

HITECVISION

2021 ESG REPORT



Important notice

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COVER PICTURE: Susanne Nøttveit and Claus Grøndahl Andersen were the first two apprentices to pass their exams and receive their trade certificates as chemical process operators at Vår Energi's Goliat Platform.

About HitecVision

HitecVision is a leading provider of institutional capital to Europe's energy industry, providing financing solutions for companies within energy production and energy solutions.

HitecVision currently manages seven active private equity funds with a total committed capital base of USD 7.2 billion. Our customers are the investors who have invested in our funds, a global investor base that includes some of the world's largest and most demanding institutional investors, such as public and private pension funds, foundations and 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 future, all our new portfolio companies will be companies that contribute to the transition to a world based on renewable energy, and we are in the process of strengthening our organization and expanding our capital base to increase our capacity in this area. On the other hand, HitecVision will remain a good owner for our existing portfolio companies in the oil and gas industry and their thousands of employees.

This entails keeping two thoughts in mind: On the one hand increasing our investments in new companies that are taking the lead in the energy transition; on the other reducing emissions from our traditional oil and gas industry investments, where we can have a significant real-world impact by working with our portfolio companies to reduce their carbon footprints.

HitecVision has seen the development of the energy industry from the inside for more than three decades. We aim to keep that position, playing our part in the energy transition over the next decades.

Signatory of:

**Net Zero Asset
Managers Initiative**

Signatory of:

 **PRI** | Principles for
Responsible
Investment

Letter from Ole Ertvaag

Founding Partner and CEO

As the effects of the global Covid-19 pandemic subsided throughout 2021, activity within our portfolio companies began turning towards some semblance of normality. While it may still be some time before we find ourselves at pre-Covid activity levels, there were clear signs at the start of 2022 that after a period of disruption, the pendulum was swinging the other way.

The war in Ukraine has created a new situation and new uncertainties, with consequences for the economy that are yet to be seen. The human consequences are however all too clear, and our thoughts go out to the people of Ukraine in this situation.

Over the last year we have seen the green energy transition continue to accelerate. While we know that the transition is absolutely necessary to meet global climate goals, the European energy crisis of 2021-22 has also demonstrated the need for secure and localised energy supplies. As we reflect on 2021, it brings into sharp focus the world's continued reliance on responsibly managed conventional energy sources for as long as the shift towards decarbonising and developing new green energy takes. As a responsible investor with a long-term focus and investments in both conventional and green energy, HitecVision is well positioned at this current nexus.

Our approach to responsible investment is fundamental to how we create value at HitecVision. We invest in opportunities that generate positive economic and social returns, while minimising negative impacts on people and the environment. We are an active owner and our engagement approach is set out in this report, along with the environmental, social and governance outcomes achieved across our investment portfolio of companies.

Measuring and comparing our ESG performance through these last two turbulent years has not been straightforward. Fluctuating oil and gas production levels, price shifts and more recent geo-political factors, have all combined to create a dynamic and novel operating environment. As we went into the winter in late 2021, many of these factors combined to create new energy scenario, which has reinforced public awareness and demand for secure, reliable and low carbon energy sources. Through their focus on ESG performance,



Opening of the fourth Paahjul workshop.

and investments in decarbonisation and new green energy opportunities, the companies we own are well placed to respond to this evolving situation.

As both responsible and demanding owners, we act to influence ESG performance in our companies. In 2021 we engaged to drive greater gender balance across the portfolio through the implementation of diversity and inclusion policies, targets and action plans. As well as raising awareness of gender bias, we already see positive signs that gender balance targets are being set by companies and reporting on diversity and inclusion is being strengthened. We will continue to build on our strong social focus as we support the ongoing development of human capital in the companies we own.

Our goal at HitecVision is to create long-term value for our investors and for society, supported by our commitment to responsible investment. We believe that our transparent disclosure of the activities and results achieved across the portfolio in this report are testament to that commitment.

Ole Ertvaag
March 31, 2022

People, Planet and Prosperity

HitecVision's ESG Approach



HitecVision's ESG Approach

HitecVision aims to create long term value for its investors and stakeholders. Identifying and addressing ESG impacts is an important part of achieving this aim and integrated in our investment approach. We believe our focused approach to identifying and addressing ESG impacts builds a genuine competitive advantage, enabling us to mitigate ESG risks whilst creating value and capturing opportunities.

We are signatories to the UN-supported Principles of Responsible Investment (PRI) and the Net Zero Asset Managers Initiative, and members of Norsif, the Norwegian forum for sustainable investment.



Impact management approach

To systematically address our actual and potential ESG impacts we delineate our focus into three inter-related areas: Our pre-investment approach including ESG due diligence; engaging with our portfolio companies on managing their impacts; and managing the impacts of our own business entity. Our investment approach considers the full value creation process - from initial ESG due diligence and investment decision-making, through to active engagement on ESG issues and responsible ownership.

As an integrated part of the energy sector, we research and analyse industry ESG impacts and trends. Our 35-year history in the sector, combined with our team of industry specialists and experienced energy professionals, enables us to identify and respond effectively to existing and emerging issues.

Many of our portfolio companies have considerable expertise and experience

in addressing ESG issues, which we combine with our own competencies to engage and support our total portfolio. Strengthening diversity and inclusion within HitecVision and then supporting our portfolio companies to do the same is a good example of this approach in practice. In a similar way, we have developed an energy transition strategy for our business which includes clear goals for both HitecVision and our investment portfolio.

ESG Governance at HitecVision

The Board of our operating subsidiary HitecVision Advisory has the overarching responsibility for the governance of HitecVision's own ESG impacts and how we engage with portfolio companies on ESG-related matters. In day to day operations, this responsibility is delegated to the CEO, with management responsible for ESG reporting. Utilizing the board's collective knowledge, the CEO is responsible for setting HitecVision's ESG policies and overseeing its management approach towards them.

HitecVision's ESG policy instruments include:

- Responsible investment policy
- Ethical guidelines
- Energy transition strategy
- Diversity and inclusion policy
- Supplier expectations statement

Transparency and reporting

HitecVision believes in transparency in ESG matters. We monitor and analyse our own ESG performance and collect data from our portfolio companies to do the same. We report the ESG performance of our portfolio to our investors on a quarterly basis and our own performance on an annual basis. We are working towards establishing ESG goals and targets that can be reported against using clearly defined KPIs.

We use credible and internationally-recognised reporting frameworks including the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) disclosures and the Principles for Responsible Investment.

HitecVision and many of our portfolio companies have begun identifying how we can contribute to the United Nations Sustainable Development Goals (SDGs). We are now looking at ways to consistently and credibly quantify and report SDG impacts.

A learning, knowledge-based business

The success of HitecVision is tied to our organisational ability to learn, and to build and distribute our knowledge. The management of ESG impacts is the responsibility of the entire investment team, with support provided by the specialist ESG and compliance functions within the business. An organisation-wide approach to training and development is key to creating a strong and unified ESG culture, while developing capability and building human capital throughout the organisation.

Learning and knowledge generation, including around ESG topics, is fostered within the business through inhouse and external professional development, all under the "HitecVision Academy" umbrella. Active recruitment of industry specialists with relevant ESG capabilities also contributes to the knowledge-building process.



HitecVision ESG impacts

HitecVision is focused on managing its most material ESG impacts. These are described in the materiality section of this report on the following page.

As a business, our own impacts are relatively small compared to the impacts of some of our investments. However, we see it as both a credibility issue, and a learning opportunity, for us to actively manage those impacts and transparently communicate our performance. We set the ESG standards that we expect our portfolio companies to follow, and are

accountable as they are, for the results achieved. We describe the impact of our much wider investment approach in the following section and consider the priority ESG impacts for our own day-to-day business operations to be:

- Ethical conduct and regulatory compliance
- Diversity and inclusion
- Health and wellbeing
- Training and development
- Cybersecurity
- Environmental impact footprint
- Social impact.

Cybersecurity

In recent years the world's companies, including HitecVision and our portfolio companies, have come increasingly under threat from various types of cyber-related crime.

In order to minimize the risks related to this, we are continuously improving our resistance along three axes: Technical, procedural, and educational.

In 2020-2021, the servers for our private data cloud were moved to a highly secure (Tier III certified) data center facility,

and all Microsoft services were moved to the cloud using Microsoft 365 E5 with advanced security features. A number of additional measures were implemented, including establishing 24/7 real-time manned monitoring of our IT platform by the Security Operations Center of our IT services provider, and regular full vulnerability scans. Penetration testing is also performed regularly.

In order to educate our own staff, we have introduced an e-learning programme where each employee gets a small training module and reminder every three weeks. This is followed up by regular phishing tests.

We also try to ensure that our portfolio companies are well protected. Cybersecurity has been a regular agenda item in our biannual ESG meetings with portfolio company management, and the e-learning system we use has been made available at no cost to the portfolio companies.

In 2021, we have initiated detailed surveys of the cybersecurity status of each company, which have provided a basis for further detailed discussions. HitecVision's IT Director has supported several portfolio companies in the development and strengthening of their cybersecurity systems.

Material ESG topics

We believe that our focus on ESG factors is critical to our long-term success as a private equity investor. Our investors, our portfolio companies and their stakeholders are all dependent on long-term value creation which protects the environment and supports society's goals.

In this context, our role as an investor and enabler of the energy transition allows us to take a long-term view, including when we assess the wide range of potentially material ESG topics.

We know that ESG issues can have a material impact on our long-term financial performance and that of our portfolio companies. We are also aware of the environmental and social impacts that we and our portfolio companies have where we operate. For the purposes of this report, our material ESG topics reflect those of HitecVision, which are intrinsically associated with how we invest and engage. Our portfolio companies are reviewing and reporting on their own specific material ESG impacts, and this information is synthesized in our investment and engagement approach.

Identifying, defining and prioritizing material topics

In 2021, HitecVision undertook a review of its material ESG topics for reporting. The review was informed through ongoing engagement with stakeholders and an independent assessment following the GRI Materiality Standard (GRI 3). HitecVision's stakeholders include its staff, owners, investors, portfolio companies and their employees, financiers, regulators and the communities we impact. ESG topics identified through our review were defined and then prioritized, based on the significance of their impacts.

We have determined our material topics for reporting as follows:

- ESG investment approach – how we assess and implement ESG criteria when making investment decisions.
- Portfolio engagement – how we engage with portfolio companies on ESG issues.
- Ethical conduct and regulatory compliance – our implementation of ethical standards and practices, including compliance with regulations.
- Diversity and inclusion – creating and maintaining a diverse and inclusive work environment.
- Health and wellbeing – the health and wellbeing of our employees.
- Training and development – building and developing the skills and capability of our employees.
- Cyber security – maintaining the privacy and security of the data and information we hold.
- Environmental impact – leading by example in the management of our own environmental footprint.
- Social impact – contributing positively to the communities where we operate.

Coverage of our material topics is included in this report. Additionally, we have included performance information and commentary on management of the material ESG topics of our portfolio companies.



HitecVision ESG performance

ENVIRONMENTAL	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	0	0	0
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	20.5	16.0	12.3
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e) ¹	198.6	9.8	44.2

SOCIAL	2019	2020	2021
Number of employees	66	60	64
Share of women in total workforce	39%	42%	39%
Share of women in management	50%	50%	50%

GOVERNANCE	2019	2020	2021
Share of relevant staff who have completed anti-corruption training	100%	100%	100%
Breaches of ethical guidelines	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0

DIVERSITY AND INCLUSION REPORTING ²	2019 ³	2020	2021
Temporary employment - women		0	4
Temporary employment - men		2	2
Family parental leave - women (average number of weeks)		11 ⁴	25 ⁴
Family parental leave - men (average number of weeks)		0	11
Part time - women		0	0
Part time - men		0	0
Involuntary part time - women		0	0
Involuntary part time - men		0	0

¹ Scope 3 emissions includes business travel and from 2020 onward also included office waste. ² Mandatory reporting requirement under Norwegian law (Lov om likestilling og forbud mot diskriminering). ³ Mandatory reporting requirements for diversity came into force on January 1, 2020 and were not required in 2019. ⁴ Includes only the 2021 calendar year or family leave periods that started in 2020 or ended in 2022.

MANAGING THE IMPACT OF OUR OWN OPERATIONS. Business air travel is a significant source of GHG emissions for HitecVision and a material environmental impact. As travel restrictions were eased through 2021, GHG emissions increased compared to 2020, although they remain less than a quarter of those reported in 2019. HitecVision has championed online meetings for many years, and we discourage travelling for meetings. Social performance indicators remained stable in 2021 with a total headcount of 64 and the share of women in the workforce and management at 39 and 50 per cent respectively. All relevant staff have received anti-corruption training and there were no ethical breaches or whistleblowing cases being addressed by management or the board.

ESG investment approach

HitecVision invests in entrepreneurship in the European energy sector. Our team focuses on developing growth companies, such as traditional and renewable energy producers, infrastructure owners and other companies in the energy transition, to become major players in their respective fields.

HitecVision looks to invest in companies or business ideas with strong growth potential, large capital requirements and the ability to reach a substantial size and self-financed growth, within the context of the coming transition to a low-carbon future. Establishing robust and effective ESG governance mechanisms, policies and management systems is a core part of our investment mandate and supports ESG performance improvement within our portfolio.

Our investors and key stakeholders expect measured and comparable ESG performance disclosure to make informed decisions. This expectation is supported by increasing European sustainability-related regulations, both for investors, such as the Sustainable Finance Disclosure Regulation which amongst other things specifies the labelling of investment funds, and other requirements such as the EU Taxonomy, the Corporate Sustainability Reporting Directive, and the proposed Corporate Sustainability Due Diligence Directive.

Responsible investment policy

HitecVision's investment decision-making is guided by our responsible investment policy. The policy sets out the overarching environmental, social and governance principles by which we invest and represents one of our key commitments to the UN Principles for Responsible Investment (PRI) initiative. Our Responsible Investment Policy is publicly available on our website and at the back of this report, and is summarized in the figure below.

Figure 1. Our Responsible Investment Policy
Please see page 99 for the full Responsible Investment Policy.



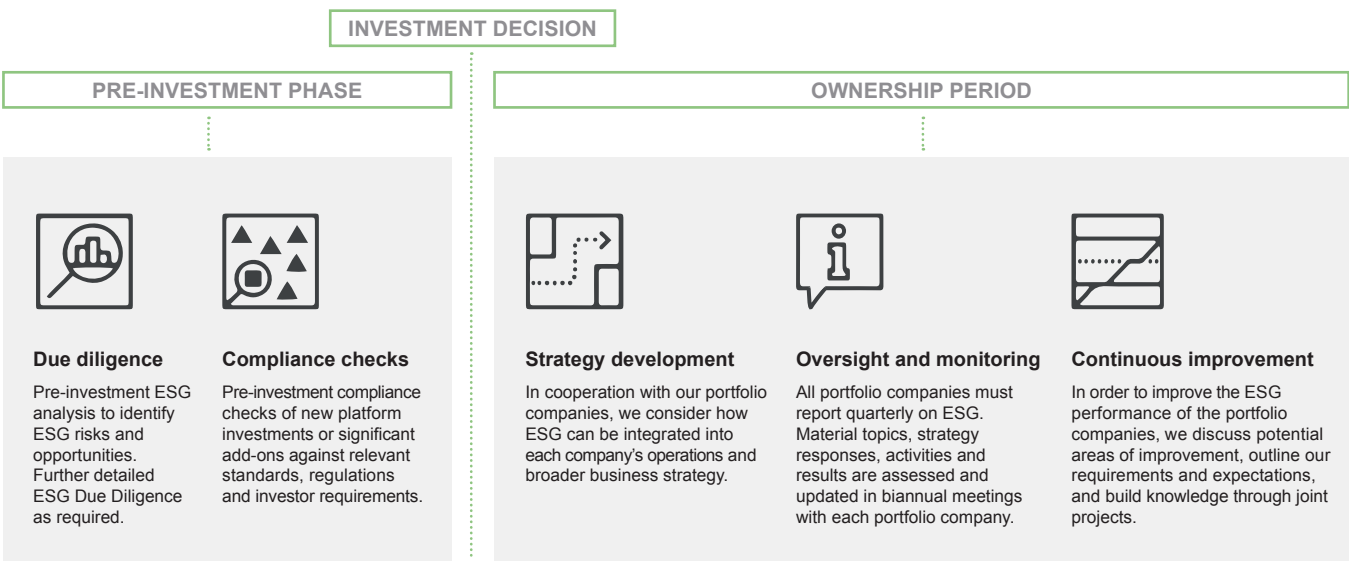
Our ESG investment and value creation process

We undertake a range of ESG-related activities throughout the investment and ownership lifecycle of our

portfolio companies. From our initial ESG due diligence through to driving the ESG performance of the portfolio companies, we take a systematic and holistic approach.



Figure 2. ESG activity throughout the investment process



Energy transition mandate

In the future, all our new portfolio companies will be companies that contribute to the transition to a world based on renewable energy, and we are in the process of strengthening our organization and expanding our capital base to increase our capacity in this area. On the other hand, HitecVision will remain a good owner for our existing portfolio companies in the oil and gas industry and their thousands of employees.

Early in 2022, we have joined the Net Zero Asset Managers Initiative. The organization is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050

or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

Proactive ESG engagement

We use our inhouse energy sector expertise and knowledge of material ESG issues to engage with, challenge and support our portfolio companies to improve their ESG performance. Current and emerging ESG issues for the sector include the ongoing development of robust and scientifically credible GHG targets, including alignment with international climate commitments and accounting for scope 3 emissions, GHG intensity and life cycle impacts. Similarly, investor

NET ZERO

HITECVISION HAS JOINED
THE NET ZERO ASSET
MANAGERS INITIATIVE

expectations for companies to assess and disclose their climate-related financial risks continue to grow, which we address by encouraging companies to adopt the TCFD reporting methodology, as described in last year's report. Topics such as diversity and inclusion, social and environmental impacts occurring in supply chains and biodiversity impacts are also fast becoming important focus areas within the sector.

We encourage the portfolio companies to set targets for their ESG efforts and engage with relevant and material issues as part of their decision-making and management processes. We follow up ESG issues and KPIs in the portfolio companies on a continuous basis, and raise any issues in our regular meetings with them.

As owners, we ensure that ESG is an important issue for the Board of each company, and encourage the companies to establish ESG or Sustainability sub-committees of the Board.

Engagement on reporting

ESG reporting from each portfolio company is an important part of HitecVision's portfolio monitoring process. We have over time developed and refined this reporting, and all portfolio companies now report comprehensive ESG data to us, including greenhouse gas emissions, on a quarterly basis. We are actively engaged in promoting the use of materiality assessment processes by our portfolio companies, so that they can identify and report on the ESG topics most material to their business activities. In parallel, we encourage our portfolio companies to disclose their ESG-related information using recognized ESG reporting standards, such as GRI.

In addition to providing a basis for regular information to our investors, who are the ultimate owners of our portfolio companies, quantifiable ESG data provide an important input to our annual ESG report. The ESG reporting of our portfolio companies is summarized, beginning on page 43, in the portfolio companies section of this report.

EU Sustainable Finance Disclosure Regulation

The EU Sustainable Finance Disclosure Regulation (SFDR) is a new set of EU rules being developed to improve comparability and credibility among financial products. The regulation will increase the information available for investors about both the potential positive and negative impact of their investments and the related ESG risk.

” We encourage our portfolio companies to disclose their ESG-related information using recognized ESG reporting standards.

The SFDR sets out criteria for the classification of funds that want to define themselves as 'sustainable'. We will be able to report in accordance with the regulation using the systems we have in place to identify and assess any potentially adverse impacts (as defined under the proposed regulation). HitecVision monitors the development of this and other regulations, and is well positioned to meet any future reporting requirements when they come into force.

Future focus

In addition to ongoing work to maintain high standards, we select focus areas for improvement and further development, either internally or with the portfolio companies. The following are our priority areas for 2022:

Current focus areas being maintained:

- Supporting and driving the ESG agenda of the portfolio companies.
- Supporting target setting, development of action plans, monitoring and reporting outcomes.
- Developing portfolio companies' GHG reporting, in particular Scope 3 reporting, and operationalising and following up their LCTPs.
- Further developing the portfolio companies' work on diversity, equity and inclusion.
- Identifying and addressing supply chain ESG impacts.
- Cybersecurity awareness, training and system strengthening.
- Compliance.
- SFDR, taxonomy and impact reporting.

Additional focus areas for 2022:

- Impact analyses, both as part of the investment process and for ongoing reporting.
- Further enhancing and developing internal ESG competencies in HitecVision, including in the investment process, ESG due diligence and ESG as an element of valuation processes.





Transparency in ESG reporting

HitecVision requires all portfolio companies to follow an ESG reporting regime that allows us to monitor and follow up their performance.

Some mandatory metrics are required from all companies, which can then be aggregated to display portfolio- and fund-level ESG performance.

In 2019, we established a set of ESG-related KPIs that are relevant for the whole portfolio, which allows us to aggregate significant indicators for environment, social and governance

areas. Over time we hope to use this to measure actual improvement across the portfolio. The table on the following page shows our 2021 ESG performance for these core metrics.

Performance commentary

Environment

Changes in the portfolio composition and increased activity have seen GHG emissions increase in 2021, compared to 2020. Total scope 1 emissions for 2021 on an ownership share basis were 315 352 tonnes CO₂e (2020: 216 629 tonnes CO₂e), an increase driven by increased activity levels for some portfolio companies, and by acquisitions, in particular in NEO Energy. Scope 2 and 3 emissions were 5 220 and 249 696 tonnes CO₂e respectively (2020: 7 077 and 221 345 tonnes CO₂e).

Variations in oil and gas prices from year to year make direct comparisons of GHG emissions per unit of revenue difficult, however, carbon intensity per barrel of oil produced provides a meaningful indication. On an oper-

ational control basis, GHG emissions per barrel has slightly increased in 2021 at 12.6 kg CO₂e (2020: 11.9 kg CO₂e), and on an equity share basis 14.4 kg CO₂e (2020: 12.6 kg CO₂e).

Social

Lost time injuries across the portfolio increased to 20 in 2021 from 11 the previous year. The main reason for the increase is the inclusion of LTIs at contractors for Vår Energi's ongoing projects. The share of women in the workforce increased to 20.9 per cent (2020: 18.9 per cent), with the share of women in management decreasing slightly to 23.5 per cent (2020: 24.7 per cent). Employee turnover increased to 10.2 per cent (2020: 6.5 per cent).

Governance

All portfolio companies have an employee assigned with responsibility for ESG issues. The percentage of employees completing anti-corruption training was 89 per cent in 2021 (2020: 81.9 per cent), with 91 per cent of all portfolio companies having an anti-corruption programme in place (2020: 100 per cent). Whistleblowing mechanisms are in place at 81.8 per cent of portfolio companies (2020: 81.5 per cent) and 90.9 per cent of companies have an ICT / Cyber-security Policy in place, or ICT risk management as part of their quality system (2020: 96.3 per cent). Changes in these figures are largely driven by mature companies leaving the portfolio, with newer and less mature companies being added.

Table 1. Aggregated ESG metrics at the portfolio level.

KEY AGGREGATED FIGURES FOR THE PORTFOLIO ¹	UNIT	2019	2020	2021
Total number of employees	#	4 705	4 723	4 013
Total revenues	USD million	7 461	4 763	8 581
Value added (wages / salaries cost + EBITDA)	USD million	5 023	2 741	6 280
ENVIRONMENT	UNIT	2019	2020	2021
Greenhouse Gas Emissions ²				
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1 for all reported companies)	tCO ₂ e	245 718	216 629	315 352
Energy indirect GHG emissions (GHG PCS Scope 2 for all reported companies)	tCO ₂ e	6 142	7 077	5 220
Other indirect GHG emissions (GHG PCS Scope 3 for all reported companies)	tCO ₂ e	250 101	221 345	249 696
Carbon Intensity				
Weighted Average Carbon Intensity	tCO ₂ e/ USDm	96.5	92.4	101.7
Carbon intensity per barrel of oil equivalent produced - operational control (oil companies only) ³	kgCO ₂ e/boe	10.1	11.9	12.6
Carbon intensity per barrel of oil equivalent produced - equity share (oil companies only) ³	kgCO ₂ e/boe	11.0	12.6	14.4
Revenue carbon intensity - Scope 1 & 2	tCO ₂ e/ USDm	68.3	83.8	76.0
Revenue carbon intensity - Scope 1, 2 & 3	tCO ₂ e/ USDm	136.2	166.8	135.1
Value Creation intensity - Scope 1 & 2	tCO ₂ e/ USDm	103.6	171.1	113.3
Value Creation intensity - Scope 1, 2 & 3	tCO ₂ e/ USDm	206.5	340.4	201.6
SOCIAL	UNIT	2019	2020	2021
Health and safety				
Lost Time Injuries (LTI)	#	21	11	20
Diversity				
Share of women in workforce	Weighted average %	20.4%	18.9%	20.9%
Share of women in management	Weighted average %	23.0%	24.7%	23.5%
Employee turnover ratio	%	-	6.5%	10.2%
GOVERNANCE	UNIT	2019	2020	2021
Maturity in governance matters				
Percentage of companies that have an anti-corruption program in place	%	92.0%	100.0%	90.9%
Percentage of employees that have completed anti-corruption training	%	-	81.9%	89.1%
Percentage of portfolio companies with an established whistleblowing channel	%	72.0%	81.5%	81.8%
Number of whistleblowing cases	#	-	6	6
Percentage of portfolio companies that have an assigned responsible for ESG issues	%	100.0%	100.0%	100.0%
Breaches of ethical guidelines	#	-	-	1
Investigations or lawsuits in relation to ESG issues	#	-	1	1
Percentage of portfolio companies that have an ICT / Cybersecurity Policy in place, or ICT risk management as part of its quality system	%	92.0%	96.3%	90.9%
Number of cyber attacks or similar incidents resulting in downtime of critical IT systems and/or loss of data, loss of integrity or other loss	#	-	2	2

¹ Aker Solutions, where HitecVision had a 7% ownership share at year-end, is not included in these figures. The company's ESG data can be found in its own sustainability report, available here: <https://www.akersolutions.com/globalassets/sustainability/sustainability-report-2021.pdf>. ² Calculated on an ownership share basis. ³ Vår Energi and NEO Energy when based on operational control. Vår Energi, NEO Energy and Sval Energi when based on equity share. Carbon intensity per barrel for 2021 includes fields acquired during the year on a full year basis.

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, all companies now report their CO₂ emissions on a regular basis, allowing us to benchmark performance indicators and progress over time.

The input data is based on information from both internal and external data sources, which have been converted into tonnes of CO₂ 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 14064-1.

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 CO₂ equivalents: CO₂, CH₄ (methane), N₂O (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. In 2019, we reported the emissions of one company, NEO Energy, using the equity share approach, as the company had at that time no operated oil and gas fields.

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-year 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 only covered business travel, primarily by air, unless otherwise noted. Over time, this has been extended, and we aim to further extend the coverage of Scope 3 emissions in the future.

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Diversity and inclusion

HitecVision has continued its work on diversity and inclusion in 2021. Our focus on this issue stems from our belief that diverse teams make better decisions, and are thus good for business. This extends not only to our organization, but also to our portfolio companies.

We believe that having a diverse organisation, not just in terms of gender but also in terms of age and background, is key to our company culture and performance. Building a team that reflects the societies in which we operate is a part of HitecVision's long-term strategy for organizational development. As our organisation is relatively small and the workforce is stable, we are conscious that changes must take place over time, supported by clear goals and measures.

Our Ethical Guidelines (Appendix D) set out our commitment to a working environment free of harassment, discrimination and bullying, where everyone treats all colleagues with courtesy and respect, and our focus on qualifications, demonstrated skills and achievements as the basis for promotion and rewards. All new employees are introduced to and have to sign off on our Ethical Guidelines and other governing documents as part of their onboarding process. Our whistleblowing channel is available to all employees and provides the opportunity to report concerns anonymously and without retaliation, retribution or harassment. There were no whistleblowing cases in 2021.

We recruit, promote, train and reward our employees based on merit alone. Performance is evaluated systematically, based on an appraisal system that maps each employee's performance



on both personal skills, such as planning and organisation, problem analysis / resolution and communication and presentation skills, as well as technical skills such as industry knowledge, understanding of ESG issues, valuation and modelling and IT proficiency. This ensures that decisions regarding promotions and rewards are based on demonstrated skills and achievements.

Gender diversity in HitecVision

Our gender diversity target is to achieve a minimum of 33 percent female or male representation in all teams and parts

of the organisation, and all potential recruitments are assessed against this goal. When advertising available positions, we have matured a more conscious approach on how we present our diversity and inclusion. The HR department monitors and reports regularly on the status of diversity and inclusion to the CEO and board of directors.

At the end of 2021, HitecVision's workforce totalled 64 persons, of whom 61 percent are male and 39 percent are female. Our group management comprises four men and four women.



Our main diversity challenge is achieving a better gender balance in our investment team, where there is still an over-representation of men, with 75 percent. While we have long been able to achieve a balanced recruitment picture at analyst level, the general scarcity of female senior executives in the energy industry has made it far more difficult to achieve the same balance when filling the new senior roles we have added as part of our new direction towards the energy transition.

Over time, as professionals who have joined the team early in their careers gain more seniority, we expect this picture to gradually change. Early in 2022 two professionals who originally joined the firm as analysts were promoted to senior partner – one woman and one man.

We have an age average of 41.4 years across the organisation, largely aligned with our target of an average age of 40 years.

Diversity, Equity and Inclusion Policy

As described above, our approach to diversity and inclusion has a strong fundament in our Ethical Guidelines, which were introduced in 2006. Over time we have seen the need for a policy specifically addressing diversity and inclusion, and in 2021 we have developed and implemented our Diversity, Equity and Inclusion Policy.

The policy states our overall goal of no less than a third of each gender in all teams and parts of the organization. It covers equal opportunities in recruitment, promotion and retention; equal pay; parental leave; and discrimination and harassment. In addition, the policy

sets out our ambitions on behalf of our portfolio companies, including a requirement that each portfolio company should have a similar D&I policy, supported by action plans and periodic reporting to us. We also state that we expect our key suppliers to have their own D&I programmes, as also described in our Supplier Expectations Statment (Appendix E).

Under the new policy, we will set periodic progress targets and action plans. The first generation of these is being developed in 2022.

Additional information provided in accordance with Norwegian regulations on mandatory D&I reporting

Please see table on page 11 for data on temporary employment, parental leave and part-time workers.

As stipulated in the reporting requirements, HitecVision has completed a pay structure mapping, to ensure equal pay in the organisation. Because of the limited number of employees in each group the information can however not be published.

“ Gender balance is a factor that is always considered when appointed board members in controlled companies.

Our family leave policy is regulated by the Norwegian Working Environment Act. The parental leave period totals 49 weeks, consisting of a period of 3 weeks before the due date for the mother; a maternal quota of 15 weeks (of which the first six weeks must be taken immediately following the birth); a paternal quota of 15 weeks; and an elective period of 16 weeks. The company policy is that all employees, regardless of gender or function, are required to take their allocated parental leave, as a minimum. HitecVision covers full pay throughout the leave period for all employees. The fact that an employee is on parental leave will not influence decisions about pay rises or promotions.

468 hours of training were undertaken in 2021. Of these, 34 percent represents training conducted by external resources, with 66 percent conducted by internal senior resources.

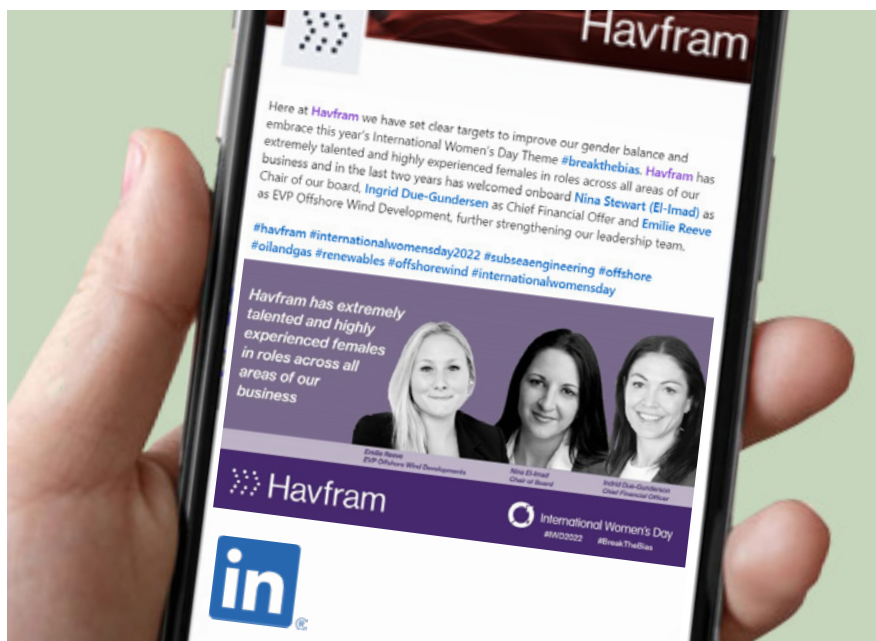


Table 2. Recruitment and Promotions – by gender

	Recruitments 2019	Recruitments 2020	Recruitments 2021	Status 31.12.2021
Investment team - men	2	3	6	30
Investment team - women	3	3	2	10
Other positions - men	0	0	2	9
Other position - women	4	0	0	15
Promotions - men	13	4	5	-
Promotions - women	3	5	6	-

Working with the portfolio companies on diversity and inclusion

In 2019-20, we ran a project to improve the gender balance of the boards of directors of our portfolio companies, as further described in last year's report. This work is ongoing, and gender balance is a factor that is always considered when appointing board members in controlled companies.

We regularly raise diversity issues in our biannual meetings with our portfolio company, making clear our expectations and discussing action plans to reach

targets. In 2021, our main diversity and inclusion focus has been directed towards management of our portfolio companies, focusing on the ones with a substantial number of employees. The project has been run by our Head of People, Organisation & Community Engagement, who has worked directly with relevant HR managers in our larger portfolio companies. The major companies now have a renewed focus on D&I issues, and those who did not have a D&I policy or similar have now introduced one – in some cases modelled on ours. Please see [Moreld](#) for an example.

Supporting the local community

Community Impact



Community Impact

Supporting the local community

Since 1985, HitecVision has been a part of Norway's energy industry, creating local value and jobs. Our roots in our local communities are deep, and part of that is a commitment to give something back.

HitecVision supports the local communities where it operates through three main social initiatives – its social impact projects, Christmas family giving and local sponsorships.

Social impact projects

HitecVision has initiated and developed two prominent social impact projects - Paahjul and Gatelaget Viking. These projects are delivered in partnership with Kirkens Bymisjon (the Church City Mission), Viking Football Club, Helse Stavanger and other local supporters.

Paahjul

Paahjul are bicycle repair shops in Stavanger and Oslo that offer work training, supporting the reintegration of people in the workforce as they recover from substance abuse issues.

The first bicycle repair shop opened in Stavanger in 2013, the second shop opened in 2015 at Hinna, Stavanger, the third shop opened in 2016 at Barcode, Oslo and the most recent shop opened in 2019 in Sandnes. Each shop aims to introduce four to six new people to the programme per year, helping them become familiar with the routines and expectations of a workplace. The target is that those who are able to proceed beyond the Paahjul experience shall move on to standard work with another employer, based on the knowledge and work experience gained with Paahjul.

MEASURING IMPACTS

Since its inception, the Paahjul programme has achieved success in helping individuals re-integrate into the workforce through secure employment. Those who participate in the work training and complete the training programme generate many other positive outcomes for themselves and their families. Increased self-esteem, greater independence and improved health and wellbeing are just some of the key life changes participants experience. Rebuilding relationships and creating new ones are also part of the journey, with unwavering support from the dedicated Paahjul team.



Viking Gatelaget

Viking Gatelag is a football team for women and men with substance-related challenges.

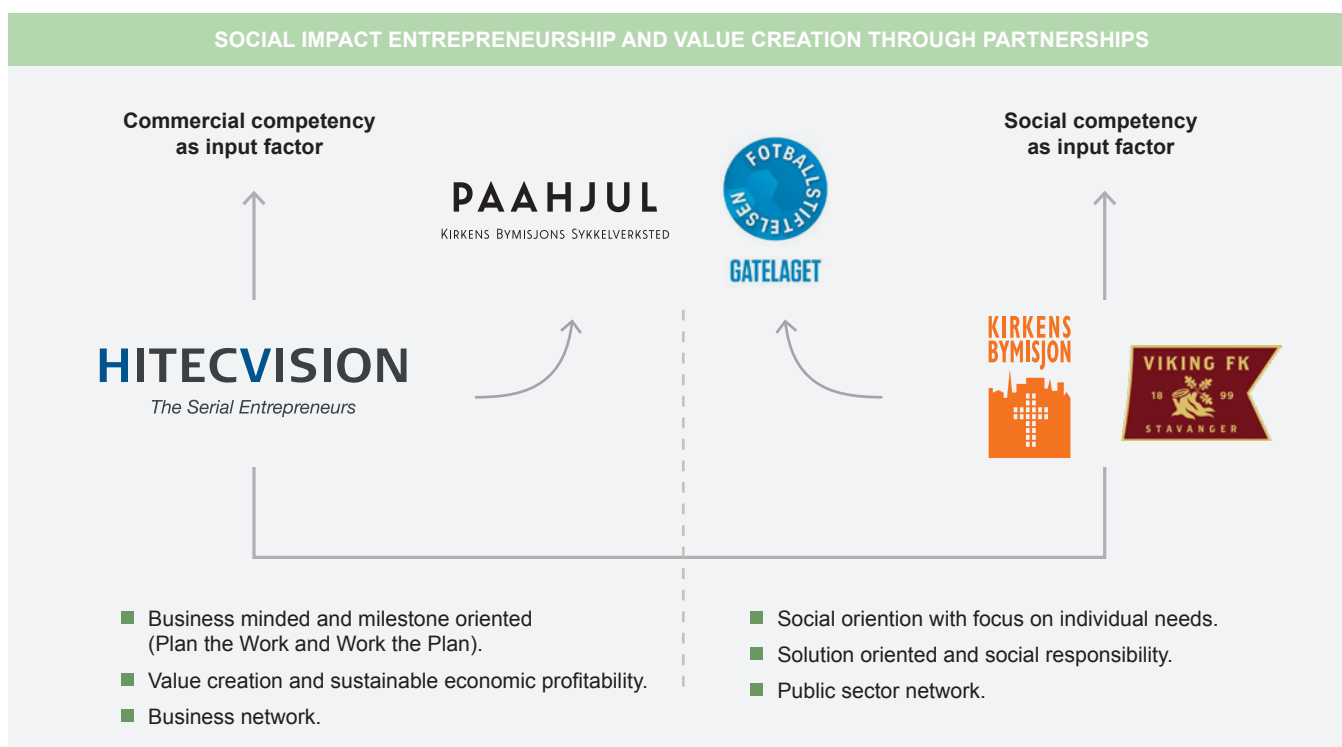
By providing an opportunity to experience teamwork, achievement and a sense of belonging through team sports, Gatelaget has provided a pathway for participants back into employment or education. Developing a sense of purpose and togetherness through regular training, sharing meals and talking to others about their situation, is all part of the journey.

Social impact and value creation through partnerships

In order for the projects described on the previous page to achieve their social impact targets, HitecVision supports them with funding and competence to assist

in daily management and operations. Our partner Kirkens Bymisjon has responsibility for admissions into the programmes. Getting people outside

of the labour force back into meaningful employment is our key goal and we are applying our core competencies to make a real difference.



Christmas family giving

Each Christmas, HitecVision employees and their families create Christmas boxes with food and gifts that are donated to disadvantaged families.

This initiative, started in 2019, has taken on a special significance and ties in closely with the extended family (Storfamilie) values established within HitecVision. Each employee and their family is allocated one anonymous family, with details of wish lists for children, favourite foods and more. In 2021 more than 50 Christmas boxes were donated in the Oslo and Stavanger areas in cooperation with local charities.





Community sponsorships

In partnership with Kirkens Bymisjon Rogaland, HitecVision supports a number of local social initiatives, including:



■ THE NIGHT RAVENS (‘Natteravnene’)

– a volunteer night patrol aiming to prevent youth violence and disorderly behaviour.



■ THE STREET PASTOR (‘Gatepresten’)

– an accessible priest providing conversation, guidance and care for those spending much of their time on the streets.



■ THE RELEASE VALVES (‘Ventilene’)

– a meeting place and activities for young relatives and family members of people with issues such as substance abuse, violence, mental or physical handicaps.



■ THE STREET LAWYER (‘Gatejuristen’)

– offering free legal assistance to substance abuse victims in the greater Stavanger and Haugesund area.

A low-angle shot of a white wind turbine against a clear blue sky with some light clouds. The turbine's blades are white with red and white striped tips. The tower is white and extends from the bottom right towards the center.

Market Report

The energy transition: 2021 in review and future outlook

By David Mubarak and Patrick Agar, Lambert Energy Advisory

Please note: This article was written before the Russian invasion of Ukraine. Effects on energy markets of that war are already substantial, but are not addressed here.

Part I: 2021 in review

INTRODUCTION:

A tale of two halves

2021 started with the world still not on track to achieve net zero by 2050. Emissions remained high and there was very little evidence of major tangible systemic change despite the large number of recent national climate policy pledges. While the impacts of strict Covid-19 lockdowns led to a 5.8% decline in global greenhouse gas emissions during 2020 (c.2 Gt CO₂e), by the end of 2021 emission levels were largely back to pre-Covid levels as lockdowns eased and demand for coal, oil and gas rebounded.

In parallel, a global energy crisis is emerging as economies rebound and energy prices surge. As 2021 ended, the true political, economic, and practical challenges of implementing the global energy transition became increasingly apparent.

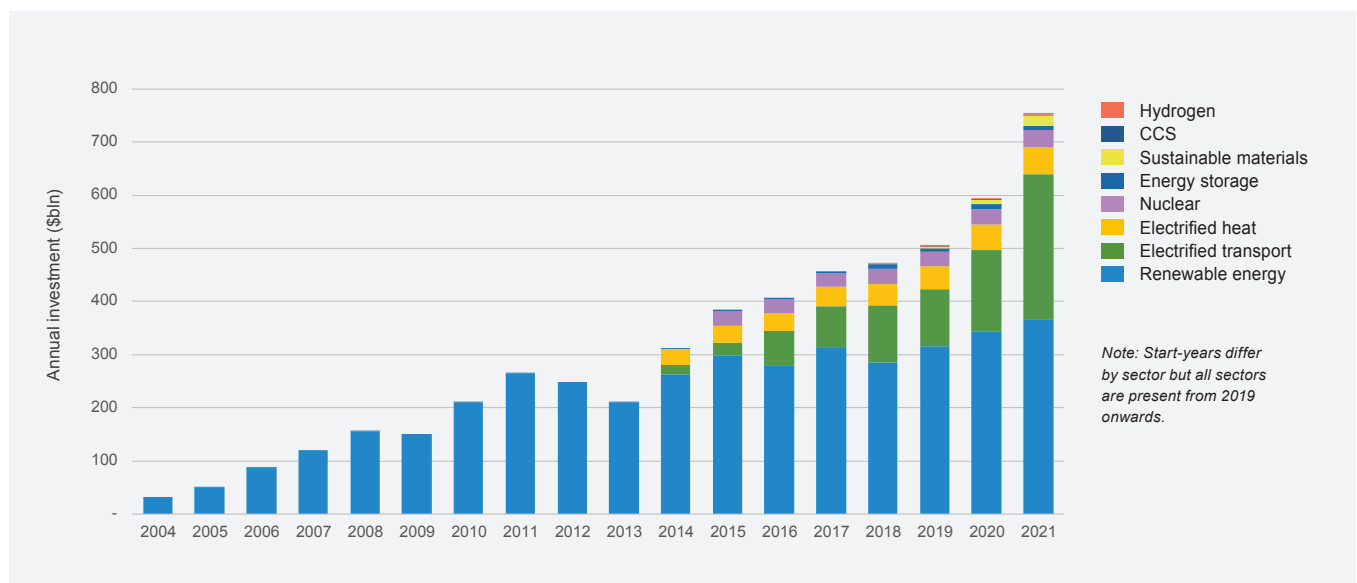
Despite these ongoing challenges there is global agreement for progress on the need to mitigate against the risks of climate change and accelerate decarbonisation. Global investment in the energy transition reached a record \$755 billion in 2021 (**Exhibit A**).

Although this is still well below the estimated \$4 trillion annual spend required by the end of the decade, Government policy action continues to translate into increasing private sector investment.

In 2021, investment increased across almost all sectors, including a number of mission critical technologies, such as CCS and hydrogen. To achieve global decarbonisation targets, these technologies must mature and be deployed at scale.

Exhibit A. Annual energy transition investment by sector (\$bn)

Source: BNEF



In this article we review a selection of the key policy making outcomes from 2021 and assess the state of play and outlook for some of the key commercial levers required to drive down global greenhouse gas emissions. We summarize some of the key developments of the energy transition in 2021, and indicate some areas to watch for 2022 and the coming years.

COP26:

Key outcomes and next steps

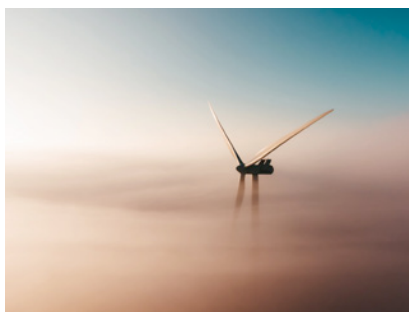
COP26 in Glasgow in November was the first time that all key economies had bought into the concept of net zero at least to some degree. As such the event was perceived to be an opportunity to bring key stakeholders back on track. Advance excitement was being garnered in some quarters, but apprehension and question marks remained from others.

Expectations were high: Could COP26 be a potential inflexion point for political dialogue and concerted international efforts to tackle climate change? Could COP26 succeed when the world was licking its wounds from the Covid-19 pandemic? How could governments promise funds to tackle climate change when their populations were in dire financial straits?

As of December 2020 there were 127 countries, accounting for 63% of global greenhouse gas emissions, that had net zero goals formally adopted, announced or under consideration. Despite this there was still a stark disconnect between emission reductions implied by net zero policy ambitions and actual decarbonisation trajectory under actual Nationally Determined Contributions (NDCs).

COP26 would be the first conference at which new and / or revised NDCs would be discussed. While NDCs are neither legally binding nor enforceable, information sharing procedures are legally binding. This transparency acts as a useful mechanism to place political

pressure and reputational cost on countries failing to commit to their fair share of emission reductions. Furthermore, the sum of all NDCs provide an important litmus test of overall global commitment to meeting the Paris Agreement.



A number of countries submitted revised NDCs ahead of COP26. This includes China which announced its intention to peak CO₂ emissions in 2030 and achieve 'carbon neutrality' before 2060. China's plan is highly tied to curbs to the use of coal including limits on consumption over 2021 to 2025, and phase down during 2026-2030. India is yet to formally update NDCs but did pledge net zero by 2070 and 500 GW renewable capacity – 50% of its energy mix – by 2030.

Despite this progress there is still significant 'room to run' on NDCs. To stay on track in limiting global warming to below 1.5°C global emissions would need to be reduced by ~45% by 2030. If all emission savings from NDC updates and sector deals delivered at COP26 are taken into account a reduction of only ~10-15% (5.5 to 6.9 GtCO₂e) below today's level would be achieved. This ultimately blew away the UK's ambition for COP26 to keep 1.5°C alive.

Arguably the biggest disappointment from COP26 was the dramatic 11th hour collapse on coal ambitions. Following alleged pressure from China and India the final deal was watered down to include a pledge to 'phase down' instead of 'phase out' coal. While India and China have been criticised for softening

of their position on coal it is worth noting a US and China bilateral agreement during COP26 had already used the 'phase out' terminology.

Will the pledges be followed by real world results? Political dialogue can only achieve so much and the world will need to take rapid practical action if it is to decarbonise and wean itself off coal anytime soon. The IEA estimates that global power generation from coal in 2021 will have increased by c.9% from 2020, reaching an all-time high. In China, coal production reached record levels in 2021 as the country faced a winter gas crisis.

The outcome of a key test of COP26 will be seen at the end of 2022 following a request for "parties to revisit and strengthen the 2030 targets in their NDCs as necessary to align with the Paris Agreement temperature goal by the end of 2022". While there is less pressure on countries that already have ambitious targets, such as European countries, all eyes will be on countries with insufficient climate plans. Independent analysis indicates existing plans from nations including Brazil, Australia, Indonesia, India and China are estimated to be in line with a 4°C degree warming scenario.

A solution on climate finance for developing countries was kicked down the road. At COP15 in 2009 rich nations promised to provide less-wealthy nations with \$100 billion in annual contributions by 2020 to help adapt and mitigate the risks of climate change. COP26 saw donor countries express "deep regret" and admit this goal would not be met until 2023, albeit US climate envoy John Kerry indicated he thought it may be met earlier.

Taking a glass half full view on COP26 does provide some positive takeaways. For example, there was real progress on Article 6 which deals with international cooperation on carbon markets, including voluntary carbon offsets (See Carbon Offset section in Part II).

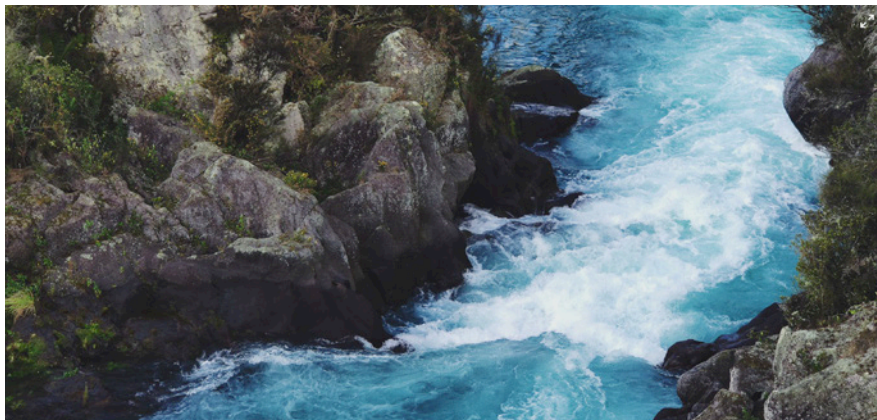
The deal should help improve offset market integrity and transparency and therefore support professionalisation and scaling up of an important latent market. A methane emissions pledge, with over 100 countries agreeing to cut 30% of methane emissions, and the formation of a new independent group to scrutinise private sector net zero pledges were also noteworthy results.

Another key positive from COP26 was related to further strengthening of commitments of the Glasgow Financial Alliance for Net Zero (GFANZ). GFANZ was originally announced in April 2021 in the lead up COP26 with the aim to unite the global financial sector in tackling greenhouse gas emissions. Today the alliance comprises a consortium of over 450 banks, insurers and asset managers across 45 countries representing \$130 trillion of assets under management, 40% of the world's financial assets. The initiative is co-chaired by Mark Carney and Mike Bloomberg, who also led the TCFD.

The alliance aims to strengthen its members' climate ambitions as well as drive more effective collaboration and co-ordination on the steps required for a net zero future. Members have committed to align their own business, as well as their lending and investing businesses, with net zero goals. GFANZ estimates that the alliance could deliver an estimated \$100 trillion of finance for net zero over the next three decades. The alliance may have the broad backing necessary to realign global capital investments and businesses towards a net zero pathway and help ensure that key global industries and businesses implement ambitious decarbonisation plans.

Is Fit for 55 'fit for purpose'?

On the 14th July 2021, the European Commission debuted its 'Fit for 55' legislative package, making more concrete the steps required to deliver



the already agreed commitment for the European Union to reduce its net domestic greenhouse gas emissions by 39% vs 2019 (and by 55% vs 1990); and following through on the European Green Deal proposals Ursula von der Leyen made in her manifesto pitch to be EC President in July 2019. The policies outlined imply an ambitious overhaul of almost all aspects of the European economy and will require significant investment to deliver.

The Fit for 55 legislative package is the largest ever put forward by the European Commission; running to almost 4,000 pages across 13-16 proposals (depending on how you count) covering a panoply of activities within the EU and EEA (**Exhibit B**). The proposals made in July were followed by three more legislative packages announced in December 2021 covering gas and hydrogen, methane emissions, and energy performance of buildings.

While the Green Deal was designed in 2019, all the legislation to implement is only expected to be finalized by the end of 2024. Many of the details of the measures proposed are likely to prove contentious within the European Union – particularly around who controls funds raised, tax-like measures, and which member states have the largest net burdens / benefits. However the European Commission's package

was likely already crafted with in-principle agreement from the major political parties and member states so they won't be a surprise. Indeed, the delays to part of the package until end-2021 were due to more time being required to pre-negotiate these elements ahead of any public announcement.

Conceptually, Fit for 55 not only tightens emissions targets for the EU, but expands the range of policy tools to deliver them, and expands the scope of the tools.

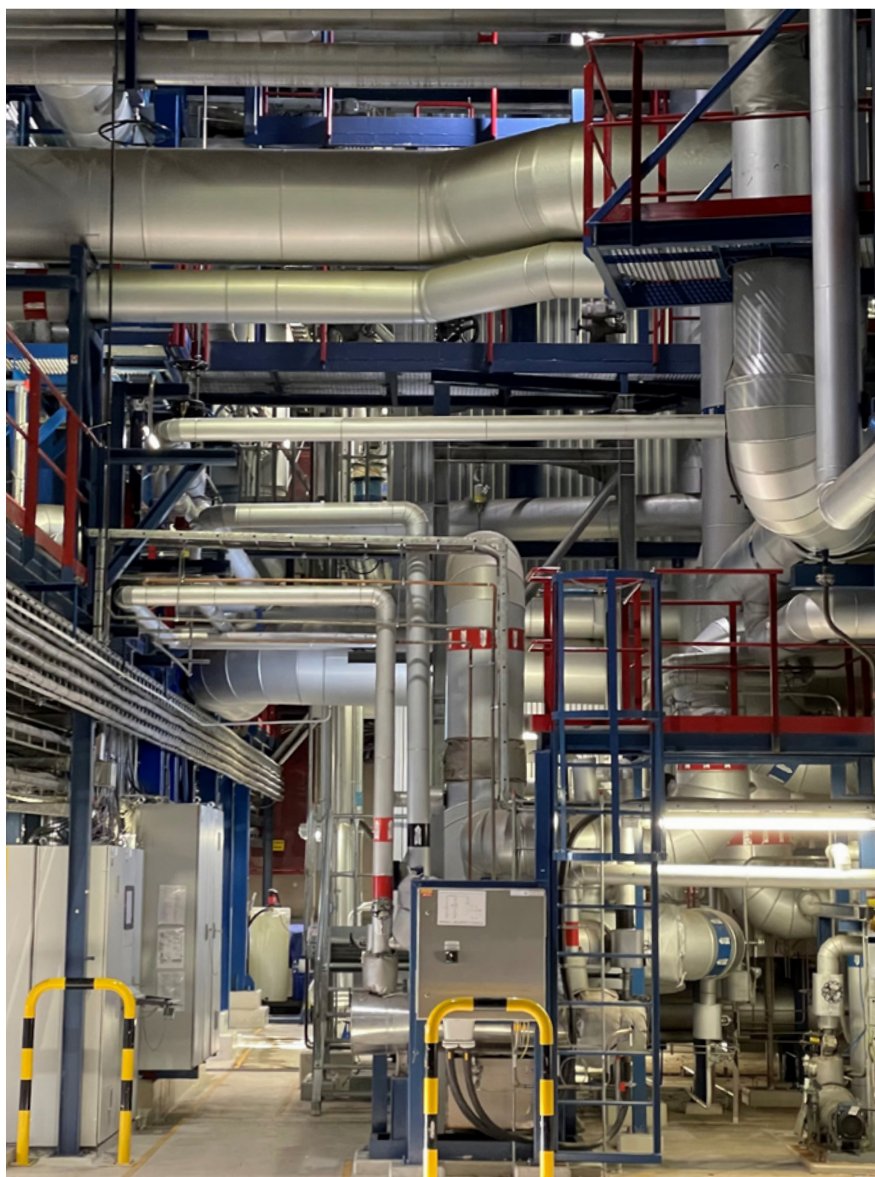
Up until now the only pan-EU centrally administered direct emissions reduction policy has been the EU Emission Trading System (ETS), covering CO₂ emissions from stationary installations² accounting for only about 37% of EU net domestic GHG emissions, including intra-EU and domestic aviation. The remaining 63% of EU GHG emissions is instead currently covered under the Effort Sharing Regulation, which distributes the overall ex-ETS EU target (i.e. the EU target less that met via ETS) into 27 national targets based in theory on national ability but in practise on diplomatic negotiation. National governments then determine the policies to deliver on these country targets based on their own domestic priorities; for instance they could focus more on the commercial and heavy transport sectors and leave residential and private vehicles alone if that was politically easier.

² Plus PFCs related to aluminium and N₂O from production of nitric, adipic and glycolic acids and glyoxal.

Exhibit B. Summary of Fit for 55 package legislative proposals

Source: Lambert Energy Advisory analysis

MEASURE TYPE		
Pricing	Targets	Rules
EU ETS (stationary): Faster cap reduction, fewer free allowances (in particular phased out for CBAM sectors), to align with EU 2030 -55% target.	Effort Sharing Regulation (ESR): Tighter national emission targets covering sectors not within EU ETSs' scope, to align with EU 2030 -55% target.	Stricter CO₂ performance for cars & vans: all new cars zero emission by 2035, align standards to deliver 50-55% emissions reduction by 2030.
EU ETS (aviation): Faster cap reduction, fewer free allowances, more integration with CORSIA.	Land Use Land Use Change and Forestry Regulation (LULUCF) + EU Forestry Strategy: Updated to better incentivise member states to boost LULUCF CO ₂ sinks and forest biodiversity.	Alternative Fuels Infrastructure Directive (AFID): Adjusted and tightened to reflect priorities to support rollout of infrastructure for electric vehicle charging and hydrogen refuelling.
EU ETS (maritime): added into the existing EU ETS (stationary).	Renewable Energy Directive (RED): Higher national targets consistent with pan-EU 40% renewable share of final energy supply by 2030 (previously target was 32%).	ReFuelEU: Push to require increased adoption of more sustainable aviation fuels.
EU ETS (road transport, buildings): new parallel setup.	Energy Efficiency Directive (EED): Higher national targets consistent with pan-EU minus 36% final energy consumption reduction by 2030 vs 2007 (previously target was minus 32.5%).	FuelEU: Push to require increased adoption of more sustainable maritime fuels.
Energy Taxation Directive (ETD): higher excise duties for fossil fuels (now linked to emissions), with end of exemption for intra-EU aviation and shipping.	<div><div></div> Reform existing law</div> <div><div></div> New law</div>	Reducing methane emissions from the energy sector: also expected to introduce rules or duties on GHG intensity of imported gas (e.g. LNG).
Carbon Border Adjustment Mechanism (CBAM): Surcharge for cement, iron, steel, fertiliser, aluminium and electricity imports to EU based on relative carbon cost in EU vs source.		3rd Energy Package for Gas: update 2009 rules to make them fit for purpose to cover both natural gas and low carbon gases (especially hydrogen).
		Energy Performance of Buildings Directive (EPBD): expected to further tighten standards (last updated in 2018).
SUPPORT MEASURES		
Social Climate Fund: paid for via allowance auctions under the new Building and Road Transport ETS, to provide temporary direct income support and fund emission reduction efforts for vulnerable households to offset the ETS costs.		
Modernisation and Innovation Funds: Proposals to increase their size, using ETS auction revenues, to further assist decarbonisation efforts.		



From one of the district heating plants of Fortum Oslo Varme, where HitecVision is in the process of investing.

While the European Commission will have had an eye on the political acceptability of its proposals, the real test will be the negotiations between and within the European Commission, the European Parliament and the Council of Ministers (representing member states directly). Each country and its political parties will have its own constituencies, priorities and perspectives that will have to be debated and bartered over before a generally accepted 'fair' agreement can be reached over the next two to three years.

Most of the amendments to existing legislation plus the new measures can be passed via Qualified Majority Voting (wherein 55% of Member States by population and 65% by number must approve a measure for it to pass the Council of Ministers, as well as a simple majority in the European Parliament), and the European Commission has almost certainly already tailored its proposals so that they have the support necessary.

However, with regard to measures that stray into fiscal matters (which the CBAM, the new building and transport ETS and the energy taxation directive may do) then unanimity of member states is required and this could make such measures far harder to pass without difficult negotiations.

Measures with international ramifications, such as the Carbon Border Adjustment Mechanism, aviation ETS reforms and maritime ETS inclusion are likely to face resistance from the EU's trading partners via both diplomatic, WTO and other treaty channels. Measures could thus be subject to material amendment by the time they become law, but the proposals still provide a clear indication of the direction of travel.

In a clarification of a long-standing area of dispute between EU members, the EU Commission in February 2022 adopted draft complementary climate delegated act. This defines the screening criteria for specific nuclear and gas activities which were not included in the June 2021 climate delegated act. Nuclear was not included in the original because of further analysis required around whether nuclear waste falls under the 'do no significant harm' principle. Gas on the other hand required further evaluation around emission intensity attributes.

The acceptance of natural gas and nuclear as environmentally sustainable, at least for a transition period, was heavily debated. Specifically relating to the ability to safely dispose of nuclear waste without causing environmental harm, and around whether natural gas is environmentally acceptable in light of its ability to allow switching from other more dirty fuels (e.g. coal). Ultimately the EU Commission noted that "it is necessary to recognise that the fossil gas and nuclear energy sectors can contribute to the decarbonisation of the Union's economy".



Kårstø gas processing plant.

Nuclear will be subject to a life-cycle greenhouse gas emission threshold test of 100gCO₂e/ kWh. Projects must also use best available existing technologies, receive a construction permit by 2045, and lifetime extension modifications by 2040 at the latest.

Low-level radioactive waste disposal facilities – of which there are disposal facilities in operation for decades – must be in operation already. For high-level radioactive waste – which accounts for 1% of total nuclear waste - Member States must have in place detailed operational plans for disposal facilities by 2050.

For gas related activities,³ lifecycle emissions must be below 100gCO₂e/ kWh. However, to transition away from other more emission intensive sources of power generation (e.g. coal) more flexible restrictions apply.

Specifically, until 2030 (date of approval of construction permit), and where renewables are not available at sufficient scale, direct emissions must be below 270gCO₂e/kWh or, for the activity of electricity generation, their annual direct GHG emissions must not exceed an average of 550kgCO₂e/kW of the facility's capacity over 20 years. In this more flexible case, the activity must meet a set of cumulative conditions: e.g. it replaces a facility using solid or liquid fossil fuels, the activity ensures a full switch to renewable or low-carbon gases by 2035, and a regular independent verification of compliance with the criteria is carried out.

IEA's Net Zero by 2050 report

In May 2021 the International Energy Agency (IEA) published its Net Zero Emissions by 2050 report ("NZE") exploring what it would take to reach Net Zero by 2050, and providing a potential roadmap for the energy sector to achieve that target "while ensuring stable and affordable energy supplies, providing universal energy access, and enabling robust economic growth". Prior to this the IEA's most "radical" scenario was the sustainable development scenario which achieved net zero emissions in the energy sector by 2070.

The IEA's NZE pathway calls for transformational change to every part of the world's energy system. Achieving this would require unprecedented buildout of new energy systems and infrastructure as well as significant research and development investment. Policy and pricing

³ Defined as Electricity generation from fossil gaseous fuels, High-efficiency co-generation of heat/cool and power from fossil gaseous fuels, and Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system.

signals would be required to incentivise and disincentivise the use of certain fuels and technology and influence behavioural change. Governments would be called upon to direct support to the poorest, including tax credits, loans and subsidies.

A ramp up in renewable additions forms a key building block of NZE; annual additions of solar PV would need to reach 630 GW by 2030, and 390 GW achieved for wind. For solar this an equivalent rate to building the world's largest solar wind farm each day, and for wind and solar additions in 2030 this is equivalent to over three times the amount installed in 2020. This trajectory would result in renewables providing nearly 90% of electricity generation by 2050 (~70% derived from wind and solar). These targets are extremely ambitious, particularly when recognising inherent scalability challenges and supply chain and inflationary constraints. The NZE scenario assumes that the global electricity sector achieves net-zero emissions by 2040.

Another key aspect of the NZE is that global energy intensity (energy consumption as part of GDP) falls by 4% on average on each year over this decade. This is delivered through electrification, energy and material efficiencies, behavioural change, reduced demand for energy services and a transition away from traditional use of bioenergy. It is proposed this could allow the global economy to be 40% larger by 2030 while using 7% less energy overall.

The pathway described in the NZE implies an enormous deployment of both existing and new technology. It is suggested that sufficient reduction in global emissions by 2030 is mostly achievable using technology readily available today. However between 2030 and 2050 around half the emissions reduction stems from technologies that

are currently only at the demonstration or prototype phase.

To deliver these “technologies of tomorrow” would require a material ramp up of government investment into research and development up to 2030. Hydrogen electrolyzers, direct air capture and storage, and advanced batteries and CCS are outlined as key areas of focus.

NZE also assumes that there are no further final investment decisions for new unabated coal. Also, and perhaps the most widely reported statement of the report, is that there will be no need for new oil and gas supply projects. When considering the inherently intermittent output of renewables this will be extremely challenging if at all possible in the real world. For gas specifically, this realization is reflected in the inclusion of gas in the EU's taxonomy (See Fit for 55 Section above), and the current European gas price crisis (See European Energy Crisis section below).

Perhaps surprisingly the IEA pushed back against use of offsets. While the organisation recognised permanent, additional and verified offsets can be beneficial they suggested that supply constraints could hinder rollout. Nevertheless, it is worth noting that if organisations such as the TSVCMM successfully professionalise the offset market then they could have a key role to play in both the energy transition and wider biodiversity targets (See Carbon Offset section in Part II).

Many have referenced the IEA's report as proof that an energy transition can be achieved in a smooth and well-orchestrated manner. However, while the NZE pathway may be achievable, it should not be misconstrued as describing an orderly energy transition without political, economic and social volatility and risk. History has shown that previous energy transitions have taken many decades and even centuries

to occur. It took ~50 years for oil to scale up from 5% of the energy mix in 1915 to 23% in 1965. As well as still being incomplete (e.g. the coal to gas switch), previous transitions also had fundamentally different characteristics and continue to pose many unresolved challenges around energy accessibility, affordability and reliability.

Is the European energy crisis here to stay?

The developed world has become dependent on globally tradable ‘just in time’ commodities of all types, and energy security has largely been taken for granted. However while a natural gas-based power plant can turn on at short notice, the gas cannot be produced at short notice. Have energy policymakers been making a supply chain miscalculation?

In a market-driven economy, pricing mechanisms come in to play when supply or demand for any one energy type changes significantly, eventually affecting end user prices. Even before the European energy crisis took its full toll this winter, it was estimated that 31 million EU citizens were living in energy poverty and unable to adequately heat their home.

An energy policy based on energy security and long term energy provision needs to balance all energy types, ensuring that efficient, cost effective supply chains can be developed and that the energy transition can proceed without disruption. It also ensures that appropriate cost effective financing can be secured where necessary.

Europe did not see explicit gas shortages this winter. However, this was partly a result of luck, since energy demand is so sensitive to heating requirements. Had the winter been more severe or prolonged or had there been a black swan event like a major pipeline stoppage, Europe could have found itself in a perilous position.

Despite no “explicit” gas shortages there was clear evidence for price-driven demand destruction. Soaring wholesale prices saw two UK fertiliser plants reliant on natural gas as feed-stock shut down (albeit one of the plants was later reopened following provision of a government support package). The gas crisis also made evident the complex and interconnected nature of energy systems when closure led to industrial CO₂ shortages. CO₂ is a by-product of the fertiliser manufacture process and is used for animal slaughter, packaging to extend shelf life, dry ice to keep items frozen during delivery, medical supplies, and the nuclear sector.

The current crisis could resurface again going into the next winters, as there are few signs that the fundamental structural conditions in the gas and power markets will improve. European upstream oil and gas exploration remains in decline and the push to phase out coal and nuclear in Europe in the coming years could well make problems worse. Ironically, the main event that might ease such pressures would be a major sustained global economic recession, particularly if it originated in China, but of course this would in itself create other social and economic problems.

While many initiatives are developing energy storage solutions, including battery storage technology, none are as yet sufficiently developed to make a difference at grid scale. The traditional power system has always had an inherent energy storage component (via storage of gas and coal) while renewables do not have such storage unless added (e.g. via batteries).

Technology does not yet exist to affordably replace gas- (or coal)-fired power as the seasonal balancing element in any large country’s power system. This dispatchable power generation will remain critical even as renewable deployment continues to grow.

For Europe, this winter’s energy crisis emphasised the criticality of gas storage capacity to Europe’s energy system flexibility. The EU has about 100 bcm of underground gas storage, equivalent to c. 25% of annual gas demand (and a higher share of winter gas demand, when the storage is used). On winter days when demand peaks gas storage facilities can supply about half of all gas demand, such is their importance to overall energy system flexibility. By contrast the UK gas supply issues this winter were exacerbated by minimal gas storage capacity following the closure of the offshore Rough facility in 2017. UK underground gas storage capacity is now only about 1.3 bcm, plus about 1.2 bcm of more transient LNG terminal storage (**Exhibit C**).

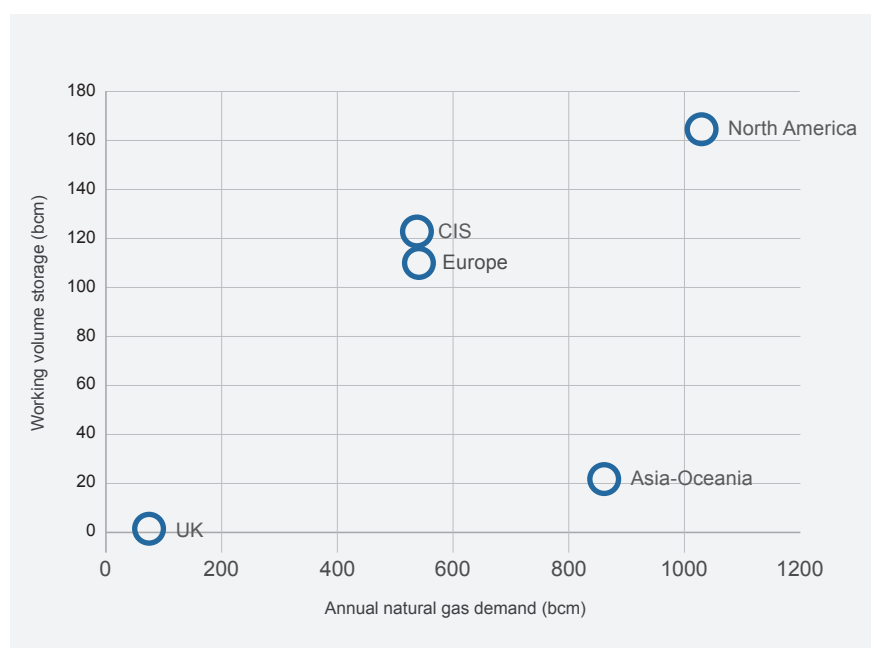
There is now renewed focus on hydrogen as an energy carrier able to carry out battery like duties. Hydrogen is the only option other than natural gas for seasonal energy storage; it can scale up quickly, to some extent using existing gas infrastructure; and a hydrogen

industry already exists. Given the lack of alternatives to address Europe’s seasonal energy needs, if Europe wants to eliminate unabated natural gas burn (for heating and peak winter power balancing) then the best choice may be to pursue hydrogen.

Ireland boasts some of world’s best offshore wind potential and is a particular example of a country exploring storage of offshore wind energy via hydrogen. The country will still require supply-demand balancing given the inherent intermittency of wind energy, and increasingly avoiding curtailment when wind output is high. As Irish offshore wind power production accelerates, it is likely to eventually exceed Ireland’s own energy needs, even with hydrogen energy storage. At that point energy exports would become the only option to continue to grow its offshore wind sector, with hydrogen or its derivatives (e.g. ammonia) providing a medium to flexibly transport material volumes of energy.

Exhibit C. Underground gas storage capacity and gas demand by region

Source: bp statistical review of world energy, Lambert Energy Advisory analysis





Part II: Where next for decarbonisation? Selected market segments

Offshore wind: Where next?

2021 was a record-breaking year for offshore wind, with almost 19 GW of capacity additions, the highest ever. Despite this, significant further build out will be required if Paris 1.5°C targets are to be met (**Exhibit D**). With only c.50 GW of offshore wind

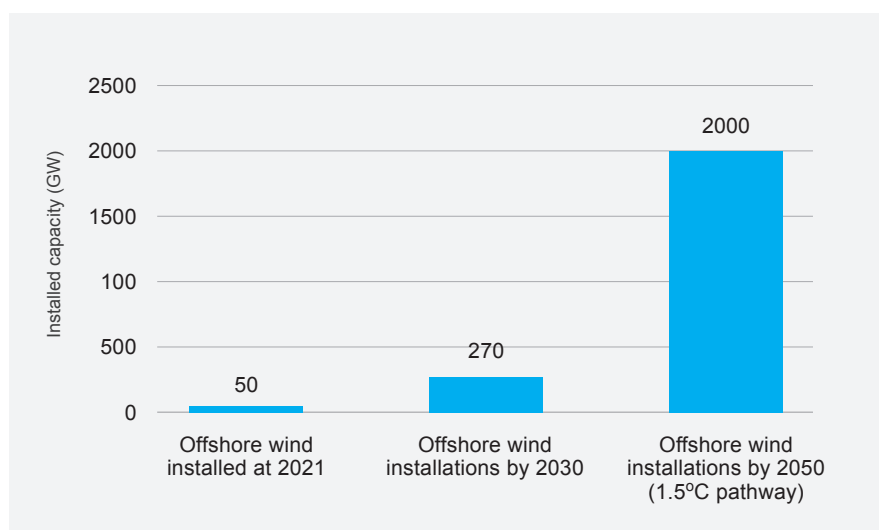
installed today – the majority in Europe and China – offshore wind delivers less than 0.5% of global electricity output. However, with over 71,000 GW of global technical resource potential, ten times the total current global installed electricity capacity, the theoretical potential of offshore wind is almost limitless.

Last year Europe continued to set its sights on continued buildout of offshore wind, both fixed and floating. The EU Commission has big aspirations for offshore wind with a goal of up to 450 GW to be reached by 2050. As an intermediate step the EU's Green Deal aims for at least 60 GW installed capacity by 2030. At a national level European countries are also ramping up targets. In June last year Germany's 2030 targets were raised to 20 GW and 40 GW by 2040, and France has set a target to put into operation 6.2 GW capacity of bottom-fixed and floating offshore wind between 2020 and 2028. In February last year Denmark announced plans to construct a giant offshore island which will serve as a hub for 10 GW of offshore wind capacity.

The UK has also set out its ambitions and mid last year increased its 2030 target from 30 GW installed capacity to 40 GW. Government ambitions were also translating into actual new projects entering the pipeline. ScotWind, which was the first round of offshore wind leasing in Scottish waters for more than a decade,

Exhibit D. 1.5°C Offshore wind buildout pathway

Source: Global Wind Energy Council



received over 70 applications (of which 17 were successful) and generated almost £700 million of option fees which will be received by the Scottish Government. Capacity of the proposed projects totals 25 GW, significantly above the expected 10 GW, and if fully realised would go a long way in helping to deliver the UK's build out targets.

Floating offshore wind installations can be deployed in deeper oceans, both significantly expanding the available area and providing the opportunity to harness faster winds with more constant speed and higher wind potential. While still significantly more expensive than fixed wind turbines, the global pipeline for floating offshore wind projects saw a dramatic increase in 2021.

It is currently estimated that around 14 GW of floating offshore wind capacity will be either installed or in development by 2030. This is a more than threefold increase from 2020's forecast of 4GW by 2030. Europe is positioned to lead this deployment with 16 GW capacity in the pipeline by 2035, closely followed by Asia Pacific with 15 GW by 2035 (**Exhibit E**).

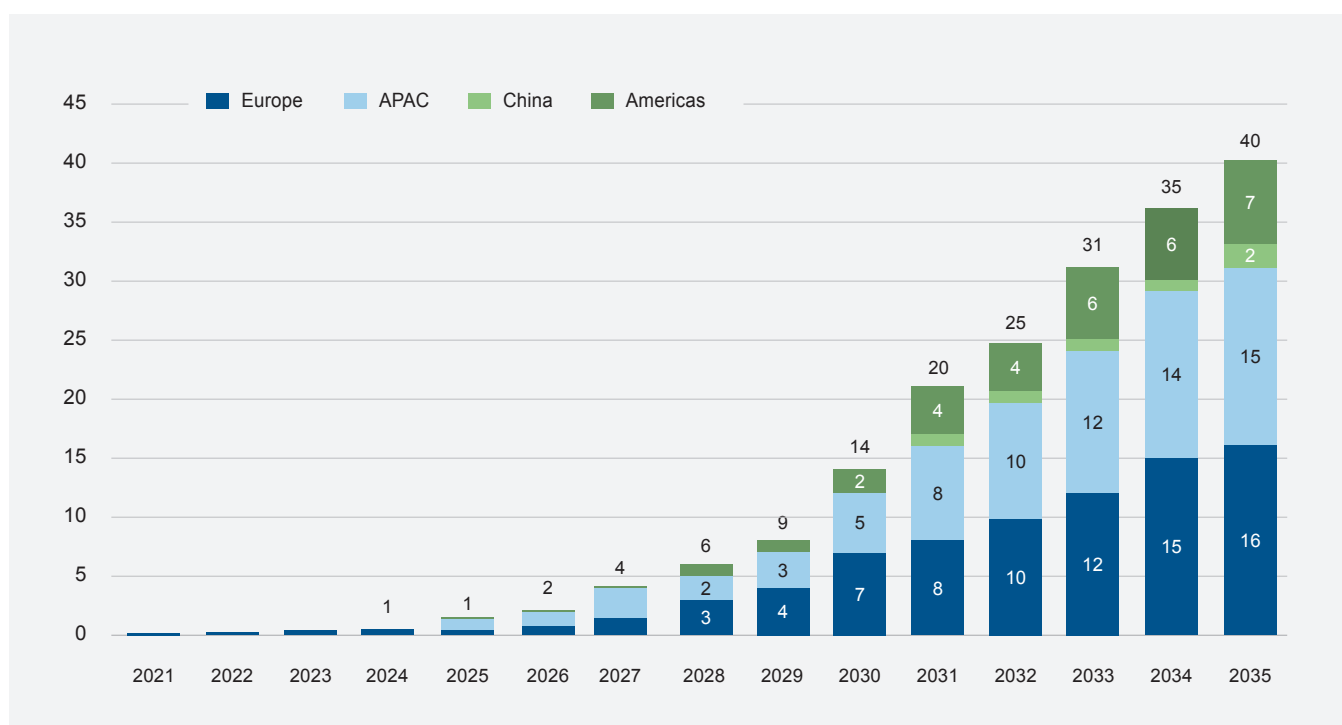
Whether this pipeline is fully realised will be contingent upon further cost reductions. At about USD 180/MWh⁴ floating offshore wind is significantly more costly than comparable renewables. Despite this high cost today, floating wind does have significant 'room to run' to become more cost competitive. This can be achieved from the opportunity to "piggy back" on the fast-developing fixed offshore wind technology and operation & maintenance competencies, as well as existing offshore oil and gas engineer-

ing know-how. A recent UK study has suggested that floating offshore wind LCOE could fall to a level comparable to fixed offshore wind by the mid-2030s.

An increasing number of initiatives are also proposing combining offshore wind and green hydrogen production (either in situ or onshore). Neptune Energy and RWE have signed an agreement to jointly develop the Dutch H2opZee project, aiming to build 300-500 MW of offshore electrolyser capacity powered by wind, with hydrogen transported to shore by pipeline. Other pioneering projects are also assessing the option to use repurposed and mobile jack-up oil and gas rigs upon which electrolyzers are stationed. With continued government support and innovative projects such as these on the drawing board the offshore wind sector will be "one to watch" over the next decade.

Exhibit E. Cumulative floating wind capacity entering construction by region (GW)

Source: 4C offshore



⁴ Based on Hywind Scotland.

Hydrogen: How soon is now?

When discussing the place of hydrogen in the energy transition, it is important to remember that it should not be considered a primary energy resource. Similar to electricity it needs to be produced from a primary energy source (e.g. natural gas, so-called grey hydrogen, or renewables, so-called green hydrogen).

Today, hydrogen is only rarely used as an energy medium like electricity but instead has a niche role as an industrial feedstock gas for processes including ammonia production (mainly fertiliser)

and refining (e.g. removing contaminants). It does however have the potential to solve at least part of the energy storage problem discussed above.

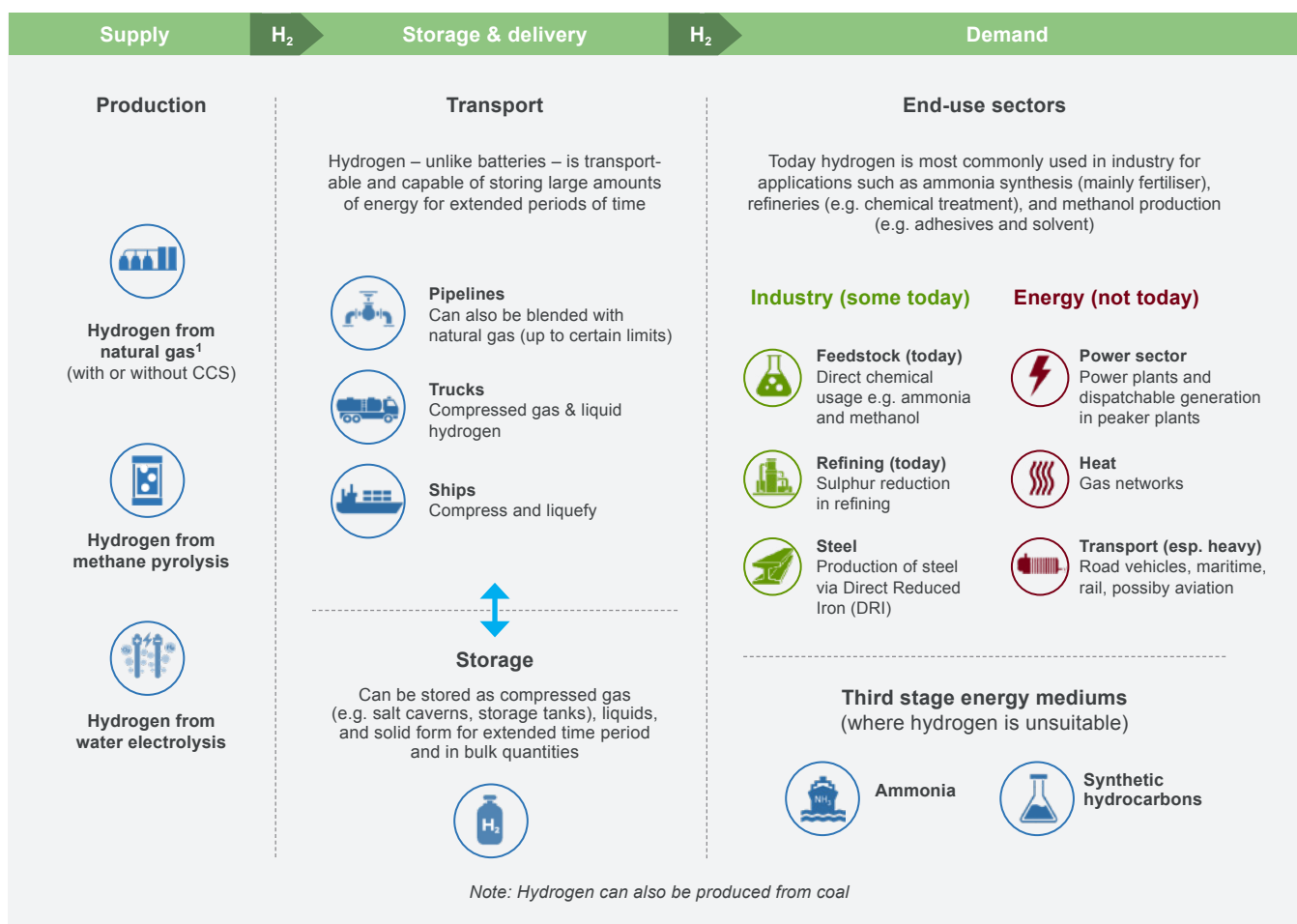
Currently about 70 million tonnes of pure hydrogen is produced each year⁵, almost entirely derived from natural gas through steam methane reforming and coal gasification (so called brown hydrogen), releasing significant amounts of CO₂ in the process. To transform hydrogen into a green energy carrier which could support global energy supply and decarbonise end sectors

at scale would require enormous growth and investment.

Hydrogen as an energy carrier has huge theoretical potential to decarbonise an array of 'hard to abate' end-sectors (**Exhibit F**) and provide seasonal storage. Ultimate adoption will depend on sector specific economics and the level of government support. However given net zero is increasingly becoming embedded into law, policymakers may consider hydrogen as the only solution to decarbonise mission critical sectors where electrification is unviable.

Exhibit F. Hydrogen value chain

Source: Lambert Energy Advisory analysis



⁵ Pure hydrogen only and excludes hydrogen mixed with other gases meaning that the specific applications require hydrogen with only small levels of additives or contaminants tolerated. A further 45 Mt of hydrogen demand exists as part of a mixture of gases (e.g. for feedstock).

Currently the majority of hydrogen production is consumed in close proximity to demand. This is unlike natural gas which benefits from a more complex value chain where natural gas is transported to demand centres by pipelines and LNG ships.

Thus, in addition to new production, major investment will be required in developing new hydrogen infrastructure (pipelines, liquefaction plants, trucks, storage facilities) to create a fully functioning supply chain with cross-border tradeable volumes. Only then can industry truly be provided with the confidence to adjust their operations and adopt low carbon hydrogen as an energy carrier.

Indeed there is growing interest in repurposing existing natural gas infrastructure for hydrogen storage and usage. This approach may be possible and could deliver cost benefits rather than building a new hydrogen system from scratch. It has been estimated that 69% of Europe's existing gas infrastructure can be repurposed for hydrogen. The UK is also reportedly considering a £1.6bln project to convert the Rough gas storage facility into a hydrogen storage facility.

While reutilising infrastructure does not pose insurmountable challenges, challenges do still exist. Hydrogen blending can cause embrittlement which can weaken pipes and cause leakage risks. Hydrogen is also three times less energy dense than methane meaning a decrease in the amount of energy delivered by a given pipeline, and liquid hydrogen for shipping requires temperatures of minus 235°C, 100°C lower than the temperatures required for LNG. Hydrogen derivatives such as ammonia can be a solution to this, in particular for maritime transport applications, although it poses energy efficiency issues.

While the jury is still out on the end state of the market, 2021 was a positive year for the latent hydrogen market.

An increasing number of governments and companies are setting out hydrogen strategies which are translating into tangible projects. There are currently around 350 green hydrogen projects under development which could potentially deliver 54 GW capacity by 2030. Another 40 projects totalling 35 GW capacity are in early-stage development. Industrial clusters incorporating CCS are also being leveraged by proposed "blue" hydrogen projects, based on natural gas but with carbon capture and storage.

It is clear that the pace of hydrogen adoption will be moderated by a number of factors including economics, material constraints, safety, and the speed that midstream / downstream equipment can be made "hydrogen ready".

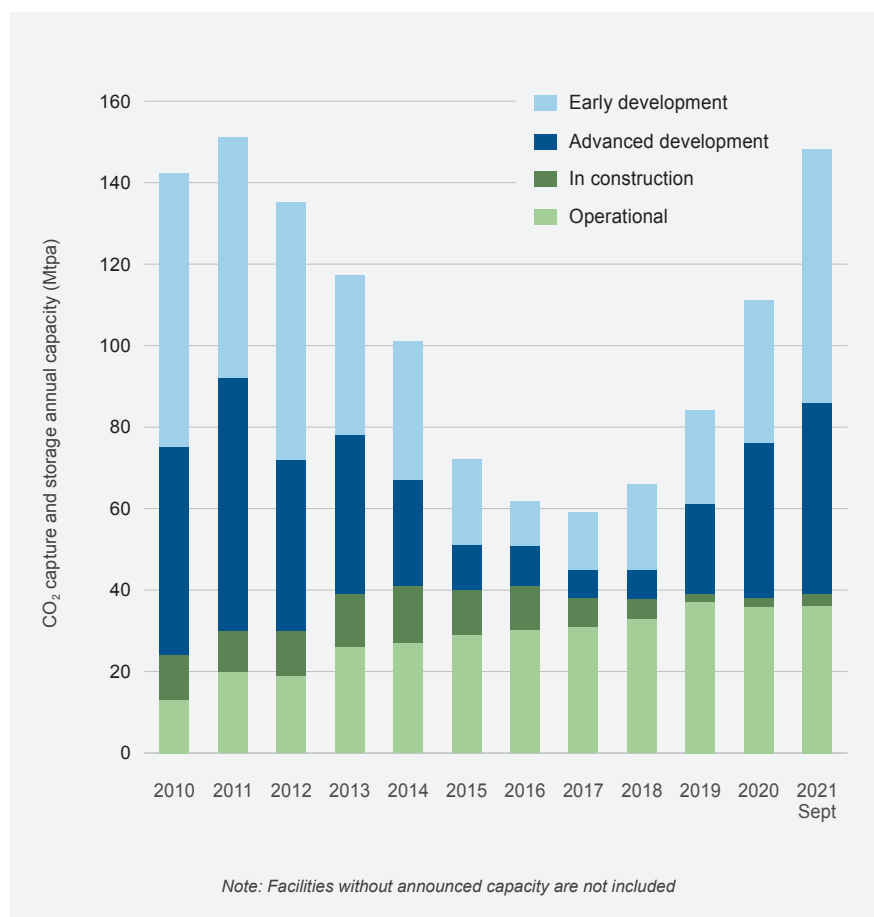
Nevertheless, although there is still work to be done the next decade could at last finally see hydrogen's moment.

Carbon Capture and Storage: Cautious optimism after a number of "false starts"

Carbon Capture and Storage (CCS) has endured a number of false starts and the pace of adoption significantly less than had been hoped some years ago. The reasons are complex, albeit have largely been the result of cost and technology issues, combined with limited government support and policy implementation to incentivise investment and rollout. This caused a clear disconnect between the huge potential

Exhibit G. Pipeline of commercial CCS facilities

Source: Global CCS Institute



for CCS to decarbonise industrial clusters and actual real world deployment.

Most decarbonisation roadmaps, including IEA's Net Zero roadmap discussed above, require a significant build out of CCS in order to meet climate targets. Without this it is highly unlikely the world will achieve its goals set out in the Paris Agreement. Current global CCS capacity has reached c.40 million tonnes per annum (**Exhibit G**). This would need to increase to c.7.6 billion tonnes per annum by 2050 according to the IEA's NZE pathway (**Exhibit H**).

Could 2021 finally see CCS finally getting off the starting line? Last year firm government support for CCS

combined with rising carbon prices saw a resurgence in the space with a number of projects emerging across Norway, the UK, Germany and Netherlands. With major blue-chip companies including Eni, bp, Total-Energies and Equinor now actively involved in CCS the tide may have finally turned for this nascent technology.

Projects currently on the drawing board are largely focused on decarbonising 'hard to abate' heavy industry sectors where electrification is not currently viable. Relevant applications include processes dependant on high heat (e.g. steel manufacture) and specific chemical reactions reliant on fossil fuels (e.g. cement or fertiliser production).

There are now also an increasing number of CCS projects linked to power generation, traditionally not a focus area for CCS, and blue hydrogen as mentioned above.

Heavy industry is typically concentrated in industrial clusters and so CCS transport and storage infrastructure networks will provide the ability to handle large emission volumes from multiple industrial sites. This also drives economies of scale which are vital given capital required to develop infrastructure and the need to minimise costs paid by users.

Storage sites are contingent on geology and the presence of either depleted oil/gas reservoirs or saline aquifers. While a number of storage projects are considering CO₂ transport via ship, due to economics and onshore constraints the majority of proposed storage sites are currently located offshore and within proximity to capture sites.

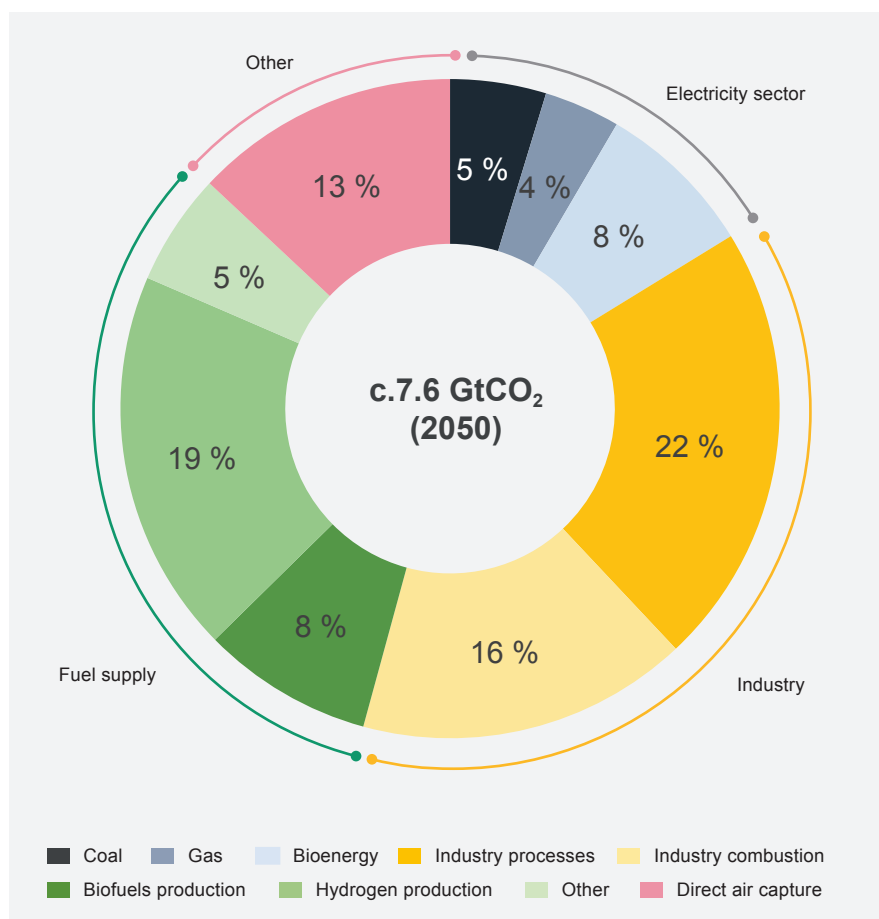
Is Direct Air Capture (DAC) one to keep an eye on? Industrial emission capture has long been the main focus and for many years DAC has been dismissed as fantasy. However even here technology is emerging, and in an isolated region of Iceland Climeworks has stationed a capture facility with large fans sucking CO₂ from the atmosphere and injecting it deep underground. Another contender, Carbon Engineering, has taken a different approach; utilising captured CO₂ as an input to produce carbon-neutral synthetic fuels.

Globally there are currently 19 DAC plants, all experimental in varying degrees, capturing only 0.01MtCO₂/year. The IEA NZE scenario would see DAC capacity extended to almost 100 Mt CO₂/year by 2030, and almost 1,000 Mt CO₂/year by 2050.

While the technology still needs to overcome various challenges – namely large power requirements and cost

Exhibit H. Global CO₂ capture in the IEA NZE pathway

Source: IEA



– mounting interest from clients such as Microsoft and Audi suggest many believe DAC could eventually be an important part of the climate solution.

Despite its promise, some argue that CCS is a distraction and that its use will inhibit more fundamental change. However, with capture rates in excess of 95% (over 99% claimed for some projects) it is important not “to make perfect the enemy of the good”. This is particularly true when considering that CCS is one of the few solutions to provide heavy industry with the license to operate and thus ensure output, sustain jobs and support local and national economies.

Carbon offsets: How important will their role be in the GHG management toolbox?

Achieving ‘net zero’ requires a wholesale transformation to every element of the global economy. So far, the focus has been on big corporate sectors like utilities and automotive manufacturers. However, as governments set out increasingly ambitious decarbonisation targets all industries will have to transform their operations, and the general public / households their current way of life.

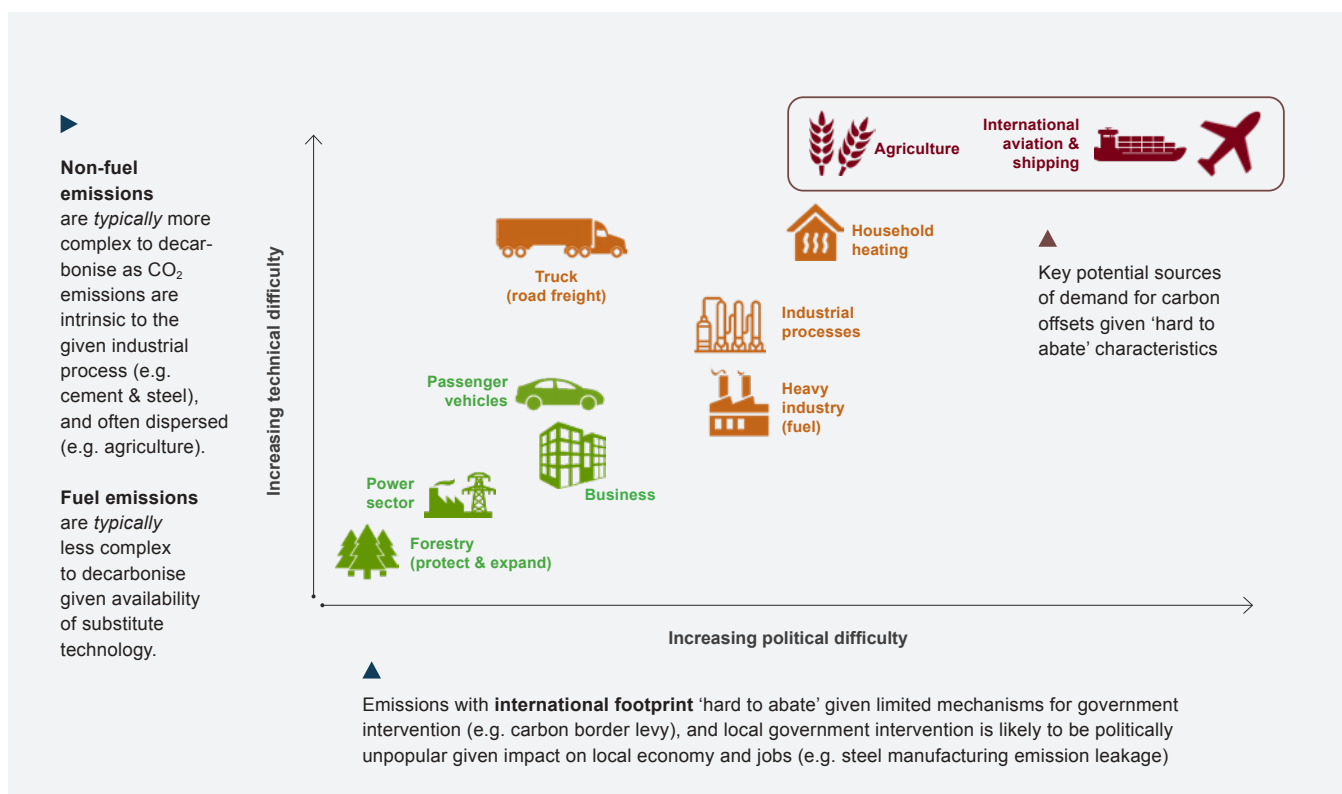
For companies operating in some sectors, a reduction in emissions can sometimes be as simple as purchasing a renewable Power Purchase Agreement (PPA) and/or achieving

operational efficiencies. However, for companies operating within ‘hard to abate’ sectors, such as energy and aviation, decarbonisation can be technically, financially and even politically challenging (**Exhibit I**). In the absence of technological breakthroughs, and to overcome these obstacles, businesses are now paying increasing attention to voluntary carbon offsets as a mechanism to neutralise their ‘effective level’ of emissions. Most active buyers in the market have been energy, consumer goods, finance, technology and insurance sectors. There has also been a notable increase in the number of speculators purchasing offset credits.

But what exactly are carbon offsets and how are they created? A carbon offset is generated when there is an increase in the “effective level” of CO₂ storage to offset emissions produced

Exhibit I. Matrix for technical and political difficulty of abating CO₂ emissions by sector

Source: Lambert Energy Advisory analysis



elsewhere, e.g. via planting new trees or protecting existing forest that would otherwise be cleared. Once a specific offset project is operational the credits generated are verified by independent certification bodies. Companies can invest in offset projects directly or purchase credits from brokers and retailers. Given that emissions do not recognise borders, voluntary carbon offset credits provide significant flexibility as they can be created and subsequently sold anywhere in the world.

The two main types of carbon offset projects include (i) avoidance / reduction projects (e.g. renewable energy or avoided deforestation) (ii) GHG removal / sequestration (e.g. reforest-

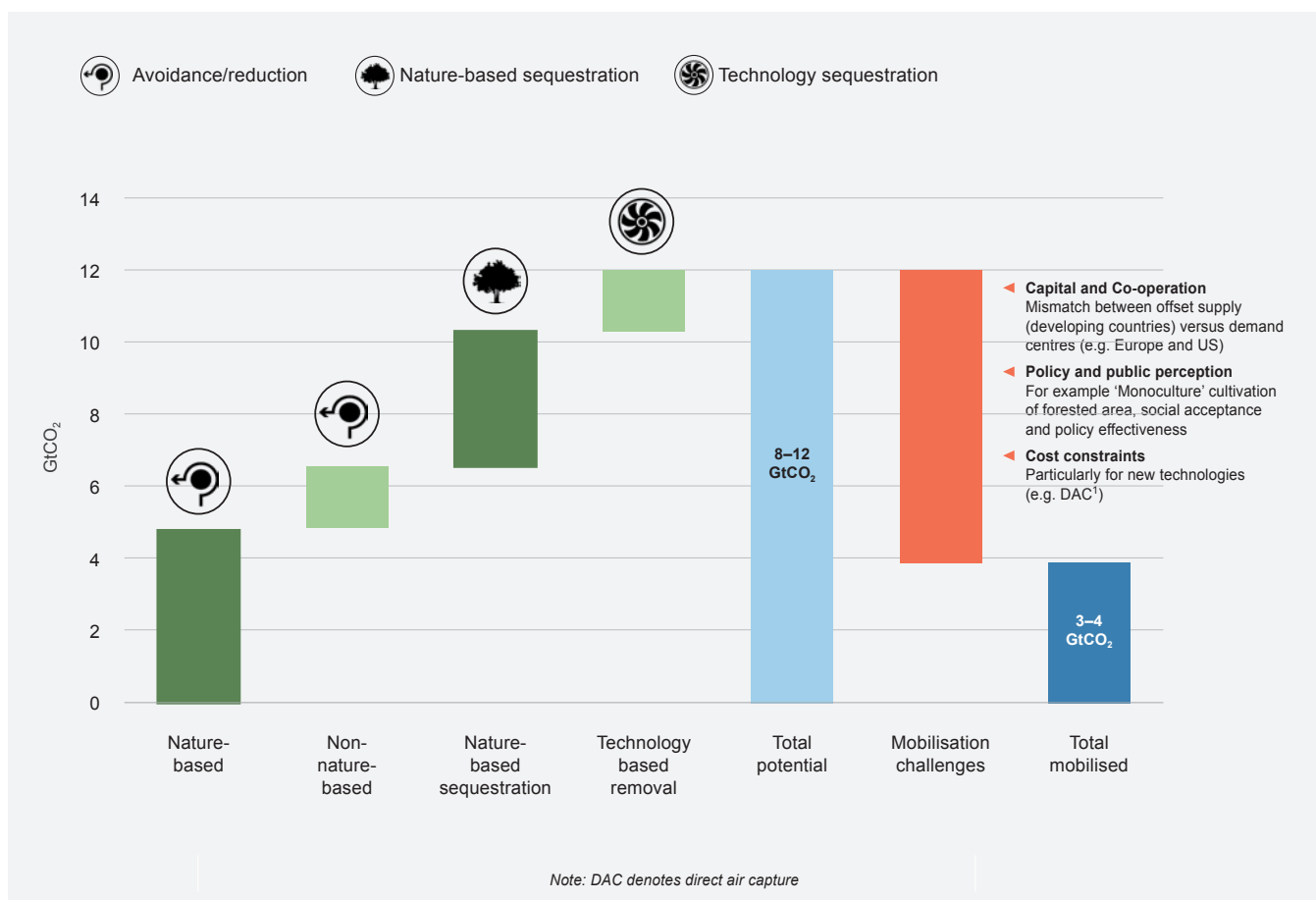
ation or technology-based removal). Renewables have been a popular source of 'avoided emission' offsets. However, they have become increasingly cost competitive with other forms of energy production making it increasingly difficult to prove that renewables projects meet the 'additionality' test. Projects are only deemed 'additional' if they would not have occurred in the absence of a market for carbon offset credits. As a result, a number of leading verification organisations are now phasing out renewable credits. Many forms of technology based removal projects (e.g. Direct Air Capture) show promise but are either still in their infancy, are cost uncompetitive, or are difficult to scale under current conditions.

This has led to increasing emphasis on the potential for nature-based solutions such as reforestation and mangrove restoration. Estimates suggest that these carbon sequestration methods could constitute the majority of the offset market by the end of the decade (**Exhibit J**). With a \$5-15/tonne price point, nature-based solutions are also extremely cost competitive when compared to other market benchmarks such as the EU ETS (c.\$90/tonne) or DAC (c.\$300-1,000/tonne).

It can take many years for nature-based offsets to be generated, and the aforementioned phase out of renewable led offsets is likely to put further strain on an already tightening market. Since the middle of last year nature-

Exhibit J. Illustrative carbon offset annual supply potential by 2030

Source: Taskforce on Scaling Voluntary Carbon Markets, Lambert Energy Advisory analysis



based carbon offset prices surged by around 160% as demand continued to outpace the speed at which developers can create pools of supply. Forecasts suggest that if there is continued momentum in the offset space, the market size in 2030 could reach \$5-\$50 billion, with 2050 price levels up to 50 times greater than those seen today.

Carbon offsets should not be interpreted as a silver bullet and care should be taken around verification. However, when high quality projects are developed they can provide a short-term bridge to until tomorrow's decarbonisation technologies are developed. High quality projects can also deliver co-benefits such as wider biodiversity, community and economic paybacks. Moreover, credits orientated towards new innovations such as DAC can help technol-

ogies to shift along the cost curve and accelerate market adoption.

Whether or not a successful global offset market is created will depend on various factors, such as regulatory and policy decisions and initiatives to improve transparency, integrity and liquidity of carbon offsets.

As a number of large industrial and technology companies are pursuing carbon offsets as a core component of their decarbonisation strategy, the market is becoming better organised, and the Taskforce for Scaling Voluntary Carbon Markets (TSVCM) has been established to further improve market integrity, aiming to create threshold criteria and the creation of 'Core Carbon Principles' for carbon offsets. The TSVCM was initiated by Mark Carney, former head of the Bank of England, who

was also instrumental in establishing the TCFD.

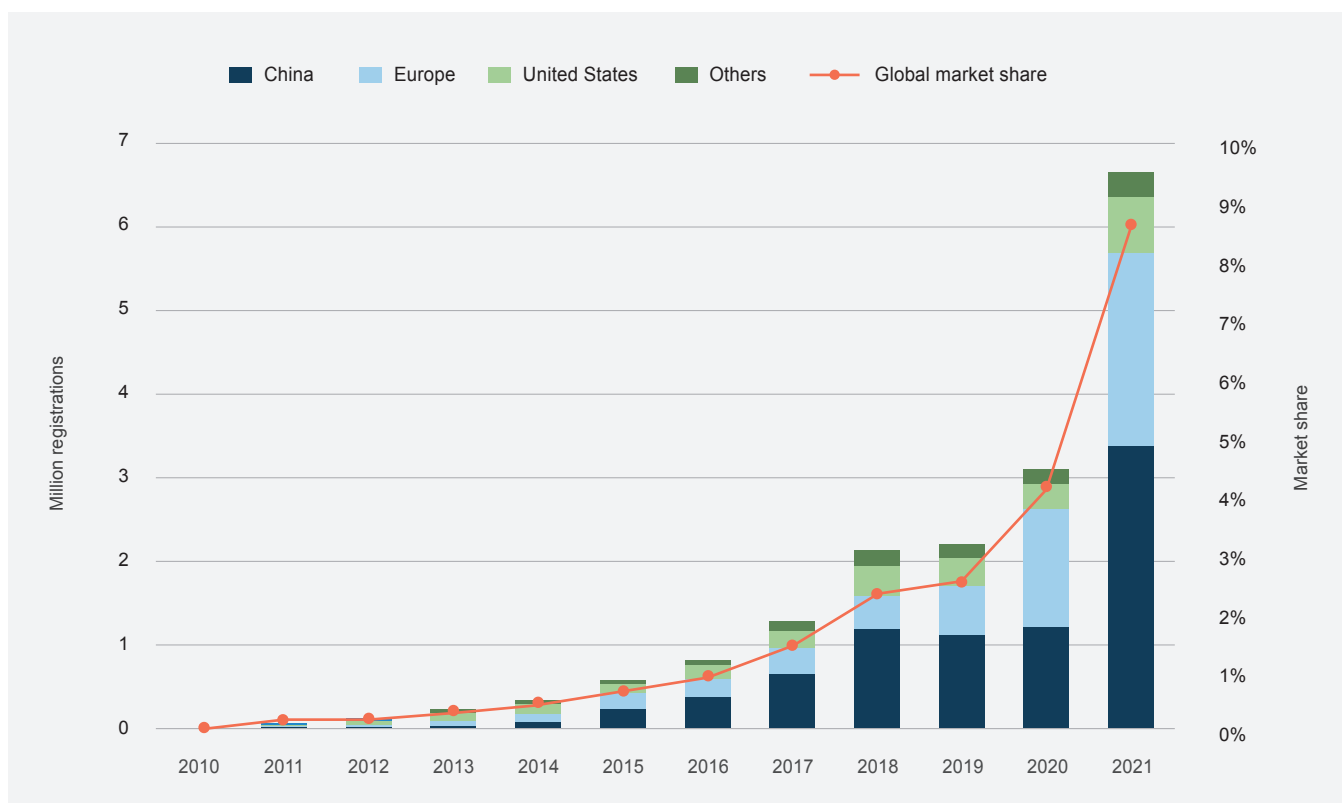
Low carbon transport: where next?

Global electric passenger vehicle (EV) sales are growing at a dramatic pace, reaching c.6.6 million in 2021, over twice the 3 million sales achieved in 2020 (**Exhibit K**). China, Europe and United States are the major markets for EV sales and account for ~90% of EV sales. It is estimated there are now 16 million electric cars worldwide, consuming 30 TWh of electricity.

The majority of demand last year originated from China with 3.4 million sales realised and was achieved despite a 10% tapering down of EV subsidies. While this could suggest China's EV

Exhibit K. Global sales and sales market share of electric cars (million registrations)

Source: IEA





TrønderEnergi Wind Park

market is beginning to mature it could also be a result of a rush to secure purchases before further subsidy tapering this year.

In Europe, growth curves currently appear to be exponential, and EV sales increased by c.70% from 1.3 million to 2.3 million vehicles last year, around half of which was from plug-in hybrids. Growth was partly due to new CO₂ emission standards and the introduction of subsidies. Germany dominates the European market and accounts for over one in three new cars sold in the last two months of 2021. The EV share of new car sales was highest in Norway, with 85.3% in 2021 (including 20.8% plug-in hybrids), but even in larger markets EVs are making strong inroads with 18.5% of new car registrations in the UK and 26.0% in Germany.

Government policy remains the key driver of EV adoption. More than 30 countries have announced plans to set a deadline for banning sales of new cars with internal combustion engines (ICE cars). In the EU, the Fit for 55 initiative (See Fit for 55 section above) will require car manufacturers to reduce emissions of new cars by 55% by 2030, and 100% by 2035. EU plans will also seek to ensure sufficient charging capacity to avoid issues around range anxiety and support cross-border travel. Car manufacturers are also introducing new cars to the market and expanding customer choice which help to drive up adoption.

Moving forward, Vehicle to Grid (V2G) technology will be one to look out for, as part of a solution to the energy storage challenge discussed above.

V2G technology allows for power to be transferred back and forth between the power grid and a car's battery. This can take place depending on different signals such as energy price differentials, energy production (e.g. from intermittent renewables) or nearby consumption. In effect the technology can enable better balancing of the energy system and more effective use of idle battery resources. Furthermore it allows EV owners to more effectively monetise their vehicles by drawing down electricity at times of low power prices and selling back electricity at times of high power prices. V2G technology has enormous potential when considering that by 2030 it is estimated total EV storage capacity (based on 140 to 240 million vehicles) would amount to 7 TWh.

ESG in the Portfolio Companies



Headquarters: Stavanger, Norway

Website: www.vargronn.no

Number of employees (FTEs): 7

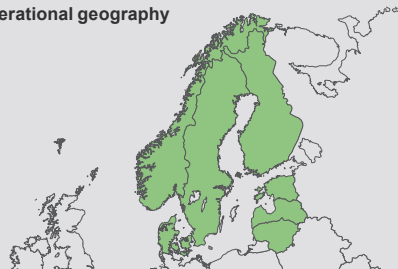
Revenues (2021): 0

HV's shareholding: 30.4%

Investor: New Energy Fund

ESG Contact: Helga Rognstad

Operational geography



ESG Reporting: Expected in 2022

ESG Policies: Code of Ethics and Company Policies

Certifications: None

SDGs:



COMPANY DESCRIPTION

Vårgrønn is a Norway-based renewable energy company owned by Eni and HitecVision. It mirrors the ownership of Vår Energi, Norway's second largest oil and gas company, prior to the IPO of Vår Energi early in 2022. Launched in November 2020, Vårgrønn aims to develop, construct, operate and own renewable energy generation and infrastructure projects in the Nordic and Baltic markets and has an ambition to be a leader in the energy transition.

The company is pursuing opportunities in the offshore wind sector by participating in Norwegian tenders for offshore licenses. Since its establishment, Vårgrønn has taken steps to prepare applications for offshore wind licenses in the Utsira Nord and Sørliche Nordsjø II licensing areas, opened for offshore wind activity by the Norwegian government on the 1st of January 2021. The areas are expected to have a joint capacity for developments of 4 500 MW.

Vårgrønn has contracted the necessary expertise and capabilities to develop robust commercial and technical concepts and prepare relevant impact assessment programs. The company has established appropriate bidding consortiums for each license application, collaborating with Agder Energi and Green Investment Group on Sørliche Nordsjø II and Equinor on Utsira Nord. Vårgrønn is the Project Manager for the Sørliche Nordsjø II consortium. In addition to these near-term offshore wind initiatives, Vårgrønn is exploring other opportunities within renewables, with a long-term ambition of reaching an installed capacity in the region of 1 GW towards 2030.



Olav Hetland, CEO

ESG MANAGEMENT APPROACH

Vårgrønn is in an early phase, with a limited organisation in place in 2021. A recruitment drive in the second half of 2021 has led to a number of new employees joining the company in 2022, with the headcount increasing to 17 by Q2. The Vårgrønn Code of Ethics & Company Policies were established in June 2021, covering ESG related topics such as health, safety and security, environment and sustainability, anti-corruption, equality, diversity and inclusion, relations with supply chain and business partners, and ethical work environment. Further development of policies and processes is planned in 2022 in accordance with the internal programme.

In 2021, Vårgrønn initiated work to establish an ESG strategy and KPIs for health and safety, governance and gender diversity. The company has planned to undertake an ESG materiality analysis in Q1 2022. A key ESG resource has been employed from January 2022 and a formal management approach is in development in preparation for the commencement of operating activities. Further development of KPIs is planned for 2022, and will be aligned with the coming ESG strategy.

ENVIRONMENT

Vårgrønn is dedicated to implementing renewable energy and green infrastructure projects to support a low-carbon energy transition. Vårgrønn is currently assessing renewable energy opportunities across the Nordic and Baltic countries, in line with its ambition of reaching 1 GW installed capacity towards 2030.

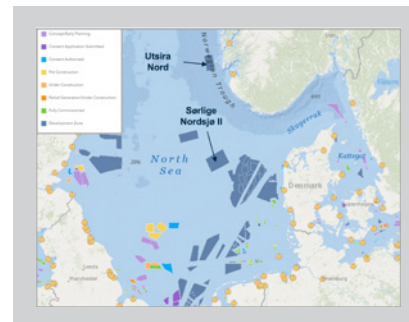
The company is committed to delivering projects in an environmentally responsible manner at all stages of the projects, including environmentally friendly solutions and ensuring a responsible supply chain. Vårgrønn is engaging in research and development projects that can provide knowledge about environmental consequences of offshore wind development, and in stakeholder dialogue to find the most suitable solutions.

In 2021 Vårgrønn began establishing its own internal environmental management and monitoring system to track emissions from own activities, with scope 2 emissions being the initial focus areas. Vårgrønn uses a digital carbon emission accounting system and will expand its reporting to scope 3 in 2022.

SOCIAL

Stakeholder engagement has been a key priority for Vårgrønn since its establishment. Offshore wind is a new and growing segment of Norway's energy sector, and it has been important for Vårgrønn to contribute to the knowledge-building and coordination efforts initiated by the Norwegian government and key organisations. Vårgrønn's CEO, Olav Hetland, together with specialised experts and business partners, have spent a significant amount of time engaged in stakeholder dialogue with both government, regulators and suppliers, and with local communities. The company recognises that for its projects to be successful and to positively impact communities, transparency is key to establishing its social license to operate. Co-existence with existing industries, for examples fisheries, is critical when developing offshore wind, and Vårgrønn seeks dialogue with other industries to find solutions that can facilitate coexistence.

Vårgrønn believes in an inclusive workplace, free of discrimination, as emphasised in its Code of Ethics and company policies. The company has set a goal for gender diversity: a minimum of 40 per cent female employees by year end 2023, and 40 per cent female leaders by year end 2025. The recruitment plan implemented by Vårgrønn in 2021 supported these targets. At the end of 2021, female employees made up 29 per cent of the workforce.



Designated wind energy areas in the North Sea.



Vågrønn employees, board members and HitecVision team members 2022.

GOVERNANCE

A robust governance platform is key to a successful and sustainable business. During 2021, the company launched the Vågrønn Management System (VMS) which is a structured framework designed for an effective and efficient management of Vågrønn's activities. Further developments are planned for 2022 in order to support the growth of the company. VMS is based on ISO 9001 principles.

The Vågrønn Code of Ethics and company policies, established in 2021, constitutes the foundation of the company's activities described in VMS and is the cornerstone of the company's compliance program. It provides guidelines for employees and aims to prevent illegal business conduct and any violations of the applicable regulations.

Vågrønn has an appointed Compliance Officer, reporting to the CFO, to coordinate the compliance activities according to the established compliance programme, and the internal audit activities. An Audit Committee has been established to assist the Board of Directors with overseeing main topics relating to the governance activities. 2021 compliance activities included the establishment of an independently-run whistleblowing hotline. A dedicated compliance development programme for 2022 is establishing several initiatives to increase the awareness of compliance, including competition law, cyber security and anti-corruption.



Headquarters: Sandnes, Norway

Website: www.varenergi.no

Number of employees (FTEs): 950

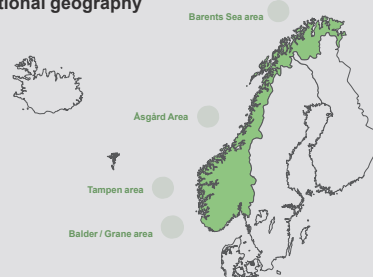
Revenues (2021): USD 6 070 million

HV's shareholding: 30.15%

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

ESG Contact: Ove M. Helle

Operational geography



ESG Reporting: GRI

ESG Policies: Corporate Social Responsibility (CSR), Equal opportunity, Anti bribery and anti-corruption, HSEQ Policy, Sustainability policy

Certifications: ISO 45001, ISO 14001

SDGs:



COMPANY DESCRIPTION

Vår Energi is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS). The company is founded on more than 50 years of NCS operations, a robust and diversified asset portfolio with ongoing development projects centred around hubs, and a strong exploration track record.

With more than 900 employees and equity stakes in 36 producing fields, Vår Energi produced net 246,000 barrels of oil equivalent (boepd) of oil and gas in 2021. In 2022, Vår Energi became a listed company on the Oslo Stock Exchange with the ticker VAR.

The company operates four oil and gas fields across all regions of the NCS, the Barents Sea (Goliat), the Norwegian Sea (Marul) and the North Sea (Balder and Ringhorne). In addition to the four operated fields, Vår Energi currently holds ownership interests in 32 producing partner-operated fields and a number of exploration licenses. Vår Energi aims to create long-term value for its stakeholders and for the communities around its operations through managing resources in a responsible and sustainable manner.



Torger Rød, CEO

VÅR ENERGI: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e) ¹	343 988	299 627 ²	201 860 ²	195 281
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e) ³	13 394	13 709	17 275 ⁴	13 244 ⁴
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e) ⁵	-	21 360	75 621	121 062
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	61.8	74.2	34.4
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	66.1	100.7	54.3
Total waste (tonnes)	7 486	7 347	4 227	14 913
- Non-Hazardous waste (tonnes)	863	833	591	906 ⁶
- Hazardous waste (tonnes)	6 623	6 513	3 636	14 007 ⁶
Recycling Ratio	16%	6%	8%	4%
Significant unplanned spills (emissions to ground/sea/air)	22 ⁷	12 ⁷	18 ⁷	3 ⁷
Oil in produced water (tonnes oil to sea in period)	48	38	31	21.9
Drill cuttings (tonnes discharged)	641	301	198	4 826

SOCIAL	2018	2019	2020	2021
Number of employees ⁸	844	843	901	950
Total Recordable Incident Frequency (TRIF) ⁸	2.1	2.2	3.5	3.2
Lost Time Injuries (LTI)	1	2	1	9
Medical treatment case (MTC)	3	6	10	13
First aid case (FAC)	14	23	34	56
Share of women in total workforce ⁸	27%	27%	26%	27%
Share of women in management ⁸	20%	23%	25%	17%
Employee turnover ratio	-	0.5%	1.5%	1.3%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	-	80%	80%	96%
Breaches of ethical guidelines	0	0	0	1
Investigations or lawsuits in relation to ESG issues	0	0	3	1
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0
Whistleblowing cases being addressed by management or board	0	1	3	4

¹ GHG emissions from combustion of diesel, fuel gas and combustion of gas in flare. ² Figures are updated from 2020 Sustainability report, in accordance with the changes made by Vår Energi. ³ Total energy consumption, operational control (electricity consumption, district heating consumption). ⁴ There is a discrepancy between this figure and that reported by Vår Energi due to the use of different emission factors. ⁵ In 2020, scope 3 emissions included company business travel, incinerated waste, treated hazardous waste and upstream transport and distribution. In 2021, scope 3 emissions includes the same categories as in 2020, but in addition it also includes downstream transport and distribution, fuel and energy activities and employee commuting. ⁶ Only onsite waste, for offsite waste please refer to Sustainability report for 2021. ⁷ Definition of *unplanned spills* have changed from 2021 to *significant unplanned spills*, in alignment with the GRI Standards. Significant unplanned spills are defined as reportable spills to the Norwegian Petroleum Safety Authority (PSA) according to the management regulation §29. ⁸ Adjusted definition from 2019.

Indicators	Boundary	Unit	2018	2019	2020	2021
Oil and gas production	Operational Control	mmboe	40.0	28.8	27.2	25.1
Oil and gas production	Equity Share	mmboe	48.8	101.2	94.6	89.7
Carbon intensity per barrel of oil equivalent produced	Operational Control	kgCO ₂ e/boe	8.7	10.1	7.2	7.8
Carbon intensity per barrel of oil equivalent produced	Equity Share	kgCO ₂ e/boe	-	10.8	10.8	11.5

Further specification of scope 3 emissions⁷

Combustion of sold products - crude oil and natural gas	Equity Share	tCO ₂ e	-	34 686 566	36 844 337	33 421 944
Upstream transportation and distribution	Operational Control	tCO ₂ e	21 238	19 948	74 521	42 066
Downstream transportation and distribution	Operational Control	tCO ₂ e	-	-	-	60 908
Fuel and energy activities	Operational Control	tCO ₂ e	-	-	-	15 944
Waste generated in operations	Operational Control	tCO ₂ e	-	-	-	1 413
Business travel	Operational Control	tCO ₂ e	-	856	726	639
Employee commuting	Operational Control	tCO ₂ e	-	-	-	92

⁷ Please refer to Vår Energi's Sustainability report per 2021 for more details.



PERFORMANCE COMMENTARY. Oil and gas production decreased slightly in 2021, compared to 2020, on both an operational control (-7.7%) and equity share (-5.1%) basis. As a result of the decreased production, and a range of ongoing emission reduction and energy efficiency efforts, total scope 1 and 2 GHG emissions decreased by 9.9% in 2021, compared to 2020.

The Key KPI of greenhouse gas intensity per barrel of oil produced increased slightly on an operational control basis in 2021 to 7.8 kg CO₂e (2020: 7.2 kg CO₂e), and increased on an equity share basis to 11.5 kg CO₂e (2020: 10.8 kg CO₂e). Greenhouse gas intensity per million dollars revenue decreased significantly, primarily through elevated oil and gas prices in 2021 compared to 2020.

During 2021, Vår Energi's onsite generation of hazardous and non-hazardous waste increased by around 10 300 and 300 tonnes respectively. The significant increase in hazardous waste was due to increased drilling activity in 2021, as drill cuttings and used drilling fluids are defined as hazardous waste.

The number of employees (FTEs) increased by 5.4 per cent in 2021 to 950 (2020: 901), while the share of women in the workforce (27 per cent) and management (17 per cent), and employee turnover (1.3 per cent), remained stable. The number of lost time injuries increased in 2021 to nine (2020: 1). This is primarily due to the inclusion of incidents at the yard where the company's Jotun FPSO is being renovated. The Total Recordable Incident Frequency (TRIF) decreased to 3.2 incidents per million hours worked (2020: 3.5).

The share of relevant staff who have completed anti-corruption training increased in 2021 to 96 per cent (2020: 80 per cent). There was one reported breach of ethical guidelines and four whistleblowing cases addressed by management or the board.

There was one investigation or lawsuit in relation to ESG issues in 2021.

ESG MANAGEMENT APPROACH

Vår Energi has developed a sustainability strategy focused on improving the company's performance on its material sustainability topics:

- **Planet:** Climate; energy; environmental protection.
- **People:** Health and safety; people, training and diversity; local value creation.
- **Prosperity:** Business integrity; sustainable supply chain; research and development (R&D).

Vår Energi shall manage its resources responsibly, creating long-term value for stakeholders and for the communities around its operations. The company's corporate strategy reflects its sustainability ambitions as a major player on the NCS. One of the company's main strategic priorities is to be the safest operator, with leading ESG performance.

Safety will always be Vår Energi's number one priority. The company has strict health and safety policies, aimed at keeping its people safe, and have several strategic initiatives, both internal and collaborative, aimed at improving health and safety performance.

Vår Energi believes that being leading on ESG performance requires a broad sustainability focus, with environmental, social and governance factors of equal importance and continuously strives to improve its efforts within all these areas. Vår Energi has recently announced its goal to be net zero by 2030, one of the most ambitious decarbonisation strategies on the NCS.

Vår Energi fully supports the UN SDGs and understand the crucial role that businesses have in achieving these goals. The company's goal is to minimize negative impacts while maximizing the positive impacts of its activities, helping society achieve the UN SDG's. Vår Energi has decided to focus its efforts within the areas where it believes it can have the greatest impact towards the achievement of the UN SDGs. These are:

SDGs			
	Gender equality	We work to achieve gender equality throughout our value chain.	
	Climate action	We prioritise climate.	
	Decent work and economic growth	We focus on safety and local value creation.	
	Life below water	We protect biodiversity around our operations.	
	Industry, innovation and infrastructure	We collaborate for innovation and efficiency.	
	Peace, justice and strong institutions	We work transparently and aim to be leading on ESG.	
	Reduced inequalities	We work against discrimination throughout our value chain.	
	Partnership for the goals	We cooperate with other players on the NCS to create value for society.	



Goliat platform in the Barents Sea.

Vår Energi sees collaboration between oil and gas companies as an important success factor in achieving its long-term targets and has a strong relationship with its industry peers. In addition, collaboration and alignment are important for Vår Energi with regards to its portfolio of partner operated assets. For example, the company is a 10% owner in the 88MW Hywind Tampen floating wind power project. Vår Energi is also a partner in the Barents Blue project, where the company cooperates with Equinor and Horisont Energi in project aiming to produce blue ammonia, where the CO₂ from the production will be re-injected under the seabed.

ENVIRONMENT

Climate

Vår Energi's operations emit greenhouse gases (GHG) which contribute to climate change. Decarbonisation of the company's activities is therefore a key topic for main stakeholders, and the company sees it as a part of its license to operate and an investment in future growth towards a low carbon society. For its operated assets, Vår Energi commits to have net zero Scope 1 emissions by 2030 through a 50%¹ absolute reduction in direct emissions, with compensation of the residual emissions through carbon offset mechanisms in the voluntary carbon market.

Direct emission reductions will be achieved by electrification of assets with renewable power from shore or offshore renewable energy sources, increased energy efficiency during operations (energy management), portfolio management, and reduced cold venting and fugitive emissions. Long-term GHG emissions can be reduced through implementation of low emission technologies and carbon capture and storage (CCS) technology, developed through R&D activity in the next decades.

Scope 1 emissions planned for offsetting include hard-to-abate emissions such as residual emissions from power generation, safety flaring and testing of safety critical equipment powered with diesel or fuel gas. Vår Energi works towards achieving the ambition of near zero emissions from its operated assets by 2050, which is in alignment with the joint industry target for the NCS.

As part of its decarbonisation plan, the company has an ambition to significantly reduce direct methane (CH₄) emissions from its operated assets by 2030. The main methane emission sources are cold venting of natural gas and fugitive emissions from the processing equipment.

Scope 2 emissions shall be net zero by 2025. Office buildings will be offset to net zero emissions for 2021. Offshore assets will be offset to net zero by 2025.

Scope 3 emissions from up- and downstream transportation and distribution (Scope 3 categories #4 and #9) will be net zero by 2025. Emissions from business travels and employee commuting (categories #6 and #7) will be net zero by 2021.



From the Goliat platform helideck.

¹ Baseline year is 2005 (Ref. KonKraft 2020 report).



Balder FPSO in the North Sea.

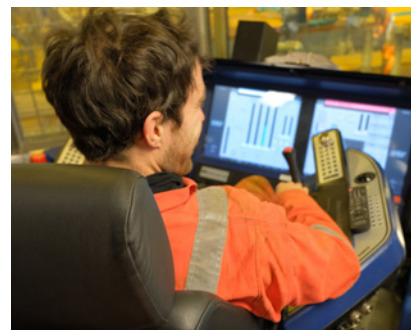
Energy

Vår Energi is optimising its oil and gas production through a range of emission reduction initiatives that include energy management, asset management, and electrification of current assets. For example, Goliat runs almost purely on electric power and there is an ongoing assessment of the potential for electrification of the Balder re-development.

Vår Energi's Energy Management Principles defines how the company seeks to achieve its GHG reduction targets through enhanced energy management, amongst other initiatives. Annual targets have been set by and for top management, assets, and the broader organisation with corresponding responsibilities to achieve these targets. Vår Energi considers it a responsibility of all individuals who take part in its activities to ensure that the company complies with the energy management principles and deliver on its annual energy management targets.

Vår Energi's Energy Management System adheres to the principles of ISO 50001 and is integrated into the company's Management System. An energy management team and an energy management steering committee have been established to ensure systematic monitoring and analysis of the company's energy consumption. Vår Energi prioritises opportunities for continual improvement and creates formal action plans for realizing its energy and emission reduction targets.

During 2021, Vår Energi rolled out an improved digital energy management tool to its operated assets. The tool monitors the energy streams and system performance in addition to monitoring costs and emissions. The energy management system has proven to be efficient at improving energy efficiency in the company's operations. KPIs are set for GHG emissions, amount of flaring and utilisation of the power system for its operated assets Goliat, Balder and Ringhorne.



Driller's cabin at the Ringhorne platform.

” An energy management team and an energy management steering committee have been established to ensure systematic monitoring and analysis of the company's energy consumption.

Environmental protection

Vår Energi is certified according to ISO 14001. The company has a Biodiversity and Ecosystem Services Policy and has adopted the “No Go” Commitment for UNESCO Natural World Heritage Sites. The company has a target of zero discharge of environmentally hazardous substances. To secure protection of biodiversity and environmental resources in areas where Vår Energi operates, environmental impact assessments, monitoring campaigns and R&D projects are executed.

All plans for activities that may impact the environment are required to undergo a public hearing process before final permission is given by the Norwegian authorities. This ensures a transparent process. The company promotes transparent and continuous dialogue with stakeholders, conservation NGOs, and national and international scientific institutions. Vår Energi also participates in several industry collaborations and R&D projects to continuously improve performance on topics related to biodiversity and environmental protection.

SOCIAL

Health and safety

Vår Energi's has a target of being the safest operator on the NCS, with an ambition to ensure safe working conditions for employees and contractors, and ensuring that everyone working for Vår Energi complies with internal and external requirements.

Vår Energi has implemented a management system for safety, health and welfare that is founded on principles set out in IOGP 510. Vår Energi is certified according to ISO 45001. The management system is based on the “Norwegian model”, regulated by the Norwegian Working Environment Act and Norwegian legislation, characterised by employee involvement (WEC, safety delegates, discussions with representatives).

People, training and diversity

Vår Energi aims to ensure personal development, a diverse organisation and equal opportunities within its organisation. To support this aim, the company has developed a strong focus on building a high performing culture, based on training and developing knowledge.

Vår Energi has a long-term goal of 40% gender diversity in its entire organization. Within 2025, the company is working towards achieving the following diversity targets:

- 40 per cent female employees onshore
- 15 per cent female employees offshore, and
- A ratio of female managers that reflects the gender balance onshore and offshore.

Training and education are provided to ensure that employees comply with company standards on topics like health, safety, anti-corruption, privacy and data security. This includes both eLearning and classroom training.

Local value creation

Vår Energi's ambition is to create local value through its activities, such as development and opportunities for local businesses, as well as job creation and competence development. Vår Energi's operations in the northern and southern parts of the NCS have facilitated local employment and development in the oil service industry, as well as supporting cultural and educational initiatives. The company views its ability to create value locally as a key enabler in delivering on its purpose of sustainable value creation.



Offshore workers on the Goliat platform.



GOVERNANCE

Business integrity

Vår Energi complies with all laws and regulations. The company's Code of Ethics sets out the rules and standards that the company and its employees follow in order to maintain the company's standards on ethical integrity and fairness.

During 2021, Vår Energi conducted several activities to strengthen data security awareness and knowledge within the organisation. Security awareness and competency building are seen as essential to ensure protection of sensitive information, prevent unauthorized access and intervention, and maintain incident reporting. The company launched a Digital Security nano-learning program in 2020 to strengthen awareness and competencies amongst employees. This program continued in 2021 and will continue in 2022.

Sustainable supply chain

Vår Energi works to identify and mitigate risks in the supply chain, while working together with suppliers to identify and implement improvement opportunities. Vår Energi requires that all main suppliers have a sustainability policy with a stated ambition or plan for reducing its environmental and social impacts. Sustainability is evaluated in all procurement processes, with environmental and social performance weighted up to 30 percent in tender evaluations, where this is material and feasible.

Research and development

Investing in R&D is essential for Vår Energi to develop the innovative technical solutions that will deliver competitive advantages in the short, medium and long term.

Vår Energi is engaged in large-scale national projects aiming to develop and demonstrate GHG emission reduction capabilities, such as low emission and CCS techniques. The two largest GHG reduction R&D projects Vår Energi is involved in are the Norwegian CCS Research Centre (NCCS) and the Low Emission Research Centre. NCCS is run by SINTEF and contributes to the government's ambition to realise a full-scale CCS value chain by 2022. Vår Energi cooperates with the centre in evaluating decarbonisation techniques for removal of CO₂ from natural gas for export.

WANT MORE INFORMATION?

Vår Energi publishes its own sustainability report. Please see www.varenergi.no





Headquarters: London, UK

Website: www.neweuropeanoffshore.com

Number of employees (FTEs): 212

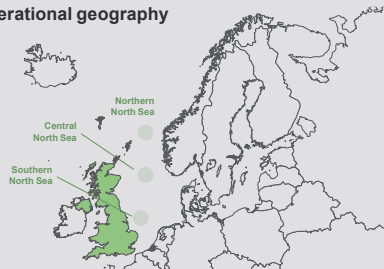
Revenues (2021): USD 901.3 million

HV's shareholding: 99.8%

Investor: Fund VI, VII and NSOF

ESG Contact: Rebecca Clayton

Operational geography



ESG Reporting: GRI Report planned for 2022

ESG Policies: Code of Conduct, Anti-Corruption Policy, Modern Slavery Statement, Data Privacy Policy & HSE Policy

Certifications: ISO14001¹ / OSPAR 2003/5

SDGs:



COMPANY DESCRIPTION

NEO Energy is establishing itself as a leading next generation UKCS oil and gas producer. Through a combination of organic and inorganic growth the company has grown rapidly since its formation in 2019. In 2021, the company acquired Zennor Petroleum Limited and ExxonMobil's non-operated interests in 14 fields in the Central and Northern North Sea. When these transactions completed, NEO Energy's production doubled to about 80 000 boepd - making it the fifth largest producer in the UK. Early in 2022, the company also closed the acquisition of JX Nippon Exploration and Production (U.K.) Limited, adding another 24 000 boepd.

The overarching objective of NEO Energy is to grow production to 120 000 boepd in the short term, through M&A and long-term investments, with an underlying focus on sustainable and responsible operations. Sustainability is an integral part of the company's growth strategy. Carbon intensity is used by NEO Energy to benchmark its performance, as well as being a key factor in decision making regarding acquisitions and potential capital investments.



Russell Alton, CEO

¹ NEO operates the Global Producer III, its only major offshore facility, which was ISO14001 certified in 2021.

NEO ENERGY: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	78	67 393 ¹	71 257	182 521
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	82	17	17	33
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e)	40	64	35	25
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	288.8	256.2	202.5
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	289.1	256.3	202.6
Total waste (tonnes)	5.4	0.8	0.5	96.7
Non-Hazardous waste (tonnes)	5.4	0.8	0.5	76.3
Hazardous waste (tonnes)	0	0	0	20.4
Recycling Ratio	70%	85%	75%	55.5%
Unplanned spills (emissions to ground/sea/air)	0	0	10	7

SOCIAL	2018	2019	2020	2021
Number of employees	18	39	153	212
Total Recordable Incident Frequency (TRIF)	-	-	7.1	8.3
Lost Time Injuries (LTI)	-	-	1	2
Medical treatment case (MTC)	-	-	0	0
First aid case (FAC)	-	-	1	2
Short term sick leave	0.2%	0.0%	0.2%	1.3%
Long term sick leave	0.0%	0.0%	1.2%	0.5%
Share of women in total workforce	16%	31%	23%	28%
Share of women in management	0%	29%	16%	41% ²
Employee turnover ratio	5%	0.5%	1.1%	9.9%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	100%	100%	100%	100%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	1	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0

¹ Scope 1 emissions for 2019 was calculated on equity share basis. ² Calculated based on number of women in L2 and L3 positions.

Indicators	Boundary	Unit	2018	2019	2020	2021
Oil and gas production	Operational Control	boe	-	-	4 154 814	4 832 311
Oil and gas production	Equity Share	boe	1 692 875	4 413 582	9 130 422	20 880 381
Carbon intensity per barrel of oil equivalent produced ³	Operational Control	kgCO ₂ e/boe	-	-	42.8	37.8
Carbon intensity per barrel of oil equivalent produced ³	Equity Share	kgCO ₂ e/boe	-	15.3	30.7	26.8

³ Carbon intensity per barrel includes fields acquired during the year on a full-year basis.

PERFORMANCE COMMENTARY. NEO Energy is in a build-up phase, with oil and gas production increasing significantly from 2019 to 2021. The level of operated production, related GHG emissions and the number of employees has increased substantially as a result, and this is expected to continue. The company's carbon intensity per unit of revenue has been reduced mainly because of higher oil and gas prices through 2021. Reported waste figures have increased and the recycling ratio decreased due to more accurate and inclusive monitoring, while the number of unplanned spills decreased in 2021. With the increased number of employees the share of women in the total workforce and management roles has increased, alongside an increase in employee turnover.



NEO Energy employees take part in a OGUK Beach Clean at Cairnbulg beach.

ESG MANAGEMENT APPROACH

NEO Energy is a company in growth mode, with the management team focused on continuing to identify value accretive acquisitions. ESG due diligence forms part of the investigation of potential acquisitions, to ensure the company builds a sustainable portfolio over time.

Guided by its focus on sustainable and responsible operations, NEO Energy has undertaken considerable work to integrate ESG priorities in all its activities. From acquisitions to operations and decommissioning, the company is further integrating ESG in its risk management and business strategy.

In 2021 NEO Energy established a board ESG committee and hired an ESG lead. A high level ESG strategy was developed including key principles and alignment with the UN SDGs. A sustainability linked loan mechanism has been incorporated into the company's USD 2.8 bn Reserve-Based Lending (RBL) bank facility, with KPI's to be agreed and finalised during 2022.

ENVIRONMENT

In 2021 NEO Energy developed and published its Low Carbon Transition Plan (LCTP). The LCTP is a roadmap for the future and outlines how the company will contribute to the energy transition. The key targets in the plan are:

1. To reduce by 50 per cent the carbon intensity per barrel of oil equivalent produced by NEO's portfolio by 2030; and
2. Be net zero by 2050.

NEO Energy constantly reviews carbon intensity and emissions at an asset level to explore the challenge of emissions reductions. Through the LCTP the company aims to drive down emissions through operational efficiencies: minimising flaring and venting; tackling methane emissions; and smart decommissioning. Future development activities and decisions concerning the future shape of the company will consider the LCTP.

50%

CARBON INTENSITY
PER BARREL OF OIL EQUIVALENT
TO BE REDUCED BY 2030



The Culzean field, where NEO Energy holds an 18% interest. Photo: Håkon Sunde.

The plan acknowledges that collaboration with partners and industry associations will be required to develop alternative power solutions for offshore oil and gas facilities, including full or partial electrification, and technology development. Certified carbon offsetting may be required to cover unavoidable emissions from production and other activities.

Key GHG and intensity reduction initiatives in 2021 included:

- Announced three major acquisitions each of which significantly improved the carbon intensity of NEO's production, reducing emissions from 28 kg CO₂eq/boe to approximately 20 on a pro forma basis.
- Sold two of the highest carbon intensity assets in the portfolio: Flyndre and Hudson.
- Significant participation in the largest UK electrification project including a USD 4.5 million (net) contribution to selected concept funding costs.
- Global Producer III (GPIII) – Reduction of flaring intensity by over 30 per cent on the GPIII due to installation of a Low Pressure Gas Compressor improving efficiency at lower production rates. Operational efficiency (which reduced flaring and venting) improved from 33 per cent pre shutdown, to 77 per cent post shut down.

For operated assets added as part of recent acquisitions NEO Energy prioritizes improved asset integrity, both to ensure that the highest safety standards are achieved and to reduce the carbon emissions of these assets. For assets where NEO Energy has an interest but is not the operator, the company takes a proactive approach in working with the operating partner to identify and champion opportunities to improve the operational efficiency at these assets. NEO Energy also brings an environmental focus to decommissioning, through an integrated approach and systematic application of the waste hierarchy, resource use and the environmental footprint of the decommissioning process.

As a partner in the low-carbon energy transition, NEO Energy has committed GBP 2.5 million to the Centre for Doctoral Training in Geoscience and the Low Carbon Energy Transition at Heriot-Watt University, Scotland. This supports PhD students researching a range of carbon reduction solutions and initiatives. NEO Energy has also committed GBP 0.5 million to GeoBus, an educational outreach project supporting Earth Science learning in schools in the UK.



Paula Webber, Head of HSE, speaking at the NEO Energy Safe Today, Safer Tomorrow event.



The Global Producer III FPSO, operated by NEO Energy.

SOCIAL

Throughout the Covid-19 pandemic, HSE and employee wellbeing have been key focus areas for the organisation. At the same time, employee numbers have increased fourfold through 2020 and 2021, and a robust health and safety system has been established. The company is putting in place training and development programmes and in 2021 undertook an inaugural employee engagement survey. NEO Energy is committed to offering a diverse and inclusive work environment, and is developing its approach to increasing gender diversity in its workforce.

NEO Energy has prioritised extensive stakeholder engagement, in order to understand expectations and establish the company's place as a leading player in the UK oil and gas industry. As well as building a social licence to operate, issues identified through stakeholder engagement are incorporated into the company's assessment of material ESG impacts, with plans in place to publicly report on them in 2022.

GOVERNANCE APPROACH

The process of integrating ESG into the company's governance structure has continued. HSE and ESG are now standing items on the board's meeting agenda. In 2021 NEO Energy formed an ESG sub-committee of the Board to direct strategic focus in relation to ESG issues. The audit and risk committee and technical and commercial assurance committee also follow-up on key ESG issues.

The company published its first TCFD report in 2021, disclosing its climate-related financial risks and opportunities, and the measures in place to manage them. NEO Energy's ESG strategy was finalized and approved by the Board in 2021, and reporting on ESG performance, and against strategic goals is planned for 2022.

NEO Energy is developing ESG management criteria for its supply chain and has initiated dialogue on select ESG issues, such as net zero plans, with suppliers in relevant contract negotiations. Anti-corruption training is now in place for all at-risk employees and a cybersecurity assessment for the company has been undertaken. Cybersecurity training for employees was launched in 2021.

WANT MORE INFORMATION?

NEO Energy publishes its own sustainability report. Please see www.neweuropean-offshore.com



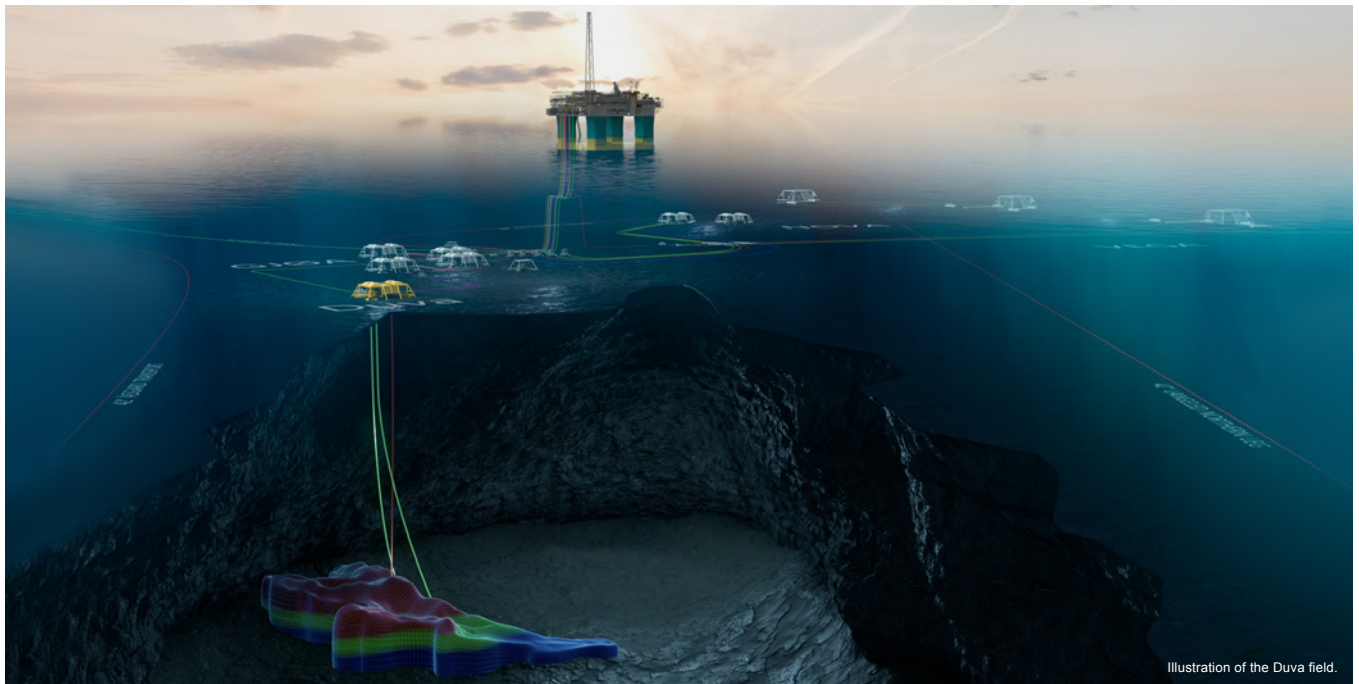


Illustration of the Duva field.

Headquarters: Stavanger, Norway

Website: www.sval-energi.com

Number of employees (FTEs): 59

Revenues (2021): USD 454 million

HV's shareholding: 99.5%

Investor: Fund VII

ESG Contact: Ingrid Landråk

Operational geography



ESG Reporting: with reference to GRI

ESG Policies: Code of Conduct, Diversity and Inclusion, Health and Safety, Whistle-blowing, Anti-corruption, Data Protection, and Personal trading

Certifications: None

SDGs:



COMPANY DESCRIPTION

Sval Energi AS is a new generation energy company that during the last years has transformed from a pure gas infrastructure owner to an exploration and production (E&P) company on the Norwegian continental shelf (NCS). Sval believes that the oil and gas industry will continue to cater to the increasing energy demand and aims to reach a production volume of 100,000 boepd in the near future. The company's exploration approach is focused on near field exploration in order to reuse existing infrastructure and thereby reduce emissions through all project phases.

In March 2021, Sval completed the acquisition of Edison Norge AS, and at the end of 2021, Sval announced an agreement with Spirit Energy Norway to acquire the majority of their Norwegian operations and assets. The Spirit portfolio holds both ongoing and planned development projects, adding further to Sval's growth ambition. The acquisition has a commercial effective date 1st of January 2021 and is expected to be completed in the second quarter of 2022, increasing the size of the company significantly..

In 2021, Sval sold its ownership in Gassled and the Polarled pipeline to Hav Energy.



Nikolai Lyngø, CEO

SVAL: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	-	0	0	0
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	-	1	12	11
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e) ¹	-	238 243	193 551	20
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	0.0	0.0	0.0
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	306.5	432.5	0.1
<i>Total waste (tonnes)</i>	0.1	0.1	4.2	6.8
Non-Hazardous waste (tonnes)	0.1	0.1	4.2	6.8
Hazardous waste (tonnes)	0.0	0.0	0.0	0.0
Recycling Ratio	70%	70%	63%	66.8%
Unplanned spills (emissions to ground/sea/air)	0	0	0	0

SOCIAL	2018	2019	2020	2021
Number of employees	-	7	45	59
Short term sick leave	0.0%	0.1%	0.3%	0.9%
Long term sick leave	0.0%	0.0%	0.0%	0.5%
Share of women in total workforce	20%	30%	35%	34%
Share of women in management	0.0%	33%	25%	20%
Employee turnover ratio	0.0%	20%	3.8%	7.7%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	50%	100%	100%	100%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0

¹ Scope 3 for Sval includes ownership shares in various natural gas networks and infrastructure that were sold in 2021, as well as company business travel.

PERFORMANCE COMMENTARY. Scope 3 GHG emissions, including the use of sold products, decreased significantly in 2021 with the sale of Gassled and Polarled to Hav Energy. Scope 3 GHG intensity per unit of revenue also decreased in 2021. All other social and governance performance metrics remained stable and similar to those reported in 2020.

ESG MANAGEMENT APPROACH

Sval Energi updated its ESG strategy this year which includes policies approved by the Board and targets on reporting. ESG is a core element of Sval's strategy, to add value, grow and future-proof its business. The strategy consists of the following three pillars:

- 1. Climate and environmental impact:** Sval will continuously work to reduce the carbon footprint of its business and always operate in an environmentally responsible manner
- 2. Social responsibility:** Sval will provide good, healthy and safe working conditions for the company's employees and contribute positively to the communities the company works in
- 3. Transparent governance:** Sval holds itself accountable to its stakeholders' expectations by being transparent about its performance and impact.

To implement its strategy, Sval has developed an approach founded on three priorities:

- **Low carbon upstream portfolio:** Sval will continue to invest in low carbon production and seek to reduce total emissions in its portfolio.
- **Diversified energy portfolio:** Sval will pursue opportunities within decarbonization and low carbon projects
- **Environmental responsibility:** Sval continuously work to minimize its impact on the climate and environment

ESG is a set item on the agenda of board meetings, and the organisation regularly reports to management on ESG. The Board evaluates the performance of Sval's management team across key areas, one of which is delivering strong ESG results and safety performance in assets. In addition, the Board has established a Sustainability Sub-Committee to oversee and drive the company's sustainability work. Sval will consider including ESG KPIs in its performance evaluation of asset managers.

Sval's targets will be achieved mainly through its M&A activities, but also through electrification/energy efficiency and by integrating ESG into its business. Core ESG priorities such as HSE, asset integrity, emissions to air and sea, GHG intensity and the long-term decarbonisation goal, feed into the assessment of potential acquisitions.

To ensure that the company sets relevant targets, a materiality analysis is being carried out in 2022 that will identify material ESG topics to Sval. Sval has published its first sustainability report in 2022 with reference to the GRI standards.

ENVIRONMENT

The company seeks to contribute to the energy transition through supporting the UN's SDGs on SDG 13: Climate Action and SDG 7: Providing Clean and Affordable Energy, with a vision of being a top quartile exploration and production company by 2030, measured in terms of carbon intensity from its energy production. As a part of Sval's low-carbon strategy, the company is committed to contributing to the energy transition by reducing GHG emissions from its activities and establishing low-carbon value chains. Sval's low-carbon strategy includes electrification of offshore oil and gas fields; carbon capture and storage; decarbonisation of natural gas, and advancing other technological solutions to reduce the carbon intensity of its energy production. Sval's Board is cognisant of the risks and opportunities of climate change and instigated a TCFD analysis to inform its strategy and approach.





Sval's 50% owned MLK wind farm in Finland became fully operational early in 2022.

Sval's approach to reducing its environmental footprint is three-pronged, aiming to achieve a reduction in emissions from own operations and already-owned assets, whilst growing through the acquisition of low emission assets, and pursuing decarbonization projects. As a non-operating partner, Sval's approach to reducing the environmental footprint of assets relies heavily on leveraging its influence in the license partnership to achieve emission reductions in cooperation with its business partners.

SOCIAL

Sval works to contribute toward SDG 8: Decent work and economic growth, by providing safe and sustainable jobs as the company pursues its growth ambitions. Sval adheres to the highest safety and environmental standards and requirements and provides employees with good, healthy, and safe working conditions. Sval's ambition is that no employee working on its behalf within the company or in its supply chain shall feel unsafe, nor shall unequal opportunities or discrimination take place in the working environment. Health, safety, and environment (HSE) is always Sval's top priority and the HSE policy defines how Sval works in this regard. As the company is continuing to grow, safety and management of major accident risk is a top priority and Sval works continuously to improve the safety awareness, standards, and culture within the company.

Sval currently has no employees that regularly work offshore or on onshore plants, instead the company advocates to improve safety culture on the assets in which it holds an ownership stake. Sval audits each asset on HSE and emergency preparedness and holds dedicated HSE meetings with operators, with quarterly action plans being followed up through auditing.

Sval aims for the company and each of its employees to comply with all applicable laws, rules and regulations, with its Code of Conduct setting out the rules and standards that must be followed. The Code provides guidance to employees, contractors, and partners on how to carry out activities in a safe, efficient, and responsible manner. As an E&P company, Sval complies with stringent regulations on the NCS on health and safety.



” Sval's approach to reducing its environmental footprint is three-pronged, aiming to achieve a reduction in emissions from own operations and already-owned assets, whilst growing through the acquisition of low emission assets, and pursuing decarbonization projects.



To achieve a diverse workforce, Sval has had a clear focus on equality in its recruitment in terms of gender, age and background and in 2021, the company developed a diversity and inclusion strategy.

Sval is committed to contributing to the communities in which it operates. In 2021 Sval engaged in several sponsorships locally and launched paid summer internships for students, which will contribute to building expertise and create an interest in the energy sector among tomorrow's workforce.

GOVERNANCE

Sval is committed to operating in an ethical and responsible manner. The company believes transparency is key to protecting value, as it ensures that informed and responsible decisions can be made. Sval embraces the need for transparency related to its impacts and contributions, and will actively work on transparent reporting of the impact from its activities based on acknowledged standards.

Sval's governance system and procedures ensure that risks are managed, and that the company's standards and expectations are communicated to employees and to business partners. Sval has implemented an integrated business management system which is actively used as a management tool by the management team.

All employees have been provided with e-learning on the company Code of Conduct and other key company policies such as whistleblowing, anti-corruption, data protection, and personal trading. Sval also has a dedicated anti-corruption programme. Targeted digital security training was introduced in November 2020 and continued throughout 2021, complemented by safety exercises on topics like phishing. Governance compliance requirements are detailed in contracts with suppliers.

WANT MORE INFORMATION?

Sval Energi publishes its own sustainability report. Please see www.sval-energi.com





Headquarters: Stavanger, Norway

Website: www.havenergy.no

Number of employees (FTEs): 3

Revenues (2021): 0

HV's shareholding: 99.7%

Investor: Fund VII

ESG Contact: Atle Gundersen

Operational geography



ESG Reporting: Expected in 2022

ESG Policies: Code of Conduct, other policies to be developed in 2022

Certifications: None

SDGs:



COMPANY DESCRIPTION

Hav Energy is a Norway-based energy infrastructure company established by HitecVision. Hav Energy aims to become the preferred partner for European energy and utility companies for their infrastructure investments.

In December 2021, Hav Energy acquired Sval Energi's ownership share of Gassled (15.5 per cent) and Polarled (13.3 per cent) and thereby positioned itself as a new infrastructure owner company. The company plans to invest in and develop energy infrastructure, including regulated pipelines and terminals, production facilities, power infrastructure and carbon capture and storage.

Norwegian gas transportation infrastructure, Gassled and Polarled, form the largest offshore pipeline system in the world and are a critical part of the European energy infrastructure system. The company will continue to develop a portfolio of energy assets through investments in infrastructure for natural gas in Norway and other geographies.



Gunnar Olsen, CEO



Nyhamna gas processing plant, the receiving terminal for Polarled.



Kårstø gas processing plant.

ESG MANAGEMENT APPROACH

Hav Energy recognizes its responsibility for environmental, social and governance impacts and strives to ensure these are well-managed. Hav Energy plans to implement relevant policies and procedures, as well as to transparently report on its ESG performance.

ENVIRONMENT

Hav Energy believes gas will be a key fuel for supporting the energy transition and is committed to decarbonizing its production, transport and storage. Together with the operator and other owners, Hav Energy has established a Gassled carbon intensity target of 15.4 kg CO₂e per tonne of gas production. Actual performance achieved to date is ahead of target at 11.76 kg CO₂e per tonne produced.

Hav Energy is supporting the Kårstø Electrification Project (KELP) where an investment decision is expected in Q4 2022. The Kårstø processing complex is Norway's second largest point source of greenhouse gas emissions, accounting for approximately 2 per cent of the country's total emissions. If implemented, the project would reduce emissions by approximately 50 per cent, equating to a saving of approximately half a million tonnes CO₂e per annum. Hav Energy is evaluating entry into a range of carbon capture and storage (CCS) and hydrogen projects.

SOCIAL

Hav Energy recognizes that stakeholder engagement is key to securing support for the infrastructure projects it undertakes. It is committed to maintaining and exceeding the high social standards required by Norwegian law, including for health and safety, supply chain transparency and human rights. As the company begins recruiting staff in 2022 it will develop appropriate employment related policies and processes.

GOVERNANCE

Hav Energy was established as an infrastructure owner in late 2021. It has implemented a new management system and established the necessary governance requirements to gain regulatory approval by the Petroleum Safety Authority Norway and the Norwegian Ministry of Petroleum and Energy. Further development of robust and relevant ESG policies and processes is planned for 2022.

” Hav Energy is evaluating entry into a range of CCS and hydrogen projects.



Headquarters: Oslo, Norway

Website: www.omp.no

Number of employees (FTEs): 10

Revenues (2021): USD 61.4 million

HV's shareholding: 68.8%

Investor: Fund VI

ESG Contact: Espen Tørvold Guldbrandsen

Operational geography



Certifications: OMP Capital AS is a licensed Alternative Investment Fund Manager (AIFM) by the Norwegian FSA (Finanstilsynet)

SDGs:



COMPANY PROFILE

OMP Capital is a specialty finance and asset management company, focusing on providing bespoke financing solutions to projects in the energy and energy infrastructure sectors. The company has reoriented its investment strategy away from its traditional focus, towards opportunities in the low-carbon and renewable energy sector (gas, wind and solar power especially), including infrastructure and onshore renewables.

The company focuses on deal structuring, financing and management of assets, providing long-term financing to its target markets. OMP Capital AS is a licensed Alternative Investment Fund Manager (AIFM) by the Norwegian FSA (Finanstilsynet) and complies with regulations in three different jurisdictions: Norway, Malta and Guernsey.

The company's geographical investment focus is shifting towards OECD countries, particularly the Nordic region. OMP plans to finance key energy transition projects in its markets, reducing its climate-related risk exposure whilst realizing new opportunities. Under its new mandate parts of the current portfolio will be retained core investments, while non-core investments have been and will be divested in the years ahead.



Ivar H. Myklebust, CEO

OMP: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	-	0	0	0
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	-	0	0	0
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e) ¹	-	34	1	39 998
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	0.01	0	0.0
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	0.6	0	651.9

SOCIAL	2018	2019	2020	2021
Number of employees	12	11	12	10
Short term sick leave	0.4%	1.0%	0.5%	0.7%
Long term sick leave	0%	0%	0.0%	0.0%
Share of women in total workforce	-	9%	8%	10%
Share of women in management	-	0%	0%	0%
Employee turnover ratio	0.0%	8.3%	16.7%	9.1%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	100%	100%	100%	100%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	-	0	0	0
Whistleblowing cases being 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 New Scope 3 baseline established in 2021.

PERFORMANCE COMMENTARY. A scope 3 GHG emissions baseline was established by OMP in 2021 and will be reported going forward, including on a revenue intensity basis. The scope 3 baseline is significantly higher than previously reported GHG emissions because it now includes emissions from OMP's investments (portfolio of assets owned by OMP managed funds). In previous years, scope 3 emissions were reported for OMP's business as fund manager only.

All other reported ESG metrics remain relatively unchanged from 2020.



ESG MANAGEMENT APPROACH

OMP's goal is to establish a sustainable long-term business as a capital manager. The update to OMP's mandate to permit further investments in renewable energy and energy infrastructure contributes to this goal. When investing, OMP's due diligence processes include an ESG focus to reduce energy transition risks and identify associated opportunities. This approach aims to improve the managed fund's access to financing on attractive terms and raise capital for new sustainable investment opportunities.

OMP is developing a sustainable investment framework aligned with its new investment mandate and the EU Taxonomy for sustainable activities. OMP completed its annual TCFD-aligned climate risk assessment in 2021, reflecting the changed risk exposure of the new investment mandate.

ENVIRONMENT

OMP has started monitoring GHG emissions and has initiated a process to establish an environmental footprint benchmark for both its own operations and that of its portfolio. This is the first step to setting emission reduction targets. The process has been developed through the update of OMP's investment mandate and is being implemented in the organisation.

SOCIAL

Managing the ongoing impacts of the Covid-19 pandemic has remained a focus in 2021. Establishing flexible work arrangements and monitoring the health and wellbeing of employees has enabled operations to proceed normally throughout the year. OMP is actively seeking to diversify its workforce and retains a strong focus on training and development.

GOVERNANCE

OMP has comprehensive compliance procedures in place covering anti-corruption, anti-money laundering, payments, and cyber security. All employees are required to complete general anti-corruption and anti-money laundering training, as well as additional training tailored to each employee's function. OMP has strict employee trading procedures in place. An annual business risk assessment at the fund and at fund manager levels, provides robust risk management on all material risks OMP's business is exposed to. Changes in OMP's risk exposure are regularly assessed and reported to the board of directors on a quarterly basis and upon the occurrence of any material risk event.

” OMP has started monitoring GHG emissions and has initiated a process to establish an environmental footprint benchmark for both its own operations and that of its portfolio. This is the first step to setting emission reduction targets.



Headquarters: Stavanger, Norway

Website: www.havfram.com

Number of employees (FTEs): 266

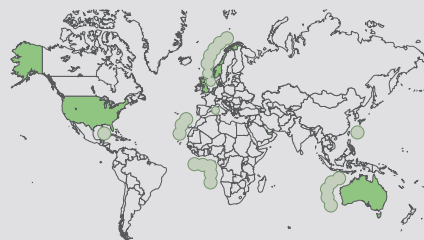
Revenues (2021): USD 250 million

HV's shareholding: 99.6%

Investor: HVAS and Fund V (indirectly)

ESG Contact: Eirik Ørsland

Operational geography



ESG Reporting: Expected in 2022

ESG Policies: Code of Ethics and Company Policies

Certifications: ISO 9001, ISO 14001 & ISO 45001

SDGs:



COMPANY DESCRIPTION

Havfram is a subsea and offshore wind contractor transitioning from being an oil service company to a broader energy company. Havfram has three established business areas; Hav Dyp, Hav Vind and Hav Kraft. Hav Dyp delivers full Engineering, Procurement, Construction and Installation (EPCI) services for marine and subsea operations. Hav Vind carries out installations and other project execution relating to offshore wind and Hav Kraft consults within the development of offshore wind farms.

Havfram performs offshore operations in Norway, UK, USA, Australia, Africa and China, and has recently announced contracts for wind farm installation services in South Korea and Taiwan. Going forward, the company will significantly increase its offering of offshore wind solutions throughout the value chain from development and concept studies, front-end engineering and design (FEED) to installation of wind turbines and associated subsea work. The company has an ongoing project, working in close cooperation with financial and industry partners, to develop one of the world's most advanced offshore wind installation vessels.

The offshore wind segment is expected to grow considerably as the demand for renewable energy increases. In line with this, the market for installation of turbines is expected to increase significantly with large projects currently being planned across Europe, Asia and the US East Coast. In this context, the demand for Havfram's services is expected to grow and the company has announced its ambitions to more than double activity and revenue over the next 2-3 years.



Odd Strømsnes, CEO

HAVFRAM: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	-	12 248	47 718	34 049
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	-	34	28	25
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e)	-	660	680	720
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	128.5	182.8	136.2
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	135.4	185.4	139.1
Total waste (tonnes)	-	35	39	39.0
Non-Hazardous waste (tonnes)	-	-	-	39.2
Hazardous waste (tonnes)	-	-	-	0.0
Recycling ratio	91%	83%	77%	65%
Unplanned spills (emissions to ground/sea/air)	1	0	1	0

SOCIAL	2018	2019	2020	2021
Number of employees	150	198	252	266
Total Recordable Incident Frequency (TRIF)	0	0	0.4	0
Lost Time Injuries (LTI)	0	0	0	0
Restricted Work Cases (RWC)	0	0	1	0
Medical treatment case (MTC)	-	-	-	0
First aid case (FAC)	-	-	4	4
Share of women in total workforce	31%	27%	27%	27%
Share of women in management	30%	29%	31%	30%
Short term sick leave	1.1%	1.3%	0.2%	0.3%
Long term sick leave	1.6%	1.1%	0.4%	0.4%
Employee turnover ratio	2.0%	1.8%	0.9%	4.6%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	94%	75%	86%	88%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0

PERFORMANCE COMMENTARY. In 2021, Havfram's GHG emissions reduced by approximately one third due to lower vessel operating activity compared to 2020. Total fuel consumption for the fleet in 2021 was 12,274 m³ MGO, with significant fuel savings of approximately 1,000 m³ achieved through operating optimizations, primarily related to the Normand Vision and Viking Neptune vessels. The intensity ratio of GHG emissions per million US dollars revenue was reduced on the basis of higher operating income relative to activity levels. Social performance metrics remained stable and similar to 2020, with employee turnover increasing to 4.6 per cent. All governance performance metrics remain unchanged from 2020.



Normand Vision in operation at the Heidrun field.

ESG MANAGEMENT APPROACH

Sustainability is one of the core values of Havfram and the company commits to developing and implementing sustainable solutions. The company's ESG strategy is based on prioritizing measures to maximize positive impact. Potential ESG measures are continuously evaluated for impact and commercial viability.

Havfram works systematically with HSEQ throughout the entire company and all projects, in order to reinforce awareness and further improve performance. Havfram is committed to reducing GHG emissions while contributing to the global energy transition.

ENVIRONMENT

Havfram follows an integrated environmental management system aligned to ISO 14001. The management system sets out the requirements the company uses to enhance its environmental performance. Havfram has since 2012 been certified in accordance with ISO 14001 and is investigating to further expand the certification to include the ISO 50001 energy management certification as the next step.

Havfram's environmental management approach consists of three main priority areas:

- 'Green operations initiative' to limit its CO₂ emissions and encourage its suppliers to reduce emissions.
- Optimising fuel consumption of the vessels used in its projects.
- Transition to a circular economy with a focus on reducing waste onboard vessels.

The company has established a target for reducing Scope 1 and 2 emissions by 50 per cent within 2035. In addition, the company is targeting net-zero GHG emissions by 2050 and has completed a TCFD-aligned climate risk assessment. Havfram finalized its low-carbon transition plan in 2021 outlining key activities to meet the company's reduction targets.

The company is currently exploring fuel-saving measures to further reduce its GHG emissions in the coming period, including biofuel, battery packs, heat recovery systems and alternative propulsion methods. Havfram assessed eco-speed and route optimization and is looking to create synergies with clients and suppliers to reduce its Scope 3 emissions.





The Firefly project is an 800MW project and will be one of the first commercial scale floating offshore wind projects globally. The large and complex Firefly project is a good example of Havfram's energy transition, using the company's extensive experience from the installation of some of the largest mooring systems globally, as well as from management of complex dynamic product installation activities, to enter new markets.

Havfram's circular economy approach consists of two key initiatives - waste recycling across strategic partnerships and maximising the reuse of equipment. In 2021 Havfram recycled 65 per cent of its total waste and is setting higher future waste reduction targets.

SOCIAL

Workplace health and safety is a key priority for Havfram and is managed in accordance with its certification to the international health and safety standard, ISO 45001. Havfram has a systematic approach to health and safety in all its operations with the objective of zero accidents and harm. The company's HSE policy outlines how the company works to achieve this objective.

The company is committed to conducting business ethically and responsibly. The company has developed a statement on Slavery and Human Trafficking which outlines the steps taken to assess the both own operations and supply chain and mitigate any risk of slavery or human trafficking.

Equal opportunities and gender diversity are other key focus areas for Havfram. The company seeks to build a diverse and inclusive workplace and is working towards improving the level of diversity in the organisation. Havfram has clear targets on gender diversity, aiming to increase the share of female employees and managers to 35 per cent by 2024. The company is currently developing its policy on diversity and inclusion as well as establishing a system to control and visualise HR data such as gender and age split among its workforce.

” Equal opportunities and gender diversity are key focus areas for Havfram.



Havfram's new installation vessel design.

GOVERNANCE

Selected ESG parameters are integrated in the management team's performance review, salaries and bonuses. Progress on key ESG KPIs are presented to the directors at every board meeting.

Ethical business practices and expectations are set out in the company's Code of Conduct that applies to all employees and business partners. The company has a 100 per cent ethics and compliance training target for all relevant employees. The employee code of conduct describes the actions and behavior expected of them when representing Havfram and encourages the highest standards of conduct and ethical behavior. All employees complete an annual review of the company's ethical guidelines, and the company has established whistle-blowing procedures to make it easy for employees to make disclosures via confidential channels without fear of retaliation.

Havfram undertakes due diligence when taking on new suppliers to ensure they meet the company's ethical, environmental and social standards. Existing suppliers are regularly reviewed in a similar way. When external agencies are used to provide staff, these agencies are subject to the same procurement due diligence as any other supplier.

Havfram has made a concerted effort to improve cybersecurity. A key focus has been developing employee awareness via the nano learnings platform supplied by HitecVision. In the coming years, Havfram plans to introduce more campaigns and raise the organization's compliance awareness. Operating in a fast-moving regulatory environment, the company plans to complete a mapping of coming legal and regulatory changes, to ensure good governance as the legal frameworks evolve.



Headquarters: Stavanger, Norway

Website: www.moreld.com

Number of employees (FTEs): 2 304

Revenues (2021): NOK 5 731 million

HV's shareholding: 100% at group level

Investor: Fund IV, V and VI

ESG Contact: Jan Erik Rugland

Operational geography



ESG Reporting: GRI Standards, TCFD ESG Policies: Environment, Health & Safety, Diversity & Inclusion

Certifications: ISO9001 (94% of group companies), ISO14001 (75%), ISO45001 (56%), ISO18001 (56%)

SDGs:



COMPANY DESCRIPTION

Moreld serves the offshore energy, renewable, marine, aquaculture, and onshore markets. Moreld was formed in 2019 through the merger of 20 of HitecVision's portfolio companies primarily active in the offshore oil and gas sector.

As the oil and gas industry prepares for the transition to a low-carbon future, industry structures are changing. Opportunities exist in new business lines, such as renewable energy, that Moreld companies aim to exploit through their existing strong positions in the oil and gas industry. Individually and as an effective group they are actively developing new business lines in offshore wind power, offshore fish farming, and other non-oil and gas industries. In this transformational period, Moreld leverages its size, robustness and access to talent and key resources across the group. Being able to adapt and retain competitiveness is a core focus.



Geir Austigard, CEO

MORELD: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2020	2021 ¹
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	1 407	1 254
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	1 843	1 116
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e)	4 407	2 259
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	5.3	3.6
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	12.4	6.9
<i>Total waste (tonnes)</i>	2 605	2 758
Non-Hazardous waste (tonnes)	-	2 749
Hazardous waste (tonnes)	-	9
Recycling ratio	78%	94%
Unplanned spills (emissions to ground/sea/air)	3	0

SOCIAL	2020	2021 ¹
Number of employees	3 003	2 304
Total Recordable Incident Frequency (TRIF)	5.8	7.8
Lost Time Injuries (LTI)	9	8
Medical treatment case (MTC)	16	24
Share of women in total workforce	16%	17%
Share of women in management	26%	25%
Short term sick leave	2.1%	1.7%
Long term sick leave	3.3%	1.9%
Employee turnover ratio ²	7.7%	15.6%

GOVERNANCE	2020	2021 ¹
Share of relevant staff who have completed anti-corruption training "portfolio weighted average"	79%	87%
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	2	2
Whistleblowing cases being addressed by management or board	1	2

¹ The numbers does not include divested companies during the year. Moreld has divested the following companies during 2021: DeepWell, Vryhof Group, Leirvik and Emtunga Solutions.

² Employee turnover ratio increase in 2021 due to temporary downscaling in Agility Subsea Fabrication and Suretank.

PERFORMANCE COMMENTARY. Moreld achieved a significant reduction in total GHG emissions in 2021 as a result of emission reduction initiatives, in particular for Scope 2, and divestment of carbon intensive companies. Carbon intensity per unit of revenue has also decreased significantly. While the company is operating more responsibly, some of the reduction can be attributed to impacts of Covid-19, including less business travel. Waste generated has increased slightly, while the recycling ratio across the company has improved from 78 in 2020 to 94 per cent in 2021.

With the divestment of four companies in 2021 the total number of employees within Moreld has decreased by approximately 23 per cent. The total recordable incident frequency increased from 5.8 to 7.8 in 2021, while all other health, safety and social performance metrics remained relatively stable, compared to 2020. The share of relevant staff completing anti-corruption training increased from 79 to 87 per cent in 2021 and two whistleblowing cases were addressed. Two cyber attacks resulting in financial loss was recorded for individual subsidiaries within Moreld's portfolio in 2021.

ESG MANAGEMENT APPROACH

Moreld provides end-to-end sustainable solutions to all energy industries. The company aims to expand in sectors such as aquaculture, offshore wind, infrastructure and renewable energy, while continuing to service existing energy service operations. The energy transition is incorporated as a key part of Moreld's business development strategy, leveraging the competence it has built from decades in the offshore energy industry. Moreld is targeting 40 per cent of revenues from non-oil and gas industries by 2026, with some group companies already ahead of this target.

In 2021 Moreld re-assessed its ESG priorities, set targets for material topics and continued its comprehensive and transparent sustainability reporting on its performance in relation to them. The most up to date report is published on Moreld's website. Moreld has also continued to report on its climate-related financial risks in alignment with the Taskforce for Climate-related Financial Disclosures (TCFD) reporting framework, also available on its website.

Moreld's ESG policy outlines the principles through which the group seeks to operate in an environmentally and socially responsible manner. Guided by the ESG policy, Moreld has integrated environmental, social and ethical issues into the assessment and selection of new and existing business lines. In 2021 an ESG network was established with representatives from across the group. The newly formed ESG network is committed to improving the way Moreld addresses environmental, social and governance issues.

To drive development and innovation, cross-company organisational clusters have been established. These clusters address sustainable development opportunities including recycling, smart grid, hybridisation and electrification, hydropower, aquaculture, and offshore floating wind.

ENVIRONMENT

Moreld continues to focus on reducing its greenhouse gas (GHG) emissions, and has a net zero emission target for scope 1 & 2 emissions from its own operations by 2030. During 2021, four companies with relatively high GHG intensity in their operations were divested from the group. Some offsetting will be required to account for emissions that cannot be removed. The Group also aims to move towards more circular use of materials through increased recycling.

To reduce emissions and the environmental footprint of supply chains, all procurement units in Moreld have integrated ESG into their procurement strategies. Group initiatives on sourcing and specification of ESG criteria have contributed to knowledge sharing and standardisation. The set of ESG criteria forwarded to suppliers is constantly under revision, with specific KPIs on GHG emissions and waste recycling increasingly being included. In 2021 Moreld brought onboard Greentech as a supplier of recycling services for office equipment, and expects this to lead to a reduction in waste from operations.

MORELD COMPANIES:





Group companies are succeeding in reapplying existing expertise, and innovating new solutions, to significantly reduce GHG emissions for customers. Recycling and reuse of customer's assets are also important focus areas in the group, with, amongst others, Moreld Karsten Moholt contributing to reducing resource use through advanced re-use of heavy-duty electric equipment such as motors.

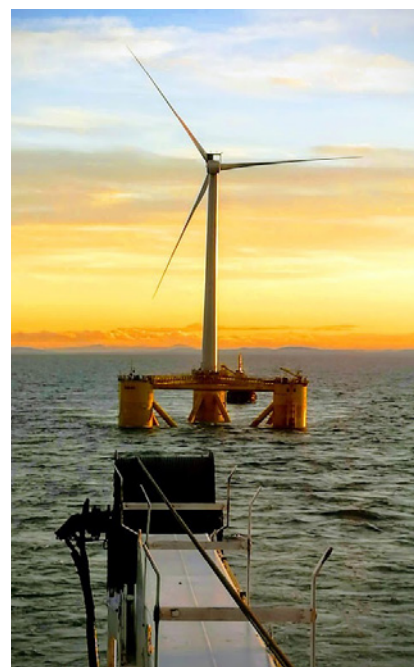
In 2022 Moreld will expand its environmental focus to include measuring its positive customer impact. A project will be established across the group to capture GHG savings and other positive environmental benefits in customer contracts. The aim is to measure the extended impact the company has, and help customers operate in a more sustainable manner. A green travel policy will also be developed 2022 to formalize and continue the group's focus on avoiding travel that can be replaced by electronic interaction.

SOCIAL

Moreld is focused on creating a safe, diverse and inclusive workplace. Building on the group companies' strong health & safety culture and performance, Moreld has established a zero target for serious incidents, LTIs, and accidental spills and emissions.

Attracting, developing and retaining employees is critical to the group's success. In 2021 Moreld introduced a new diversity and inclusion policy which outlines the group's approach to fostering a diverse and inclusive company culture. As a knowledge-based enterprise, Moreld maintains a wide-ranging array of training and development systems. In combination, the human capital development initiatives are geared towards making Moreld a great place to work.

Throughout 2021, ongoing efforts were made to minimise the impact of the Covid-19 pandemic on people and operations, Moreld has emphasised regular contact with all employees and facilitating productive working conditions, within government guidelines. Despite disruptions, Moreld has continued to actively develop and support relevant and local community activities. Some community investment examples from across the group include CPR training at a local sports club, a local entrepreneurship competition for youth to find solutions addressing the UN sustainable development goals, and engineering support for The Ocean Cleanup in its efforts to remove plastics from the world's oceans.



GOVERNANCE

Moreld is committed to operating to the highest standards of integrity. Behaviour and policies are guided by a code of conduct which describes the rules and ethical standards followed. In alignment with HitecVision's "We behave and comply" system, in 2021 Moreld reviewed and strengthened the quality of its governance guidelines, ESG reporting, whistleblowing procedures and supplier declarations. A whistleblowing procedure is now in place that covers all Moreld employees and is publicly available on its website.

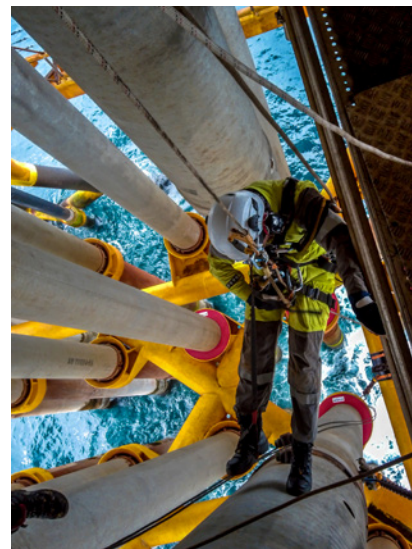
The group established a new organisational structure in 2021 with four business divisions. As part of the process, an Audit & Risk Committee was also formed at group level. The committee's objective is to act as a preparatory body in connection with the Board's supervisory roles with respect to audit, financial reporting and the effectiveness of the company's internal control and enterprise risk management system.

Moreld's companies regularly perform supplier audits that include audit of environmental, social and governance issues. In 2021 an updated set of business principles for suppliers and partners was integrated into the supplier declaration form and made consistently applicable across the group. The business principles include expectations towards suppliers and partners on social aspects such as human rights and health and safety, anti bribery, anti corruption and environmental impacts.

Audits and verifications are integral parts of group companies' management systems. Many of the group's activities are carried out on the Norwegian continental shelf (NCS) where the majority of suppliers are registered in joint qualification systems such as Magnet JQS and Achilles. To register in the qualification system, suppliers perform a detailed capability assessment that covers compliance to various ESG topics, including anti-corruption and HSE. Through the use of the qualification system suppliers demonstrate their compliance with all applicable rules and regulations. Moreld also conducts its own in-depth supplier audits, particularly when onboarding new suppliers to ensure that they comply with the business principles.

Moreld's anti-corruption policy is implemented in all group companies and new employees complete a training course on the topic as part of their onboarding. The completed training ratio is a key KPI in the company's quarterly reporting to the board.

Moreld complies with all applicable anti-corruption laws, regulations and reporting requirements. Anti-corruption and anti-bribery are also included as key parts of Moreld's business principles for suppliers and partners. It is expected that all suppliers and business contacts commit to the anti-bribery and anti-corruption policy and take all possible actions to mitigate the risk for corruption.



Offshore maintenance work may entail the use of rope access.

” Moreld's group companies regularly perform supplier audits that include audit of ESG issues, such as human rights and health and safety, anti bribery, anti corruption and environmental impacts.

WANT MORE INFORMATION?

Moreld publishes its own sustainability report. Please see www.moreld.com





Headquarters: Tananger, Norway

Website: www.wellpartner.no

Number of employees (FTEs): 34

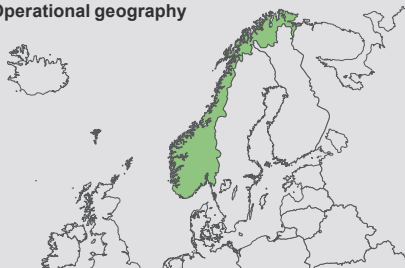
Revenues (2021): NOK 128.1 million

HV's shareholding: 75.4%

Investor: Fund VII

ESG Contact: Eivind Håvarstein

Operational geography



ESG Reporting: None

ESG Policies: HSEQ policy, whistleblower policy, intellectual property policy, security policy, data protection policy & anti-corruption policy & business hospitality policy

Certifications: ISO 9001

SDGs:



COMPANY DESCRIPTION

WellPartner delivers technical expertise and high-quality equipment rental and services within offshore drilling, completion and intervention operations. The company operates in Norway with clients including E&P companies, drilling rig contractors and other service companies. WellPartner's services include operational planning, analysis, safety advice, mobilization before installation and rig services.



Eivind Håvarstein, CEO

WELLPARTNER: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	4	2	2	3
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	32	33	33	44
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e)	34	17	17	19
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	2.5	2.4	2.4	3.2
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	4.8	3.6	3.6	4.5
<i>Total waste (tonnes)</i>	23.4	19.5	19.5	20.0
Non-Hazardous waste (tonnes)	-	-	-	17.0
Hazardous waste (tonnes)	-	-	-	3.0
Recycling ratio	82%	71%	71%	71%
Unplanned spills (emissions to ground/sea/air)	0	0	0	0

SOCIAL	2018	2019	2020	2021
Number of employees	29	30	33	34
Lost Time Injuries (LTI)	0	0	0	0
Medical treatment case (MTC)	-	-	0	0
First aid case (FAC)	-	-	0	0
Share of women in total workforce	15%	14%	16%	16%
Share of women in management	30%	30%	30%	30%
Short term sick leave	0.4%	1.2%	0.2%	2.2%
Long term sick leave	3.7%	0.8%	0.3%	5.6%
Employee turnover ratio	3.9%	11.0%	9.5%	0.0%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	81%	97%	97%	100%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0

PERFORMANCE COMMENTARY. Increased operating activity in 2021 saw related increases in environmental performance indicators. Social metrics remained stable compared to 2020, with an increase in both short and long term sick leave. All relevant staff have now completed anti-corruption training and all other governance metrics remain unchanged from 2020.



The WellSafe Installer safety device.

” At its core, the company is developing knowledge to enable zero waste and emissions reduction solutions.

ESG MANAGEMENT APPROACH

Wellpartner, being a relatively small company, has established a robust, simple and effective approach to the management of ESG issues. At its core, the company is developing knowledge to enable zero waste and emissions reduction solutions.

ENVIRONMENT

WellPartner is an oilfield service provider and follows statutory and clients' environmental management requirements. The company minimizes any potentially negative environmental impacts with an approach driven by three priorities - reducing GHG emissions; efficient and sustainable waste management; and contributing to a circular economic business model.

The direct environmental impacts from WellPartner's operations are limited and the company is focused on minimising these through its products and service delivery. WellPartner collaborates with a local waste handler to develop recycling and reuse options for its main material streams.

WellPartner also contributes to reducing its customers' GHG emissions on a much larger scale than the company's own emissions. An example is the CLA family of products, whose primary purpose are to improve the safety of drilling operations,

but through their efficiency also reduce rig operating times, with significant follow-on GHG emission reductions: A semisubmersible drilling rig in dynamic positioning mode can have emissions of around 150 tCO₂e per day, so saving just a few hours of rig time may have a material impact.

WellPartner recognises its opportunity to reduce waste and contributes to a circular economy. The company has established refurbishment processes for the re-use and rental of risers, and has in recent years acquired several previously unused risers from oil companies. This shift to a closed loop rental model for some equipment is supported by buy-back options for certain custom-made products in order to modify or reuse. In combination, these initiatives are helping to develop a more circular business model, with lower life cycle material impacts.

SOCIAL

Employee health and safety is of critical importance to WellPartner and a main priority in all operations undertaken by the company. The company has a goal of zero injuries and uses a HSEQ reporting system to track data related to injuries. Creating a diverse and inclusive workplace continues to be a focus, as the company seeks to attract, develop and retain high performing employees.

An important priority for 2021 has been to ensure ongoing training for the company's employees. WellPartner is a knowledge-based business and training includes on the job training, internal training on company products, as well as tailored workshops. Specialised external training in technical and engineering disciplines is also provided to enhance knowledge and expertise.

Ensuring employee wellbeing and keeping all employees safe has continued to be a key priority in 2021 through the Covid-19 pandemic. The company implemented measures following the national authorities' guidelines and requirements to minimise spreading of the virus and secure the health and wellbeing of their employees.

GOVERNANCE

The company's ESG-related policies set out expected company conduct and foster responsible business practices. Policies include a HSEQ policy, whistleblower policy, data protection and cyber security policy, and an anti-corruption policy. In 2021, all employees have been trained in the company's anti-corruption policy. The whistleblower channel is set up for all employees to report any breaches of the company's code of conduct and ensures a robust process in which the employees can report any issue in confidence if required. In addition to policies and procedures, WellPartner maintains strict criteria when selecting suppliers, from pre-qualification and due diligence through to product quality specification.



Wellpartner WellSafe Intervention System.



Headquarters: Stavanger, Norway

Website: www.prosafe.com

Number of employees (FTEs): 103

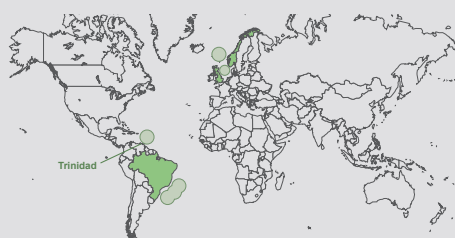
Revenues (2021): USD 141 million

HV's shareholding: 28.1%

Investor: Fund VI and VII

ESG Contact: Karine Cosemans

Operational geography



ESG Reporting: NSA Guidelines¹, UNGC COP

ESG Policies: Corporate Social Responsibility (CSR), Equal opportunity, Anti bribery and anti corruption

Certifications: ISO9001, ISO14001, ISO45001 & ISO50001. ISM Code²



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. The company has current offshore operations in Norway, UK, Brazil, and Trinidad. Prosafe is listed on the Oslo Stock Exchange with ticker code PRS.

Primary demand for Prosafe's services is driven by maintenance and modification of installations on fields in production. Additional demand comes from hook-up and commissioning of new fields, as well as decommissioning activities.



Jesper Kragh Andersen, CEO

¹ Norwegian Shipowners' Association's guidelines for ESG reporting in Shipping and Offshore Industries (2021).
² Document of Compliance (Singapore MODU's & Bahamas Passenger Ship plus MLC).

PROSAFE: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	113 558	133 332	53 744	100 678
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	163	156	11	7
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e)	2 657	3 193	1 785	1 964
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	591.5	948.1	713.1
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	605.7	979.5	727.0
Total waste (tonnes)	1 099	2 309	1 034	3 044
Non-Hazardous waste (tonnes)	1 099	2 064	903	2 857
Hazardous waste (tonnes)	312	245	62	187
Recycling Ratio	53%	56%	9.1%	34.3%
Unplanned spills (emissions to ground/sea/air)	0	0	0	0

SOCIAL	2018	2019	2020	2021
Number of employees	417	150	99	103
Total Recordable Incident Frequency (TRIF)	2.5	0.8	1.8	0.0
Lost Time Injuries (LTI)	2	0	0	0
Medical treatment case (MTC)	3	6	2	0
First aid case (FAC)	49	27	7	32
Short term sick leave (onshore / offshore)	0.8% / 1.9%	0.5% / 0.8%	0.6%	0.2%
Long term sick leave (onshore / offshore)	0.8% / 1.9%	0.9% / 1.9%	0.6%	0.1%
Share of women in total workforce	40.6% / -	36.6% / 0.9%	26.7%	26.2%
Share of women in management	25.0%	26.8%	30.1%	26.3%
Employee turnover ratio	8.5%	19.2%	8.11%	11.2%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	N/A	78%	88%	46%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0
Whistleblowing cases being addressed by management or board	1	2	2	0

PERFORMANCE COMMENTARY. As the global Covid-19 pandemic subsided in 2021, there was a significant increase in activity, with a fleet utilization rate of 54.5 per cent compared with 20.4 per cent in 2020. Driven by higher activity in 2021, total GHG emissions and other environmental metrics increased compared to 2020, however a 5 per cent reduction in GHG emissions per contract day was achieved for the fleet, compared to the 2015-2019 average. A record of zero spills has been maintained. A zero lost time injury and fatality record has also been maintained, alongside decreasing sick leave. Other employee, diversity and governance performance remains stable across 2021 and 2020.

ESG MANAGEMENT APPROACH

Prosafes Corporate Social Responsibility (CSR) Policy provides an overarching framework governing its approach to ESG topics and draws on the principles of the Universal Declaration of Human Rights, the key conventions of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles of the United Nations Global Compact (UNGC). Prosafe has been a signatory to the UNGC since 2008.

Social responsibility is a key driver of competitive advantage for Prosafe, which believes that it actively contributes to its long-term success. It helps the company attract and retain the best people and maintain successful working relationships with clients, suppliers and authorities. It also enables Prosafe to build goodwill and to support the countries in which it has operations. Prosafe aims to ensure that its stakeholders are provided with correct, clear and timely information about the company's operations and condition.

ENVIRONMENT

Prosafe operates an integrated environmental management system in accordance with ISO 14001 and in 2021 successfully completed all formal audits for the international energy management standard ISO 50001, to which the company will be certified in early 2022.

Prosafe's environmental management approach consists of three main focus areas:

1. Reducing GHG emissions from its vessels.
2. Assessing "Fuels for the future" to identify suitable fuel options for the long term.
3. Implementing energy efficiency measures in accordance with its ISO 50001 objectives.

The company has established a GHG emissions reduction roadmap based on current available technology and is aiming to meet the IMO target of a 50 per cent reduction in GHG emissions by 2050. Prosafe is currently assessing available biofuel solutions and is already using low sulphur fuel (maximum 0.1 per cent), exceeding the MARPOL requirement of 0.5 per cent.

As operator of vessels with dynamic positioning systems, which have inherently high energy consumption when in operation, Prosafe is working closely with its customers to identify and implement energy saving measures while retaining the required precision of vessel positioning. In 2021 a "2+1" split was implemented on the engines of Safe Zephyrus and Safe Boreas. This means that the number of running engines is reduced from 3 to 2 under normal circumstances. This is expected to reduce annual fuel consumption (and emissions) by 10 – 15 per cent. Software tools have been installed on vessels to help crews monitor and reduce energy consumption.

Prosafe continues to high-grade its fleet by scrapping its oldest and most inefficient vessels, selling them for recycling at certified ship recycling yards. One vessel was sold for recycling in 2021. Prosafe adheres to relevant ship recycling conventions including the 2009 Hong Kong Convention and the 1989 Basel Convention. In any vessel recycling activities Prosafe adopts best practices by providing financial guarantees for responsible recycling and appointing independent recycling yard representation where necessary. Extensive due diligence is conducted when recycling any asset and Prosafe remains fully engaged in the process until the asset is completely recycled.



Safe Caledonia at the UK Golden Eagle field.



Safe Zephyrus.

In addition to its focus on GHG emissions, energy use and vessel recycling, Prosafe proactively manages a wide range of potential environmental impacts. Waste reduction, recycling, ballast water management, sewage discharge, hazardous chemical handling, zero emissions and accidental spills are all managed through its integrated environmental management system. Targets have been set for all significant environmental impact areas and current performance against those targets is publicly reported via the company's annual ESG report, available on its website. Prosafe aims to comply with and exceed all relevant and applicable environmental regulation.

Prosafe sets clear requirements for its suppliers on a range of environmental performance issues. Examples include the requirement for environmentally-friendly and legislation-compliant products for automatic fire suppression systems, and for minimal environmental impact from hazardous substance products. The company gives preference to suppliers with ISO 14001 certification, ensuring robust environmental management in its supply chain.

SOCIAL

Workplace health and safety is the main priority of Prosafe's social focus and is managed in accordance with its certification to the international health and safety standard, ISO 45001. The objective is that nobody should suffer work-related illnesses or injuries as a consequence of working for Prosafe. Extensive systems have been implemented to identify and address health and safety risks. Regular training, review processes and monitoring exists to build a strong health and safety culture within the company.

Prosafe seeks to ensure that all staff are treated fairly and without discrimination, have a healthy, safe and secure working environment, and respects their right to freedom of association and rights to negotiate and cooperate through relevant representative bodies. Prosafe operates an equal opportunity policy, including gender equality, and seeks to build a diverse and inclusive workplace.

Prosafe supports the principles set out in the Universal Declaration of Human Rights. The company endeavours to ensure that its operations and those of its suppliers are conducted in accordance with basic human rights standards. This statement of support can also be found in Prosafe's CSR Policy. The obligation to respect human rights is addressed in Prosafe's Code of Conduct. Prosafe requires that human rights are respected within its own operations and within those of its suppliers and partners.

” Targets have been set for all significant environmental impact areas and current performance against those targets is publicly reported via the company's annual ESG report, available on its website.

The company monitors and manages all areas of employee absence (actual and potential) closely and takes appropriate actions. Where necessary, Prosafe takes steps to enable employees to return to work on light duties, either in the office or on shorter vessel trips to re-assimilate the employee's return to work. Special safety measures exist for employees exposed to hazards such as high noise environments, exposure to chemicals and other conditions that may be harmful to health. The company carries out regular occupational health assessments for this purpose.

In order to take care of employees through 2020 and 2021, Covid-19 plans were introduced for all operations and vessels, and remote working was introduced in offices. The company's management team has made a concerted effort to ensure regular information sharing and contact with employees throughout the pandemic. In 2021 Prosafe conducted employee engagement surveys in order to gain insights on what is engaging (and disengaging) for its employees and be able to respond appropriately where required.

GOVERNANCE

The Safety, Sustainability and Ethics committee of the board of directors has the ultimate responsibility for the governance of Prosafe's ESG impacts. The committee reports at least annually and otherwise when needed to Prosafe's Audit committee and full board. Ethical business practices and expectations are set out in the company's Code of Conduct, with specific anti-bribery and anti-corruption requirements documented in a stand-alone policy. Training in anti-bribery and anti-corruption is mandatory for all employees, consultants and agency personnel.

Prosafe encourages its employees to report any breaches of its Code of Conduct through established whistleblowing channels. This ensures the company can rectify, learn and prevent re-occurrence when necessary. The company's performance management procedure ensures that any employee's grievance is treated in a fair, consistent and responsive manner, together with providing a channel for the hearing of the grievance and a fair resolution. All grievances raised under this procedure are treated confidentially.

Governance risks are integrated in supply chain management through the Prosafe Approved Supplier Verification Questionnaire. The extensive questionnaire sets out clear expectations to suppliers for upholding Prosafe's values and Code of Conduct, respecting all individual and basic human rights standards, conducting their business without bribery and corruption, engaging in fair competition, upholding labour standards and prevailing trade union agreements where applicable, and complying with applicable laws and regulations. A supplier auditing programme monitors supplier performance against the questionnaire.

Prosafe has established emergency plans to ensure adequate response to any threats to people, the environment and material assets. These plans ensure that correct, relevant and timely information is provided to relevant stakeholders if and when required. Regular emergency response training and exercises are carried out in cooperation with customers and third parties to ensure preparedness for a range of emergency scenarios.

Prosafe's cyber security system is regularly tested and updated. E-learning on cyber security is mandatory for all employees. All data held by Prosafe is managed in accordance with the company's Privacy Policy.



WANT MORE INFORMATION?

Prosafe publishes its own sustainability report. Please see www.prosafe.com





Headquarters: Singapore
Website: www.edrill.com
Number of employees (FTEs): 65
Revenues (2021): USD 21 million
HV's shareholding: 51.8%
Investor: Fund VI
ESG Contact: Alexander Maroske

Operational geography



ESG Reporting: The principles of the UNGC COP

ESG Policies: ESG Priority Statement, Governance Code

Certifications: None

SDGs:



COMPANY DESCRIPTION

Energy Drilling operates self-erecting tender rigs, used for development drilling for offshore platforms. In 2021, Energy Drilling Management Pte Ltd (EDMPL) has marketed and been in charge of operating a fleet of six tender rigs, comprising four barge-type for fixed platforms in shallow waters and two semi-submersible type rigs for SPARs and TLPs in deep waters. The company has documented a strong track record in developing specifications, managing the construction phase and operating tender rigs for oil majors.

Energy Drilling owns two rigs, and has one newbuild which it has not yet taken delivery of. In addition, the company entered into a Management Agreement with Seadrill Partners LLC (SDLP) in the spring of 2021, to maintain, market and operate three tender rigs on SDLP's behalf. In addition to Energy Drilling's current operations in Thailand, the company markets rigs in Singapore, Malaysia and Indonesia, including the three SDLP rigs. For the duration of 2021, one tender barge has been operating in Thailand, while the other rigs have been idle.



Marcus Chew, CEO

ENERGY DRILLING: KEY REPORTED ESG FIGURES FOR 2021

(2018, 2019 and 2020 figures displayed where available):

ENVIRONMENTAL	2017	2018	2019	2021
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tCO ₂ e)	38 266	19 625	14 389	20 754
Energy indirect GHG emissions (GHG PCS Scope 2, in tCO ₂ e)	-	23	21	11
Other indirect GHG emissions (GHG PCS Scope 3, in tCO ₂ e)	-	565	62	63
Carbon intensity - Scope 1 & 2 (tCO ₂ e / million USD revenues)	-	665.4	1244.6	992.3
Carbon intensity - Scope 1, 2 & 3 (tCO ₂ e / million USD revenues)	-	684.5	1250.0	995.3
<i>Total waste (tonnes)</i>	946	424	126	199.5
Non-Hazardous waste (tonnes)	-	-	-	199.5
Hazardous waste (tonnes)	-	-	-	0.0
Recycling ratio	40%	40%	40%	40%
Unplanned spills (emissions to ground/sea/air)	0	0	0	0
Fuel Used (in million litres)	12.4	7.2	5.8	7.7

SOCIAL	2018	2019	2020	2021
Number of employees	110	67	63	65
Total Recordable Incident Frequency (TRIF)	2.4	1.2	4.6	2.5
Lost Time Injuries (LTI)	1	0	0	1
Medical treatment case (MTC)	-	-	1	0
First aid case (FAC)	-	-	1	1
Share of women in total workforce	0%	0%	7.9%	8%
Share of women in management	0%	0%	0%	0%
Short term sick leave	-	0%	0.2%	0%
Long term sick leave	-	0%	0.0%	0%
Employee turnover ratio	-	3.8%	15.4%	1.6%

GOVERNANCE	2018	2019	2020	2021
Share of relevant staff who have completed anti-corruption training (%)	66%	100%	100%	100%
Breaches of ethical guidelines	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	1	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0
IDDs and audits of supplier, distributor or JV partner that include ESG issues	0	0	0	0

PERFORMANCE COMMENTARY. Operational activity is yet to fully rebound to pre-Covid levels, however, there has been a relative increase in activity compared to 2020 and this has translated into higher fuel use and GHG emissions increasing by approximately one third. Social and governance performance metrics remain stable with the TRIF decreasing from 4.6 to 2.5. Short term sick leave has also decreased and employee turnover is minimal at 1.6 per cent. All relevant staff have completed and maintained their anti-corruption training.



Lifting of a drilling module onto the host platform.

ESG MANAGEMENT APPROACH

Transparency in ESG reporting is important for Energy Drilling to document how it reduces its environmental impact, ensures a safe working environment, and strengthens corporate governance practices. Energy Drilling has established a corporate statement committing to effectively managing and continuously improving ESG issues.

ENVIRONMENT

Energy Drilling seeks to conduct its business in an environmentally responsible manner through increasing operational efficiency and reducing the environmental impacts of its drilling activities. Energy Drilling assesses and controls its environmental impacts and complies with all relevant environmental regulations.

To help improve its environmental performance, Energy Drilling strives and motivates all employees to identify and submit suggestions for environmental practice improvements. Any of these improvements that go on to be implemented are show-cased and rewarded.

” Energy Drilling has established a corporate statement committing to effectively managing and continuously improving ESG issues.



The ED-Drill-2 tender drilling barge in operation.

SOCIAL

Energy Drilling invests in the safety, wellbeing, and growth of the people across its internationally diverse workforce. Energy Drilling aims to protect the health and safety of all stakeholders, and the company's values reflect the commitment to this objective.

The Covid-19 pandemic continued to affect all sectors of the economy in 2021. For Energy Drilling, this meant a strong focus on stress management, and close mentoring of crew as the stress of continued Covid-19 restrictions had to be taken into consideration in the company's operations.

With the relaxation of strict government controls related to Covid-19, Energy Drilling will reinstate the well-received social events held previously. These hosted events bring together crews and their families and the wider community through games and tournaments.

In 2021, Energy Drilling has facilitated a wide range of training and development activities, from interactive group sessions to online learning opportunities, and has launched a variety of programs to support employees' development and growth.

GOVERNANCE

In 2021, Energy Drilling updated its ESG priority statement, which is published on the company's web site. This statement outlines the key ESG priorities that the company is focused on addressing. The company plans to issue a detailed report following the internationally recognised GRI Standard.

Due to its internationally oriented operations, Energy Drilling is subject to, and operates within, a range of legal jurisdictions. As a result, the company has established a structured approach to compliance risk management, emphasising careful review of regulatory outlooks and implementing relevant corresponding processes, check lists and management routines.



TrønderEnergi Joint Venture

NEW INVESTMENT



In March 2022, HitecVision announced a joint venture with Norwegian regional utility TrønderEnergi to establish a new renewable energy company with activities across the Nordics.

The new company will comprise all TrønderEnergi's current and future energy transition initiatives, including its significant portfolio of onshore wind assets and part ownership of its hydro generation assets. The establishment of the new renewables company, where both parties hold 50 percent ownership, will enable the partners to take a significant position in renewable energy production, electrification, and energy efficiency. The company is expected to have an investment capacity of NOK 15 – 20 billion.

TrønderEnergi is the regional power utility for mid-Norway. The company has a long history within renewable power generation and has had a presence in Norwegian hydropower for the last 70 years. The company is also one of the leading Nordic onshore wind players, and has built a significant portfolio of onshore wind asset over the last decade.

TE has an annual power production of around 2,750 GWh, of which around 1,800 GWh from hydropower and the rest from nine wind farms with more than 400 wind turbines. TE is also a full-service operator for about 2,000 GWh of production owned by others, and provides third party energy management services on additional 1,000 GWh.

Over the last years, TE has also developed several downstream initiatives under the Ohmia brand, targeting energy optimisation and electrification solutions towards professional users. Among these are Ohmia Charging, one of Norway's leading players in multi-family home EV charging; Ohmia Retail, Norway's leading provider of energy management services for grocery stores; and Ohmia Construction, providing solutions to reduce emissions from construction sites.

TrønderEnergi will demerge its current operations by transferring most of its current businesses to the new joint venture company, including 1.3 TWh of existing wind and hydropower assets, a 5.7 TWh energy management operation, and the various downstream

initiatives. The bulk of TrønderEnergi's 300-person organization will be transferred, and current management will continue running the company.

The joint ambition of TE and HitecVision is to use this strong base to build a leading Nordic energy transition group on the back of a rapidly growing regional market for both renewable power production capacity and downstream decarbonization services. The new company has ambitions to develop activities across the Nordic region, both related to renewable energy production, decarbonization and electrification, and energy management.

www.tronderenergi.no
www.ohmiaretail.no
www.ohmiacharging.no
www.ohmiaconstruction.no

Establishing the new company is subject to final approval by the municipal owners of TrønderEnergi. Closing is anticipated in Q3 2022.

Fortum Oslo Varme

NEW INVESTMENT



In March 2022, HitecVision announced that it is part of a new industrial joint venture that has entered an agreement to acquire Fortum Oslo Varme (FOV), Norway's largest district heating provider.

The company delivers sustainable district heating and power to commercial and residential properties throughout Oslo, providing heating and hot water to more than 200,000 people.

As the leading district heating supplier in one of the largest urban areas in the Nordics, FOV supplies approx. 1.8 TWh heat to commercial and residential customers, covering 20% of the total heat demand in the city. This translates into a customer base of about 5.7K buildings in the Oslo area, serving a large part of the city with 15 district heating plants. Fortum Oslo Varme is the largest supplier of district heating in Norway and supplied 36% of district heating generated in Norway in 2021.

FOV uses an environmentally sustainable fuel mix for its heat production, with heat from municipal waste incineration accounting for about 66% of its production, renewable electricity for 34% and fossil

fuels for only 0.5%. This makes FOV a key contributor in enabling a clean, sustainable energy supply and waste disposal as a civil service for the City of Oslo and its population.

The partnership intends to make significant investments in further growth in the company, with an ambition to drive the green transition in the greater Oslo area. Expansion is planned within its core district heating business, driven by population growth and building stock renewal, as well as new initiatives within decentralized heating solutions, energy efficiency services and other emerging opportunities.

A key growth initiative is FOV's planned full-scale carbon capture project at Klemetsrud, its largest waste-to-energy facility, reducing emissions by 400,000 tonnes of CO₂ annually as well as creating a new business line for the company. This waste incineration plant accounts for about 14 per cent of Oslo's total emissions, and the realization of carbon capture will thus be crucial for the City of Oslo to achieve its ambitious climate goals of reducing emissions by 95 per cent by 2030.

The project is one of the most mature of its kind in the world, and may constitute a blueprint for cities across Europe on how to best manage non-recyclable waste whilst producing heat and electricity and still reaching ambitious greenhouse gas emission reduction targets. Fortum Oslo Varme has successfully conducted its FEED study, operated a pilot plant for 5,500 hours and achieved a stable CO₂ capture rate of 90-95%.

The CCS plant at Klemetsrud has been included as part of the 'Northern Lights' project by the Norwegian Government, which is developing a complete value chain including transport to Norway's west coast and subsea storage. This has resulted in the State supporting the development and operational costs until 2034 by up to NOK 3.1 bn. The partnership and the City of Oslo have agreed to share the remaining funding for the project to be fully financed.

The current plan is to make a final investment decision for the carbon capture project in 2022 with operations to start in 2026.

<https://www.fortum.no/om-oss/fortum-oslo-varme>

Fortum Oslo Varme is jointly owned (50/50) by Fortum and the City of Oslo. The new partnership consisting of Hafslund Eco, Infranode and HitecVision acquires Fortum's shareholding, while the city's shareholding will be transferred to Hafslund Eco (which is fully owned by the city). Following these transactions, HitecVision will hold 20% of the company, with Infranode at 20% and Hafslund Eco at 60%.

Appendix

A. GRI Index

Statement of use: HitecVision has reported in accordance with the GRI Standards for the period 01/01/2021 - 31/12/2021.

GRI 1 used: GRI 1: Foundation 2021

GRI 2: GENERAL DISCLOSURES 2021		
2-1	Organizational details	https://www.hitecvision.com/
2-2	Entities included in the organization's sustainability reporting	HitecVision and its portfolio companies
2-3	Reporting period, frequency and contact point	January 1 - December 31, 2021. Annual. paal.dahlberg@hitecvision.com
2-4	Restatements of information	None
2-5	External assurance	Pages 108-109
2-6	Activities, value chain and other business relationships	https://www.hitecvision.com/about-us
2-7	Employees	Pages 11 and 18-20
2-8	Workers who are not employees	None
2-9	Governance structure and composition	https://www.hitecvision.com/about-us/board
2-10	Nomination and selection of the highest governance body	https://www.hitecvision.com/about-us/board
2-11	Chair of the highest governance body	https://www.hitecvision.com/about-us/board
2-12	Role of the highest governance body in overseeing the management of impacts	Page 8
2-13	Delegation of responsibility for managing impacts	Page 8
2-14	Role of the highest governance body in sustainability reporting	Page 8
2-15	Conflicts of interest	Page 103
2-16	Communication of critical concerns	This information is currently not reported. During 2022 we will assess applicability and how it can be disclosed.
2-17	Collective knowledge of the highest governance body	This information is currently not reported. During 2022 we will assess applicability and how it can be disclosed.
2-18	Evaluation of the performance of the highest governance body	This information is currently not reported. During 2022 we will assess applicability and how it can be disclosed.
2-19	Remuneration policies	This information is currently not reported. During 2022 we will assess applicability and how it can be disclosed.
2-20	Process to determine remuneration	This information is currently not reported. During 2022 we will assess applicability and how it can be disclosed.
2-21	Annual total compensation ratio	This information is currently not reported. During 2022 we will assess applicability and how it can be disclosed.
2-22	Statement on sustainable development strategy	Page 4
2-23	Policy commitments	Page 8
2-24	Embedding policy commitments	Pages 8-9
2-25	Processes to remediate negative impacts	HitecVision believes that it does not cause any negative impacts directly. For remediation of negative impacts indirectly contributed to through the portfolio companies, please see pages 8 - 20.
2-26	Mechanisms for seeking advice and raising concerns	Page 18
2-27	Compliance with laws and regulations. Annual financial investment in community and social impact projects.	No significant known instances of non-compliance in 2021. This information is currently not reported. During 2022 we will assess how it can be disclosed.
2-28	Membership associations	Page 7
2-29	Approach to stakeholder engagement	Page 10
2-30	Collective bargaining agreements	Not reported

GRI 3: MATERIAL TOPICS 2021		
3-1	Process to determine material topics	Page 10
3-2	List of material topics	Page 10
GRI 205: ANTI-CORRUPTION 2016		
3-3	Management of material topics	Pages 8-9 and 12-15
205-2	Communication and training about anti-corruption policies and procedures	Page 11 and 15-16
205-3	Confirmed incidents of corruption and actions taken	Page 11
GRI 305: EMISSIONS 2016		
3-3	Management of material topics	Pages 8-9 and 12-15
305-1	Direct (Scope 1) GHG emissions	Page 11 and 15-17
305-2	Energy indirect (Scope 2) GHG emissions	Page 11 and 15-17
305-3	Other indirect (Scope 3) GHG emissions	Page 11 and 15-17
305-4	GHG emissions intensity	Page 11 and 15-17
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
3-3	Management of material topics	Pages 8-9 and 12-15
403-9	Work-related injuries	Nil
GRI 404: TRAINING AND EDUCATION 2016		
3-3	Management of material topics	Page 9
404-2	Programs for upgrading employee skills and transition assistance programs	Page 9
404-3	Percentage employees receiving regular performance & career development reviews	100%
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
3-3	Management of material topics	Pages 18-20
405-1	Diversity of governance bodies and employees	Pages 11 and 18
GRI 418: CUSTOMER PRIVACY		
3-3	Management of material topics	Page 9
418-1	Substantiated complaints concerning breaches of customer privacy	Nil
NON-GRI MATERIAL TOPICS AND DISCLOSURES 2021		
ESG INVESTMENT APPROACH		
3-3	Management of material topics	Pages 12-14, 99
PORTFOLIO ENGAGEMENT		
3-3	Management of material topics	Pages 12-14, 99
	Percentage portfolio companies engaged on ESG issues	Page 16
SOCIAL IMPACT		
3-3	Management of material topics	Pages 21-25
CYBERSECURITY		
3-3	Management of material topics	Page 9
	Number of cybersecurity attacks	Pages 11 and 16

B. SASB Data Table

ASSET MANAGEMENT & CUSTODY ACTIVITIES

Sustainability Accounting Standard (Version 2021-12)

TOPIC	ACCOUNTING METRIC	DISCLOSURE	UNIT OF MEASURE	CODE
Transparent Information & Fair Advice for Customers	1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.	0, 0%	Quantitative Number, Percentage (%)	FN-AC-270a.1
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning Customers.	0 NOK	Reporting currency	FN-AC-270a.2
	Description of approach to informing customers about products and services.	n/a	n/a	FN-AC-270a.3
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	(1) 50% (2) n/a (3) 25% (4) 62% As at December 31, 2021.	Percentage (%)	FN-AC-330a.1
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening.	(1) USD 7.2 billion (2) n/a (3) USD 7.2 bn As at December 31, 2021.	Reporting currency	FN-AC-410a.1
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies.	Pages 12-14 , 99	n/a	FN-AC-410a.2
	Description of proxy voting and investee engagement policies and procedures.	n/a	n/a	FN-AC-410a.3
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.	0 NOK	Reporting currency	FN-AC-510a.1
	Description of whistleblower policies and procedures.	Page 104	n/a	FN-AC-510a.2
ACCOUNTING METRIC		DISCLOSURE	UNIT OF MEASURE	CODE
(1) Total registered and (2) total unregistered assets under management (AUM)		(1) USD 7.2 billion (2) 0 USD As at December 31, 2021	Reporting currency	FN-AC-000.A
Total assets under custody and supervision		0 USD	Reporting currency	FN-AC-000.B

C. Responsible investment policy

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.

D. 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.

D. 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.

D. Ethical Guidelines

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).

D. Ethical Guidelines

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.

E. Supplier Expectations Statement

HITECVISION

Statement of Expectations of Suppliers

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

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

As part of our ESG focus, we expect our suppliers and other business relations to also address these issues in an appropriate manner. Meeting our expectations in this area is a prerequisite for a positive supplier evaluation and will be critical for maintaining good business relations with HitecVision in the long term.

We expect suppliers to HitecVision to have in place an active ESG policy and to back it with appropriate resources to ensure that the policy is followed and developed, and that it produces the desired real-world outcomes. We expect our suppliers to be transparent, and report to us, the public and relevant stakeholders on their ESG related efforts and outcomes. Further expectations are provided below.

Expectations on environmental issues

- We expect our suppliers to address the total environmental footprint of their activities. In particular, we expect our suppliers to have a climate policy, and to have an active programme to reduce their own greenhouse gas emissions and those of their value chain relations.

Expectations on social issues

- We expect our suppliers to have a policy on diversity and inclusion, and an active programme to ensure that their staff at all levels reflect the community in which they operate.
- We expect our suppliers to 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.
- We expect our suppliers to contribute positively to the communities in which they operate.

Expectations on governance issues

- We expect our suppliers to adhere to high business standards, be honest and transparent in dealing with other stakeholders and the larger society, and to comply fully with all laws, rules and regulations applicable to them.
- We expect our suppliers to have corporate governance systems and procedures in place that are in line with recommended best practice for their particular industry. This includes an appropriate focus on confidentiality, data protection and cybersecurity.

We also expect our suppliers to engage with their own suppliers with similar expectations.

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F. Terms and abbreviations

Some terms and abbreviations used in this report:

boe / boepd	Barrels of oil equivalent / barrels of oil equivalent per day.
CAGR	Compound annual growth rate.
CCS / CCUS	Carbon Capture (Utilisation) and Storage.
CSR	Corporate Social Responsibility.
DRS	Delayed Response Scenario.
EICT	Electro, Instrument, Control and Telecom.
EITI	Extractive Industries Transparency Initiative.
EJ	Exajoules, or 10 ¹⁸ joules.
EPC¹	Energy Performance Contracting.
EPC² / EPCI	Engineering, Procurement, Construction, Installation – common contract formats in the energy industry.
ESG	Environment, social and governance.
ETS	Economic Transition Scenario.
EU ETS	EU's Emission Trading System, a "cap and trade" system for GHG emissions.
EV	Electric vehicle.
E&P	Exploration and production.
FAC	First Aid Cases - Workplace injury which is treated by first aid or minor manipulation to provide relief for a strain or bruise. A minor injury does not require treatment by a professionally trained paramedic or physician and does not incur loss of work time other than time of the shift on which it occurred.
FEED	Front-End Engineering & Design.
FPSO	Floating Production, Storage and Offloading - a ship-shaped floating oil platform.
FTE	Full-time employee.
GDPR	General Data Protection Regulation.
GHG	Greenhouse gases, primarily Carbon Dioxide (CO ₂), Methane (CH ₄), Nitrous Oxide (N ₂ O), Chlorofluorocarbons (CFCs) and Hydrofluorocarbons (incl. HCFCs and HFCs).
GHG PCS	Greenhouse Gas Protocol Corporate Standard.
GRI	Global Reporting Initiative
GW / GWh	Gigawatt / gigawatt hours.
HSE / HSSE / HSEQ	Health, Safety, Security, Environment, Quality – terms used by different companies in the industry, with broadly the same meaning.
ICT	Information and communications technology.
IEA	International Energy Agency.
IOGP	International Association of Oil and Gas Producers.
IPCC	Intergovernmental Panel on Climate Change.
ISM auditing	International Safety Management Code auditing.
ISO 3834	International standard for quality requirements in welding.
ISO 9001	International standard for quality management systems.
ISO 14001	International standard for environmental management systems.
ISO 14064-1	International standard for quantification and reporting of GHG emissions and removals.
ISO 26000	International standard for social responsibility.
ISO 27001	International standard for managing information security.
ISO 31000	International standard for managing risks.
ISO 45001	International standard for occupational health and safety management systems. A new standard that replaces OHSAS 18001.

ISO 50001	International standard for energy management systems.
KPI	Key Performance Indicator.
LCTP	Low-Carbon Transition Plan.
LNG	Liquefied Natural Gas.
LTI	Lost time injury - workplace injury causing an individual to be unfit for work with more than 24 hours absence, death or permanent disability .
MARPOL	The International Convention for the Prevention of Pollution from Ships.
mmbœ	Million barrels of oil equivalent.
MTC	Medical treatment case - Workplace injury which is treated by a paramedic or a physician without loss of work time other than time of the shift on which it occurred, and the injured person continues with his normal scheduled work.
Mtoe	Million tonnes of oil equivalent.
MW / MWh	Megawatt / megawatt hours.
NCS	Norwegian Continental Shelf.
NCCS	Norwegian CCS Research Centre.
NDC	Nationally Determined Contribution.
NZE2050	Net Zero Emissions by 2050 Scenario.
OECD	Organisation for Economic Cooperation and Development, with 37 member states.
OHSAS 18001	Occupational Health and Safety Assessment Series, an internationally used British Standard for occupational health and safety management systems. Gradually being replaced by ISO 45001.
OSPAR Convention	Convention for the Protection of the Marine Environment of the North-East Atlantic.
RWC	Restricted work case - Workplace injury resulting in an employee being given a temporary job, or work at his normal job but not full-time, or work at a permanently assigned job but unable to perform all duties normally assigned to it.
R&D	Research and development.
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal - the UN's 17 Sustainable Development Goals define the global 2030 Agenda for Sustainable Development.
SDS	Sustainable Development Scenario.
STEPS	Stated Policies Scenario.
SURF	Subsea Structures, Umbilicals, Risers, Flowlines.
TCFD	Task Force on Climate-related Financial Disclosures.
TRI	Total recordable injuries - a measure that encompasses all fatalities, lost time injuries, restricted work cases and medical treatment cases (TRI=LTI+RWC+MTC).
TRIF	TRIF - Number of TRI per 1 000 000 hours worked.
TSO	Transmission System Operator.
TWh	Terawatt hours.
UKCS	UK Continental Shelf.
UNEP	United Nations Environment Programme.
WACI	Weighted average carbon intensity.
WBCSD	World Business Council for Sustainable Development.
WEC	Work Environment Committee.
WEO	World Energy Outlook.
WRI	World Resources Institute.

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Assurance Statement



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To the Management of HitecVision AS

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON HITECVISION 2021 ESG REPORT

We have been engaged by the Management of HitecVision to provide limited assurance in respect of the HitecVision 2021 ESG Report ("the Report"). The assurance does not include the information presented in the section Market Report. Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Management's responsibilities

The Management of HitecVision AS is responsible for the preparation and presentation of the Report and that is prepared in accordance with the GRI Standards and other reporting criteria described in the Report. The Management is also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures, inquiries and meetings with management and individuals responsible for the preparation of the Report, as well as a review on a sample basis of evidence supporting the ESG figures presented in the Report and review of supporting documentation for key reported ESG figures for 2021 for a selection of three portfolio companies: Neo Energy, Hav Energy and Sval Energi.

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We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:


- HitecVision has applied procedures to identify, collect, compile, and validate ESG figures for 2021 to be included in the Report, as described in the Report.
- ESG figures for 2021 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Key reported ESG figures for 2021 reported from the selected three portfolio companies are consistent with supporting documentation provided to us from these companies.
- HitecVision applies a reporting practice for its ESG reporting aligned with the Global Reporting Initiative (GRI) Standards and the GRI Index 2021 presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Report.

Oslo, 28 April 2022
Deloitte AS

Bård Frøyland
State Authorised Public Accountant (Norway)

Frank Dahl
Sustainability expert

This document is signed electronically

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