Finnish General Partner Sustainability Study

April 2025

Tesi revisited the sustainability practices of Finnish general partners

Since the first survey in 2022, the landscape of responsibility (ESG) and impact has evolved – in some cases significantly. We completed the second iteration of the survey in January 2025, when the regulatory initiatives such as SFDR were becoming business as usual and impactful investments were increasingly viewed as a solution to current global challenges. Yet, geopolitical tensions and regulatory revamp were in the air, potentially posing a challenge to sustainability topics on private equity's agenda.

Against this backdrop, the publication comes at an opportune moment to assess how sustainability practices have developed during these few eventful years. Comparing to the first survey, we noted that the practices adopted in the general partners' (GPs) own organisations remain at good levels, whilst practices in investment process and monitoring have evolved. This iteration also dived deeper on selected topics, such as impact.

In addition to sharing an updated view on the state of play in Finland, we hope that the results allow general partners to benchmark themselves against a larger sample of fund managers, and share insights to limited partners (LPs) on the capabilities of the GPs. We thank all the respondents for their valuable time spent and insight in their responses. We also thank the efforts of many Tesi team members from various teams collecting results, analysing them and compiling this into this final format.

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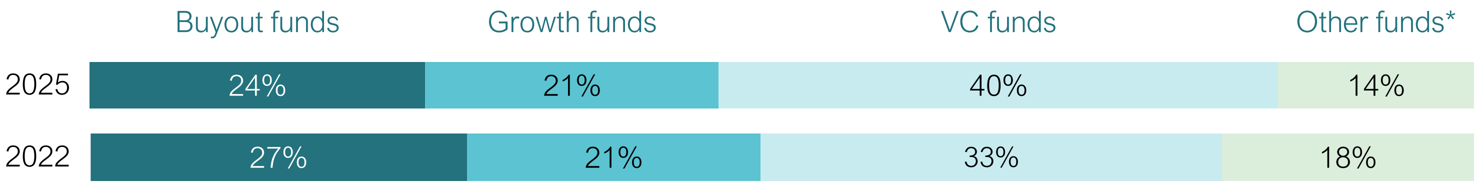
The latest survey included a large spread of Finnish GPs, focus on their most recent fund

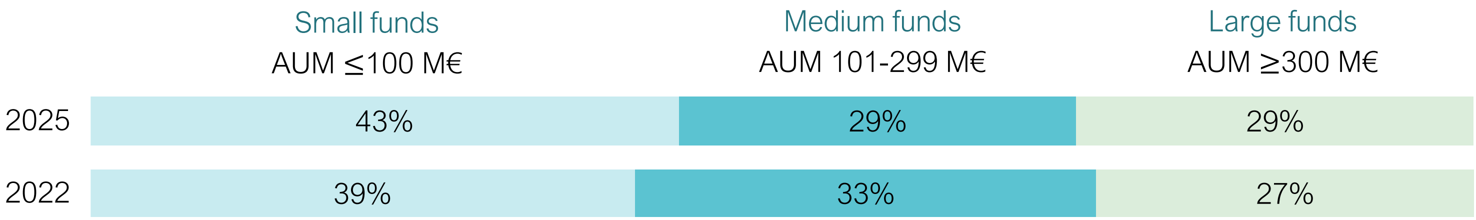
SAMPLE

- Finnish general partners that in the time of the survey had a fund in the investment or value creation period in Tesi's portfolio. The questions focused on the most recent fund, regardless of whether that fund was in Tesi's portfolio.
- Number of GPs interviewed was 42 in 2025 (32 in 2022). Over 90% of organizations from 2022 were included in this year's sample, keeping the core population relatively unchanged.
- Surveyed general partners make up the majority (>90%) of the Finnish private equity investment market.
- GPs' investment foci spread across for example buyout, growth, venture capital, debt, turnaround and project funding. Survey results are mainly bundled together, but where relevant, splits may be used.

FUND TYPE



FUND SIZES



DEFINITIONS

Corporate responsibility / ESG includes GPs own responsibility and portfolio company's responsibility. GP's responsibility covers responsible investment practices and responsibility over the fund manager's own activities. Portfolio company's responsibility covers their care of the environment, social factors and governance (ESG).

Impact includes GPs impact and the portfolio company's impact. GPs impact means developing the portfolio companies' operations in a more responsible direction or helping to enhance impact of the portfolio company. Portfolio company's impact means the positive impact on society or environment achieved through sold products or services.

Sustainability is used as an umbrella term for corporate responsibility and impact.

EXECUTION

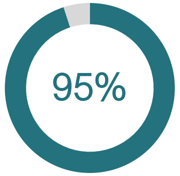
- Online questionnaires (answer time ~30 min), sent to respondents in September 2022 and in December 2024.
- Survey conducted and answers analysed by Tesi.
- If a GP had multiple strategies/fund lines, an answer was required from each strategy where Tesi was an investee.

* Other funds include survey categories Debt, Turnaround and Other

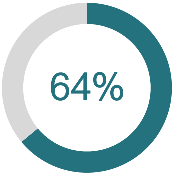
Overall, sustainability practices have seen a positive development in the past few years, with most changes in practical work such as measurement and reporting

STRATEGY AND OWN OPERATION

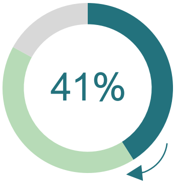
Sustainability is now part of the strategy at 100% of the funds (94% in 2022)



95% of GPs have at least one sustainability goal (97% in 2022). Most popular targets still relate to investment process



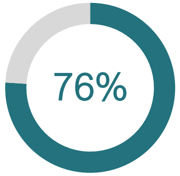
64% of GPs measure GHG emissions from own operations and/or fund portfolio (25% in 2022)



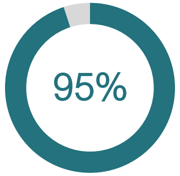
83% will report according to SFDR Article 8 or 9 in the next fund (currently 41%). No GP is planning to raise an Art. 6 fund

INVESTMENT PROCESS AND PORTFOLIO

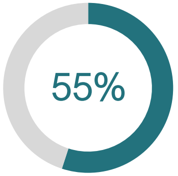
All GPs implement some sustainability practices into their investment processes or portfolio work (97% in 2022)



76% of GPs conduct an ESG due diligence for all first-time investments (59% in 2022)



95% of GPs have sustainability metrics reporting requirements for at least some of their portfolio (55% in 2022)



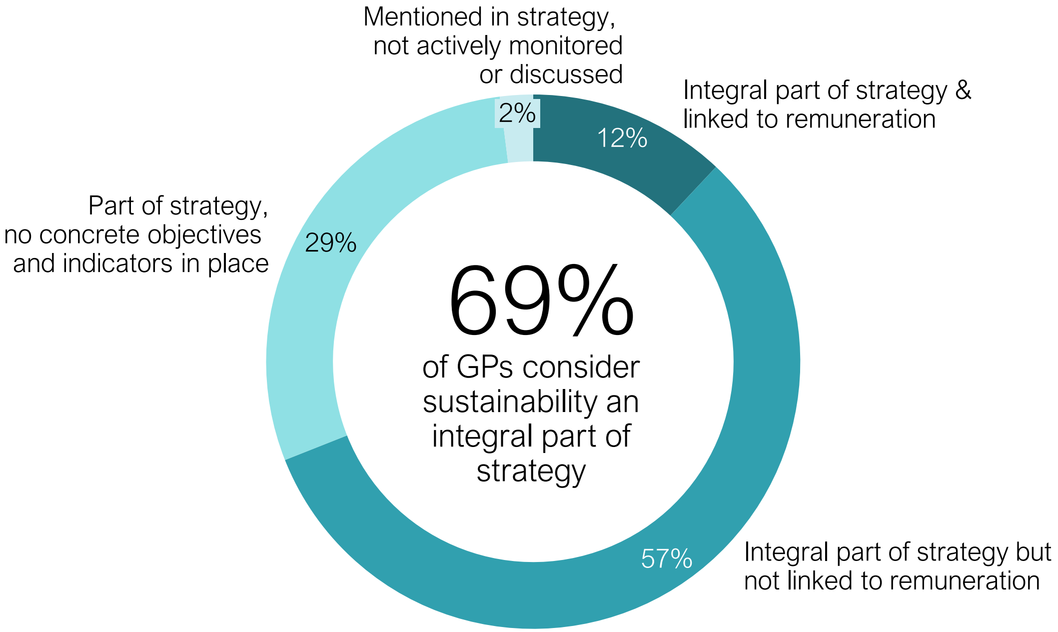
55% of GPs include impact development in value creation activities (75% in 2022)

Strategy and own operations

Sustainability is part of every GPs’ strategy, but integration and rationale differ – few tie sustainability into team remuneration

Role of sustainability (ESG and/or impact) in strategy

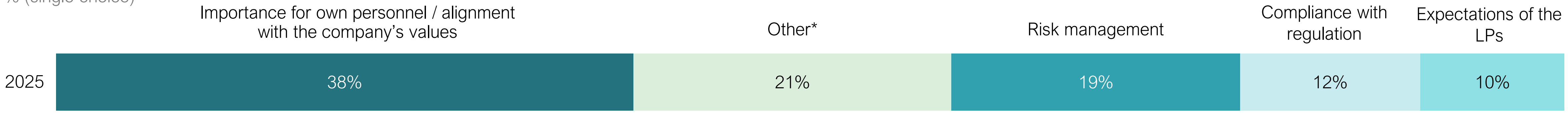
% (single choice)



- Between 2022 and 2025, sustainability has become more deeply integrated into the strategies of nearly all General Partners (GPs). In 2022, 6% of GPs did not mention sustainability in their strategy at all. However, by 2025, this share has dropped to zero, meaning that sustainability is now included in all GPs’ strategy to some degree. Despite this progress, the level of integration varies. About one-third of GPs include sustainability in their strategy but have not set concrete objectives or established monitoring for it.
- The new survey also explored whether GPs incorporate sustainability into team remuneration, alongside their strategy. The findings indicate that sustainability is still rarely linked to remuneration, as only slightly over 10% of GPs have linked sustainability to remuneration. These GPs include venture capital (VC), growth equity and debt funds.
- The reasons for focusing on sustainability issues vary, with around a third of respondents in citing company or personnel values as the most significant guiding factor. However, compared to 2022, the number of GPs citing risk management and compliance with regulation as the primary reasons has doubled, possibly reflecting changes in the regulatory landscape.

Most significant reason for advancing sustainability

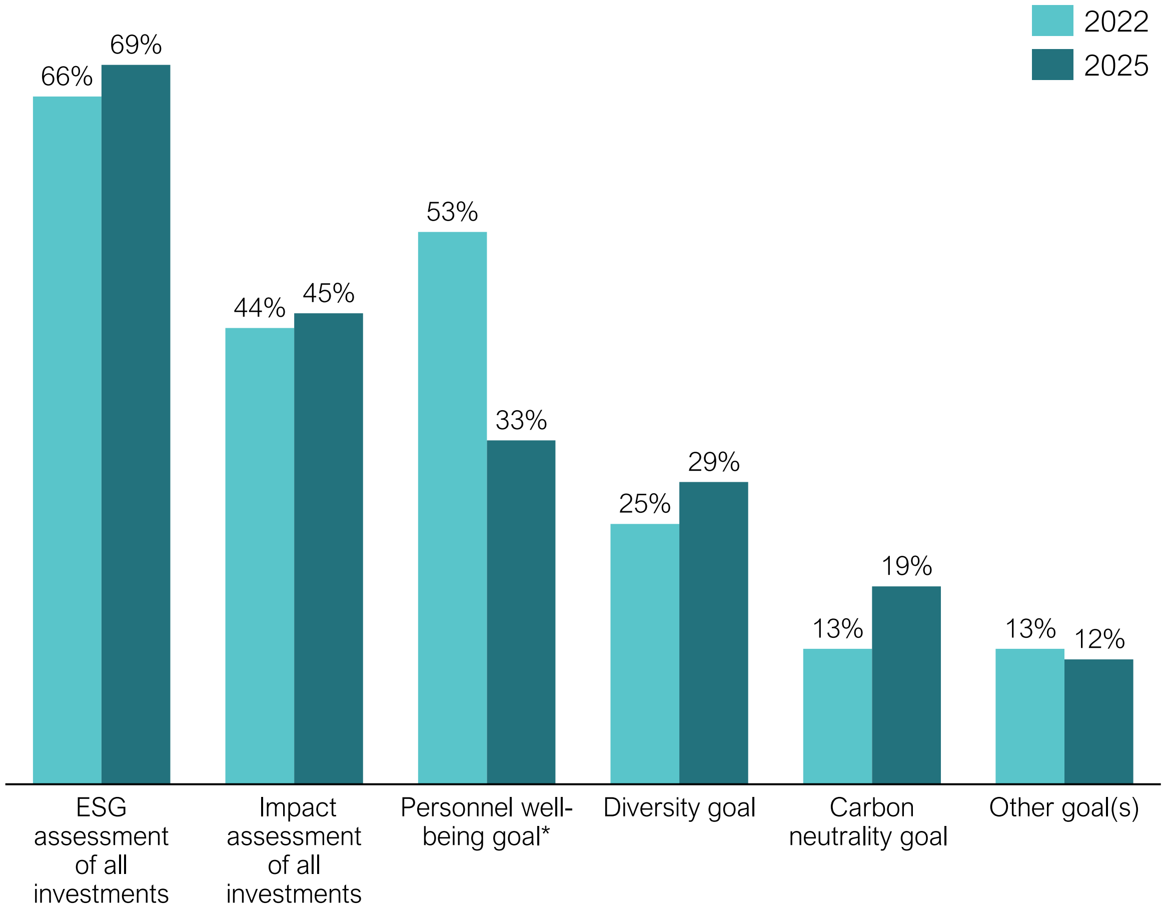
% (single choice)



* Open answers in the "Other" category mostly combine two or three of the questionnaire answer choices, particularly alignment with company purpose & values as well as risk management.

Almost all GPs have at least one sustainability objective for own organisation, most common objective relates to the ESG assessment of investments

Sustainability-related objectives for the GPs' own organisation
% (multiple choice)



88%
of GPs have at least one sustainability goal for own organisation

81%
of GPs have a goal related to the assessment of investments

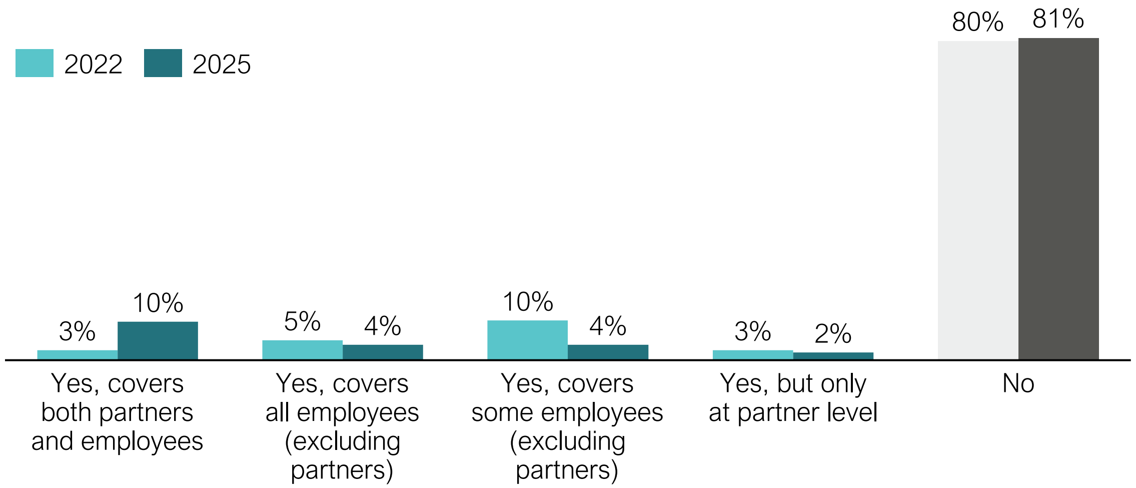
- In 2025, 95% of GPs have at least one sustainability-related objective for own organisation or portfolio. In terms of GPs' own organisation, the prevalence of nearly all objectives has increased compared to 2022. This is particularly notable, as the 2025 survey provided a clearer definition of what qualifies as an objective, now requiring management approval and regular monitoring.
- Similar to the last survey, the most common sustainability objectives focus on the ESG and impact assessment of investments. Alongside investment-related goals, objectives addressing the social dimension of sustainability have remained relatively consistent between 2022 and 2025. Goals related to either personnel well-being or diversity of the GP organisation are now implemented by 43% of GPs, with 19% of GPs adopting both.
- While environmental objectives are becoming commonplace in portfolio monitoring & development, environmental goals for the own GP organisation remain less common, as only around a fifth of GPs have a carbon neutrality target for the own GP organization.

*In 2022, the personnel well-being goal covered own organisation and/or portfolio companies.

Financial incentives related to sustainability yet to see widespread adoption, the popularity of voluntary standards keeps evolving

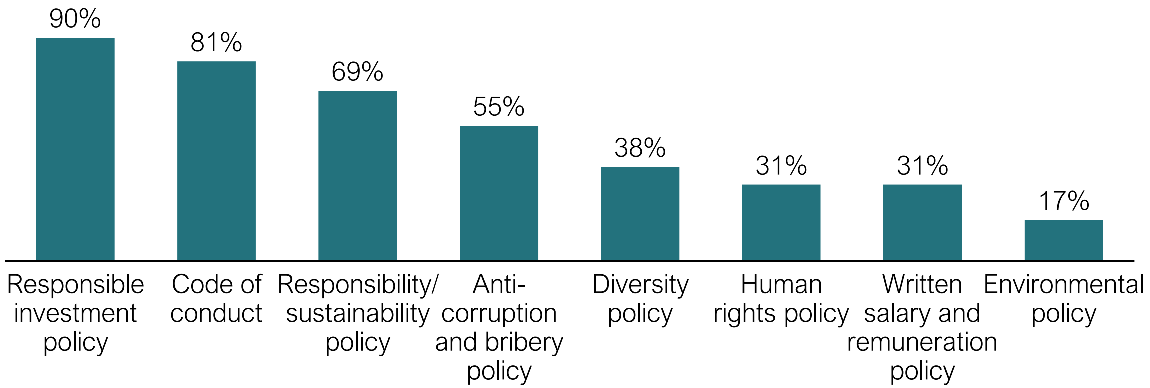
Incentivisation of sustainability themes using the remuneration system

% (single choice)



Written policies in place at management company

% (multiple choice)



- In most of the organisations surveyed, sustainability themes are not financially incentivised. A written salary policy is present in roughly one third of the GPs surveyed. However, remuneration schemes covering the entire personnel have become more common. Incentives are more common in later-stage investment strategies, e.g. growth equity.
- The two most prevalent written policies are a responsible investment policy and a code of conduct. When asked about following voluntary standards, a few changes from 2022 became apparent: the share of respondents following GHG Protocol grew to almost one third, along with GRI and CSRD becoming more widely utilized. Some answer options were added for 2025, and 45% respondents followed Invest Europe's guidelines on sustainability.
- However, standards are not always followed for good: the UN PRI's popularity dropped by almost a third. 17% of respondents (up from 13% in 2022) did not follow any standards.

Signatories/followers of voluntary standards related to sustainability

% (multiple choice, share of respondents from 2022 → 2025)

MOST SIGNIFICANT INCREASES

GREENHOUSE GAS PROTOCOL

GHG Protocol

6% → 29%

GRI

Global Reporting Initiative

3% → 12%

CSRD

CSRD

6% → 14%

BIGGEST DECREASE

PRI Principles for Responsible Investment

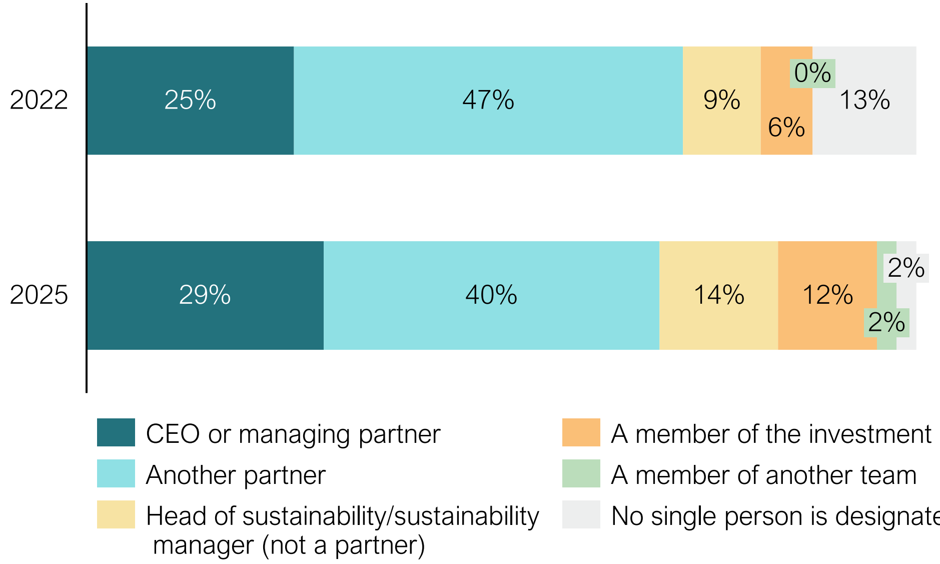
UN PRI

78% → 57%

Responsibilities are more clearly defined, with partners still in charge

Responsibility of sustainability-related matters

% (single choice)

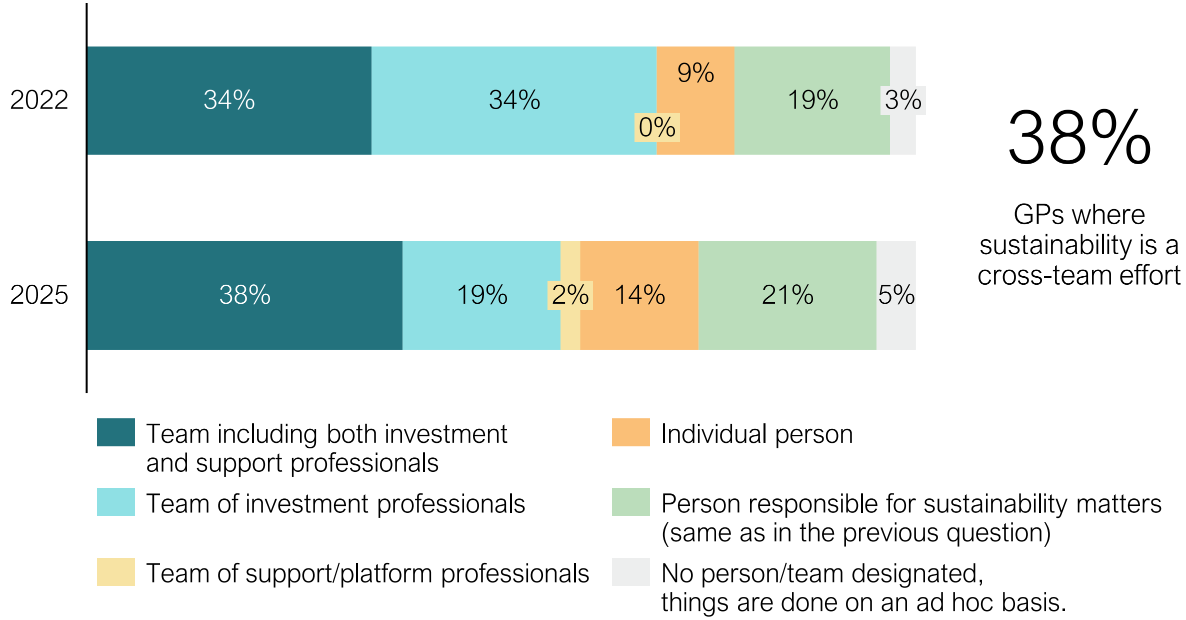


69%

Of GPs have partner-level oversight

People tasked with sustainability work in investment activities*

% (single choice)



38%

GPs where sustainability is a cross-team effort

- Partner-level individual is still responsible for sustainability-related matters in the majority of GPs, 69% in 2025, compared to 72% in 2022. Partners are more often in charge of sustainability in venture capital –focused GPs.
- Increasingly, oversight is given to individuals from the investment team as well as to heads of sustainability.
- A notable development is that the share of organizations where responsibility is not clearly assigned, has decreased significantly from 13% to just 2%. This might be an indication of sustainability topics being on the agenda of every management company.

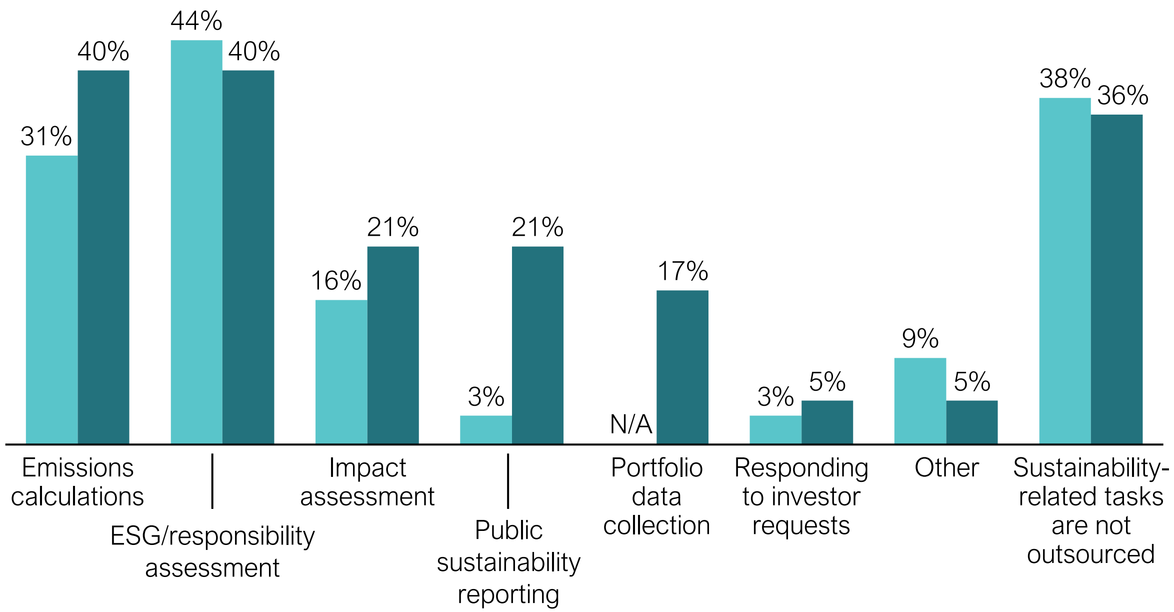
- The share of organizations where sustainability is worked on by only investment professionals decreased to almost half from 2022 (34% vs 19%).
- Sustainability work related to investment activities is increasingly done in collaboration by both investment team members and employees from other teams. This increase is mainly due to later-stage strategies (buyout, growth) involving professionals from multiple teams.
- Even though cross-team collaboration team has increased slightly, so has the share of GPs where an individual does most of the sustainability work, reaching 35% up from 28% in 2022.

*In 2022, the question covered all sustainability work.

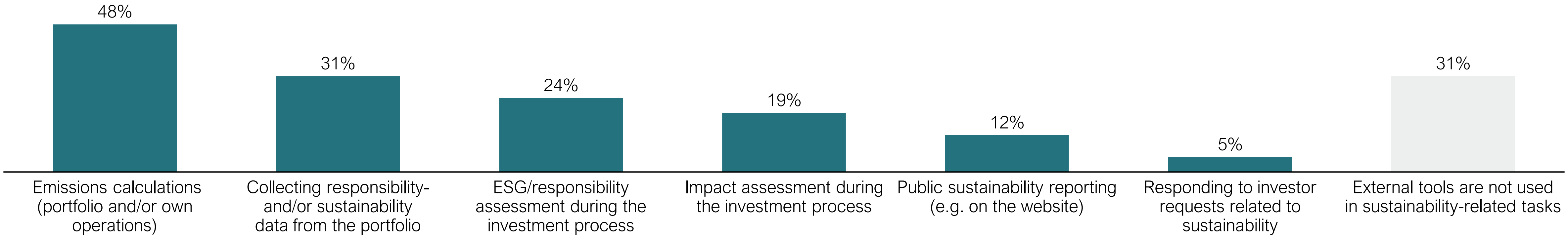
Outsourcing sustainability work has become slightly more commonplace

- Emissions calculations and ESG assessments during the investment process are the two most common activities that are outsourced. Emissions calculations also rely on external tools in half the cases where it is done.
- The share of organizations not outsourcing any activities has remained at a similar level with 36% of respondents doing everything in-house (38% in 2022).
- Externalizing public sustainability reporting has become more commonplace among GPs: its share increased from 3% in 2022 to 21% in 2025.
- Approximately two thirds of investors use external tools in their sustainability work. Most commonly mentioned tool is the Upright Project for calculating the impact of the portfolio. However, many investors also utilise more custom, often excel-based, models for e.g. emissions calculations. These can be custom-made or originate from various associations or public entities making them available online.

Outsourcing (at least partially) of sustainability-related tasks*
% (multiple choice)



Use of external tools or platforms in sustainability-related tasks
% (2025, multiple choice)

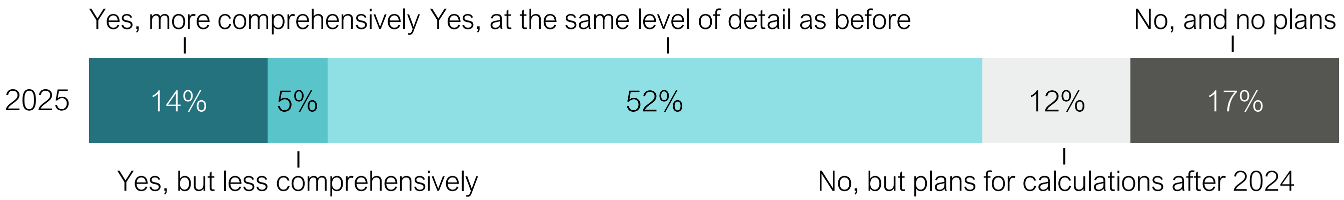


*Surveys in 2022 and 2025 had slightly different answer options and wording: “Portfolio data collection” was not an option in 2022.

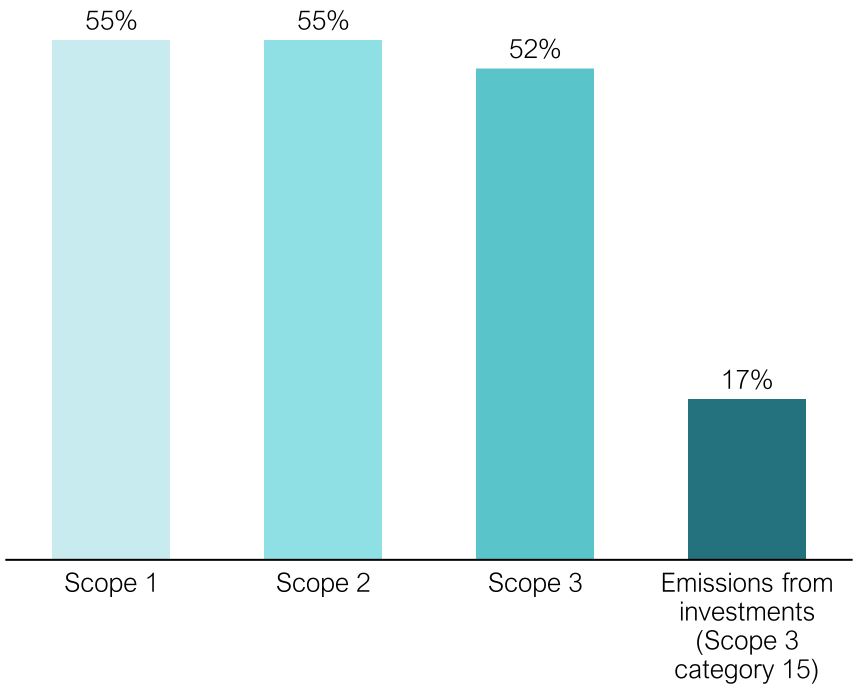
GHG emission calculation has increased significantly

- The share of management companies that calculate any emissions of their own operations and/or the portfolio has increased drastically to 64 percent in 2025. In the previous iteration of the survey, this figure was just 25% leading to an increase of over 150%.
- This change is also reflected in the extent of the calculations; just over half of GPs surveyed measure Scope 1 to 3 emissions (excluding investments), compared to only over 10% in 2022. However, including emissions from investments (GHG Protocol category 15) in their Scope 3 calculations is still in the minority.
- In addition to increased visibility into their own emissions, management companies increasingly collect emissions data from their portfolio. Two thirds require carbon footprint data from at least some of the portfolio companies, see more on page 18.
- Even though coverage has increased across the board, large funds (AUM of at least 300 M€) cover their own emissions in the most detail when considering Scopes 1-3. Divided by investment strategies, management companies in growth equity conduct calculations most often.
- When asked about calculating emissions of the year 2024, over 70% of respondents shared that they would conduct the calculation. A certain level of saturation has perhaps been reached as almost two thirds of respondents calculating or planning to calculate emissions will do so at the same level of detail as before.

Plans regarding emission calculations for the year 2024
% (single choice)



Level of GHG emission calculation
% (multiple choice)



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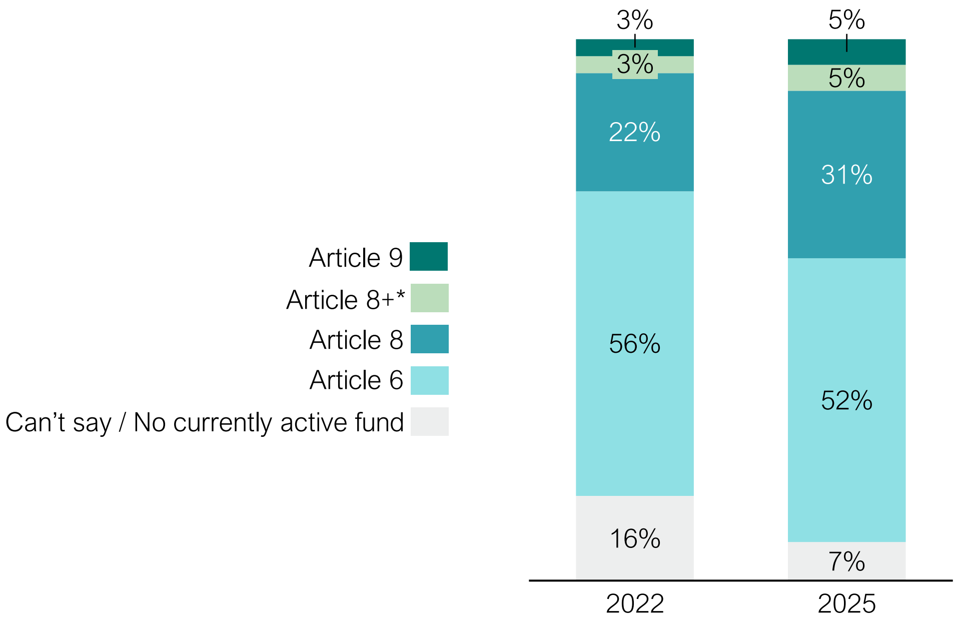
tCO2e/FTE

Emissions per full time employee (those who calculate Scope 1-3)

Article 8 is becoming the standard for SFDR reporting, Article 6 not planned for any future fund

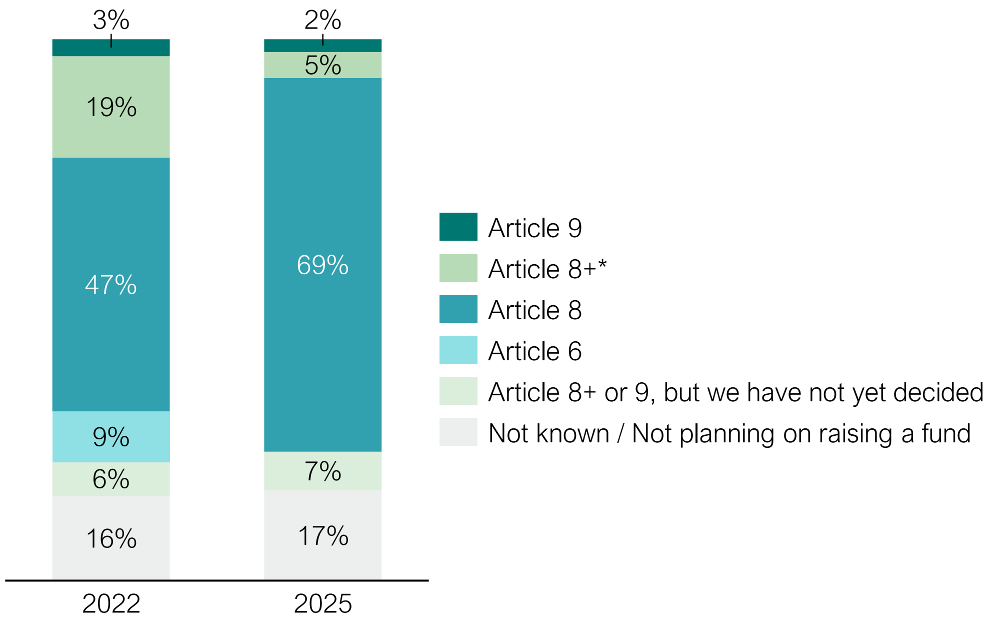
SFDR product categories of currently active funds (most recent fund)

% (single choice)



SFDR product categories of planned funds

% (single choice)



- Article 8's growing popularity among currently active funds in 2025 is visible as it is adopted by around 50% more funds compared to 2022. Article 8+ and 9 funds now represent a tenth of current funds.
- Article 6 is still the most common category, with a relatively small change from 2022 compared to planned fund categories at the time. Considering the average fundraising cycle of five years, more significant changes require longer to materialise.
- Across strategies, venture and growth equity funds have adopted Article 8 and beyond at a faster rate.

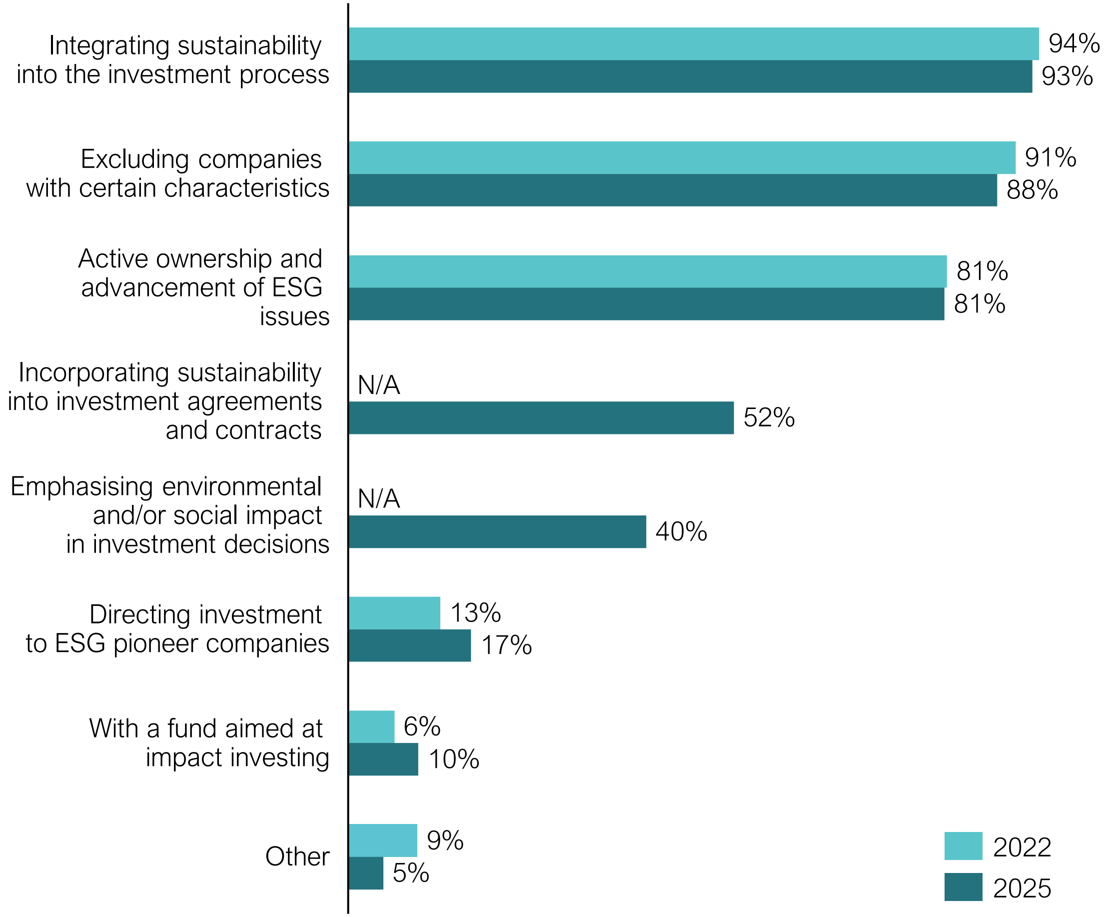
- Article 8 seems to be becoming the future standard with its adoption being planned for almost 70% of future funds. No future funds being raised by the GPs surveyed represent Article 6, which signifies a development across the entire private equity industry's reporting practices and portfolio work.
- Contrastingly, interest in SFDR classifications above Article 8 seems to have reduced dramatically, mostly driven by decreased interest in Article 8+; only 5% GPs surveyed were planning to adhere to its principles, down from 19% in 2022.

*Article 8+ refers to funds that include a minimum proportion of sustainable investments and meet stricter criteria (including do no significant harm).

Investment process and portfolio

All GPs implement sustainability-related practices in investment processes, sustainability is also advanced through active ownership

Implementation of responsible or impact investing*
% (multiple choice)



- In 2025, all GPs implement some practices related to sustainability in investment processes, contrary to 2022 when 3% of respondents did not consider as part of their processes. 95% of GPs employ various practices to integrate sustainability into their investments.
- The two most common practices, adopted by nearly all GPs, focus on the pre-investment stage: incorporating sustainability issues into the investment process and applying exclusion policies. These practices have remained the most common in both 2022 and 2025. Moreover, over a half of GPs integrate sustainability into agreements and contracts.
- Around 80% of GPs implement responsible or impact investing through active ownership & promoting ESG matters within their portfolio. When asked about the ways that GPs advance sustainability within their portfolio, more than half reported that the topics are kept on board agendas, either regularly or as needed. Additionally, many GPs provide support to portfolio companies by offering services, tools and trainings. Only 5% of GPs stated that they do not actively influence the sustainability practices of portfolio companies.

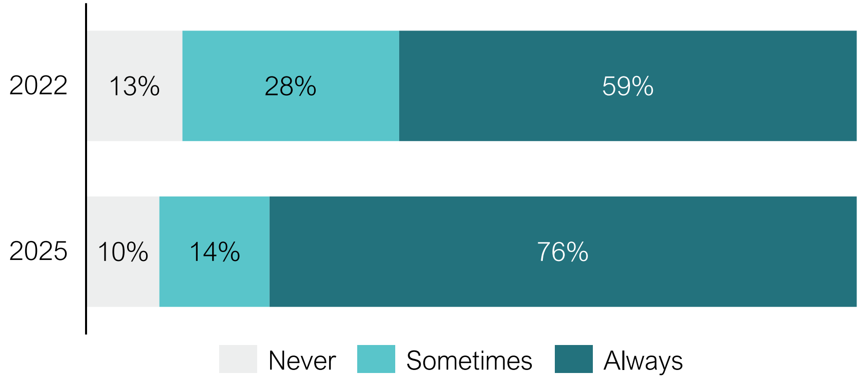
43%
of GPs advance sustainability by offering tools, services and trainings for portfolio

60%
of GPs keep sustainability topics regularly on board agendas

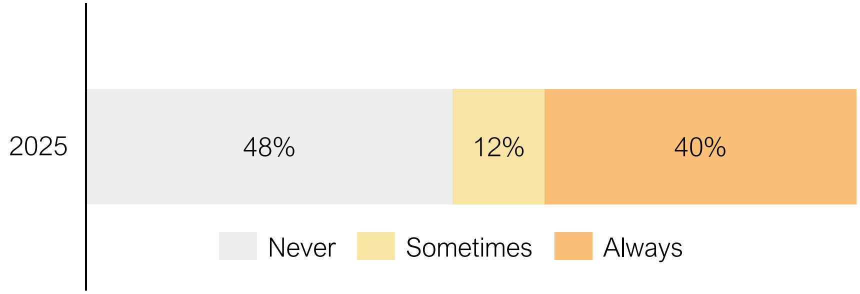
*Survey in 2022 did not include options "Incorporating sustainability into investment agreements and contracts" and ''Emphasising environmental and/or social impact in investment decisions''.

Assessing ESG-related topics during due diligence is increasingly commonplace, investment processes without any sustainability assessments rare

ESG assessment in first-time investments
% (single choice)



Impact assessment in first-time investments
% (single choice)



- ESG due diligence has become close to a norm across most of the industry players, with over three quarters conducting assessments in every initial investment case (up 17 pp from 2022). There is little change in figures for those GPs without any ESG-related assessments. In 2025, all growth and buyout GPs do an ESG assessment at least sometimes, whilst 17% of the venture capital or other funds do not conduct any ESG DDs.
- In 2025, most adapt their ESG DD assessment based on the size and/or industry of the company (53%). 37% of the ESG DD assessments always follow the same structure, up from 29% in 2022.
- We also surveyed gender ratio monitoring at DD-stage, as this type of monitoring is more common in Europe. Of those GPs who invest in founder-led companies (37), 19% follow the ratio of female-led companies to others.

38%
Of GPs conduct ESG DD and impact assessment with every initial investment

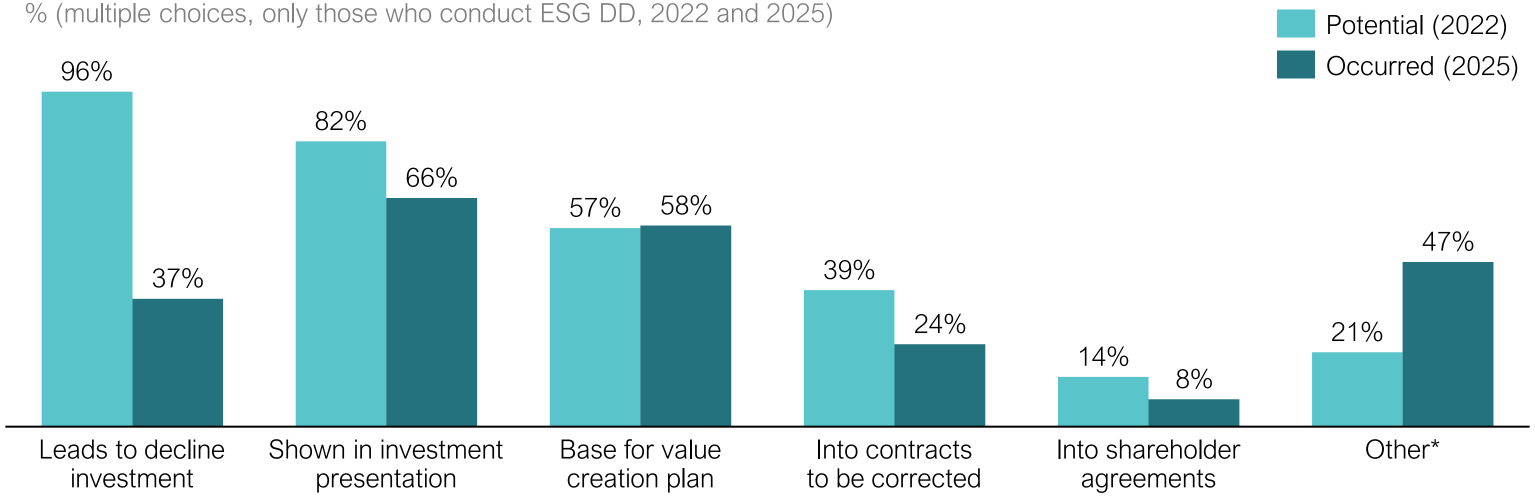
10%
Of GPs conduct neither ESG DDs nor impact assessments with initial investments

- In addition to ESG due diligence, over half of the GPs assess the impact of the company before making the investment decision. Close to two fifths evaluate both ESG and impact in every initial investment case.
- Two thirds of those who look at impact include quantitative elements such as modelling in their assessment at least sometimes, with 40% doing it consistently with every impact assessment.

Due diligence findings serve in value creation more than expected, whilst impact assessment findings are underutilised

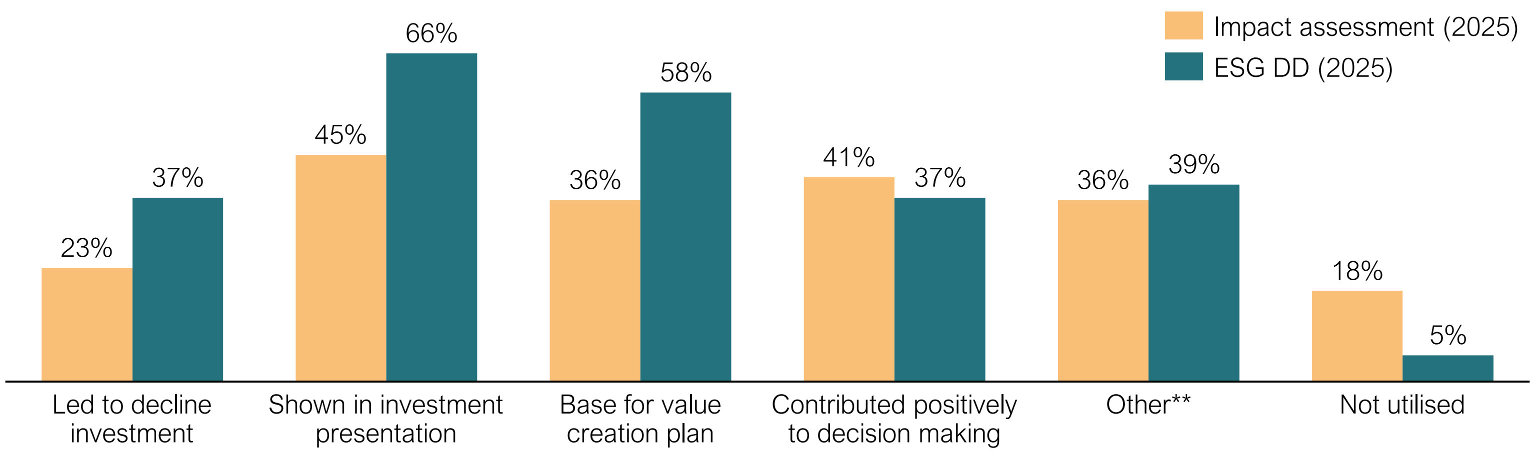
Potential and occurred utilisation of ESG due diligence findings

% (multiple choices, only those who conduct ESG DD, 2022 and 2025)



Occurred utilisation of impact assessment and ESG due diligence findings

% (multiple choices, only those who conduct impact assessment and/or ESG DD, 2025)

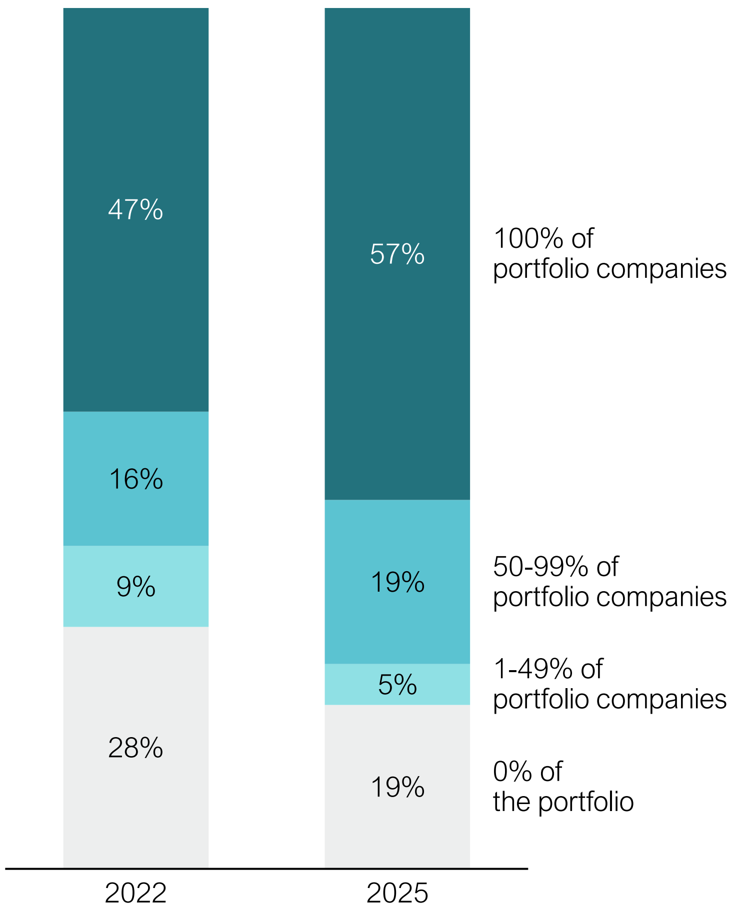


- In 2022, we surveyed the potential impact of ESG due diligence findings, whereas in 2025 explored which of these actions had occurred so far. The first graph demonstrates the differences between possible and actual use-cases of ESG due diligence findings.
- Though potential for findings to prevent investment was marked high, just over a third of the GPs have so far seen this happen.
- Most findings are brought to investment presentations or used for value creation. The latter is the only option meeting the potential from 2022.
- Recent survey also explored the utilisation of impact assessment findings. Impact assessment results are used less than ESG DD results, with almost a fifth not utilising results at all.
- There are no established ways to use impact assessment results, with all options gathering under 50%. Additionally, none of the GPs incorporate findings in the company remuneration plan.
- Both ESG and impact findings are mostly showcased in investment presentations. For the portfolio stage, findings serve as a basis for value creation plan, in third of the cases the impact assessment results also serve as a base for yearly monitoring of impact (here in the Other –category).

*For Occurred, other includes findings contributing positively to decision making.
**For impact assessment, other includes findings as basis for impact monitoring and for ESG DD, findings taken into contracts and shareholder agreements.

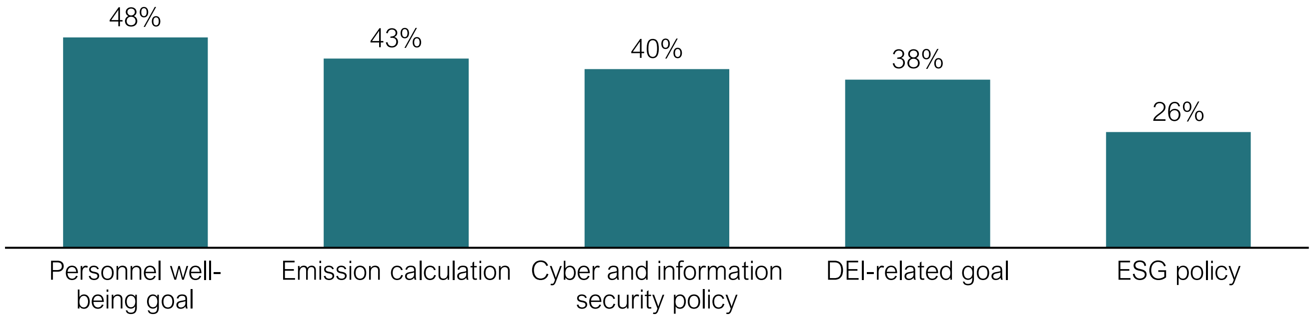
Over a half of GPs have sustainability development plans for the entire portfolio, most common objectives relate to personnel wellbeing and emission calculation

Share of GP portfolio companies with sustainability development plans
% (open-ended, divided into brackets)



- In 2025, over a half of GPs have sustainability development plans for their entire portfolio, marking a 20% increase from 2022. Just under a fifth of GPs do not have any sustainability development plans for portfolio. However, this is a 30% improvement from 2022 when 28% did not have any sustainability development plans.
- All buyout and growth equity GPs have sustainability development plans for at least part of their portfolio, while the use of development plans is more varied among VC and other funds. Of the GPs without sustainability development plans for their portfolio, 75% are early-stage VC funds.
- 88% of GPs have at least one sustainability objective for their latest fund's portfolio. The most common objectives focus on personnel well-being and emission calculation. Although emission calculation was the second most popular objective, only around 10% of GPs have a goal related to reducing the portfolio's emission intensity. Other less common goals among GPs are related to, for example, biodiversity and ESG in executive remuneration.

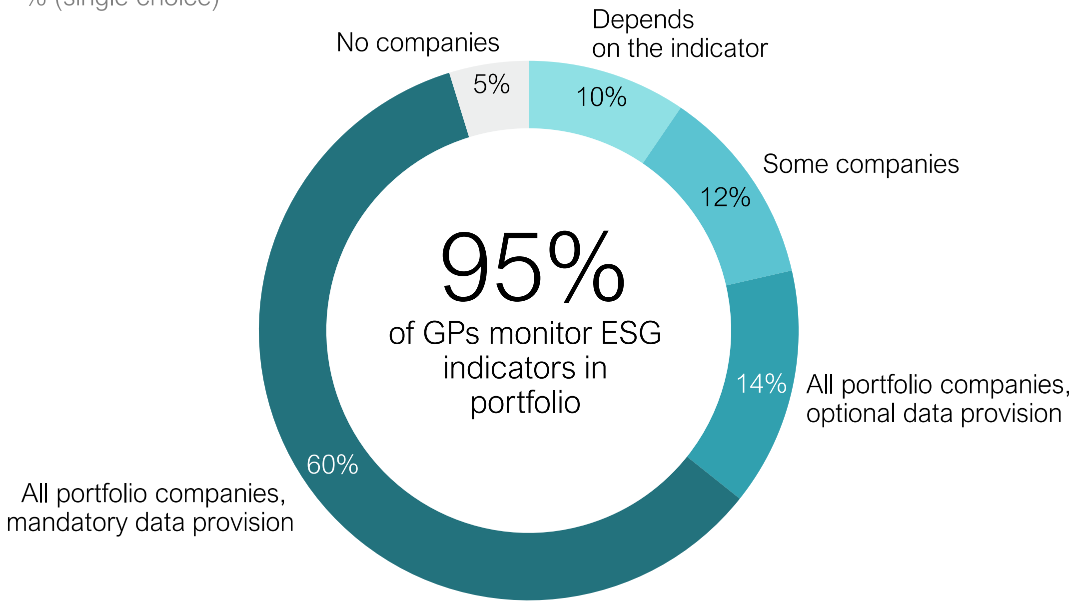
Top 5 objectives for latest fund's portfolio (applies to over 50% of portfolio companies)
% (multiple choice)



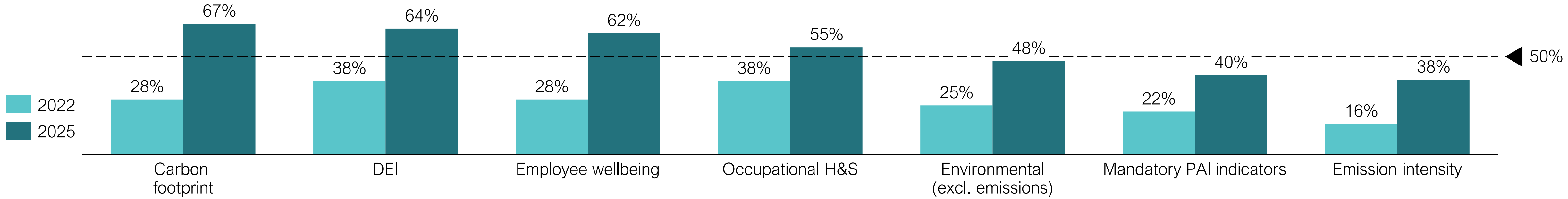
The monitoring of ESG indicators has surged from 55% in 2022 to 95% in 2025, with nearly all GPs now collecting data

- Between 2022 and 2025, there has been a significant increase in the monitoring of ESG indicators among GPs. The monitoring has increased from 55% in 2022 to 95% in 2025, meaning that nearly all GPs now monitor some ESG indicators.
- 74% of GPs collect data from all portfolio companies, with the majority requiring mandatory data provision. This requirement is implemented across a range of fund types, reflecting the growing recognition of data as essential across GP funds.
- Nearly all surveyed ESG indicators have seen an increase in monitoring between 2022 and 2025. In 2025, carbon footprint is the most commonly monitored indicator, with a rise in the monitoring of other environmental factors, though these are still less widely tracked. Social sustainability indicators, such as employee well-being and DEI, are also commonly monitored. Furthermore, one-third of GPs customise their monitoring based on the company.

Share of portfolio that the monitored ESG indicators cover
% (single choice)



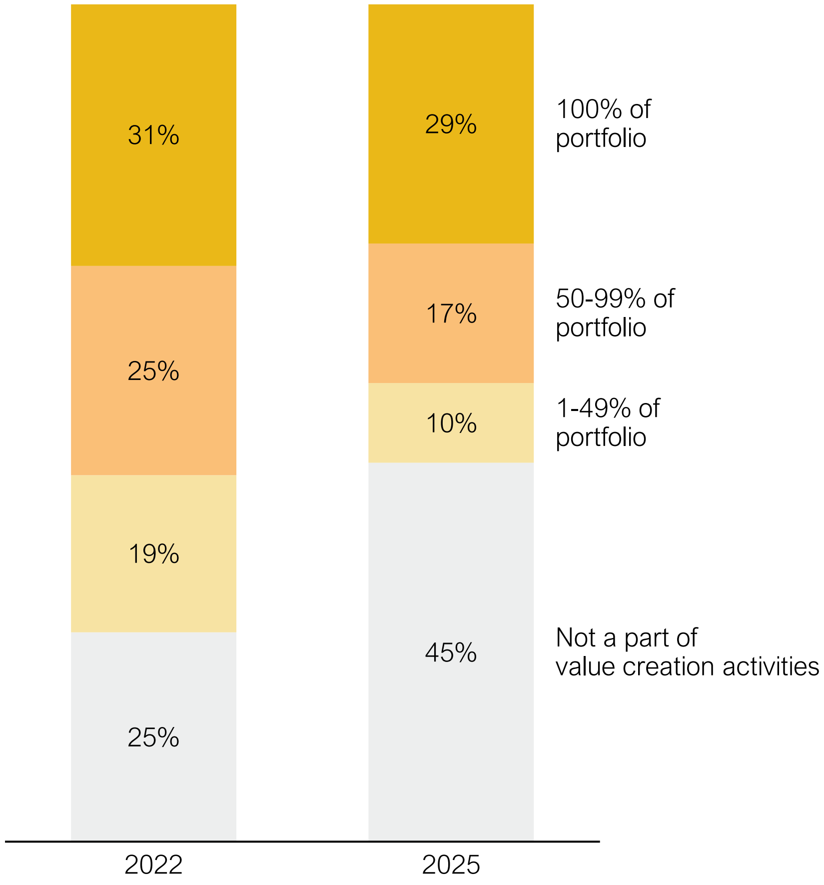
Regularly monitored ESG indicators on portfolio company level
% (multiple choice)



The integration of impact development in value creation activities has dropped from 2022, impact is also less often monitored than ESG

Share of portfolio where impact development is included in value creation activities

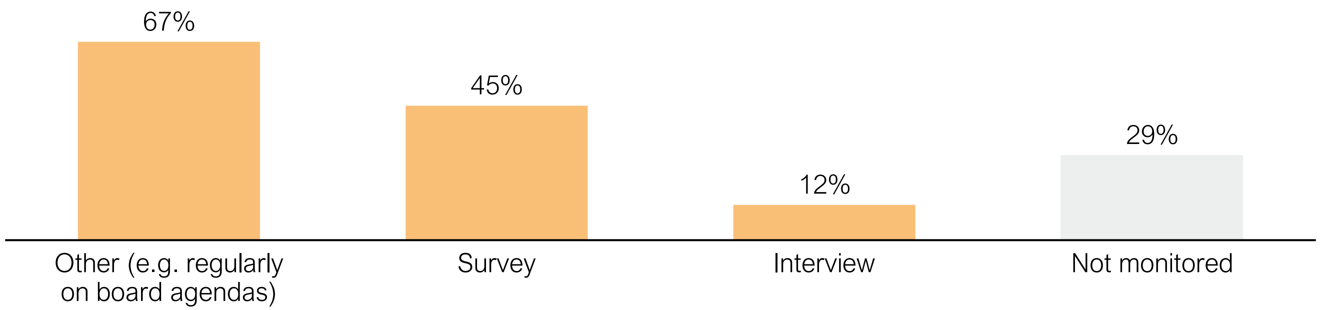
% (single choice)



- In addition to mapping the development and monitoring of ESG topics in portfolio companies, the surveys in 2022 and 2025 have examined the development of impact. Based on the results, the integration of impact development in value creation activities has notably decreased from 2022, with 45% of GPs not including impact development in value creation.
- Monitoring the development of impact in portfolio is less common than monitoring the development of ESG matters. In 2025, all respondents reported monitoring ESG to some extent, while 29% do not monitor impact. The monitoring of impact development is most common among growth equity funds, while practices among venture capital (VC) and buyout funds are more varied.
- Among GPs that incorporate impact development into value creation, the majority also monitor impact development, with only 4% not monitoring. The most common methods for monitoring impact development include regular written surveys and other practices, such as keeping impact regularly on the boards' agenda. Notably, 57% of GPs use multiple monitoring practices.

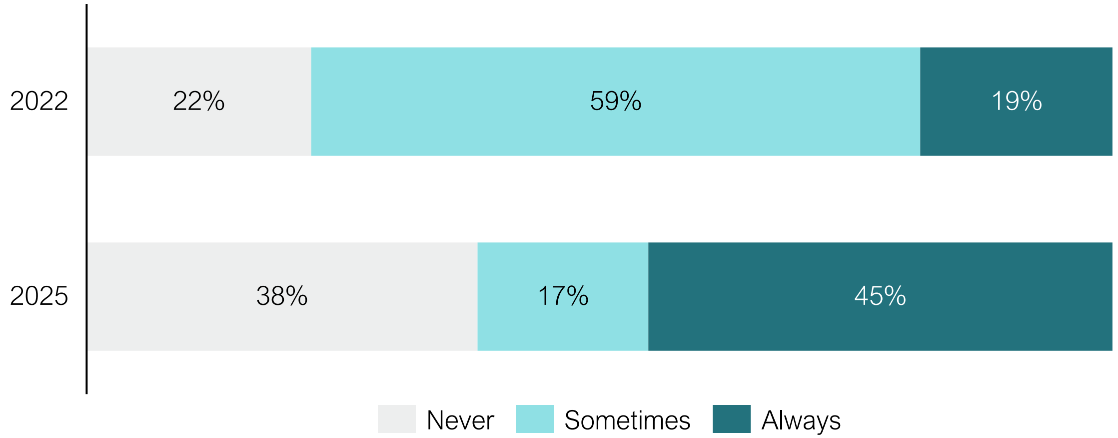
Ways of monitoring impact development in portfolio

% (multiple choice for respondents who monitor)



A little under a half of GPs have integrated the consideration of ESG in all exits, one in four GPs also consider impact

ESG consideration in exits
% (open-ended, divided into brackets)



Impact consideration in exits
% (open-ended, divided into brackets)

- In addition to monitoring the development of sustainability within portfolio companies, GPs were asked whether sustainability issues are considered during exits. Whereas the 2022 survey mapped out the consideration of ESG, the 2025 survey expanded to scope to include impact.
- Many GPs have extended their consideration of ESG issues to exits, integrating sustainability across the entire investment lifecycle. 45% of GPs now consider ESG systematically in all exits. However, the proportion of GPs who consider ESG at least occasionally has decreased since 2022, so the overall consideration of ESG in exits has not increased between the surveys.
- Impact is considered less frequently than ESG, with more than half of GPs not factoring impact into any exits. This aligns with other survey findings on impact, as around a half of GPs assess impact during the due diligence phase and develop impact during the holding period.
- GPs who have integrated both ESG and impact considerations into all exits represent a balanced mix of VC, growth equity, and buyout funds. Among GPs who do not consider either, 75% are early-stage VC funds.

26%
of GPs consider both ESG and impact in all exits

38%
of GPs consider neither ESG or impact in any exits