2019 ESG REPORT

ESG 2019

Important notice

Contents

COVER PICTURE: Hywind Tampen will be the world's first floating wind farm built to power oil and gas platforms. Vår Energi is part owner in the project, which was given the go-ahead in 2019. Illustration: Equinor

About HitecVision

HitecVision is a leading provider of institutional capital to the North Sea region's energy industry, providing financing solutions for companies within energy production, midstream and other infrastructure.

HitecVision currently manages six active private equity funds with a total committed capital base of USD 6.7 billion. Our customers are the about 50 investors who have invested in our funds. The investor base is global, and includes some of the world's largest and most demanding institutional investors, such as public and private pension funds, university endowments and sovereign wealth funds. Our responsibility is towards the ultimate owners of this capital, the current and future pensioners, students and researchers, and citizens.

We know that ESG issues can have a material impact on our financial performance and that of our portfolio companies, as well as on the communities in which both we and our portfolio companies operate. We believe that our strong focus on ESG factors and issues is critical to our long-term success as a private equity investor, and that in this respect, the interests of our investors are aligned with those of our portfolio companies, their employees, customers and the communities in which they operate.

In the transition to a low-carbon energy future, HitecVision will be part of the solution rather than part of the problem. We will invest in companies that help reduce the overall carbon footprint of the offshore energy industry, and in companies supplying energy that replaces current sources with higher emissions. We have been part of the industry's development for more than three decades, and aim to be part of the new energy transition that will happen over the next decades.

HitecVision is a signatory of the UN-supported Principles for Responsible Investment.

Signatory of:

PRI Principles for Responsible Investment

Letter from Ole Ertvaag Founding Partner and CEO

I am once again proud to introduce HitecVision's annual ESG report. I am proud, because we have again made further progress and important contributions in the field of ESG. We have for the first time appointed a Chief Sustainability Officer, and in 2019, HitecVision joined the UN-supported Principles for Responsible Investment. We have followed the work of this important organization for some time, and are happy to be part of the growing group of investors and investment managers that are signatories to the PRI principles.

With HitecVision's main focus for the last 35 years being the oil and gas industry, climate change is perhaps the most important challenge we have experienced during our firm's existence. For HitecVision, our employees, our investors and for every company in our portfolio, climate has moved to the top of the agenda. HitecVision has decided to be part of the solution rather than part of the problem, and in this report we describe some of our current actions as well as plans for how we intend to meet the future.

The coming energy transition will also present many new opportunities. One of our most exciting projects over the last year has been to identify and develop these. As we broaden the scope of our activities, we see more and more investment opportunities being created in new parts of the energy industry, and our portfolio companies see rapid growth in new business opportunities related to the transition. HitecVision is now preparing for an expansion of our investment universe, planning to raise new funds with a mandate to take advantage of these developments.

At the same time, all analyses show that oil and gas will remain important elements in the global energy mix for a long time, requiring continued investment in people and assets for decades to meet demand. HitecVision will still be a part of this industry, while ensuring that the environmental, safety and governance performance of our portfolio companies remains world-leading. We are grateful that our investors are supportive of our work, which enabled us to further increase our capital base for oil and gas investments 2019.

Opening of the fourth Paahjul workshop.

As you will see from this report, we have worked with the portfolio companies over the last year to further improve their focus on and reporting of ESG issues, and in particular to introduce carbon accounting. With each company now fully aware of their emission sources and levels, they have a baseline against which to plan and measure their progress over the coming years.

Another key issue for us in 2019 has been diversity. People are the most important asset both of HitecVision and of our portfolio companies, and to get the best, we need to tap of the entire resource pool of society. We have told our portfolio companies to move the issue up their agendas, and we have implemented measures to improve diversity both in our own investment team recruiting, and when appointing non-executive directors to the boards of our portfolio companies.

In the same vein, we continue our co-operation with the Paahjul chain to provide on-the-job training to help former addicts back to work, opening the fourth Paahjul workshop in December. Those who know me also know that football is a big part of my life, so it was a special pleasure when we were able to help establishing Viking Gatelaget earlier in the year; a football team for recovering former addicts.

With the Covid-19 pandemic moving through the world, many things have changed over the last few months, and some things will never be quite the same again. One thing however does not change, and that is our core value statement: "We shall keep what we promise – and behave!"

HitecVision's ESG Approach

HitecVision's ESG Approach

In HitecVision we believe that having a genuine focus on ESG is a competitive advantage. The energy industry today faces new pressures and demands related to the transition to a low-carbon economy, and a pro-active attitude is the best way to meet these demands.

The world's energy systems are changing, and while this is a process that is likely to take decades, HitecVision always seeks to invest in companies that are in some way part of the solution to the future of energy. In the context of changing regulatory landscapes, rapid technological innovations, and changing consumer preferences, an updated, responsive and integrated ESG approach is a strategic imperative.

We believe that by integrating our ESG approach into our core business processes, we will be better placed to identify, analyze and mitigate the ESG risks and opportunities of our portfolio companies. In doing so, we improve the resilience of our portfolio while being better positioned to make use of the opportunities following from the sustainability agenda. We firmly believe that when ESG factors are integrated into the investment analysis, decision making, ownership policies and practices, it will provide potential long-term performance advantages.

HitecVision has a 30-year history of investing in the oil and gas industry in Northern Europe. As the energy industry is entering a period of change, so is HitecVision. As part of this, we are preparing to expand our investment universe to comprise the energy sector more broadly, including renewables.

ESG as part of our company culture

In our work in HitecVision and with our portfolio companies, ESG comes down to people, starting with ourselves. We believe that the most important factor in identifying and understanding ESG risks and opportunities is to build awareness and alertness in all our employees. The entire organization should be mindful of our influence and impact on the surrounding world. Therefore, we place great emphasis on building a company culture where ESG is a natural part of all levels of operation.

The foundation for the HitecVision ESG culture is our Ethical Guidelines, which can be found at the end of this report. These are based on five principles to ensure that we perform all our activities in an ethical manner and in compliance with sound business practice:

1. We behave and comply with laws
2. We respect our colleagues
3. We protect our assets and confidential information
4. We never make illegal payments
5. We avoid conflicts of interest

The Responsible Investment Policy, which applies to all aspects of HitecVision operations, is part of the Ethical Guidelines.

Our Responsible Investment Policy aims to ensure that the HitecVision funds only invest in companies which operate in an environmentally responsible manner; respect human and labor rights and have good, healthy and safe working conditions; and maintain high ethical standards. Further detailed procedures stem from these core principles and underpin how we want to do business and take responsibility for areas where we have influence.

Climate footprint

HitecVision targets climate neutrality in its own activities.

By far the largest part of our organization's climate footprint is caused by air travel. We have for several years promoted videoconferencing instead of travel, and have invested more than NOK 6 million in equipment at our offices. We have placed video conference units in every meeting room and on every desk, and have more than 30 virtual online meeting rooms. In 2019, these were used for 3.599 meetings. The results are significant – CO_2 emissions per employee from air travel have been reduced by 38% since 2014.

When travel cannot be avoided, we purchase emissions offsets for all flights.

HitecVision's climate footprint in 2019 (tCO_2 eq.):

Scope 1	0.0
Scope 2[1]	20.5
Scope 3 air travel	179.2
Scope 3 other business travel[2]	19.4
Sum, Scope 1 and 2	20.5
Sum, Scope 1, 2 and 3[3]	219.1

[1] Mainly electricity and district heating and cooling of our offices.
[2] Mainly car travel and hotel accommodation.
[3] Scope 3 includes air travel and other business travel only.

Core principles for responsible investment

ENVIRONMENTAL: We work to ensure that our portfolio companies operate in an environmentally responsible manner and aim to follow industry best practice. We seek to invest in companies that are part of the solution to the climate-energy dilemma.

SOCIAL: We seek to ensure that our portfolio companies offer equal opportunities to all employees, respect fundamental human rights, labour rights and union engagement, and provide their employees with good, healthy and safe working conditions.

Furthermore, we seek to ensure that our portfolio companies contribute positively to the communities in which they operate by developing businesses, encouraging innovation and enhancing international competitiveness.

GOVERNANCE: We seek to ensure that our portfolio companies comply with all applicable laws, rules and regulations in the markets in which they operate, including environmental, labour, anti-corruption and anti-money laundering laws, rules and regulations. We seek to contribute to high ethical standards in all portfolio companies, by professionalising their governance models through our board work and following Invest Europe's Corporate Governance Guidelines.

Bulding an ESG culture

Our onboarding programme for new employees includes introductions to the Ethical Guidelines, the Responsible Investment Policy, ESG analysis, and other relevant procedures. We also strive to build a corporate culture that emphasizes equality and diversity as we believe that a gender-equitable workplace benefits our bottom line as well as the work environment and the societal impact of HitecVision.

To educate our organization we have regular ESG-themed courses and seminars for the investment team and other staff members under the HitecVision Academy umbrella. In 2019, these have included sessions on carbon accounting and TCFD, and on ESG due diligence. We also have biannual HitecVision Academy seminars for the portfolio company management and non-executive directors.

In order to inform the team regarding the risks and opportunities associated with the transition to a low-carbon economy, we arranged a series of thematic HitecVision Academy sessions for all employees early in 2020. The first module considers the future of energy supply and demand; the second module looks at role of oil and gas in the transition away from fossil fuels, including the strategies of the international oil majors; lastly, the third module looks at the growth of renewable energy and the workings of the power market. The topics covered in the academy make up essential context to our investment strategy, process and decisions, and are thus important for all our employees.

Diversity

HitecVision wants to recruit and retain the best people, and therefore we strive to develop a creative, diverse and inclusive working environment. We recruit, select, train, promote and reward our employees on merit, and irrespective of their race, gender, national or social origin, age, disability, sexual orientation, religious belief or political opinions, and we aim to treat everyone with courtesy and respect.

At the end of 2019, HitecVision's total workforce of 66 persons comprised 61 % men and 39 % women. Four out of eight executive roles are held by women.

However, 79 % of the investment professionals are men. We aim to increase the diversity of the investment team, and have introduced various measures that will do so over time. These include amending our recruiting principles and increasing our outreach activities.

We are also focusing on the age distribution among our employees, with a target of keeping the average age below 40 years. Giving greater responsibility to younger employees is important to us, and something we also seek to transfer to our portfolio companies.

Integrating ESG into the investment process

HitecVision believes that integrating ESG factors into the investment analysis, decision making, ownership policies and practices will contribute to long-term performance advantages, as ESG issues can have a material impact on the financial performance of our portfolio companies and the value placed on them by potential buyers. We believe that including ESG analysis into the investment process presents important insight into the quality of a company's management, culture, and general profile. A key part of HitecVision's ESG effort is making sure that the companies we invest in do not have any unacceptable ESG risks, and are well placed to take advantage of ESG-related opportunities.

In 2019, we became a signatory to the UN Principles for Responsible Investment. We also follow the ethical guidelines laid down by the Norwegian Venture Capital Association and aim to follow Invest Europe's Code of Conduct.

Material ESG issues in our industry

As a private equity firm investing in the energy industry largely within one geography, there are certain ESG factors that are more material to our investment universe than others. The most relevant ones that we encounter repeatedly, and therefore have a continuous focus on, are:

ENVIRONMENT: Climate change has become a fundamental issue to both our stakeholders and the societies in which our portfolio companies operate, and thus also for the companies themselves. Our portfolio companies are particularly exposed to so-called transition risks, deriving from technological developments and changing regulatory and market pressures that influence the future energy mix. Addressing these risks in a pragmatic and proactive manner is becoming ever more important for all companies in the oil and gas industry.

At the same time, as long as production of oil and gas remains necessary in order to meet the world's growing energy demand, we will not lose track of the many other environmental risks that the industry has spent decades working to avoid, such as oil spills or gas leaks. 66.7% of our portfolio companies are certified to the ISO 14001 Environmental Management System standard.

SOCIAL: The risk of work-related accidents is a focus area for companies in manufacturing, oil service and E&P, as these companies have employees working in factories and construction yards, as well as on offshore on rigs, ships or platforms. As a result of an unrelenting focus on health and safety over several decades, the European oil and gas industry is now generally a safe place to work, and our portfolio companies spend significant resources to maintain and improve their good HSE records. 51.9% of the companies are certified to the ISO 45001 Occupational Health and Safety standard, or its predecessor, OHSAS 18001.

Several of our portfolio companies supply equipment and services that are critical for the health and safety of the users, or for the entire crew on a given rig or platform. Attention to and assurance of the unfailing quality of the product or service is therefore a high priority, and 74.1% of the portfolio companies are certified to the ISO 9001 standard for Quality Management Systems.

In 2019, we also began to emphasize diversity as a key issue for the portfolio companies. The oil and gas industry is traditionally male-dominated, and while we will not be able to reform the industry overnight, we do require that each company addresses the issue in its recruitment policy. We believe that diversity is an important factor to reduce the risk of group-think, particularly in management teams.

GOVERNANCE: The risk of corruption is a typical risk for portfolio companies operating internationally, as many companies in this industry do. Moreover, cyber security is becoming increasingly important.

ESG related opportunities

ESG opportunities in our investment area can primarily be divided into three categories:

- Decarbonization strategies – providing services or technologies that help companies in the oil and gas industry reduce their CO_2 emissions. ABP's installation of quayside power supply for ships at its Mongstad base is an example of this type of opportunity.
- Diversification/transition away from a sole focus on oil and gas – using oil industry technology and know-how for other purposes, such as Vryhof's application of its mooring competence for floating wind farms.
- Safety-enhancing products and services – traditionally a significant market in the oil and gas industry, with its high focus on accident prevention. Ross Offshore's consulting practice within HSEQ and Risk is based on this, as are offerings from several other portfolio companies.

We believe that as the world is expected to move in a more sustainable direction, opportunities related to ESG will become even more of a focus area.

Due diligence and compliance checks

In order to ensure effective risk management and compliance prior to our investments, HitecVision has a strict evaluation and due diligence process. We use a two-stage pre-investment ESG analysis tool which provides a red flag overview and risk matrix at an early stage of the investment process, as well as a more detailed analysis at a later stage. We supplement this with an ESG due diligence checklist and questionnaire which must be signed off by management and/or sellers of the target company. The process covers issues related to the environment, climate risk, working conditions, labor rights, human rights, corruption, money laundering, and more.

HitecVision addresses ESG findings for each investment on a case-by-case

basis, centered around findings in the pre-investment analysis tool, due diligence and the company's responses to the ESG Due Diligence Questionnaire. If possible, potential risks or negative impacts are mitigated and/or resolved prior to closing the investment. Remaining minor issues and improvement areas are addressed during the holding period, through internal procedures, policies and training, while material ESG risks would lead to cancellation of the proposed transaction.

Any new platform investment, as well as significant add-ons, must also go through a rigorous compliance check to ensure that it conforms with all necessary standards, regulations and investor requirements. These checks are carried out by the team handling the deal, followed by an approval process conducted by the internal compliance function and the Compliance Committee.

Approaching climate risk

Our climate risk picture is predominantly made up of transition risks related to technological development, regulatory and market changes favoring low carbon energy carriers. As part of the investment process we will normally analyse different scenarios for oil and gas demand and prices. In 2019, we expanded the climate risk evaluation by introducing carbon tax scenario analyses when investing in new oil and gas assets or companies.

We aim to develop our climate risk assessment framework further in 2020, using the TCFD framework both as part of the investment process, and as an integrated part of risk management in each portfolio company.

ESG opportunities in our investment area are typically associated with incremental innovation and rigorous HSEQ standards. However, as the world is moving toward a low carbon future, we encounter more and more investment opportunities related to the energy transition. One such opportunity is the decarbonization of oil and gas production, where significant investments will be required over the coming years. In addition, several of our portfolio companies get an increasing share of their business from the renewables sector, and we are supporting this diversification.

In order to mitigate climate risk and to position the portfolio companies for the energy transition, we have encouraged our portfolio companies to take a structured approach to developing mitigating measures. Many of the portfolio companies are in the process of defining decarbonization plans or assessing the potential for diversification into complementary industries. These efforts are described in the company-specific chapters of the report.

Engaging with our portfolio companies

A structured approach to ESG

We believe that ESG and corporate governance in each portfolio company is ultimately the responsibility of the company's board. We therefore expect the board of each portfolio company to define and implement strategies and policies that integrate ESG issues. We support the boards by providing clear requirements, guidance and tools. To ensure that the boards address ESG issues appropriately, we have a strong focus on effective management and communication between each board and our HitecVision team. When working with the portfolio company boards on ESG issues, we also aim to ensure that they integrate ESG as part of each company's risk management and strategy development.

The first step in developing a strategic approach to ESG is to work with management of each portfolio company to conduct a materiality analysis of the company's most important ESG issues. In this process, we analyse and grade each potential ESG issue based on its importance to a range of stakeholders, and to the company itself. Since we are specialist investors in only one industry and one geography, most material issues are common between companies within each sub-segment, and we have developed a standard set of common materiality factors that helps us pinpoint relevant issues.

A key part of HitecVision's engagement with the portfolio companies on ESG issues are the biannual ESG meetings with the companies. In addition to senior management of the portfolio company, every meeting features the participation of senior HitecVision resources, including the Chief Sustainability Officer, Director of Compliance, case partners, and relevant investment team members. The materiality matrix for each portfolio company is reviewed at least annually in these meetings, and if need be updated as new ESG issues appear and existing issues increase or decrease in materiality.

HitecVision expects its portfolio companies to develop structured strategic approaches to ESG, in response to their material issues. The biannual ESG meetings are used to review the companies' current activities and results, as well as to discuss potential areas of improvement.

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The last round of meetings in 2019 centered around the key themes of climate change (including carbon footprint reporting), diversity, cybersecurity, value chain engagement and general governance issues.

Governance programs

HitecVision's governance model for the portfolio companies has two key components:

- A package of documents for the board, including detailed board guidelines and annual calendar for the board, as well as a number of template documents such as authority matrices and reporting templates
- A comprehensive compliance program called "We Behave and Comply."

Both of these are mandatory for our portfolio companies, and are regularly updated.

In 2018, we revised the model board guidelines, annual board calendar, and board/management authority matrix, notably adding a stronger focus on ESG issues through reporting and a requirement that ESG is a board issue at least quarterly. In 2019, we revised the compliance program, with implementation early in 2020. New elements in the updated version include policies and procedures regarding cyber security, data protection, personal trading and payments.

66.7%

OF OUR PORTFOLIO COMPANIES ARE CERTIFIED TO THE ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM STANDARD

Training

In 2019, the onboarding program for portfolio company non-executive directors and board / company secretaries, covering the governance model of HitecVision, was extended to a full day session, and expanded to include senior management of the portfolio company. In addition to general governance issues, this introduction is particularly focused on the board's interaction with HitecVision. The introduction is provided by representatives of HitecVision senior management, including the Deputy CEO, CFO, CSO, the Directors of HR and Compliance, representatives of the Audit & Risk, Mid Office and Credit functions, as well as the case team. The updated session covers our investment philosophy and operational model, as well as general governance, the board package, audit and risk, credit issues, our compliance program "We behave and comply", as well as other ESG and reporting requirements.

As part of our work to professionalise the portfolio companies' ESG management, we also regularly arrange board committee and compliance seminars for the portfolio company non-executive directors.

Transparency in reporting

Quarterly ESG reporting from each portfolio company is an important part of our portfolio monitoring process. We have over the recent years developed and implemented a comprehensive reporting template, which is now used by almost all portfolio companies. The template features a number of KPIs that require mandatory reporting, as well as a selection of voluntary indicators that can be reported if relevant to the material ESG topics of the company. Each company also has the opportunity to include non-standard data that are deemed important to that particular company.

In 2019, we made carbon footprint reporting mandatory for all portfolio companies, and from 2020, we will include greenhouse gas emissions from every portfolio company in the quarterly reporting to our investors.

The quarterly reporting encourages the portfolio companies to set targets for their ESG efforts and engage fully with relevant and material issues as part of their decision-making and management processes. We ensure a continuous follow-up of the ESG issues and reported KPIs in the biannual meetings with the portfolio companies.

In 2019 we have used the input from the portfolio companies to significantly expand the ESG section in our quarterly reporting to investors. This continues into 2020. The increased availability of ESG data from the portfolio companies is also an important aspect of this report, where we aim to summarize key ESG aspects for each portfolio company, as well as highlighting progress and focus areas to be developed further.

ESG indicators at the portfolio level

One effect of the effort to improve reporting from the portfolio companies is that it enables us to monitor key KPIs across the portfolio, setting targets and measuring improvement across the portfolio as a whole. Reporting on this is part of our ongoing transparency effort, in addition to providing figures for the individual portfolio companies.

Our portfolio is diverse, and an indicator that is important to one company may be irrelevant to another. We have however selected a number of KPIs in each of the Environmental, Social and Governance areas that we believe are relevant to aggregate, (see table to the right). In the future, we aim to report on these year by year, to show to what extent we have been able to improve the aggregated outcome at our portfolio companies.

Compliance reporting

Monitoring is a cornerstone of effective portfolio governance. As part of our "We Behave and Comply" program, we require the CEO of each of our portfolio companies to prepare an annual report on compliance and ethics to the company's board. The report is shared with us to ensure effective monitoring and evaluation over time.

As a financial institution under the supervision of the Financial Supervisory Authority of Norway, HitecVision is itself subject to reporting requirements. There are strict procedures on self-reporting by employees, both of any personal trading, and of gifts and entertainment received and provided. Reporting shall be done on a continuous basis, and is monitored by the Director of Compliance. The reporting must also be signed off by the employees on an annual basis. Our policies further require that any potential conflicts of interest must be flagged early on with the Director of Compliance. If she determines the risk for conflict of interest to be significant, the employee must immediately resign from working on the given project.

AGGREGATED ESG INDICATORS FOR THE PORTFOLIO

Key aggregated figures for the portfolio	2019
Total number of employees (end 2019)	7 825
Total revenues (million USD)	8 595
Value added (Wages / salaries cost + EBITDA, million USD)	5 347
Environmental KPIs	**2019**
GREENHOUSE GAS EMISSIONS:	
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, tCO_2e)[1]	246 508.1
Energy indirect GHG emissions (GHG PCS Scope 2, tCO_2e)[1]	6 400.1
Other indirect GHG emissions (GHG PCS Scope 3, tCO_2e)[1]	250 491.1
CARBON INTENSITY:	
Revenue carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)[1]	64.8
Revenue carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)[1]	129.0
Value Creation carbon intensity – Scope 1 & 2 (tCO_2e / million USD value creation)[1]	101.3
Value Creation carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD value creation)[1]	201.5
MATURITY IN ENVIRONMENTAL MATTERS:	
Proportion of portfolio companies with ISO 14001 certification	66.67%
Social KPIs	**2019**
HEALTH AND SAFETY	
Average sick leave, short term	1.25%
Average sick leave, long term	1.43%
Total Lost Time Injuries across portfolio	24
DIVERSITY:	
Average share of women as proportion of total employees	19.7%
Average share of women in management across portfolio	22.0%
MATURITY IN SOCIAL MATTERS:	
Proportion of portfolio companies with ISO 45001 (or OHSAS 18001) certification	51.9%
Governance KPIs	**2019**
MATURITY IN GOVERNANCE MATTERS:	
Proportion of companies that have an anti-corruption program in place	96.2%
Percentage of portfolio companies with an established whistle-blowing channel	70.4%
Percentage of portfolio companies that have an assigned responsible for ESG issues	96.3%
Percentage of portfolio companies that have an ICT / Cybersecurity Policy in place, or ICT risk management as part of its quality system	88.9%
Percentage of portfolio companies with ISO 9001 certification	74.1%

[1] Weighted by ownership share

Calculating the carbon footprint of the portfolio

The aim of the carbon footprint data presented in this report is to get an overview of each portfolio company's greenhouse gas (GHG) emissions. This carbon accounting is a fundamental tool in order to enable the companies to identify measures to reduce their energy consumption and corresponding GHG emissions.

Before HitecVision started the carbon footprint reporting project in 2019, only a minority of the portfolio companies calculated this information. Working with the companies and carbon accounting specialist CEMAsys, we now have all companies reporting their CO_2 emissions for 2019. Going forward we will also institute quarterly reporting. Regularly calculating and reporting such figures will enable the companies to benchmark performance indicators and evaluate progress over time.

The input data is based on information from both internal and external data sources, which have been converted into tonnes of CO_2 equivalent. The analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (the GHG protocol). This is the most widely used standard for measuring greenhouse gas emissions, and was the basis for the ISO standard 14064-I.

The Greenhouse Gas Protocol Initiative (GHG protocol) has been developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). The current analysis has been done according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards explaining how to calculate and report GHG emissions. The reporting considers the following greenhouse gases, all converted into CO_2 equivalents: CO_2, CH_4 (methane), N_2O (laughing gas), SF6, HFCs and PFCs.

Unless otherwise noted, the analysis in this report is based on the operational control aspect that defines what should be included in the carbon inventory, as well as in the different scopes. When using the control approach to consolidate GHG emissions, companies choose between either the operational control or financial control criteria. Under the operational control approach, a company accounts for the GHG emissions from operations over which it has control. It does not account for GHG emissions from operations in which it owns an interest but has no control. One company, NEO Energy, has chosen to instead use the equity share aspect, reporting emissions based on its ownership share in the emission sources (offshore oil and gas platforms).

The carbon inventory is divided into three main scopes of direct and indirect emissions.

SCOPE 1: Mandatory reporting includes all direct emission sources where the organisation has operational control. This includes all use of fossil fuels for stationary combustion or transportation, in owned, leased or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc.

SCOPE 2: Mandatory reporting includes indirect emissions related to purchased energy; electricity or heating/cooling, where the organisation has operational control.

Most companies are reporting using the CEMAsys online reporting tool. The electricity emissions factors used in CEMAsys are based on national gross electricity production mixes on a 3 years rolling average (IEA Stat). The Nordic electricity mix covers the weighted production in Sweden, Norway, Finland and Denmark, which reflects the common Nord Pool market area. Emission factors per fuel type are based on assumption in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA stat.

SCOPE 3: Voluntary reporting of indirect emissions from purchased products or services in the value chain. The scope 3 emissions are a result of the company's different activities, which are not controlled by the company, i.e. they're indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc. In general, the GHG report should include information that users, both internal and external to the company need for their decision making. An important aspect of relevance is the selection of an appropriate inventory boundary that reflects the substance and economic reality of the company's business relationships. In the 2019 version of this report, Scope 3 emissions cover only business travel, primarily by air, unless otherwise noted. We aim to systematically extend the coverage of Scope 3 emissions in the future.

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HitecVision in the transition to a low-carbon economy

Photo: Equinor

HitecVision in the transition to a low-carbon economy

As a specialist investor in the energy industry, HitecVision has a strong focus on the coming transition of the world's energy systems towards a low-carbon future. We believe that this change is necessary, and we have decided to be part of the solution rather than part of the problem.

The transition will in itself provide a multitude of investment opportunities for an investor such as us, and we are preparing to expand our investment universe beyond oil and gas to take this into account. At the same time, we know that the change will be gradual, and that oil and gas will be part of the energy picture for decades to come, with continuing opportunities both for our current portfolio companies and for new investments.

In order to quantify our ambitions and help us steer a course through the transition, we have developed a "decarbonization strategy", which is due to be revised on an annual basis.

The strategy has five key elements, where the first two address HitecVision's own operations, while the next three describe our ambitions for our portfolio.

OUR OWN OPERATIONS

1	We will be carbon neutral in our own operations from 2020.
2	We will contribute to driving down emissions from our customers, business advisors, banks and other counterparties.

OUR PORTFOLIO

3	We will build on our position as a leading energy-focused private equity firm to support the transition to net zero.
4	We aim to halve the carbon intensity of our energy producing portfolio companies by 2030.
5	We aim to reduce the net greenhouse gas emissions from our other portfolio companies to zero by 2030.

For each of these elements, we have developed further details, as described on the next pages. Our overall target is to achieve net zero climate footprint from our own operations from 2020 and from the portfolio by 2030.

To reach this ambitious goal for the portfolio, we have defined three strategic approaches, for new investments; energy producing current portfolio companies; and other current portfolio companies. Considering the normal private equity cycle of investments and realizations, our choice of investments in the years to come will contribute to a rebalancing of the portfolio towards carbon neutrality.

OUR OWN OPERATIONS

1 We will be carbon neutral in our own operations from 2020.

1. We will further increase the use of video conferencing and minimize business travel

- The biggest part of our climate foot-print is air travel. We have already reduced this significantly through investments in state-of-the-art video conferencing equipment in every meeting room and on every desk and home office, as well as at the portfolio companies, and we aim to continue the positive development.

- We acknowledge that some travel will always be required to establish and maintain business relations. For any necessary business travels, we will buy natural carbon capture offsets. Any offset schemes will be thoroughly evaluated for real-world outcomes.

2. We will ensure carbon neutrality in our office use through securing 100% renewable electricity for our power consumption.

- Where this is not possible, e.g. where district heating is used, we will buy natural carbon capture offsets to achieve net zero. Any offset schemes will be thoroughly evaluated for real-world outcomes.

2 We will contribute to driving down emissions from our customers, business advisors, banks and other counterparties.

1. We will offer online versions of all meetings and conferences with our investors, business advisors, banks and other counterparties.

2. We will include ESG and carbon footprint strategies as a key criterion in our choice of advisors.

- Including benchmarking against HitecVision's own strategy as per above.

3. We will require from our suppliers that they are able to use video conferencing instead of travel in meetings with us.

- Request that our advisors and other partners limit air travel to a need-to basis.

- Advise business relations on establishing efficient VC systems in line with HitecVision's internal video conferencing systems.

OUR PORTFOLIO

3 We will build on our position as a leading energy-focused private equity firm to support the transition to net zero.

1. We will aim to establish new funds to invest in and build companies focused on low- or no-carbon energy production, infrastructure and solutions, supporting the transition to a net zero energy system.
2. We will leverage the know-how and workforce of our current and future portfolio companies to support our net zero targets.
3. We will work directly and through our investment platforms to back policies that support a just transition, including carbon pricing.

4 We aim to halve the carbon intensity of our energy producing portfolio companies by 2030.

1. For our energy producing portfolio companies, we aim for a reduction of the carbon intensity of their energy production by 50% by 2030, and for net zero by 2050
   - Carbon intensity is defined as Scope 1 and 2 emissions per unit of energy produced, expressed in grams of CO_2 equivalent per megajoule.
   - The reductions will be achieved through a combination of operational improvements, electrification of oil and gas production, investment in renewable power, carbon capture and storage, and advancing other technological solutions.
   - Each company shall establish a Low-Carbon Transition Plan (LCTP) showing how it will halve the carbon intensity of their energy production by 2030 and reduce it to zero by 2050. The LCTP shall be approved by the board of each company by the end of 2020.
   - In line with this, we will advise the portfolio companies on establishing efficient video conferencing systems in line with HitecVision's internal systems, and require that these are used for general purposes as well as in interaction with HitecVision.
2. For all new E&P investments, we will include a price of carbon of USD 75 per tonne CO_2 eq. in our investment analyses.
3. We will aim to make impact investments through energy producing companies where we see the potential for significant reductions of emissions.

5 We aim to reduce the net greenhouse gas emissions from our other portfolio companies to zero by 2030.

1. Each company shall establish a Low-Carbon Transition Plan (LCTP) showing how it will achieve net zero by 2030. The LCTP shall be approved by the board of each company by the end of 2020.
   - In line with this, we will advise the portfolio companies on establishing efficient video conferencing systems in line with HitecVision's internal systems, and require that these are used for general purposes as well as in interaction with HitecVision.

ESG and the oil and gas industry

ESG and the oil and gas industry

Oil and gas makes up a significant part of the world's energy supply. In addition to power generation, oil and gas also have a multitude of uses within heating, transport and petrochemicals to name a few.

At the same time, the oil and gas industry may have significant impacts on the surrounding environment, the societies in which it operates and the people that work in the industry. Therefore, a high concern with environmental, social and governance (ESG) issues is of paramount importance to secure the long-term value creation of the industry, and to uphold and strengthen its license to operate.

For the oil and gas operations in the North Sea basin, ESG performance has become a competitive advantage and a hallmark of the industry. Generally, operations are marked by high regulatory standards and compliance, low environmental risk as well as an uncompromising focus on the health and safety of employees.

Managing ESG risks is in other words a central component of North Sea oil and gas production, with knock-on effects down the value chain as the oil and gas companies place requirements on their suppliers in order to comply with ESG expectations and demands. As such, ESG performance is also a vital part of the HitecVision business model. More broadly, a strong track-record and continued innovation and improvements within the ESG areas form the basis for the future relevance of the oil and gas industry in the changing context of energy transition and climate change mitigation.

The state of ESG in the North Sea oil & gas industry

Protecting our ocean environment

The offshore oil and gas industry can have a significant, and potentially damaging, impact on the health of our oceans. The same applies to some of the companies in HitecVision's portfolio. This is why our ESG approach also focuses on safe installations and the health of ocean environments. Along with strong performance on carbon intensity, the oil and gas industry on the Norwegian continental shelf (NCS) and UK continental shelf (UKCS) is committed to minimizing emissions to sea. The primary emissions to sea include oil in produced water, unplanned spills, drilling discharges and chemical additives.

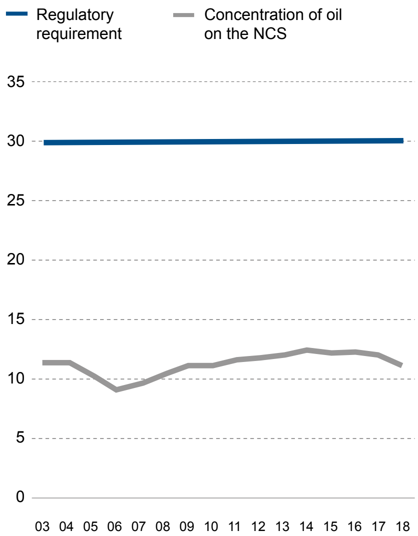
Produced water
Produced water from offshore operations is the water within hydrocarbon reservoirs that is brought to the surface during subsea oil extraction. Following separation, the produced water is discharged to the sea. The small fractions of remaining oil in the discharged water constitute the dominant source of oil discharge to sea in the North Sea. The average concentration of oil in discharged produced water on the NCS in 2018 was 11.2 mg per litre, a 7.3 percent decrease from the previous year. For the UKCS the industry average was 16.1 mg/l in 2018. Both are well below the limit of 30 mg/l set by the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Convention).

Drilling discharges and chemicals
Drilling discharges are a mix of drilling fluids used in well drilling, and drilled-out rock fragments (drill cuttings), brought to the surface in the drilling fluid. In Norway and the UK, it is prohibited to discharge any oil-based or synthetic drill-cuttings or fluids with more than 10 grams of oil per kilogram of cuttings. As part of this regulation, anything that surpasses this limit is brought ashore for appropriate waste management, or in some cases injected back underground using a special-purpose storage well.

With regards to planned discharge of chemicals, performance in the North Sea remains robust. On the NCS, 89.2 percent of the chemicals discharged at sea are classified by the Ministry of Environment in the "green" category, and only 0.144 percent were classified to be in the "red" and "black" hazard categories. Similarly for the UKCS, 95 percent of discharged chemicals were identified as "Pose little or no risk" or "low" hazard category.

Unplanned spills
Unplanned spills of oil is another facet of discharges to sea, and one which has been the source of natural disasters in the past, such as Exxon Valdez and Deepwater Horizon. The North Sea basin, however, has a strong historic performance when it comes to limiting accidental spills. Unplanned oil spills on the NCS in 2018 amounted to 37m^3 (233 barrels) from a total of 47 spills, most of them smaller than 50 liters (0.3 barrels). This represents 0.000016 percent of production. On the UKCS, accidental oil releases in 2018 represented only 0.00002 percent of total oil and gas production. These results are due to good maintenance programmes and physical barriers with a strong environmental focus, as well as a well-trained and safety-focused workforce.

Figure 1. Concentration of oil in produced water on the NCS (MG/l)
Source: Norsk Olje & Gass Environmental Report 2019.



Uncompromising HSE & governance standards

The oil and gas industry in Northern Europe operates within a strict regulatory environment with clear demands for workplace health and safety. This has resulted in an industry culture prioritising safe operations in both the UK and Norway. On the NCS, the total number of defined hazard and accident conditions (DFUs) fell by 67 percent between 2002 and 2017. According to the annual trend report from the Norwegian Petroleum Safety Authority for 2019, “near miss” occurrences with the potential for high impact continued its decreasing trend, with only 31 registered occurrences on the NCS. The same trend is also seen on the UKCS, which has experienced a 62 percent reduction in reportable incidents since the peak in 2000. Of the reported accidents in the UK in 2018, 26 percent are a result of slips, trips and falls. For both the NCS and UKCS there were no workplace fatalities.

A variety of other regulatory frameworks also uphold strong safety standards for oil and gas in Northern Europe. For example, all companies operating on the NCS and UKCS must have a code of conduct that integrates health, safety and environmental standards and policies into their operational routines. In Norway, this is mandated by law under the Petroleum Act of 1996. Similarly in the UK, this requirement is included in the 1974 Health and Safety at Work Act, which has been updated to include clauses for insurance and mandatory safety training for all staff at no personal expense.

Strong governance mechanisms are in place to ensure that operations on the NCS and UKCS impact the environment as little as possible. Impact assessments and monitoring practices are also necessary for understanding any potential harm to the environment. This includes monitoring species on the ocean floor, seabirds and marine mammal populations under programmes like SEAPOP or SEATRACK which aim to predict and model impacts on local species. Where scientific evidence does not offer a comprehensive risk assessment that yields low results, the precautionary principle is applied.

In sum, the highly regulated environment of Northern Europe and the EU, combined with a political culture of open and transparent dialogue between the state, trade unions and employers’ associations on safety and working conditions, constantly push the HSE standards of companies operating within its scope.

Strong institutions, compliance and ethical conduct

Our portfolio companies are responsible for effectively managing a comprehensive regulatory landscape, featuring national and supranational legislation on various ESG issues, such as anti-corruption, labour rights, governance transparency and ethical conduct. The main countries where HitecVision's portfolio companies reside and operate are characterised by high transparency and trust in institutions. Norway, the UK, and the Netherlands were all among the top 12 on Transparency International's Corruption Perceptions Index in 2019. In other words, these are low-risk markets supported by strong institutions.

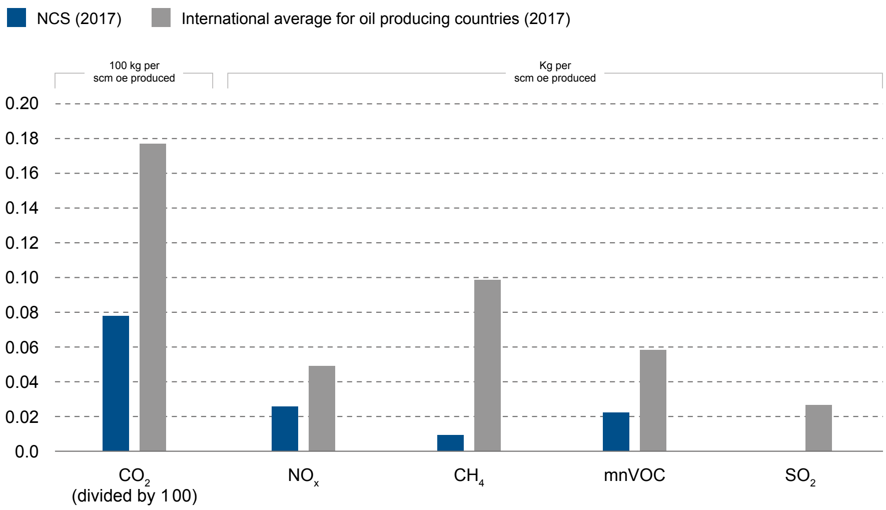
Still, the oil and gas industry is global, and companies move with the industry and may be faced with more challenging conditions in other areas. Therefore, ethical conduct and compliance and its immediate relationship to ESG has been a priority area for HitecVision for many years. The result of these efforts is a portfolio with an excellent track record in the area of compliance. There were no serious breaches of ethical guidelines or codes of conduct across our entire portfolio in 2019. Moving forward, we believe that these companies will continue to operate with transparency and integrity and continue the strong track-record on compliance and ethical conduct.

The carbon intensity of North Sea oil and gas in an international perspective

The arguably most critical ESG factor for the oil and gas industry is the climate issue. Carbon dioxide (CO_2) is a major greenhouse gas (GHG) that accumulates in the atmosphere and results in global warming and climate change.

Figure 2. Emissions on the NCS compared to international average

Source: IOGP and EEH, in Norsk Olje & Gass Environmental Report 2019



Recognising the oil and gas industry's contribution to these emissions is an important part of ESG efforts, calling for special attention to address the status quo of carbon emissions in the North Sea oil and gas industry. All the more so because oil and gas will continue to play an important role in the future energy mix, as discussed in the next chapter of the report.

Considering that extraction and transport of oil and gas are major sources of emissions in themselves, it is important to minimize emissions from core oil and gas operations. Industrial outlooks and scenarios aspiring to meet global climate goals presuppose that policy interventions, CO_2 pricing and industry efforts have a major impact on emissions from production. Moreover, it is crucial to the oil and gas industry's license to operate and competitiveness in the transition to a low-carbon energy system.

The North Sea oil and gas industry already has a low carbon intensity - that is the CO_2-equivalent emissions per unit produced energy – which is becoming more of a competitive advantage over time (shown in Figure 2). According to the most updated figures in the 2019 Environmental Report from Norsk Olje & Gass, CO_2 emissions per barrel of oil produced on the NCS in 2017 was less than half of the international average. This is supported by a Stanford study from 2018 that compared emissions from countries throughout the entire value chain, comprising 98 percent of all global oil production. Norway was found to have the sixth lowest carbon intensity of the 50 countries that were ranked. The UK was number 17, well below the global volume-weighted carbon intensity.

The main reason why the carbon intensity on the UKCS is higher than on the NCS is the prevalence of mature oil fields which require more energy input per barrel produced. However, the carbon intensity on the UKCS has been steadily decreasing since its peak in 2013. According to Oil & Gas UK's Environment Report 2019, the carbon intensity on the UKCS fell from 23 kg CO_2 per barrel of oil equivalent (boe) to 21 kg CO_2 per boe. Figure 4 shows the trend in carbon intensity for both the

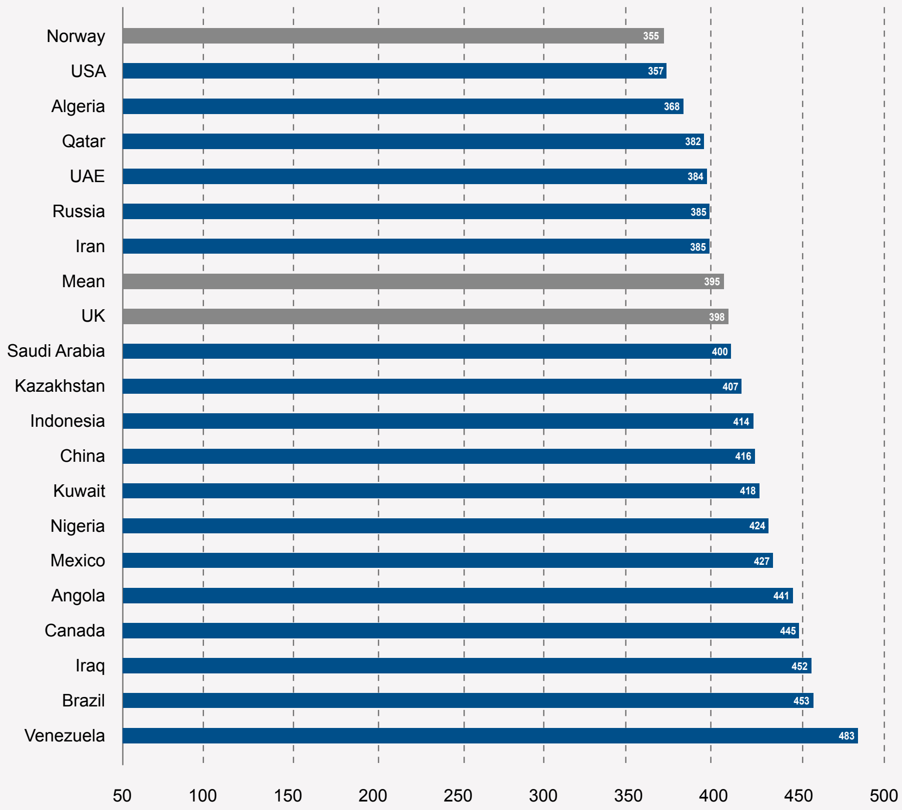
A 2016 study by Rystad energy, the independent energy research company, developed a country-level benchmark of emissions for world oil producers. This unique study employed a methodology that covered both production, refining and consumption for all countries investigated.

As displayed in Figure 3, the study ranked the top 20 oil producing countries by their CO_2 emissions per unit of oil and gas produced for the entire value-chain, including transportation, refining, and consumption of the end product.Notably, the Norwegian Continental Shelf (NCS) was found to have the lowest carbon intensity of all countries.

The UK Continental Shelf (UKCS) was found to have a carbon intensity close to the mean despite the maturity of its fields which are generally accompanied by higher emissions per unit produced.

Figure 3. CO_2 emissions along the value chain for top 20 oil & gas producing countries.

Source: Rystad Energy, in Norsk Olje & Gass Environmental Report 2018.



UK and Norway against the European average, as well as the marked increase in production efficiency on the UKCS.

The main sources of greenhouse gas emissions on the NCS and the UKCS are power generation to run facilities, and gas flaring. The relatively low carbon intensity of the North Sea basin can be attributed to lower emissions from power generation, inter alia due to more efficient technology and engines, electric power-from-shore initiatives, stringent regulations on gas flaring, as well as other regulations creating incentives for lower emissions. The main reason why emissions have fallen for two years in a row on the NCS, for example, is a significant reduction in flaring on existing fields as well as lower emissions from engines.

One of the main contributors to the carbon intensity of oil and gas production is flaring, or the controlled burning of “associated” gases produced during oil and gas production, resulting in significant CO_2 emissions. Flaring beyond what is needed for safety reasons has not been allowed on the NCS since 1971. This is significant as most oil-producing countries allow flaring to dispose of unwanted gas.

Moreover, methane leaks, which is a significant emissions source globally, are generally very low in North Sea natural gas production and transport. Methane is a greenhouse gas that is 84 times more potent than CO_2 in the first decades of its atmospheric life-cycle. Methane is primarily released during cold flaring, or venting, and leakages along transportation. A recent study published in the journal Society of Petroleum Engineers mapped all GHG emissions from the Norwegian natural gas value chain, from production to end-user. For methane specifically, the emissions associated with Norwegian gas is below 0.3 percent compared to the European average of 0.6 percent, mainly attributed to the high quality infrastructure of Norwegian subsea transport networks. This is also significantly lower than the minimum threshold of 3.2 percent that defines where natural gas loses its GHG advantage over other fuels.

Not all oil weighs equally on the scales of climate change

…the study suggests that eliminating routine flaring and cutting methane leaks and venting to rates already achieved in Norway could cut as much as 700 megatons of emissions from the oil sector's annual carbon footprint – a reduction of roughly 43 percent.

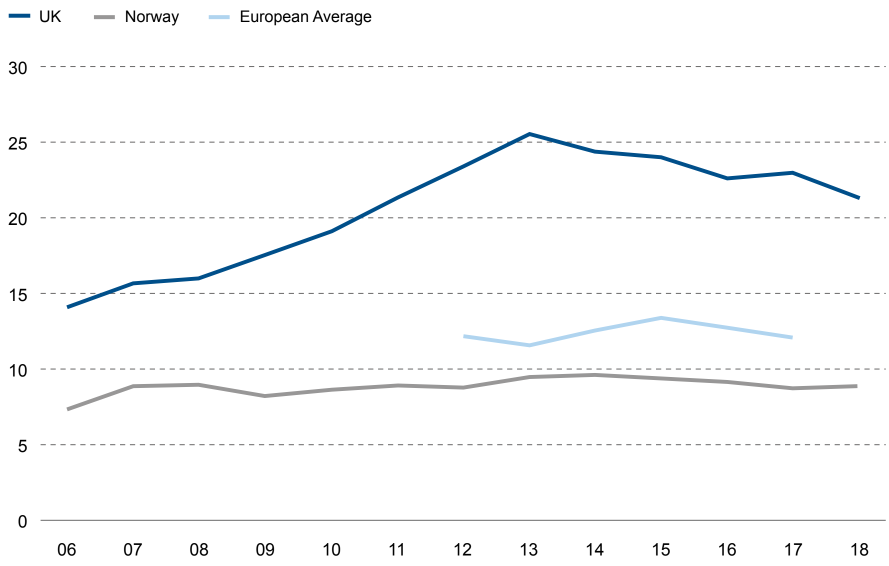
Stanford University study, 2018

Carbon taxes and quotas

The Northern European oil and gas industry is strictly regulated. All markets in the North Sea basin are subject to the EU's Emissions Trading System (EU ETS). Under EU ETS, relevant sectors have national emission allowances that will be gradually reduced in order to reduce emissions by 43 percent of 2005 levels by 2030. A series of reforms to the EU ETS introduced since 2017 has increased the price of emissions allowances five-fold to around EUR 25 in early 2020. The EU ETS is now arguably working as an incentive for emissions reductions in the European oil and gas industry.

Figure 4. Carbon intensity for the UKCS and NCS in an international perspective

Source: UK Oil & Gas (2019), Environment Report.



On top of the EU ETS, operators on the NCS are subject to a national CO_2 tax, which in 2019 was USD 52.5 per tonne CO_2. This national CO_2 tax has been increasing by 5 percent per year in recent years, and is set to increase systematically by 5 percent annually over the coming years as well. Similarly, the UK has a price floor for carbon at around USD 24 per tonne. The high carbon taxes give the North Sea oil and gas industries an economic incentive to innovate and implement solutions that reduce emissions. Equinor has for example cited the combination of emissions allowances and the CO_2 tax as an important factor in making electrification financially viable. North Sea operations are in other words relatively well-prepared to meet stricter climate regulations in the future.

In short, the ESG performance of oil and gas operations in the North Sea is strong, particularly seen in an international perspective. However, the oil and gas industry is operating in a time where explicit attention to

climate change is required alongside the need for excellent ESG performance. In order to mitigate climate change, considerable additional efforts are required from the energy sector generally, and the oil and gas industry in particular. Consequently, a spotlight on climate change and the associated risks and opportunities for the energy sector is particularly important in the coming decade, while at the same time not losing track of the more traditional ESG issues outlined above.

The climate-energy dilemma and the future of the oil and gas industry

Energy powers the world. As we enter the third decade of the 21st century, the world's energy sector is facing larger global dilemmas than ever before.

On the one hand, the energy sector's mandate is to provide affordable energy for all, and specifically to strive towards electricity access for the nearly 1 billion people who lack it today. On the other hand, the energy sector has contributed significantly to one of human civiliation's largest externalities – human-induced climate change. Despite the global call to action and the historic United Nations (UN) Paris Agreement adopted under the 21st Conference of the Parties (COP) in 2015, the most recent GHG emissions data show that energy-related emissions hit yet another historic high in 2019.

Climate change action requires substantial cuts to GHG emissions while balancing the global need for energy and the developmental outcomes it inherently supplies.

The oil and gas industry stands at the very heart of this climate-energy divide. The world needs to urgently transition to a low-carbon economy, yet oil, and in particular natural gas, will nevertheless have to play a vital role in economic activity and development for years to come.

Paths to reach the global climate goals

In 2018, the IPCC published a Special Report on 1.5°C of global warming above pre-industrial levels, and how this relates to impacts, risks, mitigation and adaptation. The report offers the most updated science-based findings on emissions pathways towards a world of warming in line with the aspirations of the Paris Agreement, while highlighting the adverse effects of missing this goal. The two warming scenarios of 1.5°C and 2°C are commonly referred to as the "best case scenarios".

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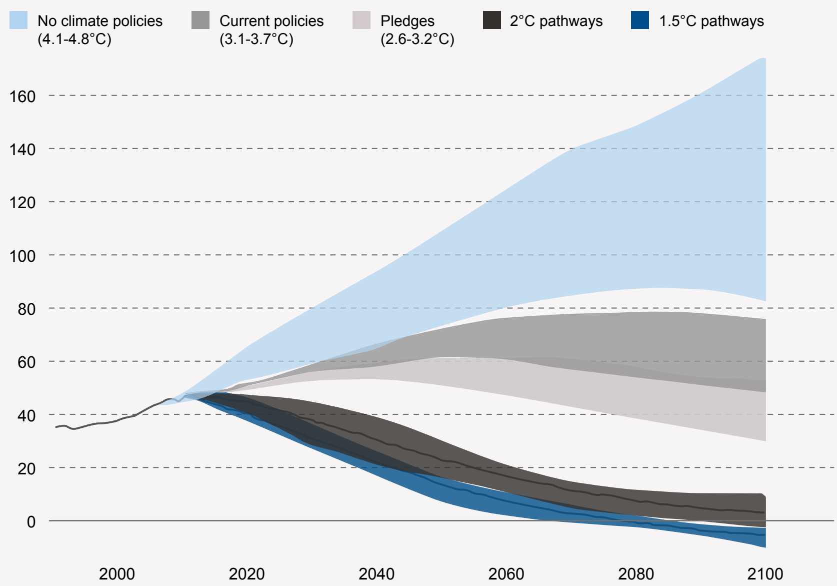
> **PROJECTIONS INDICATE WE ARE FAR FROM REACHING GLOBAL CLIMATE GOALS**

Currently, however, the projections identified by major think tanks and organisations show we are far from reaching these goals. According to the IPCC special report, global GHG emissions must be reduced by 40-50 percent by the year 2030 in order to limit global warming to 1.5°C, and furthermore need to reach global net zero emissions by mid-century.

In an effort to understand how global emissions will develop into the future, a number of potential emission pathways give rise to climate scenarios that combine both projected emissions and calculated impacts of various climate change policies. Figure 5 displays some of the most common emission pathways along with their predicted level of global warming. This highlights the challenge the world faces, and points to the magnitude of the transition required to ensure impacts are reduced to manageable levels.

Figure 5. Global Greenhouse Gas Emission Pathways (Gt CO_2e).

Source: Our World in Data (2020), from ClimateActionTracker



Emission pathways

Future climate scenarios depend on which emission pathway the world ultimately takes. High, median and low pathways represent ranges for a given climate scenario, where climate change impacts can be directly understood in relation to the degree of temperature change. These temperature figures represent estimated increases in the global average from pre-industrial levels to the end of the century.

Facing uncertainties - climate risk in today's energy sector

Given the energy sector's contribution to global warming, and its role in solving the climate-energy dilemma, it is particularly exposed to what has become known as climate risk. Climate risk is commonly divided into the physical impacts of climate change on the one hand, and the political and socioeconomic changes that are brought about during the transition to a low-carbon economy on the other. The latter are grouped together as so-called transition risks. When discussing the future of the energy sector, the transition risks are particularly important.

All energy outlooks and scenario analyses, including the ones considered in this report, depend on underlying political, technological and market developments. Regulatory frameworks, technology and global financial markets increasingly pull in the direction of low-carbon solutions, but it is difficult to pinpoint how quickly they will move.

At the international level climate goals are determined by the Paris Agreement, although the actual implementation of this is left to national governments through so-called nationally determined contributions (NDCs). There is, however, a significant gap between the pathways that will limit global warming to below 2 degrees Celsius and the projected situation by 2030 if only current NDCs are implemented. In fact, the UN Environment Programme estimates the world is on track towards 3.2 degrees of warming by the end of the century, and in order to reach the goals in the Paris Agreement, significant strengthening of the NDCs will be required.

In Europe, where the majority of HitecVision's portfolio companies operate, countries adhere to the European Union's (EU) climate ambitions and actions in order to meet international goals. Norway has also committed to these goals. The EU has three key targets for 2030: reduce GHG emissions by at least 40 percent from 1990 levels, increase the share of renewable energy

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> **THE UN ENVIRONMENT PROGRAMME ESTIMATES THE WORLD IS ON TRACK TOWARDS 3.2 DEGREES OF WARMING BY THE END OF THE CENTURY.**

to at least 32 percent, and increase energy efficiency by at least 32.5 percent. These goals are designed to align with the needs of the Paris Agreement, but the EU has since added the ambitions of the EU Green Deal to bolster these commitments further and are now considering increasing its 2030 ambitions to emissions cuts of 50-55 percent.

These international and European goals are important to understand as they make up the framework in which the oil and gas industry in Europe operates. The way these goals change has significant influence on the industry's climate risk picture, and the pace of the energy transition.

The financial markets are increasingly concerned with climate risk, both by paying close attention to regulatory developments, and in the case of many investors, setting the pace for a green energy transition themselves. According to the Task Force on Climate-Related Financial Disclosures (TCFD), nearly 800 public and private organisations who collectively manage over $118 trillion have announced their support of climate risk disclosures. The EU also aims to speed up the reorientation of capital flows towards sustainable and green investments through its Action Plan on Sustainable Finance. The plan inter alia defines what can be classified as sustainable activities as well as green financial products (the "EU Taxonomy").

For HitecVision, addressing these transition risks and their inherent uncertainties is a vital part of navigating energy investments into the future and understanding how the different segments of the energy industry will change.

The future of energy

The international community has stated its desire to limit climate change through the Paris Agreement. However, a rise in energy demand is inherent in population growth, the pursuit of economic development and rising standards of living, in particular in the most populous parts of Asia and Africa. Despite developments in energy efficiency and technological innovation, total global energy demand is projected to rise, leading to the question of which energy sources can meet this demand.

Understanding scenarios and projections

Many companies and international organisations are developing forecasts and scenarios for the future energy mix. The various scenarios show a wide range of potential outcomes, dependent on each forecaster's assumptions about underlying factors such as economic growth, pace of technological advances, and national and international policy responses. In the following, we will explore a sample of these scenarios.

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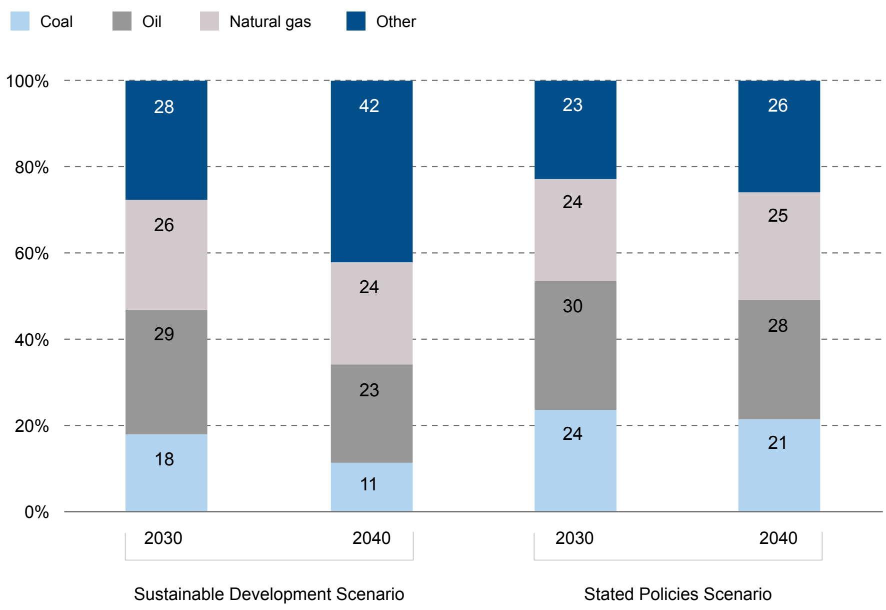
> **ALL SCENARIOS, EVEN THOSE PROJECTING A LOW-CARBON FUTURE, FEATURE SUBSTANTIAL SHARES OF FOSSIL FUELS.**

The International Energy Agency's (IEA) World Energy Outlook (WEO) is one of the most comprehensive projections of the global energy market. Its "Stated Policies Scenario" (SPS - previously known as the Current Policies Scenario) shows what is likely to happen if the world continues along its present path under today's policy intentions. This scenario projects global energy demand growth of 1 percent per year until 2040. In this scenario, the world will not reach the goal of the Paris Agreement. While renewables are projected to keep growing and oil demand will flatten out in the 2030s, renewables alone cannot satisfy the growing demand for energy from a growing and increasingly well-off global population. BP's Energy Outlook places the energy demand estimate even higher, at a 30 percent increase by 2040, mainly due to the rise of the middle class in the populous countries of Asia.

Other analyses sees lower demand growth. According to DNV GL's Energy Transition Outlook for 2019, final energy demand will peak in 2033 at a level only 12 percent higher than today, due to energy efficiency gains and rapid electrification. It is worth noting however, that even in the DNV GL scenario, we do not reach the 2 degree target. DNV GL states that limiting global warming well below 2 degrees will require extraordinary policy actions to advance energy efficiency, renewables and carbon capture and storage. Such strong policy action constitutes a significant financial risk factor for any high-emitting industry that is not prepared for a transition to a low-carbon energy system.

The IEA's "Sustainable Development Scenario" (SDS) is an alternative scenario which maps out a way that is aligned with the goals of the Paris Agreement, and which meets the goals related to universal energy access. In the SDS, the fossil fuel share of world primary energy demand is 72 percent in 2030 and 58 percent in 2040.

Figure 6. Proportions of total primary demand by fuel type in IEA scenarios. *Source: IEA (2019), WEO*



In the SPS, this share is 77 percent and 74 percent respectively. As can be seen in Figure 6, the main difference between the SPS and SDS is the lower shares from coal and oil.

Similarly, Norwegian state-owned hydropower producer Statkraft has prepared a Low Emissions Scenario, which is based on a far more rapid development in renewables, in particular solar, than the SPS. Still, with cheaper costs for developing renewable and more political will, oil and particularly natural gas remain a large part of global primary energy demand in 2050. In this scenario, both coal and oil demand fall from current levels, with demand for oil set to decline from 2025. Demand for natural gas, however, remains high until 2050, making up a significant portion of final primary energy demand.

In short, even these rapid low-carbon scenarios show the relevance of fossil fuels into the mid-century.

Demand drivers and energy sources

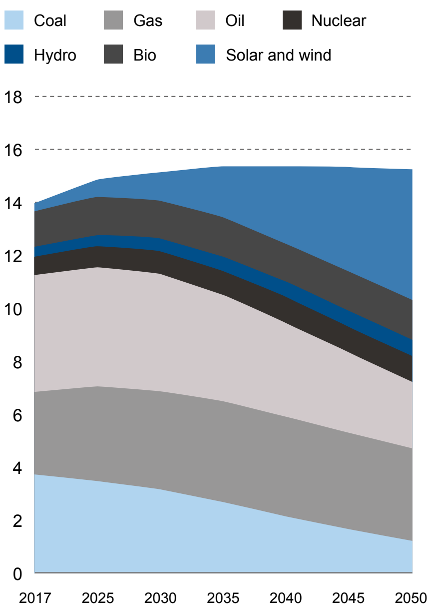
In addition to assumptions about economic growth and policy responses, the different scenarios are all dependent on forecasts for key technological drivers that determine the pace of development. These drivers include energy efficiency, fuel switching, petrochemical demand, scale effects of electric vehicles, and geographic developments within the energy sector.

The future is electric

Most scenarios and outlooks predict that the future of global energy will be dominated by electricity. According to the IEAs Stated Policies Scenario, electricity use grows at more than double the pace of overall energy demand, due to industrial motors, household appliances, cooling and electric vehicles. Moreover, much of that electricity will be provided

Figure 7. Global Primary Energy Demand.

Source: Statkraft Low Emissions Scenario, 2019



by solar and wind power. According to DNV GL, solar PV and wind will account for 63 percent of electricity generation in 2050. Statkraft puts the share of renewables in power generation even higher at 80 percent in its low emissions scenario. The IEA's Stated Policies Scenario, however, forecasts that 50 percent of the added energy demand to 2040 will be provided by renewables, with 35 percent provided by natural gas.

For power generation in the Stated Policies Scenario, renewables are expected to make up two-thirds of all additions. Wind power capacity triples with offshore wind making a particular presence in Europe, China and the United States. Drastic cost reductions and rapid digitalization are amongst the main reasons for the renewable revolution, but favourable government policy is also likely to support this growth further, especially in Europe's push towards renewables.

According to the World Energy Outlook, offshore wind is on track to becoming a $1 trillion business by 2040, achieved through a fifteen-fold increase in installed capacity. Europe is the leader in technology development for offshore wind, but China had the largest increase in capacity in 2018. In short, renewables are a formidable force within the future of energy demand and supply despite the remaining relevance of certain fossil fuels.

Explaining the continued relevance of oil and gas

In the Stated Policies Scenario, the demand for natural gas grows more than four times faster than that of oil in the next two decades. This is echoed by DNV GL's Energy Transition Scenario, according to which natural gas will replace oil as the world's primary source of energy in 2026. Even in the IEAs Sustainable Development Scenario, natural gas grows globally to the late 2020s to a level nearly 10 percent higher than that of 2018.

It is important to note that oil and gas are not only used for energy purposes; they are also important input factors in many industrial processes. Petrochemicals make up around 12 percent of global oil demand today and are expected to account for over one third of the growth in oil demand projected by the IEA to 2030, and nearly half to 2050, ahead of trucks, aviation and shipping.

Other sectors that dominate future oil demand include heavy road transport, shipping, aviation and certain heavy industries, which cannot easily be converted to electricity. The IEA's Stated Policies scenario predicts trucks to be the second largest source of demand for oil next to petrochemicals, growing by 25 percent. Oil demand from aviation is expected to grow by 50 percent to 2040, and heavy industry

40 %

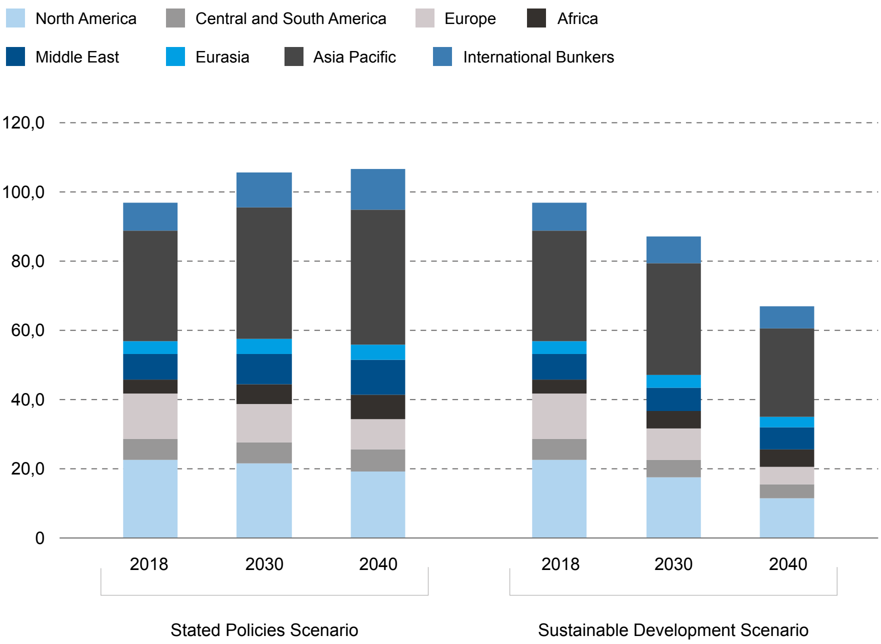
SHARE OF FINAL ENERGY DEMAND DELIVERED IN THE FORM OF ELECTRICITY - UP FROM 19 % IN 2017 - DNV GL ENERGY TRANSITION OUTLOOK

is expected to maintain its current consumption levels, largely due to site- and process-specific constraints that make fuel-switching an expensive proposition.

At the same time, there is a "three-way race underway among coal, natural gas and renewables to provide power and heat to Asia's fast-growing economies" (IEA, 2019). According to the IEA's Stated Policies Scenario, 80 percent of international oil trade ends up in Asia in 2040.

As shown in Figure 8, the rise of the African energy consumer is another notable geographic development that emphasizes how developed economies are no longer the only relevant players in the global energy market. In the Stated Policies Scenario, Africa's oil consumption rise is projected to be larger than China's in 2040. Although the share of natural gas in the energy mix of sub-Saharan Africa is amongst the lowest in the world at around 5 percent, future projections suggest this could dramatically change if adequate gas infrastructure is developed. Even for the Sustainable Development Scenario, the geographic development arising out of Asia and Africa is strong enough to largely drive the demand for natural gas until the end of the 2030s.

Figure 8. Oil demand by region and scenario, 2018-2040.
Source: IEA, WEO 2019



The role of natural gas in the future energy mix

The dilemma between emissions reduction and energy security high-lights the importance of natural gas in the transition to a low-carbon economy. In the power sector, natural gas is regarded as a robust companion to renewables due to its ability to provide regular and consistent output when the wind does not blow and the sun does not shine. This provision of energy security, combined with the growth of electricity, is a key reason why natural gas is expected to grow regardless of scenario.

The growth of liquified natural gas (LNG) is a major enabler of natural gas as an energy carrier, due to account for 80 percent of global gas trade in 2040, according to the IEAs Stated Policies Scenario. Most of this demand comes from Asia, and this trade is expected to be highly flexible due to LNG's convenience for storage and mobility – an energy revolution in itself compared to the past, when pipelines were the dominant transport form.

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> **IN THE STATED POLICIES SCENARIO, AFRICA'S OIL CONSUMPTION RISE IS PROJECTED TO BE LARGER THAN CHINA'S IN 2040.**

Another reason for the increasing importance of natural gas is its role in replacing coal, which in 2019 met 27 percent of the global primary energy consumption. When burned, the carbon emissions per unit of energy produced for natural gas is around 40 percent lower than the emissions from coal.

According to the IEA's 2019 Global Energy & CO_2 Status Report, an assessment of the impact of all fossil fuels on the global temperature rise found that coal alone is responsible for 0.3°C of the 1°C increase observed since pre-industrial levels. When assessing the combined carbon and methane emissions, an IEA analysis showed that coal-to-gas switching resulted in a 50 percent reduction in emissions for electricity generation and a 33 percent reduction for heat production.

When considering this future energy mix under the lens of geographic and technological developments, it is clear that oil and particularly natural gas will continue to play a critical role in the world's energy sector for the foreseeable future. Despite the eventual plateauing of oil in most scenarios predicted to occur at some stage, the outlook for natural gas sees increasing growth across the entire economy. Oil will largely be supplied for petrochemicals and the transportation sector, whereas natural gas is projected to become a major driver of electrification and energy security.

Mitigating climate risk

The oil and gas industry faces both uncertainties and risks in relation to the world's efforts to tackle climate change. As discussed, scenarios and analyses on the future of the energy sector vary, and will be influenced by technological innovation, policy developments and ultimately market changes. The industry will nevertheless play an important role in the coming energy transition. In its report on the Oil and Gas Industry in Energy Transitions, the IEA maintains that the "resources and skills of the industry can play a central role in helping to tackle emissions from some of the hardest-to-abate sectors". Technologies such as Carbon Capture, Utilisation, and Storage (CCUS), low-carbon fuels such as hydrogen, and offshore wind are all technologies that will rely on large-scale engineering and investments to scale and bring down costs. This provides the oil and gas industry with opportunities to mitigate climate change transition risks.

The industry around the North Sea Basin has already begun planning accordingly. In Vision 2035, the UK oil and gas industry's strategy to meet the transition to a low-carbon future, UK Oil & Gas states that "a more integrated offshore energy sector, including closer links between oil and gas and offshore renewables, will be vital to accelerate the energy transition." Similarly, the Norwegian oil and gas and maritime sectors aim to "gradually create a new and forward-looking energy industry on the Norwegian Continental Shelf", which will include offshore wind power, hydrogen and CCUS.

According to the IEA, the oil and gas industry should meet the energy transition through four strategic responses. These strategic responses closely align with the plans put forward by the Norwegian and British oil and gas industries, and also correspond well with the strategic approach HitecVision has set out for its future ownership and investments.

1. Reduce the carbon intensity and environmental footprint of upstream and midstream oil and gas operations.
2. Develop and deploy CCUS technologies to reduce emissions, and as a new industrial export in its own right.
3. Supply low-carbon liquids and gases to consumers, such as hydrogen.
4. Invest in renewable energy capacity, and take a broader "energy" strategic approach to future development.

Taken together, these solutions can form the basis for an integrated energy system in and around the North Sea Basin, which is well-positioned to mitigate transition risks and take advantage of the opportunities inherent in the transition to a low-carbon economy.

Decarbonizing oil and gas operations

The Norwegian oil and gas industry has committed to reducing absolute greenhouse gas emissions from petroleum operations on the continental shelf (including onshore gas processing plants) by 40 percent in 2030 compared with 2005. Emissions are to be reduced to near zero by 2050. Similarly, the UK oil and gas industry aims to develop a net-zero oil and gas basin by 2050 through the Vision 2035 roadmap.

While emissions on the NCS are already low, achieving these goals will require new investments and additional efforts. The main source of emissions on the NCS is gas turbines. Consequently, increasing energy efficiency and crucially electrification of offshore platforms must be part of the solution. Electrification can be achieved through connecting offshore installations to the power grid (assuming "green" energy is available from the grid) or by local generation of renewable electricity from offshore wind power.

Electricity supply from shore is therefore assessed for all new developments and major modification projects on the NCS, and is in practice mandated for all new field developments of any significance. According to Rystad Energy, this widespread backing of electrification will result in 40 percent of Norway's offshore production being electrified by 2025.

The most recent addition is the Johan Sverdrup field, which takes onshore power via a more than 200 kilometer long subsea cable, resulting in emissions from the field that are as low as an estimated 0.5kg CO_2 per barrel of oil - around 80 percent lower than the alternative method for gas turbines. Recently there have also been significant developments in terms of local renewable power generation, notably the investment commitment by Equinor and its partners at the Snorre and Gullfaks fields (including Vår Energi) to develop a floating wind farm to power the five platforms at the fields. The Hywind Tampen offshore wind farm will be located 140 kilometers from shore in 260 to 300 meters of waters, and make the Snorre and Gullfaks platforms the first in the world to be powered by floating offshore wind.

Other notable decarbonization measures include reductions of flaring and other methane sources such as cold venting and fugitive emissions. As discussed earlier, both the NCS and the UKCS are already world leading when it comes to flaring, although both the UK and Norwegian oil and gas industries have concrete plans to further reduce emissions from flaring. Cold venting and fugitive emissions are only a minor share of greenhouse gas emissions on the NCS, and Europe is at the very bottom of oil and gas producing regions when it comes to methane leaks.

Carbon Capture, Utilisation, and Storage

Development and deployment of CCUS is essential to reach energy scenarios in line with the Paris Agreement. The oil and gas industry is already a leader in this field, accounting for nearly 80 percent of CO_2 currently captured from industrial activities. The industry's experience with large-scale engineering and innovation, as well as pipeline and subsea projects, provide capabilities that are ideal to scale up CCUS. Moreover, the natural gas value chain in itself presents good opportunities to capture CO_2 emissions, in particular during processing and refining, which could significantly prolong the use of natural gas as an energy source in the transition towards a low-carbon economy.

Illustration: Equinor

Hywind Tampen – a world first

In 2019, Vår Energi and the other license partners at the Snorre and Gullfaks oil and gas fields announced a final investment decision for the Hywind Tampen offshore wind farm development. The five oil and gas platforms at the two fields will be the first ever powered by a floating offshore wind farm.

The new wind farm will be located between the Snorre and Gullfaks fields, some 140 kilometres from shore, in 260-300 metres of water. The wind farm will consist of 11 floating wind turbines based on the Hywind technology developed by Equinor. The 8 MW turbines will provide a total capacity of 88 MW, capable of meeting about 35 percent of the annual power demand of the Snorre A and B, and Gullfaks A, B and C platforms.

By reducing the use of gas turbines, the project will reduce CO_2 emissions by more than 200,000 tonnes per year from the fields.

Maturing floating wind power technology is not only important for future oilfield applications; it is also an important part of the energy transition towards a more sustainable global energy supply. About 80 percent of the global resource potential for offshore wind is in deep waters. As a partner in the project, Vår Energi will gain rights to use the technology in the future.

Investments in the pioneering Hywind Tampen project will total almost USD 550 million, partly covered by support from private and public institutions. Vår Energi holds 18.6% of the Snorre field.

The IEA points to the importance of the role of governments in facilitating growth in CCUS. The Norwegian government has long been a driver for CCUS solutions and outspoken about Norway taking a global position. It has set a target for realising a full-scale facility by 2022.

On the NCS, CCUS at the Snøhvit and Sleipner fields have so far captured and stored around 22 million tons of CO_2. The latter was the world's first large scale facility dedicated to geological CO_2 storage and has been operating since 1996.

The next wave of CCUS development is predicted to be centered around hubs and clusters where multiple emission-intensive industries are commonly clustered, such as Norway's Northern Lights project and the Net Zero Teesside project in the UK. The Norwegian oil and gas industry has already committed to realise projects for CCUS facilities in Norway. CCUS is also discussed as a crucial component of the UK Oil & Gas Authority's Energy Integration vision, where CCUS is embedded in the offshore production infrastructure in order to use CO_2 for enhanced oil recovery to extend field life while simultaneously enabling lower carbon intensity.

Supplying alternative, low-carbon fuels

Transitioning toward low-carbon liquids and gases is important in hard-to-abate sectors such as aviation, shipping, chemicals manufacturing and long-distance road transport. According to the IEA, fuels such as hydrogen, biomethane and advanced biofuels need to account for 15 percent of overall investment in fuel supply within ten years to promote the energy transition in such sectors.

The Norwegian oil and gas industry views hydrogen, produced either from natural gas with CCUS or by electrolysis using renewable electricity, as a low-emission alternative that can supple-ment or replace current natural gas consumption by the industrial, heating and transport sectors. Oil and Gas UK echoes this view and identifies hydrogen as a possible key energy vector for power, heating and transport in the future. There are in fact already ongoing projects in the UK, such as HyDeploy, which began in 2016 and has since demonstrated that injecting up to 20 percent hydrogen into the gas grid can result in significant decarbonization.

Photo: Øyvind Hagen/Equinor

While commercial use of hydrogen on a large scale may be almost a decade out, European industry has already identified hydrogen as a possible solution to reduce greenhouse gas emissions.

Low-emission hydrogen production has the benefit that it fits well into the integrated energy systems envisioned on the Norwegian and UK continental shelves. Hydrogen production powered by renewable energy - so-called green hydrogen - can be supplied by both onshore and offshore renewables. Blue hydrogen is produced by converting natural gas, and needs to be combined with CCUS. The advantage is that it can leverage existing gas infrastructure. Around 90-95 percent of the CO_2 content in natural gas can be captured and stored.

In particular the Norwegian oil and gas industry is already exploring various projects aimed at adopting hydrogen produced from natural gas with CCUS. The industry has concrete ambitions for hydrogen being demonstrated as a fuel in offshore shipping and gas-fired power stations, by 2025 and 2030 respectively. Early in 2020, it was announced that Mongstad Industrial Park has been selected as the location for what could become Norway's first production plant for liquid hydrogen serving the maritime market. The investment decision on the plant is expected to be made at the end of 2020. It also works to have industrial companies using hydrogen in their production by 2030.

Investing in renewables

In response to the low-carbon transition in the energy sector, many of the world's major oil companies, in particular those from Europe, have begun diversifying into renewables. This is part of many international oil companies' broader strategy of transition from fuel companies to energy companies.

Renewable energy sources are not simply attractive from a climate risk mitigation perspective, but also from an investment perspective. The cost of renewables was once so high that it was not considered competitive in the energy market, but this has changed in the last decade. In 2018, more than 150 countries had renewable energy policies in place for the power sector, driving investments to increase installed capacity and consequently driving prices down. In the same year, renewables in power generation grew globally by 7 percent compared to the previous year, accounting for a quarter of new power generation. In short, strong supporting policies for renewables-based electricity has boosted their market penetration and are projected to increase further.

In the context of the North Sea Basin, offshore wind is particularly important both due to its opportunity for decarbonizing existing platforms and investment potential. Offshore wind is for example central to the production of green hydrogen, or electrolysis using electricity from renewable sources. Moreover, harnessing the full potential of offshore wind in Europe is an important component to the European

Commission's proposal for the European Green Deal and moreover making Europe carbon neutral by 2050. According to the IEA's Sustainable Development Scenario, the global market for offshore wind power will grow by more than 13 percent per year. Consequently, the Norwegian oil and gas sector has made it an ambition for Norway to take a leading role in developing floating wind farms, as well as securing larger market shares for fixed offshore wind power.

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> **IEA GROWTH PROJECTIONS FOR EUROPEAN RENEWABLES INCREASED BY NEARLY 50% IN ONE YEAR ALONE**

Beyond the scope of the North Sea Basin, renewables in the EU as a whole is projected to soar. Solar PV growth is predicted to increase drastically by the member states due to higher auction volumes planned in efforts to meet energy targets. According to the IEA's Renewables Outlook, capacity growth for the EU is projected to grow by 14 percent between 2019 and 2024, and 50 percent worldwide. The 2019 projection for the EU is 47 percent higher than the IEA reported just one year prior in 2018, displaying the rapidly changing trends and outlooks related to renewables. With these growth prospects both nationally and regionally, the case for oil and gas companies to diversify their portfolios to include renewables is quite clear.

Pivoting towards cleaner energy sources as part of future business operations is not exclusive to international oil and gas majors.

According to BloombergNEF, over 100 companies in 23 different countries signed clean power purchase agreements (PPAs) amounting to 19.5 GW, a 44 percent increase from 2018. The demand for cleaner energy alternatives is showing to be a major trend moving into the new decade, and is thus an essential component to the oil and gas sector's investment and decarbonization strategy. Moreover, active investment into the renewables space also allows for the oil and gas industry to capitalise on existing industrial competence and technical abilities. In fact, the learning curve associated with installed capacity for solar PV is one key factor contributing to its falling costs, suggesting industry knowledge and competence is an important successfactor when investing in renewables.

Conclusion

The various approaches to mitigate climate risk discussed above ultimately complement and reinforce each other. Decarbonization, technological innovation and diversification must go hand in hand, in what the Norwegian and UK oil and gas industries identify as a new integrated energy system. Taken together, investments in and deployment of platform electrification, CCUS, hydrogen production and offshore wind power will make the oil and gas industry better equipped to meet the double challenge of energy security and climate action.

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ESG in the Portfolio Companies

ASSET BUYOUT PARTNERS

Company description

Asset Buyout Partners (ABP) is an industrial real estate company with a dedicated investment strategy focusing on mission critical industrial properties and infrastructure in major Norwegian energy and maritime clusters including Mongstad, Dusavik, and Risavika, on long-term contracts with reputable counterparts.

ABP owns and develops offices, workshops and warehouse buildings, in addition to infrastructure such as quays and bulk supply facilities. Construction, maintenance and modification work are carried out through subcontractors.

The properties and infrastructure are by nature universal and may be used by a host of industries in addition to oil and gas, for example offshore wind, aquaculture, hydrogen and biogas. Several of ABP's tenants have diversified from oil and gas exposure, and now have considerable activity towards other industries, such as offshore wind.

ABP aims to ensure the physical security and emergency preparedness of its real estate portfolio, and that its properties meet statutory requirements, as well as the customers' demands for quality and energy efficiency.

ESG approach and focus areas

In 2019, ABP started a project to refine its sustainability policy. From a strong focus on security, health and safety, the company now also works actively on climate and environmental risks and opportunities.

ABP has a number of projects and initiatives supporting its focus on sustainability. The installation of shore-to-ship power supply at Mongstad, where ABP was one of the initiators, has significantly reduced greenhouse gas emissions and local air pollution from ships docking. Together with key tenants, ABP now considers expanding the capacity and functionality of the shore-to-ship power facility at Mongstad.

To support its industry diversification, ABP has participated in the launch of "Greenspot Mongstad", a collaboration between the largest owners at Mongstad Industrial Park (www.mongstadindustrialpark.no) and local and national authorities to lay the foundation for and establish new projects for further sustainable industrial development at Mongstad.

ABP maintains regular dialogue with its tenants regarding initiatives for more environmentally friendly and energy efficient solutions. New contracts contain provisions for annual environmental meetings between ABP and the tenant to discuss environmental initiatives and energy optimization measures at the property. ABP is for example working to install solar panels, sea-based or geothermal heating systems, and LED lighting in new and existing buildings. The company is also looking at installing a system for energy monitoring in several buildings, and in 2019 initiated a pre-analysis to identify selected industrial buildings in its portfolio for certification under the BREEAM In-Use standard. At the same time, ABP is working with its banks to explore separate financing tranches for green initiatives linked to energy efficiency.

Headquarters: Oslo, Norway

Website: www.abpre.no

Number of employees: 15

Revenues (2019)[1]: 562 MNOK

Countries of operation: Norway

Investor: Fund VII

HV's shareholding: 99.7 %

[1] Pro-forma - 2019 acquisitions included for the full year.

Certifications:

Company has no certifications, however, is registered in EPIM JQS

Top: The Mongstad supply base.
Bottom: The Dusavik Supply base.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	1.1
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	-	39.7
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	0.02
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	0.68
Waste (tonnes)	12	8	8
Recycling Ratio	100%	100%	100%
No. of supplier audits that include environmental auditing Ratio	2	1	1
Social	**2017**	**2018**	**2019**
Share of women in total workforce	0%	17%	20%
Share of women in management	0%	0%	0%
Sick leave, short term	0%	0%	1.3%
Sick leave, long term	0%	0%	0%
Employee turnover ratio	0%	4.0%	4.5%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	96%	57%	89%
Breaches of ethical guidelines	-	-	0
Investigations or lawsuits in relation to ESG issues	-	-	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	-	0
Whistleblowing cases addressed by management or board	-	-	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	-	0

[1] Company business travel.

ABP's portfolio is subject to strict security and emergency preparedness requirements; parts of the portfolio, including the international ISPS port and supply base at Mongstad, are classified as areas with specific requirements for security and operational monitoring.

Several company-owned installations include storage or processing facilities for chemicals, which require risk assessments and security zones in accordance with Norwegian regulations to prevent large-scale accidents. ABP maintains regular dialogue with its tenants concerning safety and maintenance procedures and responsibilities, and closely monitor compliance through periodical tenant meetings.

The company has strict requirements for subcontractors that carry out maintenance or construction work. Subcontractors have to satisfy requirements related to quality and HSE and need to have adequate routines in place for waste management. ABP pre-qualifies and performs regular audits of its subcontractors. No incidents or breaches of regulations were reported during 2019.

Top: The Hammerfest Supply base.
Bottom: The Vestbase supply base in Kristiansund.

ATLANTICA

Company description

Atlantica operates two modern tender drilling units working at deepwater oil fields for Petrobras in Brazil and Total in the Republic of Congo. Rig crew is a combination of expatriates and local staff.

Atlantica's rigs are tailored to clients' operational requirements, and Atlantica's targets for safe and environmentally sound operations are set to match the clients' HSEQ policies and requirements. It is the company's ambition to minimize its environmental and carbon footprint and HSE risks.

ESG approach and focus areas

Atlantica has strict routines and ESG reporting practices, with a particular focus on rig uptime, crew safety, protection of the environment, avoiding accidents and minimizing waste. In Brazil and Congo, the company's HSEQ targets are determined by local regulations and other requirements, and are to a large degree under the clients' operational control. While clients ultimately control the factors underlying rig fuel consumption, emissions from the drilling process and handling of drill cuttings and other waste, Atlantica is always looking into new ways of improving the efficiency of its operations

With regards to greenhouse gas emissions, the main emission source is power generation on the rigs. While the fuel itself is supplied by the customer, Atlantica tries to manage the fuel as efficiently as possible within the scope of ensuring drilling reliability. The company has initiated discussions with an engineering house about further efficiency tools.

Atlantica's safety track record is the company's main competitive advantage in relation to ESG, as it is an area that is highly scrutinized by clients when selecting drilling contractors. In 2019, the company had a lost time incident rate of zero, and a recordable incident rate below the industry average with only one significant incident.

The company's Integrated Management System covers both HSEQ, corporate governance and business controls to manage environmental and corporate governance issues and performance. The system is third-party verified to ISO standards for quality, environmental and health and safety management, and a 2019 audit for the whole system shows zero non-conformities. In addition, the company switched from OHSAS 18001 to ISO 45001 with no non-conformities. Atlantica's management in Houston visits the rigs frequently and hold weekly HSE meetings with rig and onshore management in order to understand and manage risks and challenges.

Atlantica provides a behavior safety program to increase employees' awareness of safety, and has not experienced a Lost Time Incident since 2015. In addition, the company provides FCPA anti-corruption training annually for key employees, and engages regularly with local authorities to ensure that it is compliant with local regulations. In Brazil, the industry is experiencing increasing environmental regulatory oversight. On the two past inspections by the Brazilian navy, Atlantica has not had any deficiencies on environmental criteria.

Headquarters: Houston, Texas, USA

Website: www.atlanticatd.com

Number of employees: 370

Revenues (2019): 159.5 MUSD

Countries of operation: USA, Brazil, Congo

Investor: Fund V (indirectly) and HVAS

HV's shareholding: 69.2 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001

CSR activities:

In 2019 Alantica Tender Drilling has participated in several CSR activities, and an orphanage in Congo, Le Coeur Celeste Orphanage, has been given a special focus. During the year ATDL has donated shoes, toys, clothes, Easter eggs, sewing machines and more to the orphanage. In addition, the company has provided several monetary donations to the orphanage.

From the drillfloor at Atlantica Tender Drilling's Delta rig, offshore Congo.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	39 221.4
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	286.8
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	-	712.5
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	247.7
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	252.2
Waste (tonnes)	1 307.3	3 057	2 013.3
Recycling ratio (average)	23.2%	9.7%	11.9%
Unplanned spills (emissions to ground/sea/air)	3	1	6
Hazardous waste (tonnes)	425.8	2 694.9[2]	1 321.8
Non-Hazardous waste (tonnes)	867.5	361.7	691.5
Drill cuttings (tons discharged)	-	-	1 039
No. of supplier audits that include environmental auditing	1	4	4
Fuel Used (million liters)	10.7	10.1	14.5
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	0	0
Total recordable Incident Frequency (TRIF)	0.6	0.47	0.24
Share of women in total workforce	-	-	5.7%
Share of women in management	-	-	1.4%
Short term sick leave	-	0%	0%
Long term sick leave	-	0%	2%
Employee turnover ratio	-	-	1.3%
Community spending (donations - USD)	35 862	39 889	49 042
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	3	2	0
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	100%	92%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	1	0	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	37	45	11

[1] Company business travel and emissions from various waste incineration and recycling. [2] Higher hazardous waste in 2018 due to contaminated mud sent to the Delta rig, which was recycled and sent back.

Atlantica works actively to transfer skills and develop the competencies of local staff at its rigs. In 2019, the company has been able to nationalise several positions in Congo - by investing in training for some of the local workforce, several nationals have replaced expatriates in senior safety level positions on the rig. Atlantica has also invested to upskill the drilling knowledge of the local workforce in Congo, promoting several local staff to assistant drillers. The company already has a strong and competent local workforce in Brazil across all levels.

energy drilling
Your Partner in Drilling

Company description

Energy Drilling owns and operates two next generation self-erecting drilling rigs. In 2019, the rigs were leased to operate offshore drilling for natural gas in Thailand and Myanmar for the Thai national oil company PTTEP. At the end of the year, both rigs are docked in Singapore, awaiting the commencement of new contracts in Indonesia and Thailand in 2020. A third, semi-submersible tender rig has been constructed at a yard in China.

Energy Drilling is focused on reliable operations and ensuring the health, safety and well-being of its employees. The company invests in training and skills development and has a strict policy for equal pay for equal work. Energy Drilling is further committed to corporate governance and responsible business practices.

ESG approach and focus areas

Safety and security on the rigs are of paramount importance to Energy Drilling, with blowouts, fires/explosions and unintended spills making up the company's top risks. Energy Drilling ensures safety and security by making sure its vessels are well-maintained, and by investing in its employees. The company goes beyond fulfilling local staffing requirements in relevant markets, and invests significant resources in local skills development wherever it operates in order to maintain a highly professional workforce.

Quality education, training, safe working conditions and equal wages are key to local value creation and skills transfer. The company endeavors to support local businesses by sourcing goods and services locally to the extent possible.

Throughout 2019, Energy Drilling has not experienced any serious accidents, environmental incidents or unplanned spills. Energy Drilling follows the GRI Sustainability reporting methodology with a trained reporting specialist.

Energy Drilling has an uncompromising focus on corporate governance. The company is aware of supply chain risks with regards to corruption and using local talent and agents to facilitate imports of equipment. All individuals in purchasing are required to go through anti-corruption and human rights training, and suppliers and business partners are subject to human rights checks. Energy Drilling has not experienced any incidents of corruption in 2019.

Energy Drilling faces strict HSE requirements from its clients. Because the company's rigs are new, operations are relatively fuel-efficient, but fuel consumption remains the company's main source of CO_2 emissions. However, the company has limited scope for actions in this regard, as fuel is supplied by the customer, who also decides how and when to run the engines.

In 2020, greenhouse gas emissions are set to decrease due to new regulations on sulphur content in fuel from the International Maritime Organization. Energy Drilling has previously been promoting lower sulphur levels, but has not been able to guarantee it with locally supplied fuel up until 2020.

Headquarters: Singapore

Website: www.edrill.com

Number of employees: 71

Revenues (2019): 29.6 MUSD

Countries of operation: Singapore

Investor: Fund VI

HV's shareholding: 51.8 %

Certifications:

None

The ED-2 conducting development drilling at the Zawtika field off Myanmar while simultaneously loading drilling equipment from a Platform Supply Vessel.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	34 610	38 266	19 625.2
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	22.9
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	-	565.2
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	663.5
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	682.6
Waste (tonnes)	866	946	424
Recycling ratio (average)	30%	40%	40%
Unplanned spills (emissions to ground/sea/air)	0	0	0
Proportion of total energy use from renewables	0%	0%	0%
Hazardous waste (tonnes)	-	-	nr
Non-Hazardous waste (tonnes)	-	-	nr
Fuel Used (in million litres)	12.6	12.4	7.2
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	1	0
Total recordable Incident Frequency (TRIF)	0	2.43	1.22
Share of women in total workforce	0%	0%	0%
Share of women in management	0%	0%	0%
Short term sick leave	-	-	0%
Long term sick leave	-	-	0%
Employee turnover ratio	-	-	3.8%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	66%	66%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	19	79	122
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	1
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0	0

[1] Company business travel and commuting.

CEO, Marcus Chew, visits ED1 during campaign for PTTEP in Thailand.

Company description

NEO Energy was established in 2019 and aims to become one of the leading new-generation UKCS energy companies that are revitalizing the North Sea through new investment and value creation. The company is a result of the 2019 merger of HitecVision's two UK North Sea businesses, where Verus Petroleum was integrated into Neo E&P.

The overarching objective of NEO is to grow the business to a production level of 100 000 boe per day through long-term investments with an underlying focus on sustainable and responsible operations. Sustainability is an integrated part of the strategy process from the very beginning and embedded in the company's operations.

NEO has interests in the Western Isles, Hudson, Alba, Babbage and Boa assets on the UK Continental Shelf (UKCS). In 2019, NEO Energy, entered into a transaction with TOTAL to acquire a portfolio and production and development assets in the Central North Sea, a transaction that will close in 2020.

ESG approach and focus areas

The recent merger which created NEO Energy means that a full ESG and Corporate Responsibility strategy is still in development, however the company is committed to integrate sustainability as a core part of its development. The carbon intensity of the company's assets is recognised as a key indicator that will be used by NEO, HitecVision and investors to inform its growth strategy and benchmark its performance. It will also be a key factor in future due diligence processes on assets being considered for acquisition or potential divestment. Considered together, NEO's assets currently have a lower than average carbon intensity for a UKCS operating company. The average is also below the value that Oil and Gas UK has deemed necessary to meet the 2035 Net Zero vision. At the same time, the company acknowledges that some of its older assets have higher than average carbon intensity due to their design.

NEO Energy is committed to the Oil and Gas UK Vision 2035 initiative, which provides an industry blueprint to support the national commitment to reach net zero emissions by 2035. As such, NEO has explored potential emissions reductions strategies for all existing assets, in accordance with its business objectives.

- The Western Isles field is in early field life, and was designed for zero flaring. In 2019, NEO and its operating partner worked towards reaching the potential of the design in terms of limiting flaring, through production efficiency and stabilisation.
- At the Boa field there are well-defined, practical emissions reductions initiatives such as optimizing thruster operations at the FPSO and rebundling compressors.
- On the Babbage field, the unmanned gas platform has low carbon intensity and NEO is looking to reduce Scope 2 emissions by optimizing the frequency of visits of personnel.
- At the Hudson field, the Field Operator is working to optimize compressor operations and reduce unplanned flaring.
- Alba is an example of an ageing asset producing with a higher carbon intensity. In 2020, the Operator will have a focus on fuel gas versus diesel optimization to reduce emissions from power generation.

Headquarters: London, UK

Website: www.neweuropeanoffshore.com

Number of employees: 39

Revenues (2019): 233.4 MUSD

Countries of operation: UK

Investor: Fund VI

HV's shareholding: 100 %

Certifications:

- Externally verified to ISO14001:2015 in September 2018

The Alba Northern platform.
Photo courtesy of Chevron North Sea Limited.

The Babbage gas platform in the Southern North Sea.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)[1]	-	77.9	67 393.9
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)[2]	79	82	16.6
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[3]	42	40	63.5
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	288.8
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	289
Waste (tonnes)	3	5.4	0.8
Recycling Ratio	45%	70%	85%
Unplanned spills (emissions to ground/sea/air)	0	0	0
Proportion of total energy use from renewables	0.0%	0.0%	0.0%
Hazardous waste (tonnes)	0	0	0
Non-hazardous waste (tonnes)	3	5.4	0.8
Social	**2017**	**2018**	**2019**
Share of women in total workforce	28%	16%	31%
Share of women in management	0%	0%	29%
Sick leave, short term	0.25%	0.18%	0.0%
Sick leave, long term	0.0%	0.0%	0.0%
Employee turnover ratio	7%	5%	1%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	100%	100%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	1	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0	0

[1] Scope 1 emissions figures provided for NEO Energy are calculated using the Equity Share approach rather than the Operational Control approach, and thus deviate from what has been used elsewhere in this report. The 2019 data are unverified at the time of publication. [2] Office data only. Note change in emission factor is the main cause of the decrease observed. [3] Company air travel.

2017 and 2018 figures are for NEO's precursor Verus Petroleum only.

In 2019, NEO Energy committed £3.5 million to a Scottish university to support their carbon reduction studies and initiatives, as well as £0.5 million to GeoBus, an education industry initiative.

NEO has a responsibility to ensure that any third-party operators are capable of complying with HSE legislation and monitors its operating partners through regular operational and technical meetings, as well as daily and monthly reports. Assets are closely monitored for their health, safety and environmental performance, including monitoring any ESG related incidents to ensure lessons are learned. Assurance is planned on multiple assets in 2020.

Going forward, the rigorous focus on HSE will continue, complemented by an enhanced commitment to develop a forward thinking ESG strategy that aligns with the organizational goals. From this NEO will develop concrete ESG commitments in 2020.

The Western Isles FPSO.

OCEAN INSTALLER EST/ 01.01.11

Company description

Ocean Installer is a Norwegian subsea contractor with a global horizon, that delivers full engineering, procurement, construction and installation (EPCI) services for marine and subsea operations. The company is headquartered in Stavanger with offices in Aberdeen, Houston, Perth, Dubai and Shenzhen, and holds expertise within the installation of subsea structures, umbilicals, risers, and flowlines (SURF) segment.

Ocean Installer has established itself as the third tier-1 EPCI SURF contractor in the North Sea and has expanded to execute significant projects in West and North Africa over the last two years. Project operations are planned at the company's offices in Norway and Scotland and carried out by the company's personnel using specialized vessels, which are chartered with maritime crew from shipowners.

While the company currently operates within the oil and gas sector, its services, knowledge and expertise may be employed in other industries. In 2019, Ocean Installer has established a strategy to enter the wind power market, where the margins now are sufficient to make it profitable, and is exploring what contracts it can service with existing assets.

The company has an excellent track record of quality, efficiency and safety in all its operations. Going forward, it also aims to stay ahead of the curve when it comes to emissions standards and reductions, and marine clean-up.

ESG approach and focus areas

Quality, efficiency and safety are at the heart of everything Ocean Installer does. Over the past year, Ocean Installer has also significantly increased its focus on green solutions, reducing its carbon footprint, and limiting ocean plastic.

The main factor contributing to the carbon intensity of Ocean Installer's services is chartered vessels, as well as the carbon footprint of the steel the company uses in performing services. The company has taken several steps to make its operations greener. In 2019, it changed its logistics provider to one that could produce greenhouse gas accounting for the cargo it moves for Ocean Installer, and that has better, more fuel-efficient engines (Euro 6), driving systems and employee training. Ocean Installer took the initiative to collaborate with the Eidesvik shipping company to install batteries on the construction vessel Viking Neptune, which will reduce peak fuel consumption for example during DP-operations. The more fuel-efficient ships will be in service from 2020. Ocean Installer also goes beyond maritime environmental regulations and provides fuel contributions to ships that convert from fuel oil to marine gas oil north of Stad.

Ocean Installer uses plastic packaging for products that are installed during its marine and subsea operations, that might end up as micro plastic waste. Therefore, Ocean Installer has an ongoing project to replace all plastic that goes offshore with alternatives, and has a policy that employees collect all waste when on site.

Headquarters: Stavanger, Norway

Website: www.oceaninstaller.com

Number of employees: 250

Revenues (2019): 840.3 MNOK

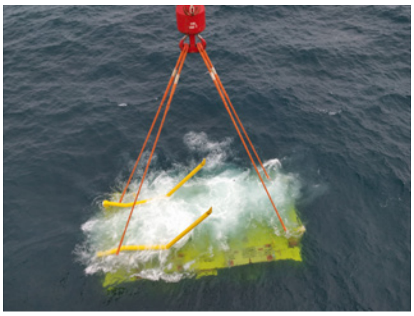
Countries of operation: Norway, UK, USA, UAE, Australia, China

Investor: Fund V (indirectly) and HVAS

HV's shareholding: 99.3 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001



Subsea structure going through splash zone during installation.

Subsea Umbilical / riser and flowline deck guide system.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	12 248.1
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	34.0
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	-	659.9
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	128.5
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	135.4
Waste (tonnes)	-	-	35.1
Recycling ratio (average)	63%	91%	83%
Unplanned spills (emissions to ground/sea/air)	0	1	0
Fuel Used (in million liters)	-	7.9	3.4
Reduced CO_2 as a result of green operations (in tons)	-	951	394
Social	**2017**	**2018**	**2019**
Lost Time Injuries	-	0	0
Total recordable Incident Frequency (TRIF)	-	0	0
Share of women in total workforce	-	30.7%	26.8%
Share of women in management	-	30.4%	29%
Short term sick leave	-	1.1%	1.3%
Long term sick leave	-	1.6%	1.1%
Employee turnover ratio	-	2.0%	1.8%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	94%	75%
Breaches of ethical guidelines	-	0	0
Investigations or lawsuits in relation to ESG issues	-	0	0
Non-Conformity Reporting Frequency	-	95	205
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	0	0
Whistleblowing cases addressed by management or board	-	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	37	2

[1] Company business travel, transportation of goods and emissions from various waste incineration and recycling.

Frequencies are based on 1,000,000 man hours.

Ocean Installer operates in a number of markets and has a diverse workforce with 25 nationalities among the 250 employees. Issues related to health and safety, spill avoidance and ethical conduct are an integral part of the company's operations. Ocean Installer runs a HSEQ program that includes clear KPI targets and extensive reporting, and has a policy for zero harm and careful operations in vulnerable areas. There have been no serious personnell injuries in the past two years. Similarly, a 2019 mapping of the working environment showed good results. One improvement area, however, is employee training and career development, which have been affected negatively by the downturn in the industry the past couple of years. The company did not have any unplanned spills in 2019, but experienced a high-potential near miss.

Subcontractors are subject to engineering quality criteria, health and safety requirements and a reporting on human rights, labor standards and anti-corruption.

Large structure mobilization enabled by 400 ton AHC crane.

OFFSHORE
MERCHANT
PARTNERS

Company description

Offshore Merchant Partners (OMP) is a specialty finance and asset management company. The company has historically focused on deal structuring, financing and management of assets within the offshore oil and gas, shipping and E&P industries, providing long-term financing to its target markets. OMP has provided its long-term financing through sale-leaseback structures and fixed income instruments, and has primarily been targeting cash flows and asset-backing from efficient and future-ready vessels and other assets.

OMP is in the process of reorienting its investment strategy away from financing of offshore and shipping assets to increasing its focus as capital provider for E&P companies. The company is looking at both financing oil and gas exploration and production activities, energy infrastructure and renewables projects going forward. The transition is based on the view that the E&P companies will continue to be part of the future of energy production for years to come and will play a crucial role during the transition to a low-carbon economy, given their capacity for industrialization, knowledge and innovation.

OMP has a strict focus on governance and compliance and selects counterparties that meet the highest expectations for compliance.

ESG approach and focus areas

OMP has focused its investment and lending on efficient vessels and other assets with a high future commercial value, where there is often a positive correlation between environmental performance and commercial value. In 2019, the company began monitoring and reporting on CO_2 emissions for the head office and business travels, which has been an important first step before looking into the carbon footprint of the portfolio in 2020. Once a baseline is in place, OMP will set emissions reduction targets.

In 2019, OMP has explored opportunities to commit counterparties to ESG and reporting requirements based on the scope of the existing strategy. ESG requirements and criteria for clients will be addressed further as part of the ongoing strategy process. None of the company's assets have been involved in accidents or accidental spills during 2019, and there were no reported breaches of regulations or OMP's guidelines.

OMP's business is organized as an alternative investment fund structure and complies with regulations in three different jurisdictions: Norway, Malta and Guernsey. All investment decisions are subject to strict investment evaluations and due diligence processes, including due diligence relating to the transaction structure, target company and related parties. OMP has implemented robust procedures and guidelines for anti-corruption and anti-money laundering. The Guernsey and Malta funds have their own compliance functions with ESG guidelines.

OMP has implemented reporting on gender equality and aims to increase the rate of female employment through future recruitment processes.

Headquarters: Oslo, Norway

Website: www.omp.no

Number of employees: 11

Revenues (2019): 55.0 MUSD

Countries of operation: Norway

Investor: Fund VI

HV's shareholding: 68.8 %

Certifications:

None (OMP Capital AS is a regulated company/Norwegian FSA)

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	0.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	0.6
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	-	34.4
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	0.01
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	0.6
Waste (tonnes)	negl	negl	negl
Social	**2017**	**2018**	**2019**
Share of women in total workforce	-	-	9.0%
Share of women in management	-	-	0%
Short term sick leave	0.4%	0.4%	1.0%
Long term sick leave	0.2%	0%	0%
Employee turnover ratio	0.0%	0.0%	8.3%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	100%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	-	0
Whistleblowing cases addressed by management or board	-	-	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	-	0

[1] Company business travel.

Offshore Merchant Partners is financing a major upgrade of the Amazon subsea construction vessel.

Prosafe

Company description

Prosafe owns and operates semi-submersible offshore accommodation vessels used by the oil and gas industry as temporary living quarters for offshore personnel. Demand is primarily driven by maintenance and modification of installations on fields already in production, hook-up and commissioning of new fields and decommissioning.

Prosafe has been a signatory to the UN Global Compact since 2008. In 2019, the company decided to further increase its ESG efforts. In light of this, “Improve ESG offering and profile” was included as one of Prosafe’s key goals for 2020, and ESG is now an integral part of the company’s strategy. The main strategic focus lies on the environmental aspects, particularly emissions reduction from vessels.

Prosafe employs a highly skilled team of employees and is dedicated to ensure safe working conditions for its staff, clients, and the environment. The company is headquartered in Norway, with offices in Scotland, Brazil and Singapore. Prosafe is listed on the Oslo Stock Exchange.

ESG approach and focus areas

In 2019, Prosafe continued its “Zero Mindset” approach to ESG throughout all levels of operation. ESG issues are reflected in the company’s continual improvement plans, and the company set a number of new, quantitative ESG targets in the last quarter of 2019 that will guide the work in 2020.

Towards the end of 2019, Prosafe significantly ramped up its focus on reducing emissions and launched a strategic project to explore how emissions can be treated as well as approaches to reduce fuel consumption. The overall fuel consumption increased in 2019. This was a direct consequence of an increased number of contracts where the vessels operated in Dynamic Positioning mode. All Prosafe vessels are equipped with “Tier 2” compliant engines and use low sulphur marine diesel with a maximum sulphur content of 0.1%, thereby exceeding the MARPOL Annex VI Regulation 14.1 prohibiting the carriage of fuel oil with sulphur content exceeding 0.5%. Additionally, data collection through shipboard reporting has been improved, as well as GHG emissions and waste reduction efforts.

Prosafe continues to high-grade its fleet by recycling the oldest and most inefficient vessels at certified ship recycling yards. Six old vessels have been sold for recycling since mid-2016 and a seventh was in process of being sold for recycling at year-end 2019.

The company will always adhere to relevant conventions (2009 Hong Kong Convention, 1989 Basel Convention), adopt best practise, provide financial guarantees, when necessary, appoint independent recycling yard representation until the asset is completely recycled, and conduct extensive diligence when recycling any asset.

Ensuring a reliable and safe gangway connection between the Prosafe accommodation vessel and the installation is key for safe and efficient operations and ensures client satisfaction. The year saw an exceptionally good safety performance, with zero incidents or harm to persons, zero accidental spills and no lost time accidents. This is an improvement compared to 2018 and reflects the effectiveness of the induction and vessel familiarisation of agency crew undertaken by Shipboard Management.

Headquarters: Stavanger, Norway

Website: www.prosafe.com

Number of employees: 150

Revenues (2019): 225.4 MUSD

Countries of operation: Norway, UK, Brazil

Investor: Fund VI and Fund VII

HV’s shareholding: 28.9 %

Certifications:

- ISO 9001
- ISO 14001
- OHSAS 18001
- ISM Code Document of Compliance (Singapore MODU’s & Bahamas Passenger Ship plus MLC)

Prosafe’s semi-submersible accommodation vessels operate gangway-connected to the offshore installtions that they are supporting.

Key Reported ESG Figures for 2019

(2018 and 2017 figures displayed where available):

Environmental	2017	2018	2019
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	110 149	113 558	133 332.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	227	163	156.5
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	3 030	2 657	3 193.0
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	591.5
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	605.7
Waste (tons onshore / tons offshore)	10.4 / 2 706	13.5 / 1086	9.2 / 2 300
Recycling ratio (onshore / offshore)	49% / 48%	49% / 56%	51% / 61%
Unplanned spills (emissions to ground/sea/air)	0	0	0
Proportion of total energy use from renewables (onshore)	53.8%	22.3%	15.3%
Hazardous waste (tonnes)	335	312	245
Non-Hazardous waste (tonnes)	1 628.4	1 099.5	2 064.2
Fuel Used (in million liters)	34.4	42.2	40.8
Social	**2017**	**2018**	**2019**
Lost Time Injuries	2	2	0
Total Recordable Incident Frequency (TRIF)	1.5	2.54	0.99
Medical Treatment Case (MTC)	6	3	6
First Aid Case	53	49	27
Share of women in total workforce (onshore / offshore)	43.2% / -	40.6% / -	36.6% / 0.9%
Share of women in management	16.7%	25.0%	26.8%
Short term sick leave (onshore / offshore)	0.24% / 0.26%	0.85% / 1.87%	0.54% / 0.83%
Long term sick leave (onshore / offshore)	0.57% / 3.51%	0.85% / 1.87%	0.90% / 1.89%
Employee turnover ratio	5.9%	8.5%	19.2%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	n/a	n/a	78%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases addressed by management or board	0	1	1
IDDs and audits of supplier, distributor or JV partner that include ESG issues	5	2	3

[1] Includes air travel for on and offshore personnel including agency personnel in UK, Norway, Brazil and Singapore.

Safety management systems for the fleet are in line with the ISM code, the International Ship and Port Facility Security (ISPS) code and ISO quality and environmental standards.

In order to adjust the size of the organization to the weaker market outlook and reduced demand for Prosafe's services, a number of employees were offered voluntary redundancy packages at the end of 2019. Due to the nature of the company's business and global operations, Prosafe operates with international crews with a proportion of agency personnel within the offshore workforce. This increases the opportunity to source competent crew that meet Prosafe's regional and global needs. Adherence to Prosafe's Code of Conduct, policies and procedures is inter alia ensured through an introduction program for new employees, continuous management focus, and e-learning programs focusing on anti-corruption, labour standards, human rights and cyber security.

Prosafe had zero lost time injuries and zero unplanned spills in 2019.

Sval

Company description

Sval Energi AS, previously known as Solveig Gas, is transforming from a pure gas infrastructure owner to become a new generation exploration & production company with significant interests in infrastructure assets and, most recently, renewable energy generation.

Solveig Gas was one of the largest owners in Gassled, the world's largest offshore gas pipeline network, transporting gas from the Norwegian Continental Shelf (NCS) to the EU and the UK. Following HitecVision's acquisition of Solveig in 2019, the company has acquired interests in the Polarled pipeline, and acquired the Duva and Nova field developments, the latter through the acquisition of Cairn's Norwegian business, which also included a competent organization and a wide exploration portfolio. With a new board and management team, the company is well on its way to becoming a broader E&P company.

The most recent addition to the portfolio is a 50 percent holding in the Metsälamminkangas (MLK) onshore wind farm project in Finland, one of the fastest growing markets for wind energy investment in Europe. Further acquisitions is a clear ambition.

Through its significant position in gas infrastructure, Sval plays a vital role in providing gas to Europe. As a part of Sval's low carbon strategy, the company will pursue carbon reduction projects on offshore and onshore installations, electrification of offshore fields, investments in renewable energy generation, carbon capture and storage, and advancing other technological solutions to reduce the carbon intensity of its energy production.

ESG approach and focus areas

It is Sval's ambition to be a company that contributes positively with regards to ESG. ESG is an integral part of the company's business strategy and ESG risks and opportunities are an important part of pre-acquisition due diligence in the current build-up phase of the company.

As an E&P company, Sval will work systematically on the same main ESG issues that define oil and gas activity on the Norwegian Continental Shelf (NCS). Following the industry standards on health and safety and spill avoidance will be crucial. As an owner of critical gas infrastructure, two field developments and as an operator in the exploration phase, Sval also adheres to the highest safety and environment standards and requirements.

Sval will focus on reducing the carbon intensity of oil and gas production through its ownership. Sval's low-carbon strategy sets out an objective of being a top quartile E&P company measured in terms of the carbon intensity[1] of energy production by 2025.

[1] Carbon intensity is defined as net scope 1 and 2 emissions per unit of energy provided by the company, expressed in grams of CO_2 equivalent per megajoule.

Headquarters: Stavanger, Norway

Website: www.sval-energi.no

Number of employees: 7

Revenues (2019): 6 835.1 MNOK

Countries of operation: Norway

Investor: Fund VII

HV's shareholding: 99.4 %

Certifications:

None

Gassled is the world's largest offshore gas transmission system. Illustration: Gassco

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):		
Environmental	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	0.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	1.1
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	238 243.4
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	negl
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	306.5
Waste (tonnes)	0.1	0.1
Recycling Ratio	70%	70%
Unplanned spills (emissions to ground/sea/air)	0	0
Proportion of total energy use from renewables	100%	100%
Social	**2018**	**2019**
Share of women in total workforce	20%	30%
Share of women in management	0.0%	33%
Sick leave, short term	0.0%	0.1%
Sick leave, long term	0.0%	0.0%
Employee turnover ratio	0.0%	20%
Community spending (donations - NOK)	70 000	70 000
Governance	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	50%	100%
Breaches of ethical guidelines	0	0
Investigations or lawsuits in relation to ESG issues	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0
Whistleblowing cases addressed by management or board	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0

[1] Scope 3 figures for Sval consist mainly of the company's share of emissions from the Gassled natural gas infrastructure system, based on the Equity Share approach. Sval holds 15.6% of Gassled.

The strategy defines four ways by which Sval will deliver energy and reduce its carbon footprint:

- Re-use existing infrastructure by exploring, acquiring and developing assets in areas that can make use of existing infrastructure. Potential discoveries will increase energy supply, with only limited additional emissions in the production phase.
- Invest in electrification and develop assets that will be connected to power from shore. The Duva and Nova fields will be tied into a platform that is already electrified by onshore hydropower generation, and Sval will seek to partially electrify the Kårstø gas processing plant, the second largest single source of greenhouse gas emissions onshore Norway.
- Build a strong upstream portfolio with a significant portion of natural gas that is transported to Europe, where it reduces emissions by displacing coal.
- Invest in wind generated power in the Nordic energy market. As platforms on the NCS get increasingly electrified, demand for renewable power will increase.

Climate impact is an integrated element in all investment decisions. Sval considers it interlinked with high value creation and a necessity to create a company that is relevant also decades from now. That is why emission levels and potential emissions reduction options are evaluated, together with value metrics, whenever Sval considers an investment decision.

From the Kårstø gas processing plant.

Company description

Vår Energi is the largest independent oil and gas company on the Norwegian Continental Shelf, with an average production of more than 300 000 barrels of oil equivalent per day. Vår Energi operates four oil and gas fields across all regions of the NCS, located in the Barents Sea (Goliat), the Norwegian Sea (Marulk) and the North Sea (Balder and Ringhorne). In addition to the four operated fields, Vår Energi currently holds ownership interests in 31 partner-operated fields. Vår Energi is headquartered in the Stavanger region, with nearly 1000 employees at its offshore fields and onshore office locations.

Vår Energi was established in 2018 through the merger of Point Resources and Eni Norge, and is owned by Eni (69.6 percent) and HitecVision (30.4 percent). The company doubled in size in 2019 through the acquisition of ExxonMobil's non-operated business in Norway. Vår Energi's business objective is to expand its ownership and increase activities on the NCS in a profitable and sustainable manner.

ESG approach and focus areas

Vår Energi's strategy for long-term value creation is centered around four main areas:

- Nobody gets hurt;
- Prioritize climate;
- Local value creation; and
- Innovation, efficiency and collaboration.

Social issues

The main goal of all Vår Energi's business activities is to be the safest operator on the NCS, and the company's highest priority is the health and safety of its employees. Promoting a good working environment and HSE culture is at the core of the company's operations, and forms an integral part of the Occupational Health and Safety Management System that was implemented in 2019. The management system covers both Vår Energi's own employees and contractors working on the company's installations.

Vår Energi works systematically to manage risks. In 2019 the company performed a mapping of working environment risks offshore in order to implement relevant and targeted risk-reducing measures. The mapping project included employee training in work processes and measures, to promote better understanding of risk factors. Focus areas to prevent hazards and risks include emergency preparedness training, choosing best available techniques (BAT), risk meetings, and worker training on occupational health and safety. Any HSE incidents, including accidents, near-misses and unsafe conditions, are investigated to identify causes, potential improvements and measures to prevent reoccurrence. The company's total recordable injury frequency for 2019 was 2.2, which is comparable to the 2018 result. None of the registered personnel injuries are classified as serious.

Headquarters: Sandnes, Norway

Website: www.varenergi.no

Number of employees: 843

Revenues (2019): 4 937.6 MUSD

Countries of operation: Norway

Investor: Fund V, VI, VII and two co-investment vehicles

HV's shareholding: 30.4 %

Certifications:

- ISO 14001
- OHSAS 18001

CSR activities:

Vår Energi has established a local engagement program, to formalize their contribution to the local communities where Vår operates (Stavanger and Hammerfest). Among other things, the local engagement program includes the following: invest in local communities, perform research and development activities, uses local suppliers as far as possible, invest in projects in primary and secondary education and support cultural project in order to increase communities' attractiveness for existing and potential new residents. Some examples of Vår's local engagment is donations to a new indoor sports arena in Hammerfest (named Vår Energi Arena) and being a sponsor of: Sami Reindeer Races Federation, Young Entreprenurship, The North Cape Film Festival, The Norwegian Oil Museum, Science Factory and several more. Please visit Vår Energi's website at www.varenergi.no/en/commitment/corporate-social-responsibility/local-engagement/ for detailed information on Vår Energi's CSR activities.

Key Reported ESG Figures for 2019

(2018 and 2017 figures displayed where available):

Environmental	2017	2018	2019
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons) [1]	281 797	343 988	291 283.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons) [2]	-	13 394	13 709.0
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [3]	-	-	21 360.9
Carbon intensity - Scope 1 & 2 (tCO$_2$e / million USD revenues)	-	-	61.8
Carbon intensity - Scope 1, 2 & 3 (tCO$_2$e / million USD revenues)	-	-	66.1
Waste (tonnes)	516 [4]	7 486	7 347
Recycling Ratio	36%	16%	6%
Unplanned spills (emissions to ground/sea/air)	8	22	12
Hazardous waste	122	6 623	6 514
Non-Hazardous waste	394	863	833
Oil in produced water (tonnes oil to sea in period)	63.6	48.9	38.0
Drill cuttings (tons discharged)	0	641	301
Social [5]	**2017**	**2018**	**2019**
Lost Time Injuries	-	1	2
Total Recordable Incident Frequency (TRIF)	5.5	2.1	2.2
Medical treatment case (MTC)	1	3	6
First aid case (FAC)	13	14	23
Share of women in total workforce	-	27%	27%
Share of women in management	-	20%	23%
Sick leave, short term	-	-	2.1%
Sick leave, long term	-	-	-
Employee turnover ratio	-	-	0.5%
Community spending (donations - million NOK)	-	-	3.4
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	0	80%
Breaches of ethical guidelines	-	0	0
Investigations or lawsuits in relation to ESG issues	-	0	0
Non-Conformity Reporting Frequency	-	-	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	0	0
Whistleblowing cases addressed by management or board	-	0	1
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	-	15 [6]

[1] GHG emissions from combustion of diesel, fuel gas and combustion of gas in flare (Scope 1). [2] Total energy consumption, operational control (flaring, fuel consumption from non-renewable sources, electricity consumption, district heating consumption). [3] Includes company business travel, incinerated waste, treated hazardous waste and upstream transport and distribution. [4] 2017 waste figure includes only waste from Point Resources. 2017 also saw no drilling activity, resulting in significantly less waste than other years. [6] Numbers for social KPIs are not directly comparable due to the merger between Point Resources and Eni Norge. [5] Includes one audit related to cyber security, and the remainder addressing HSEQ matters.

Indicators	Boundary	Unit	2018	2019
Oil and gas production	Equity basis	boe	48 783 030	101 223 192
Oil and gas production	Operational Control	boe	40 024 891	28 820 272
CO_2 emissions (Scope 1) [7]	Equity basis	tCO$_2$eq	0 [8]	1 097 086
Upstream GHG emissions intensity [9]	Operational Control	tCO$_2$eq per boe	8.70	10.11
Further specification of scope 3 emissions:				
Upstream transportation and distribution (Helicopters and supply vessels)	Operational control	tCO$_2$eq	21 238	19 948
Combustion of sold products - crude oil	Equity basis	tCO$_2$eq	0 [8]	23 508 188
Combustion of sold products - natural gas	Equity basis	tCO$_2$eq	0 [8]	11 178 378
Business travel	Operational control	tCO$_2$eq	0 [8]	856
Sum Scope 3 GHG emissions	**Equity basis**	**tonnes tCO$_2$eq**	**0 [8]**	**34 707 369**

[7] Emissions covered by EU ETS, and only for licenses with ownership in emission producing asset. Licenses covering for example subsea templates that do not have direct emissions are not included as there are no clear rules for allocation of emissions. [8] Data not available for 2018. [9] Includes methane.

Employee development and diversity are key to Vår Energi's business and sustainability strategy

Employee development, diversity and equal opportunities are key priorities to Vår Energi. Training and education are seen as key to develop an organization that can meet growth targets, while at the same time upholding the company's high HSE and compliance standards as well as tackling the challenges stemming from climate change. Training consists of a company e-learning program and classroom trainings on the one hand, and a training program tailored to each employee on the other. The company also has a program for education assistance, which supports employees starting or completing higher education degrees.

Vår Energi is one of the few oil and gas companies globally to be led by a woman CEO. The company works actively to improve gender equality and secure equal opportunities in both career development and recruitment processes. In 2019, the company had 27% female employees, and has a long-term goal of reaching 40% throughout the organization. By 2025, the target is to reach

- 40 percent female employees onshore
- 15 percent female employees offshore
- a ratio of female leaders reflecting the overall gender balance.

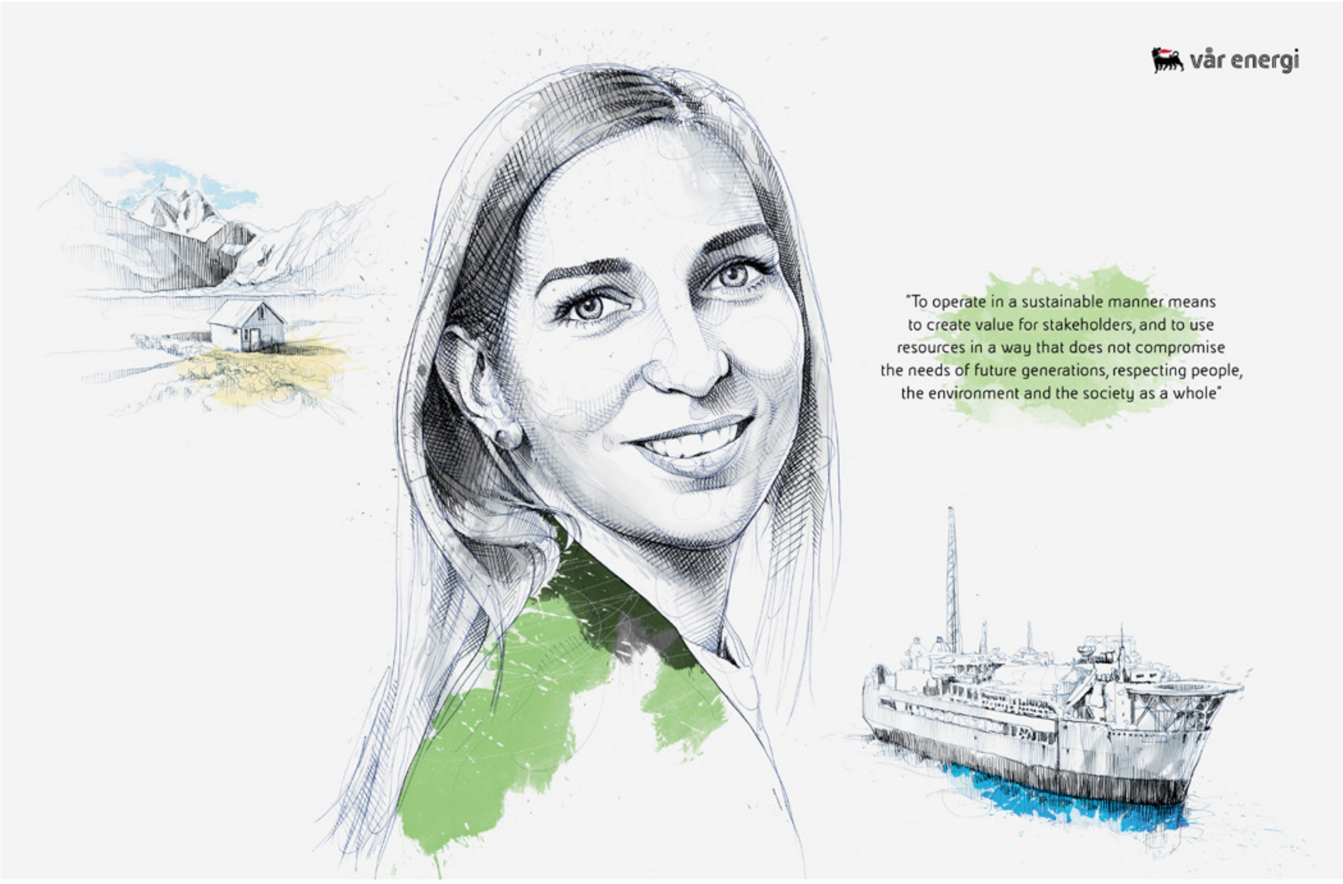
Vår Energi's Ringhorne platform in the North Sea.

Environmental issues

The climate challenge is a central part of Vår Energi's strategy for long-term value creation. The company's strategic focus area, "Prioritize Climate", entails both a determination to reduce its GHG emissions, and invest in and contribute to the development of low emissions technology and green energy.

Vår Energi is committed to the climate targets set by the industry association Norwegian Oil and Gas, aiming to achieve a reduction of 40 percent in GHG emissions from Norwegian oil and gas production by 2030 (compared to 2005 emissions), and work towards net zero emissions in 2050. In 2019, the company conducted a climate risk and opportunity assessment based on the TCFD recommendations. Going forward, the assessment will be integrated into the Enterprise Risk Management (ERM) process, and inform future strategy and financial planning, including a detailed climate roadmap to achieve the 2030 and 2050 climate targets. The climate roadmap is under development, and Vår Energi has begun a process to identify ways of delivering on the climate targets.

The company's main direct sources of GHG emissions are from energy production offshore and flaring of natural gas for safety reasons. It is working to reduce these emissions through operational efficiency increases (energy management), electrification of platforms, reduced cold venting and fugitive emissions, and portfolio management. Over the year, the company began mapping the expected future carbon intensity of all its producing fields, including preparing emissions forecasts for 2020, 2025 and 2030, and initiated a process to implement a consolidated and digitalized energy management system for the whole company. 2019 was the first year Vår Energy calculated scope 3 emissions, including the use of the sold product.



Nina holds the position of Procurement Coordinator at Vår Energi.

Energy production is necessary in order to meet the energy demand of a growing population. Renewable energy development is essential, but for the time being renewables can only cover a minor part of global energy requirements. Vår Energi wants to contribute to the continuous development of Norway's most important industry and the preservation of the environment. This was reflected in its 2019 campaign "Two thoughts in mind", which showed that both the company and its employees care about the climate".

Increasing energy efficiency will help reduce both GHG emissions and operational costs

Vår Energi sees a potential to reduce its climate impact and operational costs through increased efforts on energy efficiency. Emissions form energy consumption (fuel and diesel) accounts from 74 percent of the company's total direct emissions. The company has therefore set annual targets for energy management and established a dedicated Energy Management team to identify and prioritize opportunities for continual improvement and efficiencies.

In 2019, the total energy consumption was reduced by approximately 10 percent compared to 2018. The reduction is mainly a result of increased use of (renewable) power from shore on the Goliat production platform, which in 2019 was run almost exclusively with hydropower, as well as improved operational regularity at the Balder field, causing reduced flaring.

In addition to its continued focus on reducing its own emissions in the short term, Vår Energi has several long-term projects aimed at furthering the energy transition and making use of climate opportunities. Notably, Vår Energi and the other license partners at the Snorre and Gullfaks oil and gas fields announced a final investment decision for the Hywind Tampen offshore wind farm development in 2019 – please see page 37 for a full description.

The company is also engaged in large scale national projects to develop and demonstrate Carbon Capture and Storage (CCS). Following the acquisition of ExxonMobil's non-operated business in Norway in 2019, Vår Energi became a partner in the Sleipner field and thereby the second largest owner in the world's longest-running CCS project. About 1 million tonnes of CO_2 is being stored at the Sleipner field each year. Vår Energi has committed to invest a total of 30 million NOK over an eight-year period in the Norwegian CCS Research Centre (NCCS), whose research activities supports achieving CO_2 storage in the North Sea, and contributes to the Norwegian government's ambition of realizing a full-scale CCS chain by 2022. The company further supports the LowEmissions research centre that aims to develop new technology and concepts for offshore energy systems and integration with renewable power production technologies on the NCS.

The Balder FPSO.

Research and development are vital to Vår Energi's business objective of increasing its activities on the NCS in a profitable and sustainable manner. The R&D department invests approximately NOK 80 million per year, and in 2019 its portfolio included 46 projects. In 2019, new sustainability impact assessment criteria were introduced into the screening and selection procedure for new R&D projects.

Environmental protection and biodiversity conservation are fundamental parts of sustainable business at Vår Energi. Environmental impact assessments, environmental studies and risk assessments, monitoring campaigns and R&D projects are all employed to this end. Vår Energi has asset-specific targets for the percentage of reinjection of produced water, a high focus on replacing production chemicals with more environmentally friendly alternatives, and regularly execute calculations of environmental impact factor (EIF) for the produced water. The company has a zero-discharge goal for unintentional discharges of oil / chemicals to the sea. The number of such discharges was reduced from 5 in 2018 to 2 in 2019.

Governance issues

Vår Energi is committed to ensure that its business activities are carried out in a transparent, honest and fair way, in full compliance with laws and regulations, internal rules and ethical integrity. In 2019, significant efforts were made to align, merge and define common compliance processes for the newly merged company. Most processes were in place with the launch of the Vår Energi Management System at the end of 2019. The work of aligning controls will continue in 2020.

All employees and contractors are required to conduct mandatory ethics training, which was revised towards the end of the year. At the end of January 2020, 82 percent of the employees and contractors had completed the compliance training. There were no incidents of corruption in 2019.

Data security is increasingly becoming central to the protection of Vår Energi's assets. Security awareness and competency building among the employees is essential to counter cyber threats, which is why the company launched a "Cyber Security Awareness Campaign" in 2019. The mandatory Compliance training also includes a section on privacy and data security. By the end of 2019, 82 percent of all employees had completed this training. There were no identified breaches of data in 2019.

The company works actively to promote sustainability in the supply chain. All main suppliers must have a sustainability policy with a stated ambition or plan for reducing its negative environmental and social impact, and Vår Energi aims to implement a new policy requiring that sustainability is evaluated in all procurement processes in 2020. In 2019, Vår Energi conducted 162 compliance assessments of suppliers, as well as contributed to 100 EPIM Joint Qualification System audits that check safety and sustainability aspects of the main suppliers.

Vår Energi is committed to contribute to local value creation

Vår Energi has a strong focus on contributing to industrial activity and job creation in the local communities where its business activities take place, in particular in Northern and Western Norway. The company's business activities provide opportunities and contribute toward increased local employment, activity and competence development. Vår Energi also supports a number of cultural and educational initiatives.

The company's local engagement program focuses, amongst other things, on performing R&D activities in Northern and Western Norway, using local suppliers as far as possible (including facilitating the participation of local businesses in large-scale contracts), local industrial cooperation, investing in education and supporting cultural projects.

During 2019, a total of 20 such projects received a total of NOK 3 million. On average Vår Energi spends more than NOK 400 million annually with suppliers in Northern Norway.

Vår Energi's Goliat platform in the Barents Sea, operated from Hammerfest and creating local jobs in Northern Norway.

Moreld

Early in 2020, HitecVision announced the combination of all the small and medium-sized companies from three of its funds to create Moreld, a major industrial group focusing on sustainable ocean industries. The Moreld companies have about 3600 employees, and had combined revenues in 2019 of close to 1 billion USD. All the portfolio companies in the following section, with the exception of WellPartner, are now formally part of Moreld. They will however continue to operate independently, and are therefore treated separately in this report.

As all parts of the oil and gas industry prepare for the transition to a low-carbon future that will inevitably take place over the coming decades, industry structures are changing. In this transformational period, being able to adapt and still retain competitiveness will be dependent on size, robustness and access to talent and other key resources. At the same time, size will open opportunities in new business lines, e.g. within renewable energy, that smaller companies will not be able to exploit to the same degree individually. While the companies will aim to maintain their already strong positions in the oil and gas industry, they will also, individually and as a group, actively develop new business lines in other industries, in particular sustainable ocean related business such as offshore wind power and offshore fish farming.

AARBAKKE

Company description

Aarbakke is one of Norway's leading suppliers of specialist and critical components and assemblies for applications in the subsea and downhole markets. Aarbakke engineers, machines and welds raw materials, mainly steel, into components and carries out assembly work and testing for major oil service companies. Aarbakke employs a highly skilled workforce at its two factories in Bryne.

The company views emissions reductions as becoming business critical in the near future as more and more clients are concerned with the carbon intensity of the products Aarbakke delivers. Currently, the company almost exclusively delivers to the oil and gas industry, but a strategy project is planned for 2020 to evaluate what other industries Aarbakke potentially can service, and which changes in terms of production processes are needed to make such a transition.

Early in 2020, Aarbakke became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

ESG goals are an integral part of management at all levels of Aarbakke's operations with defined targets on company, department and team levels. Throughout 2019, the carbon footprint of Aarbakke's products has climbed higher up on the customers' agenda. Aarbakke meets the environmental expectations in the market with an approach of continuous optimization through incremental innovation. The aim is always to improve resource utilization and optimize production processes.

In 2019, Aarbakke reached several milestones in setting up a smart factory. The smart factory system collects data that allows Aarbakke to reduce the run-time of its machines as well as selecting the best suited tools for each task. In turn, this both reduces costs, energy consumption and wear and tear on equipment, tools and machines, helping the company fulfilling its ambition of manufacturing parts to the oil and gas industry in the greenest way possible. Aarbakke recycles all excess steel from its production.

Going forward, Aarbakke will continue to develop its smart factory, including the implementation of a new control system for ventilation that will help further reduce energy consumption. In 2019, the company also successfully applied to Enova for funds to integrate a new, fourth generation circular heating and cooling system that will make Aarbakke self-sufficient through AI and circular energy solution. The system can help reduce the energy consumption by about 1 million kWh annually and reduce electricity purchases by 75 percent. The overarching objective is to make the two factories at Bryne carbon neutral.

Product quality is a crucial concern for Aarbakke. Aarbakke's products are used subsea and in drilling wells and form part of products that are critical to safety and environmental protection in the customers' operations, in particular avoiding unintentional spills. Therefore, Aarbakke has robust routines and internal controls for quality control and HSEQ management. Customers regularly audit Aarbakke; to date, Aarbakke has not received any customer complaints regarding HSEQ performance.

Headquarters: Bryne, Norway

Website: www.aarbakke.no

Number of employees: 287

Revenues (2019): 937.1 MNOK

Countries of operation: Norway

Investor: Fund IV

HV's shareholding: 50.0 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001

CSR activities:

Aarbakke hires approximately 15-20 apprentices every year, as part of its commitment to the local community and the competence development in the firm. Aarbakke has developed a separate program for its apprentices, the Aarbakke Centre of Future.

As a result of Aarbakke's continuous focus on apprentices, Aarbakke was awarded as the regional Apprenticeship Employer of the year in 2017. Aarbakke's effort is also reflected in the apprentices' achievements: 83 percent of the apprentices in Aarbakke received top rating in their certificate of apprenticeship and 75 percent continued to work for Aarbakke after their apprenticeship.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	104.5
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	156.0
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	117.3
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	2.4
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	3.5
Waste (tonnes)	984	1 150	1 306
Recycling ratio (average)	96.1%	95.3%	95.7%
Unplanned spills (emissions to ground/sea/air)	0	0	1 [2]
No. of supplier audits that include environmental auditing	26	17	24
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	0	1
Total recordable Incident Frequency (TRIF)	17.1	13.43	11.99
Share of women in total workforce	-	8.0%	8.0%
Share of women in management	0.0%	0.0%	0.0%
Short term sick leave	1.1%	0.8%	0.9%
Long term sick leave	1.2%	2.2%	1.8%
Employee turnover ratio	-	1.8%	1.1%
Employee training (aggregated hours for all employees)	10 563	11 201	5 827
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	26	17	19
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	96%	100%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	-	-	nr
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	2 [3]	1 [4]
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	26	17	19

[1] Company business travel and emissions from various waste incineration and recycling. [2] Minor spill. [3] Two viruses in CNC machine, leading to some downtime but no loss of data. [4] In September 2019 the access to the CEOs email was compromised, resulting in 13 emails being forwarded to a foreign email account before being discovered. These emails contained no critical information and the incident resulted in no loss of data.

Health and safety in the production process is also a key issue. In 2019, the company had zero work-related injuries and one minor spill. Despite a large growth in the number of employees through the year, Aarbakke maintained its high HSE standards and track record.

The company invests in employee skills development and holds a consistent track record of product quality and integrity. The company has placed significant emphasis on ensuring good HSE practices for hired personnel, as well as permanent employees, and that these workers enjoy the same working conditions and safety equipment as Aarbakke's own employees.

Gender diversity remains low in Aarbakke, with only 8 percent female employees. The company is working to increase the share of female employees and will employ women where there are qualified applicants. When it comes to apprentices, Aarbakke employs almost every female candidate, reflecting the fact that more women apprentices are needed.

Welding of a subsea component at Aarbakke's modern factory at Bryne.

AGILITY Subsea Fabrication

Company description

Agility Subsea Fabrication (ASF) is a fabricator specializing in subsea template and manifold systems, SURF structures and subsea processing systems. Manufacturing typically includes processes such as duplex steel welding, pipefitting, NDE, FAT and surface treatment. Fabrication facilities include Tønsberg and Røra workshops (Norway), and several key subcontractors in Europe – all serving the subsea oil and gas industry on the Norwegian continental shelf (NCS) and other parts of the world. ASF is headquartered in Røra, Norway.

In ASF's line of business, a strong focus on HSE is imperative to create a safe and attractive workplace. HSE accomplishments are also a significant competitive advantage. Consequently, HSE is at the top of management's agenda in ASF. In 2019, the company has also increased its focus on greenhouse gas emissions and energy optimization, in line with the clients increasing focus on the suppliers' climate footprint.

Early in 2020, ASF became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

ASF has a strong HSE culture and a strict focus on safety, transparency, and timely delivery of quality products. Workshop production focuses on providing safe and secure working conditions and continued health and safety improvements. The company has established HSE indicators for daily, weekly and monthly monitoring, with regular project reporting on HSE statistics to its customers. In 2019, ASF transitioned from the OHSAS 18001 standard to the new ISO 45001 standard.

The company works systematically to improve processes and routines, which in turn help secure the quality of its services. In 2019, ASF introduced 100 quality improvements to ensure continuous improvements to product quality, productivity and timely delivery. The company achieved its goal of zero customer claims and a 30 percent reduction in quality discrepancies at delivery. ASF also worked systematically with its most critical suppliers to ensure compliance with the expectations of clients and authorities.

In 2019, ASF revised its health and safety handbook. Employee ownership of safety procedures and regular HSE campaigns on specific focus areas have helped build a strong HSE culture in the company, and sick leave reached a record low in 2019.

ASF continuously updates its register of ESG risks and opportunities to reflect the company's changing context. In 2019, environmental issues, and in particular climate footprint, have been given a more prominent place in the company's ESG efforts. This is amongst other reflected in new routines such as halting all idling, and including carbon footprint as a factor when selecting suppliers. ASF has also introduced greenhouse gas reporting for scope 1 - 3.

Waste management is a more long-standing environmental priority to ASF, and in 2019 the company's systematic efforts paid off as it achieved a new record recycling rate of 72 percent. Going forward, the company's goal is to reach a recycling rate of 73 percent.

Headquarters: Røra, Norway (ASF)

Website: www.agilitygroup.no

Number of employees: 176

Revenues (2019): 424.8 MNOK

Countries of operation: Norway

Investor: Fund V

HV's shareholding: 94.8 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001 (OHSAS 18001)
- ISO 3834-2

Load-out of subsea structures from ASF for the Vega field.

Key Reported ESG Figures for 2019

(2018 and 2017 figures displayed where available):

Environmental	2017	2018	2019
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	484.9
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	321.8
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	66.2
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	16.7
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	18.1
Waste (tonnes)	284.8	191.9	313.5
Recycling ratio (average)	69%	70%	72%
Unplanned spills (emissions to ground/sea/air)	0	0	0
No. of supplier audits that include environmental auditing	2	4	4
Social	**2017**	**2018**	**2019**
Lost Time Injuries	1	1	3
Share of women in total workforce	4.9%	5.0%	6.2%
Share of women in management	16.7%	17%	17%
Short term sick leave	3.3%	3.5%	3.2%
Long term sick leave	5.0%	5.5%	2.5%
Employee turnover ratio	2.0%	4.7%	5.3%
No. of supplier audits that include social issues auditing (human rights, labor rights, etc.)	2	4	4
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	-	69%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	-	-	-
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases addressed by management or board	2	0	1
IDDs and audits of supplier, distributor or JV partner that include ESG issues	2	3	4

[1] Company business travel.

Subsea manifolds in ASF's fabrication hall.

//ALIGN

Company description

Align is a leading provider of process- and safety-critical products and solutions, with a focus on technical safety and firefighting solutions for the oil and gas industry around the world. The company has two business areas: Pumps, delivering fire-water and process pump systems and maintenance services; and Fire & Safety, providing safety and automation systems for fire and gas detection and firefighting engineering and support solutions.

Align aims to deliver quality products and services that make up safety-critical systems for its clients, while maintaining a robust track record for health and safety in its own operations. The company continuously works to improve on its ESG performance to maintain a competitive position. Climate-friendly solutions are increasingly in demand, and Align has a range of ongoing and completed projects related to improving the energy efficiency of its pumps. The company is also in the process of identifying non-oil and gas industries that could benefit from its products, including offshore.

Early in 2020, Align became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

As a provider of safety services, Align has a strict focus on its clients' quality, health and safety requirements and is subjected to periodic HSE audits by its customers. Material environmental concerns are identified at each project location. Project specifications often include environmental aspects, such as repurposing and upgrading pumps and existing equipment rather than replacing it, or using environmentally friendly ingredients for flame retardant foam.

In 2019, Align had several ongoing projects helping customers install more climate friendly solutions. Together with Statkraft, the company completed a project to increase pump efficiency, achieving an efficiency increase of approximately 5 percent. Together with Equinor, Align is working to reduce the power consumption of pumps, thereby reducing CO_2 emissions. As part of its frame agreement with Equinor, Align is required to report quarterly energy and CO_2 savings related to re-rating of installed pumps.

In its own operations, Align is focused on managing and reducing health and safety concerns both in its manufacturing processes and offshore service delivery. The company aims to create a healthy and productive work environment with a goal of less than 3% sick leave and absence - a target almost reached in 2019. There was one lost time injury in 2019, and the root cause has been identified, addressed and lessons learned communicated within the company.

Align is also committed to environmentally responsible practices in its own operations, including responsible waste management and compliance with applicable regulations. There were zero unplanned spills or emissions in 2019. Overall, the company has good routines regarding monitoring of ESG KPIs, and investigates the root causes of any unanticipated deviations. With regards to waste management, however, the recycling ratio decreased in 2019, owing mostly to locations where Align has a common waste handling with other companies.

Headquarters: Oslo, Norway

Website: www.align.no

Number of employees: 259

Revenues (2019): 690.6 MNOK

Countries of operation: Norway

Investor: Fund V

HV's shareholding: 58.5 %

Certifications:

- FPE Sontum: ISO 9001:2015 and ISO 14001:2015
- Eureka Pumps: ISO 9001:2015 and ISO 14001:2015
- Origo Solutions: ISO 9001:2015

Assembly of firewater diesel generators.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	110.3
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	158.1
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	482.1
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	3.4
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	9.6
Waste (tonnes) [2]	499	1 222	366
Recycling ratio (average)	81%	84%	77%
Unplanned spills (emissions to ground/sea/air)	0	0	0
No. of supplier audits that include environmental auditing	5	7	3
Social	**2017**	**2018**	**2019**
Lost Time Injuries	1	0	1
Total recordable Incident Frequency (TRIF)	3.9	2.1	2.2
Share of women in total workforce	15%	16%	16%
Share of women in management	33%	33%	18%
Short term sick leave	1.6%	1.5%	1.3%
Long term sick leave	3.4%	2.1%	2.3%
Employee turnover ratio	16.0%	7.0%	2.0%
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	5	7	3
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	96%	98%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	1
Whistleblowing cases addressed by management or board	0	1	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	5	7	8

[1] Company business travel, ground water and emissions from various waste incineration and recycling. [2] The large portion of waste in 2018 compared to 2019 is largely due to waste for one specific project.

Meetings are planned with these companies to identify possible improvements that can be implemented in 2020.

All employees are subject to anti-corruption training. In 2019, the company has prioritised management inspections and reporting of unwanted incidents, with regular compliance reporting to the board and a yearly risk assessment to identify areas in need of additional attention. 2019 saw no breaches of laws, regulations, or codes of conduct. Going forward, Align will continue to focus on developing its compliance routines and procedures at all levels of operations.

ESG concerns are an integral part of Align's supplier and customer relationships. Suppliers are pre-qualified based on self-reporting and Align performs risk based supplier audits. Suppliers must adhere to Align's code of conduct as well as the end customers' demands. Both customers and suppliers are subject to integrity due diligence in line with the company's compliance policy.

Testing of helideck firefighting equipment.

APPLY®

Company description

Apply is a leading multidiscipline engineering company specializing in contracts across all project phases in the oil and gas industry, from concept development and studies to completion and commissioning. This includes maintenance, modifications, and operations (MMO) on offshore facilities. Apply is in the process of diversifying its business strategy and increasingly exploring alternative markets like offshore wind, aquaculture and CCSU.

The company views green energy saving solutions as a future growth area and is taking steps to secure the necessary competency and to develop its service offerings to make use of these opportunities. Apply is committed to making offshore operations more climate friendly, and focuses on delivering and developing energy efficiency solutions, green project engineering and design processes, based on improvement studies to clients.

Apply has 40 years of experience in delivering projects from concept development to commissioning. The company has 756 employees, of which 300 are offshore and the rest stationed either in the Bergen, Stavanger or Hammerfest offices. This excludes the subsidiary in Cracow, Poland, supporting engineering services.

Early in 2020, Apply became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

With a company vision of “People First”, Apply’s management approach to ESG involves promoting a safe work environment and an environmentally and cyber conscious work culture. The current HSE campaign, “I am Safety and Attentive”, aims, among other things, to improve occupational health and to ensure a strong safety culture, and is proving effective with low sick leave rates and no serious injuries in 2019. All the while the company grew by 100 people. As for every year, Apply has outlined an HSE program for 2020 with a detailed timeline of initiatives, underlining the strong focus on this area. Apply has a diverse workforce, with 39 nationalities represented, as well as a strong record of gender diversity with almost 50 percent of management positions held by women.

In 2019, Apply had a particular focus on sustainable solutions. One of the company’s goals is to promote energy efficient solutions among the customers. Services provided in 2019 include studies and technical solutions - such as electrification and energy optimization - that help reduce CO_2 emissions in offshore operations. Digitalization is an important element in the development of Apply’s green solutions and Apply Digital Drill floor (ADD) and Apply Digital Green (ADG) are solutions aimed at using digital platforms to identify how to make client processes and installations more climate friendly.

Apply continues to digitize and optimize its operations and processes to improve on energy efficiency, transparency, and skills development. The company employs LEAN management practices and continual improvements in efficiency and quality performance, with robust routines for logging incidents and following up with targeted programs. Closely linked to increased digitalization is the relevance

Headquarters: Stavanger, Norway

Website: www.apply.no

Number of employees: 756

Revenues (2019): 2 021.5 MNOK

Countries of operation: Norway, Poland

Investor: Fund IV

HV’s shareholding: 99.8 %

Certifications:

- ISO 9001:2015
- ISO 14001:2015

CSR activities:

In December, Apply supported the ”Hospital Children Foundation” (Stiftelsen Sykehusbarn) and their gift campaign for 2019. Apply received a diploma from ”Hospital Children Foundation” where they express their gratitude for all the gifts that were donated. Apply has also supported “Kreftomsorg Rogaland” in 2019.

Apply has adopted IOGP 459 “Life-Saving Rules” which its employees shall adhere to. These are simple rules for safe behavior in the execution of the company’s work.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	0.0	0.0	0.9
Energy indirect GHG emissions (GHG PCS Scope 2, in tons) [1]	23.5	23.0	82.0
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [2]	1.2	1.2	1 096.9
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	0.4
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	5.1
Waste (tonnes)	39.7	43.2	60.2
Recycling ratio (average) [3]	63.5%	68.4%	30.0%
No. of supplier audits that include environmental auditing	15	12	15
Social	**2017**	**2018**	**2019**
Lost Time Injuries	4	0	1
Total recordable Incident Frequency (TRIF)	5.8	0	2.0
Share of women in total workforce	20%	21%	20.1%
Share of women in management	33%	41.4%	42.8%
Short term sick leave	1.5%	1.2%	1.1%
Long term sick leave	2.5%	1.4%	1.4%
Employee turnover ratio	4.0%	6.7%	6.2%
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	15	12	7
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	92.5%	89%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	1
Whistleblowing cases addressed by management or board	1	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	15	12	7

[1] The significant increase in Scope 2 emissions is due to a correction in the conversion factor used. [2] Increased scope of reporting from 2019: Scope 3 now includes company cars, business air travel, transport of goods and commuting for the Stavanger and Hammerfest offices only. This was not included in 2018 and 2017. [3] In 2018, Apply reported waste sorting ratio, not the recycling ratio, which accounts for the significant difference from year to year. In 2019 Apply only report recycling ratio.

of cyber security. Apply has put the issue high on its agenda in 2019 and launched the campaign “Apply Digital Awareness” to further address it.

Going forward, Apply aims to integrate the UN Sustainable Development Goals into the business management, and start to document the CO_2 savings from its energy efficiency projects and solutions.

Company description

DeepWell is a well intervention company that provides high-tech wireline, tractor conveyance and cased hole logging services to oil companies. The company headquarter is located at Karmøy, Norway.

DeepWell services, or assists others in servicing, oil and gas wells on the Norwegian Continental Shelf (NCS) by sending equipment, wireline units and crew offshore. The equipment is bought from specialist manufacturers, and serviced in DeepWells' workshops. DeepWell works to ensure zero unintentional spills and to maintain the health and safety of crew in all its operations. Environmental concerns are also increasingly important as a competitive advantage. In order to ensure the best possible ESG performance, ESG KPIs are evaluated by management on a monthly basis.

Early in 2020, DeepWell became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

As DeepWell's services are performed on live oil and gas wells, preserving well and reservoir integrity is critical in order to prevent unintentional spills. Preventing serious incidents is also reflected in DeepWell's focus on health and safety and the training and development of its employees. Offshore operations on the clients' rigs are closely and systematically monitored and evaluated. Health and safety are also key to DeepWell's work in its onshore workshop. In line with its zero harm philosophy, DeepWell had zero serious incidents and zero unintended spills in 2019.

The company has comprehensive environmental controls in place, primarily related to robust routines for chemical handling and waste management. Chemical substitution reviews are conducted periodically to assess the risks related to chemical handling and opportunities for targeted substitution with lower risk products. In the same way, the development and application of a new type of cable, Anaconda, has reduced the use of grease by more than 95 percent since 2018.

DeepWell started reporting on its carbon footprint in 2019 and is planning on setting climate targets once it has a complete set of tracked emissions. Going forward, DeepWell is assessing implementing the ISO 50001:2018 standard for energy management systems in light of client requirements, which would help reduce the company's emissions.

DeepWell has a reputation for excellent safety standards and well integrity and a focus on proactive reporting to its clients. The company holds daily operations meetings with offshore personnel, who also participate in and adhere to the clients' safety work, training and rules. The company's safety standard in drilling and well operations, "The Way We Work", highlights health, safety and environmental concerns and guidelines. HSE information is continuously updated and shared on the company's intranet. DeepWell always audits subcontractors to ensure a sufficient level adherence to social guidelines.

Headquarters: Haugesund, Norway

Website: www.deepwell.no

Number of employees: 196

Revenues (2019): 307.1 MNOK

Countries of operation: Norway

Investor: Fund VI

HV's shareholding: 100 %

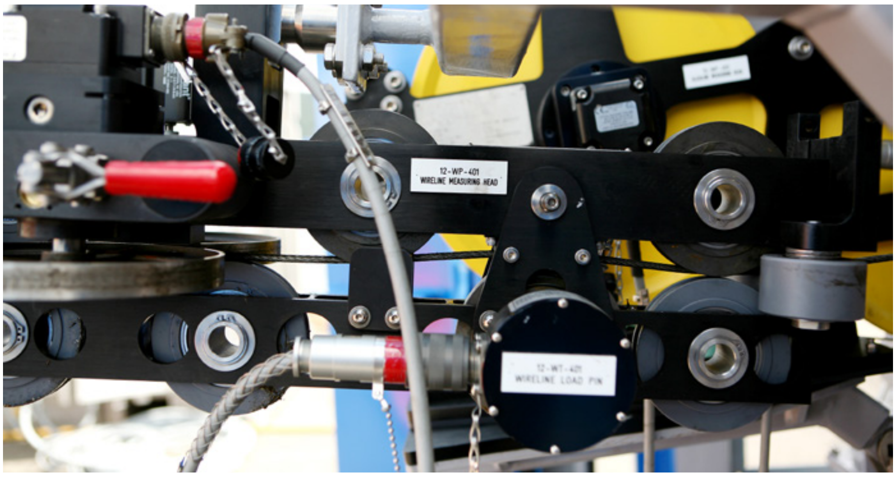
Certifications:

- ISO 9001:2015
- ISO 14001:2015

Wireline operation.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	7.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	14.1
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	127.3
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	0.6
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	4.3
Waste (tonnes)	23.4	17.9	12.2
Recycling ratio (average)	59%	88%	74%
Unplanned spills (emissions to ground/sea/air)	0	0	0
Proportion of total energy use from renewables	-	-	-
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	0	0
Total recordable Incident Frequency (TRIF)	0.0	7.56	0.0
Share of women in total workforce	9.1%	10.7%	9.3%
Share of women in management	17%	33%	25%
Short term sick leave	1.8%	1.8%	2.3%
Long term sick leave	1.1%	2.2%	3.6%
Employee turnover ratio	3.5%	3.7%	0.6%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	73%	97%	96%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	1	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	1	0

[1] Company business travel, employee commuting and emissions from waste and recycling.



Wireline equipment close-up

eDrilling

Company description

eDrilling is a specialist supplier of AI, machine learning, and predictive analytics solutions to the oil and gas industry. The company works closely with E&P companies, operators, and service companies to help them save cost, improve safety, and increase the efficiency of drilling operations. eDrilling specializes in hazard prevention software and provides solutions for well planning, training, drilling and learning with the objective of helping clients eliminate incidents, including accidents involving people as well as oil and gas spills.

The company has begun work to limit and reduce its internal climate-related risks, and is currently benchmarking against other software companies.

Early in 2020, eDrilling became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

eDrilling's software solutions contribute to preserving well and reservoir integrity. The use of Automated Monitoring with eDrilling's Digital Twin has significantly reduced incidents on wells where these technologies are employed.

Since its inception, eDrilling has had a 100 percent success record in terms of zero incidents on the more than 90 wells where its software has been used, having more than 5100 users. The company aims to maintain this 100 percent record while further deploying its technologies internationally.

The company's software may also contribute to reducing its clients' energy use, and thereby their greenhouse gas emissions. Drilling is highly energy-intensive, and eDrilling provides software that shortens the time needed to drill a well, in turn reducing the energy demand.

eDrilling's ESG focus areas are diversity, and a high global standard of compliance. The company has specific goals on diversity throughout the organization, and has made significant progress towards its gender diversity goal of 50 percent women in the organization, reaching a share of 40 percent in 2019. Only three years ago the share of women was as low as 8 percent. eDrilling further has a zero-tolerance policy when it comes to breaches of compliance. To this end, the company has an anti-corruption program in place as well as a cybersecurity policy. In 2019, the company achieved its compliance targets; all employees completed compliance training, all new partners were vetted and there were no compliance breaches.

Headquarters: Stavanger, Norway

Website: www.edrilling.no

Number of employees: 14

Revenues (2019): 27.5 MNOK

Countries of operation: Norway

Investor: Fund V

HV's shareholding: 97.4 %[1]

[1] DNB has provided a convertible loan with a right to convert into 50 % ownership.

Certifications:

Company has no certifications, however, is registered in Achilles Joint Qualification System.

Drillers training on their upcoming well in simulator.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):		
Environmental	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	14.5
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	68.4
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	4.6
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	26.5
Social	**2018**	**2019**
Lost Time Injuries	0	0
Share of women in total workforce	27%	41%
Share of women in management	25%	40%
Short term sick leave	0.8%	1.1%
Long term sick leave	0.0%	0.0%
Employee turnover ratio	9.1%	0.0%
Governance	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	100%	100%
Breaches of ethical guidelines	0	0
Investigations or lawsuits in relation to ESG issues	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0
Whistleblowing cases addressed by management or board	-	-
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	-

[1] Company business travel.

When Statoil drilled the Ragnfrid North well in 2018, the team prepared by drilling their upcoming well in a simulator using a digital twin from eDrilling, focusing on high-risk sections and likely scenarios, with the objective to avoid hazards and improve drilling performance. The actual drilling of the well was performed by semi-submersible rig West Phoenix.

Company description

Emtunga Solutions, headquartered in Gothenburg, Sweden, is a leading supplier of advanced modular steel Living Quarters (LQ) facilities to the oil & gas industry, installed on fixed platforms, semi-submersible platforms, FPSOs as well as onshore. The modular concept makes complex industrial fabrication more predictable and reduces time-to-market, while standards and cost levels can be adapted to customer needs (from medium to high-end). Emtunga Solutions has about 50 employees and has delivered over 120 living quarter modules to its global customer base. The company designs the living quarters at its facilities in Sweden, but outsources the fabrication to two long-term partners, also located in Sweden.

Emtunga laid out a new strategic direction for the company in 2019. As part of the strategic planning, the company has taken steps to mitigate climate risk, and has defined strategic actions to expand its business towards market areas not exposed to the carbon cycle.

Early in 2020, Emtunga became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

In 2019, Emtunga has worked to develop its organization to support the new strategic direction. The company took a valuable step towards new non-oil and gas markets by taking on design coordination, architectural and structural engineering in a 3900m^2 pharmaceutical facility project.

During 2019, Emtunga has placed extra emphasis on non-conformance investigation to identify common issues, and in turn reduce costs and quality defects, which ultimately contributes to reducing the environmental impact of its operations.

The company focuses on continuous education and training, as well as establishing a leadership culture within the company. In 2019, the company initiated a training program for process owners on methods for process development and efficiency. The purpose of the training program is to better equip process owners to lead larger and more complex projects more efficiently. Emtunga also works to make project processes more scalable and to better manage high work loads and multiple projects without compromising on quality and a good working environment.

Emtunga is committed to ensure workplace safety and to improve the working conditions of its employees. In 2019, the company has had zero lost time injuries (LTI) and overall sick leave was very low at less than 2 percent. The company also successfully transferred to the ISO 45001 HSSE management system. Going forward, more attention will be placed on ensuring a good working environment in periods of high project workload. Emtunga also works with its clients to improve HSSE performance on projects by sharing knowledge and best practices of relevant risks.

Headquarters: Gothenburg, Sweden

Website: www.emtunga.com

Number of employees: 52

Revenues (2019): 221.9 MSEK

Countries of operation: Sweden

Investor: Fund IV

HV's shareholding: 99.8 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001

Lift of LQ for Rowan Stavanger delivered in 2019.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):		
Environmental	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	0.8
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	38.4
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	373.7
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	1.7
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	17.6
Waste (tonnes)	88.3	37.5
Recycling ratio (average)	-	7%
Unplanned spills (emissions to ground/sea/air)	-	0
No. of supplier audits that include environmental auditing	-	1
Social	**2018**	**2019**
Lost Time Injuries	0	0
Share of women in total workforce [2]	-	30%
Share of women in management [2]	-	50.0%
Short term sick leave [2]	-	1.7%
Long term sick leave [2]	-	1.0%
Employee turnover ratio [2]	-	3.9%
Governance	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	78%	51%
Breaches of ethical guidelines	-	0
Investigations or lawsuits in relation to ESG issues	-	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	0
Whistleblowing cases being addressed by management or board	-	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	1

[1] Company business travel. [2] Figures for second half of 2019, as the company previously did not compile these figures.

Good corporate governance is high up on Emtunga's agenda. Diversity is important for the company, and it has a solid track record of female managers, which at 50 percent in 2019 is unusual for the mechanical fabrication industry. There were no ethical breaches in 2019. Information security is also becoming an increasingly important area of compliance, and relevant audit requirements were introduced by a client on one of Emtunga's projects.

Emtunga works towards reducing its carbon footprint by considering environmental factors in the product design, and continuously making processes more efficient. The company has a stated goal to reduce CO_2 emissions and reports on all emissions from its operations (including scope 3) and closely monitors any changes. Emissions were however higher in 2019 than in 2018, mainly due to increased business travel in relation to higher sales efforts.

A welded and painted module ready for outfitting.

Company description

Flux Group is a provider of flow and fluid control products and services to the oil and gas industry. Flux Group delivers expertise and high-quality products within valves, piping, special items, hoses and couplings, laboratory solutions and instrumentation, and measurement and analysis. The company has begun adapting its products and services to the transition to a low carbon economy. A first concrete step has been to deliver exhaust gas cleaning systems to the maritime industry, in response to new IMO sulphur requirements. Flux Group is also making steps to enable deliveries to the wind power industry. The company represents and cooperates with several reputable international manufacturers, and supplies both domestic and international customers, with the majority of deliveries for use in Norway.

Flux Group has a robust quality management system to ensure the integrity of its products and services, with a focus on good governance routines, anti-corruption, compliance with laws and regulations and ethical conduct.

Early in 2020, Flux Group became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

Flux Group operates as a value-adding intermediary between manufacturers, operators and engineering companies, which requires active screening and follow-up of its suppliers to ensure quality and reliable delivery in line with its customers' ESG requirements.

The company performs rigorous controls of new suppliers with regular audits of existing suppliers. Because Flux Group's main environmental impact lies in the supply chain, the company aims to have 75 percent of suppliers with environmental certifications such as ISO 14001. In 2019, the company also began to test 3D printing of valves, which could reduce emissions associated with both production and transport.

Much of the production takes place abroad, in countries such as China and Italy, which means working conditions and workers' rights are important areas in supplier audits. Flux Group focuses on ESG requirements related to working conditions, pay, child labor and supplier certifications.

Flux Group also strives to improve the environmental impact of its own operations. The company targets a recycling ratio of at least 95 percent, which it came close to reaching in 2019, with 88 percent. In 2019, Flux Group also reduced its carbon footprint by merging three offices into one office in Bergen, with the added benefit of improving corporate culture. Flux Group also promotes environmentally friendly business practices by using its significant expertise related to material and product selection to give its clients the best advice available.

The company aims to have a sick leave below 2.5 percent, and zero LTIs. In 2019, the company saw a significant decrease in the long-term sick leave rate of almost 50% and no LTIs. To further improve its occupational health and safety (OH&S) performance, Flux Group is currently in the process of receiving the ISO 45001 certification.

Headquarters: Stavanger, Norway

Website: www.fluxgroup.com

Number of employees: 85

Revenues (2019): 764.7 MNOK

Countries of operation: Norway, Italy

Investor: Fund VI

HV's shareholding: 69.3 %

Certifications:

- ISO 9001:2015
- ISO 14001:2004
- ISO 18001:2007
- ISO 3834-2:2005
- Achilles JQS
- Sellihca, EPIM

Flux Valvision delivers a wide range of high-quality valves and actuators.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	6.1
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	61.0
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[1]	-	-	173.2
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	0.8
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	2.8
Waste (tonnes)	-	-	106.1
Recycling ratio (average)	-	-	88%
Unplanned spills (emissions to ground/sea/air)	-	-	0
No. of supplier audits that include environmental auditing	9	10	7
Social	**2017**	**2018**	**2019**
Lost Time Injuries	-	0	0
Share of women in total workforce	22%	19%	21%
Share of women in management	14%	14%	20%
Short term sick leave	1.0%	0.8%	2.2%
Long term sick leave	1.9%	4.3%	2.1%
Employee turnover ratio	-	5.8%	1.5%
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	9	10	7
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	77%	92%	97%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	1[2]	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	1
Whistleblowing cases addressed by management or board	1	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues[3]	9	10	7

[1] Company business travel and various emissions from waste and recycling. [2] See 2018 report for details. [3] All audits include environmental, social and governance aspects.

In 2018, the company experienced an incident where a supplier manipulated material certificates. As a consequence, Flux Group began developing a new software, ‘Trust Portal’, which will ensure improved traceability from raw material to finished product and ensure the authenticity of certificates and documentation from suppliers. The software may itself create a competitive advantage and business opportunity, through selling licenses to other companies.

Flux Group will further develop its ESG work in 2020, including test and launch of the Trust Portal, introducing GHG accounting, and involving the employees in the ESG work. This includes increasing their awareness of climate footprint and cyber security through internal learning opportunities. Flux Group will also identify its potential contribution towards relevant Sustainable Development Goals.

Flux Active Service is a leading provider of high quality hoses.

GLOBAL MARITIME

Company description

Global Maritime is a marine, offshore and engineering consultancy firm serving the offshore oil and gas, renewable energy and offshore aquaculture sectors. The company specializes in marine warranty, offshore marine operations, ship systems and dynamic positioning, marine assurance and advisory services as well as marine engineering services.

Global Maritime partners with clients to provide practical solutions by innovative means, to mitigate risks and to deliver excellence in their operations and projects. The company operates globally with headquarters located in Norway, and has a strong focus on sustainability, anti-corruption and safety measures throughout its operations.

Global Maritime is expanding its portfolio of renewables projects alongside the oil and gas sector, both in terms of increased revenue and geographic diversification of its renewable offering. The skill-sets and services the company provide are highly transferable across oil and gas on the one side, and renewables on the other.

Early in 2020, Global Maritime became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

As a consultancy firm, Global Maritime provides a broad range of services that assist clients in mitigating risks, improving safety and standards, in addition to performing investigative studies into optimization of projects. Through the support of the Marine Warranty Surveyor service, clients can improve project performance by reducing the risk of incidents and improving financial performance by minimizing operational downtime and delays.

Global Maritime provides mission-critical systems support services, which includes partnering with vessel and equipment owners to ensure that their safety critical systems are tested and operating safely and efficiently. Global Maritime also provides a range of ESG-related services for oil and gas and other marine industries, including shipping, aquaculture, infrastructure, and renewable energy. Examples include assessments of maintenance systems to reduce power consumption on wind farms and oil platforms, and thruster assisted mooring to reduce fuel consumption on drilling units.

As part of the company's strategy to promote sustainability and secure more renewables projects, Global Maritime commenced a resources and capabilities mapping exercise for all service lines and business areas in 2019. The aim of the project was to determine the internal know-how and experience that is applicable to renewable and sustainable industries. Over the past two years, 15-20 percent of annual turnover has originated from offshore renewable energy projects, mainly associated with traditional offshore wind projects in the North Sea basin. However, there are promising outlooks both for floating wind and solar, as well as geographic expansion in Southern Europe and Asia-Pacific. Global Maritime participates in a number of research projects to develop the technological capability to install marine renewable energy sources.

Headquarters: Stavanger, Norway

Website: www.globalmaritime.com

Number of employees: 250

Revenues (2019): 449.3 MNOK

Countries of operation: Norway, USA, Canada, UK, Poland, Germany, Egypt, Azerbaijan, Qatar, UAE, China, Malaysia, Singapore, Indonesia

Investor: Fund VI

HV's shareholding: 92.3 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001

CSR activities:

Global Maritime has engaged in a cooperation with the innovative non-profit foundation The Ocean Cleanup. The Ocean Cleanup develops advanced technologies to rid the world's oceans of plastic, and the project's passive systems is estimated to remove half the Great Pacific Garbage Patch in five years from full-scale deployment. Global Maritime supports The Ocean Cleanup by a team of highly experienced engineers and mariners, that will provide expertise in Engineering, Naval Architecture, Risk and HSEQ, Hydro-dynamic Analysis and Structural Engineering. For details on The Ocean Cleanup, please visit their website (www.theoceancleanup.com).

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	0.0	0.0	0.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons) [1]	-	-	340.1
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [2]	650.8	614.0	967.0
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	6.7
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	25.6
Waste (tonnes)	22.6	48.3	48.7
Recycling ratio (average) [3]	68.4%	66.5%	67.4%
Unplanned spills (emissions to ground/sea/air)	0	0	2
Proportion of total energy use from renewables	0%	0%	0%
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	0	3
Total recordable Incident Frequency (TRIF)	-	2.23	8.12
Share of women in total workforce	20.6%	21.6%	24%
Share of women in management	22%	9%	40%
Short term sick leave	1.8%	2.1%	1.7%
Long term sick leave	1.4%	1.8%	0.6%
Employee turnover ratio	-	13%	5.4%
Community engagement (hours spent on Ocean Cleanup Project)	0	120.5	32
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	94%	94%	72%
Breaches of ethical guidelines	0	0	1
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	136.3	195.7	127
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0	0

[1] Based on own data for Stavanger office as well as best estimates from building managers for rented offices in London, Gdynia, Kuala Lumpur and Aberdeen. [2] Company business travel and emissions from various waste incineration and recycling. [3] Waste volumes in all offices except Stavanger (the largest office) are estimated and therefore not included. The following offices apply the local council/municipality recycling schemes: London, Aberdeen, Hamburg, Glasgow, Stavanger, Bergen, Oslo, Gdynia. There are no recycling facilities in: Singapore, Jakarta, Shanghai, Abu Dhabi, Doha, Cairo, Baku.

The company has a separate strategy for aquaculture which promotes sustainability efforts in the aquaculture industry, and continues to support the Ocean Cleanup Project and its mission to remove ocean plastic, with engineering work and advisory services.

Global Maritime experienced an operational incident in 2019 that resulted in a serious Lost Time Injury to a person (subcontracted to a supplier of Global Maritime). Significant resources and time were committed to investigating the root causes of the incident. The investigation has been completed and presented to management, and lessons learnt are being implemented across all companies involved. More generally, a HSEQ improvement plan has been implemented including various initiatives planned throughout 2020 to improve health and safety performance.

In 2019, Global Maritime updated its whistleblowing policy and improved the whistle-blowing process. Cases are now reported anonymously through a hotline managed by an external third party. The company also organized a refresher training for the employees. One breach of ethical guidelines was registered during the year. The case was of a non-criminal nature, and has been addressed and closed by management.

GM led the disconnection and 346 nauticalmile towing operations of the Njord A semi-submersible floating production platform from the Njord field to shore, on behalf of the operator Equinor.

KARSTEN MOHOLT

Company description

The Moholt Group consists of three business units: Karsten Moholt, Teknor and Aquamarine Subsea. HitecVision established Aquamarine Subsea in 2014 and acquired Karsten Moholt, including Teknor, in May 2018. The three companies have joined forces to establish a larger entity positioning the companies for the growing markets for life cycle enhancement, maintenance and repair services. Increasingly, the company is looking to expand its services to alternative industries.

Karsten Moholts and Teknor are Norway's leading providers of smart maintenance for electric motors and other rotating electric equipment. The companies deliver complete maintenance solutions based on predictive maintenance, condition monitoring, AI and cloud solutions, and precision maintenance at its two facilities in Norway as well as globally in the field.

Aquamarine Subsea is a specialized company within the drilling and well control segments of the oil and gas industry, with expertise in inspection, maintenance, fabrication, re-design and certification of well control and drilling equipment. Aquamarine provides lifecycle management services for critical drilling equipment, with particular focus on risers, blowout preventers (BOPs), and related subsea equipment at its facilities in Norway.

Early in 2020, Moholt Group became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

In 2019, Moholt Group set concrete targets for transitioning parts of the business away from oil and gas. By 2023, a considerable part of the company's revenue stream should be generated from other markets, with the estimated largest part of the transition being carried by renewable energy and aquaculture. Going forward, Karsten Moholt will develop a new strategy that incorporates these goals and other target industries, and that integrates both sustainability and circular economy. A similar project, albeit not at the same stage of formalization, has been initiated in Aquamarine Subsea and Teknor, with a particular focus on renewable energy.

All companies in the Moholt Group have a proactive HSEQ approach. In 2019, the companies have implemented a common HSEQ system with joint monthly ESG reporting covering KPIs and targets for health and safety, as well as absolute goals of zero injuries and accidents, zero work-related sickness absence and zero emissions to the outside environment.

The Moholt Group has robust systems for training and skills development, and all new employees must complete HSE training as part of their training plan. In 2019, the companies ran an internal campaign to increase awareness and prevent injuries being repeated among the employees. Both companies seek to use the Norwegian system for specific trade education and apprenticeships to improve the gender balance by requesting 50 percent of the apprentices being women.

In 2019, the companies have also set targets for decarbonization and aim to develop a decarbonization strategy in 2020. The ambition is carbon neutrality,

Headquarters: Bergen, Norway

Website: www.karsten-moholt.no

Number of employees: 213

Revenues (2019): 391.0 MNOK

Countries of operation: Norway

Investor: Fund VI

HV's shareholding: 98.4 %

Certifications:

- ISO 9001
- ISO 14001
- OHSAS 18001
- ISO 3834-2
- ISO 17020
- IECEx
- Presafe
- UL
- DNV GL
- ABS

CSR activities:

Karsten Moholt has during the year sponsored Sykehusklovnene, which is an non-profit organization who brings clowns to the local hospital, to entertain and cheer up sick children. Karsten Moholt's subsidiary AquaMarine donated the Christmas gift to "Jobb for livet" which is a local voluntary organization who supports those who experience social exclusion.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):	
Environmental	**2019[1]**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	156.5
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	133.8
Other indirect GHG emissions (GHG PCS Scope 3, in tons)[2]	238.8
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	6.5
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	11.9
Waste (tonnes)	256.1
Recycling ratio (average)	85%
Unplanned spills (emissions to ground/sea/air)	0
Proportion of total energy use from renewables	100%
Hazardous waste (tonnes)	99.5
Non-Hazardous waste (tonnes)	156.6
No. of supplier audits that include environmental auditing	4
Social	**2019***
Lost Time Injuries	1
Total recordable Incident Frequency (TRIF)	2.4
Share of women in total workforce	13.6%
Share of women in management	28.6%
Short term sick leave	2.0%
Long term sick leave	2.4%
Employee turnover ratio	15%
Community spending (donations - NOK)	40 500
Governance	**2019***
Share of relevant staff who has completed anti-corruption training (%)	90%
Breaches of ethical guidelines	0
Investigations or lawsuits in relation to ESG issues	0
Non-Conformity Reporting Frequency	6 340.8
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0
Whistleblowing cases addressed by management or board	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	6

[1] The company in its current form was established in 2018 and has not begun reporting until 2019. [2] Company business travel and emissions from various waste incineration and recycling.

although the target date has not yet been established. The services the companies provide are also aimed at reducing the carbon and environmental footprints of their clients, by prolonging the longevity of equipment.

Repair and maintenance are becoming increasingly important to the Norwegian oil industry as the life cycle of the fields on the Norwegian Continental Shelf are set to be prolonged. It is the aim of Moholt Group that the equipment they repair is returned to customer better than new. In 2019, the companies began work to structure and improve efforts towards life cycle extension and circularity, firstly by starting to measure the footprint saved by prolonging the life cycle of clients' equipment. The work has been linked to Sustainable Development Goal 12 - Sustainable consumption and production patterns and 13 - Climate Action, and concrete targets are set to be established during 2020.

Company description

Leirvik is the leading Norwegian engineering, procurement and construction (EPC) supplier of aluminium projects and related services for clients operating both on- and offshore. The company delivers quality products and services all the way from initial engineering, maintenance and refurbishment to life-extending upgrades. For more than 40 years the company has been a preferred supplier of living quarters, topside modules, maintenance and modification services to the offshore oil and gas industry. Its track record includes the Johan Sverdrup living quarter, the world's largest offshore hotel.

In addition to serving the oil and gas industry, the company is gradually broadening its portfolio with aluminium products and services to clients within other industries, and works actively on a strategy to diversify to new, non-fossil fuel markets. The company has identified aquaculture, infrastructure, offshore wind and green energy carriers as markets with high potential.

The company's overarching ambition related to ESG is to develop products and solutions that can replace the use of materials and methods that involve significant emissions and risk to personnel. Within the oil and gas sector, Leirvik is committed to increase the use of aluminium in offshore constructions to reduce the need for maintenance, and to deliver products that reduce energy and resource use.

Design and manufacturing are carried out at the company's own yard at Stord in Norway. The company is involved in the full project life cycle from concept studies to maintenance projects.

Leirvik is a value-driven organization with a strict focus and high ambitions for health, safety and governance through its self-developed HSE programme Safe Steps and its corporate culture and continuous improvement programme Smart Steps.

Early in 2020, Leirvik became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

Leirvik is focused on building a strong culture and track record for health and safety. The HSE-program "Safe steps - if you see it, you own it" aims to prevent incidents and injuries. The program focuses on material risks, providing information and learning, and bringing together the employees. The occupational health and safety efforts are guided by the ISO 45001:2018 certification. In 2019, Leirvik outperformed its internal targets, and no significant HSE deviations were recorded.

The company's concern for health and safety and working conditions extends to both hired personnel and the employees of its suppliers. Leirvik works systematically with trade unions to develop its suppliers, and suppliers are pre-qualified, screened on HSE, quality and compliance, and followed up based on risk assessments.

In order to secure qualified personnel in the future, Leirvik cooperates with local education institutions and participates in local projects. As in 2019, Leirvik aims to double its intake of apprentices in 2020.

Leirvik's environmental efforts in 2019 have primarily focused on maintaining its high recycling ratio, which is of particular importance as the company primarily works with

Headquarters: Stord, Norway

Website: www.leirvik.com

Number of employees: 249

Revenues (2019): 424.2 MNOK

Countries of operation: Norway

Investor: Fund IV

HV's shareholding: 99.8 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001
- ISO 3834:2
- Achilles JQS & Achilles Fpal

Johan Sverdrup Accommodation Module, delivered by Leirvik AS.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	329.4
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	172.2
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	240.7
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	10.4
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	15.4
Waste (tonnes)	537.4	583.3	489.5
Recycling ratio (average)	81.6%	85%	81.2%
Unplanned spills (emissions to ground/sea/air)	0	0	0
No. of supplier audits that include environmental auditing	12	14	18
Social	**2017**	**2018**	**2019**
Lost Time Injuries	1	1	1
Share of women in total workforce	16.6%	15.7%	15.4%
Share of women in management	11.8%	12.5%	20%
Short term sick leave	1.6%	2.0%	1.7%
Long term sick leave	2.2%	3.4%	4.3%
Employee turnover ratio	1.8%	4.0%	11.0%
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	12	14	18
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	100%	100%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	1
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	12	14	18

[1] Company business travel and emissions from waste and recycling.

aluminium. The company fell just short of its goal of an 85 percent recycling ratio, seeing a small decrease from 85 percent in 2018 to 81 percent in 2019.

By using aluminium as its primary material instead of steel, Leirvik contributes to significantly reducing life cycle maintenance of its constructions. As the living quarters are used on offshore platforms, this has large effects in terms of lower emissions and less work in hazardous conditions. In 2019, the company delivered the living quarters to the Peregrino II platform offshore Brazil, which replaced what was originally intended as a steel concept. Leirvik also has an ongoing project with Equinor to develop a program for resource and energy optimization of living quarters.

Leirvik has a strong track record of compliance with regulations and standards, and ambitious targets for transparency. The company's goal for reporting deviations, observations, recommendations and positive feedback, is one report for every 350 hours worked. Deviations and HSE statistics are reviewed monthly in a management meeting. Risk management is a high focus in Leirvik, and mapping and mitigations of risks are performed at all levels. In 2019, all employees participated in training on the ethical guidelines and anti-corruption.

Installation of Peregrino II Living Quarter in Brazil, delivered by Leirvik AS.

MINOX TECHNOLOGY

Company description

Minox Technology provides environmentally friendly technology for deoxygenation of water to be injected into reservoirs in order to increase oil and gas production. Water for injection needs to be treated to prevent corrosion and bacterial growth, and the Minox process uses pure nitrogen gas in a closed loop to remove oxygen from the water. The technology is a compact, cost-effective solution with low weight and a small footprint.

Minox Technology also provides a new and compact solution for dehydration of natural gas, based on its core technology.

The company focuses on developing the necessary competencies and core technologies to play a role in the transition to a low-carbon society and has ongoing R&D projects within carbon capture. Additionally, the company aims to reduce its own carbon footprint throughout the value chain.

Early in 2020, Minox Technology became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

Minox Technology's vision is to be the leading provider of water deaeration systems. The Minox deaeration technology is an environmentally sound alternative to the use of hazardous chemicals to treat removal from injection water. The technology also saves operational costs on chemicals for the clients, and reduces the need to transport and store hazardous chemicals. The technology can also reduce acidic buildup in the wells due to sulphate and chemical use.

In 2019, Minox continued its efforts to develop new climate-related products, in line with its vision, focused on natural gas dehydration and carbon capture and storage solutions. The development projects on climate technology have shown progress in 2019.

In its own operations, Minox is focused on creating a safe working environment with an excellent HSE record. 2019 saw no serious work-related incidents, and the company continues the new employee wellbeing program promoting physical health and activity that was initiated in 2018. Minox is certified in accordance with OHSAS 18001and works to transition to the new ISO 45001 standard to ensure a good working environment. Minox is actively seeking to create a workplace that reflects the diversity of society at large, and will use its current period of expansion to this end. Additionally, the company is working to create an effective environmental management system, including obtaining the ISO 14001 certification.

Good governance is tightly linked to fighting corruption, which imposes an industry-specific focus for Minox due to some of the high-risk countries in which the company operates. The company has an excellent track record and sees a proper mindset and training in anti-corruption as vital. In 2019, 52 percent of employees completed anti-corruption training.

Headquarters: Notodden, Norway

Website: www.minox.no

Number of employees: 21

Revenues (2019): 64.6 MNOK

Countries of operation: Norway

Investor: Fund V

HV's shareholding: 94.8 %

Certifications:

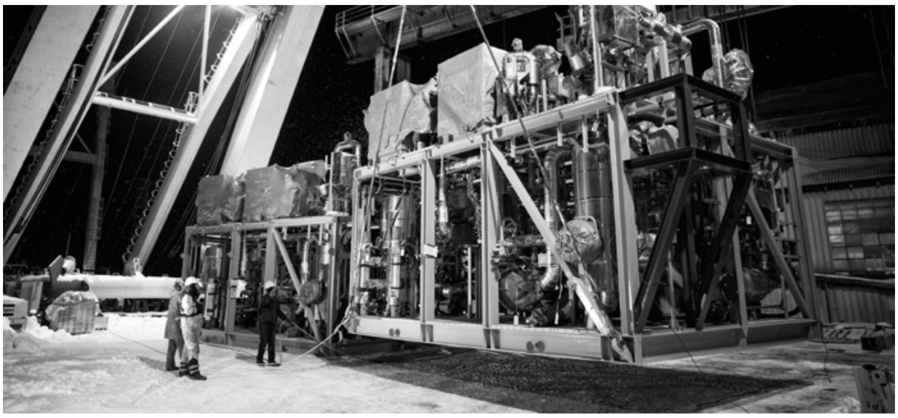
- ISO 9001
- OHSAS 18001

CSR activities:

In the second half of 2019, Minox Technology conducted a teaching program for fifth-grade at a local school. The pupils named the project "Operation CO_2-capture". The pupils have been challenged to invent and design solutions for CO_2-capture, and how to utilize and store CO_2. Minox Technology has challenged the class to invent methods for carbon capturing and storage or invent a concept for removing plastic waste in rivers. Minox Technology wants to make a positive impact on the local communities. In the long run, initiatives like this may benefit the local tech-industry by encouraging our youths to seek a career within science and technology.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):		
Environmental	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	0.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	5.0
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	100.7
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	0.7
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	14.4
Waste (tonnes)	negl	negl
Recycling ratio (average)	-	100%
Unplanned spills (emissions to ground/sea/air)	-	0
Proportion of total energy use from renewables	-	100%
No. of supplier audits that include environmental auditing	-	1
Social	**2018**	**2019**
Lost Time Injuries	-	0
Share of women in total workforce	13%	19%
Share of women in management	25%	33%
Short term sick leave	2.5%	1.3%
Long term sick leave	-	0.0%
Employee turnover ratio	-	4.94%
Community spending (donations - NOK)	-	45 000
Governance	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	52%
Breaches of ethical guidelines	-	0
Investigations or lawsuits in relation to ESG issues	-	0
Non-Conformity Reporting Frequency	-	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	0
Whistleblowing cases addressed by management or board	-	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	1

[1] Company business travel.



Minox Compact deaeration package ready for transport from Agility Subsea Fabrication in Langesund, Norway to Hebron offshore Canada.

ROSS OFFSHORE
Deeper Understanding

Company description

Ross Offshore is a project management and consultancy firm that offers well management services, consultancy and project management services within drilling, well and reservoir management.

Ross Offshore always puts safety first and has a zero-incident philosophy when it comes to safety and environmental impact. In 2020, Ross Offshore will prepare a sharpened business strategy for environmentally friendly solutions and green management. The company will also develop and implement several environmental initiatives, with a focus on reducing CO_2 emissions, as part of its HSEQ activity program.

Early in 2020, Ross Offshore became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

Ross Offshore focuses on skills development and in-depth knowledge to meet its clients' needs. The company primarily delivers services related to well drilling in various scopes, in some cases running the client's drilling operations. Ross Offshore also delivers HSEQ services that cover all parts of the clients' HSEQ management, from the project planning through operational phases. The company's services aim to reduce its clients' ESG risks, most notably through services that contribute to preventing accidents and unplanned spills, but also advice for chemical handling and environmentally friendly substitutions.

In its own operations, the company works to maintain low levels of sick leave through a HSE-program focused on preventive activities and building a healthy work environment. In 2019, there was a significant decrease in the long-term sick leave by over 30 percent, indicating a well-functioning program. The company has a robust quality management system for HSEQ matters, and is certified to ISO 9001. Ross Offshore placed a particular focus on quality deviations in 2019. Going forward, more attention will be paid to improving internal quality and compliance control of deliveries prior to submission.

Ross Offshore conducts annual internal audits to verify ESG compliance in its management system with recommendations for continuous improvement. In addition, Ross Offshore now reports on its carbon footprint for the first time, marking an important milestone. As a next step, the company will develop concrete KPIs to reduce its greenhouse gas emissions.

The company experienced no major incidents and zero deviations in its quality management system in 2019.

Headquarters: Stavanger, Norway

Website: rossoffshore.no

Number of employees: 55

Revenues (2019): 520.8 MNOK

Countries of operation: Norway, Denmark

Investor: Fund IV

HV's shareholding: 89.4 %

Certifications:

- ISO 9001

Ross Offshore planning and supervising mooring chain replacement at the Åsgard A FPSO.

Key Reported ESG Figures for 2019
(2018 and 2017 figures displayed where available):

Environmental	2017	2018	2019
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	0.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	4.6
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	47.3
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	0.1
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	0.9
Waste (tonnes)	negl	negl	negl
Recycling ratio (average)	negl	negl	negl
No. of supplier audits that include environmental auditing	0	1	0
Social	**2017**	**2018**	**2019**
Lost Time Injuries	1	1	0
Total recordable Incident Frequency (TRIF)	7.6	12.4	0
Share of women in total workforce	36.3%	37%	49.1%
Share of women in management	16.0%	16.0%	16.7%
Short term sick leave	1.1%	1.1%	1%
Long term sick leave	3.8%	4.0%	2.7%
Employee turnover ratio	8.0%	5.75%	3.8%
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	2	1	0
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	70%	70%	80%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	1	3

[1] Company business travel.

Anchor handling vessel Far Sapphire approaching the Borgland Dolphin for rig move.

SURETANK

Company description

Suretank is a leading manufacturer and supplier of DNV-approved tanks and containers to the offshore oil & gas industry. Suretank's products are used for the safe transportation and storage of a wide range of hazardous and non-hazardous substances and equipment. More recently, the company has developed new business lines:

- Surehouse - Design and manufacture of a range of products (modular container solutions) for the information, communication & technology industry.
- Surepro - Design and manufacture of custom atmospheric and pressure vessel equipment for the life science, food and beverage industries.

Suretank is based in Ireland with additional manufacturing capabilities in the US, subcontractor facilities in Poland and China, as well as sales offices in major markets. With the acquisition of UK company Prior Diesel, the company also supplies total pump and engine skids for diesel and liquidized nitrogen. These products are designed in-house, and most are manufactured at the company's own workshops in Ireland and the UK.

Early in 2020, Suretank became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

Suretank operates an Integrated Management System (IMS) which covers its Q.H.S.E. certificates. The company also operates under an Integrated Pollution Prevention & Control licence (IPPC) issued by the EPA. Suretank sets annual targets and objectives under each discipline using Key Performance Indicators to measure how effectively the company is achieving its key business objectives.

As part of increased recycling and waste management efforts, Suretank has improved its recycling techniques for cables, aerosols and batteries, guided by the Waste Electrical and Electronic Equipment Directive (WEEE), and focused on minimizing hazardous waste. Within health and safety, Suretank works to reduce the number and severity of work-related accidents in cutting, welding and polishing processes, and to identify incident patterns to prevent recurrence.

To support its HSE efforts, the company has in 2019 successfully integrated its management systems into one IMS (integrated management system), which was fully audited and certified in accordance with ISO 9001, ISO 14001 and ISO 45001. The company experienced no major incidents, no accidental spills and no deviations in its quality management system in 2019. Going forward, more attention will be paid to retaining employees as well as training of new staff to further reduce the risk of incidents. The company also launched an Employee Welness Program in 2019 in an effort to promote employee well-being and self-care.

Suretank has identified a set of other relevant areas to improve of its ESG work, primarily related to increased standardization of products and solutions, waste reduction and personnel training on the new waste management solutions. The company's LEAN initiative plays an important role in supporting these focus areas.

Headquarters: Dunleer, Ireland

Website: www.suretank.com

Number of employees: 119

Revenues (2019): 31.7 MEUR

Countries of operation: Ireland, Norway, Netherlands, Poland, UK, China, Thailand, USA, Brazil, Mexico

Investor: Fund VI

HV's shareholding: 67.3 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001
- EN 1090

CSR activities:

Suretank supports a number of charities with donations from both the company and the employees, including a 'GOAL' Jersey day and 'St Vincent de Paul' Christmas Jumper day.

GOAL is an international humanitarian response agency established in Ireland over 40 years ago. Working in 13 countries, GOAL reaches the most vulnerable communities with emergency response, food and nutrition security, resilient health and sustainable livelihoods.

The Society of St. Vincent de Paul is the largest, voluntary, charitable organisation in Ireland which supports those experiencing poverty and social exclusion.

The Company has also supported a number of local clubs by contributing to their economic development for the local community.

Key Reported ESG Figures for 2019[1] (2018 and 2017 figures displayed where available):		
Environmental	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	132.0
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	326.4
Other indirect GHG emissions (GHG PCS Scope 3, in tons)	-	-
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	12.9
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	12.9
Waste (tonnes)	248.3	280.3
Recycling ratio (average)	64%	65%
Unplanned spills (emissions to ground/sea/air)	0	0
Hazardous waste (tonnes)	37.6	19.8
Non-Hazardous waste (tonnes)	210.7	260.5
No. of supplier audits that include environmental auditing	2	2
Social	**2018**	**2019**
Lost Time Injuries	6	7
Share of women in total workforce	6%	6.7%
Share of women in management	1%	12.5%
Short term sick leave	0.9%	1.9%
Long term sick leave	1.1%	1.4 %
Employee turnover ratio	-	20%
Community spending (donations - GBP)	-	2 600
No. of supplier audits that include social issues auditing (human rights, labour rights, etc.)	2	0
Governance	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	-	-
Breaches of ethical guidelines	-	0
Investigations or lawsuits in relation to ESG issues	-	0
Non-Conformity Reporting Frequency	-	-
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	-
Whistleblowing cases addressed by management or board	-	-
IDDs and audits of supplier, distributor or JV partner that include ESG issues	2	2

[1] Suretank Ltd only, as subsidiaries have not yet established reporting routines.

To better address climate issues in the near future, Suretank aims to reduce its business travel and electricity consumption and will identify other improvement areas to reduce its carbon footprint.

Suretank is in the proces of updating a number of policies under its Compliance Program, including the Code of Conduc, Anti-corruptio Guidelines, Whistleblower Policy and Integrity Due Diligence Procedures, and will provide refresher training to the employees.

A series of 15000 litre ISO pumps.

TEKNISK BUREAU

Company description

Teknisk Bureau (TB) is a technical installation contractor and service company with electrical, plumbing, HVAC, telecommunications, automation, energy advisory, and marine electrical installation. TB's services range from minor service jobs in private homes to major projects related to large buildings and installations. TB works out of a number of locations on the west coast of Norway.

With around 450 highly skilled employees, TB is a leading business with a high emphasis on continued workforce development and HSE.

TB is currently transitioning from a traditional contractor to a company providing smart and green technologies. The company sees market potential in providing sustainable solutions, such as solar panels, onshore power supply, energy efficient buildings and solutions and hybrid maritime vessels. Sustainable and green solutions are also considered as a future competitive advantage in bidding processes, and will therefore be a central element to the new strategy that is under development in 2020.

Early in 2020, TB became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

With the help of its first carbon emissions report in 2019, TB has been able to identify relevant levers to improve its carbon footprint. Several initiatives in 2019 have reduced the company's footprint, including increasing the number of electric vehicles in the company's own fleet, and reducing travel for each project. Additionally, TB has improved the supply chain with its wholesalers by being physically included in their delivery routes, and optimized and reduced its use of workspace, overall reducing energy consumption. With baseline figures established, the aim for 2020 is to set improvement targets to further reduce scope 1 and 2 emissions.

TB has also started to focus on delivering green solutions. The company participates in an Innovation Norway funded pilot project for developing inductive (i.e. wireless) charging of battery-powered ferries, and in due course other ships.

As a technical contractor with a large proportion of its employees working on building sites, TB values the health and safety of its staff and clients, and aims to create safe working conditions and sustainable project solutions. The company has a new quality management system, "Slik jobber vi," which features a bespoke approach to ensure the best operational framework to meet the targets of zero injuries to people, equipment and the environment. The program is compliance-focused, with clearly defined roles and responsibilities.

With regards to supplier governance, TB prioritizes responsible procurement and quality assurance when new or external resources are brought on board projects.

Headquarters: Stavanger, Norway

Website: www.tekb.no

Number of employees: 450

Revenues (2019): 600.4 MNOK

Countries of operation: Norway

Investor: Fund IV

HV's shareholding: 99.8 %

Certifications:

- Quality management system according to ISO 9001:2015. Certification planned.
- Environmental management system according to ISO 14001 under development.

CSR activities:

Teknisk Bureau has approximately 60 apprentices in the company at all times. This is a valuable contribution to competence development in the company and the regions where Teknisk Bureau operates.

A leading supplier of technical installations since 1893.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	520.9
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	31.3
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	83.0
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	8.1
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	9.3
Unplanned spills (emissions to ground/sea/air)	0	0	0
Social	**2017**	**2018**	**2019**
Lost Time Injuries	-	4	2
Total recordable Incident Frequency (TRIF)	-	9.8	7.8
Share of women in total workforce	-	-	-
Share of women in management	-	33.0%	38%
Short term sick leave	2.3%	2.5%	2.0%
Long term sick leave	3.2%	3.7%	3.4%
Employee turnover ratio	4.0%	4.5%	4.9%
Governance	**2017**	**2018**	**2019**
Breaches of ethical guidelines	-	0	0
Investigations or lawsuits in relation to ESG issues	-	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	0	0
Whistleblowing cases addressed by management or board	-	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	-	0	0

[1] Company business travel.

TB has won the contract for all technical installations at the new Sola velodrome and sports center.

Company description

Vryhof consists of three companies within the mooring industry:

Vryhof Anchors, headquartered in the Netherlands, is the global market leader in drag embedment anchors and related mooring equipment for larger floating structures to the offshore energy industries and offshore civil applications. Vryhof Anchors delivers mooring components for a variety of floating units, such as drilling rigs, FPSOs, SPM Buoys, floating wind turbines and offshore fishfarms.

MoorLink designs, produces and installs certified swivel links, connections and wire clamps for use on mooring chains, wires and ropes for drilling operators, anchor handling operators, oil companies, marine equipment companies and floating production operators.

Deep Sea Mooring (DSM) provides mooring equipment rental and mooring installation services, primarily in the North Sea and Australia / South East Asia. DSM was founded in Norway, and now has additional offices and yards in Australia and the UK. DSM also has occasional operations in other global markets.

Vryhof is increasing its presence in renewables, aquaculture and other alternative markets to oil and gas. At the same time, the company will continue providing mooring services to the oil and gas sector, which can help drillers and oil companies limit their fuel use and improve their climate footprint by replacing Dynamic Positioning (DP).

Early in 2020, Vryhof became part of Moreld, a new industrial group comprising 20 SME companies from three HitecVision funds. Moreld will take a lead in the necessary transition of companies that are currently focused on the oil and gas industry towards sustainable energy and other industrial sectors.

ESG approach and focus areas

Vryhof continued its focus on contributing to reducing carbon emissions in 2019. Anchoring and mooring are environmentally friendly alternatives to piling or engine-driven dynamic positioning, reducing carbon emissions or the need for permanent offshore structures. An oil company mapped this on two identical rigs operating in the same area, where one was moored and the other on DP. The company's own data, combined with feedback from other drilling contractors, found that mooring rigs saved on average 172 800 litres of diesel every day.

Vryhof Anchors has been mooring floating offshore windmills since 2008 and is the global market leader. Vryhof Anchors also delivers other significant contributions to the development of offshore renewable energy (ORE) projects, such as providing input as advisors on soil requirements and site investigations for ORE projects, geotechnical characterization, and optimization of mooring systems, design basis and design loads. In 2019, one third of Vryhof Anchor's revenues derived from non-oil and gas projects.

HSEQ is one of the top priorities at Vryhof Group. Anchors and mooring line components are supplied with classification certificates. Management expects that all employees emphasize HSEQ as part of their work.

Vryhof Anchors' Health, Safety & Environment policy aims to maintain and improve HSE performance across all areas of business. The policy emphasizes training of current and new employees, as well as initiatives to organize environmental activities, such as plastic fishing, and suggesting improvements to reduce environmental impact of business activities.

Headquarters: Straume, Norway

Website: www.vryhofgroup.com

Number of employees: 87

Revenues (2019): 437.5 MNOK

Countries of operation: Norway, Sweden, Netherlands, UK, Australia

Investor: Fund VI

HV's shareholding: 92.3 %

Certifications:

- ISO 9001
- ISO 14001
- ISO 45001

Vryhof Anchors only hold ISO 9001.

CSR activities:

Vryhof Group has provided donations to Childrens Cancer Foundation in place of Christmas gifts. In addition, Vryhof Group has provided donations to Children's Orphanage in Indonesia and held a Robot War event. The company has spent several hours building these robots, which was donated to a local school for science programming curriculum.

Mooring of renewable energy assets such as floating windmills and wave and tidal generators is becoming a more important business area for Vryhof.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	38.5
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	137.2
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	363.2
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	3.5
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	10.8
Waste (tonnes)	-	-	46.1
Recycling ratio (average)	-	-	70.2%
Unplanned spills (emissions to ground/sea/air)	-	-	0
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	0	0
Total recordable Incident Frequency (TRIF)	-	-	0
Share of women in total workforce	-	-	18%
Share of women in management	-	-	2.4%
Short term sick leave	-	-	0.7%
Long term sick leave	-	-	0.8%
Employee turnover ratio	-	-	3.4%
Community spending (donations - USD) [2]	-	5 000	3 900
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	100%	100%	100%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	-	-	86
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0	0

[1] Company business travel and emissions from waste and recycling. [2] 2019: Costs to hold Robot Wars event. Robots donated to local school for science programming curriculum (APAC region). The company has spent in total 57 hours on building robots which have been donated to local schools. Employee Christmas present donated to the Norwegian Child Cancer Association.

Deep Sea Mooring has a strict focus on effective HSEQ performance, with an aim to achieve zero accidents and spills.

In 2019, the company ordered an external evaluation of its cyber security, which found the current systems to need improvement. This will be a priority going forward.

Safety is of a high importance in all Vryhof companies. Handling of heavy equipment represents serious risks to personal injury, which is why high safety standards are essential. Vryhof aims to achieve sick leave below 3 percent, with monthly performance reporting on health and safety, and has, on average, been below the 1 percent mark in 2019. As a result of the strict focus on health and safety, Vryhof has a very good track record on safety. The group has not had a Lost Time Incident or Medical Treatment case since September 2015.

Vryhof Group has a stated goal to recruit more women and improve the gender balance of the management, and in 2019 gender diversity has improved considerably. The number of women in management increased from one to four. DSM went from 0 to 18 percent female employees in the UK, and from 5 to 15 percent in Norway. In the Netherlands, Vryhof Anchors has a 20 percent share of female employees.

Company description

WellPartner delivers equipment and services to E&P companies, drilling rig contractors and other service companies. WellPartner's engineers design components for outsourced production and perform in-house component assembly and testing. The company's main rental product is high pressure risers, but it also provides surface risers, the WellSafe family of weak-link systems, Casing Landing Assembly (CLA) equipment and consulting services. WellPartner is located in Tananger, Norway. The main market is the Norwegian continental shelf (NCS), with many of the major E&P companies among its clients.

WellPartner has a strict focus on quality and safety in its product and service delivery. The company aims to deliver products and services in an efficient manner without any harm to people, equipment or the environment. The products and service delivery models also have economic and environmental benefits, as product utilization is maximized through sublease arrangements, reducing manufacturing needs and cost of ownership. WellPartner's services also contribute to more efficient operations on part of the clients.

ESG approach and focus areas

As an oilfield service company on the NCS, WellPartner operates in compliance with statutory and clients' requirements. WellPartner's own operations have only a limited impact on the environment. However, the products and services, including high pressure risers and WellSafe weak link systems, are integral components in reducing the risk of major incidents and oil spills. Other WellPartner products and systems, such as the CLA product, are designed to improve efficiency and reduce rig time which in turn reduces emissions per well.

WellPartner's internal ESG work is guided by a Zero vision, that is zero injuries, zero unplanned spills and zero damage to equipment. In 2019, the company worked to upgrade several of its HSEQ reporting systems, and to ensure that all employees actively use the systems in their daily work. By way of a continuous and systematic focus on ESG among the workforce, the company maintained its strong HSEQ track record and once again fulfilled the zero vision in 2019. WellPartner also maintained a high customer satisfaction score of 96 percent, which is well above the target rate of 85 percent. Sick leave was also kept very low in 2019, while WellPartner maintained a 30 percent share of women in the top management.

The company has identified waste management as its main area of improvement in relation to ESG. In 2019, the recycling rate was 82 percent, which is a significant improvement from last year. The aim is to increase this to 85 percent in the coming year. WellPartner has already begun working with the waste collector on how to minimize waste and improve recycling.

WellPartner also has a strict focus on supplier requirements, from pre-qualification and due diligence through product quality specifications.

Headquarters: Stavanger, Norway

Website: www.wellpartner.no

Number of employees: 30

Revenues (2019): 128.5 MNOK

Countries of operation: Norway

Investor: Fund VII

HV's shareholding: 75.4 %

Certifications:

- ISO 9001:2015

The Wellsafe Explorer from WellPartner is designed to protect people, environment and equipment. It is a safety element in subsea well access systems for semi-submersible drilling rigs and drillships during live well operations.

Key Reported ESG Figures for 2019 (2018 and 2017 figures displayed where available):			
Environmental	**2017**	**2018**	**2019**
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tons)	-	-	3.8
Energy indirect GHG emissions (GHG PCS Scope 2, in tons)	-	-	32.3
Other indirect GHG emissions (GHG PCS Scope 3, in tons) [1]	-	-	34.1
Carbon intensity - Scope 1 & 2 (tCO_2e / million USD revenues)	-	-	2.5
Carbon intensity - Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	-	4.8
Waste (tonnes)	-	17.8	23.4
Recycling ratio	-	69%	82%
Unplanned spills (emissions to ground/sea/air)	0	0	0
No. of supplier audits that include environmental auditing	0	0	0
Social	**2017**	**2018**	**2019**
Lost Time Injuries	0	0	0
Total Recordable Incident Frequency (TRIF)	0	0	0
Share of women in total workforce	15%	15%	14%
Share of women in management	30%	30%	30%
Short term sick leave	0.7%	0.4%	1.2%
Long term sick leave	2.7%	3.7%	0.8%
Employee turnover ratio	1.1%	3.9%	11.0%
Governance	**2017**	**2018**	**2019**
Share of relevant staff who has completed anti-corruption training (%)	74%	81%	97%
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Non-Conformity Reporting Frequency	-	52	26
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases addressed by management or board	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0	0

[1] Company business travel and various emissions from waste.

Corporate Social Responsibility

Corporate Social Responsibility

HitecVision and its portfolio companies are involved in numerous charities and social enterprises. These initiatives are driven by the social and community-oriented impact they generate rather than commercial success. Whenever possible, HitecVision seeks to align our CSR activities with those undertaken by our portfolio companies. A short summary of some of these activities are discussed below.

For more information on, please visit www.hitecvision.com/about-us/community-engagement.

Next Generation
Our Next Generation program supports projects that aim to help children and youth. Through this initiative, we seek to kick-start and support projects together with our partner organization, Kirkens Bymisjon (The Church City Mission of Norway) and other sponsors. Next Generation includes, among many projects, these four:

- **"Natteravnene"** (i.e. The Night Ravens) is a preventive measure against youth violence and disorderly behaviour. Through a system of volunteers that patrol the streets where young people cluster during evenings and nights, a visible but unobtrusive adult presence is made available.
- **"Gatepresten"** (i.e. The Street Pastor) supports a Stavanger priest that is available for conversational support, guidance and care for those who live challenging lives on the streets.
- **"Gatejuristen Stavanger"** (i.e. The Stavanger Street Lawyer) offers free legal assistance to substance abuse victims in the broader Stavanger area.
- **"Ventilene"** (i.e. The Release Valves) provides a meeting place for youth coming from families with issues such as substance abuse, violence, mental or physical handicaps.

Along with our initiatives focused on the next generation of youth, HitecVision is also involved in two projects that focus on helping those in our local community who have struggled to cope with substance abuse and other issues that have inhibited them to participate fully in society. These projects are both explained in detail below:

PaaHjul

By combining our entrepreneurial spirit with the humanitarian reputation of Kirkens Bymisjon, we have established the Paahjul project. Paahjul is a chain of full-service bicycle repair shops with a mission to provide on-the-job training and rehabilitation for people who have struggled with substance abuse problems, providing a platform for them to be reintegrated into the regular workforce. The first shop opened in Stavanger in 2013, followed by a second in Stavanger in 2015 and a third in Oslo in 2016. In December 2019, we opened our fourth workshop in Sandnes, Norway. Each of these four shops takes in between four and six people per year, where the ultimate goal is to help them on their way back into the workforce or education. We consider this to be our key indicator for success.

In order to achieve this overall target, HitecVision supports the project with necessary funds and competence to assist with the daily management and operations of the workshops, while Kirkens Bymisjon has the key responsibility for recruitment into the program. HitecVision engages its employees in the project, at all levels from Analysts to Senior Partners, to form dedicated teams. In addition to working through the boards of Paahjul shops, the teams assist with tasks spanning from developing budgets to facilitating corporate connections for sales and traineeships. Daily operations at each shop are led by two full time employees with a combination of professional bicycle repair expertise and experience working alongside individuals with special needs. Going forward, our portfolio companies will also provide trainee positions for candidates after they have completed their workshop training while they are in search of their new job.

PAAHJUL: Social Results 2019:

- **32 persons** participated in work training in 2019.
- Of these, **18 persons** completed their training programme and **14 persons** continued into 2020.
- Of the 18 persons who completed training, 8 went on to ordinary jobs, a **success rate of 44%.**

Gatelaget

Early in 2019, HitecVision became a sponsor of the Viking Football Club's "street team", Gatelaget. Gatelaget is a project led by the Stavanger football club Viking, offering leisure activities for women and men with substance-related problems.

In 2019, 52 people attended one or more Gatelaget gatherings. The gatherings are held twice a week all year round, and usually constitutes a combination of simple social activities and football practice (where all players are provided with necessary clothing and equipment). Gatelaget has a core group of approximately 10 players with regular attendance.

The Gatelaget project aims to improve the players' life quality through physical exercise, team spirit and a sense of mastery. The ultimate goal is to help the players of Gatelaget get back to ordinary work or education. In 2019, a total of 9 team players left the team to either start in new (or return to former) jobs or studies.

The project continues into 2020 with financial backing from HitecVision.

Along with the projects above, HitecVision and partners from the local finance industry have initiated a Masters programme in Applied Finance at the University of Stavanger Business School. HitecVision also supports a research centre focusing on Nordic private equity in affiliation with the Norwegian Business School (NHH) in Bergen.

GATELAGET:
Social Results 2019:

- **52 people** attended one or more Gatelaget gatherings.
- **9 team players** left the Gatelaget team to either start in new or return to former job positions or studies.

Give a Christmas

In December 2019, we donated "Christmas boxes" to foundations that help struggling families during the holidays. Each employee in HitecVision, with their family, was given a wish list for Christmas food and presents for the children of an anonymous family. For a given amount donated from HitecVision, the employees and their families made all purchases for these Christmas boxes. Each box was then distributed by the foundations to the target family.

Appendix

A. Ethical Guidelines

1.0 Introduction

1.1 HitecVision Advisory AS (the "**Company**") is authorized as AIF manager pursuant to section 2-2 of the Alternative Investment Fund Manager Act. (the "**AIFM Act**").

1.2 The Company is subject to supervision by the Financial Supervisory Authority of Norway.

1.3 Under the AIFM Act, the board of directors and the senior management have a particular responsibility to ensure that the business activities are performed in accordance with applicable laws. Consequently, the board of directors and the CEO have established and revised internal procedures, hereunder the ethical guidelines, to ensure proper management and control of the Company.

1.4 The following important factors of the AIFM Act are reflected in the ethical guidelines;

- to perform the business activities in compliance with sound business practice;
- to avoid conflicts of interest and if unavoidable, the interest of the relevant Fund shall take precedence over the Company's own interest; and
- the Duty of Confidentiality.

1.5 The ethical guidelines are supplemented by the following procedures;

- Procedure for use of ICT Services
- Business Hospitality Procedure
- Procedure for Personal Transactions and businesses
- Whistleblowing procedure
- Data protection procedure
- Insider dealing regulations procedure
- Policy Statement on Political Activities in the USA

1.6 The general rules and procedures described in these ethical guidelines and the supplementing procedures are to be considered as instructions for all employees of HitecVision.

1.7 The guidelines also apply to the members of the board of directors, temporary staff and contracted staff of HitecVision.

1.8 Definitions

"**Compliance Officer**" means Director Compliance or such other person appointed from time to time.

The "**Funds**" means any fund managed or advised by HitecVision from time to time.

"**HitecVision**" or the "**Company**" means HitecVision Advisory AS and to the extent relevant HitecVision AS and the HV Capital entities incorporated in connection with fundraising.

2.0 The five principles

2.1 We have five principles to ensure that we perform the business activities in compliance with sound business practice, avoid conflict of interest and protect confidential information.

2.2 The five principles are:
1. We behave and comply with laws
2. We respect our colleagues
3. We protect our assets and confidential information
4. We never make illegal payments
5. We avoid conflicts of interest

2.3 Should you ever be in doubt whether a decision upholds the principles, consult your manager or the Compliance Officer.

2.4 PRINCIPLE 1: We behave and comply with laws

2.4.1 Employees of the Company shall demonstrate absolute integrity and professionalism in their work for the Company. They are expected to act honestly and objectively in all parts of the Company's operations and all business activities.

2.4.2 Employees are obliged to comply with the laws and regulations applicable to the Company at any given time and perform their work in compliance with sound business practice and the Company's core values set out in these ethical guidelines.

2.4.3 Employees shall also comply with the prevailing internal procedures adopted by the Company, hereunder HitecVision's Responsible Investment Policy', enclosed as Appendix 1 as well as the ethical guidelines laid down by the Norwegian Venture Capital Association, as amended from time to time.

2.5 PRINCIPLE 2: We respect our colleagues

2.5.1 Our goal is to recruit, develop and retain the best people, and we want a creative, diverse and inclusive working environment.

2.5.2 We want our employees to perform to their full potential and to be recognised and rewarded fairly for their performance. To help each employee to achieve and perform to his/her full potential, colleagues may give honest feedback in a constructive and respectful way. Management also welcomes and encourages input from the Company's employees.

2.5.3 We want to ensure that the workplace is safe and free from harassment, discrimination and bullying. We will never tolerate any form of abuse or harassment of our colleagues or business partners.

2.5.4 We will treat everyone with courtesy and respect, regardless of race, gender, national or social origin, disability, sexual orientation, religious belief or political opinions, or other status.

2.5.5 We recruit, select, train, promote and reward our employees on merit, and irrespective of their race, gender, national or social origin, age, disability, sexual orientation, religious belief or political opinions. All employee-related decisions will be based on qualifications, demonstrated skills, achievements or other professional criteria.

2.5.6 You should never:

- Behave in a way that could reasonably be considered offensive, intimidating, discriminatory or insulting. Avoid abusive language or inappropriate jokes, such as jokes of a racial or sexual nature, in the workplace.
- Engage in any form of harassment. Harassment does not have to take place at work or involve a colleague to violate our Code.
- Humiliate, ridicule or injure another person.
- Directly or indirectly discriminate an employee on the basis of race, gender, age, national or social origin, disability, sexual orientation, religious belief or political opinions.
- Turn a blind eye to harassment or discrimination in the workplace. Voicing concerns or reporting incidents to management will never result in retaliation.

2.6 PRINCIPLE 3: We protect our assets and confidential information

2.6.1 We always take care to protect our business assets and information of a confidential nature. Such assets and information may include property, time, intellectual property, inside information, personal data, business opportunities, investor lists, Company assets and Company equipment. We also respect the intellectual property and trade secrets of others.

2.6.2 We have a duty of confidentiality with respect to any matter concerning inside information, the Company, investors, Funds and portfolio companies. We are obliged to sign HitecVision's declaration of confidentiality, which is enclosed as Appendix 2. The declaration of confidentiality shall be signed at commencement of the employment and on an annual basis.

2.6.3 We also safeguard access to, and the appropriate use of, the Company's ICT-resources. All information stored, processed, sent or received on HitecVision's systems is the property of the Company. The company therefore reserves the right to access all such information except where limited by law or agreement.

We are all responsible for making sure our resources are not misused or wasted. Examples of misuse are thefts of supplies, equipment, documents, cash or other property.

2.6.4 In particular, you should ensure that you:

- Take reasonable care when using Company property at all times, making sure that it is not damaged or lost.
- Report lost or stolen property or equipment without delay.
- Utilise computer and communication systems, including voicemail service, e-mail and internet in accordance with the Procedure for the use of ICT Services.
- Protect Company information and never disclose confidential or Company information to non-employees or to other employees unless required for the purpose of the performance of the work. This obligation applies not only during your employment, but also after termination of your employment with the Company.
- Process personal data in accordance with the data protection procedure.
- Ensure that no unauthorized persons are granted admittance to the Company's restricted office areas unless preapproved by Compliance.
- Act in accordance with the insider dealing regulations procedure
- Handle inside information or other confidential information with due care so that such information does not come into the possession of unauthorised persons or is misused.
- Discuss inside information or other confidential information in a proper manner even within the Company's restricted offices areas.
- Do not discuss inside information or other confidential information in the canteen, reception area or other public places such as airports or restaurants.

2.6.5 The Compliance Officer is responsible for ensuring that inside information and other sensitive information is handled with due care in accordance with applicable regulations from time to time, including but not limited to ensuring that lists of persons with access to inside information are drawn up etc.

2.6.6 In the event of confidential information being leaked, the Compliance Officer shall be notified and shall initiate an internal investigation.

2.6.7 The purpose of such an investigation is to identify if the leak originated from the Company and the source of the leak. Depending on the outcome of the investigation the CEO shall consider if the procedure should be amended. The CEO shall inform the board of directors of the outcome of such investigations.

For more guidance, please consult:

- Insider dealing regulations procedure
- Data protection procedure
- Procedure for the use of ICT Services

2.7 PRINCIPLE 4: We never make illegal payments

2.7.1 Illegal payments comprise all types of payments that are illegal under applicable laws. The term 'illegal payments' should be taken to mean not only corruption, but also embezzlement and fraud. Illegal payments will typically lead to the enrichment of a person or several persons at the expense of the Company, the Funds, or the Funds' portfolio companies. In making an illegal payment you will most likely be acting against the best interest of your company. Such payments are strictly forbidden and will in most cases lead to the immediate termination of your employment.

2.7.2 Corruption is a threat to fair competition, and it undermines legitimate business activities. Any violation within our organisation will be a threat to our reputation and credibility in the market. Corruption is wrong and unacceptable, and no business advantage for our Company will ever justify paying a bribe.

2.7.3 The definition of corruption may differ from one jurisdiction to another, however, the main concept is the same: giving an improper advantage to a person in the public or the private sector in the conduct of their duties is not permitted. We shall comply with the Norwegian anti-corruption provisions, the UK Bribery Act (UKBA) and the US Foreign Corrupt Practices Act (FCPA).

2.7.4 For this reason, you are prohibited from:

- Giving or offering an improper advantage in connection with a person's position, office or assignment in either the public or private sector.
- Offering, promising or giving a financial or other kinds of advantage to another person with the intention to (i) induce a person to perform improperly a relevant function or activity, or (ii) in order to reward a person for the improper performance of such a function or activity.
- Offering to pay, paying or authorising the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business.
- Offering or giving an improper advantage to a third party in exchange for this person trying to influence the conduct of someone else (trading in influence).

2.7.5 The Company not only prohibits active bribery, but also the acceptance or receipt of an improper advantage in connection with your position in our Company. Never accept a kickback, "private commission" or money from any of our business partners.

2.7.6 It is not only the transfer of money that constitutes bribery; also gifts, services, offering preferential terms for a product or a service, and travel and accommodation may in certain cases expose the Company to a compliance risk.

2.7.7 It is also strictly forbidden to make any unauthorised transfer of money or anything of value from the Company to yourself, to any of your close relatives or to any person acting on your behalf. Stealing Company assets or funds will never be accepted.

For more guidance, please consult:

- Business Hospitality Procedure

2.8 PRINCIPLE 5: We avoid conflicts of interest

2.8.1 The Company's business shall at all times be conducted in a manner that minimises the risk of any conflict of interest. Where a conflict of interest is unavoidable, HitecVision has a particular duty to ensure that the interests of the relevant Funds / the Fund's investors take precedence over the Company's own interests, and to ensure that one or more individual Funds / investors are not unfairly favoured at the expense of other Funds / investors.

2.8.2 Should the Company have a special interest outside the normal course of business, information about such interest shall be conveyed to the relevant body (Board of Directors or investor committee) within the Fund in question. This also applies where HitecVision and/or employees have personal interests in relation to transactions or investments subject to HitecVision's advice.

2.8.3 Should there be any potential for raising doubts about the objectivity or integrity of an employee due to a potential conflict of interest (including but not limited to circumstances related to the Funds, The Funds' portfolio companies, inside information etc), the employee shall raise the matter with the Compliance Officer as soon as the employee becomes aware of the (potential) conflict of interest. The person concerned shall immediately resign from further work on the matter in question if the Compliance Officer deems that there is a risk of conflict of interest.

For more guidance, please consult:

- Policy Statement on Political Activities in USA
- Procedure for Personal Transactions and Businesses
- Business Hospitality Procedure

3.0 Miscellaneous

3.1 Publicity and contact with media

All media contact is to be coordinated by the CEO or by a person with delegated authority to give statements on behalf of the Company.

You are not allowed to give statements to the press or in the social media about the Company, the Funds, the Funds' investors and portfolio companies without prior approval.

Enquiries from the media should always be responded to by stating "no comment" and it should be referred to the CEO.

Private use of social media should not be of such a nature that it may result in breach of confidentiality, or damage to HitecVision's reputation.

3.2 Annual revision

3.2.1 These ethical guidelines shall be reviewed and if necessary revised at least once every year.

3.2.2 Should requirements stipulated by law or regulation necessitate an amendment of the ethical guidelines, such amendment shall be implemented immediately.

3.3 Whistleblowing

Please consult the Whistleblowing Procedure.

3.4 Sanctions

Any breach of the provisions in these ethical guidelines may have severe consequences for HitecVision and for the individual employee. Violation by an employee may involve (without limitations) warnings or in more serious events, dismissal, liability to pay compensation and criminal liability, including imprisonment.

APPENDIX 1

Responsible investment policy

Introduction
HitecVision is a leading private equity investor in the European energy industry. HitecVision's objective is to create value by developing and building strong portfolio companies and on this basis generate superior returns for its investors.

HitecVision believes that a strong focus on environmental, social and governance factors and issues is critical to its long-term success as a private equity investor. HitecVision is a signatory of the UN-supported "Principles for Responsible Investment".

We are convinced that in this respect, the interests of our investors are aligned with those of our portfolio companies, their employees, customers and the communities in which they operate.

On this basis HitecVision has adopted this responsible investment policy that forms an integral part of its investment process and its active owner practices.

Overall principles
In the assessment and selection of potential investments, HitecVision integrates consideration of environmental, social and ethical issues, including climate issues.

HitecVision seeks to ensure that its portfolio companies operate in an environmentally sound manner, as well as ethically, responsibly and profitably in everything they do.

HitecVision aims to be transparent regarding all issues covered by these principles, and will seek to ensure similar transparency from the portfolio companies.

Environmental
HitecVision works to ensure that its portfolio companies operate in an environmentally responsible manner and aim to follow best industry practice.

HitecVision seeks to invest in companies that are part of the solution to the climate challenge.

Social
HitecVision seeks to ensure that its portfolio companies offer equal opportunities to all employees, respect fundamental human rights, labour rights and union engagement, and provide their employees with good, healthy and safe working conditions.

Furthermore, HitecVision seeks to ensure that its portfolio companies contribute positively to the communities in which they operate by developing businesses, encouraging innovation and enhancing international competitiveness.

Governance
HitecVision strives to professionalise the governance models of its portfolio companies through its board work, and aims to follow Invest Europe's Corporate Governance Guidelines.

HitecVision seeks to ensure that its portfolio companies comply with all applicable laws, rules and regulations in the markets in which they operate, including environmental, labour, anti-corruption and anti-money laundering laws, rules and regulations.

HitecVision seeks to contribute to high ethical standards being maintained by its portfolio companies.

B. Terms and abbreviations

Some terms and abbreviations used in this report:

boe / boepd	Barrels of oil equivalent / barrels of oil equivalent per day.
BREEAM	Building Research Establishment Environment Assessment Method.
CCS/CCUS	Carbon Capture (Utilisation) and Storage.
CSR	Corporate Social Responsibility.
EN 1090	European standard for the fabrication and assembly of steel structures.
EPC / EPCI	Engineering, Procurement, Construction, Installation – common contract formats in the oil and gas industry.
EU ETS	EU's Emissions Trading System, a "cap and trade" system for GHG emissions.
FCPA	Foreign Corrupt Practices Act (USA).
FPSO	Floating Production, Storage and Offloading - a ship-shaped floating oil platform.
GHG	Greenhouse gases, primarily Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Chlorofluoro-carbons (CFCs) and Hydrofluorocarbons (incl. HCFCs and HFCs).
GRI	Global Reporting Initiative.
HSE / HSSE / HSEQ	Health, Safety, Security, Environment, Quality – terms used by different companies in the industry, with broadly the same meaning.
IDD	Integrity Due Diligence.
IEA	International Energy Agency.
IOGP	International Association of Oil and Gas Producers.
IPCC	Intergovernmental Panel on Climate Change.
ISO 3834	International standard for quality requirements in welding.
ISO 9001	International standard for quality management systems.
ISO 14001	International Ship and Port Facility Security.
ISO 45001	International standard for occupational health and safety management systems. A new standard that replaces OHSAS 18001.
ISPS	International standard for environmental management systems.
KPI	Key Performance Indicator.
LNG	Liquified Natural Gas.
LTI	Lost Time Incident - workplace injury causing an individual to be unfit for work and causes absence from work.
MMO	Maintenance, Modifications and Operations.
NCS	Norwegian Continental Shelf.
NDCs	Nationally Determined Contributions.
OHSAS 18001	Occupational Health and Safety Assessment Series, an internationally used British Standard for occupational health and safety management systems.
SURF	Subsea Structures, Umbilicals, Risers, Flowlines.
TCFD	Task Force on Climate-related Financial Disclosures.
TRIF	Total Recordable Incidence Frequency – the ratio of TRIs to a given number of hours worked.
UKCS	UK Continental Shelf.

GREEN STAR SYSTEM

Nautilus Classic is a uncoated 100% recycled paper with an authentic recycled shade. Produced from 100% post-consumer waste.

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