engagement can further drive progress toward long-term decarbonisation goals.

Net Zero Alignment Assessment

A key component of our ESG framework is the net zero alignment assessment, which allow us to evaluate 1) whether portfolio companies are following a credible decarbonization pathway and 2) integrates transition risks into our investment process. Our approach is based on the Net Zero Investment Framework (NZIF 2.0) and categorizes companies into five groups:

1. **Net Zero:** The company has achieved net zero emissions.
2. **Aligned:** The company is on track to achieve net zero by 2050, with clear, credible targets and transition plans. It has proven emission reductions in line with its stated commitments.
3. **Aligning:** The company has a credible net zero plan but lacks full verification or full implementation. May not have delivered emission reductions consistent with their defined pathway.
4. **Committed:** The company has publicly committed to achieving net zero but has not yet set concrete, measurable targets or detailed plans to achieve it.
5. **Not Committed:** The company has made no net zero commitments.

These assessments are documented in our investment analysis, forming a key input into investment decisions. They provide a structured evaluation of transition risks and help ensure that our portfolios align with broader sustainability objectives. The net zero alignment assessment also feeds into the Environmental (E) component of our ESG scoring framework, influencing how we assess a company's overall sustainability profile.

The alignment assessment is also an important input to Capital Four's overall net zero commitment, outlined below in the section "*Capital Four's Net Zero Commitment*".



ESG Scoring

In 2024, we initiated our updated ESG scoring framework, enhancing how we assess sustainability risks and opportunities across our investment strategies. The updated model builds on previous versions, incorporating improvements in data coverage, methodology, and alignment with evolving ESG standards. The updated framework provides a more structured and data-driven approach to evaluating ESG factors, supporting a more data driven assessment of sustainability risk.

The ESG scoring framework assigns companies a score from 1 to 5 across three pillars: Environmental, Social, and Governance. A score of 1 reflects excellent ESG standards and low ESG risk, while a score of 5 indicates poor ESG standards and high ESG risk. Each score reflects the company’s sustainability performance, with a focus on material risks and opportunities. We have identified Climate change, Human capital, Corporate governance, and Corporate behavior as the key material ESG themes. ESG risk factors can include:

- **The environmental pillar** prioritizes actual or potential threat of adverse effect on the natural environment and systems, and lack of alignment with a net zero future.
- **The social pillar** assesses the rights and wellbeing of employees, people, and communities.
- **The governance pillar** evaluates the system of rules, policies and processes which govern the companies.

The updated ESG scoring model is supported by a stronger data foundation, leveraging multiple sources to improve the reliability and objectivity of assessments. It is a proprietary model that combines company-reported data with information from leading third-party ESG data providers. This includes inputs such as PAI screening, net-zero alignment assessments, controversy screening, and broader ESG coverage across industries. For private debt portfolios, ESG data is supplemented by direct company questionnaires to ensure comprehensive and consistent coverage.

While the framework is data-driven, analysts retain the ability to adjust scores in specific cases, ensuring that qualitative insights and company disclosures are considered alongside quantitative data. Please see Table 1 for an overview of the ESG scores across our investment strategies.

Please see our [ESG Scoring Whitepaper](#) for more information

ESG as a Part of Investment Decisions

ESG factors are an integrated part of our investment decision-making process, considered alongside financial metrics to provide a comprehensive risk and opportunity assessment. Our approach ensures that sustainability risks and opportunities are systematically evaluated and incorporated into our bottom-up credit selection process.

Concretely, the following ESG elements appear as independent factors in the investment analysis:

- **ESG Score:** A consolidated assessment that aggregates key ESG considerations.
- **GHG Emissions:** Evaluated both in absolute terms and as carbon intensity, allowing us to assess transition risks.
- **PAI Screening:** All 14 mandatory PAIs and two voluntary indicators (Insufficient whistleblower protection and Investments in companies without carbon emission reduction initiative) are assessed, with outliers flagged.
- **Net zero alignment assessment:** Companies are assessed on their alignment with net-zero targets following the NZIF 2.0 categories.

Table 1 – Company ESG Score

Strategy	ESG Score ²	E Score	S Score	G Score
High Yield	2.45	2.14	2.48	2.86
CLO's and Senior Loans	2.38	2.19	2.29	2.61
Multi-Asset Credit	2.20	2.01	2.18	2.45
Private Debt	2.46	2.46	2.44	2.65

² The total ESG Score is not an average of the E, S, and G pillar scores but a composite measure based on Capital Four's proprietary ESG framework, which applies materiality-weighted assessments across key themes and data sources.

Ongoing Monitoring

Responsible investing extends beyond the initial investment decision. We continuously monitor key ESG factors, ensuring that portfolio companies remain aligned with international standards, regulatory requirements, and our responsible investment principles. Our research management system (RMS) allows us to track and update relevant ESG data in real time, ensuring that emerging risks are identified and addressed proactively.

If a company is flagged for a potential ESG concern, following our firm-wide restrictions and any additional mandate/funds investment restrictions and requirements, such as a breach of international standards or being a PAI outlier, we initiate a structured response:

- 1. **Internal Review:** Our analysts assess the flagged issue, determining the severity, underlying causes, and potential risk implications.
- 2. **Engagement:** If the issue is material but can be addressed, we engage directly with the company to seek improvements, such as enhanced disclosure, governance changes, or net-zero commitments.
- 3. **Reevaluation of Investment Decision:** If the company does not take adequate steps to mitigate the identified risk within a reasonable timeframe, we reassess our investment position, which may result in adjusting or exiting the investment.

Principles for Responsible Investment

As a signatory of Principles of Responsible Investment (PRI), we strive to advance our incorporation of ESG into our investment practices, increase disclosure and improve our engagement efforts.

For more information, please see our [PRI Transparency Report](#) and our [PRI Assessment Report](#).

Signatory of:



Policy Governance and Strategy

Capital Four score: 84 of 100
Median score: 76 of 100



Direct – Fixed Income – Corporate

Capital Four score: 93 of 100
Median score: 73 of 100



Direct – Fixed Income – Securitised

Capital Four score: 74 of 100
Median score: 65 of 100



Direct – Fixed Income – Private debt

Capital Four score: 90 of 100
Median score: 80 of 100



Confidence building measures

Capital Four score: 80 of 100
Median score: 80 of 100

Strategy Specific ESG Initiatives

While many of our ESG initiatives apply across our entire investment platform, certain strategies have additional ESG elements tailored to their specific regulatory requirements and asset class characteristics.

A significant portion of these initiatives relates to our Article 8 funds. Beyond Article 8 funds, we also implement distinct ESG approaches for CLOs, reflecting the unique nature of these asset classes.

In the following sections, we outline these strategy-specific ESG elements, detailing how they contribute to our overall responsible investment approach.

Article 8 Portfolios

In total, we manage 7 Article 8 portfolios promoting environmental characteristics for our bond, loan, and multi-asset credit strategies, representing around 30% of all the funds in these strategies. In our private debt strategy, we manage 6 Article 8 Sustainability-Linked Loan portfolios promoting environmental and social characteristics, representing around 50% of all the funds in the private debt strategy. Together, these Article 8 portfolios demonstrate Capital Four's broad and growing integration of sustainability considerations across its investment platform.

To ensure good governance, we assess corporate governance practices, transparency, and adherence to international

standards such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. Investments are screened for risks related to sanctions, corruption, and unethical business practices, triggering internal reviews and engagement where necessary. Governance risks are continuously monitored, and if concerns persist without corrective action, divestment may be considered.

Furthermore, the funds must have a characteristic that promotes environmental and/or social objectives. Concretely, this is achieved through one of the following approaches:

1) Lower Carbon Intensity than the Benchmark

For funds that aim to maintain a lower carbon intensity than the benchmark, we apply measurable targets for the Weighted Average Carbon Intensity (WACI). Depending on the specific fund, the portfolio WACI must be at least 10-20% lower than that of the relevant benchmark. This ensures that investments are directed toward companies with lower carbon footprints or those actively working to reduce emissions.

2) Net Zero Alignment and Climate VAR Assessment

For funds classified as net zero-aligned, we follow a structured decarbonization pathway in line with our Net Zero Asset Managers (NZAM) commitment. These funds are required to reduce their WACI, adjusted for inflation, by 50% by 2030 compared to the 2020 baseline and to reach net zero by 2050.

For further details on our approach, please see the section "Capital Four's Net Zero Commitment" below.

3) Sustainability-linked Loans (for Private Debt)

For our private debt platform, Sustainability-Linked Loans (SLLs) serve as the environmental and social characteristic. These loans are structured to incorporate ESG-related Key Performance Indicators (KPIs) that borrowers must meet, ensuring a direct link between financial terms and sustainability performance. By embedding measurable environmental and social targets into loan agreements, we actively encourage portfolio companies to improve their sustainability practices over time.

Our approach prioritizes engagement and accountability, ensuring that borrowers commit to ambitious yet achievable ESG goals. These private debt investments include customized ESG metrics, which may cover areas such as:

- Carbon footprint reduction
- Reduction of labor incidents
- Supplier Code of Conduct



Private Debt Case: **Werksta**

About Werksta

Werksta, founded in 2015, is the leading independent car multi brand damage repair chain in the Nordics and the Netherlands. Werksta acts as a one-stop shop across its +110 locations, with a full-range service offering covering damage assessment, body repair and replacements, as well as glass/windshield repair. The Company repairs all major car brands and models and has a broad range of manufacturer authorizations. Repairs are typically performed on behalf of large insurance firms who refer their damage claimants towards a selection of preferred damage repair partners. Since its foundation in Sweden the Company has grown by both acquisitions and greenfield investments as well as expanded geographically to Finland and Norway. Consolidation rationale in the industry is driven by relatively concentrated customer groups (primarily insurance companies and fleet owners) who wish the best possible service for themselves and their customers (end customers) and are focusing on a lower number of co-operation partners.

Private Equity Owner

Founded in 1986, Procuritas is a Swedish Private Equity firm focusing on Nordic companies in the mid-market segment. The firm has

led, co-led, or advised more than 45 buyouts in the Nordic region with a combined consideration of more than SEK 12 billion.

Case

Procuritas founded Werksta in 2015 by merging two damage repair shows in Sweden and in May 2022, Capital Four became a lender to the Company. The financing agreement is a Sustainability-Linked Loan with three KPIs and annual Sustainable Performance Targets (SPTs) tied to the periodic interest payments, with the aim of incentivizing Procuritas and Werksta to promote environmentally and socially sustainable economic activity. In return, Werksta can benefit from a reduced margin leading to reduced interest payments. However, failure to meet the targets KPIs will result in an increased margin and higher interest payments.

Werksta's sustainability goals are based on a materiality analysis and is well-integrated into the business. Primary focus lies within six of the seventeen UN Sustainability Development Goals: Good Health and Well-being, Gender Equality, Affordable and Clean Energy, Decent work and Economic Growth, Responsible Consumption and Production, and Climate Action. Based on these overall themes and



the Company's own analysis, Werksta proposed relevant and material KPIs and related SPTs to be implemented in the loan documentation.

The specific KPIs linked to the financing facility are as follows and includes annual target increases until 2029: 1. Share of women in the workforce increasing to 11.9% in 2029. 2. Increase the percentage of Plastic and Glass repair to 40% of overall number of repairs (instead of using spare parts). 3. Increase the Employee Net Promotor Score, based on the annual employee survey to 39.2 in 2029.

Capital Four engaged the internal ESG team to evaluate the proposed KPIs and SPTs using the Sustainability-Linked Loan Principles (SLLP) published by LSTA. This analysis showed that all KPIs are relevant, robust and

reliable. Additionally, the rationale and ambition levels for the SPTs were predominantly high with appropriate benchmarking and baseline approaches.

The custom-tailored selection of KPIs and SPTs allows Capital Four to support and influence the borrower's sustainability goals, aligning them with the material ESG risk assessment factors for Werksta. Achieving these targets will result in a gradual improvement of Werksta's ESG score, which will be incorporated into our assessment of the company's overall risk-return profile. Accountability is ensured through the annual submission of a Sustainability Compliance Certificate to Capital Four, providing oversight of the annual compliance with the SPTs. In 2024, Werksta met all KPIs and thereby realized a reduction in the margin.

CLO Manager Scoring

Capital Four's ESG scoring framework for CLO managers employs a bottom-up approach to evaluate performance across three key areas: Environmental, Social, and Governance. Each manager is assigned a score from 1 to 5, where 1 indicates the strongest ESG alignment, and 5 reflects the absence of any relevant policies and/or unaddressed controversies.

The overall ESG score summarizes the manager's comprehensive approach to sustainability. This includes confirming their UNPRI signatory status and analyzing the substance of their transparency report responses, in addition to reviewing their answers to standardized questionnaires from the European Leveraged Finance Association (ELFA), and whether they conduct United Nations Global Compact (UNGC) screening.

- The Environmental score assesses the managers' environmental policies and targets, awarding a top score of 1 to managers aligned with Net-Zero goals, both in their CLOs and on a company level, and that adopt investment restrictions centered on environmental criteria.
- The Social score focuses on policies related to social issues and controversial weapons, with a top score of 1 assigned to managers that incorporate Sustainable Development Goals (SDGs) into their CLOs, maintain an engagement policy with their investments and integrate social irresponsibility exclusions in their investment process.

- The Governance score reflects the managers' governance procedures focusing on both their internal corporate governance and the governance of their investments. Specifically, a score of 1 is attributed to managers with a 50% independent board, an established whistleblower policy, as well as robust investment due diligence and governance-based exclusions.

Beyond evaluating managers, we also assess emission data of the underlying collateral. This includes integrating carbon data into our investment analysis to identify exposure to carbon-intensive companies. For each CLO, we calculate the Weighted Average Carbon Intensity (WACI), based on available emissions data from underlying issuers.



Task Force for Climate-related Financial Disclosures

Introduction

Aim and Scope of the Disclosure

At Capital Four, we are committed to understanding the financial impact of climate-related risks and opportunities on our investments, as well as on our business strategy and operations. This section outlines our actions aligned with the TCFD. This section is structured to reflect the 11 TCFD-recommended disclosures, including governance, strategy, risk management, and metrics and targets. Capital Four continues to report according to TCFD despite TCFD has fulfilled its remit and disbanded in October 2023.

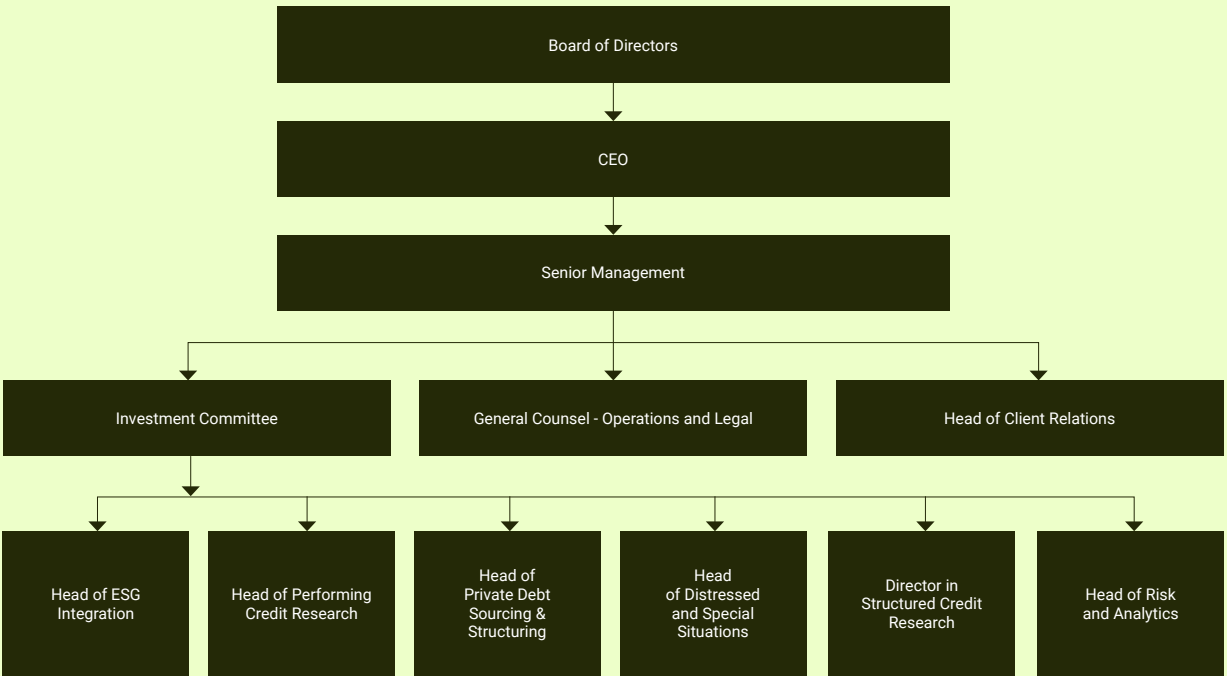
2024 Key Highlights

In 2022, we started reporting on the TCFD recommendations for the year 2021 as a step towards improving transparency regarding our climate-related risks and opportunities. Capital Four is pleased to present our fourth disclosure against the TCFD recommendations.

Key highlights for 2024 include:

Governance

Whilst all employees at Capital Four share the responsibility for executing our strategy to address climate-related risks, we have a governance structure to ensure that we fulfil our stewardship duties, which includes oversight and management of climate-related risks and opportunities. Please see the illustration for an overview of core governance functions.



The Board's Oversight of Climate-related Risks and Opportunities

The Board of Directors is responsible for monitoring and overseeing Capital Four's progress against goals and targets for addressing climate-related issues. Sustainability, including climate-related factors, is a part of Capital Four's strategic

goals, which are discussed and approved at Board level on an annual basis. The Board will also discuss climate-related risks on an ad-hoc basis. The CEO reports to the Board and has overall responsibility for Capital Four's Responsible Investment Policy and adherence to it. The policy includes the assessment of sustainability risks, including climate-related

risks, and is implemented through our ESG framework. Capital Four's Policy for Qualifications and Competence for the Board of Directors includes an evaluation of ESG experience, including climate-related factors. In addition, the Management team receive ongoing and ad hoc training to develop their climate competencies, such as training sessions on the Net Zero Asset Managers initiative, SFDR classifications and disclosure requirements, and ESG data developments.

Management's Role in Assessing and Managing Climate-related Risks and Opportunities

The Investment Committee is responsible for integrating sustainability risks, including climate-related risks, into the investment process and holds sole authority over investment decisions. Together, the Heads of Performing Credit Research, Head of Private Debt Sourcing & Structuring, Head of Distressed and Special Situations, Head of ESG Integration and Head of Risk and Analytics drive the integration of climate and broader ESG analysis into the investment process, including the development of GHG emission and ESG related data analytics tools.

In 2024, Capital Four setup a dedicated ESG Integration-team reporting directly to the investment committee with the responsibility of the overall implementation of Capital Four's climate-related commitments across investment strategies. The Risk and Analytics Team is responsible for analyzing and reconciling GHG emission and carbon intensity data for all asset types. This includes ensuring that data obtained from external data providers is accurately reflected in Capital Four's data management platform, that data collection methodologies are followed, and that the relevant data is included in all risk reports. The Operations team is responsible for monitoring compliance with the investment mandate, and it is part of every Capital Four employee's role to uphold the firm's ESG and climate-related objectives. The Client Relations Team is responsible for engaging with existing and potential new

investors with the aim of managing an increasing number of portfolios in line with the Article 8 WACI strategy, the Article 8 SLL strategy and Net Zero Strategy which the Head of ESG Integration is responsible for.

Strategy

We acknowledge that climate risk and opportunities can have a financial impact on our investments, and we are continuously working to improve our strategies to future-proof our business. The climate-related risks and opportunities the organization has identified over the short, medium, and long term

Our Investment Activities

We define transition risks as the future taxes a company may need to pay due to its carbon emissions. Transition costs may affect the company's ability to service debt, especially those with a high loan-to-value ratio. For all portfolios managed in line with our Net Zero Strategy, we apply Climate Value at Risk metrics to quantify potential losses under different climate scenarios. Currently, we have not identified any material physical risks to our business. Our investment activities mainly take place in Europe and the United States, which are regions that are associated with low physical risk. We will continue to monitor physical risks as the data quality improves.

Our Operations

We have not identified any material transition or physical climate-related risks to our operations. Our business is mainly centered around a few leased office locations in Europe and the United States, and we can maintain a flexible working environment.



The Impact of Climate-related Risks and Opportunities on the Organization's Businesses, Strategy, and Financial Planning

As part of the investment process, we assess a company's GHG emissions and carbon intensity for all investments. This has enabled us to develop new strategies that actively promote environmental characteristics and directly tied to carbon emissions through our Article 8 WACI product and Net Zero Strategy. Moreover, for our Article 8 WACI portfolio within our bonds, loans, and multi-asset credit strategies, we are committed to maintaining a portfolio WACI that is at least 10 to 20% lower than its benchmark and we can assess the WACI of a portfolio versus its benchmark at any point, (split by sector or through full aggregation).

We will continue to work on integrating these factors more comprehensively into our investment processes. We believe that improved data quality and carbon emission reductions from our investee companies will strengthen the attractiveness of our investment strategy. In December 2022, Capital Four became a signatory to the NZAM. This means that Capital Four is committed to ensuring that all AuM reach net zero GHG emissions by 2050, or sooner.

We have identified investment products with good climate risk properties, ie. Net Zero and WACI products, which are both a business opportunity for Capital Four and can help our clients mitigate climate risks and utilize related opportunities. We continue to invest in the development of solutions and products to support our clients in reaching their aspirations to mitigate climate risk and utilize the opportunities. Please see page 19 for more information on our Net Zero Strategy.

The Resilience of the Organization's Strategy, Taking into Consideration Different Climate-related Scenarios

For all portfolios managed in line with our Net Zero Strategy, we conduct climate scenario analysis by applying Climate

Value at Risk metrics to quantify potential losses. Capital Four has developed an in-house model that assesses the exposure to, and impact of, transition risks on the credit risk of investee companies, alongside PAIs. We use Climate Value at Risk metrics to estimate potential losses at the asset and portfolio level. See page 20 for details.

Risk Management

Our identification, assessment and management of climate-related risks encompass a range of strategies, including top-down investment risk analysis, portfolio company monitoring and engagement efforts.

The Organization's Processes for Identifying and Assessing Climate-related Risks

We identify and assess sustainability risks, including climate-related risks, for all investment issuers we invest in. This process involves utilizing a variety of internal and external tools and sources, including climate scenario analysis, alignment to a net-zero pathway, and our ESG scoring model. We collect PAI data from investee companies through external data providers, and compare company performance and targets to benchmarks to identify outliers to prioritize our engagement with companies.

The organization's processes for managing climate-related risks and how these processes are integrated into the organization overall risk management.

Our Investment Activities

The Investment Committee is responsible for making investment decisions, and our investment analysts incorporate climate-related risks into the investment analysis. There have been previous cases where we have refrained from making investments due to sustainability risks, including high carbon emissions. We actively engage with portfolio companies to support emission reductions. In our private debt strategies, we directly tie environmental or climate-related KPIs to the borrowing costs.

In 2024, we entered into 9 new direct lending agreements, all of which included Sustainability-Linked Loan (SLL) features. We expect implementation to increase over time as agreed KPIs are rolled out and monitored in line with the loan documentation. For our SFDR Article 8 WACI products for our bonds, loans and multi-asset credit strategies, the WACI at the portfolio level is a binding investment constraint. This could potentially result in investment rejection or portfolio restructuring if required.

Our Operations

From an operational perspective, all employees have the option to work remotely, reducing business risk stemming from physical climate hazards. Moreover, our IT infrastructure and data are managed through the cloud, further mitigating our risk.

We utilize 100% green electricity across our office in Copenhagen to minimize carbon footprint and mitigate energy-related risks.



Metrics and Targets

In 2024, we continued to use various metrics to track progress against our climate strategy, ensuring transparency and accountability for climate impacts and risks.

Metrics to Assess Climate-related Risks and Opportunities

GHG Emissions from our Investments

GHG emissions data is a key factor in Capital Four's credit analysis, as carbon-related costs and risks may significantly impact a company's financial performance. We obtain GHG emissions data from portfolio companies through external data providers and use estimates or industry averages to fill any data gaps. Capital Four remains committed to enhancing data accuracy and coverage as more information becomes available from portfolio companies in the coming years. The carbon intensity for each investment strategy is disclosed on page 6.

GHG Emissions from our Operations

The climate impact from our own operations includes GHG emissions from company vehicles (scope 1), electricity consumption (scope 2), business travel and paper consumption (scope 3). Carbon emissions from flying are offset with high-grade carbon offsetting schemes. Please see further details on page 22.

Targets to Manage Climate-related Risks and Opportunities

Targets for our Investments

In December 2022, Capital Four became a signatory to the NZAM. By pledging to achieve net zero GHG emissions across all AuM by 2050, or sooner, Capital Four is aligning its investment strategies with the global imperative to mitigate climate

change. Read more about Capital Four's Net Zero Strategy on page 19. We made our Initial Target Disclosure to NZAM in December 2023, including a mid-term target of reducing the Inflation Adjusted WACI of the AuM managed in line with the Net Zero Strategy by 50% by 2030 compared to 2020 levels.

Targets for our Operations

Capital Four is committed to achieving carbon neutrality across our operations (scope 1, 2 and 3). Currently, we source guarantees of origins to ensure 100% renewable electricity use at our offices and purchase high quality carbon credits to offset our emissions from business travel by air.

Looking Ahead

We anticipate increasing demands for robust ESG integration across asset classes, opening up new opportunities. While we are satisfied with the progress made so far, we will continue to strengthen our framework and data foundation to support sustainable investment decisions. Looking ahead, our 2025 focus areas include:

1. Developing and formalizing a Sustainable Investment framework for identifying sustainable investments.
2. Expanding and refining our ESG data coverage, with a particular focus on illiquid investments where data gaps remain.

Refer to page 4 for more details on Capital Four's focus areas for 2025 and beyond

Engagements

Why do we engage?

Engagement is one of the primary ways we can influence portfolio companies to improve sustainability practices. As a credit manager, we engage with issuers to enhance transparency, encourage sustainable practices, and strengthen long-term financial and sustainability performance.

In contrast to our primary focus on engagement, divestment (i.e. reduction or exit of exposure) is only applied as a last resort. This may be required in cases where an issuer is in direct breach of our Responsible Investment Policy, specific portfolio restrictions, or established procedures. It may also be considered if repeated engagement efforts fail to deliver satisfactory progress on material ESG concerns.

While engagement remains our preferred tool to influence issuers, divestment is an important safeguard to manage risk and ensure compliance with our sustainability commitments when other measures are insufficient.

When do We Engage with Issuers?

We have a structured engagement process with clearly defined trigger points that determine when we initiate engagement with an issuer. Engagement is triggered when:

- Principal Adverse Impact (PAI) indicators highlight material ESG risks within a portfolio company.
- GHG reduction pathway is misaligned with Capital Four's commitment to the Net Zero Asset Managers (NZAM) initiative.
- Lack of ESG disclosure prevents us from conducting a sufficient ESG assessment.
- Other ESG-related concerns arise based on internal assessments, including our ESG scoring model and product and conduct screening.

Engagement Outcomes

Engagement activities are tracked through our internal Engagement Procedure, which monitors progress over time. Each case is assessed based on the response and actions taken by the portfolio company.

2024 marked the full rollout of our engagement framework across our investment platform. Following the completion of



³ Above figures are estimates, based total number of registered engagements in Capital Four. Some engagements, e.g. of more informal character, might not be register in our system, meaning above figures likely are a lower bound estimate.

our updated Engagement Policy at the start of the year, we now conduct structured engagements aligned with the four trigger points outlined above. While we engaged with portfolio companies in previous years, our approach was not as streamlined and systematic as it is today.

A key milestone was the introduction of systematic registration and categorization of all engagements, allowing us to track progress and report outcomes. By year-end, 40 engagements had been concluded successfully, where the companies:

1. Changed or adapted necessary behavior, such as starting to disclose ESG data or adopting a net-zero plan.
2. Implemented measures that make it realistic for the company to meet the engagement request within a reasonable timeframe. They provided a well-founded explanation for why short-term compliance was not feasible, e.g. requested data point not being available due to external limitations.
3. Otherwise resolved: The issue was resolved independently of our engagement, such as starting to report a requested data point before responding directly to our engagement. Or the engagement turned out to be not relevant.

One engagement was closed without a company response. However, the issue was not considered material, and we chose to close the case as it had no bearing on our investment assessment.

At the end of 2024, 57 engagements remained open, and we continue to maintain an active dialogue with the respective companies to monitor progress and encourage further improvement.

For more details on our engagement process, please refer to [Capital Four's Engagement Policy](#).

Engagement Case: **Corialis**

Corialis is a manufacturer of aluminum window and door profiles that are sold to small fabricators, who then install glass or doors and sell them to homeowners.

We identified that Corialis had higher greenhouse gas (GHG) emissions intensity due to the industry in which they operate and that, the company had not yet set emission reduction targets aligned with achieving net-zero by 2050. Consequently, we classified Corialis as Not Aligned in its ESG alignment assessment, based on the NZIF framework.

To address this, we reached out to the company's agent to discuss the lack of GHG reduction targets. Following this engagement, Corialis indicated that they were already in the process of setting up a decarbonization strategy and confirmed that they had submitted Science-Based Targets initiative (SBTi) carbon reduction goals in early August 2023.

In March 2024, Corialis' carbon reduction targets were officially approved by SBTi. Subsequently, Corialis started to publicly communicate its targets

and annual progress on its website, in accordance with SBTi guidance. We then reviewed the updated alignment assessment, which improved based on the newly submitted data. Given this progress, we deemed the engagement successful and are pleased to see that investments are moving in the right direction in terms of decarbonization.



Capital Four's Net Zero Commitment

In 2024, net zero commitments have faced increased scrutiny, with some asset managers choosing to step away from their climate pledges. Despite this debate, Capital Four remains committed to net zero. Our long-term goal remains unchanged: to deploy capital toward portfolio companies transitioning to a low-carbon economy, ensuring that we play an active role in supporting decarbonization across our investments.

Concretely, our commitment, made in December 2022 when we became a signatory of the Net Zero Asset Managers (NZAM) initiative, entails that all AuM must reach net zero GHG emissions by 2050, or sooner. Furthermore, we have a target of a 50% reduction in GHG emissions by 2030 compared to 2020 baseline, reflecting the IPCC special report on global warming, which indicates that a 50% global reduction in GHG emissions by 2030 is necessary to limit global warming to 1.5 degrees Celsius.

We use the Paris Aligned Investment Initiative's Net Zero Investment Framework (NZIF 2.0) as a target-setting approach.

The commitments have implications for our stakeholders:

- **Investors:** We commit to having 100% of our AuM managed in line with our Net Zero Strategy by 2050.
- **Portfolio companies:** The inflation adjusted Weighted Average Carbon Intensity (IA WACI) of our portfolios managed in line with the Net Zero Strategy should decrease by 50% in 2030 compared to 2020 levels, ultimately reaching net zero in 2050, or sooner, resulting in an average reduction by 6.7% per year from 2020-2030 and 7.7% per year from 2030-2050.

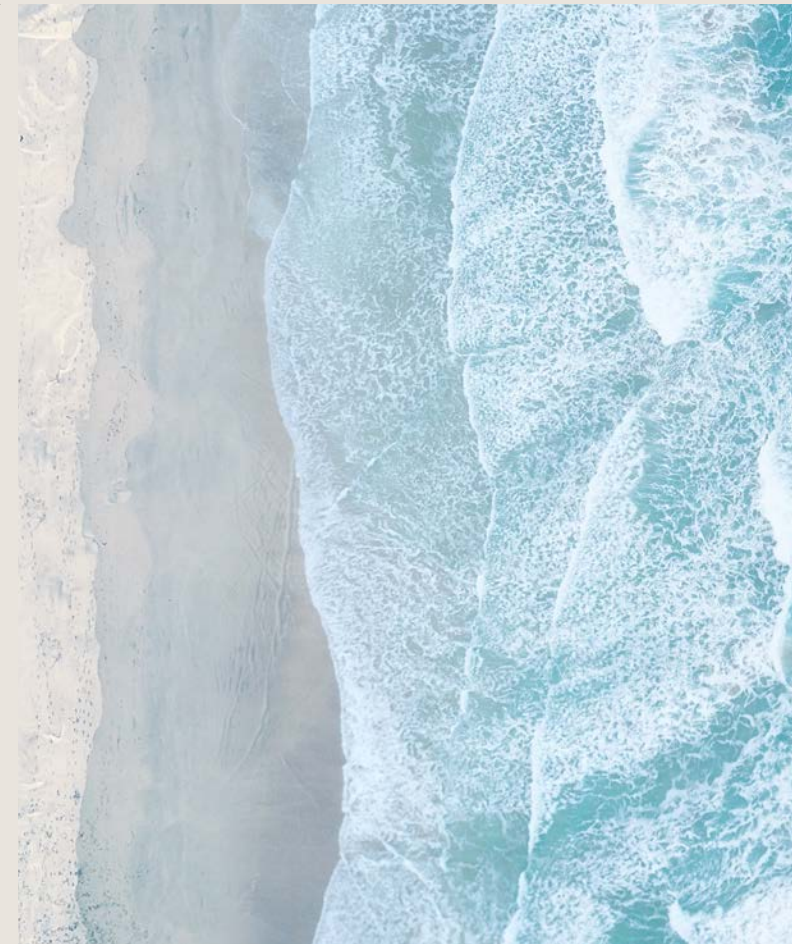
The two-sided approach reflects that collaboration with our key stakeholders will be central to realizing our net zero commitment.

Investors

We currently manage three portfolios in line with our Net Zero Strategy and will actively engage with our investors in the coming years to increase the share of our portfolios managed in line with our Net Zero Strategy.

Portfolio Companies

Our approach to achieving net zero GHG emissions of our assets is clear; we aim for portfolio companies to adopt a net zero strategy to decarbonize their operations. Therefore, rather than excluding high-emitting companies, we prioritize in investing in companies on a transitional net zero pathway. We recognize that some sectors with currently high scope 1, 2 and



3 emissions require substantial investments to reach net zero. While divesting from portfolio companies with high GHG emissions could lower portfolio emissions, it may not contribute to real economy emission reductions. We find value in investing in companies committed to a transitional net zero pathway and engage to understand their journey.

Across our portfolios managed in line with our Net Zero Strategy, 16% of material sector companies are currently aligned with a net zero pathway. This is a significant improvement

compared to end 2023, where 6% was aligned (see definition in the section “Responsible investment at Capital Four”). At the other end of the scale, we also see progress; 28% of our net zero portfolios are not committed to aligning – a reduction of 6 percentage points compared to end 2023.

Our focus areas for 2025 and beyond is to increase the degree of alignment with a net zero pathway among our portfolio companies. Engagement with our portfolio companies is central to our ambition of achieving net zero. Therefore,

we have developed a structured and data-driven process for when and how we engage, prioritizing engagement with portfolio companies that are Not Aligned with a net zero pathway, as outlined above. Furthermore, portfolio companies willing to invest in decarbonization, including sectors with currently high emissions, will continue to be a priority.

Measurement and Progress

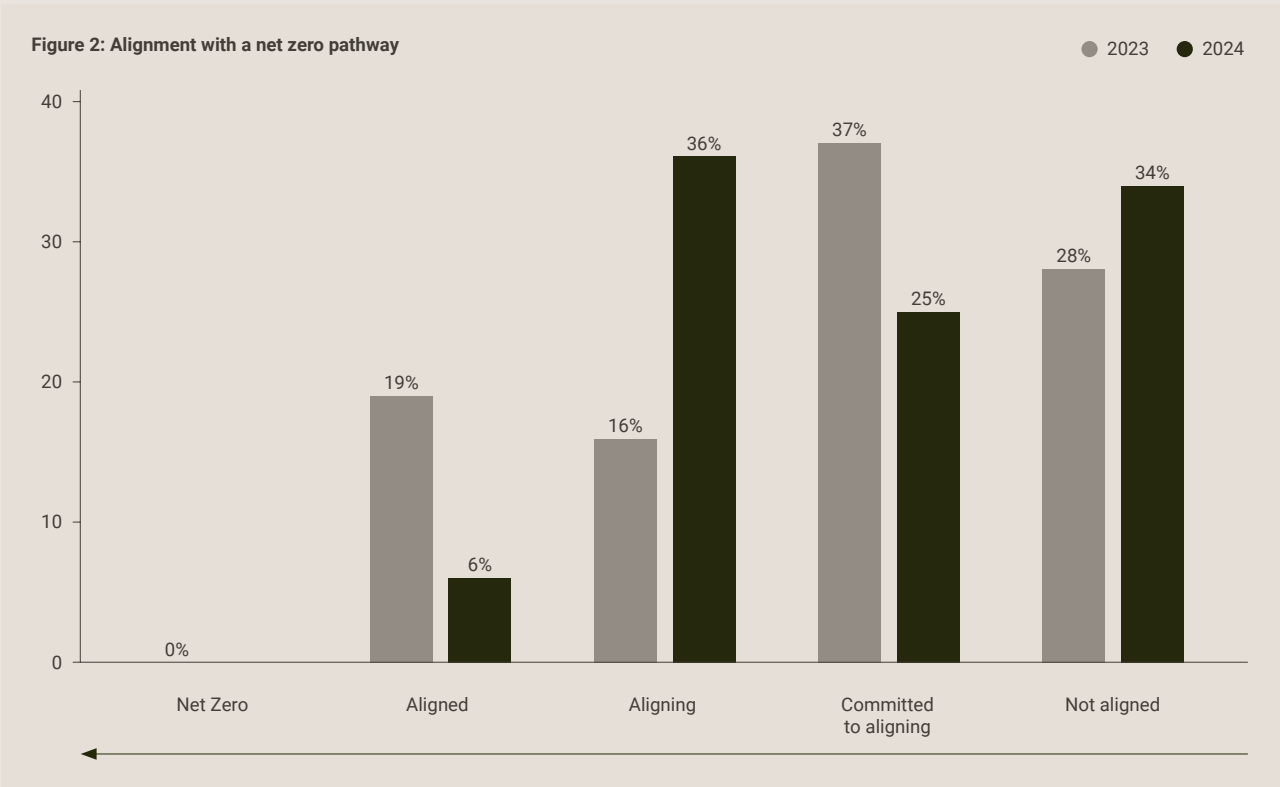
To track progress towards net zero, we consider the carbon intensity of each portfolio company within our investment process. At portfolio level, we calculate the asset-weighted carbon intensity. This is adjusted for inflation to prevent any positive inflationary effects on revenue from lowering the metric. We refer to this metric as the Inflation Adjusted Weighted Average Carbon Intensity (Inflation Adjusted WACI).

Regarding progress, from 2020 to 2024, the Inflated Adjusted WACI of the Capital Four Net Zero AuM decreased by 32%, corresponding to an annual average reduction of around 13%. This compares to a required annual reduction of 6.7% to achieve the required 50% reduction by 2030. Thus, for the portfolios currently managed in line with our Net Zero Strategy, we are on track with our net zero commitment.

Transition Risk - Climate Value at Risk

As part of our Net Zero Strategy, we analyze the risks entailed in the transition to a carbon neutral economy, known as climate-related transition risks. Originating from Value at Risk (VaR), a statistic that quantifies potential financial losses within a firm, portfolio, or position over a specific timeframe, Climate Value at Risk metrics apply climate scenarios to the financial estimates. They project the loss or gain an asset or portfolio may experience under various climate scenarios within a given time horizon and at a specific probability.

Our approach to Climate Value at Risk draws significant inspiration from Octus’ ESG’s review of senior secured



Climate Value at Risk considerations from May 2022. The Climate Value at Risk centers around Transition Risk. This focus stems from our investment activities mainly taking place in Europe and the United States, regions generally associated with low Physical Risk. We define Transition Risk as the taxes a company pays due to its carbon emissions. Transition Risk are calculated based on the absolute size of GHG emissions, levied as a tax per ton of CO₂ applying implicit CO₂ prices outlined in IEA net zero roadmap. For companies with a loan-to-value (LTV) ratio above 70%, these costs may impact a company's ability to service bonds or loans.

To assess the impact of transition costs on credit risk, we estimate a modified cash flow by subtracting Capex and Transition Costs from EBITDA. Based on this modified cash flow, we evaluate how well the interest expense is covered. Companies with modified cash flow coverage lower than 1.1x are assigned a Climate Value at Risk proportionate to their weight within the portfolio. Companies with a modified coverage ratio above 1.1x are not assigned a Climate Value at Risk.

Annual reporting of the Climate Value at Risk, Absolute Emissions and Financed Emissions of the Capital Four Net Zero AuM can be found in Table 2.

Table 2 – Climate Value at Risk, Absolute Emissions and Financed Emissions for Capital Four Net Zero AuM

	Climate Value at Risk (portfolio weight)	Absolute Emissions (CO ₂ e tons)	Financed Emissions (CO ₂ e tons)
Capital Four Net Zero AuM ⁵	0.03%	226,620	263,018

Figure 3: Capital Four's Net Zero Pathway⁴

Index 2020 = 100



⁴ From 2040, long-term carbon offsets will be used where there is no technologically and/or financially viable alternative to eliminate emissions. The need to use long-term carbon offsets is subject to significant uncertainty. The offsets will depend on the actual level of residual emissions. The Net Zero Pathway Target is net of these long-term carbon off-sets.

⁵ Funds include Capital Four Invest European Senior Loan Fund, Capital Four Invest Credit Opportunities Fund, and Capital Four Total Return Credit Fund

Sustainability of Capital Four’s Operations

Capital Four is focused not only on sustainability in our investment activities but also on our own actions across environmental, social, and governance themes. We aim to reduce our corporate carbon footprint and work toward achieving carbon neutrality.

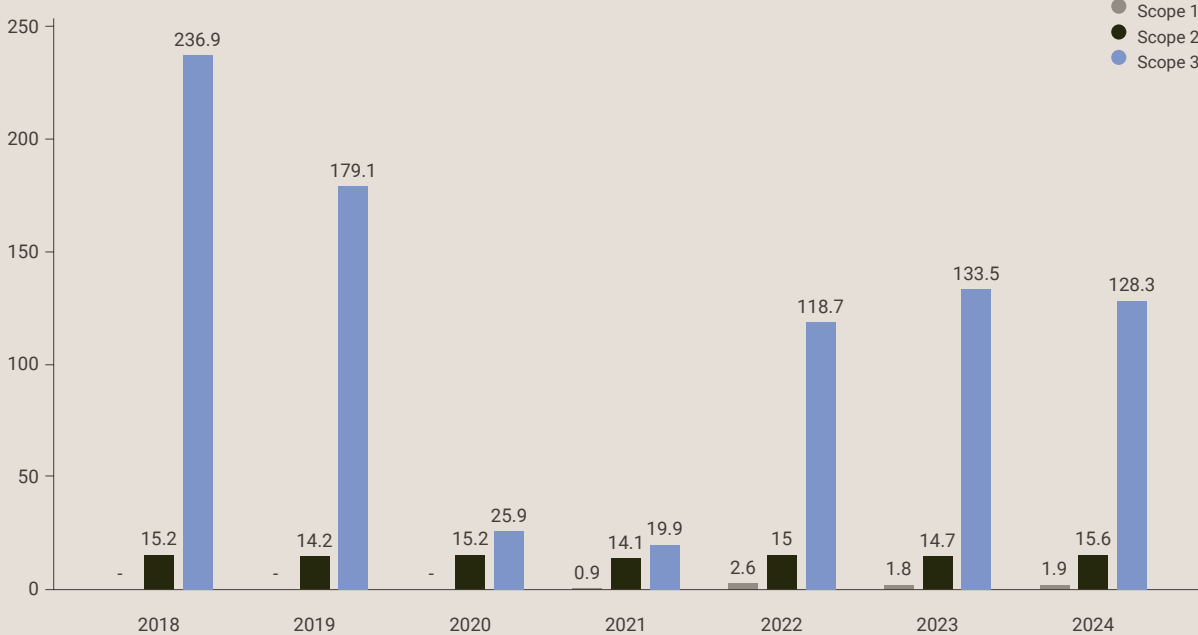
GHG Emissions

In 2024, we continued our efforts to map and calculate our corporate carbon footprint, following the Greenhouse Gas Protocol as in previous years. The GHG emissions from our corporate activities, covering scopes 1, 2, and 3, are shown in Figure 4.

Since 2021, we have offset carbon emissions from flying with high-grade carbon offsetting schemes. Additionally, as part of our efforts to promote greener commuting options, transit passes were offered to all employees through a gross salary scheme.

Our Scope 3 emissions have decreased compared to 2023 and are now around half the levels observed in 2018–2019. This reduction is notable given the significant growth Capital Four has experienced over the same period. Although overall travel activity has increased since 2018, we have implemented CO₂ compensation for all business travel and increasingly rely on more emission-friendly modes of transportation. On a per-employee basis, emissions have decreased further, partly reflecting a higher share of non-travelling employees.

Figure 4 – GHG emissions from our own operations (CO₂e tons)



In addition, we are more deliberate in selecting sustainable suppliers, improving waste-sorting practices, and promoting resource efficiency in our offices.

Lastly, we have sourced guarantees of origin for all purchased electricity since 2021. This initiative ensures that all electricity utilized in our operations originates from renewable energy, specifically offshore wind and solar energy. These efforts underline our ongoing commitment to reducing our operational footprint and integrating environmental considerations into daily business practices.

Workforce

In 2024, our workforce increased by approximately 13% compared to 2023. This expansion reflects the company’s commitment to scaling its operations and enhancing its capabilities to better serve its clients.

The ongoing wellbeing of our employees is of paramount importance to us. Therefore, we offer a flexible work

environment, with the possibility of working an average of two days a week from home or remotely as needed.

In 2024, the number of sick days per employee slightly decreased. Capital Four is committed to supporting its employees, especially those on mid- to long-term sick leave. We have implemented a sick leave system that encourages managers to maintain ongoing communication with employees during their leave. This proactive approach ensures that employees feel connected and supported throughout their absence, and helps employees navigate their leave and prepare for a smooth and balanced return to work.

At Capital Four, we support our employees through various stages of life. With a predominantly young workforce, averaging 38 years old for full-time employees and 34 years old when including part-time employees, we prioritize good parental leave terms. We offer clear and supportive conditions before, during, and after the leave period. Each parent is entitled to up to 26 weeks of fully paid leave following the birth of their child, with an additional 4 weeks of fully paid leave available to mothers before childbirth⁶.

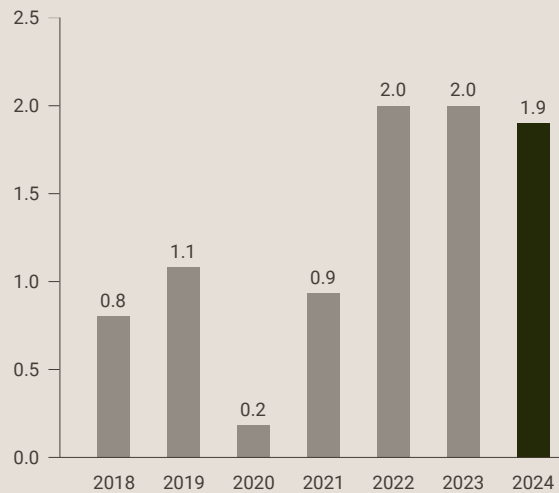
We have partnered with Bclude, a digital platform dedicated to supporting employees during maternity and parental leave. Through this collaboration, we aim to provide comprehensive assistance in planning leave and facilitate frequent contact and productive dialogues surrounding maternity and parental leave. Our goal is to create a supportive environment that enables our employees to navigate their leave confidently and efficiently.

Capital Four offers attractive pension contributions and private health insurance to full-time employees. As part of our commitment to long-term relationships with our employees, full-time employees participate in the company’s long-term equity program. This allows our employees to share the long-term value creation, in addition to receiving their salary, bonus, pension, and insurance benefits.

Table 3 - Employees

	2018	2019	2020	2021	2022	2023	2024
Total FTE	46	53	65	74	82	82	84
Total headcount	62	89	102	107	114	112	127
Employee turnover	2%	9%	5%	8.7%	11%	8%	13%

Figure 5: Sick leaves per FTE, days per year



⁶ Different rules and regulatory standards apply to the U.S. office.

Leadership and Learning at Capital Four

We encourage continuous development of our employees and support ongoing education, skillset improvement, and professional development. This support extends to all employees attending relevant training courses, obtaining professional qualifications, and subscribing to pertinent professional literature and journals.

To secure the next generation of specialists and leaders in Capital Four, we provide graduates with a focused program to accelerate their capabilities. Recently, we have launched an extensive leadership program customized to support the full spectrum of specialists- and leadership roles in Capital Four. Additionally, this program also aims to enhance professionals' human skills, which we recognize as a key differentiator in our ability to adapt, create value, and thrive.

The program offers learning about:

- Diversity and Equality, to enhance the workplace environment and help maintain a culture of inclusivity and growth.
- Human skills, including productivity, agile thinking, motivation, empathy and resilience.
- Leadership topics such as building collaboration & communication skills, problem solving and enabling high-performing teams.

Capital Four engages actively with universities by offering guest lecturers, partnering with diverse student networks, and hosting various events to support diversity in our talent acquisition and to foster education and knowledge in our field of expertise.



Our annual Credit Day, hosted in partnership with Copenhagen Business School, serves as a testament to this collaboration. The event brings together distinguished academics, discerning investors, and industry-leading practitioners for discussions on pivotal topics within the field of credit, emphasizing a spirit of cooperation and knowledge sharing.

Diversity, Equity & Inclusion

Ambition and approach

Our people and our ability to work as a team are essential to continuously delivering high performance. We are committed to fostering a diverse and truly inclusive workplace where all our employees can thrive, every individual feels valued and has equal opportunities to succeed, as well as being motivated to help create a sustainable business. Particularly, we focus on training in aspects relating to diversity, equity and inclusion and aim for a non-biased talent acquisition with diverse representation, to attract a diverse workforce.

Capital Four has a DEI Policy that outlines our commitment to creating an environment where all employees feel valued and respected. This policy applies to all employees and functions within Capital Four, emphasizing the importance of collective involvement in DEI efforts. The company also mandates DEI training to ensure continued efforts in creating an inclusive workplace.

Acknowledging that creating concrete improvements to DEI is an ongoing process, we will continue to nurture and expand our efforts in creating a truly inclusive environment. This is why we have established a governance structure that helps us maintain focus, track our progress, and evaluate the effectiveness of our initiatives.

In 2024, we introduced a new Engagement Survey platform, which is a vital tool in our mission to continuously improve and develop the organization. By actively seeking employee feedback and incorporating it into our DEI efforts, we demonstrate our commitment to creating a supportive and engaging workplace for all employees. The survey conducted in 2024 achieved a response rate of 85% and yielded satisfying results.

For more information, please see [Capital Four's DEI Policy](#).



UN Global Compact Progress Report

Declaration of support

To our stakeholders,

I am pleased to confirm that Capital Four reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In this annual Communication on Progress, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly in the Sustainable Development Goals.

Sincerely yours,

Sandro Näf

CEO, Portfolio Manager & Co-founder



Human rights

- 1) Businesses should support and respect the protection of internationally proclaimed human rights in their area of influence; and
 - 2) make sure that they are not complicit in human rights abuses.
- Compliance with Global Standards
 - Engagements

Labour

- 3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - 4) the elimination of all forms of forced and compulsory labour;
 - 5) the effective abolition of child labour; and
 - 6) the elimination of discrimination in respect of employment and occupation
- Workforce
 - Diversity, Equity & Inclusion

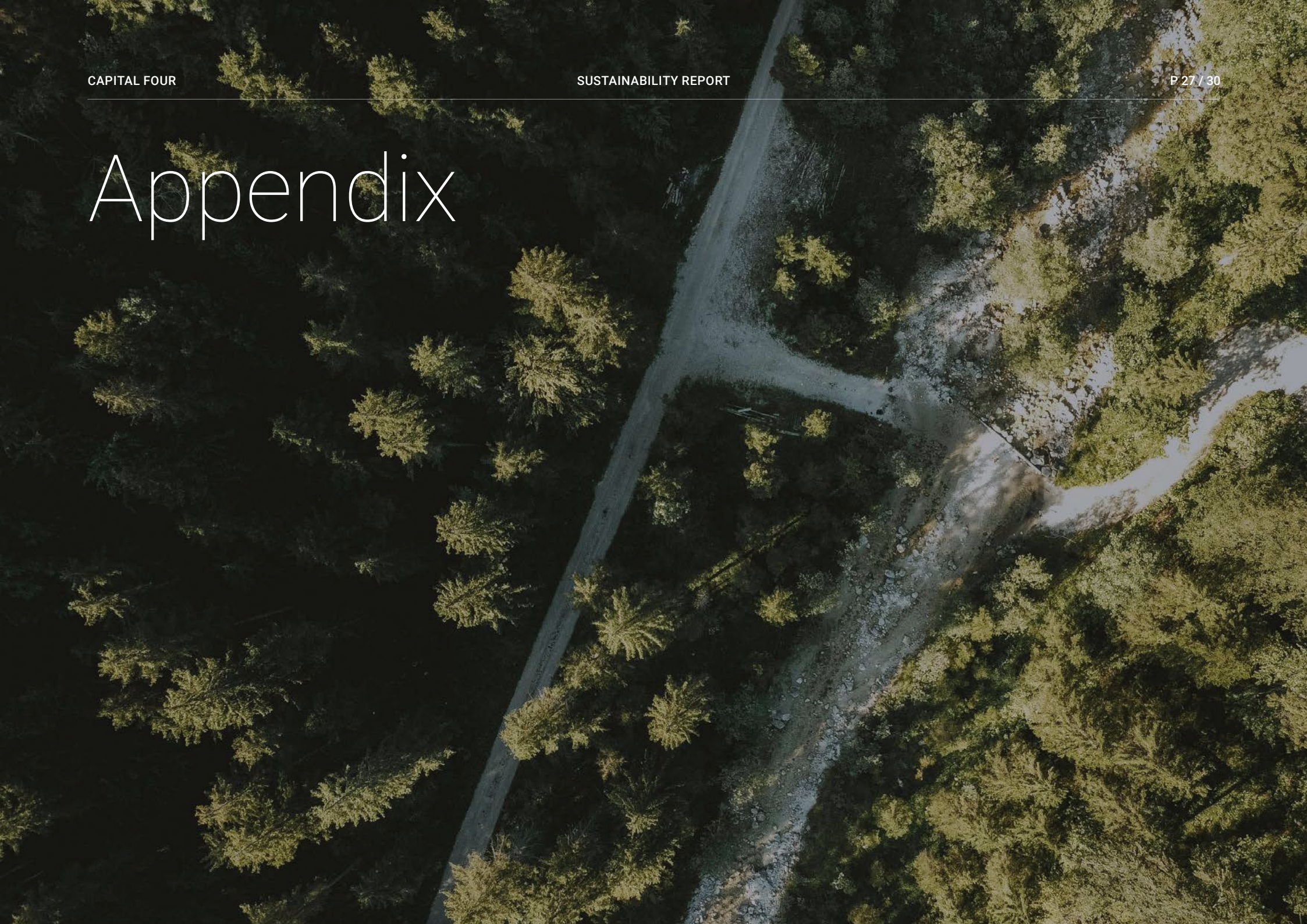
Environment

- 7) Businesses should support a precautionary approach to environmental challenges;
 - 8) undertake initiatives to promote greater environmental responsibility; and
 - 9) encourage the development and diffusion of environmentally friendly technologies
- GHG Emissions
 - Capital Four's Net Zero Commitment
 - Task Force on Climate-related Financial Disclosures
 - Sustainability of Capital Four's Operations

Combatting corruption

- 10) Businesses should work against corruption in all its forms, including extortion and bribery.
- Compliance with Global Standards
 - Sustainability of Capital Four's Operations

Appendix



Reference list

Document Name	Link
DEI Policy	Capital Four's DEI Policy (capital-four.com)
Engagement Policy	Capital Four Engagement Policy (capital-four.com)
ESG Scoring Whitepaper	ESG Scoring Whitepaper (capital-four.com)
PRI Assessment Report	PRI Assessment Report - Capital Four (capital-four.com)
PRI Transparency Report	PRI Transparency Report - Capital Four (capital-four.com)
Responsible Investment Policy	Capital Four Responsible Investment Policy (capital-four.com)
Sustainability-Related Disclosures	Sustainability Related Disclosures (capital-four.com)

Abbreviation list

AuM	Assets under Management
CLO	Collateralized Loan Obligations
DEI	Diversity, Equity, and Inclusion
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gas
IA WACI	Inflation Adjusted Weighted Average Carbon Intensity
KPIs	Key Performance Indicators
NZAM	Net Zero Asset Managers Initiative
NZIF	Net Zero Investment Framework
PAI	Principal Adverse Impact
PRI	Principles for Responsible Investment
SFDR	Sustainable Finance Disclosure Regulation
SLLP	Sustainability-Linked Loan Principles
SPT	Sustainable Performance Targets
TCFD	Task Force on Climate-related Financial Disclosures
WACI	Weighted Average Carbon Intensity

Data Methodology

Capital Four's Carbon Footprint

The GHG emissions of Capital Four are calculated according to the Greenhouse Gas Protocol. All GHG emissions are reported as tonnes of CO₂ equivalents (t.CO₂e), including CO₂ emissions from energy consumption, business travel, and paper consumption. The data covers Capital Four's corporate activities in Copenhagen and is calculated according to the location-based approach of the GHG Protocol.

The total energy consumption of Capital Four is sourced from Capital Four's internal accounting system. Only electricity consumption is included in the CO₂e calculation from energy consumption.

Carbon Data Methodology

The emission factors used for electricity consumption are based on the average emission factors for Denmark, sourced from the International Energy Agency (IEA).

The total number of kilometers of business travel is sourced from Capital Four's accounting system. For the CO₂e calculation, all kilometers of business travel are assured to have taken place via plane, and it has not been possible to divide data into business travel by air and by land. The total paper consumption is sourced from Capital Four's internal accounting system.

The emission factors used for calculating the CO₂e emissions from business travel and paper consumption are sourced from the UK Government, Department of Environment, Food and Rural Affairs (DEFRA).

Waste and Recycling

The total waste generation and the amount of waste for recycling are estimated based on the amount of waste Capital Four generates daily.

Number of Employees

The number of FTEs, employee headcount, and employee groups are sourced from our HR System, Emplify. All employees are registered in this system.

The percentage of employees with an international background is calculated as the number of non-Danish employees employed by Capital Four, divided by the population of salaried employees in Capital Four.



CAPITAL FOUR

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