Norvestor

Sustainability Report

2021

About us

Norvestor is a private equity firm that has partnered with Nordic businesses for more than three decades. We are passionate about supporting companies in their development and growth.The businesses we look for have ambitious and experienced management teams at the helm and aim to become leaders in their markets.

We typically invest in companies providing services, often where digitalisation and available technology can be utilised to make sustainable efficiency gains and create real value for clients and society. Key to our approach is forging a partnership with the managers and co-owners of the businesses we invest in.

Norvestor funds invest in medium-sized Nordic companies, with revenues in the range of €25–250 million. While we consider opportunities in many different industries, we tend to focus on areas in which our team has experience and strong networks, mainly business services. We aim to grow our portfolio companies substantially during the holding period, which normally spans three to six years. To drive this expansion, we often help companies to enter new geographies, acquire complementary businesses and create digital strategies. Sustainability is a key aspect of Norvestor's investment philosophy. We are convinced that businesses that contribute positively to society and have sustainable business models will build long-term value. Sustainable business practices are crucial to the health and happiness of future generations.

As active investors, we are in a unique position to make an impact. We want our contribution to be positive – not just because we believe acting responsibly leads to superior investment results and allows us to attract the best talent, but also because we are convinced it is the right thing to do.

Contents

Highlighting 2020

- Awarded the 2020 Best Sustainable Equity Investor Nordics by CFI
- Fourth year supporting our portfolio companies producing their own sustainability reports
- Increased the proportion of portfolio companies with one or more women on their board of directors from 13% in 2017 to 83% in 2020
- Supported four of our portfolio companies in becoming signatories to the UN Sustainable Ocean Principles
- Increased our rating from PRI in the section about Strategy and Governance from an A to an A+
- Improved the ESG data gathering platform to better manage sustainability information from portfolio companies
- Incorporated sustainability risk, climate risk (TCFD) and principle adverse impacts (SFDR) into ESG due diligence processes related to potential new investments
- Introduced mandatory cyber security audit and taxonomy alignment assessment in due diligence for all potential investments
- Progressed our mapping of the Sustainable Developmment Goals to further explain our portfolio companies' contribution

Key portfolio data (by end of 2020)

23 portfolio companies	**1,934** EUR million revenue	**10,600** employees (FTE)	**83%** of companies with one or more women on their board of directors
21% total women on our board of directors	**14.6** Total CO_2 footprint (tonnes)	**16%** reduction in total CO_2 footprint since 2019	**18%** reduction in carbon intensity since 2019

2020 PRI ratings	A+ Strategy & Governance	A Private Equity	Signatory of: PRI Principles for Responsible Investment

Note: Carbon footprint data excludes Norvestor V (three remaining companies with a combined revenue EUR 40 million)

Introduction

Fostering stewardship – Response to global challenges

To us, stewardship starts with an awareness of the various ways a company affects society and the natural world. Its approach to business should go beyond just following rules and regulations and it should encompass due attention to the health and wellbeing of employees, diversity and respect for the environment. Stewardship is also a key tenet of the Principles for Responsible Investment, to which we are a signatory.

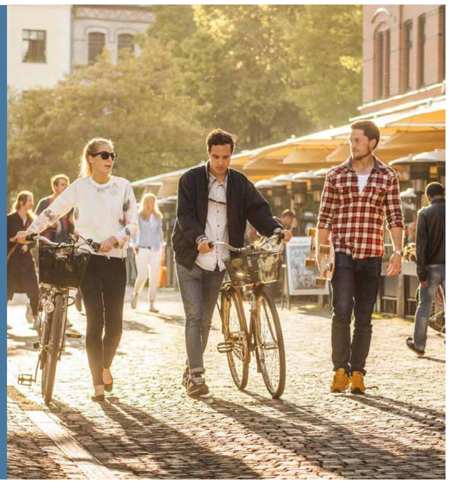
The investment community will play a vital role in attracting and allocating the assets that will create a sustainable future. As asset managers, we are in a unique position to make an impact – both directly and indirectly – by being trusted stewards of our investors' capital.

At Norvestor, we work with our portfolio companies to improve their impact on the living world and society. We support them in implementing comprehensive governance policies, working towards sustainability targets, and reporting on their progress. In this 2021 sustainability report, we showcase the advances made by our portfolio companies.

Across the portfolio, we have observed good progress on the objectives set. This year, portfolio companies' action plans have been updated with actionable short- and long-term projects related to key material ESG themes to help focus their efforts. Among other developments in our ESG methodology this year, companies have initiated steps to quantify the impact of their product and services, become carbon-neutral, promote (gender) diversity and implement governance policies and procedures.

We're proud of the progress made by our portfolio companies in 2020. As well as doing the right thing, investing responsibly is good business sense. We have seen that companies that are aligned to sustainability goals are better prepared to meet future challenges, and perform better financially.

Over the past year, we have continued to make progress on many fronts, including establishing **Norvestor Fund VIII as an 'Article 8' fund** under the new Sustainable Finance Disclosure Regulation (SDFR), introduced Taxonomy mapping in ESG due diligence as well as mandatory cyber cecurity audit.



Environmental

Innovative technologies developed by growth companies within areas such as energy, logistics, manufacturing, agritechnology and aquaculture will play a key role in our transition to a carbon-neutral economy. We see plenty of investment opportunities within these industries as well as in companies with innovative and resource-efficient solutions to providing traditional services. By investing in a climate agenda and collaborating with companies to realise this in practice and ensure climate change targets are met, we believe that our investments will facilitate the transition to a carbon-neutral future.

Social

Maintaining a social licence to operate is not merely about following rules and regulations, it is about being mindful of the many stakeholder impacts that a company has. Enduring success cannot come without due attention to the health and wellbeing of employees. Diversity is another important driver of value, as highlighted by many studies. Not only is it an antidote to groupthink, but we also believe that it spurs greater innovation and productivity.

Governance

Governance starts with the 'tone at the top', and means setting an example of accountability and transparency that is mirrored throughout the business. We like to see a code of conduct that all staff buy into, and a culture where people feel empowered to speak up and discuss their concerns openly. This means that problems are identified early and tackled before they turn into big issues.

Over the years, we have developed a comprehensive set of governance policies that our portfolio companies must adhere to.

Portfolio-wide objectives

Environmental

Reduce carbon emissions

We have seen a total reduction of 31% in CO_2 intensity since 2018, and 18% since 2019. Our ambition is to reduce carbon intensity further, by establishing roadmaps to reach net-zero.

Reduce climate-related risks and capture opportunities

We strive to reduce climate risk by monitoring climate-related risks and capturing opportunities related to the energy transition.

Social

Ensure a diverse and inclusive workforce

We are committed to equal opportunities and to ensuring that employees' needs and perspectives are respected by their leaders. We support companies in implementing policies, practices and diverse cultures at all levels in the organisation.

Create safe and attractive workplaces

We aim to ensure the health, safety and well-being of all employees, to create attractive workplaces where employees feel valued and where they can bring out the best in themselves.

Governance

Reduce non-compliance risk

Our aim is for all portfolio companies to have well-defined and established compliance processes and practices. We will continue to review and update policies and procedures and go beyond compliance with the latest regulations and standards.

Align with UN Sustainable Development Goals

As part of our efforts to create a positive impact on society at large, we continue to identify opportunities to positively contribute to, and reduce negative impact on, the UN SDGs. We encourage companies servicing the energy and marine industry to sign up to the UN Global Compact Sustainable Ocean Principles.

We also help companies to foster a culture of transparency and accountability, where they can speak up and are empowered to act.

EU climate action and the European Green Deal

The government response to the COVID-19 pandemic has driven a desire to 'build back better', and policy centred on care for the natural world and society are starting to emerge. The European Green Deal, agreed by policymakers in 2021, aims to restore biodiversity[1] and drive the transition to a decarbonised economy. The cornerstone of the deal is a goal to achieve carbon neutrality across EU states by 2050, and to reduce carbon emissions by 55% by 2030. At the time of writing, the European Climate Law[2] (which enshrines the Green Deal proposals into Law) is passing through its final stages[3].

The Sustainable Finance Action Plan

The European Commission's Sustainable Finance Action Plan also took steps forward in 2021. The plan has three main objectives:

- → Reorient capital flows towards sustainable investment
- → Mainstream sustainability into risk management
- → Foster transparency and a long-term approach towards financial and economic activity

The two key legislative initiatives under the Sustainable Finance Action Plan are the Sustainable Finance Disclosure Regulation ('SFDR') and the EU Taxonomy Regulation.

[1] https://www.eea.europa.eu/policy-documents/eu-biodiversity-strategy-for-2030-1
[2] https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1828
[3] https://www.reuters.com/business/environment/eu-parliament-committee-rubber-stamps-climate-change-law-2021-05-10/

Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation (SFDR) came into force on 10 March 2021. It places obligations on professional investors, trustees and financial advisers to demonstrate that they have integrated sustainability risks into their investment processes. As an alternative investment fund manager, Norvestor is required to provide investors with information relating to how we:

Integrate sustainability risks into decision-making	Consider adverse sustainability impacts	Promote environmental or social characteristics, and sustainable investment

Our response to the SFDR

Norvestor sees the sustainability of risk considerations in the investment decision-making process as an essential part of the risk-management process. Our first step is a pre-due diligence screen to identify and avoid any investment that currently generates, or is likely do to so in future, a significant share of its revenue from excluded industries or products involved in the following:

- → Production, trade and/or distribution of cluster munitions
- → Production, trade and/or distribution of tobacco
- → Activity of sex work or procuring of sex workers
- → Production, distribution or sale of pornography
- → Operating or marketing casinos or other gambling activities
- → Thermal coal mining and extraction

We will also reject any investment that is operationally or financially linked to a country, company or persons registered on relevant sanctions lists. Through this negative screening exercise, we aim to filter out potential investments that are likely to have significant adverse impacts on sustainability factors. Besides negative screening, we also screen for companies with the potential to reduce their impact on the environment or to contribute towards environmental betterment. Furthermore, we look for evidence that companies are responsible employers that look after their employees, promoting diversity and taking an interest in their local communities.

Norvestor Fund VIII as an Article 8 Fund ('ESG fund')

Asset managers are required to classify their funds in accordance with the SFDR articles. Norvestor Fund VIII was launched as an Article 8 fund meaning that the fund promotes social and environmental characteristics. A key investment theme in Norvestor Fund VIII is companies with innovative solutions to global ESG-related challenges. All investment decisions are made in accordance with the binding elements of our investment strategy, used to attain the listed environmental and social characteristics listed below:

- → Investments with a **good ESG performance** are positively screened for
- → Investments with **a high potential to improve on ESG factors** are positively screened for
- → Principal adverse impact on sustainability factors are considered when making investment decisions for Fund VIII
- → Investments that conflict with Norvestor's exclusion policy (which outlines industries/activities that have potentially negative environmental or social characteristics) are excluded
- → Investments that are exposed to (unmanageable) sustainability risks are excluded
- → Investments that are exposed to (unmanageable) principal adverse impacts are excluded
- → **A proprietary ESG framework** is applied on a continuous basis for Fund VIII, supporting all investments in improving their **ESG performance**
- → A key investment theme in Norvestor Fund VIII is companies with innovative solutions to global ESG-related challenges

The Taxonomy Regulation

From 1 January 2022, fund managers like Norvestor must report on the proportion of environmentally sustainable investments, as per the Taxonomy Regulation[4]. Norvestor will assess all investments and present our findings in our Annual Report. For now, the regulation can only be used to identify environmentally friendly activities, more specifically, only activities that contribute to climate change mitigation and adaptation (the technical screening criteria for the remaining four environmental objectives are expected to be published in 2022, and will enter into force in 2023.)

Besides assessing the substantial contribution to one of the six environmental objectives, an assessment will be made of compliance with the technical screening criteria to avoid significant harm to all other objectives. Furthermore, compliance with minimum safeguards, meaning we have embedded the standards in the OECD Guidelines on Multinational Enterprises (MNEs) and the UN Guiding Principles on Business and Human Rights, with

[4] Regulation (EU) 2020/852
[5] Sustainability and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and, protection and restoration of biodiversity and ecosystemes.

ESG and investment returns

There is a raft of academic and industry research showing how ESG factors affect company performance. Although there is some debate around the measurement of materiality, few investors are now likely to cling to the notion of a trade-off between ESG and long-term financial returns. Moreover, people have an increasing awareness of the downside risks of neglecting ESG issues.

The effect of poor ESG practices

Poor ESG practices represent a serious risk to the health and profitability of a company. For ESG-related incidents that destroy shareholder value, weak governance and a lack of ESG transparency has often been a common denominator, underscoring the importance of having the right people, policies and culture in place. As for the financial impacts, these can manifest themselves in many ways, including lost business, increased cost of capital and fines. It stands to reason that a company generating negative impacts on stakeholders – whether employees, customers, suppliers or local communities – is unlikely to build durable long-term value. Many of these impacts are not captured by traditional accounting methods, hence the increasing weight attached to non-financial information. To determine ESG risks, it is vital to look beyond a company's immediate operations and assess impacts across the whole value chain.

Culture critical to success

We believe culture is a key driver of long-term performance and the result of many factors, including the 'tone at the top', a compelling corporate vision and sound HR policies. We want our portfolio companies to be employers of choice, which means creating an open and inclusive work environment, where all employees feel valued and have opportunities to grow their careers. In addition, we track data on absenteeism and employee turnover, which are good proxies for cultural health. We also encourage the HR teams in our portfolio companies to share best practice, including at Norvestor conferences and through a collaborative online platform.

When ESG adds value

As investors increasingly differentiate between companies on sustainability grounds, there are good reasons to expect a valuation premium related to strong ESG performance. Indeed, we don't think it is a coincidence that a growing share of a company's market value is made up of intangible assets. Brand and reputation are now tightly intertwined with a company's sustainability credentials. The implication for asset managers is clear – as a driver of value creation, ESG cannot be viewed in isolation from fiduciary duty.

From our perspective, ESG is key to building customer loyalty and pricing power. It is also a way to reduce costs, for example through more efficient use of energy or the adoption of circular principles in the management of materials and waste. Green bonds, which are issued to fund specific climate-related and environmental projects, are another cost-efficient option, as they are generally issued on more favourable terms. Then there is human capital, the bedrock of any business. Companies with an authentic and stakeholder-sensitive vision stand a far better chance of attracting and retaining talent, as well as maintaining employee productivity.

Our ESG framework

ESG considerations are integrated into all stages of our investment process, from the initial deal sourcing and due diligence, throughout the ownership period. We place a major weight on measurement and disclosure and ensuring that the right yardsticks are used to gauge progress. Over the years, we have developed a framework that is aligned with important market standards and it will continuously be updated to always be up to date with latest recommendations and guidelines[6]. With our methodology, we focus on materiality, meaning that we look at to which degree a particular ESG theme can impact a company's operational and financial performance. These material ESG themes are assessed each year and are used as the basis for setting short-, medium- and long-term action plans, defined through priority projects in each company's sustainability report.

The stages of our investment process

1 Pre-investment analysis

A pre-investment due-diligence screening is carried out on all potential investments. Through the use of an exclusion policy, an investment will be rejected if it is currently, or if it currently generates, or is likely do to so in future, a significant share of its revenue from excluded industries or products. We also avoid industries that have questionable ethical foundations or that are likely to struggle to shift to sustainable business models.

2 ESG Due Diligence

Next, Norvestor conducts a comprehensive ESG due diligence to determine the sustainability proportion of the target business, taking into consideration the entire value chain of business activities. This involves assessing how the company's industry is aligned with a sustainable future, what their key material ESG themes are, and what the performance of the company on those themes is. By assessing the material ESG risks and opportunities, Norvestor gains a sense of how they affect the growth prospect and financial performance of the company, and whether the risks are deemed manageable.

An ESG due diligence also includes a Taxonomy Screening and a mapping of how the company could contribute to the UN Sustainable Development Goals.[7]

3 Monitoring (ESG review)

An annual ESG review is conducted for all investments in our funds[8], using the key ESG themes as a baseline and assessing each company's performance against their themes. Based on these assessments, Norvestor works together with the portfolio company and a specialist ESG consultancy company to create a roadmap, covering both short- and long-term goals. It is a time-tested formula: a clearly defined set of goals, combined with measurement and regular disclosure drives action.

The roadmap is continuously monitored and reported on in an annual portfolio company sustainability report which is considered an important tool to set ambitious targets and drive progress.

4 Exit

Our aim is for our companies to grow substantially during our holding period, which is typically between three and six years. We support companies in various ways, including strengthening their management teams, entering new geographies, acquiring complementary businesses and creating digital strategies. In addition, our focus on ESG means that the businesses we've invested in will be on a much stronger footing to make a positive difference to the world.

[6] Developed together with ESG consultants MJ Hudson and other advisors. It is in line with a number of principles and standards including the Global Reporting Initiative (GRI), Principles for Responsible Investment (PRI), Sustainable Accounting Standards Boards (SASB) and the OECD Guidlines for Multinational Enterprises.
[7] Regulation (EU) 2020/852
[8] Excluding Norvestor Fund V (Apsis, Uptime, Sentech)

When determining key ESG impacts and themes, we take into account each of the considerations below:

Environmental
- → Climate & energy
- → Material circularity
- → Ecosystem impact

Social
- → Employee wellbeing
- → Customer impact
- → Corporate citizenship

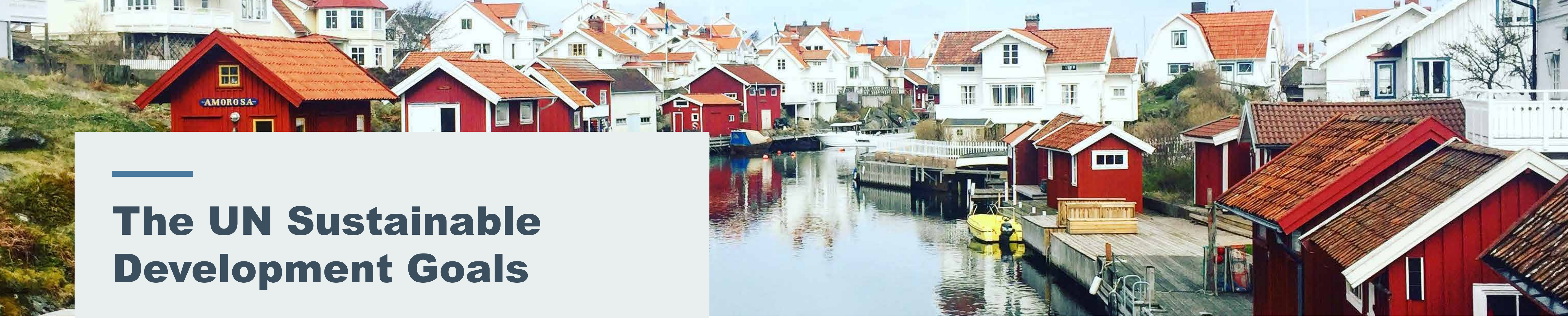
Governance
- → Corporate governance
- → Supply chain management
- → Business resilience and ESG

Most important ESG themes in our portfolio:

- Sustainability Principles
- Employee health & safety
- Energy & Carbon footprint
- Material efficiency & waste
- Data security & privacy
- Supply chain control

Annual ESG review

1. **Determine key impacts and themes**
   Key ESG themes are highlighted, taking a perspective on the full value chain as well as looking at the relevance of ESG for the industry that the company operates in – defining a long-term vision for a sustainable industry.
2. **Assess company ESG performance**
   How is the company managing the relevant ESG themes identified? How do they perform on defined metrics/ KPIs?
3. **Create action plan**
   Opportunities are identified where ESG and value creation coincide, formulated in actionable priority projects to drive progress.
4. **Engagement**
   Findings and the action plans are discussed with company management, the board of directors and Norvestor representatives.
5. **Company specific Sustainability Report**
   All findings are aggregated in a company specific sustainability report.
6. **Portfolio report**
   We communicate our findings in an annual portfolio report to our investors, portfolio companies as well as on our website to the public. The report highlights aggregated risk exposure, portfolio company performance and the progress made over time.



The UN Sustainable Development Goals

The United Nations SDGs represent a momentous call to action. Agreed in 2015 with a deadline of 2030, their aim is to “end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity”.

A huge mobilisation of public- and private-sector resources is needed to meet the 17 goals, with the global investment community playing a very important role. We’ve undertaken an extensive exercise to map our portfolio companies to the SDGs, so we can monitor how they are driving change. Assessment of the relevant SDGs is closely linked to our ESG materiality framework. If positive performance on the key material theme contributes to one of the SDGs, we select – from the 17 SDGs and their respective 169 targets – the targets that are most relevant for the company and specify their contribution.

Promoting the UN Sustainable Ocean Principles

The ocean is vital to the well-being and prosperity of humankind. There is a clear need to expand the use of the ocean for food production, energy, raw materials and transportation. However, carrying out these activities in a sustainable manner is critical to maintaining biodiversity and reducing global warming.

We believe responsible management of the ocean provides significant business opportunities and ultimately supports global economic growth. For this reason, we became a signatory to these principles in 2019. Since then, we have encouraged the portfolio companies whose operations impact the ocean to become signatories.

Four portfolio companies where the principles are deemed relevant became **signatories** in 2020 and have integrated the principals in their overall ESG approach.

Materiality map

A qualitative indication of which Sustainable Develoment Goals each portfolio company is exposed to. It is not an indication of the extent to which the companies support these goals.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
4Service								✔				✔	✔			✔	
Avonova								✔					✔			✔	
EnFlow								✔				✔	✔	✔		✔	
First Camp						✔		✔					✔		✔	✔	
Foxway					✔		✔	✔				✔	✔			✔	✔
Future Production								✔				✔	✔	✔		✔	
HydraWell								✔				✔		✔			
iSURVEY								✔					✔	✔		✔	
NetNordic			✔				✔		✔				✔			✔	
Permascand								✔	✔			✔	✔	✔		✔	
PHM Group								✔			✔					✔	
Preservation Holding								✔	✔			✔	✔	✔		✔	
READ								✔					✔	✔		✔	
Roadworks								✔	✔				✔			✔	
SmartRetur								✔					✔		✔	✔	
Sperre					✔			✔	✔			✔	✔	✔			
The North Alliance					✔					✔		✔	✔			✔	
VENI							✔	✔				✔	✔			✔	
Wellit				✔									✔	✔		✔	

✔ Material

Source: Portfolio companies sustainbility reports 2021, MJ Hudson Assessment

UN Principles for Responsible Investment

Norvestor has been a signatory to United Nations Principles for Responsible Investment (UN PRI)[9] since September 2017. Moreover, we have embedded the principles into our business practices and ensured that portfolio companies adhere to and comply with the principles in the UN Global Compact, the UN's Universal Declaration of Human Rights and guidelines outlined in the Organisation for Economic Co-Operation and Development (OECD) for Multinational Enterprises.

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following.

Assessment score

Strategy & governance			Private equity		
2018	2019	2020	2018	2019	2020
B	A	A+	A	A	A

[9] Unpri.org

	The principles	How Norvestor upholds them
1	**We will incorporate ESG issues into investment analysis and decision-making processes.**	Conducting pre-due diligence screening for all potential investments as well as a comprehensive ESG due diligence to determine the sustainability proposition of the target business. Climate risk considerations are explicitly part of this. Norvestor has allocated formal oversight and accountability for responsible investment and assigned responsibilities for implementing responsible investment practices to dedicated people within the organisation.
2	**We will be active owners and incorporate ESG issues into our ownership policies and practices.**	We influence change in our portfolio companies by conducting annual ESG reviews of all portfolio companies. Together with company management, we identify opportunities where ESG and value creation coincide, formulate action plans with priority projects.
3	**We will seek appropriate disclosure on ESG issues by the entities in which we invest.**	We help create annual ESG reports for all companies, created by company management together with the Norvestor investment team and ESG coordinator, supported by a third-party ESG specialist. We consider the company reports and the underlying process a key tool with which to provide transparency, set ambitious targets and drive progress towards goals. The reports seek to align to several internationally recognised reporting frameworks such as SASB, GRI, PRI, Task force on Climate Related Financial Disclosure (TCFD) and the Greenhouse gas emissions protocol.
4	**We will promote acceptance and implementation of the principles within the investment industry.**	Norvestor makes a formal commitment to its stakeholders to invest responsibly, outlined in the Norvestor Responsible Investment Policy.
5	**We will work together to enhance our effectiveness in implementing the principles.**	Norvestor continuously improves its methodology and approach towards ESG, supported by special ESG consultants. We share our approach with investors and contribute to sector ESG initiatives and discussions.
6	**We will each report on our activities and progress towards implementing the principles.**	Norvestor provides transparency on activities and progress by publishing an annual sustainability report on our website.

Environment

We are acutely aware of the huge, interconnected threats posed by issues such as climate change, water pollution and deforestation, and are committed to continuously reducing our negative environmental impact while we contribute to positive activities. All of our portfolio companies provide detailed information on their environmental footprint annually, covering areas such as waste management, energy use and carbon emissions. Whether it is cutting air travel, promoting resource efficiency or directing R&D budgets to address environmental challenges, we are determined to push the envelope of environmental performance.

The climate challenges

As a challenge of existential proportions, climate change necessarily features in a wide range of business decisions, including risk management, product development and strategy. Our decarbonisation efforts are ultimately guided by the Paris Agreement, which states that we need to limit the global temperature rise to well below 2°C above pre-industrial levels and aim to keep it under 1.5°C. To understand climate resilience, we have to determine the exact vulnerabilities and opportunities of each business. This is why we monitor our portfolio companies' exposure to climate risks (see below) and continuously seek to drive down emissions across our portfolios. It is also the reason we have invested in businesses that are helping to speed up the transition to a low-carbon world.

TCFD and the assessment of climate risks

The Task Force on Climate-related Disclosure (TCFD) has produced a set of helpful recommendations on how to report on climate-related risks. The recommendations relate to **transition**, **physical** and **liability** risks. Transition risks span issues such as climate policy, carbon pricing, technological advances, and changing investor and consumer sentiment. This risk features heavily in our climate-resilience work: we assess every company's carbon exposure by using a shadow carbon price to calculate the cost implications if this rises to a level deemed high enough to significantly accelerate the energy transition.

Physical risks refer to the damage and disruption that extreme weather and rising sea levels can cause to a company's operations, assets and supply chains. Such risks can be characterised as event-driven (acute) or longer-term (chronic). Other physical risks include the quality, availability and sourcing of water and food security. Nordic countries tend to rank among the least vulnerable to physical climate impacts, but this is a risk that cannot be overlooked as the world continues to warm.

Liability risks concern the possibility of a wave of climate-related litigation. This is less relevant for the types of businesses we invest in.

Our approach

Recognising the potential impact that climate-related risks and opportunities can have on the risk profile and value of our investments, we consider this an important topic. We have organised our approach around the four pillars used by the Task Force on Climate-related Financial Disclosure (TCFD).

The TCFD's four pillars

Governance

Our governance around climate-related risks and opportunities.

To us, governance means going above and beyond minimal requirements. Setting the tone from the top, we have allocated board-level responsibility for ESG issues. Risk-management measures are explored and agreed at the board level, then executed by management. It's important that the business operates in a culture of accountability and transparency. We aim to ensure the health, safety and well-being of all employees to create attractive workplaces where employees feel valued and can bring out the best in themselves.

Strategy

The actual and potential impacts of climate-related risks and opportunities we have on businesses, strategy and financial planning.

It's worth noting that we invest mainly in the Nordic region that are not historically or predicted to be significantly affected by physical climate-related risks. We have identified some climate-related risks, such as transition from carbon based to renewable energy, but view these as an opportunity as much as a risk.

We engage with our portfolio companies to identify climate-related risks and opportunities, aided by digital tools and research.

Risk management

Processes used to identify, assess and manage climate-related risks.

An assessment of climate-related risks, opportunities and measures is a fixed topic in our annual ESG review and when making investment decisions. We use leading climate-related assessment tools, taking into consideration different climate scenarios. In our assessment of the likely impacts of climate-related risks on the value of our investments, we implicitly incorporate scenario thinking.

Metrics and targets

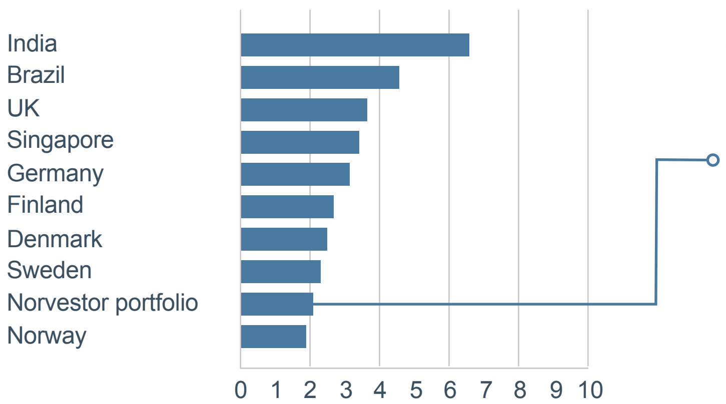
Metrics and targets used to assess and manage relevant climate-related risks and opportunities.

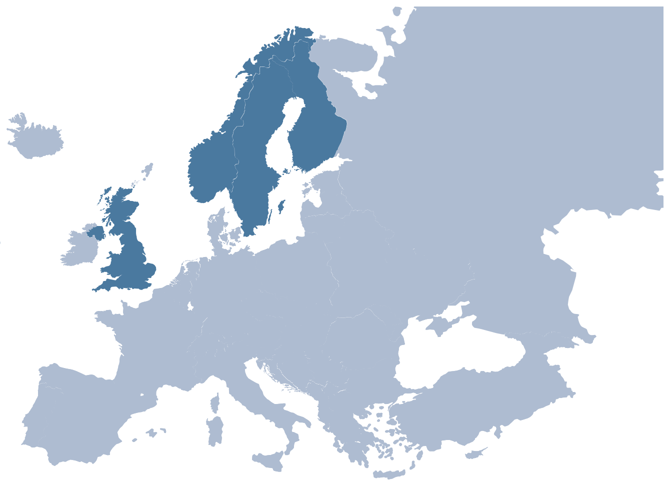
In our annual ESG review, Norvestor monitors and reports on climate-related metrics and targets and realised progress. These metrics, such as carbon footprint, are monitored and reported at a board level, and used as a baseline for future objectives.

We require each of our portfolio companies to assess, disclose and report on their own physical and transitional climate-related risks as part of our annual sustainability reporting cycle. We also examine our portfolio companies' value chains to identify risks and opportunities.

Geographical risk

Portfolio ESG geographical risk score vs. selected regions[10]





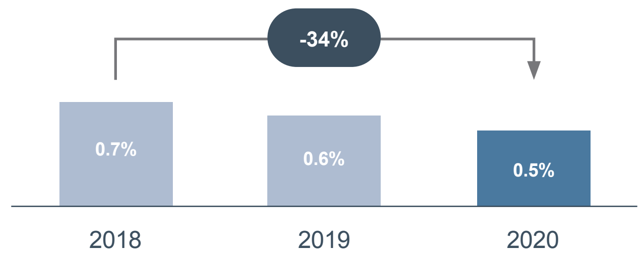
Geographical spread of Norvestor portfolio company HQ locations

Physical climate risk

Total water risk score

Carbon exposure

tCO_2e x tCO_2e price / EBITDA



[10] MSCI ESG Industry risk scores (low 0 - high 10), based on a company's industry classification using the Global Industry Classification Standard (GICS). Industry risk scores are exclusively based on the industry the company is operating in, and not based on the position in the supply chain or their ESG performance.
[11] Weighted average risk score based on revenue share in selected industries (Norvestor sector groups)
[12] tCO_2e*tCO_2e price carbon exposure assumes a NOK 550 carbon price per tonne CO_2e. The carbon footprint estimate includes scope I, II emissions and scope III emissions to the extent possible (mostly travel-related), as described by the GHG protocol. Based on like-for-like analysis, excluding data from companies and business units that did not disclose emission data in either years 2018-20 (PHM Group, NoA, Monti/Presservation Holding).

Source: Portfolio companies sustainability report 2021, MJ Hudson assessment, WRI's Aqueduct Water Risk Atlas, MSCI

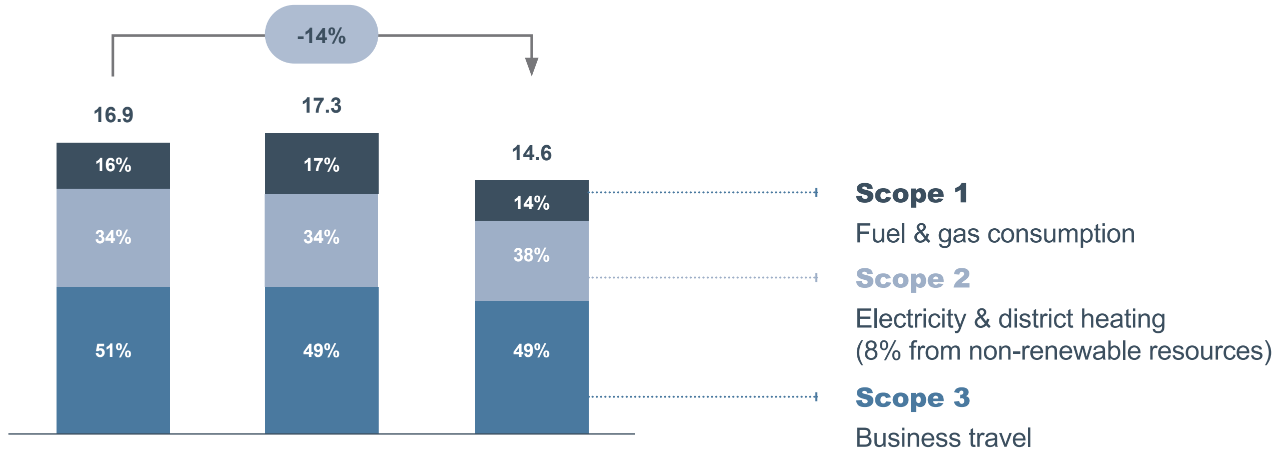
Reducing our carbon footprint

It is important to stress that the service-oriented nature of many of our investments, combined with the large proportion of renewable energy in the Nordic power-generation mix, translates into a relatively low carbon footprint for our portfolios. We know this by comparing our portfolio carbon exposure against other asset managers, as well as by benchmarking each company against industry peers. Our estimated financial carbon exposure is 0.5%. In other words, if we had to pay for our carbon emissions today, this would only impact 0.5% or less of total portfolio EBITDA, which is considered low. In addition to this, our portfolio-level carbon intensity fell 18% since last year. Some portfolio companies provide support services for the energy industry, exposing them to some transitional climate-related risks. However, our view is that there is a significant opportunity to diversify into emerging markets and industries that are aligned with the energy transition (e.g. offshore wind energy).

> "The Nordic region is a leader in the renewable energy revolution, with a major share of hydro, wind and solar in the power generation mix. More than 30,000 of VENI Energy Group's business clients have already opted for certified green power, and almost 100% of our customers in Sweden and Norway procure renewable energy."
> **– VENI Energy Group**

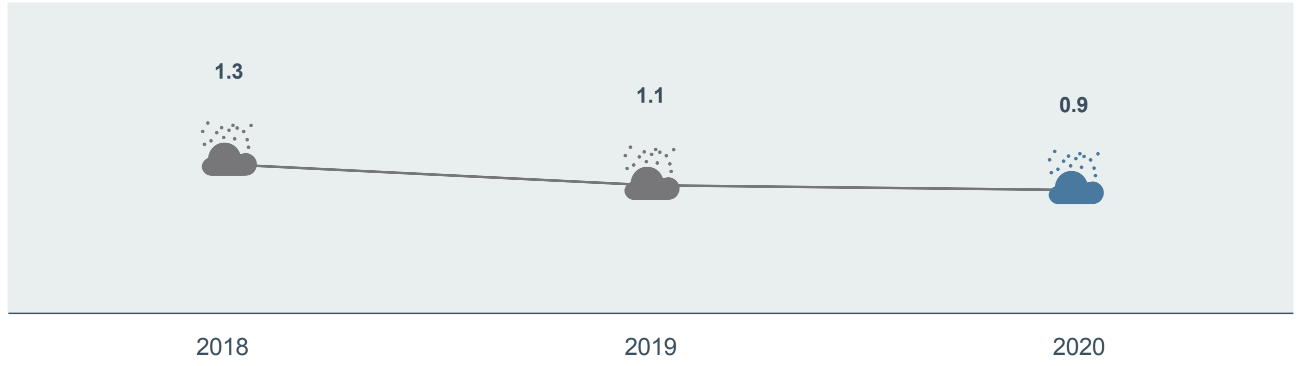
Total Carbon footprint[13]

tCO_2e

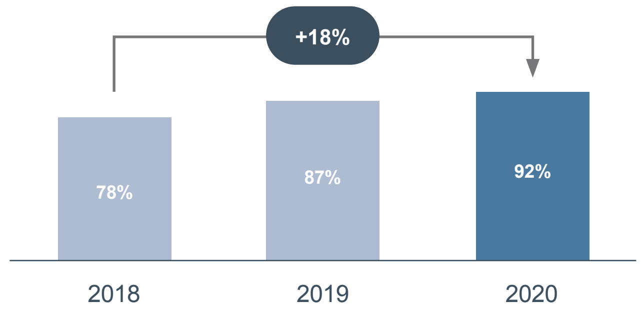


Carbon intensity[13]

tCO_2e / NOKm revenue

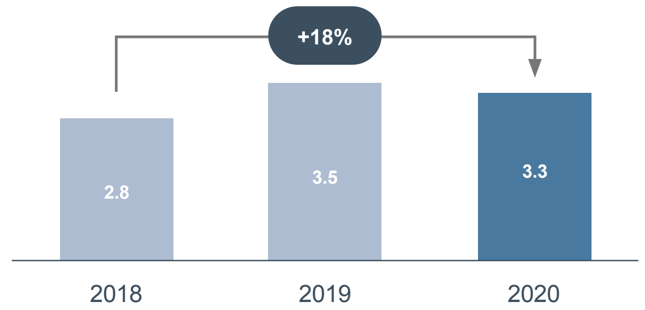


Renewable energy[13]



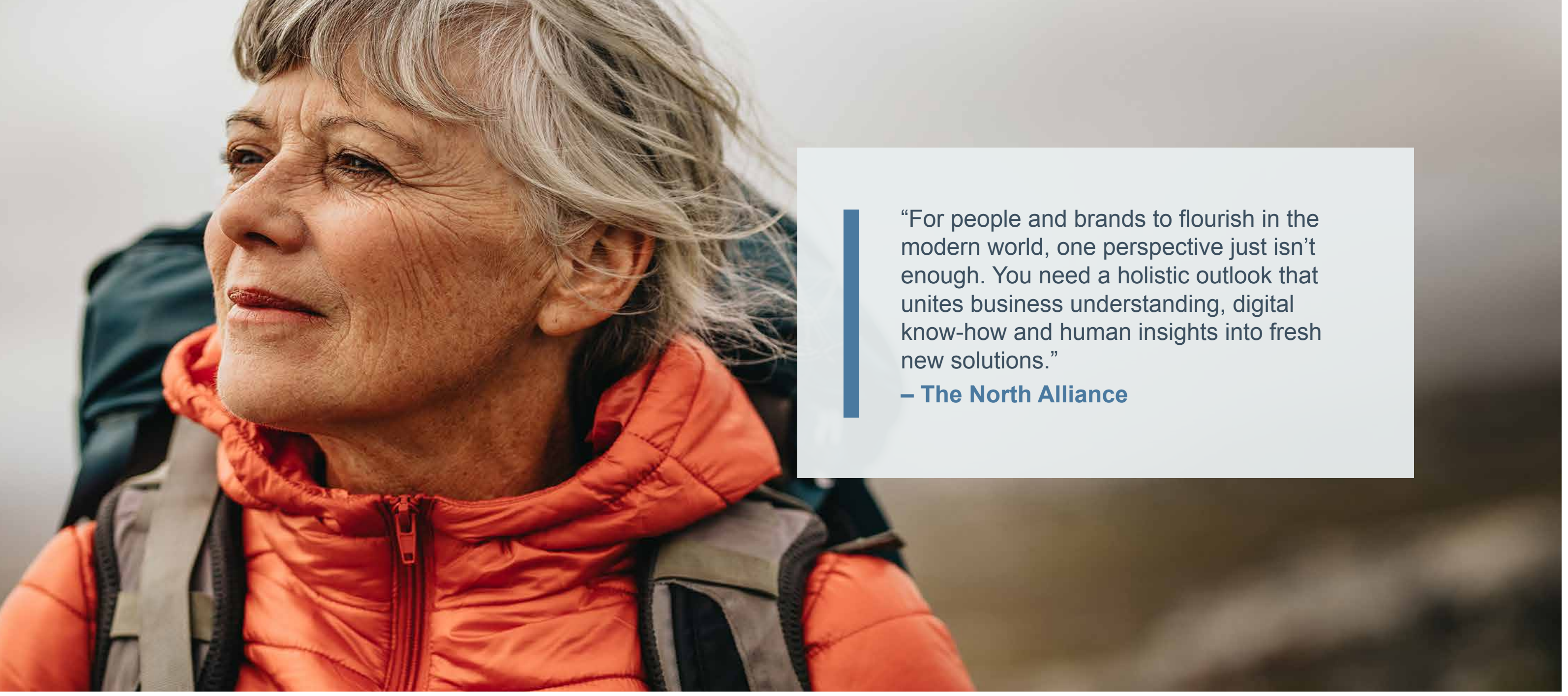
Energy intensity[13]

MWh / NOKm revenue



[13] Based on like-for-like analysis, excluding data from companies/business units that did not disclose emission data in either years 20182020 (PHM Group,The North Alliance, Preservation Holding).The carbon footprint estimates include scope I, II and III to the extentpossible (mostly travel-related emissions). Following the EU Directive 2009/28/EC wherin a Guarantee of Orgin certificate is required to prove the source of electricity.The renewable electricity (%) for 2018-2020 is respectively 32%, 52% and 67%.

Source: Portfolio companies sustainability reports 2021, MJ Hudson assessment



"For people and brands to flourish in the modern world, one perspective just isn't enough. You need a holistic outlook that unites business understanding, digital know-how and human insights into fresh new solutions."
– The North Alliance

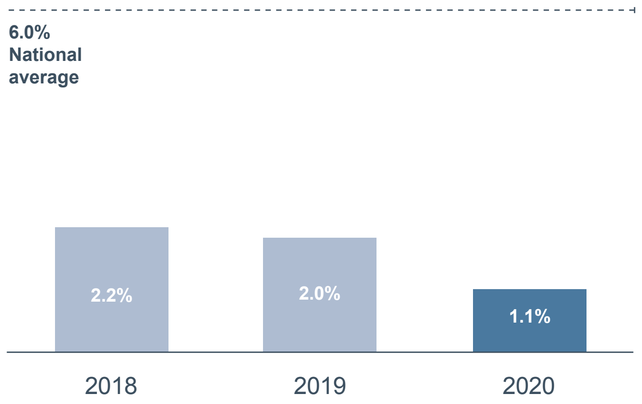
Social

Maintaining a social license to operate isn't merely about following rules and regulations, it's about being mindful of the many stakeholder impacts that a company has, both internally and externally. The latter includes a range of aspects, such as labour conditions in the supply chain and improving opportunities for marginalised groups in society. Internationally, the private equity industry has often been associated with aggressive cost cutting.

In our view, a narrow 'bean-counter' approach to investing is a fool's errand; our highly growth-oriented strategy is focused on building world-class businesses, not tinkering with short-term margins. Enduring success cannot come without due attention to the health and wellbeing of employees. Increases in staff turnover, or absenteeism, are red flags, and we therefore encourage our companies to work proactively to understand and address any concerns employees may have. Health & safety and recruitment & retention are common material themes for our portfolio companies, all of which have very robust QHSE-management systems in place.

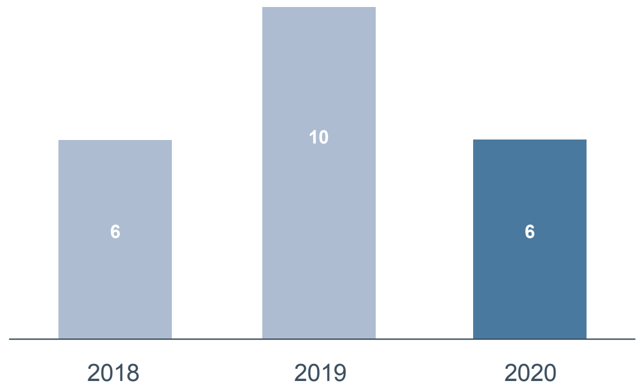
In 2020, the average absenteeism rate across our portfolios was 1.1%, which was well below the national average at 6%[15]. Diversity is an important driver of value, as highlighted by many studies. Not only is it an antidote to groupthink, but we also believe that it spurs greater innovation and productivity. Among other things, we have made steady progress on improving the gender balance in company boards. The proportion of companies with one or more woman on their board of directors was 83% in 2020, compared to 13% in 2018. Our goal is to get this to 100%.

Absenteeism rate[15]



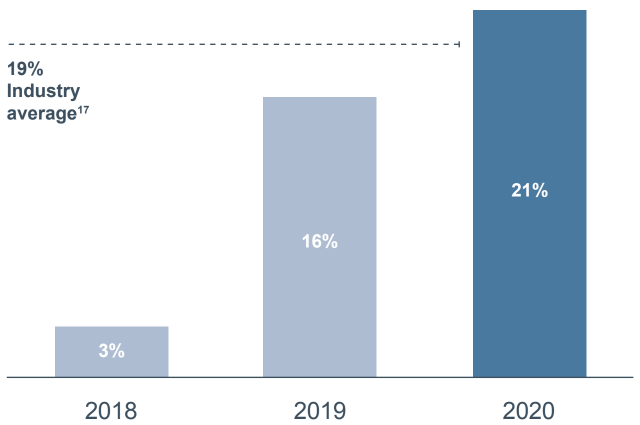
Total accident rate[16]

accidents / 1000 FTE

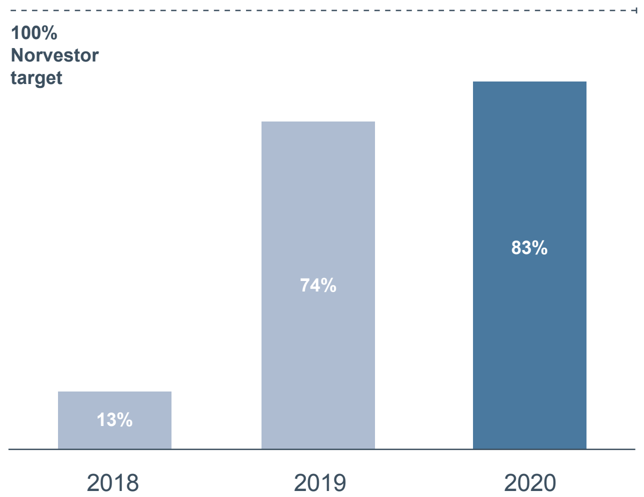


Diversity within the board of directors

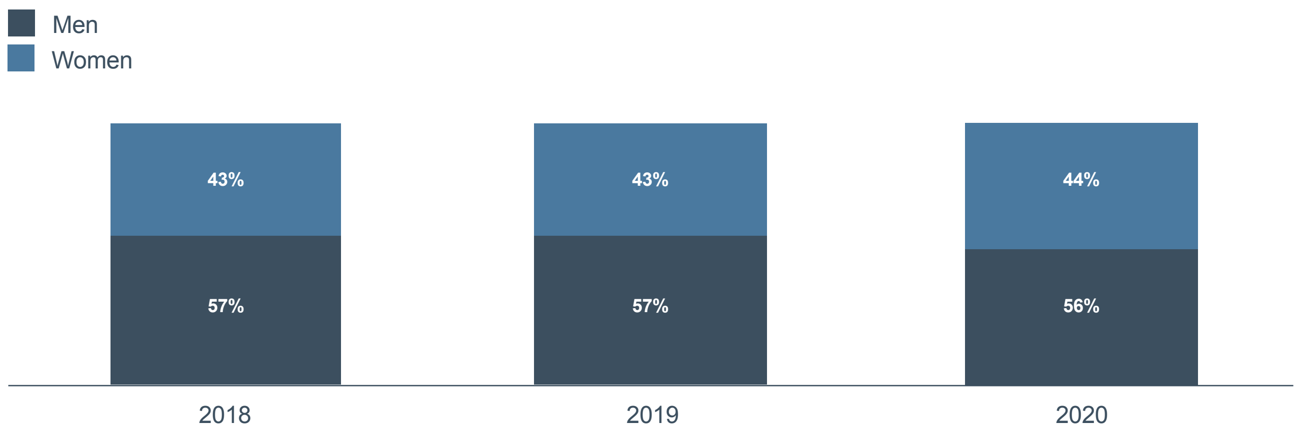
Total % women



Companies with both genders represented on the board



Portfolio-wide gender diversity



[15] Short-term absenteeism rate (<14 days). Based on like-for-like analysis, excluding data from companies and business units that did not disclose data in either years 2018-20 (PHM Group, NetNordic, READ, Presservation Holding). Benchmark based on Norwegian national average in 2020. Source: SSB (absenteeism rate includes self & doctor certified).
[16] Based on like-for-like analysis, excluding data from companies and business units that did not disclose accident data in either years 2018-20 (PHM Group).
[17] The ESG Status of Swedish Private Equity, report by Swedish Privat Equity & Venture Capital Association (SVCA) and HUI (Link).

Source: Portfolio company sustainability reports 2021, MJ Hudson Assessment.

> "For us, sustainability is not only an integral part of our business model, but it also plays a key role when making strategic decisions. Our goal is to create a positive impact for the society, our employees, partners and customers."
> **– Cegal**

Governance

It is difficult to overstate the importance of good governance. To us, governance goes beyond meeting the minimum requirements – it's about creating a culture of transparency to reduce risk and improve operations. We insist that every company assigns responsibility for ESG to a senior manager and makes sure that relevant issues are part of the agenda at board meetings.

As we have already mentioned, our portfolio companies operate mainly in the Nordic region; however, where there is exposure to industries and countries with a high incidence of corruption, or that are under sanctions, extra resources are spent assessing the associated risks. The annual sustainability reports that are produced for each portfolio company include sections on material governance themes and third-party certification (such as ISO and various environmental-management certificates).

Over the years, we have developed a comprehensive set of governance policies that all our portfolio companies must adhere to, including:

→ Anti-corruption policy

→ Whistle-blowing policy

→ Code of conduct

→ Standard instructions for board of directors

→ ESG policy

→ Anti-trust policy

→ Sanctions procedures

→ Dawn-raid procedures

→ Social-media policy

→ Crisis-management policy

→ Cyber-security incident plan

→ Compliance programme

Portfolio company ESG performance

4Service

Acquisition date: January 2016
Fund: Norvestor VII
Country HQ: Norway
Industry: Business Services

Headquartered in Oslo, 4Service is a Norwegian provider of contract catering, cleaning, front-desk support, and other facility-management services. Its primary markets are commercial real estate, onshore infrastructure camps, and offshore platforms. On a typical day, 4Service staff prepare and serve more than 100,000 meals.

4Service is committed to sustainability in all facets of its operations. Due to the nature of its business – for example, the sheer volume of meals prepared – the company's potential to do good is vast. 4Service is intent on making a positive impact at every touchpoint with society and the environment. The company's long-term targets include using 100% recyclable packaging, as well as no carbon footprint in their vehicle fleet and logistics. The company holds weekly meetings on how to promote a more sustainable diet to their customers and how to incorporate this into their offerings. In 2019, 4Service started a collaboration with a famous Norwegian chef to make sure that the food served is locally sourced, in season, and creates less food waste, all to decrease its and its customers' footprint. They also introduced a digital tool to further reduce their food waste by letting users know how much food they are wasting and the total carbon footprint it represents.

Sustainability is one of the most important topics for 4Service, and the company has many plans to ensure that they do business most sustainably. For example:

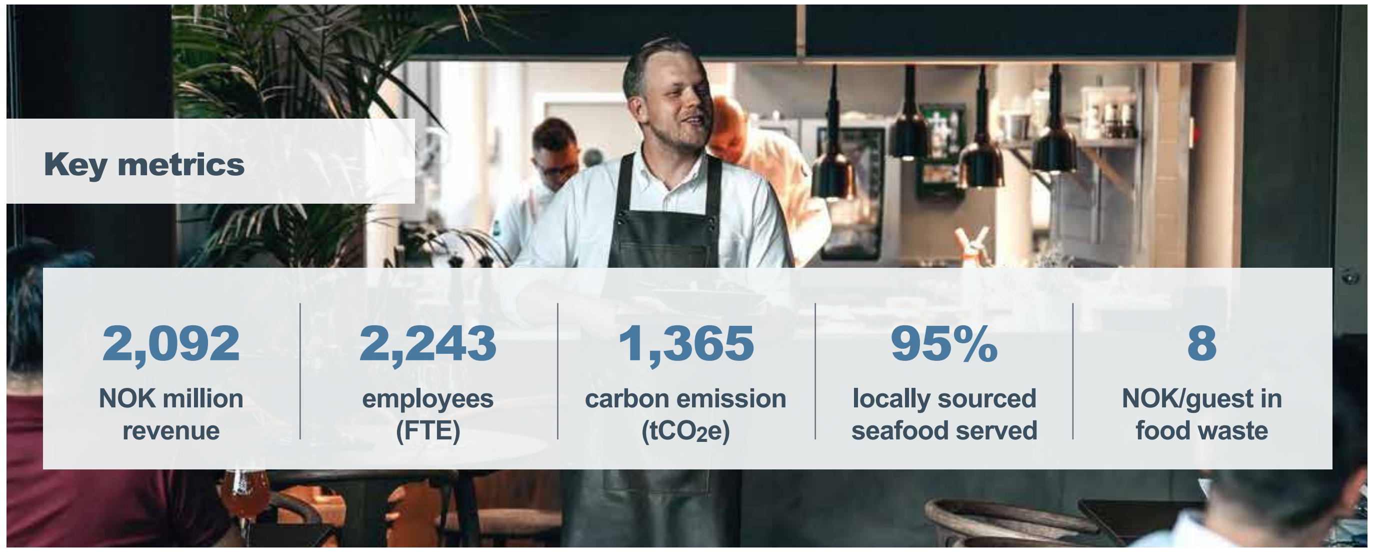
- each division in the company has its own annual ESG Operation Action Plan
- suppliers must meet their sustainability criteria and ambitions
- using eco-friendly chemicals with limited environmental implications

Performance and priority ESG projects

- 4Service is working to become a carbon-neutral company with net-zero emissions.
- The company has set ambitious targets in its supple chain reporting, by defining the ESG criteria to which suppliers must adhere and performing regular audits to ensure full compliance with those criteria.
- 4Service is also working toward targets for resource waste and efficiency, and has set criteria for the sustainable sourcing of chemicals used in its operations.
- The company is continuing to measure and limit food waste, an area in which 4Service is already making a notable impact.

Source: 4Service Sustainability Report 2021, MJ Hudson assessment

Key metrics



2,092	2,243	1,365	95%	8
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	locally sourced seafood served	NOK/guest in food waste

Key ESG themes and contribution to Sustainable Development Goals

- Energy & carbon
- Supply chain control
- Resource waste & efficiency
- Responsible food proposition
- Employee health & safety
- Sustainable principles

8 DECENT WORK AND ECONOMIC GROWTH

8.8: Promoting safe working environment for its employees

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.3: Strategies in place for food waste reduction. Launched a pilot project with Unilever in 2017 to monitor food waste in production, preparation and consumption

13 CLIMATE ACTION

13.2: Limiting their carbon emissions of own operations and through their services

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

16.6 & 16.7: Promoting sustainable developments throughout the supply chain with ESG audits of suppliers

Climate-related risks and opportunities

Physical risk

0.0

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Increased pricing of GHG emissions could lead to higher operating costs.

Key opportunity (resilience)
Showcase carbon impact in labelling of food products (tCO_2/kg) and actively reduce food waste.

Avonova

Acquisition date: January 2019
Fund: Norvestor VI
Country HQ: Norway & Sweden
Industry: Business Services

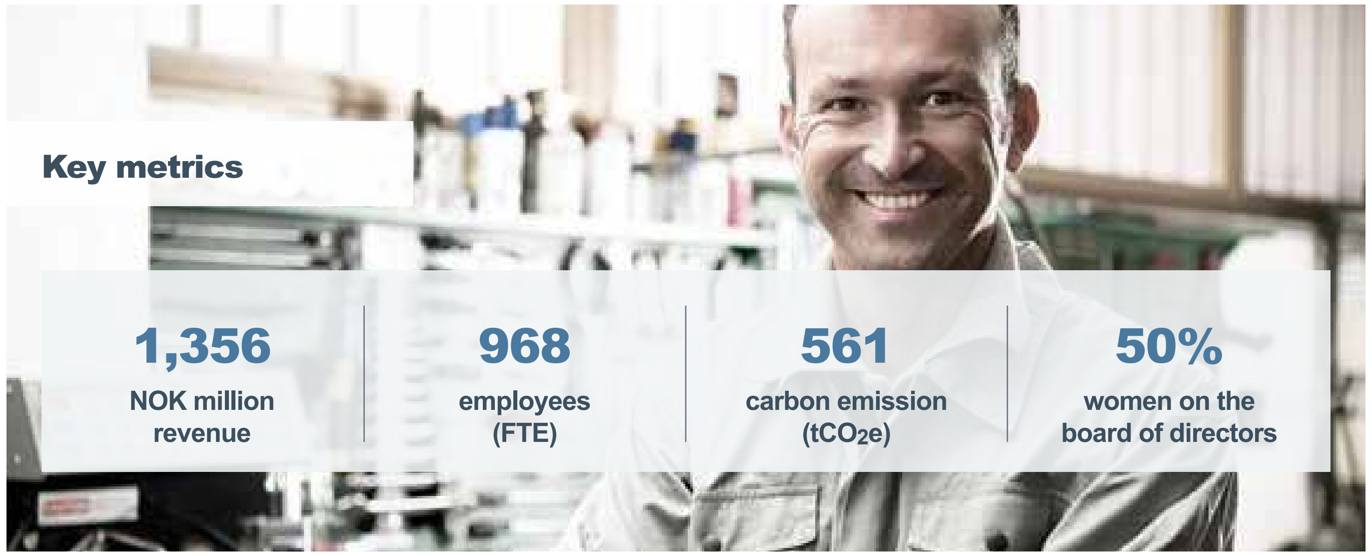
Avonova is the largest provider of occupational health services in the Nordics, with market-leading positions in both Norway and Sweden. They offer occupational health services to more than 17000 corporate clients in over 130 health centers in Norway and Sweden. Their focus is on promoting a safe, secure and sustainable working environment.

The one thing that successful and profitable companies have in common is that they support their employees, giving them the right skills to excel and the autonomy to act. Avonova designs and delivers a range of training courses covering practical topics, such as health & safety and first aid, to more thoughtful subjects, such as mental health. Poor mental health can affect a business acutely – it is estimated to cost the global economy $1trillion per year. Notably, Avonova's services focus on prevention rather than cure – training staff on how to prevent and manage stress and recognise the signs that a co-worker is struggling. As a leading provider of occupational health services in the Nordics, the company is well-versed in the causes and contexts of sick leave. They provide rehabilitation to re-integrate staff back into the workplace, based on tried-and-tested methodologies. Avonova's methods aim to reduce absenteeism by tackling the root causes – providing solutions that work in the real world. In addition, the group offers treatments for muscular and skeletal disorders and lifestyle-related diseases from its private hospital.

The company has a genuine commitment to sustainability and continuous improvement. Each year, an annual report on health and working life is produced, presenting lifestyle, workability and sick leave findings, and tracking evolving workplace trends. In the longer term, Avonova's business will be underpinned by the digitalisation of health services, coupled with closer cross-border cooperation.

Performance and priority ESG projects

- Avonova quantifies and communicates the impact of preventative care and occupational health care services. The company also communicates regularly on ESG issues to its stakeholders.
- The company is on a net-zero trajectory. It aims to digitalise services, reduce the number of health centres and initiate "hub projects" to improve geographical coverage.
- Avonova also aims to use 100% renewable energy with a guarantee of origin, transition to an electrical fleet and offset the remaining direct emissions.
- The company is targeting a 49% reduction in its total carbon footprint and a 50% reduction in carbon intensity.[18]
- ESG criteria is now being considered in supplier audits, to promote transparency of the supply chain.



Key metrics

1,356	968	561	50%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	women on the board of directors

Key ESG themes and contribution to Sustainable Development Goals

- Energy & carbon
- Employee health & safety
- Data security & privacy
- Impact of products & services
- Sustainability principles

3 GOOD HEALTH AND WELL-BEING — **3.8:** Positive impact through their core business by enabling qualitative and essential healthcare

8 DECENT WORK AND ECONOMIC GROWTH — **8.8:** Positive contribution by making sure employee satisfaction and diverse training programmes

13 CLIMATE ACTION — **13.2:** Working towards becoming carbon neutral and exploring a net-zero trajectory

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — **16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.0

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Increased pricing of GHG emissions and exposure to litigation can lead to increased costs.

Key opportunity (resilience)
Embrace digitisation to capture growth opportunities and reduce (travel and office related) climate footprint.

[18] tCO2e/NOKm

Source: Avonova Sustainability Report 2021, MJ Hudson assessment

EnFlow

Acquisition date: November 2014
Fund: Norvestor VI
Country HQ: Norway
Sector: Energy & Marine

EnFlow is a holding company consisting of PG Flow Solutions, Calder, and Cflow Fish Handling. Each of the businesses has distinct expertise in providing technology, systems and increasing product lifecycles within their respective markets in many industries.

The ocean is vital to the well-being and prosperity of humankind. Preserving the ocean is central to the Sustainable Development Goal #14 – 'Life under water'. Although we rely on the sea to produce food, raw materials and transportation, we must use the sea respectfully and sustainably to reduce global warming and prevent the degradation of its natural environment.

Ensuring the safety and reliability of products in aqua, marine and energy-related assets (e.g. live fish pumping systems, chemical plants, vessels and reactors) is critical to protect both human life and the marine environment. Consequently, aqua, flow and high-pressure solution providers are in high demand as they enable the safe and efficient use of aquatic resources using durable and high-quality components and technologies (e.g. ballast water treatment systems, jetting water pumps).

Performance and priority ESG projects

→ The company is learning how to become a net-zero facility, based on different investment scenarios. They are also investigating how components of existing products can be tweaked to be repurposed. For example, PG Flow Solutions launched a floating dock to clean marinas and harbours of ocean plastics, diesel film and other pollutants.[19]

→ The company is communicating the positive impacts of a circular economy to customers and other stakeholders, and exploring how to further incorporate sustainability into design specifications for customers.

→ EnFlow is also identifying the root causes of material waste and implementing best practices as well as setting targets to reduce waste.

→ An industry leader in fish welfare, the company is creating a roadmap showing how to make more use of the cloud system and big data.

Key metrics

1,006	238	980	96%	0%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	steel efficiency rate[20]	declassified fish[21]

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon	Sustainable product design	Material efficiency & waste
Fish welfare	Employee health & safety	Sustainable principles

8.8: Promoting a safe and secure working environment for all employees

12.4 & 12.5: Using sustainable materials and enabling sustainable end-of-life solutions

13:2: Increasing the positive impact by providing energy-efficient solutions which support climate friendly production methods

14.2: Highest standard of fish welfare and providing technologies which enable the sustainable use of aquatic resources

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.5

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (technology)
Transitioning to lower-emission technologies requires increased focus within R&D, e.g. zero emission production facilities.

Key opportunity (markets)
Continue to diversify activities into future-proof markets and capture growth opportunities related to sustainable aquaculture.

[19] The Clean Sea PG Aqua Pod
[20] PG Flow Solutions operations
[21] Fish that are being harmed by mobile storage tanks

Source: PG Flow Solutions, Calder and Cflow's Sustainability Report 2021, MJ Hudson assessment

First Camp

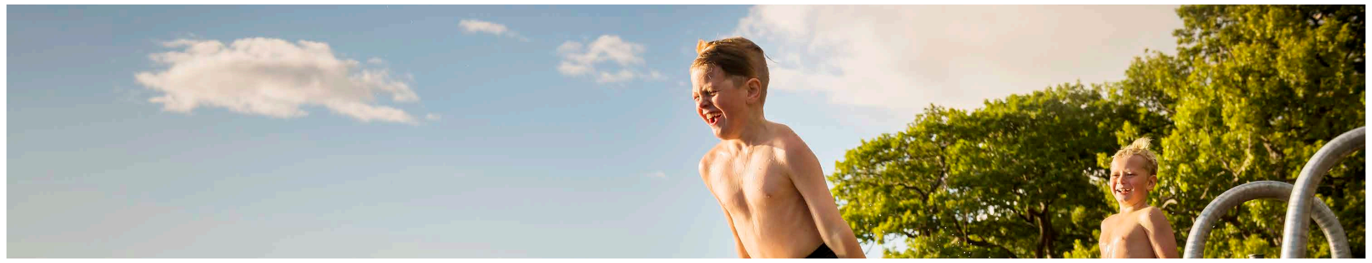
Acquisition date: December 2016
Fund: Norvestor VII
Country HQ: Sweden
Sector: Consumer Markets

First Camp is Scandinavia's leading camping chain, allowing guests to spend their leisure time at one of their 43 sites in Sweden and Denmark. These include thousands of camping plots and cabins that guarantee a fun stay, with access to adventure parks and beautiful nature areas. First Camp also provides a range of family-oriented activities, such as mini-golf, swimming pools, kids' clubs, saunas, boats, bike rental, restaurants, and small convenience stores.

First Camp is deeply committed to making every one of its campsites as sustainable as possible so that every visitor can enjoy an environmentally friendly holiday. 'Green Key' certificates[22] are already in place for 73%[23] of their campsites with targets to achieve this necessary certification for every site (100% operate in accordance with the certification). Converting sites to renewable electricity, adding solar panels to the lodges (where possible), setting up recycling schemes and water-usage efficiencies are ways that every campsite will become more environmentally friendly.

All campsites procure 100% renewable energy, and the policy of having visitors pay for their electricity and water consumption means that they will be much more aware of usage. In the long term, the company has an ambitious target of reaching a net-zero carbon footprint.

First Camp recognises that it is essential to have a good relationship with the local community around every campsite, so impacts from the sites, such as littering and noise pollution, are closely monitored. Another key goal for the company is to improve visitors' satisfaction and make sure that health and safety, both for staff and guests at the campsites, is as good as it can be.

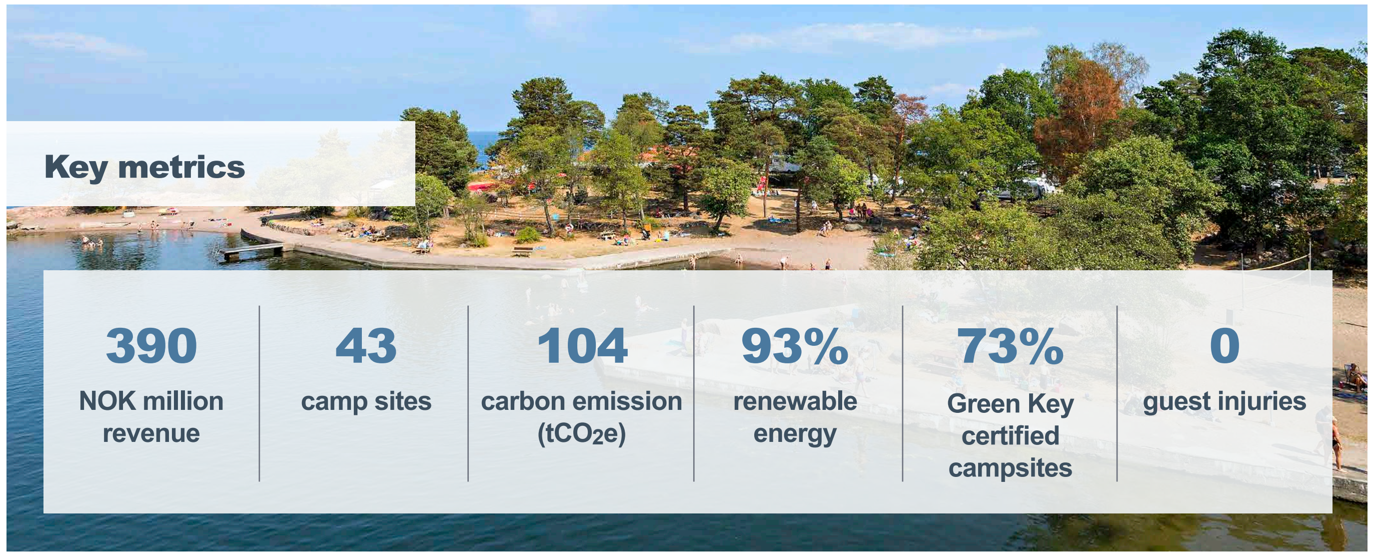


Performance and priority ESG projects

- → First Camp is working on a range of strategies to reduce its carbon footprint. Energy efficiency initiatives are in place to lower the total carbon footprint, and 100% renewable energy usage is targeted.
- → First Camp has also reduced its carbon intensity by 89% since 2017.
- → Several of First Camp's destinations are, or are in the process of being, awarded the Green Key certification. This is a leading international environmental certification body designed for the tourism industry, encompassing more than 2,600 certified facilities in 56 countries across the world. First Camp wants 100% of its camps to be Green Key certified.
- → Finally, the company is strengthening customer well-being by developing new health and wellbeing offerings.

[22] https://www.greenkey.global/
[23] Additional 27% were acquired in 2020 and has not yet received rectification due to time

Source: First Camp Sustainability Report 2021, MJ Hudson assessment



Key metrics

390	43	104	93%	73%	0
NOK million revenue	camp sites	carbon emission (tCO_2e)	renewable energy	Green Key certified campsites	guest injuries

Key ESG themes and contribution to Sustainable Development Goals

- Energy & carbon
- Customer safety
- Employee health & safety
- Water & wastewater
- Environmental management
- Sustainability principles

6 CLEAN WATER AND SANITATION — **8.4:** Reducing water consumption and increasing water efficiency at all campsites

8 DECENT WORK AND ECONOMIC GROWTH — **8.8:** Practices and policies in place that address employee rights and well-being

13 CLIMATE ACTION — **13.2:** Decreasing the negative impact by limiting their carbon emissions at all camp sites

15 LIFE ON LAND — **15.1:** Contributing positively by actively reducing the impact their operations have on the environment

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — **16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.3

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (energy source)
Relatively high energy intensity could lead to increased operating costs as a result of price increases for, e.g. renewable electricity.

Key opportunity (resilience)
100% Green Key certified to corroborate group-wide commitment to climate and environmental objectives.

Foxway

Acquisition date: January 2019
Fund: Norvestor VI
Country HQ: Sweden
Industry: Tech-enabled services

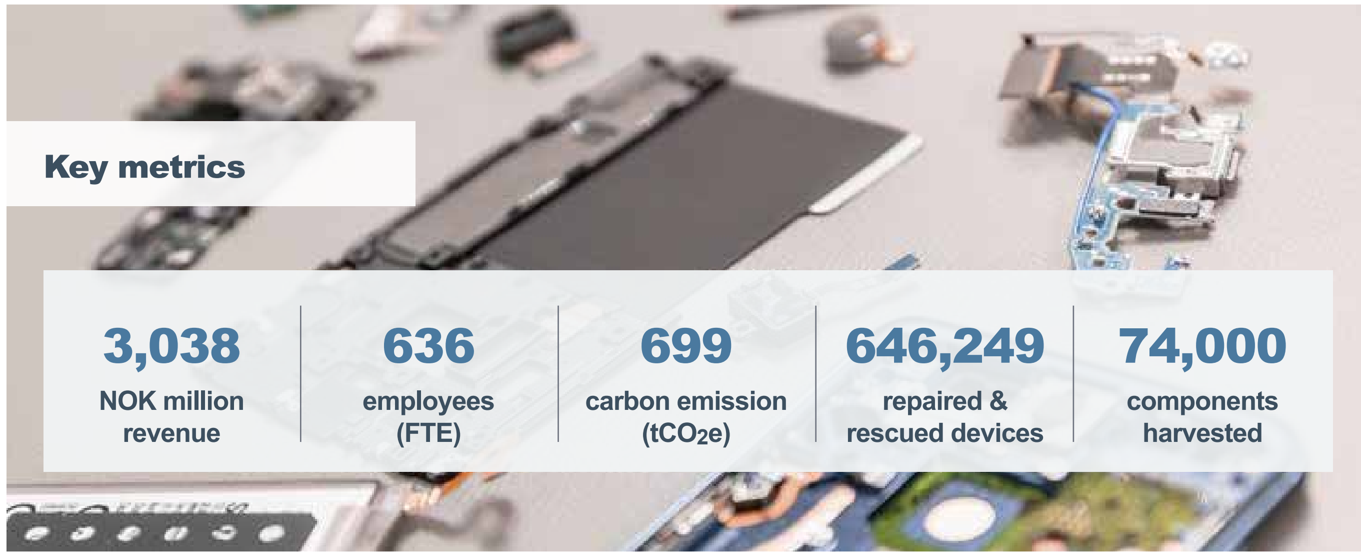
Foxway is a leading Nordic provider of sustainable IT services to large corporations and schools through their IT lifecycle management solutions. The core solution is the hardware-as-a-service offering, encompassing financing, refurbishment, re-development, and end-of-life solutions for computers, tablets, phones, screens, printers and IT accessories.

Did you know that over 1.7 tons of material are used to manufacture just one laptop? On average, the manufacturing process also releases 20kg of chemicals into the natural environment while consuming 100,000 liters of water. With such a significant environmental footprint, it is important to ensure the maximum use of laptops (and computers generally). If it can be disposed responsibly, it's much better for the environment as electronic waste is estimated to represent 2% of the world's landfills and adds up to some 70% of all hazardous waste. That's where Foxway comes in. The company helps organisations evaluate and plan their end-user needs as accurately as possible, to ensure efficient use of IT equipment. Companies can track their employees' use of devices easily, helping them with sustainable lifecycle management and thus limiting the environmental impact. In 2020, Foxway repaired and rescued 646,249 products and harvested 74,000 components 2020. Buying a refurbished laptop from Foxway instead of a brand-new laptop means that a customer can avoid ~258 kg CO_2-equivalent.

The company's ambition is to enable the circular economy within its industry, including providing metrics to customers on the impact on climate from extending the life of end user IT equipment One initiative Foxway has introduced is the Green Zone perspective. Based on device-usage data, this initiative seeks to extend the useful life of existing hardware by up to 16 months, thereby lowering CO_2 emissions. As part of this, Foxway produces Green Grading Reports for its customers, outlining the benefits of lifecycle management and tracking the customer's CO_2 impact. Foxway experience growing interest from its clients to measure and improve their carbon footprint.

Performance and priority ESG projects

- By using Foxway's services, customers can quantify and decrease their total carbon footprint. Buying a refurbished laptop from Foxway instead of a new one equates to an estimated 6.65kg of CO_2, saving an estimated 258kg of CO_2.
- In addition, Foxway's customers save an estimated 13,769 tonnes of CO_2 through the refurbishment of laptops, while around 25,521 tonnes of CO_2 are saved through the refurbishment of mobile phones.
- The company has achieved a 33% reduction in carbon intensity since 2018[24].
- Foxway aims to become carbon-neutral by 2023.
- The company wants to become its clients' key partner, helping to reduce their carbon footprints by >30% by 2023.



Key metrics

3,038	636	699	646,249	74,000
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	repaired & rescued devices	components harvested

Key ESG themes and contribution to Sustainable Development Goals

Product life cycle	Electronic waste	Employee health & safety
Data security & privacy	**Talent management & retention**	**Sustainability principles**

7 AFFORDABLE AND CLEAN ENERGY — **7.3:** Targets to increase energy efficiency in their operations

10 REDUCED INEQUALITIES — **10.2:** Providing affordable IT solutions to simplify access for all

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **12.0** Providing practical solutions for sustainable (public) procurement of IT hardware and preventing and reducing waste of this hardware

13 CLIMATE ACTION — **13.3:** Targets to reduce carbon footprint and enabling carbon footprint reduction in the whole value chain

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — **16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.6

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Increased pricing of GHG emissions could lead to higher operating costs.

Key opportunity (product & services)
To be a frontrunner in advancing circularity in the IT ecosystem by offering products with lower emissions and material use.

[24] Carbon internsity = tCO2e/NOKm
Source: Foxway Sustainability Report 2021, MJ Hudson assessment

Future Production

Acquisition date: July 2013
Fund: Norvestor VI
Country HQ: Norway
Sector: Energy & Marine

Future Production provides innovative solutions and equipment to the offshore rig industry where the North Sea continental shelf is their primary market. Their products are known to significantly reduce the downtime of operations while at the same time minimising operational health risks.

Future Production designs products for maximum longevity. As a result, their products have an average lifetime of 20 years. In addition, they design products to be modular and easy to maintain. Consequently, they enable their customers to replace components easily and continuously upgrade their operations to be state-of-the-art. Ensuring product quality is vital for the business's success; it plays an essential role in preventing environmental spills and limiting accidents in customers' operations.

Next to producing modular and long-lasting products, Future Production aims to be more sustainable by reducing product-related materials and energy use. The company has developed a strategy to increase material efficiency by designing lighter products, while electric motors power all products. Most equipment is made up of steel, a material that can be fully recycled after use. Apart from steel, cylinders, pressure filters, motor and gears, slew ball bearding and valves are used. Where possible, environmentally friendly chemicals are used in production processes.

Performance and priority ESG projects

- → Future Production has received the ISO9001 and ISO14001 certifications. ISO certifications are a seal of approval from a third party, ensuring a company meets international quality and safety standards.
- → The company has achieved a 66% reduction in carbon intensity[25] since 2017
- → Staff are exploring the potential to design more sustainable products, and pursuing methods that qualify and quantify the time saved by operators.
- → Future Production acts as an ESG facilitator in the supply chain by implementing ESG criteria in supplier evaluation forms.
- → The company is exploring the growth pockets in adjacent markets (e.g. offshore wind, mineral mining) to evaluate the licence to grow from a sustainable perspective.

Key metrics

83.8	33	90	0	0
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	design faults	accidents

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon | **Product design**

Employee health & safety | **Product quality & safety** | **Sustainable principles**

8 DECENT WORK AND ECONOMIC GROWTH — **8.8:** Integrating climate change measures into their operations by encouraging videoconferencing to reduce travel

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **12.4:** Decreasing the negative impact by improving material efficiency through product design and by using environmentally friendly chemicals

13 CLIMATE ACTION — **13.2:** Promoting a safe and secure working environment for all by implementing sound HSE policies, following ISO 9001, anti-trust policy and sanctions checklist

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — **16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.5

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (market)
Reduced demand for products & services delivered to the energy and marine industry amidst a transition to a low carbon economy.

Key opportunity (markets)
Diversify activities into future-proof markets and capture growth opportunities related to e.g. the energy transition.

[25] tCO_2e/NOKm

Source: Future Production Sustainability Report 2021, MJ Hudson assessment

HydraWell

Acquisition date: April 2016
Fund: Norvestor VII
Country HQ: Norway
Sector: Energy & Marine

HydraWell is a leading provider of well-integrity systems, providing safe, effective, and sustainable zonal isolations for the plug and abandonment (P&A) of hydrocarbon wells worldwide.

The company's industry-leading technologies can save a significant amount of time and help reduce the environmental impact of well abandonment operations globally. All oil wells eventually have to be abandoned. The way this takes place is critical to ensure that the environment is permanently protected from fluid or gas leaks. In the case of Norwegian environmental regulation, this means providing 'eternal' protection. Historically, the costs of P&A combined with varying regulatory regimes across the world have caused many oilfield operators to opt for temporary – and thus unsustainable – fixes. HydraWell addresses this lingering problem by offering a unique set of well integrity solutions that enable clients to seal their wells safely and quickly. On top of the financial costs, there is a significant environmental footprint associated with traditional P&A methods due to a large number of people and pieces of equipment involved in the plugging process. Time is a critical variable: traditional approaches typically take two to three weeks, whereas the company's efficient Perforation, Wash and Cement (PWC) technology can plug a well in less than 48 hours, translating into significantly lower energy consumption, and therefore a significant reduction in associated CO_2 emissions.

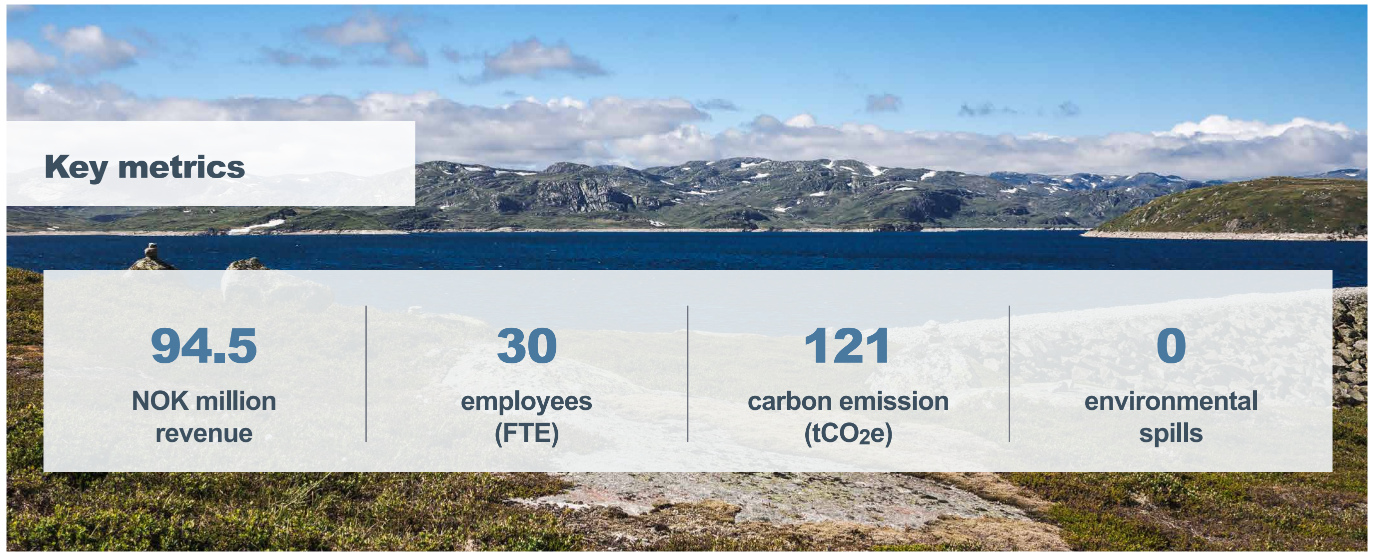
For example, when used on a floating offshore drilling unit, HydraWell's approach can reduce associated CO_2 emissions by two-thirds – from 750 to 250 metric tonnes per plug, equivalent to taking more than 100 cars off the road for a year. The company's solutions come with lower health and safety (H&S) risks than conventional techniques (e.g. section milling), which often entail handling large amounts of metal debris.

Performance and priority ESG projects

- → HydraWell has a record of zero accidents.
- → The company has reduced its carbon footprint by 50% since 2018, and reduced carbon intensity[26] by 46% over the same period.
- → HydraWell has a 100% success rate of safely plugging hydrocarbon wells.
- → 90% of company waste is recycled. HydraWell is also establishing a robust process to measure offshore waste reduction (estimated tonnes of CO_2/operating time) to further reduce their customers' carbon footprints.
- → The company aims to reduce the need for rig-based operations in well abandonment, which would result in a 70% reduction in its carbon footprint.

[26] tCO_2e/NOKm

Source: HydraWell Sustainability Report 2021, MJ Hudson assessment



Key metrics

94.5	30	121	0
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	environmental spills

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon | **Environmental management**

Employee health & safety | **Sustainable principles** | **Supply chain control**

8 DECENT WORK AND ECONOMIC GROWTH

8.8: Promoting safe and secure working environment for all employees by having practices and policies in place

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.2: Reducing the amount of waste used in their operations

14 LIFE BELOW WATER

14.1: Ensuring high levels of product quality and safety. Their services deliver a permanent positive benefit to marine resources

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.5

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (market)
Reduced demand for products & services delivered to the energy and marine industry amidst a transition to a low carbon economy.

Key opportunity (products & services)
Expansion of permanent plugging services to minimise environmental impacts.

iSURVEY

Acquisition date: May 2013
Fund: Norvestor VI
Country HQ: Norway
Industry: Energy and Marine

iSURVEY's objective is to deliver safe, effective, and reliable high-quality survey services to diminish the environmental impact and improving the accuracy of oil & gas operations. Their services are organised into four distinct business areas: Marine constructions, offshore cable, rig monitoring and seabed surveys.

Over the last decade, renewable energy projects have become an essential part of iSURVEY's activity. The use of Unmanned Surface Vehicles (USVs) to acquire high-quality data is a further step to reduce the environmental impact of their services effectively.

Their services are organised into four distinct business lines:

→ Marine construction – providing accurate and precise surface and subsea positioning solutions

→ Offshore cable – providing support services for the entire cycle of an offshore cable

→ Rig mooring – offering advanced and robust surface and subsea positioning solutions, including 3D modeling, multi-vessel management and offshore monitoring

→ Seabed surveys – delivering geophysical and environmental survey solutions for site surveys, pipeline/cable route surveys, remotely operated vehicles, seabed mapping and pipeline inspection

The industry has the potential to reach a future-proof state yet must explore ways to match the growing renewable energy demand. Energy consumption must be reduced to an absolute minimum and implement/utilise low carbon technologies to comply with growing pressure to achieve climate-related agreements. The regulatory pressure for the industry is also increasing and driven mainly by the International Maritime Organization (IMO) and government bodies, for instance, the anticipation of stricter regulations regarding CO_2 emissions and the EU GDPR.

Regardless of the COVID-19 pandemic, iSURVEY was able to deliver a higher number of projects in 2020 while still managing to reduce the energy consumption significantly (~35%) and its total carbon footprint – from 517 tons of CO_2 in 2019 to 157 tons CO_2 in 2020. The company has learned from this experience and is continuing this approach in the coming years.

Performance and priority ESG projects

→ iSURVEY has received the ISO9001 and ISO14001 certifications. ISO certifications are a seal of approval from a third party, ensuring a company meets international quality and safety standards.

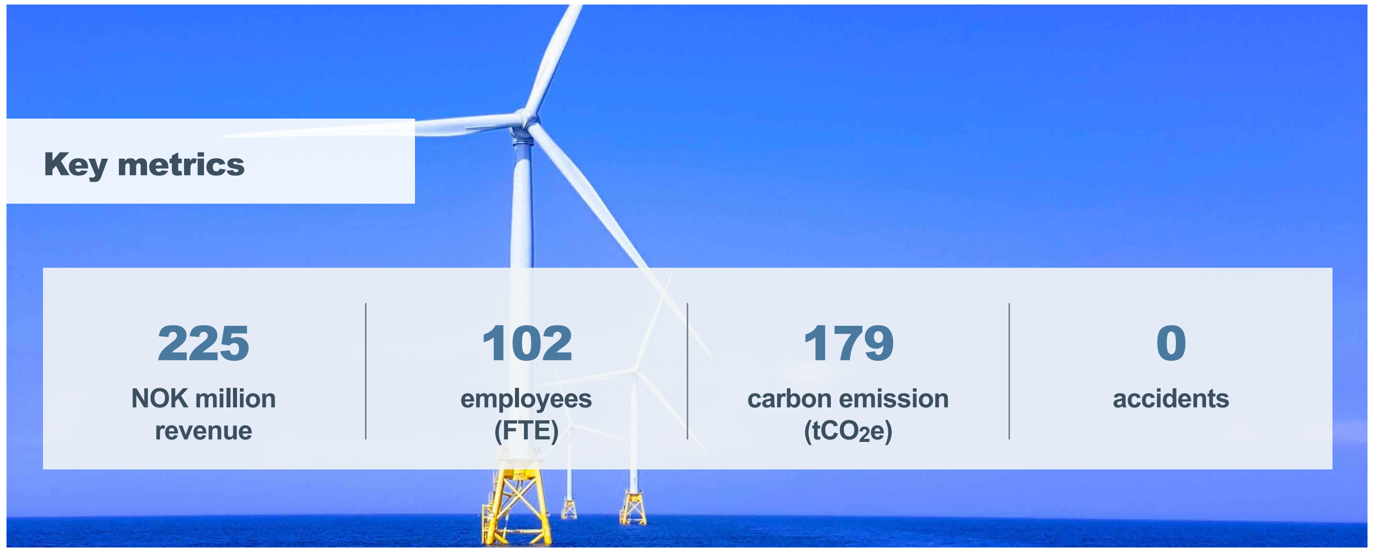
→ Renewable energy projects have become an essential part of iSURVEY's activities. They targeted <2 kg of CO_2 emission per worked hour – a goal achieved in 2018–2020.

→ iSURVEY is pursuing a roadmap to net zero, which includes quantifying the impact of remote rigs, and re-evaluating business its travel policy based on findings from COVID-19.

→ The company has achieved a 25% reduction in conformance report from 2019. None of the reports posed any danger to people or the environment.

→ iSURVEY aims to strengthen the safety culture and procedures and identify remaining gaps. By 2022, they plan to be using an ISO 45001 certified management system.

Source: iSURVEY Sustainability Report 2021, MJ Hudson assessment



Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon	Product quality & safety
Employee health & safety	Sustainable principles

8 DECENT WORK AND ECONOMIC GROWTH

8.8: Creating the safest possible work environment for their employees

13 CLIMATE ACTION

13.2: Focusing on reducing their own as well as clients' carbon footprint

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.0

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (market)
Reduced demand for products & services delivered to the energy and marine industry amidst a transition to a low carbon economy.

Key opportunity (markets)
Diversify activities into future-proof markets and capture growth opportunities related to e.g. the energy transition.

NetNordic

Acquisition date: August 2017
Fund: Norvestor VII
Country HQ: Norway
Industry: Business Services

NetNordic is an independent systems integrator providing solutions and services for clients' networks, data centers, IT security, and corporate communications. Its clients include large and medium-sized enterprises, government agencies, municipalities and service providers in Norway, Sweden, Denmark and Finland.

Whether it is reducing business travel by using videoconferencing technology, increasing collaboration via bespoke platforms, or protecting data, NetNordic can help clients optimise their IT systems while bringing tangible improvements in sustainable performance. Internally, the company has made good strides since our acquisition in 2017. Keen to streamline and benchmark progress, the company has been working towards achieving the Eco-Lighthouse certification. This concrete and effective tool helps companies make wise and profitable sustainable choices.

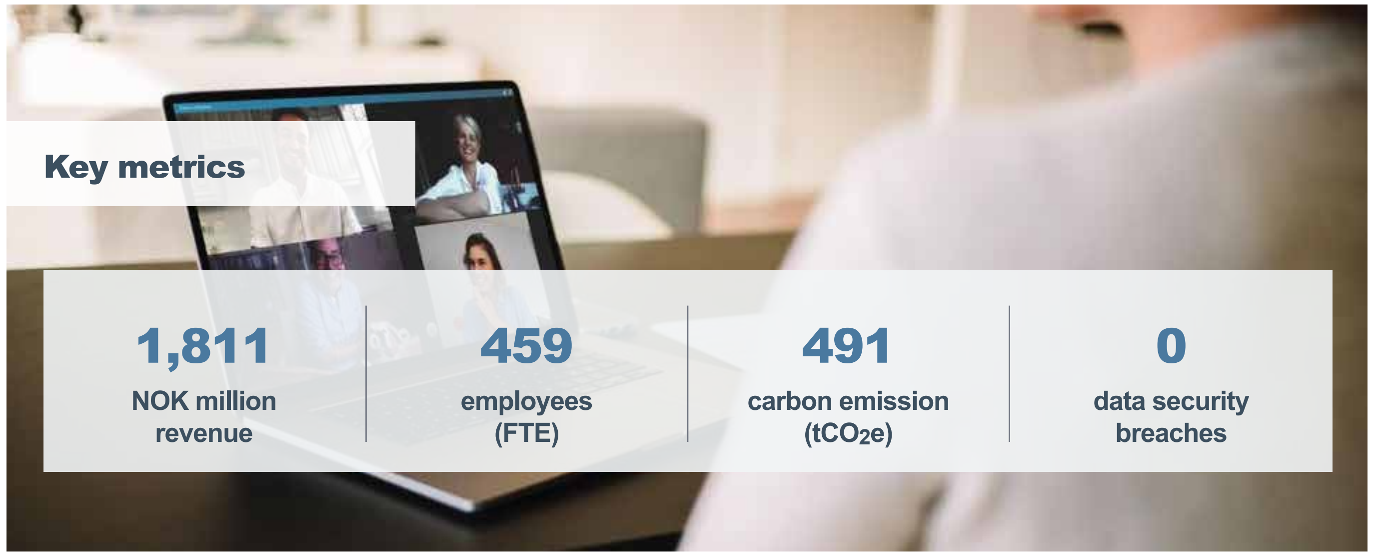
NetNordic places security and data privacy at the heart of its business, helping a range of clients, including major Nordic hospitals, communicate, integrate and share information securely. The company is aligning its data management system with ISO 27001 certificate to maintain data privacy for its customers and other stakeholders.

The company conducted its first group-wide employee satisfaction survey in 2018 and received a score of 74%. This number increased to 85% in 2019 and 91.5% in 2020. These are telling numbers, as companies showing a responsible attitude to their staff and contractors are more likely to extend the same principles externally.

NetNordic has raised awareness of energy use throughout the business and is committed to continuous efficiency improvements. They report annually on total energy consumption and the emissions of their fleet. Both their total carbon footprint and carbon intensity has decreased since 2017.

Performance and priority ESG projects

- → NetNordic has reduced its total carbon footprint by 24% since 2017, and reduced its carbon intensity[27] by 40% over the same period.
- → The turnover rate for staff decreased by 50% in 2020, which suggests the company has created a positive and supportive working environment.
- → The ratio of basic salary and remuneration of women to men has increased from 84% in 2019 to 91.5% in 2020.
- → ESG criteria is now included when selecting suppliers, to ensure visibility of the supply chain.



Key metrics

1,811	459	491	0
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	data security breaches

Key ESG themes and contribution to Sustainable Development Goals

- Talent management & retention
- Impact of products & services
- Data security & privacy
- Sustainability principles

3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
3.8: A positive impact on society through their healthcare, networking, and communication software	**7.1:** Contributes positively with their solutions for energy power systems which enable swift detection and servicing of system failures	**9.1:** Their software services have a positive impact on human well-being	**13.2:** Investigating opportunities to reduce their carbon footprint	**16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.3

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Increased pricing of GHG emissions may lead to higher operational costs.

Key opportunity (products & services)
Further develop services that contribute to the energy transition, e.g. swift detection and servicing system failures for energy power systems.

[27] $tCO_2e/NOKm$

Source: NetNordic Sustainability Report 2021, MJ Hudson assessment

Permascand

Acquisition date: May 2015
Fund: Norvestor VI
Country HQ: Sweden
Sector: Engineering & Industrials

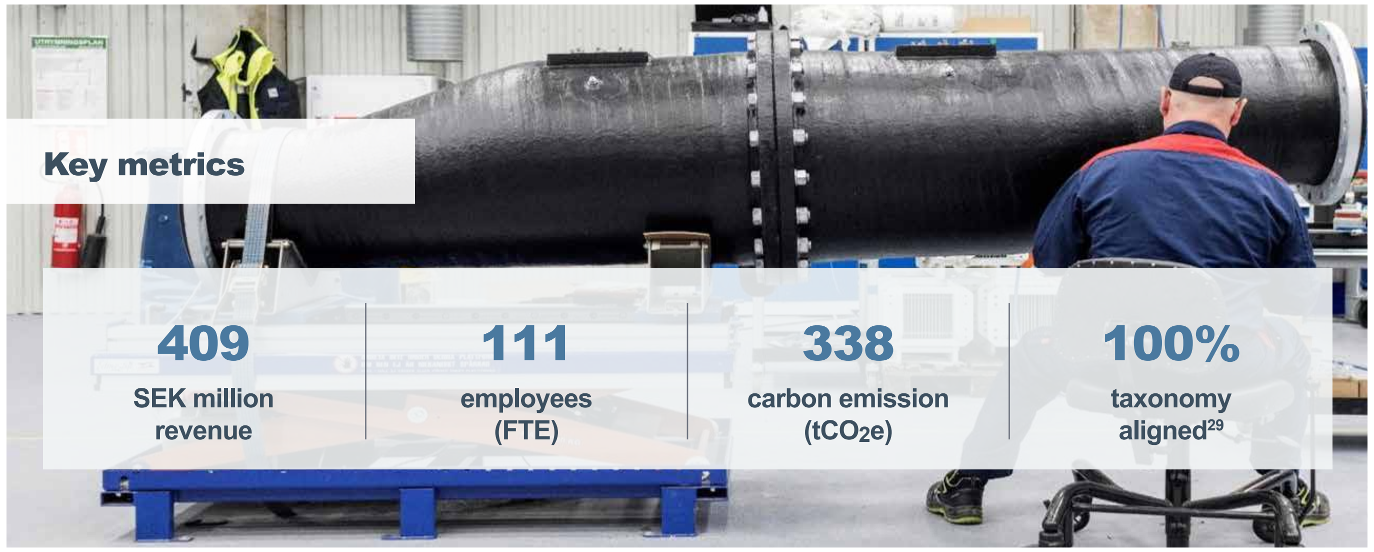
Permascand is an engineering and manufacturing company situated in Ljungaverk, northern Sweden. They have supplied electrodes with catalytic coatings to the electrochemical industry for nearly 50 years. Their mission is to deliver innovative and competitive engineering and manufacturing solutions to transition towards greener technologies.

Permascand is a global company acting 'local' with high integrity and responsibility. They invest in people, products, the environment, production methods, and workspaces for a more sustainable world. The company's products are designed for refurbishment/reuse and are returned for recoating and reparation, enabling multiple lifecycles. They contribute to the Sustainable Development Goals 12 (responsible consumption and production) and 13 (climate action) by mitigating climate change via their services. Their electrochemical coatings help decrease their customers' energy consumption and ensure resources are used efficiently. Their products are also used in the production of lithium and nickel for energy storage and renewable power generation, and hydrogen water electrolysis. All these activities help the supply chain to reduce its carbon footprint.

Even though their impact on customers is far more critical than limiting their own carbon footprint, Permascand have, since December 2019, phased out and replaced most of the heating oil used in prod<c and introduced wood pellets. This has resulted in a significant decrease of the company's total carbon footprint with 76% (or 1,404 tons of CO_2 in 2019 to 338 tons of CO_2 (estimated) in 2020). It also resulted in a 75% reduction of carbon intensity[28].

Performance and priority ESG projects

- Permaskand has achieved the ISO14001, ISO9001, ISO45001 and ISO3834-2 certifications. ISO certifications are a seal of approval from a third party, ensuring a company meets international quality and safety standards.
- Total waste volumes were reduced by 17%, and carbon intensity has reduced by 75% since 2019[29].
- The company initiated the process of becoming a signatory to the UN Sustainable Ocean Principles, and is ensuring compliance with the new EU Sustainable Finance regulation.
- In its supply chain, the company is strengthening its system to ensure full ESG compliance. It will also be reporting on positive interactions with suppliers.



Key metrics

409	111	338	100%
SEK million revenue	employees (FTE)	carbon emission (tCO_2e)	taxonomy aligned[29]

Key ESG themes and contribution to Sustainable Development Goals

- Hazardous substances
- Energy & carbon
- Employee health & safety
- Waste & wastewater
- Impact of product & services
- Supply chain control
- Sustainable principles

8 DECENT WORK AND ECONOMIC GROWTH — **8.8:** Ensuring compliance of strict health and safety. Targeting an accident rate of 0

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — **9.0:** Producing technologies which support the transition to cleaner energy and transportation solutions

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **12.4 & 12.5:** Decreasing world energy consumption and improve the efficient use of resources through their products

13 CLIMATE ACTION — **13.2:** Their product is vital for the right energy storage and renewable power generation

14 LIFE BELOW WATER — **14.1:** Their water treatment solution helps keep the oceans clean, preventing the spread of foreign species and reducing marine pollution

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — **16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.0

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Stricter climate-related environmental permits and emission standards increasing costs of operations.

Key opportunity (resilience)
Position as a key enabler for the energy transition (e.g. the hydrogen economy).

[28] ESG consultants MJ Hudson have good reason to believe that the underlying activity is aligned, but full compliance has not been demonstrated since not all technical screening criteria could be verified. The technical screening assessment is available upon request.
[29] tCO_2e/SEKm

Source: Permascand Sustainability Report 2021, MJ Hudson assessment

PHM Group

PHM Group

Acquisition date: April 2020
Fund: Norvestor VIII
Country HQ: Finland
Sector: Business Services

PHM Group (PHM) is a provider of residential property maintenance services in the Nordics, caring for the homes of around one million people in Finland and Sweden. Key service areas include property maintenance, cleaning, landscaping, outdoor maintenance, transportation services, and emission-free property management solutions.

Residential property owners seek high-quality maintenance services to ensure buildings are functioning fully and extend the operational lifetime of their properties. Sustainable solutions, such as environmentally friendly cleaning products and energy-efficient lighting and heating systems, have the potential to optimise property functioning, improving its sustainable performance while at the same time lowering operational costs. To reach a future-proof state and align with climate objectives and regulations (e.g. the Paris Agreement), property managers, and ultimately property owners, will need to reduce CO_2 emissions by looking at emissions-free transportation and maintenance solutions.

In PHMs pipeline, their CO_2 emissions is an important topic. They are investigating how to become net-zero by creating a concrete carbon-reduction roadmap. They are exploring emissions-free solutions for their different service segments and exploring partnerships to ensure that this is possible. The health and safety of their employees also stand at the core of their ESG efforts, and plans are in place to ensure the best health and safety routines are followed.

Performance and priority ESG projects

- The company is optimising its fleet and investing in low-emissions equipment and machinery to limit carbon emissions.
- An action plan is in place to aggregate energy and carbon footprint data from all entities.
- PHM Group is following a carbon-reduction roadmap and investigating how to become net-zero.
- Emissions-free solutions are being explored for the different service segments (e.g. optimised heating in residential building; how to remove snow responsibly; opportunities to recycle sand used in de-icing).
- PHM Group is developing a sustainability service proposition.

Source: PHM Group Sustainability Report 2021, MJ Hudson assessment

Key metrics

2,805	3,700	4,111	30%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	women employees

Key ESG themes and contribution to Sustainable Development Goals

- Employee health & safety
- Fair labour conditions
- Water & wastewater
- Material efficiency & waste
- Sustainability principles

8.8: Increasing positive contribution by implementing sound H&S polices and increasing diversity amongst employees

12.4 & 12.5: Using environmentally friendly chemicals and long-lasting products

13.2: Decreasing the negative impact by optimising their fleet efficiency and investing in low-carbon equipment and machinery

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.1

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Stricter climate regulations in the EU increasing operating costs (e.g. higher compliance costs).

Key opportunity (product & services)
Development of offerings contributing to the energy transition, such as building insulation.

Preservation Holding

PRESSERV

MONTIPOWER

Acquisition date: November 2016
Fund: Norvestor VI
Country HQ: Norway/Germany
Sector: Energy & Marine

Preservation Holding consists of Presserv and Monti Power. Presserv is a leading specialist in preservation and corrosion protection. Monti Power is a globally renowned manufacturer of rotary bristle blasting technology and special surface preparation equipment. Their products prolong the use of assets in sectors such as transportation, oil and gas, windmill, pipeline, public infrastructure and heavy equipment.

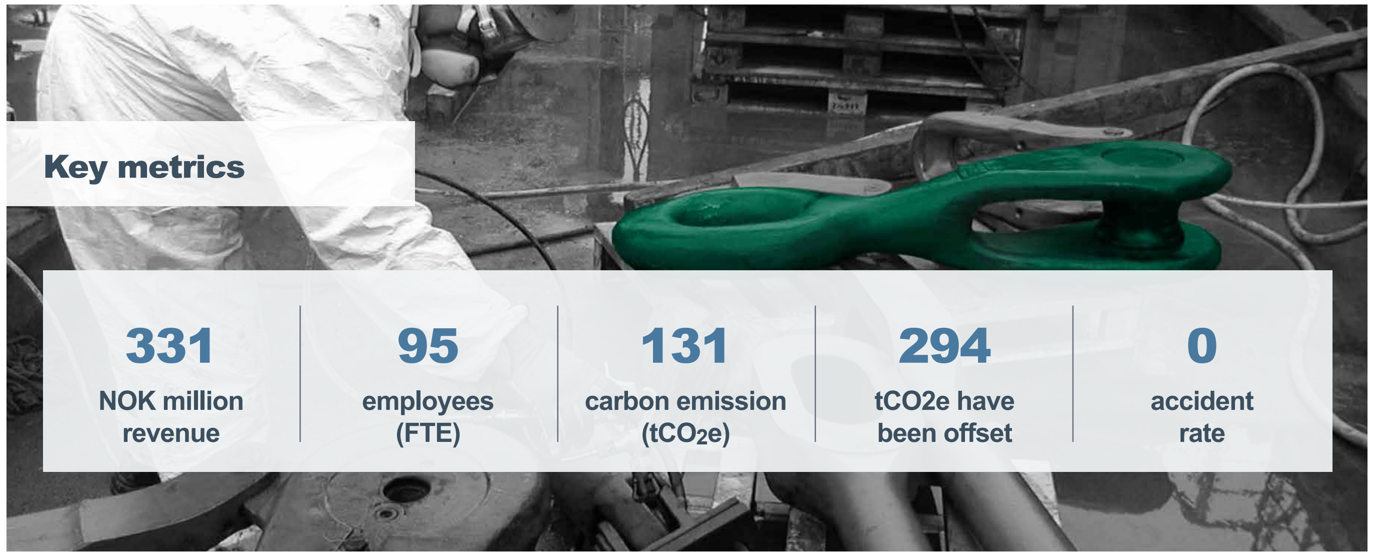
Ensuring the safety and longevity of physical assets is critical from a sustainability perspective. Replacement isn't just undesirable financially – it also comes at a high environmental cost due to the materials and energy needed in production.[30] Many traditional preservation methods are harmful to the environment, mainly due to the use of hazardous chemicals.

Presserv offers a range of green preservation and corrosion-protection solutions, helping customers extend their assets' life while limiting the environmental impact. Sandblasting is a crucial case in point. This commonly used surface preparation technique is very polluting, with dust and debris – such as paint and other adhesives – quickly escaping into the environment. It also poses obvious health risks for the operator. Presserv offers alternative methods to conventional blasting, including a sponge-based technology, which captures contaminants, and mechanical grit-blasting tools with a vacuum function. Both ways significantly reduce fugitive emissions. Importantly, although Presserv has historically been heavily focused on the oil and gas industry, it now offers bespoke solutions for greener industries, such as offshore wind-power plants.

Monti Power's patented technologies and innovative solutions are used to fabricate protective coatings and sealants without the need for abrasive materials and waste media. Their power tool enables high-performance surface preparation technologies that maximise the long-term protection of assets.

Performance and priority ESG projects

- → Presserv has received the ISO9001, ISO14001, and ISO17025 certifications. ISO certifications are a seal of approval from a third party, ensuring a company meets international quality and safety standards. Monti Power also holds a range of ISO certifications.
- → Presserv boasts 100% renewable energy usage and is targeting a net-zero status. 69% of the company's carbon footprint has been offset.
- → Presserv is focusing on quantifying the positive impact of its products (e.g. reduced CO2e per m2). Presserv is also expanding its share of revenue from renewable sectors (e.g. wind turbines) to 15% by 2023.
- → Monti Power has an impressive record of zero recalls.
- → Monti Power became carbon-neutral in 2021. They installed solar panels and offset any remaining indirect emissions. A circularity programme is being rolled out to customers by 2022, quantifying the impact of their products.



Key metrics

331	95	131	294	0
NOK million revenue	employees (FTE)	carbon emission (tCO2e)	tCO2e have been offset	accident rate

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon	Material use	Employee health & safety
Supply chain control	**Impact of products & services**	**Sustainability principles**

8 DECENT WORK AND ECONOMIC GROWTH — **8.8:** Practices and policies in place to protect labour rights and promote safety of all workers (e.g. dust control, vibration- and sound control)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — **9.4:** Increasing the resource efficiency of offshore structures

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **12.4 & 12.5:** Using recycled materials or bioplastics when possible. A circularity program for recycling to limit the environmental impact from waste

13 CLIMATE ACTION — **13.2:** Taking energy saving measures and working towards becoming carbon neutral

14 LIFE BELOW WATER — **14.1:** Offering green preservation and corrosion-protection solutions

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — **16.6 & 16.7:** Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.5

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Increased pricing of GHG emissions could lead to higher operating costs.

Key opportunity (products & services)
Developing products that support clients to reduce their carbon emissions (e.g. STOPAQ).

[30] Iron and steel production are very carbon intensive, and a major contributor to global greenhouse gas emissions. Prolonging the useful life of existing steel structures, whether ships, infrastructure, or buildings, is thus critical from a climate-change perspective.

Source: Presserv & Monti Sustainability Report 2021, MJ Hudson assessment

READ Cased Hole

Acquisition date: December 2016
Fund: Norvestor VII
Country HQ: United Kingdom
Industry: Energy & Marine

READ Cased Hole ('READ') provides production logging and well integrity services to the oil and gas industry. The company offers a suite of high-tech solutions that help oilfield operators manage risk, extend operating life and optimise management of their downhole assets. Since its founding in 1990, READ has built an impressive customer base across the world.

Maintaining the integrity of an oil well is paramount from an environmental and safety perspective. Leaks can go undetected until they reach a critical volume, at which point it may be too late to prevent significant damage. READ has developed a comprehensive suite of tools and data analytics, which give its clients a very granular picture of their wells, helping to identify and quantify damage and deformation, holes, leaks, corrosion, and build-up. Armed with this knowledge, operators can take preventative measures and limit remedial costs. Extending the life of an existing asset also reduces the need to drill for new wells, thus avoiding the attendant environmental impacts.

READ is working proactively to shrink the environmental footprint of its operations. The company has reduced its total carbon footprint by 27% since 2017 and a 15% carbon intensity decrease.[31] Reducing air travel is a priority, as this accounts for a large share of the company's greenhouse gas emissions. They are looking to offset these emissions and become a carbon-neutral company.

As a knowledge business with a highly skilled workforce, READ places a significant emphasis on attracting and retaining talent, with structured in-house development programs and annual employee satisfaction surveys. They have initiated a pipeline to attract young, bright individuals to join the company by collaborating with universities, especially with their new focus on AI ('artificial intelligence') and data analytics.

Performance and priority ESG projects

- → READ has received the ISO9001 and ISO45001 certifications. ISO certifications are a seal of approval from a third party, ensuring a company meets international quality and safety standards.
- → READ has put in place strategies to reduce the environmental impact of direct and indirect emissions.
- → The company has reduced its total carbon footprint by 27% since 2017, and reduced its carbon intensity by 15% over the same period.
- → They are diversifying their product range by increasing the share of revenue from renewables, and other sustainable 'growth' areas.
- → ESG criteria is included in the purchasing policy for suppliers, agents and partners, to promote transparency of the supply chain.

[31] tCO2e/NOKm

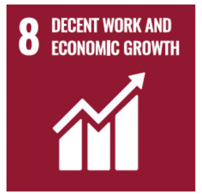
Source: READ Cased Hole Sustainability Report 2021, MJ Hudson assessment

Key metrics

70.5	38	238	0
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	tool drops

Key ESG themes and contribution to Sustainable Development Goals

- Energy & carbon
- Employee health & safety
- Data security & privacy
- Service quality
- Sustainability principles



8.8: Increasing the positive impact by having practices and policies in place to protect labor rights and ensure safety for all workers

13.2: Decreasing negative impact by making their energy consumption more efficient and offsetting what is left

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

1.0

LOW | **MEDIUM** | HIGH

Transitional risks and opportunities

Key risk (market)
Reduced demand for products & services delivered to the energy and marine industry amidst a transition to a low carbon economy.

Key opportunity (markets)
Diversify activities into future-proof markets and capture growth opportunities related to e.g. the energy transition.

Roadworks

Acquisition date: May 2015
Fund: Norvestor VI
Country HQ: Norway
Sector: Business Services

Roadworks helps to maintain Norway's infrastructure including a large share of public work. The company aims to have a positive impact on the environment and public safety through its operations. They help secure access to electrical power, improve road safety, and ensure that infrastructure is well maintained. Their quality assurance extends the lifespan of critical infrastructure.

Governmental and commercial customers are focusing on the increasing electrification of Norway with related demands on the transmission infrastructure. They are continuing to explore new and more sustainable road infrastructure solutions, such as charging stations for electric vehicles and solar-powered lighting. Roadworks helps to meet these demands by providing safe, durable, and fit for purpose solutions. Companies like Roadworks need circular operators for a range of resources, including transmission lines, transformers, asphalt, railings, and lighting fixtures are fully recycled to reach a future-proof state. Construction sites should also be aligned with 'zero emissions' market expectations. Roadworks are trying to limit their environmental impact by continuously improving their fleet with electrical and more fuel-efficient vehicles (e.g. Euro-6), assessing alternatives for electrical vehicles, hydrogen powered vans and heavy vehicles. Most of their operating companies procure renewable energy where 93% of total energy consumption is certified.

Performance and priority ESG projects

- → Roadworks has achieved the ISO9001, ISO14001, and ISO45001 certifications. ISO certifications are a seal of approval from a third party, ensuring a company meets international quality and safety standards.
- → The company is reducing its carbon footprint by focusing on optimising routes. Roadworks has already reduced its carbon footprint by 11% since 2018.
- → Roadworks' accident rate decreased by 50% from 2019. Moreover, the company scored 4.5/5.0 on safety culture in its annual employee survey.
- → Since 2018, carbon intensity has fallen by 12%[32].

Key metrics

2,140	724	5,655	93%	4.1
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	from renewable sources	accident rate

Key ESG themes and contribution to Sustainable Development Goals

- Energy & carbon
- Supply chain control
- Employee health & safety
- Product quality & safety
- Sustainable principles

7.1: Building, improving, and maintaining the electrical power grid, wind power facilities, charging stations for cars and vessels. Increasing charging and transmission capacity

8.8: Improving the working environment by monitoring in accordance with their HSE plans, risk assessment and health examinations

9.1: Contributing through their core business offering aimed at promoting quality, reliability, and sustainability in the maintenance of public infrastructure

13.2: Focusing on reducing their carbon footprint

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.0

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (market)
Growing demand for climate-related solutions requires adaptation of services and capabilities.

Key opportunity (resource efficiency)
More circular, efficient production and transportation methods provide advantage in tendering processes.

[32] tCO2e/NOKm

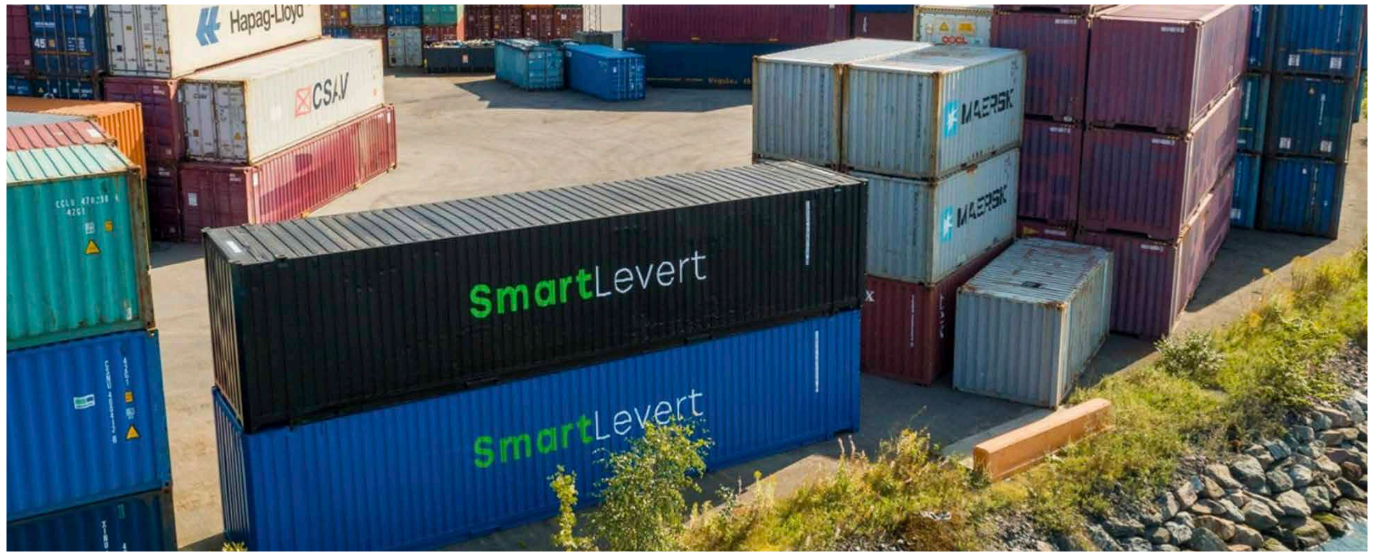
Source: Roadworks Sustainability Report 2021, MJ Hudson assessment

SmartRetur

Acquisition date: September 2020
Fund: Norvestor VIII
Country HQ: Norway
Sector: Business Services

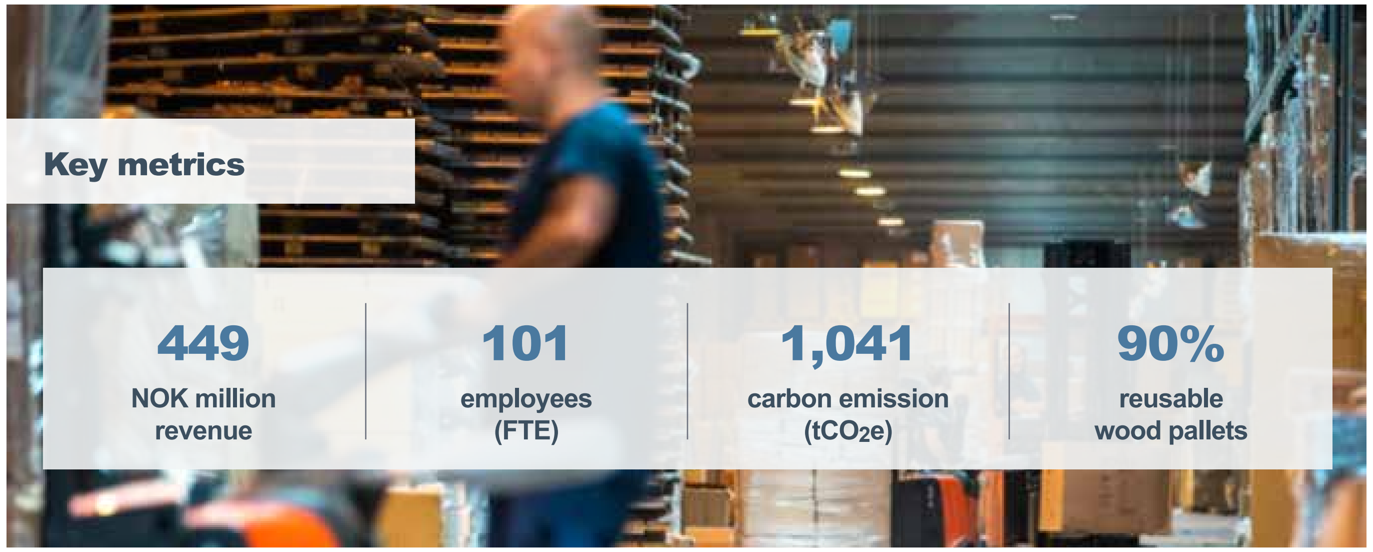
SmartRetur is a Nordic market leader within reverse logistics of reusable packaging. They provide physical handling and digital inventory management of mainly wooden pallets for B2B clients, including pick up/delivery, reparation, storage, trading, and end-of-life recycling for their clients in Sweden, Norway, and Denmark.

SmartRetur handles around 10 million pallets and serves close to 500 customers annually. Most wooden pallets have a lifespan of 14–24 months and are reused multiples times. SmartRetur's service offering uses warehouse infrastructure and a digital platform to enable clients' real-time overview and control of the inventory and flows, optimizing efficiency. SmartRetur promotes a circular economy, helping customers save costs while reducing the environmental footprint of logistics. The nature of SmartRetur's operations is built on reducing the amount of waste to an absolute minimum. Furthermore, 97% of the waste that was generated in 2020 was recyclable, while there is no hazardous waste. SmartRetur is also a frontrunner when it comes to introducing more environmentally friendly alternatives to wooden pallets in the Nordic market, like pallets made of recyclable plastic which can be reused up to 15-20 years.



Performance and priority ESG projects

- → SmartRetur communicates positive impacts to stakeholders and pushes ESG standards in the industry.
- → The company plans to increase truck load optimisation and report on it.
- → SmartRetur is updating ESG requirements in supplier contracts and strengthening its supply chain control by auditing suppliers on responsible sourcing.
- → The company aims to achieve at least 20% gender and minority diversity in management and board level positions within the next three years.



Key metrics

449	101	1,041	90%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	reusable wood pallets

Key ESG themes and contribution to Sustainable Development Goals

- Employee health & safety
- Logistical efficiency
- Material efficiency & waste
- Supply chain control
- Sustainability principles

8.8: Practices and policies in place addressing employee health and safety

12.4 & 12.5: Maximising the use of recycled waste and reuse of materials

13.2: Minimising the carbon emissions in their operations

15.1: Sourcing certified wood that comes from sustainably managed forests

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.4

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Regulations on sustainable wood sourcing leading to supply chain interruptions and increased reporting requirements.

Key opportunity (resilience)
Increasing transparency throughout the supply chain through adequate monitoring and reporting systems and sustainable sourcing.

Source: SmartRetur Sustainability Report 2021, MJ Hudson assessment

Sperre Compressors

SPERRE

Acquisition date: March 2018
Fund: Norvestor VII
Country HQ: Norway
Industry: Energy & Marine

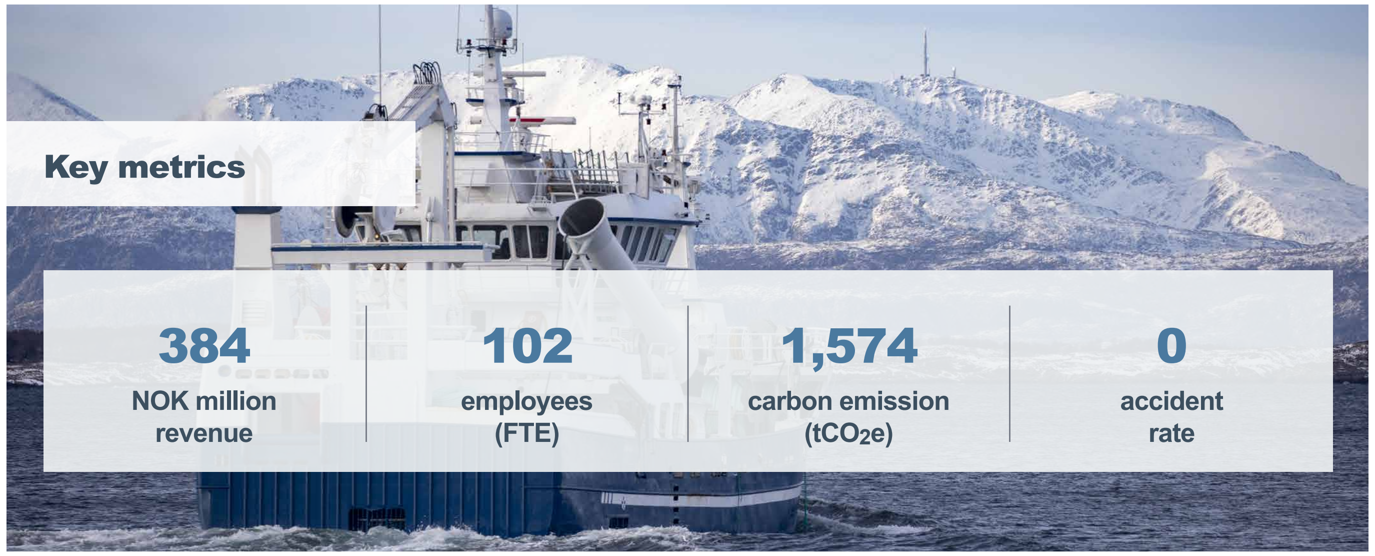
Sperre is a world-leading provider of compressed air system solutions for a broad range of mission-critical applications across the marine transportation industry. It is taking a leading role in the transition of the shipping industry.

With a history spanning 80 years and more than 35,000 operative systems, Sperre is a trusted partner with compressors installed on one-fifth of the world's ships. Sperre acts as a service partner providing all necessary parts, data, and planning to ensure stellar performance through the equipment lifecycle. Ensuring the safety and reliability of every vessel is critical to protect both human life and the marine environment. The global shipping industry is undergoing a tectonic shift, with stricter regulations and growing pressure to reduce greenhouse gas emissions driving a switch to cleaner fuels.

Sperre is working closely with its customers and regulators to support this critical transition. At the same time, it is also making significant progress in reducing its own environmental footprint. Sperre's primary source of CO_2 emissions comes from business travel by air. It has made considerable efforts to reduce emissions by setting up sales and service offices in its most important business locations. The company is aiming to procure 100% renewable energy and a solar panel project is ongoing. Smart meters were installed in 2020 to provide a better understanding and control of high-energy consumption equipment. There is a continuing focus to phase out oil fuel used in its heating systems in operations. Sperre's total carbon footprint has been reduced by 7% since 2018, and carbon intensity[33] has been reduced by 2% since 2018. The company is also discussing how best to offset the emissions that can't be prevented. Significantly, it has also reduced reliance on its own engineers by designing ease of service into its products and developing tools – including the use of virtual reality – to help customers and service operators carry out maintenance.

Performance and priority ESG projects

- Sperre continuously investigates freight and supply procedures to identify efficiency gains that would minimise environmental impacts.
- The company put initiatives in place to reduce the carbon footprint in its operations. It is managing energy consumption by optimising its energy use and transitioning to renewables.
- Sperre has reduced its carbon footprint by 7% since 2018. The company is positioning itself as an environmentally sustainable company aligned with the EU taxonomy regulation[34].
- Employee absenteeism is down 26% from 2019, suggesting the company has created a positive working environment.



Key metrics

384	102	1,574	0
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	accident rate

Key ESG themes and contribution to Sustainable Development Goals

- Energy & carbon
- Product life cycle
- Employee health & safety
- Material use
- Product quality & safety
- Sustainability principles

5 GENDER EQUALITY – **5.5:** Positive contribution by empowering women throughout all levels in the organisation

8 DECENT WORK AND ECONOMIC GROWTH – **8.8:** Crating a safe working environment and providing employment opportunities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE – **9.4:** Focusing on partnerships with their customers to develop more sustainable applications

12 RESPONSIBLE CONSUMPTION AND PRODUCTION – **12.4 & 12.5:** Initiatives to remove hazardous materials, conducting LCS of products and cooperating with industry leading waste processing companies to limit their waste

13 CLIMATE ACTION – **13.2:** Reducing their carbon footprint. Aiming for >90% reduction of Scope 1 emissions by end of 2021

Climate-related risks and opportunities

Physical risk

1.0

LOW | **MEDIUM** | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Regulatory bodies prioritising emission reduction, increasing compliance costs and research into more sustainable shipping propulsion systems (e.g. hydrogen).

Key opportunity (products & services)
Development and expansion of low-emission products and services.

[33] $tCO_2e/NOKm$
[34] Sustainable finance taxonomy – Regulation (EU) 2020/852
Source: Sperre Sustainability Report 2021, MJ Hudson assessment

The North Alliance

NOA

Acquisition date: July 2018
Fund: Norvestor VI
Country HQ: Norway
Industry: Business Services

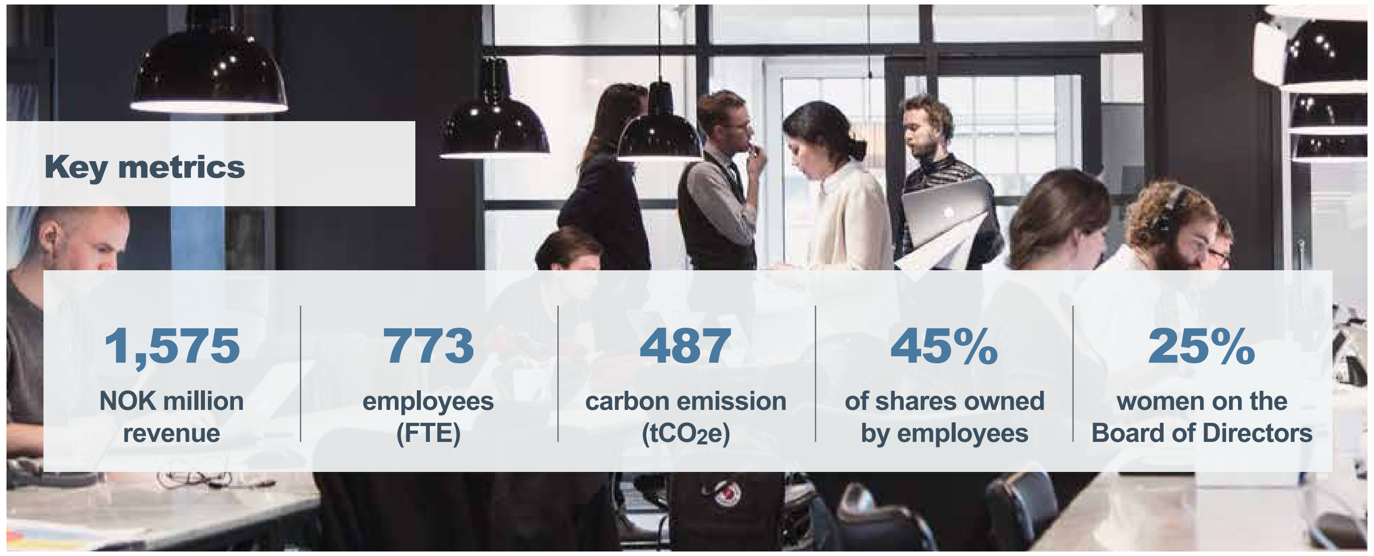
The North Alliance (NoA) is Scandinavia's leading agency network encompassing design, communication, and technology, helping businesses create sustainable growth. Founded in 2014, NoA has over 800 employees across offices in Norway, Denmark, Sweden and Poland.

Effective communication plays an essential role in tackling many of the world's challenges. Companies and brands increasingly seek to demonstrate their ESG credentials and position themselves as part of the solution by embedding sustainability into their value proposition. NoA's expert teams can help clients ensure that purpose and authenticity underpin their messaging and broader communication efforts. Since being acquired by Norvestor in 2018, NoA has been developing and implementing its ESG policy, including apparent managerial oversight of its sustainability efforts. Specifically, NoA's operations manager has been made responsible for ESG-related matters. NoA is being acknowledged externally by being at the forefront of issues such as gender equality. Indeed, NoA's Digital Products and Services business unit recently won the prestigious Norwegian She Index 2020, an award that focuses on promoting equality and diversity in the workplace.

As a digital service provider, NoA's direct environmental impact is limited. It mainly relates to the energy used by servers and the emissions resulting from business travel. Energy consumption is carefully monitored in every office, while all parts of the business increasingly use videoconferencing to minimise the need to travel. It already procures a large share of renewable energy but intends to lift this to 100%.

Performance and priority ESG projects

- → As a communications agency, The North Alliance's skillset offers a great opportunity to articulate and define ESG issues for its stakeholders. Recognising that, the company is targeting projects that create positive ESG impact for its clients.
- → The North Alliance has defined its sustainability offering and communicated it throughout the group. Moreover, it wants to work with the right kind of clients. It will not undertake projects for client involved in excluded industries (including but not limited to weapons, the sex industry and political parties).
- → The North Alliance is targeting a 58% reduction in its total carbon footprint.
- → Carbon intensity is also being scrutinised – the company is aiming for a 50% reduction[35].



Key metrics

1,575	773	487	45%	25%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	of shares owned by employees	women on the Board of Directors

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon

Talent management & retention

Data security & privacy

Impact of products & services

Sustainability principles

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

5.5: Empowering and creating a gender diverse workforce

10.4: Actively incorporating diversity in recruitment and office practices as well as engaging with industry on the topic (e.g. SHE Community)

13.2: Decreasing the negative impact by reducing their carbon footprint

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.3

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (policy & legal)
Increased pricing of GHG emissions could lead to higher operating costs.

Key opportunity (products & services)
Further develop the service offering to support companies with sustainability strategies as part of the Green Shift.

[35] tCO2e/NOKm

Source: The North Alliance Sustainability Report 2021, MJ Hudson assessment

VENI Energy Group

Acquisition date: August 2016
Country HQ: Norway
Industry: Business Services

VENI
Energy Group

VENI Energy Group is a leading provider of environmentally conscious energy services in Norway, Sweden and Finland, actively helping over 40 000 small and medium-sized businesses transition to renewable power sources.

Decarbonisation of the power sector is critical if the world is to avoid catastrophic climate change. VENI Energy plays a direct role in tackling this monumental challenge by making it easy for businesses to shift to sustainable energy sources. The Nordics are in the vanguard of the renewable-energy revolution, with a significant share of hydro, wind and solar in the power generation mix.

According to the World Business Council for Sustainable Development, the year 2050 is when the basic needs of the world population should be met, including access to energy for all, while decreasing global CO2 levels. Electricity will be the primary energy type consumed in industrial production processes, offices, and residential buildings by this time.

Over 18,000 of VENI Energy's business clients have already opted for certified green power, and 99% of their customers in Sweden and Norway procure renewable energy. They target 100% renewable energy for all clients by 2030 and 90% by 2025, contributing to the UN Sustainable Development Goals 7 and 12. The company also has a smart-metering system, helping clients monitor, manage, and reduce their power consumption. It can also motivate clients to switch suppliers to achieve a better and greener deal. Additionally, it offers auditing services to allow customers to enhance their energy efficiency.

Performance and priority ESG projects

- → 67% of VENI Energy Group's customers procure certified renewable energy. In addition, approximately 80% of new contracts (clients) in Finland related to renewable energy.
- → The company has reduced its total carbon footprint by 69% since 2018 and reduced its carbon intensity by 67% over the same period.
- → VENI Energy Group is aiming for >1 TWh of energy consumption is to be made green by the end of 2021 (a terawatt-hour is a unit of energy equal to outputting one trillion watts for one hour).
- → The company is establishing a roadmap to become carbon-neutral.
- → VENI Energy is embedding ESG focus across the whole group, for both new and existing employees and companies.

Source: VENI Energy Group Sustainability Report 2021, MJ Hudson assessment

Key metrics

739	247	226	67%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	clients procure renewable energy

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon	Data security & privacy
Employee health & safety	**Sustainability principles**

7.2: Increasing the share of supplied renewable energy

8.8: Practices and polices in place to address employee health and well-being

12.2: Sustainable and efficient use of natural resources by promoting energy-efficient operations for their clients

13.2: Limiting the amount of carbon emissions of their own operations as well as their clients

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory and representative decision making at all levels

Climate-related risks and opportunities

Physical risk

0.0

LOW | MEDIUM | HIGH

Transitional risks and opportunities

Key risk (n/a)
No material risks identified.

Key opportunity (products & services)
Supporting clients in their carbon reduction trajectories by offering renewable electricity.

Wellit

Acquisition date: January 2019
Fund: Norvestor VI
Country HQ: Norway
Industry: Energy & Marine

Wellit is a disruptive software company with international customers in the oil and gas sector – including all oilfield operators operating on the Norwegian continental shelf. Through their cloud-based business model, use of big data and AI ('artificial intelligence'), Wellit gives operators the insight to use their resources as efficiently as possible.

Wellit's solutions have a material positive impact by directly reducing the wasteful use of resources. Through its cloud-based business model, Wellit gives oil and gas operators precise information and complete visibility of where all of their vessels are and what they're carrying. This allows the operator to plan more cost-efficient routes and optimise the load that is put on every ship. Crucially, Wellit's solution cuts the number of platform supply vessels (PSV) in use, directly reducing operators' costs. That is very significant from an environmental perspective, as the operation of these vessels generates large amounts of greenhouse gas emissions. Wellit's solutions can cut up to 30% of transportation movements and optimise load carrying, which leads to a significant reduction in greenhouse gas emissions. Reducing an equivalent of three to four offshore support vessels would represent a material environmental impact, equivalent to:

→ CO_2 emissions from 40,000 vehicles
→ Nitrogen oxides (NOx) from 3 million vehicles
→ Sulphur oxides (SOx) from 8 million vehicles

They have a plan to quantify further efficiency gains and emissions avoided through their software, which can be used in communication with stakeholders through their annual sustainability report. Its operations have no less ambitious targets, procuring 100% renewable energy with a carbon intensity[36] of 0.3 in 2020, down 50% from 2017.

Performance and priority ESG projects

→ As well as the material environmental impacts detailed above, Wellit is working on a roadmap to become carbon-neutral.
→ To improve the transparency of its supply chain, Wellit now includes ESG criteria in its contract policy and supplier checklist.
→ Wellit helps its customers to reduce emissions by optimising logistics efficiency and using its software to explore how to quantify emissions avoided.
→ The company has reported zero data security issues, and received its ISO 27001 certification in 2020.

Key metrics

94	34	47	20%
NOK million revenue	employees (FTE)	carbon emission (tCO_2e)	women on Board of Directors

Key ESG themes and contribution to Sustainable Development Goals

Energy & carbon	Logistical efficiency	Data security & privacy
Service quality	Talent management & retention	Sustainability principles

4.4: Providing training on technical skills within an industry in need of sustainable development

13.2: Positive impact at product-level helping carbon-intensive industries reduce their emissions by optimising logistical efficiency

16.6 & 16.7: Incorporating sustainable principles in their operations and strategies to ensure transparency and ensure responsive, inclusive, participatory, and representative decision making at all levels

Ocean Principles 2 & 3: Reducing the number of offshore transport movements through increased operational efficiency for a more sustainable ocean

Climate-related risks and opportunities

Physical risk

1.3

LOW | **MEDIUM** | HIGH

Transitional risks and opportunities

Key risk (market)
Reduced demand for products & services delivered to the energy and marine industry amidst a transition to a low carbon economy.

Key opportunity (markets)
Diversify activities into future-proof markets and capture growth opportunities related to e.g. the energy transition.

[36] tCO_2e/NOKm
Source: Wellit Sustainability Report 2021, MJ Hudson assessment

Contact us

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