HITECVISION

2022 ESG AND SUSTAINABILITY REPORT

Important notice

This ESG report is issued for information purposes only. While the information included in the report has been obtained from HitecVision portfolio companies and other sources which are believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and HitecVision expressly disclaims all liability for damages of any kind arising out of use, reference to, or reliance on any information provided in this ESG report.

Contents

COVER PICTURE: Aneo operator at one of the company's wind farms in Norway.

About HitecVision

HitecVision is a leading provider of institutional capital to Europe's energy industry, helping to build successful companies within energy production, infrastructure and related businesses. We have been investing in the energy industry for more than three decades, starting out in the oil and gas industry before turning to a new focus on renewables and the energy transition.

HitecVision manages energy-focused private equity funds with a total committed capital base of EUR 8 billion as of 31.12.2022. A specialized investment team of more than 40 professionals, supported by specialist functions and corporate services, is based at our offices in Stavanger, Oslo, London and Milan.

Our diverse and global investor base includes some of the world's largest and most demanding institutional investors, such as public and private pension funds, foundations and university endowments. Investors such as these have long time horizons – some may even invest for perpetuity, and are deeply engaged in all sustainability issues. We know that our responsibility is towards them and the ultimate owners of their capital – the current and future pensioners, students and researchers, and citizens.

HitecVision believes that by ensuring that sustainability – including environmental, social and governance (ESG) issues – is inherent in everything we do, we can improve the performance of our portfolio companies as well as the alignment between them, our investors and society at large. 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 a strong awareness and proper management of material ESG issues is a key enabler to develop and build strong and sustainable portfolio companies, and on this basis generate superior returns for our investors.

In the future, all our new portfolio companies will be companies that contribute to the transition to a world based on renewable energy. On the other hand, we intend to remain a good owner for our existing portfolio companies in oil and gas and their thousands of employees, as we transition to a low carbon economy. We are proud of our legacy from the oil and gas industry and our remaining investments in the sector, and believe that using the competencies and skills of this sector will help accelerate the energy transition.

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

HitecVision has been part of the energy industry for more than three decades. We came from the oil and gas industry, and that was historically the focus of our investments. However, in the transition to a low-carbon energy future, we have decided to be part of the solution: We will continue to build great companies, using the same value creation model that we have developed over time, but all our new investments will be in companies that contribute to the energy transition. On the other hand, we will continue to be proud owners of our remaining oil and gas industry investments, while we work with them to reduce their carbon footprints over time.

Since 2019, we have been preparing to refocus our investment activity towards the energy transition, and in 2022 we made significant progress in our efforts towards this commitment. Our most important milestone was closing The New Energy Fund with more than €1 billion available from the fund and co-investments to build new companies in the energy transition. The fund has already established a portfolio of exciting and sustainable companies across key markets such as offshore and onshore wind power, solar power, hydropower, CCS, and more.

2022 turned out to be a very different year, with major disruptions in the global energy markets. The Russian invasion of Ukraine and subsequent sanctions against Russia limited supplies of Russian oil and gas, leading to high commodity prices globally and an energy crisis in Europe. Despite this, we have seen the green energy transition continue to accelerate, with global investments in renewables continuing their strong growth. The European energy crisis has demonstrated the need to increase the supply of secure, domestic and low-carbon energy.

When we raised our New Energy Fund, several investors asked us to focus on the positive impact of our investments. We have been working with our portfolio companies for many years to help them measure, report and over time reduce their greenhouse gas emissions. Now we are taking one step further, quantifying the positive contribution that our most recent investments bring to the energy transition in the form of avoided emissions.

The many talented people that make up HitecVision are our most important asset. Their hard work, their judgements and decisions are the basis of the returns we deliver to the investors in our funds. We believe that a diverse and inclusive workforce is fundamental to cultivate a thriving company culture and performance, and this constitutes a key part in attracting and retaining the people that are essential to our business.

HitecVision works with a variety of charities and organisations to give back to the local communities in which we operate. Our corporate social responsibility activities are driven by the social, community and philanthropic impact they generate rather than any commercial imperative. The initiatives Paahjul and Viking Gatelag are both long-term engagements where we are proud contributors – financial but also practical: Many of our colleagues contribute with their time and business know-how.

In HitecVision, sustainable investment is an integral part of our value creation model. As a responsible owner leading by example, we engage extensively with our portfolio companies to help drive their overall ESG performance. With their focus and commitment, our companies are well positioned to respond to the transition of the energy markets.

Following the events of 2022, the European energy sector looks very different from what it did a year ago, with new supply chains and an energy transition that is only accelerating. One thing however does not change, and that is our core value statement: “We shall keep what we promise – and behave!”

Ole Ertvaag
April 30, 2023

Executive Summary

HitecVision has decided to play an active role in the transition to a low-carbon energy future, and in 2021 we announced that all new investments will be in companies that contribute to the transition towards an economy and society based on renewable energy. In 2022 we made significant progress towards our sustainability targets. We have maintained our long-standing efforts in all important ESG areas, and also added new initiatives as described below.

Pivoting to energy transition investments

In 2022, we achieved a milestone in closing the New Energy Fund with more than EUR 1 billion in committed capital[1]. The New Energy Fund is core to the operationalization of our energy transition strategy. The fund has a pure renewables and energy transition mandate and has already deployed most of its capital across investments in onshore and offshore wind power, small scale hydroelectric power, district heating with carbon capture, and other energy transition solutions.

HitecVision signed up to the Net Zero Asset Managers Initiative in 2022, and with the New Energy Fund, 20 percent of our total assets under management is now committed to be managed in line with the global efforts of net zero greenhouse gas emissions by 2050. The proportion managed in line with the Net Zero commitment is expected to increase progressively as new funds are raised and older investments in oil & gas are realized.

Quantifying impacts

When we raised the New Energy Fund, we experienced strong interest from investors in quantifying the contribution of the Fund's investments on the climate issue. This is an emerging field, with increasing focus in the investor community but as yet no established standards or procedures. Quantifying avoided emissions can help investors as well as consumers make more informed choices with regards to the emissions impact of their decisions.

During the course of 2022, HitecVision has collaborated with Norwegian sustainability consultants CEMAsys to develop a model for each of the new fund's investments to calculate their avoided emissions (sometimes called "Scope 4" emissions or "carbon handprint"). Based on best practice and guidance methodology, models have been developed for the portfolio companies that can be used when evaluating new projects, as well as for annual quantification of actual avoided emissions. A more detailed description of this project is found on pages 19-21.

Long-term commitment to diversity & inclusion yields results

Our long-term organizational ambition is that the composition of our teams shall represent the societies that we are part of. In 2022, we have improved the gender balance in our investment team, now composed of 30 percent women and 70 percent men. This puts us one step closer to our target of at least 33 percent of each gender in all teams. The share of women in management positions was, however, reduced from 50 percent to 25 percent due to two female members of the management team leaving the company in 2022.

We have a target that at least 40 percent of the outside directors we appoint to the boards of our portfolio companies shall be women. At the end of 2022 this target was exceeded, with 10 women and 12 men.

Focusing on the supply chain

As more and more companies are measuring their direct greenhouse gas emissions and developing plans to reduce them, focus is turning to the other part of their carbon footprint, that of emissions generated indirectly through their upstream and downstream supply chains, known as Scope 3 emissions. These are becoming increasingly important also from a regulatory perspective. In 2022, we have continued to encourage our portfolio companies to progress on the calculation and reporting of these emissions. We have organized dedicated workshops with our staff and portfolio companies to raise awareness and continue to enhance competencies on this topic.

Human and labor rights in the supply chain has also become a focus area for legislators, with the Norwegian Transparency Act setting out comprehensive action and reporting requirements for Norwegian companies. Other European countries and the EU have implemented or are preparing similar legislation. To comply with the Norwegian Transparency Act, HitecVision is conducting due diligence assessments to account for potential risks and violations with regards to human rights and working conditions in own supply chain. We have also engaged with our portfolio companies on the issue, to help ensure that they have adequate procedures in place regardless of legislation.

[1] Including co-investment capital.

Supporting our local communities

Our two long-term community engagement initiatives, Paahjul and Viking Gatelag, support individuals who have, or have had, substance abuse issues. In 2022, Paahjul's work training program had a total of 45 participants, with 19 individuals still currently enrolled in the program. Six individuals successfully secured employment with another employer or began their studies during the year. Viking Gatelag had a total of 37 players in 2022, including two women. The program provided a pathway for three participants to secure employment, and three others to further their education. Read more about these initiatives on pages 29-31.

Preparing for the SFDR

The regulatory ESG landscape evolves rapidly, and new standards and requirements are introduced at a high pace. A prominent activity in 2022 has been to prepare for the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR) in terms of both investment processes and reporting.

Our investment processes already covered most of the requirements of the SFDR, however in 2022 they were updated and compiled in a new ESG Integration Procedure. We also updated our ESG KPI reporting template for the portfolio companies to include the mandatory principal adverse impact indicators as defined in SFDR, adding a number of KPIs and adjusting others to conform with the definitions of the regulation. The aggregated results across our portfolio is provided in Appendix C.

Remaining a good owner for our oil and gas related companies

HitecVision has traditionally been focusing on investments in the oil and gas industry. Therefore, the transition towards alternative energy resources entails keeping two thoughts in mind. On the one hand we will progressively be increasing our investments in new industries that are taking the lead in the energy transition; on the other reducing the emissions from our traditional oil and gas industry investments. We have continued working with these companies in 2022 to limit their negative impacts, and where relevant, transition their businesses to a new future.

Market update: The energy transition in 2022 and beyond

2022 turned out to be a year of disruptions in the global energy markets. The Russian invasion of Ukraine disrupted regular supplies of essential commodities such as energy and food, causing policymakers and markets to react in various ways to reduce the impacts of the conflict. A significant drop in energy supplies from Russia severely affected European and global energy markets and both gas and electricity prices skyrocketed.

In response, the EU launched the REPowerEU plan, a series of measures to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition. The EU has committed to spend EUR 210 billion in energy infrastructure to enable the green transition. Hence, the energy transition will be accelerated by the energy crisis rather than being put on hold.

Across the Atlantic, President Biden signed into law the Inflation Reduction Act (IRA). Its purpose is to curb inflation and includes EUR 365 billion of largely supply-side measures, including tax credits for green electricity, manufacturing, energy efficiency and clean fuel and vehicles in the US. Globally, the IRA could potentially lead to positive spillover effects by reducing global technology costs, expanding internationally tradable supplies of some forms of low-carbon energy, and increasing the pressure on other countries and regions to implement similar incentives.

Global investments in the energy transition increased by 31 percent in 2022 compared to 2021, of which renewable energy remained the largest component followed by electrified transport. Despite these investments, global carbon emissions grew by 0.9 percent in 2022, reaching a new peak of over 36.8 gigatonnes.

A more in-depth summary and discussion of the future global energy mix, providing a holistic view of the potential pathways of the energy transition, as well as a deep dive into five of the key technologies that are crucial to meet the energy transition's demands, is included in the section The Energy Transition in 2022 on pages 33-50.

HITECVISION'S ESG APPROACH

People, Planet and Prosperity

In HitecVision, ESG is a key responsibility and focus area for the entire organisation, and we believe that our ESG focus contributes to long-term value creation. It also helps us meet the evolving demands by investors, regulators and other stakeholders to mitigate ESG risks, capture opportunities, create real-world impacts, and be transparent about what we do and what we achieve.

We are signatories to the UN 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

As a responsible investor, we aim to build sustainable, competent and profitable portfolio companies, both in a short and long-term perspective. A strong ESG focus contributes to this and is an important factor throughout the value creation process – from initial due diligence and investment to active ownership and exit.

We address our actual and potential impacts by structuring our ESG work into three areas: 1) our pre-investment approach, including ESG-specific due diligence; 2) active engagement with the portfolio companies during the holding period to manage their impacts, in partnership with our co-investors where relevant; and 3) managing the direct impacts of our own company.

More than 35 years of experience in the European energy sector provides us with deep industry insights and compounded know-how. Our team of professionals – many with long energy industry experience before joining HitecVision – is able to seize new opportunities that arise, and identify and respond effectively to emerging challenges. Our pivot from investments in the oil and gas industry to focus exclusively on the energy transition is an example of this.

All of our portfolio companies have ESG issues high on their agendas, and several are at the forefront in their respective industries. We support as well as learn from them on their journey, and believe that they also help us to stay on top of the common ESG issues facing the industry.

We set out clear expectations and requirements to all our portfolio companies, which we also uphold in our own organisation. For example, strengthening diversity and inclusion within HitecVision goes hand in hand with supporting our companies in pursuing the same. By the same token, our energy transition strategy sets high ambitions for both ourselves and our portfolio companies to reduce emissions and to adopt new solutions for the energy transition.

ESG governance at HitecVision

The overarching responsibility for the governance of HitecVision's own ESG impact and how we engage with our portfolio companies on ESG-related matters is assigned to the Board of our operating subsidiary HitecVision Advisory. On a daily basis, this responsibility is delegated to the Chief Sustainability Officer (CSO), a dedicated role since 2020, who reports to the CEO. The CSO works closely with the rest of the management team in monitoring and preparing our ESG policies and reporting. The CEO and CSO report to the Board on ESG related matters.

HitecVision has formalised several ESG policy instruments and procedures to support our ESG management and impact approach.

These include:

- Ethical Guidelines
- Responsible Investment Policy
- ESG Integration Procedure
- Diversity, Equity and Inclusion Policy
- Energy Transition Strategy
- Supplier Expectations Statement

In addition, there is a detailed set of procedures to ensure compliance with all legal and regulatory requirements.

These policies and procedures form an important foundation in HitecVision's governance model, and set out the guidelines for how we work with and manage our material ESG topics.

Transparency and reporting

HitecVision believes in transparency, and we work closely with our portfolio companies to ensure that they measure and report on all important sustainability related KPIs. This information is used as a basis for providing relevant and timely information to our investors and the general public. We report the ESG performance of our portfolio companies to investors on a quarterly basis, and publish our own performance as well as that of the portfolio companies annually to all stakeholders in this report.

The landscape for ESG reporting develops at a rapid pace. We look to credible and internationally recognised reporting frameworks to ensure best-in-class reporting practices. This report has been compiled to comply with the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) disclosures. In addition, as a signatory to the UN Principles for Responsible Investment (PRI), we take part in their detailed reporting scheme.

We are also subject to new comprehensive EU legislation on ESG transparency, in particular the Sustainable Finance Disclosure Regulation (SFDR), and this report contains our first disclosure on the Principal Adverse Impacts indicators as defined by the SFDR (Appendix C). We have also started preparations for the Corporate Sustainability Reporting Directive (CSRD), which will apply to us and most of our portfolio companies from the 2024 annual reporting.

A knowledge-driven company

We believe that a key factor in HitecVision's success for more than three decades is our organisational ability to recruit experienced practitioners from the industry in which we invest, and to learn, retain, build and distribute knowledge through the wider team. The investment team is responsible for managing ESG impacts, in cooperation with internal specialist functions such as ESG, Compliance and HR. We also draw on external experts where needed.

HitecVision Academy is our professional development program for all learning and knowledge generation. Strengthening the organisation's competence on ESG topics is an important part of the program. We organize learning modules for our employees by drawing on internal and external experts, adjusted to competency needs and busy work schedules. In 2022, 502 hours of training were completed in total. 58 percent of this was training conducted by external resources, and 42 percent was conducted by internal senior resources.

We also offer theme-based competence programmes to our employees on relevant topics when we see a need for upskilling. An example of this is the dedicated seminar on identifying and accounting for Scope 3 emissions that we organised in 2022, to improve the understanding and reporting on emissions in our portfolio companies' value chains. The seminars were held separately at our largest offices, with online attendance from the smaller offices. Our portfolio companies were also invited to attend the seminars, and several of them did.

Data protection and cyber security

HitecVision sees an increased need to protect its data and digital systems from cyber-related crime. We are acting along three axes to minimize cyber risks. These include technical, procedural and educational measures.

Our private data is stored in a highly secure data centre facility (Tier III certified), while all Microsoft services use Microsoft 365 E5 with advanced security features. We also have a 24/7 real-time monitoring of our IT platforms in place, carried out by the Security Operations Centre of our IT services provider. Penetration testing and vulnerability scans are performed regularly.

We have introduced an e-learning program to our staff to build competence, which is followed up with regular phishing tests. The program is also made available at no cost to our portfolio companies, along with the cyber security procedure that is part of the compliance package *We behave and comply*.

Cyber security is also a regular agenda item in our biannual ESG meetings with

portfolio company management. In 2022, HitecVision's IT Director has supported several portfolio companies in the development and strengthening of their cyber security systems.

Value chain impact

Although our main impact will always be through our portfolio companies, HitecVision is also a purchaser of goods and services, where the largest category is professional services. We have therefore addressed this indirect impact both through our Energy Transition Strategy, which was introduced in 2020, and our Supplier Expectations Statement, which we introduced in 2021.

With supply chain impacts becoming a focus area globally, it has also caught the attention of legislators. While the EU is still in the process of legislating this area, the Norwegian Transparency Act came into force on 1 July 2022. This Act requires companies to conduct due diligence assessments to account for human rights risks in their own operations, supply chains and business partners. HitecVision has initiated the process, and will publish a dedicated report as specified by the Act by the deadline on 30 June 2023.

Most of our Norwegian portfolio companies are also subject to the Act. Complying with it has been a major activity for them in 2022, as described in the dedicated chapters for our portfolio companies starting at page 51.

Health and wellbeing of our employees

HitecVision aims to provide a safe and healthy work environment for all our employees. Allowing flexible working hours and locations, adjusted to different life stages, is an important part of this. HitecVision offers comprehensive occupational health services and facilitates workplace ergonomics, and subsidises the employees' gym memberships and other health-supporting activities. We regularly provide CPR training for all employees, and have CPR equipment, including AEDs, available in our offices.

Material ESG topics

As a significant European energy investor, HitecVision's main impacts are achieved through our portfolio companies. We consider our potential and actual environmental and social impacts in a long-term perspective, keeping in mind our ambition to create sustained value for our investors and broader stakeholders. This requires consideration and management of the material ESG topics to our business.

ESG issues have a potential impact on HitecVision's long-term financial performance and that of our portfolio companies. Our activities and those of our portfolio companies also have the potential to create environmental and social impacts. Our material topics are derived from how we invest and engage with investors and our portfolio companies, and we believe that good management of these issues throughout the investment cycle is critical to our long-term success as a private equity investor.

Our portfolio companies identify and report on their own specific material ESG impacts. Performance information and commentary on management of ESG topics in the portfolio companies can be found in the section Sustainability in the portfolio companies from page 51.

Identifying, defining and prioritizing material topics

HitecVision has reviewed and updated its material ESG topics that are subject to reporting and close monitoring. The most recent review, which was undertaken in 2021, was informed through ongoing engagement with stakeholders, as well as an independent assessment based on the GRI 2021 Materiality Standards (GRI 3). HitecVision's stakeholders include its staff, owners, investors, portfolio companies and their employees, financers, regulators, and the communities impacted by our activities. ESG topics identified through the review were defined and then prioritized, based on the significance of their impacts.

The material topics that we have identified and consequently report on throughout this report are 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 applicable laws and regulations.
- Diversity and inclusion – creating and maintaining a diverse and inclusive work environment.
- 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 and climate impact – leading by example in the management of our own environmental footprint.
- Social impact – contributing positively to the communities where we operate.

HitecVision's ESG performance

ENVIRONMENTAL	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	0	0	0	0
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	20.5	16.0	12.3	11.1
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$)	198.6	9.8	44.2	173.0

SOCIAL	2019	2020	2021	2022
Number of employees	66	60	64	64
Share of women in total workforce	39 %	42 %	39 %	39 %
Share of women among investment professionals	21 %	22 %	25 %	30 %
Share of women in management	50 %	50 %	50 %	25 %

GOVERNANCE	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training	100 %	100 %	97 %	92 %
Breaches of ethical guidelines	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

DIVERSITY AND INCLUSION REPORTING [1]	2019 [2]	2020	2021	2022
Temporary employment – women		0	4	1
Temporary employment – men		2	2	1
Family parental leave – women (average number of weeks)		11 [3]	25 [3]	25 [4]
Family parental leave – men (average number of weeks)		0 [3]	11 [3]	14 [4]
Part time – women		0	0	0
Part time – men		0	0	0
Involuntary part time – women		0	0	0
Involuntary part time – men		0	0	0

[1] Mandatory reporting requirement under Norwegian law (Lov om likestilling og forbud mot diskriminering). [2] Mandatory reporting requirements for diversity came into force on January 1, 2020 and were not required in 2019. [3] Includes only the 2021 calender year or family leave periods that started in 2020 or ended in 2022. [4] Includes only the calendar year, not family leave periods that started the year before or ended the year after.

MANAGING THE IMPACT OF OUR OWN OPERATIONS. Business travel, mainly air travel, is a significant source of GHG emissions for HitecVision and accounted for 94 percent of our total GHG emissions in 2022. As travel restrictions continued to ease and eventually ended throughout 2022, these Scope 3 emissions increased significantly compared to 2021. However, emissions related to business travel are still lower than those reported pre-pandemic in 2019 (-13 percent). HitecVision has championed online meetings for many years, and we discourage traveling for meetings unless deemed necessary.

GHG emissions related to electricity consumption (Scope 2) have gradually decreased since 2019. This is a natural consequence of the reduced energy consumption during the pandemic, and a renewed focus on energy management driven by the high prices in 2022.

Social performance indicators remained overall stable in 2022 compared to 2021 with a total headcount of 64 and a share of women at 39 percent. The share of women in management positions was reduced from 50 percent to 25 percent due to two female members of the management team leaving the company in 2022.

As for previous years, there were no ethical breaches or whistleblowing cases being addressed by management or the board in 2022.

Sustainable investing

HitecVision aims to accelerate the energy transition by helping to build entrepreneurial companies in the European energy sector. Our energy transition strategy states that we will contribute to solutions for a low-carbon future. We focus on developing robust, ambitious and sustainable companies with the aim for them to become major players in their respective fields.

HitecVision invests in companies that contribute to a low-carbon future. We look for companies with strong growth potential and scalable operations that require large amounts of capital. If we see a market opportunity where no such company exists, we build the company from scratch.

With HitecVision's support, our portfolio companies are expected to establish robust ESG governance mechanisms, policies and management systems.

The knowledge that this is a key part of the mandate given to us by the investors in our funds also enhances awareness and thus enables improved ESG performance across our portfolio.

HitecVision's responsible investment policy

HitecVision has formalized a responsible investment policy which guides our investment decisions. The policy aims to ensure that the HitecVision funds only invest in companies that operate in an environmentally responsible manner, respect human and labour rights as well as provide their employees with good, healthy and safe working conditions, maintain high ethical standards and follow good corporate governance practice.

We aim to be transparent regarding all issues covered by these principles and seek to ensure similar transparency from our portfolio companies. The policy is publicly available on our website and is provided as Appendix D to this report.

Our Responsible Investment Policy

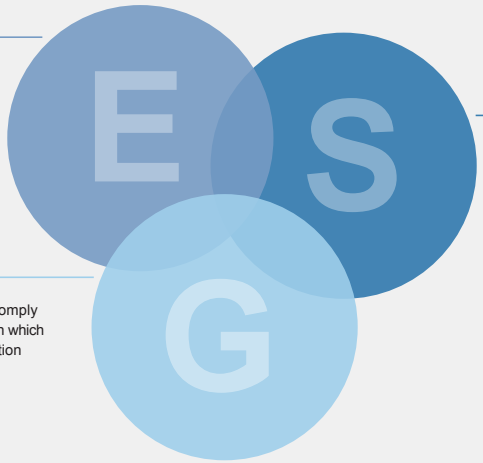
Please see Appendix D, Responsible Investment Policy.

ENVIRONMENTAL

- HitecVision seeks to invest in companies that are part of the solution to the climate challenge.
- HitecVision works to ensure that its portfolio companies operate in an environmentally responsible manner and aim to follow best industry practice.

GOVERNANCE

- 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.
- HitecVision seeks to professionalize the governance models of its portfolio companies through its board work.



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.
- 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.

In 2022, HitecVision has formalized an ESG Integration Procedure to help ensure that all aspects of the Responsible Investment Policy are implemented in day-to-day practice. The procedure is mainly a formalization of established practices in HitecVision's ESG integration approach and details the processes applicable to the investment phase as well as the holding/value creation phase. The procedure also ensures compliance with the formal requirements of the EU's new Sustainable Finance Disclosure Regulation.

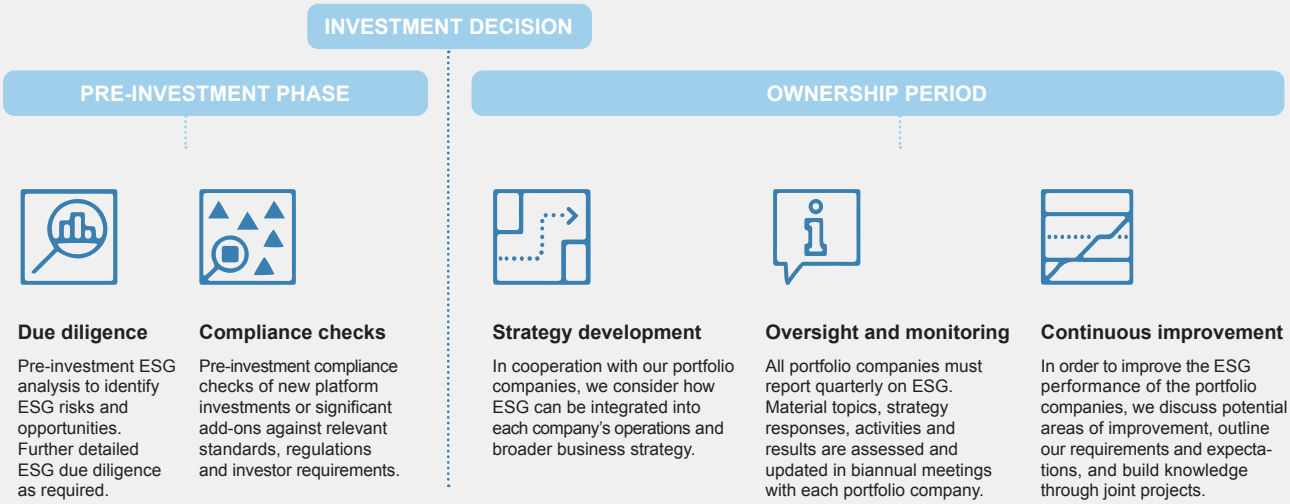
Our ESG investment and value creation process

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

As owners, we seek to ensure that our portfolio companies operate in an environmentally sound manner, as well as ethically, responsibly and profitably in everything they do.

The figure below outlines our systematic approach to ESG integration in the investment cycle, from initial due diligence and compliance checks to strategy development, monitoring, target setting and improvement projects. We believe that a diligent and robust approach provides a solid foundation for mitigating ESG risks and capturing value creation opportunities in our portfolio.

ESG activity throughout the investment process



Investing in the energy transition

As a specialist investor in the energy industry, HitecVision has a strong focus on the transition of the world's energy systems towards a low-carbon future. We believe that our institutional capacity and industry insight put us in a position to help drive this transition. To quantify HitecVision's climate ambitions and help us steer a course towards a low-carbon future, we developed an energy transition strategy in 2020.

As a consequence of the energy transition strategy, we announced in 2021 that all new investments will be in companies that contribute to the transition to a world based on renewable energy. However, we have historically been focused on the oil and gas industry, and we are still in a position where most of our portfolio companies are exclusively or partly operating in that industry. We aim to remain a good owner for these companies, while we work closely with them to help them reduce emissions, limit negative impacts, and where relevant, transition their businesses to a new future.

Our energy transition strategy signalled the start of a transformation for both HitecVision as well as for the energy sector as a whole. The strategy is operationalised through our New Energy Fund, which announced its final close in 2022 with more than EUR 1 bn in fund and co-investment capital. Demand for this type of investment is strong, and the fund has already invested in four low-carbon and renewable energy companies. When deploying the fund, we have entered into new partnership models and joint ventures across onshore and offshore wind power, district heating with carbon capture and other energy transition initiatives, illustrating HitecVision's strength in relationships and ability to execute on our new strategic focus.

In 2020, the portfolio companies were tasked with establishing their own Low Carbon Transition Plans (LCTPs), and we are now beginning to see the effects of these on company strategies and actions, which are described in the portfolio companies' section in this report.

To further drive our investments towards a net zero target, we joined the Net Zero Asset Managers Initiative in 2022. The initiative is formed by asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit global warming to 1.5 degrees Celsius.

This involves aligning investments accordingly, and HitecVision aims to align all investments in the energy transition to the Net Zero target. Initially this equals 20 percent of total AUM to be managed in line with the Net Zero commitment, a proportion which is expected to increase progressively as new funds are raised and older investments in oil and gas are realized. By 2030, our target is that all our portfolio companies shall have set science-based emissions reduction targets.

Proactive ESG engagement

We engage proactively with our portfolio companies to help improve their overall ESG performance. This includes utilising our expertise within the energy sector, exchanging ideas and conveying best practices, as well as challenging and supporting them to constantly improve. We encourage and expect our portfolio companies to set targets for their ESG efforts that we follow up in our biannual ESG meetings with each portfolio company, which often lead to further engagement on issues of common interest.

The regulatory ESG landscape evolves rapidly, and is coupled with new and stringent reporting standards and requirements, such as the European Corporate Sustainability Reporting Directive (CSRD) and the Sustainability Finance Disclosure Regulation (SFDR). HitecVision supports its portfolio companies to stay on top of these developments. In 2022, we have continued working on emissions reduction targets, including alignment with international commitments.

We have encouraged our portfolio companies to enhance their Scope 3 emissions calculations and reporting, and organised a dedicated seminar to increase awareness and competencies on this topic.

Following our 2020 TCFD project, many of our companies have adopted the TCFD methodology to assess climate-related risks and opportunities, which are included in their respective strategy documents. GHG intensity, life cycle impacts and avoided emissions are other areas where we work to communicate clear expectations and best practices to our portfolio companies. Our ongoing Avoided Emissions project is described on pages 19-21.

We also see that topics within the social and governance clusters are increasingly maturing and require close follow-up by our portfolio companies. Recent developments include an increased focus on the supply chain, where the previously mentioned Norwegian Transparency Act is an example, as well as cyber security concerns and risk management. Anti-corruption and anti-money laundering are also topics we continuously monitor, as well as improving structures to strengthen diversity and inclusion at all stages of the corporate hierarchy. Our work with diversity and inclusion is further elaborated on pages 26-28.

Ensuring robust governance measures in our portfolio companies

We believe that effective ESG management needs to start with the board of directors, and establishing sound corporate governance practices is the responsibility of the board. We encourage each portfolio company board to establish a dedicated ESG or sustainability sub-committee as the company reaches a certain maturity, and we are often represented on these committees.

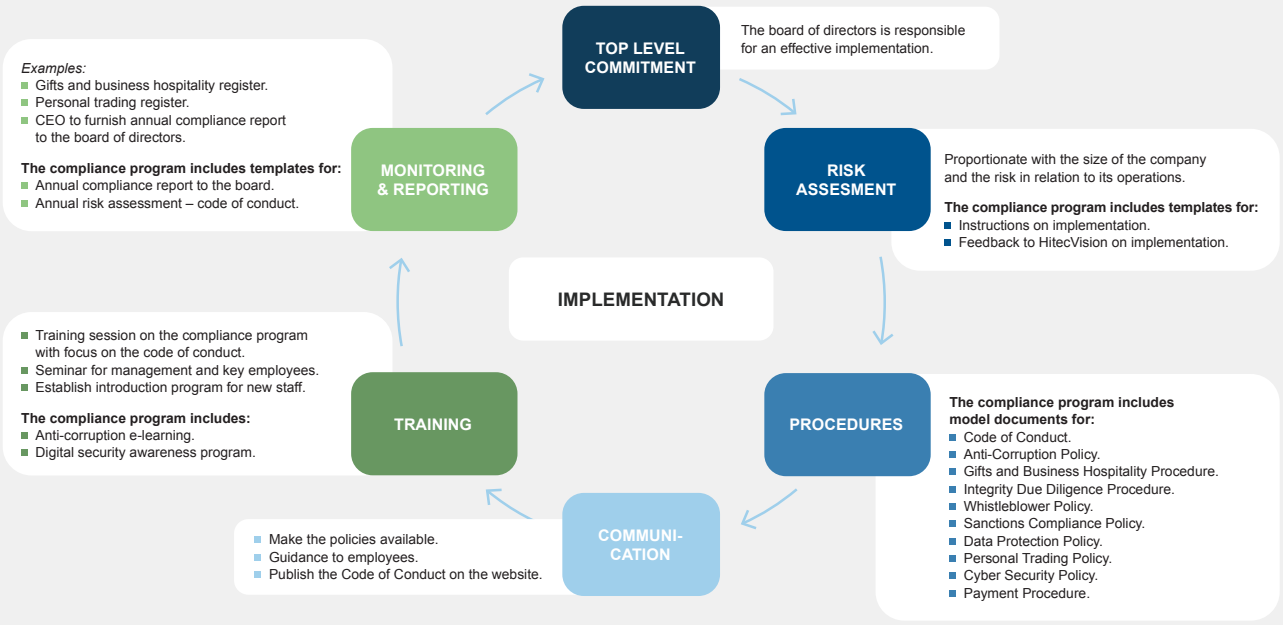
To help ensure good corporate governance at our portfolio companies, we have developed a comprehensive corporate governance program that we ask the companies to implement (except for companies that already have corresponding programs in place). The key elements of this program are a board package and the compliance program *We behave and comply*.

The board package includes procedures, where the most important are board guidelines, agendas, and annual calendars, as well as document templates for various standard board documents. The board guidelines and the template for the board's annual calendar have been revised and updated in recent years, in particular to include a stronger emphasis on ESG related issues such as climate risk and diversity and inclusion.

We behave and comply is a full compliance program for the portfolio companies, which includes instructions for implementation and model documents that will help the portfolio companies to cover all governance issues within their organization, such as templates for code of conduct, anti-corruption policy, cyber security policy and more. We have partnered with a major law firm to develop the program, and they also provide training sessions for our portfolio companies on these issues.

This program provides our portfolio companies with the necessary operational tools and help them to achieve high compliance standards, ensuring that they and their employees operate with the integrity HitecVision and our investors require as responsible owners.

The compliance programme *We behave and comply*



Engagement on reporting

In addition to the biannual ESG meetings and other ongoing engagement with the portfolio companies, HitecVision monitors the companies ESG performance through quarterly ESG reporting. The reporting template includes comprehensive data based on standardized indicators, which in 2022 have been adapted to include the latest SFDR requirements (see SFDR section on the following page). Each company is also given the opportunity to report company specific KPIs that are regarded as particularly relevant to its operations.

We promote the use of materiality assessments by our portfolio companies, and we regularly engage with the companies in conducting such assessments. The process helps them identify, report on and improve the ESG topics that are most material to their business activities. Once the most important issues have been identified, we expect the company to set targets for each of these ESG KPIs and develop action plans for reaching the targets as well as a process for reporting on progress achieved.

We also encourage the portfolio companies to prepare public sustainability reports, disclosing their ESG-related information using recognized ESG reporting standards, such as the GRI.

The companies' carbon footprint plays an essential part of HitecVision's aggregated portfolio indicators and are subject to regular monitoring. While Scope 1 and 2 reporting has been in place for all portfolio companies for a number of years, gaining a proper understanding of the companies' emissions deriving from the value chain, or Scope 3 emissions, is becoming increasingly important. This is driven both from a regulatory perspective (most of the companies will be subject to EU's Corporate Sustainability Reporting Directive) and by the companies' efforts to establish a Low Carbon Transition Plan. In 2022, we organized a dedicated workshop on how to identify and report on material Scope 3 emission sources, to improve understanding and quantification on the emissions deriving from the value chain.

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 this report. The ESG reporting of our portfolio companies is summarized, beginning on page 51, in the portfolio companies' section of the report.

SFDR – EU's Sustainable Finance Disclosure Regulation

The EU Sustainable Finance Disclosure Regulation (SFDR) is a new EU regulation with the objective of harmonizing sustainability-related disclosures for providers and advisers of financial products. The regulation is aimed at improving transparency for investors with regards to the ESG risks and adverse impact of their investments, reducing greenwashing, and making it easier to compare ESG performance across financial products.

The SFDR has been in force since 2021, while the detailed Regulatory Technical Standards (RTS) entered into force on 1 January 2023, and a key activity for HitecVision in 2022 has been to prepare for the SFDR requirements in terms of both investment processes and reporting.

In 2022, HitecVision has collated our various ESG activities and processes in a new ESG Integration Procedure. This procedure also addresses the operational implications of the SFDR. Consequently, the SFDR Principal Adverse Impact (PAI) indicators of the target's operations are systematically assessed in the pre-investment stage: either as part of the ESG due diligence or as a stand-alone analysis. Also, the quarterly reporting template from the portfolio companies was updated to cover the mandatory PAI indicators as defined in SFDR, adding a number of KPIs and adjusting others to conform with SFDR definitions.

Future focus

We continuously work to maintain high standards at our portfolio companies, and increasingly focus on real-world outcomes. This means an increased focus on action plans and results, rather than policies and procedures. For 2023, we will prioritize the following areas:

Biodiversity to the fore

In December 2022, global leaders concluded on an ambitious agreement to protect, restore and sustainably manage nature and biodiversity at the UN Biodiversity Conference (COP15) in Montreal. The framework includes measures to halt and reverse nature loss, including an ambition of placing 30 percent of the planet and degraded ecosystems under protection by 2030.

Halting and reversing nature loss has also achieved increased attention in several of HitecVision's portfolio companies over the past years. As HitecVision increasingly seeks investments in renewable energy infrastructure, we regard it as important to adopt solutions that balance the support of climate change mitigation with local biodiversity protection.

In this area, HitecVision looks to some of our portfolio companies to demonstrate best practices and leading frameworks for the other companies to learn from. For example, Vårgrønn takes a proactive approach and has undertaken a collaborative stakeholder engagement to map potential impacts of offshore wind on the fishing sector as well as on birdlife. Vårgrønn has also put biodiversity at the core of its ESG strategy with KPIs to measure biodiversity impact.

Another portfolio company that works to limit its impact on nature, is the small-scale hydropower company Cadre. This is important to the local landowners, who care for their local ecosystem. Cadre has adopted solutions from conventional offshore drilling operations, and has constructed small-scale hydropower stations without digging large trenches.

In 2023, HitecVision will continue to engage in relevant activities to develop our understanding of how biodiversity matters may be integrated into our investment approach and the activities of our portfolio companies.

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 on outcomes.
- Developing portfolio companies' GHG reporting, in particular Scope 3 reporting, and operationalizing and following up their Low Carbon Transition Plans.
- Further developing the portfolio companies' work on diversity, equity and inclusion.
- Identifying and addressing supply chain ESG impacts.
- Cybersecurity awareness, training and system strengthening, both in HitecVision and in the portfolio companies.
- Continued development of internal ESG competencies in HitecVision.
- Compliance.

Additional focus areas for 2023:

- Positive impacts measurement, advancing the analyses of how some of the portfolio companies can contribute to the energy transition by creating avoided emissions.
- Biodiversity issues in the context of renewable energy facilities such as wind farms, hydropower plants and solar parks.
- Standardization of reporting.

Focus Area 2023: Impact quantification

Avoided Emissions

When raising the New Energy Fund, HitecVision engaged with several investors who asked for analyses of the impact of the Fund's investments on the climate issue. The metric required was avoided emissions – sometimes called "Scope 4 emissions", or "Carbon handprint". In order to establish a solid basis for the calculation of these, HitecVision has engaged CEMAsys to develop a model for each of the investments in the fund, to calculate their avoided emissions.

The value of avoided emissions to investors

Avoided emissions are emission reductions that occur outside of a product's life cycle or value chain, but as a result of using the product / service or making an investment decision. Complementing the conventional carbon accounting (Scope 1, 2 & 3) with an evaluation of the avoided emissions generated by a company's products, technological solutions or services, provides a more complete understanding of the company's contribution to the decarbonization of the economy. This can help investors (and consumers) make more informed decisions with regards to the emissions impact of their decisions.

In line with HitecVision's energy transition strategy and the mandate of the New Energy Fund, all new portfolio companies shall be companies that contribute to the energy transition and to a world based on renewable energy. It is intuitively obvious that the Fund's investments meet these criteria, the challenge is quantifying the impact to show the value that these projects create for society.

In this project, models to estimate avoided emissions are being developed for each individual portfolio company, accounting for their specific circumstances. The models can be used by the portfolio companies when evaluating new projects, as well as for annual reporting of actual avoided emissions. A brief description of the methodology used to calculate the avoided emissions from some of the portfolio companies is provided below.

Vårgrønn

Vårgrønn is a Norway-based offshore wind company powering the energy transition through development, construction, operation and ownership of offshore wind energy and infrastructure.

The avoided emissions from Vårgrønn's offshore wind farms are defined as the difference between the emissions generated from each project and the emissions that would occur if generating the same amount of energy using conventional technology or fuel – referred to as the baseline scenario. The methodology is based on UNFCCC's Clean Development Mechanism methodology for Grid-connected electricity generation from renewable sources (ACM0002) and International Financial Institutions (IFIs) methodology for Grid Connected Renewable Energy Projects.

EXAMPLE

The Dogger Bank wind farm

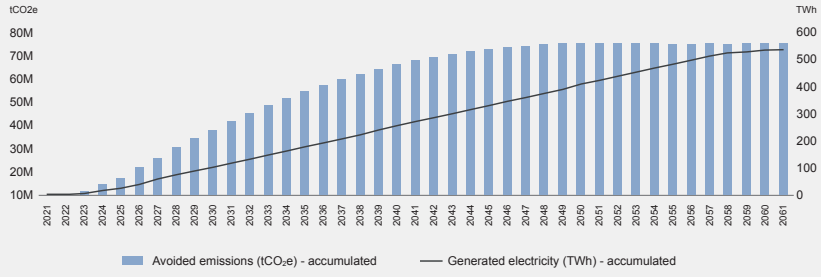
Vårgrønn owns 20 percent of the Dogger Bank offshore wind farm. The Dogger Bank Wind Farm is being developed in three phases – Dogger Bank A, B and C, where the first phase of the project is expected to be operational in 2023. When completed, Dogger Bank will be the world's largest offshore wind farm with 277 turbines and an installed capacity of 3.6 GW in total.

The emissions generated from Vårgrønn's offshore wind farm at Dogger Bank are estimated based on a published lifecycle analysis of a wind farm conducted by Siemens Gamesa, which is assumed to be representative for the wind farm technology used in the Dogger Bank project.

The annual energy production from the Vårgrønn project is estimated based on the installed capacity of its wind turbines, the number of wind turbines in operation and the capacity factor for its wind turbines. Conservative assumptions have been made regarding the wind turbines' operating time and lifespan.

Initial calculations, based on emission factors in the UK grid, indicate that the renewable power from Dogger Bank may avoid emissions of more than 70 million tonnes CO_2e over the lifetime of the wind farm.

Dogger Bank – lifetime avoided emissions



Establishing the baseline scenario and its emissions

The baseline scenario emissions are calculated using the IFI's combined margin grid emission factors. These factors are calculated by the IFI's technical working group and are mainly based on IEA's energy statistics and projections of the energy mix per region.

These emission factors are developed in accordance with the IFI Framework for a Harmonized Approach to Greenhouse Gas accounting designed specifically for financial institutions with the objective of harmonising the quantification of GHG impacts of investments globally.

These factors use an average of the annual emission intensities of new electricity generation over the next eight years. Therefore, the baseline emissions are kept static for the first eight years, and thereafter reduced linearly to zero in 2050, i.e. assuming the electricity generation mix is fully decarbonized in 2050. This is considered to be in accordance with best practice, as an attempt is made not to overestimate future avoided emissions of the project.

The base case calculations are complemented by a sensitivity analysis where various scenarios for future electricity production and emission factors can be considered.

Aneo

Aneo is Norway's second largest onshore wind operator and is expanding in Sweden. The company also holds a significant portfolio of hydropower plants, and has new initiatives within solar, biogas and hydrogen. The total power production capacity of Aneo is approximately 1.6 TWh and the group manages a total of 6 TWh. In addition to being a power producer across the spectrum of renewable energy, the company has several downstream electrification activities such as electric vehicle (EV) charging, solutions to optimise energy use in the retail industry, and supplying power to emissions-free building sites, where all construction machinery runs on electricity.

For Aneo, the avoided emissions from both power generation, and from the various services that the company offer related to electrification and energy efficiency have been calculated. The avoided emissions are calculated based on the assumption that the company is an "enabler". We estimate that avoided emission from all of Aneo's activities total about 1.4 million tonnes per year.

Avoided emissions from power generation

For the power generation activities, the avoided emissions have, to a great extent, been calculated using the same methodology applied to the Vårgrønn project. The baseline emissions are calculated based on emission factors from IFI, and it is assumed that the emission factor of the electricity generation mix mix is annually reduced until it is fully decarbonised in 2050. To calculate the project emissions from Aneo's wind and hydro power plants, average emission factors have been used. These have been calculated based on environmental products declarations (EPD's) that are assumed to represent the power plants within Aneo's portfolio. The model also includes options for calculating the avoided emissions generated from Aneo's future solar energy projects.

Avoided emissions from energy services

Mobility (EV charging)

The project emissions are calculated based on a life cycle analysis from one of the electric vehicle charger suppliers, Schneider Electric. The annual emissions related to operating the charging stations and from purchased electricity are also included. The baseline emissions are set to be the emissions from diesel and petrol combustion.

Build (electrification of construction sites)

The project emissions are assumed to be the emissions from the electricity delivered. The baseline emissions are assumed to be the emissions from diesel consumption, which is the fuel usually used to fuel machinery at construction sites. There are currently no data on the emissions from the manufacturing phase of charging stations, these will be added when available.

Retail (energy optimization solutions)

The avoided emissions are considered to be the effect of the specific energy efficiency project, hence the emission avoidance that occurs when implementing the solution that optimizes the energy use.

Celsio

Hafslund Oslo Celsio owns and operates Norway's largest district heating network, where heat from waste incineration makes up a majority of the heat production. The company invests significantly both in its heat distribution network, and is also about to start providing district cooling solutions. Celsio is also building what is probably the world's first full-scale carbon capture facility for waste incineration at its largest plant.

The avoided emissions assessment aims to capture net avoided emissions from all of Celsio's' operations, including the carbon capture facility when it is completed. When analysing the impact of this type of company, it is necessary to break it down into four distinct activities:

i) Waste incineration, with carbon capture and storage from 2026 onwards, is considered against a baseline scenario where waste goes to landfill in Europe, as waste for incineration is traded internationally.

ii) Delivery of heat to Oslo's district heating grid is considered against a baseline scenario consisting of a mix of alternative heating options, all based on electricity.

iii) Delivery of electricity to the grid is considered against grid emission factors, based on IFIs methodology for Grid Connected Renewable Energy Projects.

iv) District cooling, a key future activity for Celsio, can lead to avoided emissions from increased efficiency of cooling production, as well as less leakage of refrigerants with high global warming potentials in the customers' own equipment. Individual air conditioning equipment at the customer's facilities is considered the baseline scenario in this case.

Initial calculations indicate that Celsio's activities already contribute significantly to avoided emissions, with an annual figure of about 200,000 tonnes per year. Once the company's CCS plant is operational, this will further increase avoided emissions from its operations.

> We think it is exciting that a leading private equity investor like HitecVision wants to quantify the avoided emissions of its investments in the energy sector. By quantifying the positive contribution investments bring to the energy transition, HitecVision encourages a pull and market incentive to invest in renewable energy and thus contribute to the shift towards a low-carbon economy. We believe that this is important to succeed in the green transition.
>
> *CEMAsys*

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.

Since 2019, we have monitored a set of ESG related KPIs that are relevant for the whole portfolio, which can be aggregated to display portfolio- and fund-level ESG performance. This allows us to measure improvement on significant indicators on environmental, social and governance issues.

The table on page 24 shows the 2022 ESG performance of our portfolio on some of these core metrics.

Performance commentary

Environment

Total GHG emissions for the portfolio on an ownership share basis increased by 30 percent in 2022 compared to 2021. This is due to both growth in the number of portfolio companies, and increased activity in several companies in the portfolio in 2022, in particular growth due to acquisitions.

Total Scope 1 emissions were 445,118 tonnes CO_2e (2021: 315,352 tonnes CO_2e), where a reduction in emissions for some companies are more than offset by an increase that was mainly caused by the acquisition-driven growth in Sval Energi's asset portfolio, as well as the inclusion of the new portfolio company Celsio. Due to higher operational activities in 2022, Ocean Installer and Energy Drilling saw an increase in total fuel consumption of 29 percent and 54 percent respectively compared to 2021, with higher emissions as a result. On the other hand, Moreld had a significant emission reduction partly due to divestment of carbon intensive companies, but also driven by emission reduction initiatives in the company's own operations.

Scope 2 and 3 emissions were 2,299 and 294,098 tonnes CO_2e respectively in 2022 (2021: 5,220 and 249,696 tonnes CO_2e). The significant reduction in Scope 2 emissions is mainly due to a reduction in Vår Energi's Scope 2 emissions, as a result of a range of ongoing emission reduction and energy efficiency efforts, combined with a reduction of HitecVision's ownership stake from 30.1 to 20.7 percent in the company.

Aggregated Scope 3 emissions have increased by 18 percent in 2022 compared to 2021, mainly driven by an increase in the emissions of Sval, Moreld and Prosafe. The higher reported Scope 3 emissions for Moreld is a consequence of improved and increased reporting requirements for Scope 3 categories across the Group. Prosafe's emissions increase can be traced to incorrect assessment

of the operational control boundary for some of its vessels in previous years which has now been corrected, resulting in a significant reclassification of Scope 1 emissions to Scope 3.

The volatility of oil and gas prices means that GHG emissions per unit of revenue is not a useful metric for oil and gas companies, however, GHG emissions per barrel of oil equivalent produced provides a meaningful indication. GHG emissions[1] per barrel produced increased slightly in 2022 to 12.9 kg CO_2e on an operational control basis (2021: 12.6 kg CO_2e), and to 15.2 kg CO_2e on an equity share basis (2021: 14.4 kg CO_2e).

The increase in the E&P companies' GHG emission intensity on an operational control basis is due to the significant increase in Sval Energi's emissions, as the company became operator of two new producing fields in 2022, one of which has unusually high emissions. Similarly, the increase in GHG emission intensity on an equity share basis is due to the increase in Sval's emissions in 2022, significantly exceeding the effect of the increased production on an equity share basis for the other E&P companies.

All figures are substantially lower than global averages, which are believed to be about 20 kg CO_2e per barrel.

Social

Lost time injuries (LTI) increased to 26 in 2021 from 20 the previous year[2]. The increase is mainly due to an increase in Vår Energi's lost time injury ratio, and also a result of the inclusion of the new portfolio companies Aneo and Celsio in the reporting for 2022. Vår Energi's lost time injuries are essentially related to the ongoing Balder-project and includes incidents at the shipyard during a very high activity period. It is expected that the LTI will decrease once the construction phase is completed.

The share of women in the workforce increased slightly to 21.4 percent (2021: 20.9 percent), with the share of women in management positions increasing by three percentage points to 26.5 percent, compared to 23.5 percent in 2021. The reason for this is a slight increase in the share of women in management positions in Vår Energi and Sval in 2022 compared to 2021, and the inclusion of the new portfolio companies Aneo and Celsio, both of which have a relatively high share of women in management positions, 44 and 34 percent respectively. The share of women on the board of directors has been added to the reporting of 2022 and amounted to 30.1 percent. (For outside directors appointed by HitecVision, the figure is 45 percent. Please see our discussion of diversity and inclusion on page 26 for further details.) Employee turnover decreased to 8.6 percent (2021: 10.2 percent).

Governance

The percentage of employees completing anti-corruption training was 86.7 percent in 2022 (2021: 89.1 percent), with 85 percent of all portfolio companies having an anti-corruption programme in place (2021: 91 percent). The new portfolio companies Celsio and Aneo have not yet implemented separate anti-corruption programs, and this is the reason for the reduction in 2022.

Whistleblowing mechanisms are in place at 92.3 percent of the portfolio companies (2021: 81.8 percent) and 84.6 percent of the companies have formalized an ICT / Cybersecurity Policy, or have integrated ICT risk management into their quality system (2021: 90.9 percent). At the new portfolio companies Celsio and Aneo these issues are included in other policies and procedures, this is the reason for the reduction in 2022.

[1] Scope 1 emissions.
[2] For Vår Energi the number of LTIs are calculated based on their quarterly reported LTIF.

Aggregated ESG metrics at the portfolio level.

KEY AGGREGATED FIGURES	UNIT	2019	2020	2021	2022
Number of employees	#	4 705	4 723	4 013	5 004
Total revenue (MUSD)	USD million	7 461	4 763	8 581	17 441
Value added (wages / salaries cost + EBITDA)	USD million	5 023	2 741	6 280	13 954

ENVIRONMENTAL	UNIT	2019	2020	2021	2022
Greenhouse Gas Emissions [1]					
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1 for all reported companies)	tCO_2e	245 718	216 629	315 352	445 118
Energy indirect GHG emissions (GHG PCS Scope 2 for all reported companies)	tCO_2e	6 142	7 077	5 220	2 299
Other indirect GHG emissions (GHG PCS Scope 3 for all reported companies)	tCO_2e	250 101	221 345	249 696	294 098
Carbon Intensity					
Weighted Average Carbon Intensity	tCO_2e/ USDm	96.5	92.4	101.7	57.5
Carbon intensity per barrel of oil equivalent produced – operational control (oil companies only)	$kgCO_2e$/boe	10.1	11.9	12.6	12.9
Carbon intensity per barrel of oil equivalent produced – equity share (oil companies only)	$kgCO_2e$/boe	11.0	12.6	14.4	15.2
Revenue carbon intensity – Scope 1 & 2	tCO_2e/ USDm	68.3	83.8	76.0	45.5
Revenue carbon intensity – Scope 1, 2 & 3	tCO_2e/ USDm	136.2	166.8	135.1	77.6
Value Creation intensity – Scope 1 & 2	tCO_2e/ USDm	103.6	171.1	113.3	59.9
Value Creation intensity – Scope 1. 2 & 3	tCO_2e/ USDm	206.5	340.4	201.6	102.1

SOCIAL	UNIT	2019	2020	2021	2022
Health and safety					
Lost Time Injuries (LTI)	#	21	11	20	26 [2]
Diversity					
Share of women in workforce	Weighted average %	20.4 %	18.9 %	20.9 %	21.4 %
Share of women in management	Weighted average %	23.0 %	24.7 %	23.5 %	26.5 %
Share of women in board of directors					30.1 %
Share of women among industrial board directors appointed by HitecVision		3 %	28 %	33 %	45 %
Employee turnover ratio	%	-	6.5 %	10.2 %	8.6 %

GOVERNANCE	UNIT	2019	2020	2021	2022
Maturity in governance matters					
Percentage of companies that have an anti-corruption program in place	%	92 %	100 %	91 %	85 %
Percentage of employees that have completed anti-corruption training	%	-	81.9 %	89.1 %	86.7 %
Percentage of companies with an established whistleblowing channel	%	72.0 %	81.5 %	81.8 %	92.3 %
Number of whistleblowing cases	#	-	6	6	12
Percentage of companies with an assigned responsible for ESG issues	%	100 %	100 %	100 %	100 %
Breaches of ethical guidelines	#	-	-	1	4
Investigations or lawsuits in relation to ESG issues	#	-	1	1	1
Percentage of companies that have an ICT/Cybersecurity Policy in place and/or an ICT risk management part of their quality system	%	92.0 %	96.3 %	90.9 %	84.6 %
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	0

[1] Calculated on an ownership share basis.
[2] For Vår Energi the number of LTIs are calculated based on their quarterly reported LTIF.

METHODOLOGY:

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.

Carbon accounting is a fundamental tool to enable 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 greenhouse gas 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 CO_2 equivalents. The analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (the GHG Protocol). This is the most widely used standard for measuring greenhouse gas emissions and was the basis for the ISO standard 14064-I.

The current analysis has been done according to A Corporate Accounting and Reporting Standard Revised edition. The reporting considers the following greenhouse gases, all converted into CO_2 equivalents: CO_2, CH_4 (methane), N_2O, SF_6, HFCs, and PFCs. Unless otherwise noted, the analysis in this report is based on the operational control consolidation approach. Under the operational control approach, a company accounts for the GHG emissions from activities over which it has operational control. It does not account for GHG emissions from activities in which it owns an interest but has no control in Scope 1 and Scope 2.

In HitecVision's portfolio, the three oil and gas companies Vår Energi, Neo Energy and Sval Energi account for their carbon footprint according to two different consolidation approaches, which is in accordance with best practice in this sector. This means that they conduct the carbon footprint accounting both according to the operational control approach and in addition data calculated using the equity share approach are provided.

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

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

SCOPE 2: Scope 2 emissions include indirect emissions related to purchased energy; electricity and/or heating/cooling, by the company's owned or controlled entities.

SCOPE 3: Scope 3 emissions include indirect emissions from the company's upstream and downstream value chain. The Scope 3 emissions are a result of the company's activities, but occur in assets not owned or controlled by the company, i.e. they're indirect. Examples are business travel, goods transportation, waste handling, consumption of products, investments etc.

GHG reporting is designed to help internal and external stakeholders to make decisions based on identified emissions hotspots. HitecVision has worked with its portfolio companies in recent years to extend their Scope 3 analysis to more categories, and the companies generally include more and more of the 15 categories defined by the GHG Protocol. We aim to further extend the coverage of Scope 3 emissions in the future.

GHG ACCOUNTING SOURCES: ■ WBCSD/WRI (2004). The greenhouse gas protocol. A corporate accounting and reporting standard (revised edition). World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 116 pp. ■ WBCSD/WRI (2011). Corporate value chain (Scope 3) accounting and reporting standard: Supplement to the GHG Protocol corporate accounting and reporting standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 149 pp. ■ WBCSD/WRI (2015). GHG protocol Scope 2 guidance: An amendment to the GHG protocol corporate standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 117 pp. ■ IPCC (2014). IPCC fifth assessment report: Climate change 2013 (AR5 updated version November 2014). http://www.ipcc.ch/report/ar5/

SOURCES OF EMISSION FACTORS: ■ Scope 1, Department for Business, Energy & Industrial Strategy (2022). Government emission conversion factors for greenhouse gas company reporting (DEFRA) ■ Scope 2, IEA (2022). CO2 emission from fuel combustion, International Energy Agency (IEA). Paris, IEA (2022). Electricity information. International Energy Agency (IEA), Paris. Fjernkontrollen.no (2022) og Norsk Energi 2020. AIB, RE-DISS (2022). Reliable disclosure systems for Europe – Phase 2: European residual mixes. SSB, Norges Bank. SSB, Norges Energi ■ Scope 3, Ecoinvent 3.8. EPA (2022). Flokk EPD. IPCC. Apple (2021). Kinnarps AB EPD (2022). Vy 2021. US EPA (2020).MD Nasjonale Standard-faktorer, 2015. OFV, Norsk Elbilforening and IEA 2022.

Diversity and inclusion

HitecVision is working strategically to improve diversity and inclusion within our organization, in our portfolio companies and across our business relationships. We believe a diverse workforce, not just in terms of gender but also in terms of age and background, is essential to cultivating a thriving company culture and performance.

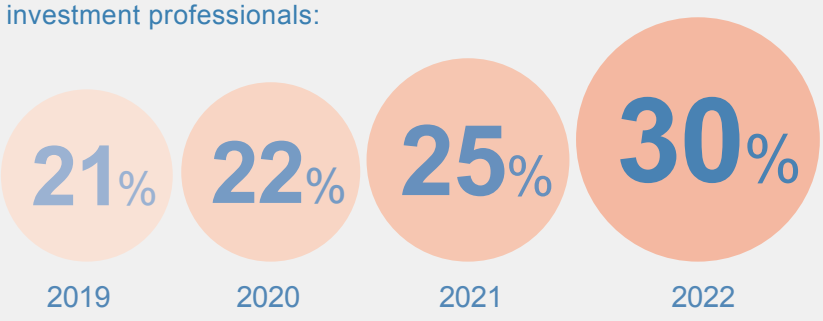
Building a team that reflects the societies in which we operate is part of HitecVision's long-term strategy for organizational development. Building and maintaining a diverse organization takes time and requires continuous effort. Our organization is relatively small, and the workforce is stable, and we are therefore conscious that changes must take place incrementally, supported by clear goals and measures.

Diversity in HitecVision

HitecVision values diversity in its broad sense, and works systematically to ensure that a wide range of backgrounds is represented in our workforce. This includes implementing targeted recruitment and retention strategies, and using KPIs for close monitoring and follow-up.

Our target for gender diversity is to ensure a minimum representation of 33 percent of each gender across teams and functional units in the organization. Consequently, all new recruitments are assessed against this goal. The HR department is responsible for monitoring and reports regularly on the status of diversity and inclusion to the CEO and Board of Directors.

At year-end 2022, HitecVision had a total of 64 employees, with 61 percent being male and 39 percent being female. Our group management team comprises eight people, where 75 percent are men and 25 percent are women. Our investment team consists of 70 percent male and 30 percent female, which is an improvement from last year (2021: 75 percent male and 25 percent female).



While we have made good progress in recruitment at junior level, there is a scarcity of female senior executives in the energy industry, which is the main pool for recruitment to senior positions on our investment team. Over time, we expect the gender balance at senior level to gradually improve as professionals who have joined us early in their careers progress to more senior roles. In 2022, two professionals who originally joined the firm as analysts, were promoted to senior partners: one woman and one man.

In HitecVision we believe that gender balance in leadership and senior positions contribute to greater productivity and profitability in the long run.

We have signed up to the Women in Finance Charter Norway in 2022, inspired by the UK initiative of the same name launched by HM Treasury. Going forward, we will establish internal targets for the share of women in senior executive positions, adapted to the size and particular circumstances of our organization, as well as initiatives to follow them up.

We also believe that diversity in age is an important enabler for enhanced decision-making and company culture, and has a goal to achieve an average age of 40 years within the organization. In 2022, the average age of all employees was 40.4 years.

Working with our portfolio companies on diversity and inclusion

We establish and communicate clear expectations for diversity and inclusion to our portfolio companies. The ultimate responsibility for diversity goals lies with the boards, and we work to ensure that diversity and inclusion are integrated into their overall strategy and decision-making processes. We work directly with the board and management of our portfolio companies to ensure this, and offer guidelines, templates for policies and reporting to help the implementation. We raise diversity issues in our regular meetings with the companies, and discuss and challenge their action plans to reach targets.

We are committed to promoting gender diversity on the boards of our controlled companies, and aim to have a 40 percent representation of each gender. At year-end 2022, we had 22 external board members designated by HitecVision on the boards of our portfolio companies, with 10 women and 12 men. We are pleased to have achieved this 45 percent ratio, exceeding our goal of 40 percent.

Guiding documents

Our approach and commitment to diversity and inclusion is ultimately based on our Ethical Guidelines (Appendix E), that were originally introduced in 2006. The guidelines describe our commitment to a work environment free of harassment, discrimination and bullying, where everyone treats all colleagues with courtesy and respect, and where our focus on qualifications, demonstrated skills and achievements forms the basis for promotion and rewards. All new employees are introduced to the guidelines and are required to sign them. We have a whistle-blowing procedure ensuring each employee can report any concerns anonymously and without retaliation, retribution or harassment.

Over time, we have seen the need for a policy that specifically addresses diversity and inclusion, and in 2021 we formalized a diversity and inclusion Policy. The policy outlines HitecVision's overall goals for a balanced composition in all teams, and covers equal opportunities in recruitment, promotion and retention, equal pay, parental leave, discrimination and harassment. In addition, the policy underlines our expectations and ambitions on behalf of our portfolio companies, including a requirement that each portfolio company should have a similar diversity and inclusion policy in place, supported by concrete action plans and periodic reporting. We also state that we expect our key suppliers to have their own diversity and inclusion programs, as described in our Supplier Expectations Statement.

Remuneration and promotions

We recruit, promote, develop and reward our employees based on merit alone, as outlined in our Ethical Guidelines and diversity and inclusion Policy. In our portfolio companies, we recommend that the board should appoint a Compensation Committee. The same principles apply to HitecVision itself.

Performance is evaluated systematically, based on an appraisal system that maps each employee's performance with regards to both personal and technical skills. Our systematic remuneration approach aims to ensure that decisions regarding pay and promotions are based on demonstrated skills and achievements.

Recruitment and Promotions – by gender

	Recruitments **2020**	Recruitments **2021**	Recruitments **2022**	Status **31.12.2022**
Investment team – men	3	6	6	28
Investment team – women	3	2	5	12
Other positions – men	0	2	2	11
Other position – women	0	0	2	13
Promotions – men	4	5	6	
Promotions – women	5	6	6	

Additional information provided in accordance with the Norwegian Equality and Anti-Discrimination Act

HitecVision has conducted a pay structure mapping analysis to ensure equal pay for equal work within our organization. We are not able to publish the data for the different salary ranges due to privacy concerns stemming from the limited number of employees at each level. Our employees shall receive equal pay for work of equal value, regardless of gender, race, religion or belief, age, marital or civil status, pregnancy, sexual orientation or disability.

Our family leave policy for employees based in Norway is regulated by the Norwegian Working Environment Act. The parental leave period consists of a total of 49 weeks, including 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, as well as a period of 16 weeks that can be distributed by choice between the parents. The company policy is that all Norwegian 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.

Please see table on page 13 for data on temporary employment, parental leave and part-time workers.

COMMUNITY IMPACT

Supporting the local community

Since 1985, HitecVision has created jobs and local value by investing in Europe's energy industry. We are also involved in local initiatives, and are committed to giving back to our communities to help bridge social and economic gaps.

HitecVision works with several charities and organisations to make a positive impact on our local communities. We are driven by creating socioeconomic benefits and philanthropic impacts, such as improving access to education and job opportunities. We are mainly involved in projects that support individuals experiencing substance-related challenges, one of the most vulnerable and marginalized communities that often need a form of support system to reintegrate with societal norms and routines.

Our two main initiatives include Paahjul and Viking Gatelag (Viking "Street Football"). These are both long-term engagements that provide opportunities for individuals with current or past substancerelated challenges, to develop skills, build relationships and improve their wellbeing. Through these initiatives, we aim to promote workforce reintegration, while also fostering a sense of unity and strength.

We are also involved in ad-hoc and seasonal activities, such as "Give a Christmas" and "Friends of Varmestuen" described below, and we sponsor selected activities organized by Kirkens Bymisjon (the Church City Mission).

Social impact projects

HitecVision has initiated and developed Paahjul in partnership with Kirkens Bymisjon, and supports Viking Gatelaget in collaboration with Viking Football Club and Helse Stavanger.

HitecVision supports the projects with funding, and we leverage the expertise of our team to assist in daily management and operations, from communication on social media to strategy development and monitoring of progress. Our partners are responsible for admissions into the programs. The main goal is to make a real difference to vulnerable groups of the society and to contribute to meaningful employment and education for people outside the general workforce.

HITECVISION
The Serial Entrepreneurs

PAAHJUL
Kirkens Bymisjons Sykkelverksted

KIRKENS BYMISJON

VIKING FK 18 99 STAVANGER

HELSE STAVANGER
Stavanger universitetssjukehus

FOTBALLSTILTELSEN GATELAGET

PAAHJUL

KIRKENS BYMISJONS SYKKELVERKSTED

Paahjul are bicycle repair shops in Stavanger and Oslo that offer working experience to people recovering from substance abuse issues.

The first repair shop opened in Stavanger in 2013, and the concept has since expanded to a total of three shops in the Stavanger region, as well as one shop in Oslo. At each shop, the program introduces four to six new people to work training per year, helping them become familiar with the routines and expectations of a workplace. After participating in the work training, the participants should be empowered to start studying or go on to work with another employer, based on the knowledge, skills and experience gained at Paahjul.

Measuring impacts

Since its inception, Paahjul's program has been successful in helping individuals reintegrate into the workforce as well as ensuring access to education. A key success factor has been the close follow-up provided by the team at Paahjul, who tend to go beyond expectation to ensure a safe and professional learning environment. The participants report increased self-esteem, greater independence and improved health and wellbeing as some of the take-aways. In addition to these individual benefits, the program emphasizes the importance of rebuilding relationships and creating new ones.

As a result of the pandemic, we see an increasing demand for the work training program offered at Paahjul. The participants are facing more complex situations than earlier, as the substance-related challenges are increasingly accompanied with mental health issues. This underlines the need for Paahjul as a safe arena to build competence for a group that is at particular risk of exclusion and inequality.

In 2022, Paahjul's work training program had a total of 45 participants, of which 19 are still enrolled. Six individuals successfully secured employment with another employer or began studies during the year, while three participants were granted permanent disability benefits or other public support.

Viking Gatelag is a football team for adults with substance-related problems, promoting physical activity and social inclusion for people in challenging life situations. HitecVision is the team's main sponsor.

The team meets twice a week for football practice with an experienced coach from Viking Football Club and a social counsellor from Helse Stavanger. In addition to learning new football skills, the participants eat together and build relationships with individuals in similar situations. This helps foster social skills and teamwork, personal growth and a sense of belonging.

In 2022, Gatelaget had a total of 37 players, out of which two were female. The program provided a pathway for three participants to secure employment, and three others to further their education.

The team's highlight of the year was to participate in the national championship cup for similar teams. The team also participated in the regional tournament in Bergen, where they emerged as the winners. There are also several local games during the year, where Viking Gatelaget regularly plays against Bryne, which is considered to be a "good rival". In 2023, the team looks forward to increasing its activity levels, playing more games, and welcoming more female players to the team.

FOTBALLSTILTELSEN

GATELAGET

Christmas familiy giving
‘Gi en jul’

Every Christmas, HitecVision’s employees and their families support local families in disadvantaged situations with customised Christmas gifts and food.

The initiative started in 2019 and has been a highlight for both our employees and the receiving families in the Christmas period.

HitecVision facilitates the initiative in partnership with the local Child Welfare Services in Stavanger and the organization Ung Norge in Oslo. Every employee is allocated an anonymous family and receives general information about the family members as well as their wishes for Christmas meals and presents.

HitecVision provides funding, while the employees and their family members do the Christmas shopping. Our employees and their families have enthusiastically engaged in the project to ensure that families in need can enjoy the holiday season.

The Friends of Varmestuen
‘Varmestuens venner’

In October, we learnt that the Stavanger-based charity Varmestuens Venner had problems selling tickets to a charity dinner.

The charity offers low threshold services to individuals struggling with drug addictions, including meals, shower facilities and clothing to meet basic needs.

HitecVision decided to buy the first 50 tickets to the event, and gave the seats back to Varmestuens Venner for allocation. Media attention around this led to the event being sold out, and the charity received additional donations to help support its services to people in need.

Community sponsorships

HitecVision has also taken the initiative to form a sponsor group together with local businesses, funding selected activities organised by Kirkens Bymisjon Rogaland. The funding supports the following projects:

THE NIGHT RAVENS (‘Natteravnene’)

A volunteer night patrol aiming to promote safety and prevent disorderly behaviour, making streets safer at night.

THE RELEASE VALVES (‘Ventilene’)

A meeting place with organised activities for young relatives and family members of people who experience different challenges such as substance abuse, violence, mental or physical disabilities.

THE STREET PASTOR (‘Gatepresten’)

An accessible priest providing support, guidance and care for those spending much of their time on the streets.

THE STREET LAWYER (‘Gatejuristen’)

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

MARKET UPDATE

The energy transition in 2022

2022 was a year of disruptions for the world's energy markets, with volatile prices and changes in trading patterns. The energy transition continues to proceed at a high pace, but not fast enough yet to get the world on course for the targets set out in the Paris Agreement. In this year's market update we summarize key developments in 2022, analyse some of the many energy transition scenarios, and take a deep dive into some of the key technologies for the future.

By Stein Danielsen and Daniel Johansen, PwC Norway

Part I: 2022 in review

2022 turned out to be a year of disruptions in global energy markets. The Russian invasion of Ukraine disrupted supply routes for essential commodities such as energy and food, causing policymakers and markets to react in various ways to reduce the impacts of the conflict. The EU took wide-ranging actions to reduce its dependency on Russian fossil fuels. Russian gas equivalent to approximately 1,500 TWh of energy annually needs to be replaced within 2027, two-thirds of it already during 2022. The heavy drop in energy supply severely affected European and global energy markets as both gas and electricity prices rocketed.

Supply chains remained disrupted as the war continued, keeping prices of food and other essential items high. For energy markets, Europe managed to fill the gap in gas supplies with imports from other suppliers as Russian volumes were cut off.

For oil, global markets were kept in balance largely thanks to record high volumes shipped from the US Gulf coast.

Disruptions in energy markets were however not exclusively caused by the Ukraine war. Amidst uncertain demand growth outlook for fossil fuels, recession concerns arose due to successive interest rate increases by central banks around the world with the goal to curb inflation.

Furthermore, Covid-19 generated uncertainty in China as the country continued its zero-Covid-19 policy. As the year progressed, the Chinese government lifted its restrictions following a surge in protests across cities. Lastly, oil and gas prices surged through the first half of 2022 due to reduced supply out of Russia, Covid-19 shutdowns and shipment disruptions.

Despite the challenges, global investments in the energy transition increased by 31% in 2022, compared to 2021. The investment volume totalled EUR 1.04 trillion, where renewable energy remained the largest component at EUR 468 billion (up 17% year-on-year), followed by electrified transport at EUR 440 billion (up 54%).

> Despite the challenges, global investments in the energy transition increased by 31% in 2022, compared to 2021.

Solar power in Europe soared by almost 50% in 2022, with a total of 41.4 GW of solar capacity installed. Of the European countries, Germany installed the most solar in 2022 (8 GW), followed by Spain (7.5 GW), Poland (4.9 GW), the Netherlands (4 GW) and France (2.7 GW). Portugal experienced a 251% growth in the amount of solar installed compared to 2021 and came in just behind France. Spain also saw a high growth of 55% in solar installation for 2022.

The number of large-scale hydrogen project proposals continued to grow globally in 2022 with 160 new projects being announced between November 2021 and May 2022, adding up to a total of 680 large-scale hydrogen projects announced globally as of the end of May 2022. For all project sizes, more than 1,900 hydrogen projects have been announced as of the end of October 2022, according to the International Energy Agency (IEA).

Despite these investments, carbon emissions continued to grow, albeit less than feared, even though many countries saw a switch from gas to coal for power generation as gas prices soared. Global carbon emissions grew by 0.9% or 321 Mt in 2022, reaching a new peak of over 36.8 Gt. 19% of the growth in carbon emissions can be traced to cooling and heating demand in extreme weather, and another 17% can be attributed to nuclear power plants being temporarily offline.

2022 was also a standout year for oil and gas exploration with the highest value creation from exploration in over a decade. New major discoveries in Namibia, Guyana, Brazil and Algeria resulted in exploration value creation reaching EUR 31 billion, according to Wood Mackenzie.

Europe's need for a short-term replacement of Russian gas led to a scramble for any available LNG cargoes, and correspondingly high LNG prices. Due to this, Asian spot LNG imports collapsed in the first half of 2022 and have slowed Asia's growth in gas consumption as of October 2022. South American gas demand for the first half of 2022 was below the first half of 2021 levels, although gas demand picked up by the end of Q2. Nevertheless, South America is expected to see a reduction in gas consumption in 2022. Europe also saw its steepest drop in history for gas demand in 2022 amid record high prices, with gas demand expected to be more than 50 bcm below 2021 levels. North American gas demand saw growth in 2022 despite high prices, with US gas consumption up by over 4% year-on-year in the first eight months of 2022.

Energy crisis in Europe

The first signs of an emerging energy crisis in Europe came during the second half of 2021, as gas prices started to increase. The commodity markets were already strained after the pandemic years, and oil prices continued its path upward after reaching a bottom in 2020. At the same time, the European gas storage filling level was sinking to significantly lower levels than was previously normal.

EU countries have in recent normal years imported more than 150 bcm of Russian gas, equivalent to approximately 1,500 TWh of energy, while imports through pipelines from Norway have been around 1,100 TWh annually. Because of the Russian war on Ukraine, the EU immediately issued a number of economic sanctions towards Russia in addition to launching initiatives to become more independent of energy imports. The launch of the REPowerEU action plan stated an ambition to make Europe independent from Russian fossil fuels well before 2030. Under the plan, dependency on Russian gas will be reduced by two-thirds during 2022 and end completely by 2027. In 2021, the EU imported 83% of its natural gas. Of this, about 40% was imported from Russia. After the invasion of Ukraine, the import of Russian gas to Europe dropped significantly: From March to October 2022, the Russian share of gas imports dropped from 37% to 11%, and Norway has taken Russia's place as the largest source of gas for Europe.

In the short run, the effect was a shortage of gas in the European market, amplified by increased energy demand in general as the world was recovering from the pandemic. Filling up the gas storage reservoirs prior to the winter was essential to ensure the security of supply in Europe. The EU countries reached an agreement in May to share gas storage capacity across member states, and aim for

the storage capacity to be filled to at least 80% before winter 2022/2023. Imports from Russia were substituted by LNG imports from the US, Qatar and Nigeria in addition to increased imports from Norway. The result was that by September, the EU had reached its target, with storage facilities filled to 80% on average, and in October, filling levels reached 90%. In December, gas reserves started to be drawn down due to the weather, but as of January 2023, the filling level remained above 80%, helped by lower demand and unusually mild weather. Even though natural gas consumption in the EU dropped significantly in 2022, the demand for gas remained high in order to fill the European gas storage capacity. Combined with a shortage of supply and uncertainty about future market developments, gas prices reached record-breaking levels, seeing price levels around 10 times higher than usual. The price reached its peak in August, but came down when the gas reserves were secured. Still, the prices remained strong throughout the year.

The gas market strongly influences the European electricity market, as gas-fired power plants often end up on the margin where supply meets demand. Therefore, the marginal cost of gas-fired power plants determines the price of electricity, which duly skyrocketed in parallel with gas prices. During the fall, many Europeans feared that the price of electricity would reach levels they were unable to pay for, in addition to a potential shortage of gas for needs related to heating, cooking and industrial processes. Massive consumer subsidies by European governments were introduced to relieve some of these pressures.

In the medium term, Europe needs to replace Russian gas equivalent to 1,500 TWh of energy. Building a strong and robust supply chain for LNG will be essential, including increased capacity at LNG terminals. Several European countries, most notably Germany, have already built new import terminals, with more to come. The continuation of gas import from Norway through pipelines is another vital measure.

In the longer term, Europe's plans for the energy transition mean that the 1,500 TWh will need to be substituted by renewable energy sources. Adding to that, the EU and individual member countries have decided that coal and in some countries nuclear power are to be phased out, which increases the need for new power production. Measures to increase energy efficiency are also included in the EU's plans in order to limit the need for extra power production capacity.

The war in Ukraine

The EU's "Fit for 55" package, part of the European Green Deal, was introduced in 2021, committing EU countries to cut greenhouse gas emissions by at least 55% by 2030, and achieve climate neutrality by 2050. In June 2022, EU countries agreed on a Council position for the package to convert the European Green Deal into EU law. The Council confirmed the renewable energy target for the EU's gross final consumption of energy of at least 40% by 2030.

The war in Ukraine represented a potential threat to reaching the goals of Fit for 55, since firing up mothballed coal-fired power plants has been part of the short-term solution for reducing the EU's dependence on Russian gas. However, the response was the opposite: The EU accelerated its ambitions by launching the REPowerEU, an action plan presented by the EU Commission in May 2022.

REPowerEU was introduced as a direct response to the war in Ukraine to achieve affordable, secure and sustainable energy for Europe. It sets out a series of measures to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, while also increasing the resilience of the EU-wide energy system. The main components are:

- **Diversifying:** To find alternative energy supplies. In the short term to as quickly as possible find alternative supplies of gas, oil and coal. Facilitating increased imports of LNG is one of the initiatives.
- **Energy efficiency:** Empowering industries, businesses, organisations and citizens to save energy has a potentially big impact. Heat pumps are one viable option.
- **Accelerating clean energy:** Renewable energy can be produced domestically in addition to being emission-free. Speeding up the green transition in terms of renewable energy will thus bring down the dependence on energy imports faster. An important part of the REPowerEU is to shorten and simplify the permitting process for new energy in areas with lower environmental risk.

REPowerEU means that the EU will spend additional EUR 210 billion in energy infrastructure to enable the green transition and phase out Russian fossil fuel imports. Hence, the energy transition will be accelerated by the energy crisis rather than being put on hold.

The US Inflation Reduction Act – a new green deal for the US?

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (IRA). Its purpose is to curb inflation and includes EUR 365 billion of largely supply-side measures, including tax credits for green electricity, manufacturing, energy efficiency, clean fuel and vehicles.

The IRA brings more stability to the transition policy in the US and is expected to significantly boost the reduction of US emissions, cut US fossil fuel demand, and accelerate the development of wind and solar power, hydrogen, electric vehicles (EV), biofuels and CCUS. By 2030, IEA expects annual solar and wind capacity additions in the US to grow two-and-a-half times over today's levels, while EV sales are seven times larger. This growth is largely driven by the IRA. The anticipated growth in the US electric vehicle park is caused by provisions of the IRA that support electric vehicle ownership, combined with new electric vehicle manufacturers and increased state-level commitments. For hydrogen, the incentives from the IRA are expected to especially support green hydrogen. However, increased incentives for CCUS are likely to support its use in the power and industry sectors, and the production of blue hydrogen. For biofuels, the additional credits in the IRA can lead to faster penetration of bioderived sustainable aviation fuel (SAF).

Globally, the IRA could potentially have positive spillover effects by reducing global technology costs, expanding internationally tradable supplies of some forms of low-carbon energy, and increasing the pressure on other countries and regions to offer similar types of incentives.

> "For the EU, there is a potential threat that the IRA can worsen the competitiveness of European industry and may lure European industry over to the US.

For the EU, there is a potential threat that the IRA can worsen the competitiveness of European industry and may lure European industry over to the US. As an example, Norwegian fertiliser giant Yara could receive around EUR 2 billion in subsidies over a ten-year period if the company decided to move its ammonia production facility from Norway to the US. As a response to the IRA, the European Council recommended the EU to increase its subsidies early in 2023. In other words, a green light for wealthy European countries to increase their subsidies for the energy transition.

Part II: The path towards 2050 – how the energy transition may unfold

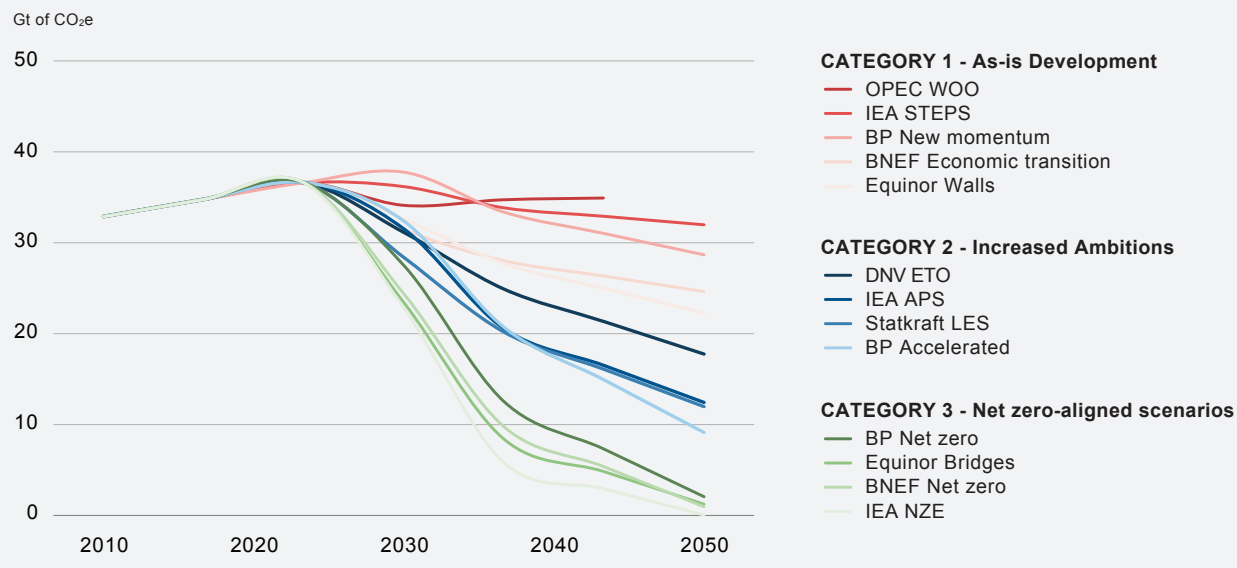
Predicting future energy supply and demand is a necessary starting point to provide a deeper understanding of how the energy transition may affect the future global energy mix. Various firms and organisations are publishing forecasts with different methodologies, often resulting in a broad span of future outcomes. In this section we will be summarising and discussing different scenarios, providing a more holistic view of the potential pathways of the energy transition and allowing nuances to be seen that could be overlooked by only focusing on single scenarios.

This market update builds on scenarios towards 2050 from IEA, as well as scenarios from a selection of international energy companies and independent industry experts. According to our analysis, the selected scenarios can be categorised into three main categories depending on how ambitious they are in relation to decarbonisation and reaching net zero in 2050 (Exhibit 1):

- Category 1 - As-is Development
- Category 2 - Increased Ambitions
- Category 3 - Net zero-aligned scenarios

The main differences between the categories are related to how ambitious they are in regard to the energy mix in 2050 and the path towards net-zero emissions. Category 1 is largely a continuation of today's policies, and these scenarios will still have a majority of fossil fuel in the energy mix in 2050. Category 2 is stretching the ambitions, reaching an energy mix of approximately fifty-fifty between fossil fuels and renewables in 2050, possibly with a slight pre-dominance towards renewables. Category 3 consists of the most ambitious scenarios, aiming at reaching net zero in 2050. These scenarios are largely backward calculations of the type "what needs to be done to reach net zero".

Exhibit 1: Carbon emissions



	SCENARIO	KEY TAKE-AWAYS
CATEGORY 1: AS-IS DEVELOPMENT	**IEA Stated Policies Scenario (STEPS)** shows the trajectory implied by today's policy landscape.	■ 2.5°C global temperature rise and annual carbon emissions of 32 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 62% and 29% of primary energy supply respectively.[1] ■ Today's stronger policy settings give rise to the first seen peak in global demand for each type of fossil fuel before 2050 in this year's edition of STEPS.
	OPEC World Oil Outlook (WOO) scenario is a reference case and assumes a combination of a steady economic recovery, coupled with a gradual normalisation and stabilisation of oil markets in the short- and medium-term, to everybody's benefit, both producers and consumers.	■ 1.5°C carbon budget exceeded before 2030 and annual carbon emissions of 35 $GtCO_2$ in 2045. ■ In 2045, fossil fuels and renewables (excluding bioenergy) account for 69.5% and 13.9% of primary energy demand respectively. ■ Primary energy demand and oil demand will increase by 23% and 14% respectively by 2045.
	BP New Momentum is designed to capture the broad trajectory along which the global energy system is currently travelling. It places weight on the marked increase in global ambition for decarbonization in recent years, as well as on the manner and speed of decarbonization seen over the recent past.	■ Out of line with the 1.5°C ambition and annual carbon emissions of 28.7 $GtCO_2$ in 2050 (subscript på 2 i CO_2) ■ In 2050, fossil fuels and renewables account for 54.7% and 41.4% of primary energy demand respectively.
	BNEF Economic Transition is a baseline assessment of how the energy transition might evolve from today as a result of cost-based technology changes.	■ 2.6°C global temperature rises and annual carbon emissions of 25 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for approximately 64% and 30% of primary energy consumption respectively. ■ All fossil fuels peak before and around 2030, with coal sharply declining, oil declining and gas staying relatively flat after peaking towards 2050.
	Equinor Walls builds on current energy market trends and energy and climate policies, assuming climate action to progress at a slowly accelerating pace in the future.	■ 1.5°C carbon budget exceeded by 2032 and annual carbon emissions of 22 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 61.9% and 20.8% of primary energy demand respectively. ■ Fossil fuel demand peaks in 2026, followed by a gentle downward trajectory. ■ Gas demand peaks in 2041 and is around 10% higher than today's level in 2050.
CATEGORY 2: INCREASED AMBITIONS	**IEA Announced Pledges Scenario (APS)** assumes that all aspirational targets announced by governments are met on time and in full, including their long-term net zero and energy access goals.	■ 1.7°C global temperature rises and annual carbon emissions of 12 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 34% and 51% of primary energy supply respectively. ■ Global low-emissions hydrogen production rises from very low levels today to reach over 30 million tonnes per year in 2030.
	DNV Energy Transition Outlook (ETO) is a "best estimate" forecast of the "most likely" energy future, driven by market forces and often delayed climate policies.	■ 2.2°C global temperature rise, 1.5°C carbon budget exceeded by 2029, and annual carbon emissions of 18 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 49.3% and 45.6% of primary energy demand respectively. ■ Post-pandemic and Russia's invasion of Ukraine will exert little long-term influence over an energy transition that will be rapid and extensive. ■ CCS will capture 5% of global energy-related CO_2 emissions in 2047.
	Statkraft Low Emissions Scenario (LES) is an optimistic but realistic scenario of the global energy system towards 2050, in line with continued strong market growth of renewable energy. It is based on the expansion of known technologies and on Statkraft's own global and regional analyses.	■ Aligned with the 2°C pathway of the Paris Agreement and annual carbon emissions of 12 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 42% and 48% of primary energy demand respectively. ■ Solar power will be the global winner in the energy transition, with production increasing by a factor of 26 from today to over 21 000 TWh in 2050. ■ Offshore wind power generation increases 58-fold towards 2050 compared to today's level, reaching almost 8000 TWh.
	BP Accelerated can be viewed as a "what if" scenario and explores how different elements of the energy system might change in order to achieve a reduction of 75% in CO_2-equivalent emissions (CO_2e) by 2050. The scenario is conditional to the assumption that there is a significant tightening in climate policies.	■ Aligned with the 2°C pathway of the Paris Agreement and annual carbon emissions of 9 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 28.3% and 65.8% of primary energy demand respectively. ■ Oil demand peaks around 2025 and falls over the outlook as use in road transportation declines. ■ Natural gas demand peaks in 2030 and decreases rapidly.
CATEGORY 3: NET ZERO-ALIGNED SCENARIOS	**IEA Net Zero Emissions by 2050 Scenario (NZE)** maps out a way to achieve a 1.5°C stabilisation of the rise in global average temperatures, alongside universal access to modern energy by 2030. The scenario has been created to demonstrate to policymakers what steps are necessary to reach net zero.	■ Aligned with the 1.5°C ambition and zero annual carbon emissions in 2050. ■ In 2050, fossil fuels and renewables account for 10% and 70% of primary energy supply respectively. ■ Global energy consumption amounts to 337 EJ in 2050, compared to 439 EJ today. ■ More than EUR 3.8 trillion of investments is needed to achieve net zero in 2050.
	BP Net Zero can also be viewed as a "what if" scenario and explores how different elements of the energy system might change in order to achieve a reduction of 95% in CO_2-equivalent emissions (CO_2e) by 2050. The scenario is conditional to the assumption that there is a significant tightening in climate policies. In addition, the scenario embodies a shift in societal behaviour and preferences, which further supports gains in energy efficiency and the adoption of low-carbon energy.	■ Slightly out of line with the 1.5°C ambition and annual carbon emissions of 2 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 18.2% and 74.3% of primary energy demand respectively. ■ Green hydrogen accounts for 59.8% in 2030 and 66.7% in 2050 of the global hydrogen supply mix. The same trend is seen in BP Accelerated, but with a smaller total volume of hydrogen.
	Equinor Bridges is a normative back-cast complying with the 1.5°C carbon budget, demonstrating the enormous and sustained efforts required to reach this target.	■ Aligned with the 1.5°C ambition and annual carbon emissions of 1 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 22.3% and 55.1% of primary energy demand respectively. ■ Fossil fuel demand declines at a rapid pace after 2025, and all remaining fossil fuel use is either fully abated or compensated by carbon removal in 2050.
	BNEF Net Zero describes an economics-led evolution of the energy economy to achieve net-zero emissions in 2050. This scenario combines faster and greater deployment of renewables, nuclear and other low-carbon dispatchable technologies in power with the uptake of cleaner fuels in end-use sectors, most notably hydrogen and bioenergy. Taking a sector-led approach, it describes a credible pathway to meet the goals of the Paris Agreement.	■ 1.77°C global temperature rises and annual carbon emissions of 1 $GtCO_2$ in 2050. ■ In 2050, fossil fuels and renewables account for 30.7% and 55.2% of primary energy consumption respectively. ■ Wind power will be the global winner in the energy transition, with a 73% higher consumption than solar.

[1] Fossil fuels consist of oil, gas and coal. Renewables consist of wind, solar, hydro, bioenergy, and other renewables, such as geothermal.

CATEGORY 1: As-is Development

The scenarios grouped under Category 1 consist of the IEA's Stated Policies Scenario (STEPS), BP's New Momentum, OPEC's World Oil Outlook, Bloomberg New Energy Finance (BNEF) Economic Transition and Equinor's Walls scenario. These scenarios illustrate the trajectory implied by today's policies, resulting in a steady decrease in carbon emissions of between 5.6% and 39.3% from 2021 levels towards mid-century. Noteworthy, the OPEC scenario shows a decrease towards 2030, followed by an increase in carbon emissions towards 2045, mainly driven by non-OECD countries. The decline in carbon emissions in the As-is Development scenarios is far from enough to avoid severe repercussions from climate change and is projected by IEA and BNEF to result in a rise of around 2.5°C in global average temperatures by the end of the century.

IEA STEPS

However, even under the IEA's STEPS, annual clean energy investment will grow to EUR 1.89 trillion by 2030 – a rise of more than 50% from today – driven by new policies in key energy markets. For instance, as highlighted in the previous section the US Inflation Reduction Act is expected to drive strong growth in solar and wind capacity additions and EV sales in the US. For the European Union, the rapid development of renewables and efficiency improvements reduces natural gas and oil demand by 20% and coal demand by 50% towards 2030, implying that the increase in coal consumption driven by today's market disruptions is temporary. In addition, stronger climate policies aid Europe's structural shift away from gas.

Furthermore, the stronger policy settings introduced by governments and reflected in this year's edition of STEPS give rise to the first seen future peak in global demand for every type of fossil fuel.

The share of fossil fuels in the global energy mix has been around 80% for decades but is expected to decline to below 75% by 2030 and just above 60% by 2050. Specifically, coal demand sharply declines during the next few years, while natural gas demand is expected to reach a plateau close to 2030. Oil demand today has increased by 8.4% from 2010, but the increase is expected to level off in the mid-2030s and stay relatively flat until 2050.

As a consequence of the continued demand for oil and gas, STEPS implies that average annual investments of nearly EUR 615 billion in upstream oil and natural gas are needed by 2030 to meet demand, more than 50% higher than the level seen in recent years.

Conversely, the current growth rates for solar PV, wind, EVs and batteries, if maintained, will pave the way for a much faster transformation than projected in STEPS. However, this would require supportive policies for these technologies across the world, and not only in leading markets. If countries deliver on their climate pledges, EV sales will grow moving forward, and every second car sold in the EU by 2030 will be electric.

BP New Momentum

BP's New Momentum scenario for 2023 sees peak CO_2 emissions in the 2020s, similar to STEPS. An accelerated shift towards a more low-carbon energy mix due to increased energy security concerns is a key takeaway from New Momentum 2023. The scenario implies that the events of the past year have driven faster growth in renewables and nuclear power, and the opposite for fossil fuels.

The scenario also sees a sharp decline for coal but emphasises the continued importance of coal due to its affordability and abundance, especially in Asia and other emerging economies, with rising energy demand.

OPEC World Oil Outlook

The OPEC World Oil Outlook also emphasises the shift in political focus to energy security in times of high uncertainty. More attention is put on the energy sustainability trilemma; affordability, energy security and reducing emissions. The scenario sees many countries publicly recognizing the need for inclusive and resilient approaches, including through more investments in oil and gas projects going forward.

BNEF Economic Transition

BNEF Economic Transition investigates how the energy sector might evolve from today due to cost-based technology changes. For a technology transition to happen, new technology needs to outcompete existing technologies or lower system costs.

Equinor Walls

Equinor Walls relies on an improvement in energy intensity by 2% per year between 2020 and 2050. The scenario is not established to be a sustainable scenario, rather seeing increasing climate awareness, and consumers linking their energy consumption to global warming.

CATEGORY 2: Increased Ambitions

The scenarios grouped under Category 2 consist of the IEA's Announced Pledges Scenario (APS), DNV's Energy Transition Outlook (ETO), Statkraft's Low Emissions Scenario (LES) and BP's Accelerated scenario. These scenarios are categorised as optimistic but realistic and assume that aspirational targets announced by governments but still not reflected in actual policies are met. The majority are aligned with the 2°C pathway of the Paris Agreement and will achieve a renewable share of the energy mix of approximately 50% by 2050.
All scenarios emphasise hydrogen, wind power and solar PV as enabling technologies for the green transition. Nuclear power can also contribute.

Hydrogen

Hydrogen is receiving ever-increasing interest from businesses and governments. All Increased Ambitions scenarios forecast strong growth in low-carbon hydrogen production, as it will be needed to decarbonize hard-to-abate sectors, such as shipping, steelmaking and chemicals. Demand forecasts for clean hydrogen grow from negligible levels today to between 225-300 MtH2 per year in 2050.

Exhibit 2 shows how DNV believes global hydrogen production will grow towards 2050 from different production routes. Overall, Exhibit 2 indicates a steady decline in grey hydrogen, while green hydrogen dominates the hydrogen market and blue hydrogen remains important, especially for ammonia production.

DNV expects hydrogen to supply only 5% of energy demand in 2050, a third of the level they suggest is needed in a net-zero energy mix. The uptake occurs in the early 2030s in industrial segments of leading regions. For aviation and maritime, the hydrogen derivatives ammonia, e-methanol and other e-fuels will start to scale in the late 2030s. Equinor also highlights the potential for hydrogen in maritime and aviation. However, DNV forecasts a more limited uptake in long-haul trucking, as well as in heating for buildings in areas with existing gas distribution networks.

IEA APS predicts the supply chain to meet the needs of the growth in hydrogen and solar. It indicates a significantly higher manufacturing capacity than deployment levels for electrolysers for hydrogen production (50% higher) and for solar PV (75% higher) in 2030, assuming the realisation of all manufacturing expansion plans. The growth in electrolyser manufacturing reflects the immense forecast growth in hydrogen production.

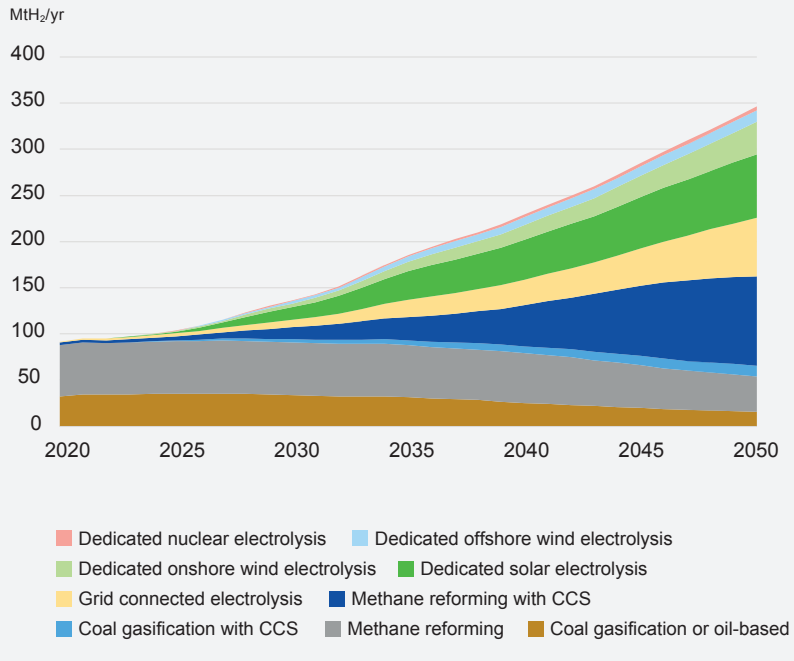
The colours of hydrogen

In the discussion of hydrogen as a future energy carrier, hydrogen from different sources are often referred to by "colour". The most important are:

- Green hydrogen, produced through renewable energy in combination with electrolysis.
- Blue hydrogen, fossil-fuel-derived hydrogen in combination with Carbon Capture and Storage (CCS).
- Grey hydrogen, traditional hydrogen production from natural gas, which is the predominant type today.

There are a number of other variants that are currently not commercial or not used at scale, including black or brown hydrogen, produced from coal, and pink hydrogen, generated through electrolysis powered by nuclear energy.

Exhibit 2: World hydrogen production by production route
Source: DNV Energy Transition Outlook



Wind power

According to DNV, onshore wind will make up 71% of global installed wind capacity in 2050, followed by 25% for fixed offshore and 4% for floating offshore. However, the distribution is more even for Europe with 53% onshore, 40% fixed offshore and 6% floating offshore. The expected share of wind in electricity generation in 2050 for various regions is shown in Exhibit 3.

To seize the potential for offshore wind, supply chains need to strengthen and expand rapidly. Additionally, according to Statkraft it typically takes around six to ten years to develop and build an offshore wind project, hence it will take more time to scale up offshore wind compared to e.g. solar. Floating wind technology is still in a very early phase, accounting for only 0.1 GW of today's installed capacity, compared to around 53 GW of total offshore wind capacity installed globally.

Solar PV

Solar PV is predicted to be the cheapest source of new electricity globally in 2050. DNV expects solar PV capacity to grow 22-fold while Statkraft estimates solar power production to increase 26-fold from today's level. Utility-scale solar production is expected to continue to dominate due to lower energy costs, compared to smaller installations. However, rooftop solar and micro-grid size installations are also expected to grow significantly as they offer flexibility and local security of supply.

In Europe, ramping up solar PV capacity is easier than other technologies, as average development and construction times are typically less than two years. In addition, the global PV market already has an effective global supply chain, although very much dominated by China with its attendant human rights issues and geopolitical risks.

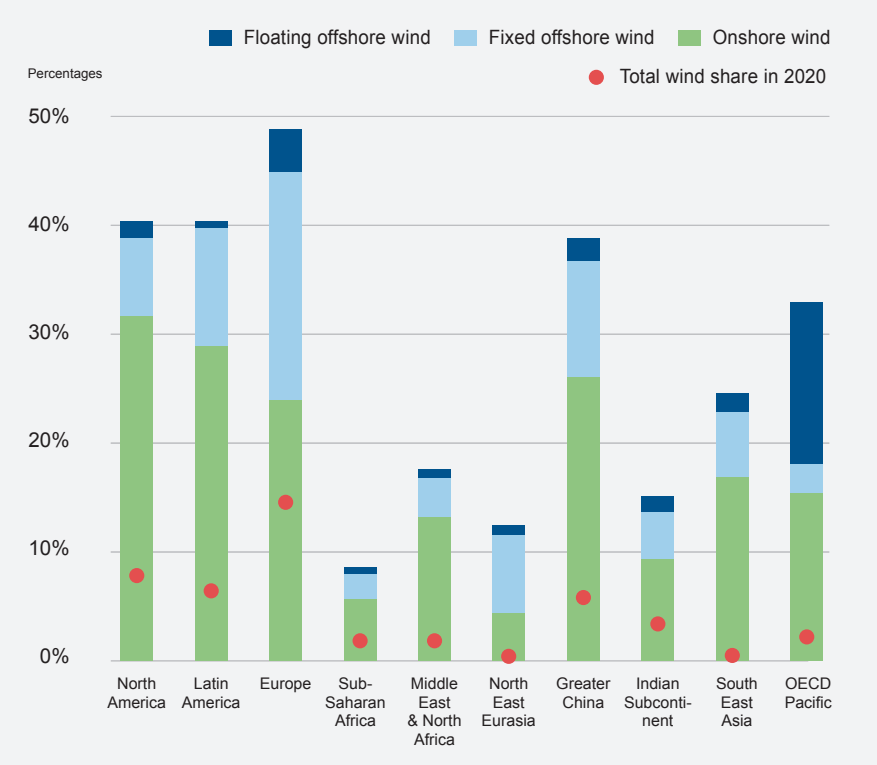
Nuclear power

All scenarios in this category see significant growth in global nuclear power capacity towards 2050, compared to today's levels. Statkraft LES sees an increase of 60%, both Equinor scenarios see a 50% increase, and IEA STEPS and APS see a 53% and 84% increase respectively. DNV is more conservative and only sees nuclear power to be 13% greater in 2050 globally, compared to today's level.

DNV expects global nuclear power generation to stay quite stable at today's levels until 2030. After 2030, growth accelerates and a peak is reached in 2038, followed by a decline towards 2050. DNV's more conservative outlook for nuclear power is driven by high costs, long lead times from increased safety concerns, and the absence of long-term, viable solutions to nuclear waste management. However, DNV expects the future to be brighter for refurbishment and re-starting of nuclear plants that are currently operating, halted, or planned for decommissioning.

The uptake in nuclear power is primarily driven by growth in Asia, especially in Japan and South Korea, according to Statkraft. For Europe, France has increased its ambitions for nuclear expansion to reduce dependency on Russian energy, and REPowerEU includes a nuclear extension in the short term to fill the supply gap from Russia. Despite IEA's high projected global growth, nuclear power generation will continuously decline in Europe towards 2050 and end up being 12% less in STEPS and 7% less in APS in 2050 compared to today's levels.

Exhibit 3: Share of wind in electricity generation in 2050 by region
Source: DNV Energy Transition Outlook



Hydrogen – an energy carrier enabling the green transition

McKinsey predicts cost parity for blue and grey hydrogen around 2025 and by 2030 for grey and green hydrogen from solar PV, shown in Exhibit 4. Similarly, DNV expects a sharp cost reduction of 60% towards 2030 in green hydrogen production from solar and wind, driven by a 40% reduction in solar panel costs and a 27% reduction in wind turbine costs.

Due to the high gas prices seen in 2022, blue hydrogen costs rose by 20-30% between 2020 and 2022 in gas-producing regions, and 60-400% in gas-importing regions. Gas prices are expected to fall from today's high levels by the 2030s, but blue hydrogen's speed of deployment is still limited by several challenges:

- CCS still being a developing technology, including concerns about long-term carbon storage sites.
- Uncertainties around future costs.
- Only marginal benefits from economies of scale.

On the other hand, DNV still projects blue hydrogen to gain a significant market share, especially in ammonia and methanol production due to:

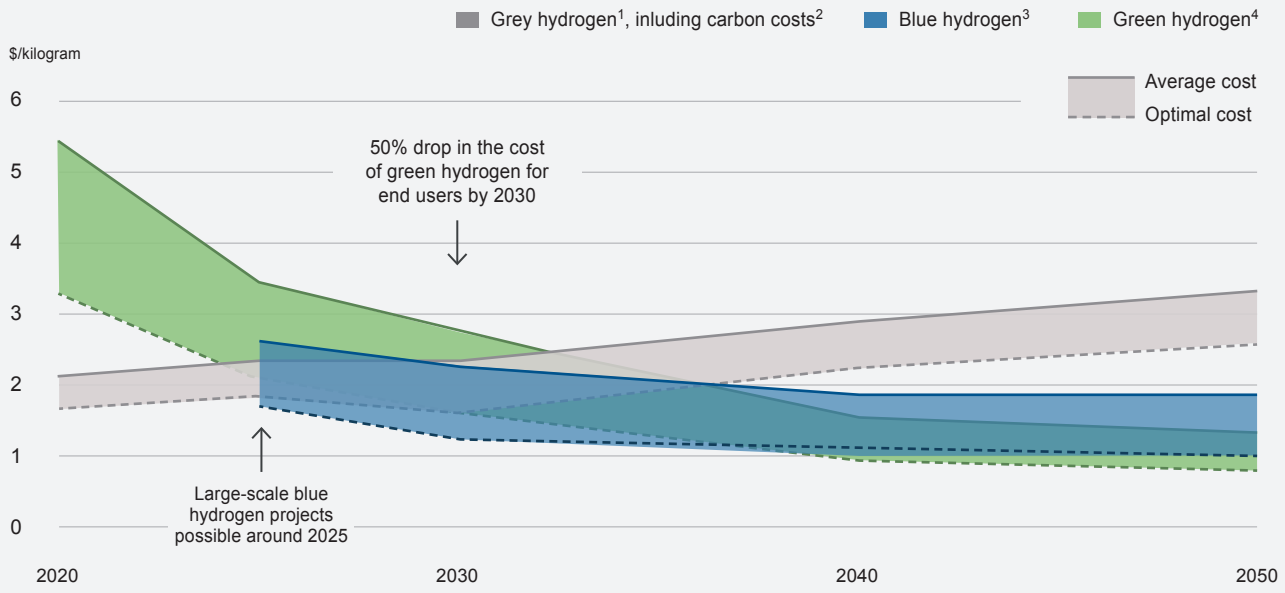
- Continued reduction in the required CAPEX for methane reforming and carbon capture
- Reducing risk premiums for hydrogen investments
- Increasing carbon prices

Still, it remains uncertain how the distribution of grey, blue and green hydrogen will develop towards 2050. In Statkraft's LES scenario, hydrogen demand will grow to three times today's consumption in 2050 and will become 100% emission-free, gradually replacing the global demand for grey hydrogen (fossil-fuel-derived hydrogen). DNV, however, projects that grey hydrogen will still make up a portion of global hydrogen production in 2050, as seen in Exhibit 2.

An observation is that scenarios developed by oil companies differ from those developed by utilities and independent consultants. Generally, the percentage of green hydrogen in the future hydrogen mix increases the closer scenarios are to net zero. For instance, Equinor's Walls scenario projects green hydrogen to make up 40% of the hydrogen mix in 2050, while Equinor's Bridge scenario projects 80%. Additionally, Equinor emphasises that the current geopolitical and energy market turmoil will likely postpone the uptake of hydrogen due to potential delays in governments' decarbonisation strategies, making it harder for companies to justify investments in low-carbon technologies.

Exhibit 4: Projected global production cost of hydrogen

Source: McKinsey Hydrogen & Derivatives Flows Model, October 2022



1 Steam methane reforming (SMR) without carbon capture, utilization, and storage (CCUS).
2 Based on projected average global CO_2 costs of $57/ton (2030), $94/ton (2040), and $131/ton (2050). For Saudi Arabia, CO_2 costs are assured to be $33/ton in 2030, $69/ton in 2040, and $105/ton in 2050.
3 Gas prices of $2.6 to $6.80/MMBtu (approximately $3/MMBtu in Saudi Arabia).
4 Refers to the cheapest green hydrogen, which is provided by solar energy.

CATEGORY 3:
Net Zero-Aligned Scenarios

The scenarios grouped under Category 3 consist of the IEA's Net Zero Emissions by 2050 (NZE), BNEF Net Zero, Equinor's Bridges and BP's Net Zero. The net zero-aligned scenarios describe an evolution of the energy economy to achieve net-zero emissions in 2050.

NZE outlines a need for more than EUR 3.8 trillion of annual investments to achieve net zero in 2050. In comparison, EUR 1.23 trillion is needed for the development of the STEPS scenario. In this scenario, solar PV experiences the highest growth among renewables, followed by wind and other renewables. Equinor Bridges also predicts a higher share of solar than wind in 2050, aligned with IEA NZE. In contrast, BNEF Net Zero predicts a significantly higher share of wind than solar in 2050, thanks to a surge in growth after 2030 from offshore wind.

The net zero transition is still in its infancy, and clean energy technologies are still at a fraction of the scale that is needed to reach net zero. BNEF Net Zero highlights that 40% of the nuclear power capacity needed in 2050 already exists, but less than 10% of the necessary wind and solar capacity has been installed, and effectively none of the heat pumps, hydrogen electrolysers and CCS capacity that will be needed.

It is important to note that the 1.5°C target of the Paris Agreement is a more onerous constraint than net zero emissions, as many scenarios leading to net zero by 2050 will still overshoot the 1.5°C target by the end of the century. In short, the 1.5°C target demands cumulative net carbon emissions to remain below a certain level, whilst net zero requires only that emissions are balanced by an equivalent amount of carbon removal after some specific point in the future.

Global energy demand and energy mix

An important part of all scenarios is their assumptions about energy demand, and the scenarios differ significantly in this respect. Exhibit 5 shows the development in the mix for energy supply for the three IEA scenarios towards 2050. The IEA scenarios vary between a 9% decrease and a 10% increase towards 2030 and between a 23% decrease and a 24% increase towards 2050. Similarly, the OPEC WOO scenario predicts an increase of 23% in world energy demand within 2045 relative to today's levels, mainly driven by growth in economy and population, particularly in Asia.

The main difference in the scenarios is related to the speed of the energy transition. An important and often overlooked effect of the transition from fossil to electric is that it will inherently result in a decrease in consumption, due to the much more efficient energy processes introduced across the value chains. As an example, electric vehicles convert about 90% of the energy provided to propulsion, while the same figure for a traditional combustion-engine powered vehicle is about 20%. Hence, economies and processes that are best suited for realising electrification will experience the fastest decrease in total energy consumption.

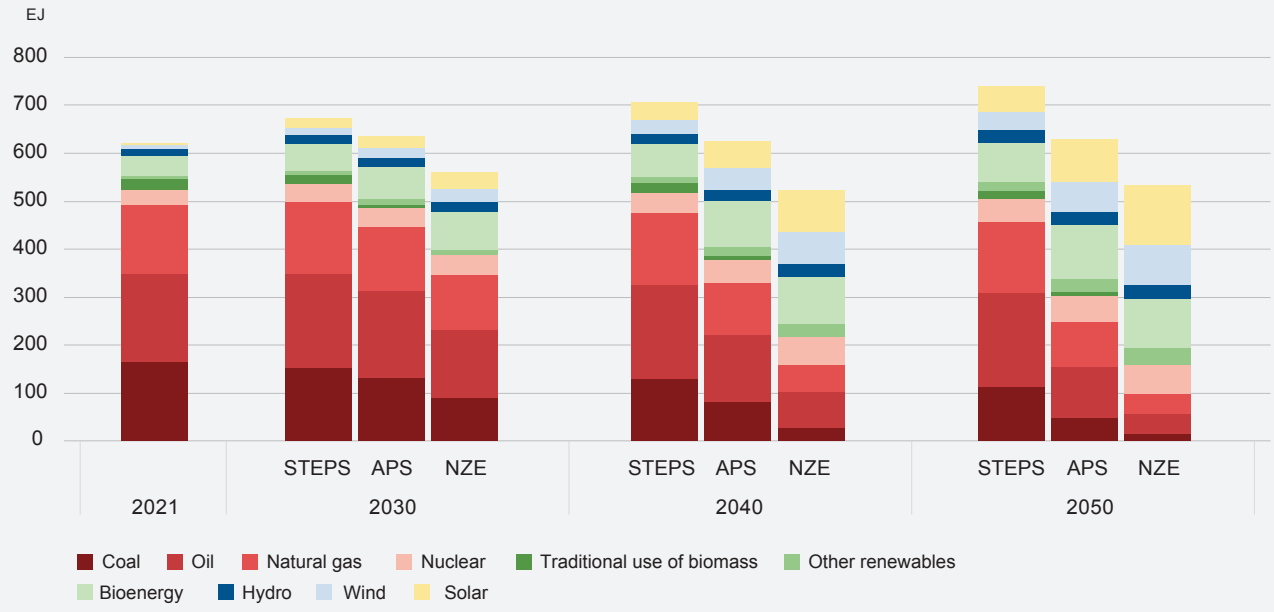
In the scenarios studied, we see a significant difference in the energy development for OECD countries compared to non-OECD countries. For Europe and the US, IEA sees a decline for all their scenarios, both towards 2030 and 2050, whereas for Africa, India and Southeast Asia they expect a strong increase.

Compared to last year's version of the report, APS 2022 shows a greater reduction in carbon emissions, mainly due to additional climate pledges by India and Indonesia. This results in a temperature rise of 1.7°C by the end of the century in APS, which is 0.8°C lower than STEPS, nevertheless 0.2°C above the target under the Paris Agreement.

For the energy mix, the IEA APS scenario shows a sharper decline for fossil fuels of 9.7% by 2030 and 49.8% by 2050, compared to STEPS showing a slight increase of 1% by 2030 and a decline of 7% by 2050. For lower-carbon energy sources, the highest growth is seen in solar, followed by wind and other renewables. Other renewables include solar thermal and geothermal used directly in end-use sectors with low-temperature needs. In the NZE scenario, the energy mix in 2050 needs to be 70% renewables to reach net zero. In comparison, renewables make up 51% in the APS scenario and 29% in STEPS. The NZE and APS differ in regard to the composition of the energy mix in 2050, where NZE has a highest share of solar followed by bioenergy and wind, while APS sees bioenergy having the highest share followed by solar and wind.

Exhibit 5: Development in energy supply by fuel type for IEA scenarios

Source: IEA World Energy Outlook



Part III: Key takeaways – Opportunities in the energy systems of the future

The energy transition is a multi-trillion investment opportunity, whichever scenario plays out. In this section we will elaborate on demand side drivers and barriers for the energy transition before diving into five key sectors for low-carbon energy.

Demand considerations

As we have seen in the previous section, global energy demand will continue to grow in most As-is-Development scenarios, stay relatively flat in half of the increased ambitions scenarios, and decrease in all net zero scenarios. In the net zero scenarios, strong efficiency gains counter the growing energy demands of a growing and more affluent population in the non-OECD countries.

The most energy-intensive sectors are transportation, followed by industry and buildings. Energy efficiency combined with electrification and other fuel shifts are expected to be major contributing factors to reduce total global energy consumption, or at least reduce its growth rate.

TRANSPORT

There is an ongoing drive to achieve emission-free transportation. For road transport, the EU has agreed to ban sales of fossil fuelled cars and vans from 2035. Similar initiatives have been suggested also in some states in the US, such as California. These regulatory pushes will accelerate the transition to emission-free vehicles.

Nearly all car manufacturers have launched their strategies for when and how to become fossil free.

For transportation of goods, several truck manufacturers have commercial alternatives available, both based on hydrogen and battery electric. For many transport operators, the economy for making the switch is already favourable, although infrastructure for electric charging and hydrogen fuelling is still a hinder. However, even if all sales of new vehicles, for both person and goods transportation, were to become fossil free by 2040 it would still be several years before the total vehicle park were fossil free, due to the replacement rate of vehicles.

For aviation and sea transportation, the transition is expected to take longer as the technology barriers are higher. As of today, the most promising transition technologies for aviation are Sustainable Air Fuel (SAF) and hydrogen. As producing these fuels is energy demanding, they both come with a high energy cost. For sea transportation, green methanol and ammonia, as well as hydrogen, are seen as the most relevant alternatives to fossil fuel for longer distance shipping. Battery electric vessels will have benefits on shorter distances where battery capacity gives sufficient range, due to better energy efficiency.

INDUSTRY AND BUILDINGS

Energy demand in the industry sector is expected to grow in all scenarios, both for advanced and emerging markets and developing economies. A high focus on energy efficiency and more efficient equipment in industrial facilities will help reduce demand. There is a push towards electrification to reduce emissions. For instance, the Swedish mining and mineral group LKAB has presented plans for electrification of its operations in Kiruna, which will demand 50 TWh of electric power annually. Fossil fuels are expected to dominate for years to come, however, a substitution towards green or blue hydrogen where it is applicable can create a path towards zero emission for processes not suitable for electrification.

Energy use in buildings continues to rise, driven by expansion of floor area. Electricity dominates demand growth, where most of the increasing demand is for appliances and air conditioners, typically from non-OECD countries. Replacing fossil fuels with electricity for heating and cooking will also increase the electricity demand.

There is a regulatory push and stronger support for upgrading buildings to achieve increased energy efficiency. Both the US Inflation Reduction Act and the EU Energy Performance Buildings Directive are measures which will contribute to reduce the growth in energy demand in OECD countries. There are also examples of regions suggesting that installation of energy production in terms of facade or rooftop PV panels should be mandatory on new office buildings.

Having discussed the demand side of the equation, we will conclude this year's update by taking a closer look at five of the key technologies that will help meet the energy transition's demands: solar, wind, hydrogen, CCS and nuclear.

Solar – a global winner

Solar PV has grown rapidly in recent years, and with scaling, costs have come down. This is expected to continue, and solar PV is predicted to be the cheapest source of electricity globally in 2050. The Statkraft, Equinor and DNV scenarios, amongst others, predict that solar PV will make up most of the global energy mix in 2050. This is driven by energy security concerns, cost reductions and the growing realisation that solar and wind energy are the cheapest and fastest way to reach decarbonization.

The EU Solar Energy Strategy targets over 320 GW of solar PV capacity by 2025 and almost 600 GW by 2030. The LCOE for solar PV is today around EUR 47/MWh, however, DNV expects it to decline to around EUR 28/MWh (40% down) on average, and below EUR 19/MWh for individual projects (60% down) by mid-century.

Intermittency is an issue both with wind and solar. Solar PV with storage currently has a cost of around EUR 113/MWh - more than double that of solar PV without storage. However, a continued decline in battery prices is expected to narrow this gap to around 50% by 2050. This is expected to result in 50% of all solar PV installed in 2050 having dedicated storage, compared to 25% today.

Utility-scale solar PV parks and building-integrated solar PV are mature technologies today. Solar PV parks provide a higher capacity but are area-intensive and may impact nature negatively. On the other side, building-integrated solar PV does not necessitate new interferences with nature.

Floating solar is a promising area and can be placed on the ocean, lakes, reservoirs and other man-made bodies of water. Today, several companies work on this technology. It has significant potential; by covering only 5-10% of the world's hydropower reservoirs, floating solar can produce the same amount of electric power as the current global installed capacity of hydropower. In addition to the land use advantages of floating solar, it is also more efficient compared to land-based solar, as the water lowers the temperature under the panels.

On the ocean, floating solar can offer synergies with offshore hydrogen production for fuel, as well as provide power supply to island communities and densely populated areas with limited access to land area. Still, the technology faces barriers related to reliability, especially regarding robustness in the face of heavy weather and large waves. Current technology for traditional offshore constructions cannot directly be transferred to floating solar as the constructions largely differ, hence more research is still needed. Other barriers include potential conflicts with fishing, marine traffic and recreational activities, as well as the potential impact on ocean biology due to reduced solar radiation.

On hydropower reservoirs, floating solar has additional advantages due to complementarity of production profiles and reduced costs for grid connection and infrastructure. Additionally, in warm regions floating solar conserves water resources for hydropower generation as it reduces evaporation. However, in cold regions, snow and changes in water levels can create difficulties for floating solar on lakes and reservoirs.

Wind – expected to provide almost 50% of European electricity by 2050

Globally, DNV expects wind capacity to grow 9-fold; onshore wind 7-fold and offshore wind 56-fold. Similarly, Statkraft estimates offshore wind power generation to grow 58-fold towards 2050. The predicted growth is manifested in the EUs ambition for 50% of its electricity from wind by 2050. This includes expanding onshore wind from 173 GW today to 1,000 GW by 2050, as well as growing offshore wind to 300 GW by 2050 in line with EUs Offshore Energy Strategy.

Even though costs for onshore wind have fallen significantly, DNV sees further cost reductions of 52% for onshore wind towards 2050. This is driven by higher capacity factors for onshore wind from larger wind turbines, blades and towers, as well as cheaper turbines.

The growth in offshore wind is driven by expected LCOE reductions of 39% for fixed and 84% for floating wind towards 2050. Although offshore wind is generally more expensive to build and operate than onshore wind, it provides more stable production, scope for bigger and more efficient

turbines, and often less resistance from local communities. Europe is predicted to have the largest share of offshore wind in the wind power mix with a 46% share, compared to other regions. Massive capacity expansions are already planned in the North Sea, where the UK, Denmark, Belgium, the Netherlands and Germany all have ambitious goals for offshore wind.

Floating offshore wind has significant potential, as 80% of global and European offshore wind potential is in deeper waters that require floating technology. It also opens up new possibilities further out at sea where wind speeds are stronger and more consistent. Floating wind can become important for decarbonising power production in densely populated areas of the world. However, floating wind is yet to receive its breakthrough as the technology is still in an early phase. Equinor is a frontrunner in floating wind and aspires to make floating wind cost-competitive with other forms of energy by 2030.

Hydrogen - needed to achieve deep decarbonization

Despite promising potential, the adoption of low-carbon hydrogen as a clean industrial feedstock and energy vector is at an early stage. However, the momentum behind hydrogen continues to be strong. It has been recognized as a viable solution to achieving deep decarbonization, thus realising the globally agreed emissions targets. Both green, blue and other hydrogen derivatives will be needed in the energy transition to decarbonize hard-to-abate sectors. Additionally, green hydrogen can provide long-term and large-scale energy storage, thus improving the flexibility of energy systems as more and more power production comes from intermittent sources such as wind and solar. Although the EU's priority is to develop green hydrogen, the EU's hydrogen strategy and REPowerEU will support the uptake of both blue and green hydrogen.

In 2022, hydrogen attracted more investments, although costs and profitability remain pressing concerns. Russia's invasion of Ukraine has been a driver for hydrogen projects, and the EU has set 2030 targets of 10 Mt/year of domestic green hydrogen production and the same amount for green hydrogen imports. Additionally, the EU plans to support the development of three major hydrogen import corridors (via the Mediterranean, the North Sea Area, and eventually with Ukraine). Still, the lack of regulatory clarity in Europe has led to final investment decisions (FID) being delayed. Projects are entering the engineering design phase, which represents 2-5% of total investment costs, but not progressing further.

To realise the potential of hydrogen, relevant transport infrastructure needs to be developed in parallel with production to successfully create a market for low-carbon hydrogen. For instance, repurposing LNG terminals for ammonia or liquid hydrogen, or repurposing natural gas pipelines for hydrogen gas, are lengthy processes. High distribution costs have long been a difficulty for hydrogen projects, hence until sufficient infrastructure has been established, several hydrogen

Offshore wnd-to-hydrogen – a pathway for Europe to compete with hydrogen produced in Australia, Middle East and South America

Offshore wind-to-hydrogen projects could be an important way to produce hydrogen at scale, especially in Europe where land area for renewables production is more limited than in many other regions. According to the IEA, offshore wind can become a cost-effective option for hydrogen production at high full load hours, i.e. at times when the wind turbine produces power close to full capacity. Generally, these projects have two common configurations:

- An onshore electrolyser, where electricity is transmitted via a subsea cable to an onshore facility to produce hydrogen; or
- An offshore electrolyser on a central platform produces hydrogen that is subsequently transported through a dedicated pipeline to shore.

Today, several planned offshore wind farms are designed to supply power to some of the largest hydrogen projects, such as NortH2 and AquaVentus.

Offshore wind-to-hydrogen activity is concentrated in the North Sea, off the UK, Netherlands, Germany and Denmark. This region is particularly attractive due to considerable wind resources, extensive existing subsea gas networks, established offshore wind supply chains, supportive policies and significant expected demand for hydrogen. During 2022, governments also started to become more aware of the potential for offshore wind-to-hydrogen, exemplified by the following activities:

- Norway and Germany agreed at the beginning of 2022 to conduct a feasibility study on the potential for a joint offshore hydrogen pipeline.
- Belgium, Denmark, Germany and the Netherlands signed an agreement to cooperate on offshore wind power and hydrogen production, with a goal of 65 GW of offshore capacity by 2030.

production facilities have been located close to end users.

In Europe, a focus has been to establish a hydrogen distribution network by repurposing natural gas pipelines for hydrogen, as pipelines can offer cheap transportation for mid-range distances. In 2022, this was manifested in a pledge to the EU given by the European Hydrogen Backbone initiative, representing 31 European gas infrastructure companies from 25 EU member states plus Norway, Switzerland and the UK, to develop a pipeline infrastructure for hydrogen.

Repurposing natural gas pipelines to hydrogen can cut investment costs by 50-80%, relative to the development of new pipelines. That being said, practical experience with repurposing natural gas pipelines to 100% hydrogen is very limited, with the only example being a 12 km repurposed pipeline in the Netherlands. Over time, long-distance transport by ships can become attractive as demand for hydrogen rises, thus creating cost advantages of hydrogen production in large volumes in regions with considerable solar and wind resources, such as the Middle East and Australia. This could open up an international market for hydrogen trading, paralleling the development seen for LNG over the last decades.

Technology development also continues to be strong. For instance, demonstration projects are increasing for direct reduced iron (DRI) for steelmaking, the use of ammonia as a fuel for shipping, and synthetic fuels in aviation. However, many of these technologies are not yet commercially available.

CCS – an important enabler to phase out fossil fuels

Carbon capture and storage (CCS) continues to grow worldwide as countries strive to meet climate goals. In 2022, CCS became more cost-competitive and commercial in several countries, with collaboration and strategic partnerships driving the deployment, particularly through CCS networks. Plans for the production of blue hydrogen and its derivatives are also elements in the growth of CCS, with many blue hydrogen projects in development globally. Other applications for CCS include direct air capture (DAC) and bioenergy with air capture (BECC).

DAC technologies capture CO_2 directly from the atmosphere and subsequently sell or store the captured CO_2 through commercial agreements. Today, the deployment of DAC is limited, with 17 plants operating worldwide: in Europe, the US and Canada. These are mostly testing- and demonstration projects, with two projects involving permanent geological storage of the captured CO_2.

Demand for commercial services from new capture- or storage-as-a-service companies has increased, and most of these service providers are currently oversubscribed due to the very limited installed operating capacity available at present. The rise in demand is driven by a very high carbon removal potential when combined with geological storage. The capture- and storage services are offered through the voluntary carbon market, and companies are more and more willing to pay for the services to meet their own climate targets.

BECC involves the capture of CO_2 from a biogenic source, for example from plants producing biofuels, bio-based heat and power or biohydrogen, or from industrial facilities using biomass as a fuel or feedstock. Celsio's carbon capture project at its waste incineration plant in Oslo is an example, as about 50% of the feedstock is of biogenic origin. For these applications both CO_2 storage and utilisation apply, where utilisation refers to using CO_2 as a feedstock for low-emission synthetic fuel production. Announced BECC capacity amounts to around 1 Mt CO_2/year for CO_2 utilisation and around 40 Mt CO_2/year for CO_2 storage, the former largely concentrated in Europe and the latter concentrated in North America.

On the regulatory side, North America and Europe have the most robust climate and CCS policy mechanisms. Noteworthy, the IRA is set to accelerate the deployment of CCS in the US, and several US states have advanced legislation for CO_2 storage and/or proposed or established programs to support CCS.

The Global CCS Institute sees two CCS rationales for businesses; For carbon emitters, CCS can be a key to mitigating strategic risk by minimising exposure to CO_2 emissions, directly or in the value chain. For others, CCS is a business opportunity to supply a new and growing industry. More and more businesses see the potential in CCS, as the total capacity of commercial CCS projects in the pipeline increased by 44% from September 2021 to September 2022.

CCS is expected to see continued growth, driven by:

- The carbon budget consistent with climate targets being depleted.
- The forecast demand growth for CCS already generating a rapidly growing industry to meet that demand.
- The rising demand for essential and hard-to-abate materials and products such as fertiliser, steel, chemicals and cement, in particular in emerging economies.

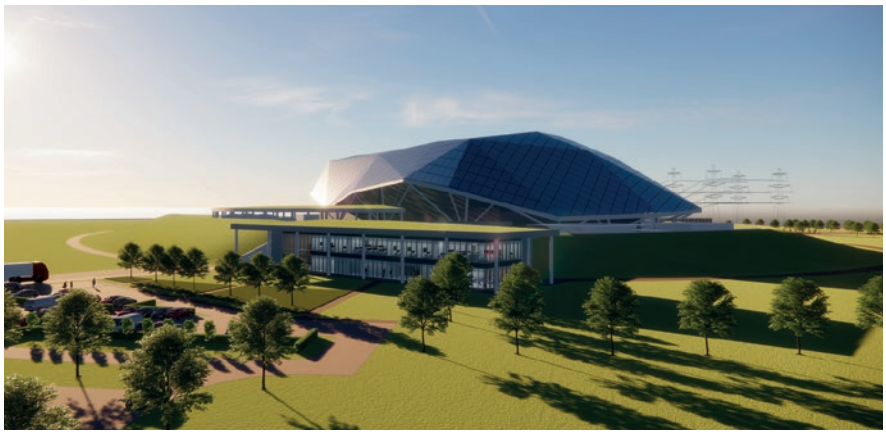
CCS is also the key technology enabling blue hydrogen, where projects based on natural gas or coal are moving towards investment decisions in Norway, the UK, the US and China, with FIDs expected by 2025. Blue hydrogen can be produced with a lower carbon footprint than the threshold in the EU sustainability taxonomy, thus making it taxonomy-aligned as low-carbon hydrogen. This contributes to the fact that blue hydrogen can play an important part in EU's low-carbon energy future.

Yet, technical advances including very high CO_2 capture rates are needed to maximise blue hydrogen's contribution to long-term climate goals, and the inherent costs of CCS may eventually see blue hydrogen replaced by green.

Nuclear power – a dark horse

Nuclear power has an image problem. Although it produces stable and emission-free electricity, major nuclear accidents like Chernobyl and Fukushima have over the years created a negative public sentiment towards the technology in many countries and regions. The Fukushima accident in particular was an important driver for the German Energiwende, where decisions about closing down nuclear power plants were made. The problem with nuclear waste adds weight to the image challenge. Thus, since 1996 nuclear power' share of the global energy production has been reduced from 17% to 10%.

There are however signs now that nuclear power might see its renaissance. The European energy



crisis has increased the perceived importance of national security of energy supply. A stable base load, which nuclear power can provide, could also make our energy system more resistant to intermittent energy sources, while substituting coal and gas for nuclear power will increase energy independence, by reducing the need for import of resources. Following much debate, the EU has added nuclear power, with its emission-free operations, to the list of sustainable investments in its green taxonomy. This might see nuclear power start being a more attractive prospect, although some countries, such as Germany, are still phasing out their current reactors.

Recent developments in technology point towards smaller modular reactors (SMR), which promise shorter construction times and can be made more cost-effective by mass production. New technology is said to also improve security in operation, reducing the risk and consequences for catastrophic accidents. Combined, these factors also mean that nuclear power plants can be built in more populated areas, bringing power production closer to consumption. A number of pilot projects are currently under construction, and other companies are working on R&D to develop the technology.

However, the promise of reduced cost has not yet been proven. NuScale and the Utah Associated Municipal Power Systems are currently developing a 462 MW small modular reactor. Starting in 2016, the target price of power was said to be EUR 52/MWh. In January 2023, this was adjusted to EUR 96/MWh. For nuclear to succeed, cost-effective mass production needs to be solved to achieve economies of scale. Both Rolls-Royce and GE Hitachi are aiming at having their first SMRs to be put in operation before 2030. But to become a commercially attractive alternative to existing energy technology, there are barriers related to both regulations, technology and cost that need to be solved. The expectation is that a realistic time frame for SMR being commercially ready is closer to 2040 than 2030.

SUSTAINABILITY IN THE

Portfolio Companies

vårgrønn

Headquarters: Stavanger, Norway

Website: www.vargronn.com

Number of employees (FTEs): 17

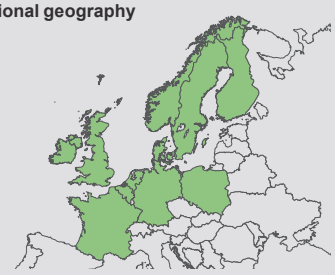
Revenues (2022): 0

HV's shareholding: 35%

Investor: Fund NEF and co-investment vehicle

ESG Contact: Helga Rognstad

Operational geography



ESG Reporting: First annual report in 2022 including ESG reporting in line with GRI

ESG Policies: Code of Ethics & Company Policies, ABC & Sanctions Policy

Certifications: None

SDGs:

COMPANY DESCRIPTION

Vårgrønn is a renewable energy company operating in Northern European markets. The company was established in November 2020 as a joint venture between the global energy company Plenitude (Eni) and HitecVision. The company has an ambition of 5 GW of installed and sanctioned offshore wind capacity by 2030, and is involved in the full cycle of developing, constructing, operating, and owning offshore wind projects.

Vårgrønn was created to power the green energy transition. In 2022, the company acquired a 20 percent stake in the Dogger Bank offshore wind farm, located off the East coast of England. Dogger Bank is set to be the world's largest offshore wind farm when it is completed in 2026. The transaction provides strategic positioning for Vårgrønn, and adds 720 MW net installed capacity to its portfolio. At Dogger Bank, Vårgrønn is partnering with SSE Renewables and Equinor.

In Norway, Vårgrønn has also teamed up with Equinor for a bid to develop floating offshore wind at the Utsira Nord area, and leads a consortium with Å Energi and Corio Generation to bid in the Sørlige Nordsjø II area. The Norwegian government has indicated 500 MW for each of three areas at Utsira Nord and one area for 500 MW at Sørlige Nordsjø II to be awarded in 2023.

Olav Hetland, CEO

VÅRGRØNN: KEY REPORTED ESG FIGURES FOR 2022

ENVIRONMENTAL	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tC02e)	-
Energy indirect GHG emissions (GHG PCS Scope 2, in tC02e)	2
Other indirect GHG emissions (GHG PCS Scope 3, in tC02e)	15
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	nm [1]
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	nm [1]
Total waste (tonnes) [2]	1
Non-Hazardous waste (tonnes)	1
Hazardous waste (tonnes)	0
Recycling Ratio	67 %
Unplanned spills (emissions to ground/sea/air)	0
Renewable energy capacity built (MW)	0
Renewable energy contracted to be built (MW)	720
Renewable energy generated (MWh)	0

SOCIAL	2022
Number of employees	17
Short term sick leave	1.7 %
Long term sick leave	0.0 %
Lost Time Injuries (LTI)	0
Share of women in total workforce	41 %
Share of women in management	20 %
Employee turnover ratio	17 %

GOVERNANCE	2022
Share of relevant staff who have completed anti-corruption training (%)	100 %
Breaches of ethical guidelines	0
Investigations or lawsuits in relation to ESG issues	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0
Whistleblowing cases being addressed by management or board	0

[1] The company had no revenues in 2022. [2] The waste indicators are for the Oslo office only.

PERFORMANCE COMMENTARY. Vårgrønn is in the build-up phase, and this is the first year we are able to report figures in our annual ESG report. The company focuses on building solid reporting mechanisms as it increases operational capacity and enters new areas, which will improve comparability over time. The short-term sick leave has increased in line with number of employees. All employees have concluded the HitecVision e-learning on anti-corruption in Q2.

In Scotland, Vårgrønn has entered into a partnership with Scottish developer Flotation Energy to develop two floating offshore wind projects, Green Volt (up to 500 MW) and Cenos (up to 1.4 GW). Vårgrønn and Flotation Energy applied for area leases for both projects under Crown Estate Scotland's Innovation and Targeted Oil and Gas (INTOG) licensing round. INTOG is established to support oil and gas decarbonization by supporting electrification of oil and gas platforms with renewable energy. Both Green Volt and Cenos are grid-connected offshore wind farms that will provide power to oil and gas platforms while also providing electricity to the UK grid. In March, Vårgrønn and Flotation Energy were awarded area exclusivity by the Crown Estate Scotland. The successful bid means that the Green Volt and Cenos windfarms could begin generating first power from 2027 and 2028 respectively, making them the most advanced projects for electrification and decarbonisation of oil and gas platforms with floating offshore wind in Europe.

ESG MANAGEMENT APPROACH

Vårgrønn is a company dedicated to the green energy transition, aiming to create value for owners and society, while caring about the impact of the company's activities on people and the planet. The company aims to be an industry frontrunner on ESG performance.

In 2022, Vårgrønn has taken significant steps to professionalize its work with ESG. The company performed an ESG materiality assessment, developed an ESG strategy, and identified focus areas, KPIs, measures, risks, and opportunities. The company is reporting on ESG KPIs on a quarterly basis to HitecVision and will have ESG reporting with GRI integrated into the company's first annual report for 2022. The report will be published on the company's website.

ENVIRONMENT

Vårgrønn's main activity is to produce renewable energy to support the low-carbon energy transition. The company is strongly committed to developing a sustainable offshore wind industry and value chain in co-existence with the marine environment and other users of the sea. The company achieved several milestones in 2022, including the Dogger Bank project, and further developed its collaboration with big industry players on the Norwegian and UK continental shelves to realize renewable energy potentials.

In Vårgrønn's materiality assessment, nature, climate and circularity all emerged as material topics to the company. Vårgrønn will work to become nature-positive[1] in all offshore wind projects, strive to reduce more GHG emissions than it causes, and maximize circularity in its value chain.

The company engages in research projects to understand the environmental impact of offshore wind development, and participates in discussions with stakeholders to determine the best solutions moving forward. Maintaining a harmonious relationship with existing ocean industries, such as fisheries, and wildlife, such as birds, is crucial in developing offshore wind. Vårgrønn seeks to find solutions that promote coexistence.

[1] The Taskforce on Nature-related Financial Disclosures (TNFD) defines nature-positive as "A high-level goal and concept describing a future state of nature (e.g., biodiversity, ecosystem services and natural capital) which is greater than the current state".

Vårgrønn has established an internal environmental management and monitoring system to track CO_2 emissions from its activities. In 2022, the company has improved its reporting on Scope 3 emissions, and is working with stakeholders to address the challenges of common methodology and data access as well as navigating new standards and regulations. As described on page 19, HitecVision and Vårgrønn have been working to quantify the future emissions avoided through the company's production of clean energy, sometimes known as "Scope 4" emissions. For the Dogger Bank holding alone, these are expected to amount to about 70 million tonnes over the lifetime of the project.

SOCIAL

Social responsibility is a key aspect of Vårgrønn's operations, and health, safety, and environment (HSE) is a top priority. The company strives for zero harm to all employees and contractors, and places great importance on the well-being of its employees. The company recognizes the importance of creating positive social impacts, such as generating green jobs and promoting human and labor-rights.

Vårgrønn is also committed to achieving a better gender balance in its recruitment processes and raising awareness within the organization about the significance of diversity and inclusion. The company has set a goal for gender diversity: a minimum of 40 percent female employees by year end 2023, and at least 40 percent of each gender in leadership positions by year end 2025.

GOVERNANCE

The foundation for a sustainable and successful business lies in a strong governance platform. The Vårgrønn Management System (VMS), a framework aimed at effectively managing the company's operations, is based on ISO 9001 standards and serves as the foundation for Vårgrønn's Governance, Risk & Compliance (GRC) program. The Vårgrønn Code of Ethics and Company Policies provide guidelines for employees to follow, promoting ethical behavior and preventing any illegal or regulatory violations.

In 2022, Vårgrønn strengthened its work within governance and compliance. In addition to hiring a full-time Compliance Officer, the company has further developed and established fit-for-purpose processes and governing documents to comply with new regulations and to support its goal of becoming an ESG forerunner in the offshore wind industry. New governing documents in 2022 include an ESG strategy, an Anti-Bribery and Corruption (ABC) & Sanctions Policy, and an IT security procedure. The Code of Ethics and Company Policies will be revised in 2023.

Compliance activities in 2022 build on the activities initiated in 2021, as well as new initiatives to consider the growth of the business and its geographical expansion. In 2022, Vårgrønn has had a particular focus on anti-corruption and IT security. Vårgrønn has developed an awareness training program to emphasize the importance of ESG and governance initiatives, in 2022 covering topics such as competition law, anti-corruption, IT and cyber security, and whistleblowing and reporting of misconduct.

Risk management has emerged as an increasingly important area to the company, and Vårgrønn is developing an enterprise risk management system to continuously assess and monitor relevant risks.

Hafslund Oslo Celsio

Headquarters: Oslo, Norway

Website: www.celsio.no

Number of employees (FTEs): 205

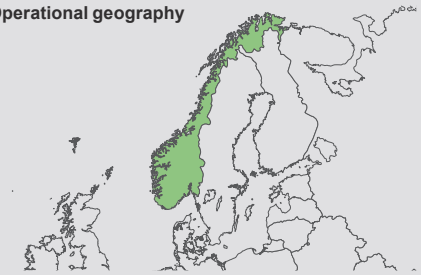
Revenues (2022): NOK 2,838 million

HV's shareholding: 20%

Investor: Fund NEF

ESG Contact: Jon Iver Bakken

Operational geography



ESG Reporting: None

ESG Policies: Hafslund's corporate ESG policy & specific policy related to environment, HSE and quality, Code of Conduct, Supplier code of conduct

Certifications: ISO9001, ISO14001

SDGs: None

COMPANY DESCRIPTION

Hafslund Oslo Celsio, or Celsio for short, owns and operates Norway's largest district heating network and Norway's largest waste incineration plant, and is now also investing heavily in district cooling and carbon capture technology. The company mission is to provide innovative and sustainable energy solutions that support the transition to a low-carbon economy. Celsio has a critical societal function as operator of important infrastructure, and with sustainability at the core of the business model the company aims to be at the forefront of the green transition in Oslo.

Hafslund is the majority owner with 60 percent ownership, while Infranode and HitecVision own significant minority positions of 20 percent each. As part of the Hafslund group, Celsio is subject to a number of policies, procedures and routines that have been established for the group. These form an important part of the company's governance structure.

In 2022 Celsio handled more than 355,000 tonnes of residual waste from households and industry. Surplus heat is used to heat water, which is transported to approximately 5,700 businesses and residential buildings through a 700 km long district heating network in the Oslo area. Celsio covers 20 percent of the total heat demand in the city and produces 25 percent of the district heating in Norway. Most of the heat generated is surplus heat from waste incineration, but energy is also obtained from the sewage system and from data centers in the Oslo area. There is still a large amount of surplus heat that is not utilized in Oslo. Celsio sees this as an opportunity and the company vision is to reuse as much energy as possible.

Knut Inderhaug, CEO

CELSIO: KEY REPORTED ESG FIGURES FOR 2022[1]

ENVIRONMENTAL	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tC02e)	139 804
Energy indirect GHG emissions (GHG PCS Scope 2, in tC02e)	1 395
Other indirect GHG emissions (GHG PCS Scope 3, in tC02e)	
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	746.7
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	
Total waste (tonnes)	52 600
Non-Hazardous waste (tonnes)	40 849
Hazardous waste (tonnes)	11 752
Recycling Ratio	6 %
Unplanned spills (emissions to ground/sea/air)	270
Renewable energy capacity built (MW)	989
Renewable energy contracted to be built (MW)	0
Renewable energy generated (MWh)	1 197 271

SOCIAL	2022
Number of employees	205
Short term sick leave	2.2 %
Long term sick leave	1.3 %
Lost Time Injuries (LTI)	1
Share of women in total workforce	18 %
Share of women in management	34 %
Employee turnover ratio	6 %

GOVERNANCE	2022
Share of relevant staff who have completed anti-corruption training (%)	99 %
Breaches of ethical guidelines	0
Investigations or lawsuits in relation to ESG issues	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0
Whistleblowing cases being addressed by management or board	0

[1] Aggregated numbers are only from Q2 to Q4 2022, as the company was acquired in Q2 2022.

PERFORMANCE COMMENTARY. Celsio works systematically to improve its environmental performance, and has a number of measurement, monitoring and reporting systems in place. For example, the emissions to air from waste incineration are measured 24 hours a day, and if emission limits are exceeded, measures are taken immediately.

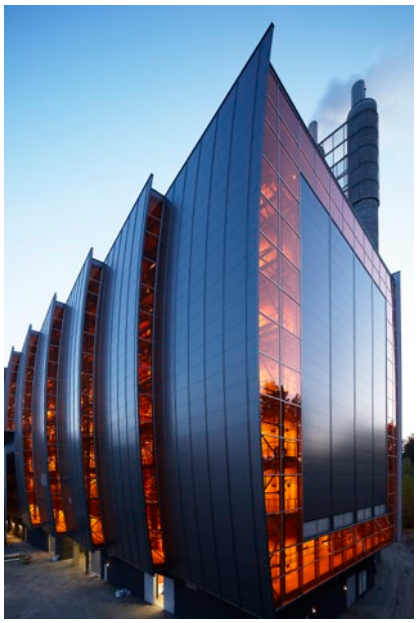
In recent years, Celsio has made a concerted effort to reduce its use of fossil fuels for peak loads in the production of district heating. This has resulted in a significant reduction in Scope 1 emissions from fossil fuels. Increased operational efficiency and uptime at the company's waste incineration plant may result in increased Scope 1 emissions. However, a significant amount of the incinerated waste is biogenic, hence part of the short-term biogenic carbon cycle, which has a lower impact on the climate than extraction and burning of fossil fuels.

Celsio has had some unplanned emissions to air and water during 2022. Due to a rebuilding of the combustion chamber, the Haraldrud waste incineration boiler had more episodes than usual of emissions to air being above the plant's environmental permits. Klemetsrud has had emissions above permitted amounts to water/ground from its CCS pilot plant, and due to an accidental pipe breakage. The emissions were reported to the Norwegian Environment Agency, but were in all cases far below the average emission limit per year and are not considered to have had significant environmental impacts.

ESG MANAGEMENT APPROACH

Celsio is continuously working to improve its ESG performance and considers this a natural part of the company's social responsibility. The company has implemented Hafslund Eco's corporate ESG policy, and in addition specific policies related to environmental management, quality and HSE. Celsio is certified according to ISO14001 and ISO9001, which are international standards used to create robust management systems for, respectively, environment and quality.

The company is experiencing an increasing focus on ESG topics among stakeholders and a growing demand for transparency and reporting related to ESG. Celsio reports quarterly on KPIs related to ESG to owners and the Board, and the company has an annual review of ESG topics with the Board, which is actively engaged in ESG issues.



ENVIRONMENT

Celsio works continuously to reduce its impact on the environment, and has established an environmental policy with guidelines on how the company shall address environmental issues.

Celsio contributes to renewable and carbon neutral energy production by utilizing energy from waste incineration, sewage, data centers and cold water from the Oslo Fjord to produce district heating and cooling. Recently Celsio also started working on an additional climate solution that will contribute to Oslo reaching its climate targets – carbon capture (CCS) from waste incineration.

Carbon capture

A major milestone in 2022 for Celsio was signing the agreement with the City of Oslo that ensured full funding of the carbon capture facility at the Klemetsrud waste-to-energy plant. 5,500 hours of pilot testing at the Klemetsrud incineration plant has shown a carbon capture efficiency of up to 95 percent. Construction of the full-scale facility started in 2022 and was planned for completion in 2026, until cost escalations necessitated a one-year consolidation and cost optimization phase for the project from early 2023.

As a part of the Norwegian demonstration project for carbon capture and storage "Langskip", the waste incineration plant at Klemetsrud in Oslo is planned to become the world's first plant of its kind with full-scale carbon capture. With the carbon capture facility in place, it is estimated that 400,000 tonnes of CO_2 will be captured annually. This will reduce Oslo's carbon footprint by 17 percent, and is essential for the city to achieve its climate goals.

When the carbon capture project is realized, it will be a state-of-the-art facility that offers responsible waste management with negative emissions, and it could serve as a model for cities across Europe in terms of managing non-recyclable waste, producing heat and electricity, and meeting ambitious greenhouse gas emission reduction goals.

About 50 percent of the waste handled at the facility at Klemetsrud is biogenic. This means that when this CO_2 is captured it is removed from the atmosphere. This is also known as Bio-CCS or BECCS, which both the European Commission, the UN and the International Energy Agency emphasize as an important measure to reach the world's climate goals. Model scenarios show that in order to limit global warming to 1.5 degrees Celsius or 2 degrees Celsius, the world is dependent on the large amounts of "negative emissions" that are achieved by removing CO_2 from the atmosphere.

Please see page 21 for details of our avoided emissions assessment for Celsio.

District cooling

Celsio is working to establish cooling centers to produce area cooling for commercial buildings in certain areas of Oslo. This will be done by i.e. collecting cold water from the Oslo Fjord and using large heat exchangers. Celsio's cooling system operates based on the principles of waste heat recovery and efficient energy management. This results in reduced energy consumption and a more sustainable energy usage. District cooling will reduce power consumption, thus releasing capacity in the power grid, reducing the use of refrigerants and thereby reducing greenhouse gas emissions. Releasing capacity in the power grid will also reduce the need to expand the existing power grid and power production. In addition, area cooling is area-efficient, which enables alternative use of areas both on roofs, inside buildings and below ground.

Environmental Product Declaration (EPD)

Celsio is experiencing increasing demands for information related to ESG from customers and other stakeholders. This is one of the reasons that the company, as one of the first district heating suppliers in the Nordics, has prepared an environmental product declaration (EPD) for the district heating supply in Oslo, and for the upcoming district cooling offer at Økern and Ulven. An EPD is a publicly available document which, in an internationally standardized and objective way, summarizes the life cycle environmental profile of a delivered kWh. An EPD is verified by an independent, accredited body.

Celsio's EPDs are prepared on the basis of life cycle analyzes (LCA) in accordance with the international standard ISO 14040-14044, and show the environmental and climate impacts per delivered kWh, including both the processing and transport of fuels, the construction of heating centers and all pipe networks, as well as all emissions during operation.

The EPDs are available here.

SOCIAL

Celsio is taking a number of measures to promote social sustainability. An important ambition for the company is to take care of its employees through all life stages by providing a balanced work-life environment, focusing on professional development, promoting diversity, equality and inclusion, and providing safe working conditions.

The company has a health and safety policy in place and strives to ensure that the employees always work in a safe and secure manner. To contribute to this the company has established an ESG target in its incentive scheme, where 10 percent of the bonus to all employees is related to safety performance.

A specific project that Celsio has initiated related to social responsibility is "Celsio-akademiet", in cooperation with local sports club Klemetsrud IL. The company has entered into a sponsorship agreement with Klemetsrud IL, which includes setting up a free football academy for children from the areas around the company's main plants at Mortensrud and Klemetsrud. The project gives pupils at secondary school the opportunity to get football coach training, and provides training opportunities and positive role models in the local community for children in primary school.

GOVERNANCE

Celsio is dedicated to upholding the highest standards of integrity in its operations. Its behavior and policies are directed by a code of conduct that outlines the rules and ethical principles followed. In accordance with HitecVision's *We behave and comply* system, Celsio has reviewed and enhanced the quality of its governance guidelines, ESG reporting, whistleblower procedures, and supplier declarations in 2022.

Celsio complies with the regulation on public procurement and the "Oslo model", which are guidelines in public procurement which aims to limit work-related crime and social dumping. This is achieved through increased transparency and control by, among other things, limiting the number of subcontractors in the value chain. The company has focused on responsible supply chain management for many years, and has established a supplier code of conduct and a robust due diligence process according to the requirements set out in the Norwegian Transparency Act.

ANEO

Headquarters: Trondheim, Norway

Website: www.aneo.com

Number of employees (FTEs): 277

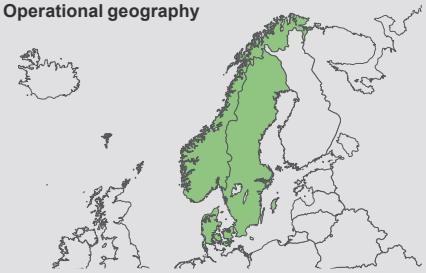
Revenues (2022): NOK 1,144 million

HV's shareholding: 50%

Investor: Fund NEF

ESG Contact: Gørild Forbord

Operational geography



ESG Reporting: GRI, EU taxonomy, TCFD

ESG Policies: Code of Sustainability Policy, Code of Conduct, Health & Safety, Environmental policy

Certifications: None

SDGs:

COMPANY DESCRIPTION

Aneo is a leading independent energy transition group in the Nordics. The company is Norway's second largest onshore wind farm operator, it has an 18.9% holding in TrønderEnergi's significant portfolio of hydropower plants, as well as several downstream electrification activities such as EV charging, power management services for the retail industry and construction site electrification. The total power production capacity of Aneo is approximately 1.3 TWh and the group manages a total of 6 TWh.

Aneo was established in 2022 as a joint venture between TrønderEnergi and HitecVision. The company aims to become a leading Nordic developer, owner and operator of renewables.

Olav Sem Austmo, CEO (Interim)

ANEO: KEY REPORTED ESG FIGURES FOR 2022

ENVIRONMENTAL	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tC02e)	131
Energy indirect GHG emissions (GHG PCS Scope 2, in tC02e)	121
Other indirect GHG emissions (GHG PCS Scope 3, in tC02e)	332
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	2.9
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	6.8
Total waste (tonnes)	167
Non-Hazardous waste (tonnes)	146
Hazardous waste (tonnes)	20
Recycling Ratio	32 %
Unplanned spills (emissions to ground/sea/air)	10
Renewable energy capacity built (MW)	172
Renewable energy contracted to be built (MW)	0
Renewable energy generated (MWh)	1 281 000 [1]

SOCIAL	2022
Number of employees	277
Short term sick leave	3.5 % [2]
Long term sick leave	3.5 % [2]
Lost Time Injuries (LTI)	1
Share of women in total workforce	28 %
Share of women in management	44 %
Employee turnover ratio	4 %

GOVERNANCE	2022
Share of relevant staff who have completed anti-corruption training (%)	0 % [3]
Breaches of ethical guidelines	0
Investigations or lawsuits in relation to ESG issues	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0
Whistleblowing cases being addressed by management or board	0

[1] Aneo's equity share of total renewable energy production.
[2] Aneo's sick leave of 3.5% is not divided between short term sick leave and long term sick leave. The company will start to measure both short- and long term sick leave going forward.
[3] The company was acquired in Q4 2022, and is currently in the process of implementing procedures as anti-corruption e-learning.

PERFORMANCE COMMENTARY. Aneo has limited greenhouse gas emissions. The company is a major producer of renewable energy, and its energy use is also almost exclusively from renewable sources.

Aneo had low sick leave and accident figures in 2022. The company's management team has 44% women.

As Aneo was established late in 2022, there are no prior years comparables.

Aneo initiatives in the wider renewables space

While wind and hydro power are the backbone of Aneo, the company has significant growth plans, both geographically and by entering other segments, and is active in the realisation of these. Some recent initiatives are:

SOLAR: In September, Aneo took a 25% ownership stake in the Swedish solar company Sunna Group AB. By contributing with financial capital and expertise, Aneo aims to contribute to the production of 1 TWh of solar power in Sweden within 2030, equivalent to the annual electricity consumption of approximately 50,000 households.

WIND FARMS IN SWEDEN: In January 2023, Aneo made its first investment outside of Norway with the acquisition of Grimsås and Brännliden wind farms in Sweden. The two wind farms combined comprise 23 wind turbines with an annual production of 285 GWh, equal to the consumption of 18,000 Swedish households.

BIOGAS: In 2022 Aneo increased its shareholding in the Swedish biogas producer Scandinavian Biogas Fuels International. Aneo now holds 36.5% of the company, one of the largest private producers of biogas in the Nordics. At the end of 2022, the group took a final investment decision to build a new large-scale biogas plant in Mönsterås, Sweden with expected start of operations at the end of 2024. The facility is dimensioned for an annual output capacity of 125 GWh of biogas and approx. 250,000 tonnes of bio-fertilizer in both liquid and solid forms.

HYDROGEN: In 2022 Aneo, together with Statkraft, was awarded a NOK 113 million grant by the Norwegian state enterprise Enova to build a green hydrogen production and storage facility on the island of Hitra, Norway, with expected start of operations in 2025. The plant at Hitra will primarily supply hydrogen for use in maritime transportation, where the island's location close to shipping lanes along the Norwegian coast is an important consideration. The plant is projected to have a production capacity of approx. 5 tonnes of hydrogen per day, as well as a potential to produce ammonia.

ESG MANAGEMENT APPROACH

Aneo recognizes its responsibility for environmental, social and governance impacts and strives to ensure that these are adequately managed. The company's interim CEO, Olav Sem Austmo, is ultimately responsible for managing ESG in Aneo and ensures that ESG is a systematic matter of discussion. On a day-to-day basis ESG is managed by the enterprise ESG responsible, supported by a dedicated team consisting of a sustainability advisor, the enterprise compliance responsible, the enterprise HSE responsible and the enterprise environment responsible. An important aim for the role of the ESG responsible is monitoring how the company addresses sustainability issues within the organization and the presentation of ESG-related proposals to be decided by the CEO with the enterprise management team in an advisory role.

A Sustainability Committee has been established to supervise the company's sustainability performance and discuss relevant sustainability topics, issues and risks. Examples of activities which the Sustainability Committee is closely monitoring are the company's work towards relevant identified UN Sustainable Development Goals and climate-related targets.

Aneo seeks to be one step ahead of upcoming ESG regulations and requirements. Hence, during its first months of operations the company has devoted significant time and efforts to be well prepared. For instance, in its 2022 sustainability report, Aneo will report in line with the EU taxonomy, disclosing the share of the company's environmentally sustainable economic activities. The company will also report in line with the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD).

ENVIRONMENT

Aneo's main environmental focus is to increase the supply of renewable power, but the company is also dedicated to reducing its greenhouse gas emissions. The company's target for 2023 include reducing emissions per employee by 10%, and to become climate neutral by 2040. The company has initiated the process of getting the targets verified by the Science Based Target initiative.

In parallel, the company is working to improve the measuring and reporting of its Scope 3 emissions. To help the company reach its targets Aneo has reviewed potential improvements within purchasing, and a new purchasing strategy, which includes specific climate-related requirements for new equipment, has been established.

Please see page 20 for details of our avoided emissions assessment for Aneo.

As a major operator of onshore wind farms, Aneo has experience in addressing the environmental challenges inherent in such projects.[1] Building wind power plants often involves building related roads and other infrastructure which has the potential to come at the expense of biodiversity and natural ecosystems. To minimize any adverse impacts on natural habitats, Aneo has been consistent in conducting restoration activities after leaving a site. Upskilling is also an important part of becoming aware of potential nature risks, and Aneo is considering the new Taskforce on Nature-related Financial Disclosures (TNFD) as a framework on this topic.

[1] Please see HitecVision's 2020 ESG report for a discussion of the environmental impacts of land-based renewables.

SOCIAL

An HSE policy has been established to guide the company in different situations related to health, safety and the environment.

Aneo scored 84 in the SHE Index for gender equality, against an industry average of 74. This is achieved by promoting gender equality through several central activities, some of which are:

- A wage model that ensures equal wage for the same work/responsibility.
- A recruitment strategy that through its use of photos and text reflect a gender equal work environment.
- An awareness of and conscious relationship to how leadership groups are assembled (including upper level management).
- Management development with a focus on diversity.

Aneo also systematically uses the "Great Place to Work" employee survey as an assessment tool and indicator on its working environment and employee satisfaction. In 2022, the company was once again certified as a "Great Place to Work" company and as in 2021 received a trust index score of 84%.

Legal status of Fosen wind farms

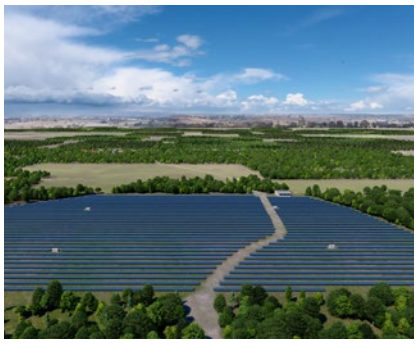
Aneo holds 7.9% and 30.6% ownership respectively in two operational wind farms on the Fosen peninsula. The wind farms sit on lands that the indigenous Sámi have been using for reindeer herding. In October 2021, Norway's Supreme Court ruled that the mitigating measures for the reindeer herders granted under the current concession are insufficient and over time could violate the Sámi's protected cultural rights under the UN's International Covenant on Civil and Political Rights, and that the energy ministry's decision to license the wind farms was thus invalid. The ruling did not indicate any remedies for the breach, and the wind turbines have continued operating while the energy ministry investigates whether the wind farms can be modified in some way to allow them to operate while also satisfying the Sámi's rights.

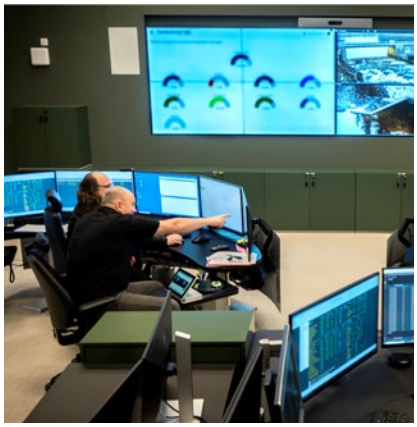
Early in 2023 this has become an issue of public debate, as protestors, including indigenous Sámi, have been occupying government offices in Oslo and demonstrating against the government's handling of the Supreme Court ruling. Mitigating actions are currently being assessed and a plan must be put in place in order to ensure long-term protection of the Sami's rights. The government has stated that its ambition is to find a solution that ensures co-existence between the reindeer herders and the wind farms, but the outcome and timeline of a final decision remains uncertain.

GOVERNANCE

The company quality system serves as the foundation for all company conduct. The Code of Ethics guides the employees in behaving in line with the company's core values. Upskilling employees on how to consider and handle ethical dilemmas has been emphasized during the first period of operations.

With regard to the upcoming reporting on the Norwegian Transparency Act Regulation, a key focus area for Aneo in 2022 has been to carry out a thorough review of its supply chain. The company has put in place a digital tool to enable close monitoring and established an internal digital handbook for due diligence assessments of suppliers. The company has also formalized a set of requirements to its suppliers, at this stage mainly related to HSEQ issues, and the process of expanding the scope of these requirements in a formalized Supplier Code of Conduct has been initiated.





WANT MORE INFORMATION?

Aneo publishes its own sustainability report.
Please see www.aneo.com

CADRE

Headquarters: Kristiansand, Norway

Website: www.cadre.no

Number of employees (FTEs): 9

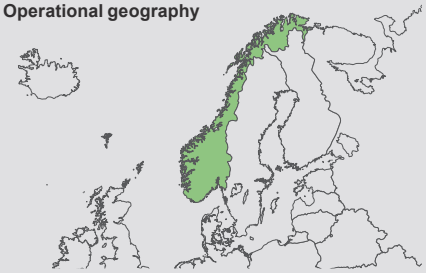
Revenues (2022): NOK 15 million

HV's shareholding: 48.3%

Investor: Fund NEF

ESG Contact: Anette Brådland

Operational geography



ESG Reporting: Inaugural ESG report in 2022

ESG Policies: Code Code of conduct and company policies

Certifications: None

SDGs:

COMPANY DESCRIPTION

Cadre is a specialized small-scale hydroelectric power company established in 2021. HitecVision announced a joint investment with Nordkraft AS in November 2022 for the majority of shares in Cadre. The transaction closed in February 2023.

Cadre is involved in the entire process of planning, building and operating new small-scale hydroelectric plants, in close and long-term cooperation with local landowners. The management has over 20 years of experience in the small-scale hydroelectric power industry, and operates with a particular focus on contributing to local value-creation and the renewable energy transition.

The company currently has eight power plants in its portfolio, of which one is under construction, with a total annual production of 235 GWh. Cadre has ambitious growth plans, with a goal of reaching a capacity of 2 TWh within a few years.

Carl-Fredrik Lehland, CEO

ESG MANAGEMENT APPROACH

Cadre is working to integrate sustainability in all parts of the business model. The company is a small, yet important, player in the renewable energy transition, by realizing the potential for renewable energy generation in smaller streams, rivers, dams and waterfalls. Cadre strives to reduce negative impacts to the environment in all projects, particularly minimising the impact from construction by setting clear expectations to entrepreneurs and partners.

As a newly established company, Cadre works to professionalize its ESG management approach. In 2022, Cadre was chosen by DNB to pilot a solution for reporting on the EU taxonomy with the Norwegian sustainable reporting software provider Celsia. This project has deepened Cadre's understanding of upcoming ESG compliance requirements, and gives the company a solid foundation to consider best practices for ESG strategy, action plans and reporting going forward.

In 2023, Cadre will develop its ESG approach with support from HitecVision's guiding ESG framework. The company has also established a new position as dedicated Head of ESG, who will work towards best practices in the company's policies and projects.

ENVIRONMENT

The hydroelectric power industry is fuelled by nature's own forces, and contributes to reducing the need for fossil energy. Environment and climate considerations are therefore integral components to Cadre's business model. Landowners care for their local ecosystem and want to ensure that the power plant construction process and subsequent operations have a minimal environmental impact. Furthermore, the hydroelectric power sector is a highly regulated industry, and Cadre welcomes the cooperation with both local and national government agencies in optimizing its processes and solutions to protect the environment.

For example, in the construction of small-scale hydropower plants, Cadre has employed techniques from offshore drilling operations that have a smaller environmental impact than digging trenches, leaving only drill holes in the construction area behind. Cadre also aims to reduce the size of the construction area, which helps to limit the effects on local surroundings.

SOCIAL

Cadre aspires to have a strong presence in local communities, contributing to local value creation in rural areas by using local suppliers and providing local housing for the workers. For example, a construction project in Vegusdal in collaboration with contractor Tinfos, contributed to an increase in sales for the local grocery store by 30 percent.

Employee health, safety and wellbeing are important to Cadre. The company emphasizes workers' rights when dealing with contractors, and has established routines to check in with employees who work remotely. During the Covid lockdown, Cadre organised daily digital coffee breaks.

Gender equality is an area with increased attention as Cadre continues to grow. Currently, the company only has one female employee and two female board members. Gender balance is a priority in recruiting processes moving forward.

GOVERNANCE

Cadre has practised sustainable value chain management in its project with the general contractor Tinfos in the Vegusdal 46 GWh construction project. Cadre has set clear expectations to Tinfos in all contracts, committing them and all subcontractors to adhere to best practices for working conditions, equality and other parameters.

As a start-up, Cadre has chosen to put ESG at the core from the very early stages. The company's governance structure will continue to evolve as HitecVision and Nordkraft AS set priorities for the company moving forward.

Headquarters: London, UK

Website: www.neweuropeanoffshore.com

Number of employees (FTEs): 214

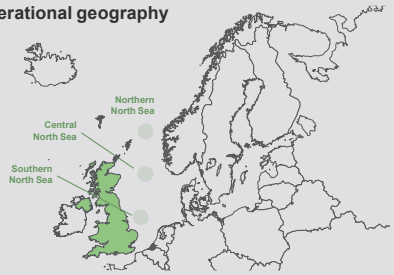
Revenues (2022): USD 3,672 million

HV's shareholding: 99.7%

Investor: Fund VI, VII and NSOF

ESG Contact: Craig Wiggins

Operational geography



ESG Reporting: GRI reporting from 2022

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

Certifications: NEO achieved companywide ISO 14001 certification in 2022

SDGs:

COMPANY DESCRIPTION

NEO Energy is an oil and gas company operating on the United Kingdom Continental Shelf (UKCS). The company was founded in 2019, and has in a few years become the fifth largest producer on the UKCS. Its growth has been achieved mainly through a series of acquisitions.

NEO Energy aims to build a sustainable portfolio over time, and the company continues to undertake considerable work to integrate ESG priorities in all its activities.

Paul Harris, CEO

NEO ENERGY: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in tC02e)	78	67 393 [1]	71 257	182 521	160 461
Energy indirect GHG emissions (GHG PCS Scope 2, in tC02e)	82	17	17	33	72
Other indirect GHG emissions (GHG PCS Scope 3, in tC02e)	40	64	35	25	178
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	288.8	256.2	202.5	43.7
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	289.1	256.3	202.6	43.8
Total waste (tonnes)	5.4	0.8	0.5	96.7	205.1
Non-Hazardous waste (tonnes)	5.4	0.8	0.5	76.3	172.0
Hazardous waste (tonnes)	0	0	0	20.4	33.1
Recycling Ratio	70 %	85 %	75 %	56 %	50 %
Unplanned spills (emissions to ground/sea/air)	0	0	10	7	4

SOCIAL	2018	2019	2020	2021	2022
Number of employees	18	39	153	212	214
Total Recordable Incident Frequency (TRIF)	-	-	7.1	8.3	9.2
Lost Time Injuries (LTI)	-	-	1	2	1
Medical treatment case (MTC)	-	-	0	0	2
Short term sick leave	0.2 %	0.0 %	0.2 %	1.3 %	0.9 %
Long term sick leave	0.0 %	0.0 %	1.2 %	0.5 %	3.6 %
Share of women in total workforce	16 %	31 %	23 %	28 %	29 %
Share of women in management	0 %	29 %	16 %	41 % [2]	33 %
Employee turnover ratio	5 %	0.5 %	1.1 %	9.9 %	12 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	100 %	100 %	100 %	100 %	100 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	1	0	0	0	0
Whistleblowing cases being addressed by management or board	0	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.

Greenhouse Gas Emission in 2022 – equity share:	2018	2019	2020	2021	2022
Direct GHG emissions					677 808
Energy indirect GHG emissions					72
Other indirect GHG emissions					178

Indicators	Boundary	Unit	2018	2019	2020	2021	2022
Oil and gas production	Operational Control	boe	-	-	4 154 814	4 832 311	6 605 215
Oil and gas production	Equity Share	boe	1 692 875	4 413 582	9 130 422	20 880 381	31 907 862
Carbon intensity per barrel of oil equivalent produced [3]	Operational Control	$kgCO_2e$/boe	-	-	42.8	37.8	24.3
Carbon intensity per barrel of oil equivalent produced [3]	Equity Share	$kgCO_2e$/boe	-	15.3	30.7	26.8	21.2

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

PERFORMANCE COMMENTARY. A key theme from last year was the continued growth of NEO's asset base and organization, with the acquisition of non-operated interests in the UK including the Culzean and Mariner assets. While the associated increase in production has naturally brought with it an increase in absolute Scope 1 emissions, overall the carbon intensity across the company's portfolio has fallen from 27 $kgCO_2$/boe in 2021, to 21 $kgCO_2$/boe in 2022. The impact of any potential new acquisition on the portfolio's carbon intensity is a key factor in NEO's business development strategy.

NEO continues to focus on keeping people safe and a reduction in total recordable incident frequency (TRIF) was recorded in 2022 to 1.94, against 2.04 in 2021. Serious incident frequency (SIF) will be incorporated into reporting going forward, increasing emphasis on embedding learnings from all serious incidents.

NEO is a growing company, with a workforce of over 200 employees, consequently attracting and retaining talent is a key focus area. Improving diversity is key to creating high-performing teams, through a positive, inclusive culture, and investing in staff to reach their full potential. Women in the company has increased by 1 percent, and representation on the Board remained flat from 2021 to 2022, however Women in Leadership decreased from 41% in 2021 to 33% in 2022 due to natural attrition of staff, but NEO remains above the industry average.

ESG MANAGEMENT APPROACH

NEO Energy has taken several measures to improve its ESG management approach in 2022, including development of a new Sustainability Policy that will be implemented in 2023, ensuring ESG issues are considered at the heart of operational and business decision making; developing a Five Year Plan to support delivering against the UN SDGs and NEO's Low Carbon Transition Plan; and incorporated Global Reporting Initiative (GRI) standards to increase transparency. Additionally, the company prepared an HSE and ESG strategy, called "Safe today, safer tomorrow", which involves conducting business activities with a full commitment to the health, safety and security of its people, and protecting the environment while doing so. NEO Energy has also hired a dedicated Head of HSE and ESG, who has worked on structuring, systemizing and digitizing the company's ESG approach.

A key deliverable of 2022 was the completion of a materiality assessment, through engagement with internal and selected external stakeholders, forming the basis for further work with ESG. 22 topics from the GRI Oil and Gas Sector topic standard were ranked in order of importance to stakeholders and impact on the business in a materiality matrix, and resulted in the following seven material topics ranked as critical to NEO Energy:

1. Occupational health and safety
2. Asset integrity and critical incident management
3. GHG emissions
4. Climate adaptation, resilience, and transition
5. Anti-corruption
6. Non-discrimination and equal opportunity
7. Economic impacts

NEO Energy's Environmental, Social and Governance Board Sub-Committee (ESGC), established in 2021, supports the Board on ESG related matters. The ESGC meets quarterly and reports to the Board at least once per year about ESGC activities and relevant topics. The committee's responsibilities include ensuring that the company's ESG policies and practices are fit for purpose, monitoring progress against ESG targets and reviewing ESG reporting.

ENVIRONMENT

Overall, NEO Energy aims to produce oil and gas to meet the future needs of the UK in the most efficient way possible. However, the company's core operations – producing oil and gas – cause significant Scope 1 greenhouse gas emissions. The company is committed to reducing these, and constantly explores ways to reduce emissions without compromising growth or value creation. The company's decarbonization strategy is outlined in the Low Carbon Transition Plan which involves a 50 percent reduction in carbon intensity (emissions per barrel), from a 2020 base year, by 2030 and reaching net zero (Scope 1) by 2050. The ESG strategy is focused on delivering this through alignment with the UN SDG 13 and 14, as the offshore oil and gas industry has a unique role in reducing GHG emissions and protecting life below water.

In 2022, NEO Energy developed a Five-Year Plan towards net zero. The plan is based on the company's overarching 2030 goal, and incorporates the interim North Sea Transition Deal targets; 10 percent reduction of carbon emissions by 2025, and a 25 percent reduction by 2027. The Five-Year Plan consists of activities within the four key themes:

1. Reduce Scope 1 emissions
2. Shrink Scope 2 & 3 emissions
3. Develop a sustainable culture
4. Digital systems

To help deliver the Five-Year Plan and in line with regulatory reporting, NEO Energy has conducted an energy efficiency survey of its operating assets and prepared Emission Reduction Action Plans (ERAPs) for each of them for 2023. The company has also collated ERAPs for all non-operated assets and incorporated carbon abatement plans across the portfolio to drive down carbon emissions, particularly through operational and production efficiencies and reduction in flaring and venting.

The issue of electrification of offshore assets serves as both an opportunity and a challenge for NEO Energy. The company actively engages with industry partners to find solutions for electrification of platforms, which is considered to be the only effective method of reducing emissions by the amounts envisaged. Electrification will, however, require considerable investments, and is thus only an option for assets with long future operating lives.

Certified carbon offsetting may be required to reach the company's emission targets. A discussion on offsetting has been initiated in the company, and discussions on both electrification and offsetting will continue in 2023.

The company has also begun an emission chain mapping and drafting a supplier ESG framework, as well as preparing a Scope 3 reporting plan to increase the number of categories in the company's reporting.

SOCIAL

NEO's HSE & Social Responsibility Policy outlines the company's commitment to creating a safe working environment for all employees, and is further underpinned by robust health and safety procedures to minimize the risk. In 2022, the HSE strategy "Safe today, safer tomorrow" was launched, which involves conducting business activities with a full commitment to the health, safety and security of its people, and protecting the environment while doing so. All events are reported, recorded and investigated to identify root causes and identify and implement effective corrective and preventative measures. "Stop the work" authority is reinforced continually on NEO's assets, so that staff and contractors know that they are empowered and expected to stop the work should they believe there is a potential health, safety or environmental risk associated with any activity they are involved in. The Board regularly monitors a range of safety performance metrics.

NEO is a fully committed to embracing a positive, inclusive culture, investing in staff to reach their full potential. The company refrains from all forms of discrimination and believes that everyone should have the same opportunities, regardless of their age, gender, ethnicity, or religion. In 2022, the company had a positive gender pay gap, meaning that the median average hourly pay for our women was slightly higher than for men, whilst the overall mean gap was in favour of men, as they make up the larger section of the workforce.

In 2022, NEO Energy formed a Charity Committee partnering with three local charities across each of its office locations: Aberdeen, Guildford and London. The aim is to deepen the company's relationships in each community, improving the lives of those who live in them while providing employees with opportunities to take part in a meaningful and rewarding way. Each partnership involves an agreement to donate up to £20,000 per annum.

In 2022, a multi-year scholarship programme was launched for both undergraduates and postgraduates studying STEM subjects at the University of Aberdeen, benefiting up to 30 students. Each year, these programmes provide a living allowance for four widening access undergraduate students and study fees and living costs for two postgraduate students, opening the door to higher education that may not have been possible without financial support. In addition to funding, NEO has established a mentoring programme with the University's Careers Department to connect NEO staff with students to provide additional support and guidance to ensure students can reach their full potential.

GOVERNANCE

NEO is committed to acting fairly and ethically, preserving the trust and confidence of business partners and anyone else affected by its operations. The Anti-corruption Policy sets out the ethical principles on a global basis in relation to bribery, corruption and reporting.

NEO adheres to several policies to ensure ethical and transparent reporting, based on leading international standards for responsible business conduct, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights. The company's goal is to always make ethical, responsible and profitable decisions when conducting business.

In 2022, NEO met the threshold for corporate governance reporting requirements for large UK companies under the Companies (Miscellaneous Reporting) Regulations 2018. To meet these, NEO applies the Wates Corporate Governance Principles for Large Companies (Wates Principles), which were voluntarily adopted in 2022. During the year ended 31 December 2022, the Group's internal processes were applied on a basis considered generally consistent with the Wates Principles.

In 2022, NEO Energy continued to implement and improve the NEO Management System. The NEO Management System is based on a functional focus and ensures continual improvement for a Plan, Do, Check and Act (PDCA) principle. Ownership and accountabilities are clear and continuous improvement activities will be identified through the management review process.

A gift and hospitality procedure is in place and NEO's Compliance Officer is responsible for implementing and monitoring this. Expenses for gifts and hospitality that exceed the limits for self-approval, must be reviewed by the Compliance Officer in each case. The Compliance Officer maintains a register of all gifts and hospitality expenses.

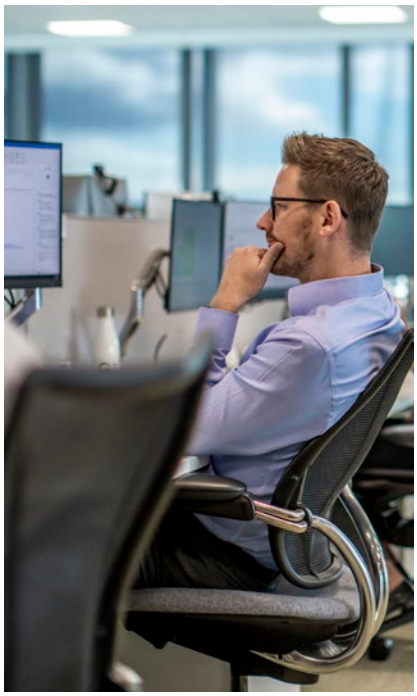
The Whistleblowing Policy provides employees with guidance as to how to raise any concerns and reassures staff that genuine concerns can be raised without fear of reprisals. NEO's management team encourage employees to report suspected wrongdoing as soon as possible, in the knowledge that concerns will be taken seriously and investigated as appropriate, and that confidentiality will be respected.

NEO Energy has a Modern Slavery Statement and has a zero-tolerance approach to modem slavery, ensuring that there is no modem slavery or human trafficking in any part of the company's business, including its supply chain.

In 2022, NEO strengthened the company's cyber security capabilities by expanding in-house expertise and continued to enhance the safeguards used to protect systems across a number of areas. The company continues to collaborate with industry peers globally, and with UK government security agencies, to help identify and keep ahead of threats common to the industry and any specifically targeted towards NEO.

The changing energy landscape and increasing focus on transparency has put ESG performance and disclosure on the agenda for most companies. NEO Energy is increasing the use of digital platforms and software to manage ESG data in a more structured manner, which will help in more efficient decision-making.

In 2023, NEO Energy will prepare its 2022 sustainability report with highlights available on the company's website.



Sval

Headquarters: Stavanger, Norway

Website: www.sval-energi.com

Number of employees (FTEs): 172

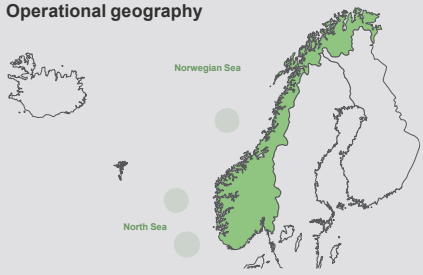
Revenues (2022): USD 1,865 million

HV's shareholding: 99.6%

Investor: Fund VII and NSOF

ESG Contact: Ingeborg Hagen

Operational geography



ESG Reporting: With reference to GRI, TCFD, SASB

ESG Policies: Code of conduct, ESG Policy, Diversity & inclusion, HSE, Whistleblowing, Sanctions compliance, Anti-corruption, Personal trading, Data protection and information security

Certifications: None

SDGs:

COMPANY DESCRIPTION

Sval Energi is an oil and gas company with growth ambitions, focusing on exploration and production. Four years after the company was formed, Sval is now in the top ten list of the largest oil and gas producers on the Norwegian Continental Shelf (NCS). In 2022, acquisitions of Spirit Energy's and Suncor Energy's Norwegian businesses were closed, while Equinor's shares in the Greater Ekofisk area and a 19 percent stake in the Martin Linge field were also added to the portfolio. The ambition is to further develop Sval to be amongst the top-five oil and gas producers in Norway.

Sval is the operator for two producing tie-in fields, Oda and Vale, and partner in 14 other producing fields as well as four fields under development. In addition, Sval holds shares in a number of discoveries and exploration licenses. Total volumes produced in 2022 were 25.7 million barrels of oil equivalent (boe). For a period in November, production exceeded 93,000 boe/d. 40 percent of the production in 2022 was gas, and the gas ratio is expected to increase to 50 percent going forward.

Sval also has 50 percent ownership in the Metsälamminkangas (MLK) wind farm in Finland. MLK commenced commercial operation in April 2022 and expects to produce around 400 GWh per year of renewable power. Sval is also active in developing other low carbon opportunities. During 2022, the company identified and matured opportunities within industrial-scale carbon storage on the NCS, and an application for a CO_2 storage license was submitted to Norwegian authorities early in 2023.

Nikolai Lyngø, CEO

SVAL: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	-	0	0	0	152 297
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	-	1	12	11	16
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$) [1]	-	238 243	193 551	20	8 827
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	0.0	0.0	0.0	83.7
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	306.5	432.5	0.1	87.8
Total waste (tonnes)	0.1	0.1	4.2	6.8	1 190.4
Non-Hazardous waste (tonnes)	0.1	0.1	4.2	6.8	113.4
Hazardous waste (tonnes)	0.0	0.0	0.0	0.0	1 077.0
Recycling Ratio	70 %	70 %	63 %	66.8 %	71 %
Unplanned spills (emissions to ground/sea/air)	0	0	0	0	1

SOCIAL	2018	2019	2020	2021	2022
Number of employees	-	7	45	59	172
Short term sick leave	0.0 %	0.1 %	0.3 %	0.9 %	0.8 %
Long term sick leave	0.0 %	0.0 %	0.0 %	0.5 %	2.2 %
Lost Time Injuries (LTI)					0
Share of women in total workforce	20 %	30 %	35 %	34 %	40 %
Share of women in management	0.0 %	33 %	25 %	20 %	33 %
Employee turnover ratio	0.0 %	20 %	3.8 %	7.7 %	8 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	50 %	100 %	100 %	100 %	100 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0	0
Whistleblowing cases being addressed by management or board	0	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.

Greenhouse Gas Emission in 2022 – equity share:	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1					259 124
Energy indirect GHG emissions					777
Other indirect GHG emissions					6 565
Scope 3 – use of sold products					9 679 262

Indicators	Boundary	Unit	2018	2019	2020	2021	2022
Oil and gas production	Operational Control	boe					8 900 254
Oil and gas production	Equity Share	boe					25 521 030
Carbon intensity per barrel of oil equivalent produced [3]	Operational Control	$kgCO_2e$/boe					17.5
Carbon intensity per barrel of oil equivalent produced [3]	Equity Share	$kgCO_2e$/boe					9.9

PERFORMANCE COMMENTARY. The growth in Sval's portfolio between 2021 and 2022 has naturally resulted in significant increases in the company's GHG emissions across all Scopes. Acquisitions over this period has also increased the organisational headcount from 59 to 172, while the company's social KPIs related to sick leave and retention has remained moderately low. The share of women in leadership positions, and in the company in general, has increased as a result of the company's efforts to improve on gender diversity.

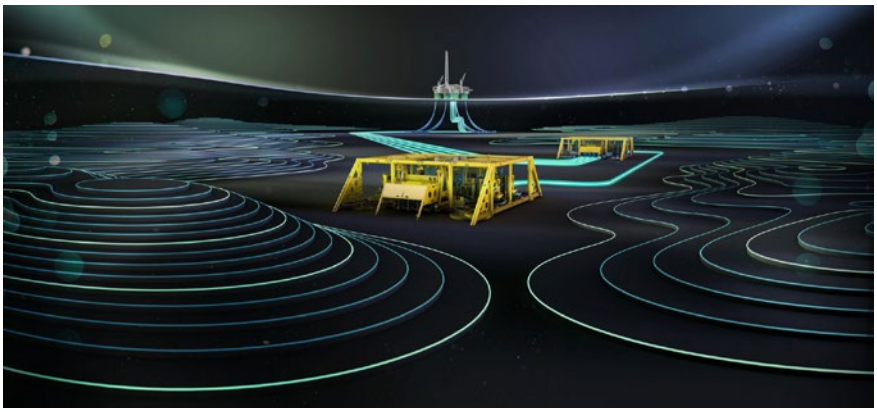
ESG MANAGEMENT APPROACH

Sval believes that a genuine focus on ESG will add value and help future-proof its business, and the company therefore integrates ESG assessments into its business activities and decisions. Sval supports the goals of the Paris Agreement and recognises the need for the oil and gas industry to reduce its carbon footprint. At the same time there is a need for affordable and reliable energy to ensure a successful transition, and Sval expects that oil and gas will play an important role in the energy mix for many years to come.

In 2022, Sval revised its ESG materiality assessment to reflect significant changes over the year, including the rapid growth of its oil and gas portfolio, a much larger organisation, and a new role as field operator. The goal of the assessment was to understand the expectations and strategic levers related to sustainability that are most relevant for Sval. The assessment was based on a set of comprehensive interviews of both internal and external stakeholders along with an organisation-wide survey. Insights were used to reaffirm the foundations of Sval's ESG approach. As a result of the assessment, Sval selected eight topics to focus the ESG efforts. Each topic is sorted under the key overarching environmental, social and governance themes.

ENVIRONMENTAL	SOCIAL		GOVERNANCE
'Action on climate change'	'Caring for people'		'How we work'
Portfolio decarbonisation	Capability and capacity building	Local community engagement	Cyber security
Pursuing low carbon opportunitites	Occupational health and safety	Inclusion & diversity	Ethical business practices

With the increasing focus on ESG, the Board of Directors established a Sustainability Committee in 2022. The primary objective of this committee is to advise and support the Board in all matters regarding ESG, including strategy development, financial climate risk, and sustainability reporting.



ENVIRONMENT

Portfolio decarbonisation

Sval is focused on reducing greenhouse gas emissions across its portfolio and operations, and supports the ambitious joint industry targets to reduce emissions by 50 percent by 2030. Sval's commitment to minimise the negative impact of its activities is captured in the recently revised ESG and HSE Policies.

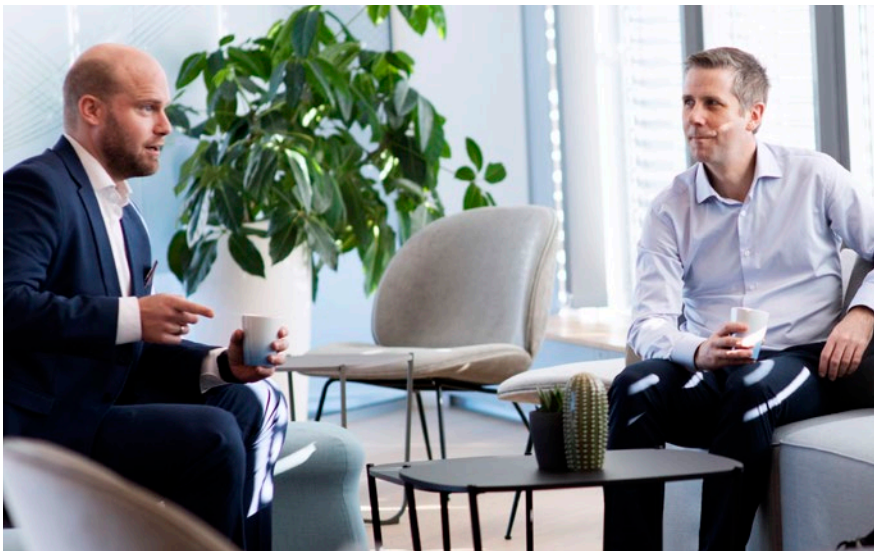
The environmental footprint of an asset is a key consideration during any investment decision. This is reflected in the fact that nearly half of Sval's operating and development assets are, or will be, electrified with renewable power from shore. The most recent decision was to partly electrify the new tie-in field Fenja, underpinning Sval's commitment to reducing emissions. At the end of 2022, a new initiative was made amongst the partners in the Ekofisk field to establish a "Low Carbon Committee" aiming to identify new measures to realise the target of 50 percent emission reduction by 2030. Further measures, including reductions in flaring, energy efficiency measures, and optimisation of production are continuously evaluated in all assets.

As Sval's current portfolio is dominated by partner-operated assets, the company is working actively through license committees, direct company to company dialogues, and industry initiatives such as Offshore Norge and the DNV Roundtable on Climate Risk. Sval also supports various research and development projects such as SINTEF's Low Emission Centre, which develops new technology and concepts for offshore energy systems and integration with renewable power production technologies. The company's exploration strategy contributes to minimize emissions, being focused on near-field exploration to reuse existing infrastructure and favoring host facilities with low emissions.

In 2022, Sval began establishing a decarbonization roadmap, covering emissions across Scopes 1–3, and establishing reporting routines, processes and methodologies aligned with industry practices. Going forward, Sval plans to set clear emission targets to further operationalize the decarbonization roadmap.

Pursuing low carbon opportunities

Sval is committed to developing low carbon opportunities to support the transition to net zero. During 2022, Sval continued maturing opportunities within carbon storage on the NCS. These projects target avoided emission on an industrial scale, contributing to a commercial value chain for the capture and storage of CO_2 along the NCS. In Q1 2023 Sval submitted its first application for a CO_2 storage license on the NCS, following a 2022 nomination together with partners Storegga and Neptune.



SOCIAL

Occupational health and safety
Sval regards safety as its number one priority and has defined an HSE policy with clear targets and KPIs aiming for zero harm to people. With a tripling of its workforce during 2022, the company has implemented a new comprehensive health and safety management system. Sval had no safety incidents in its own operations in 2022.

The current asset portfolio predominantly consists of non-operated fields, and the two operated fields are subsea tie-backs. The company therefore has no offshore workers, all employees are office staff. However, Sval systematically audits the HSE and emergency preparedness established by the operator of each asset the company holds an interest in.

Inclusion and diversity
Sval aims to create an inclusive work environment and foster a diverse workforce. At year end 2022, the company had 172 employees across the Stavanger and Oslo offices, of which 39.5 percent were women. Along another diversity axis, 18 different nationalities are now represented in Sval. The company continues to focus on gender equality and recruiting a workforce from diverse age groups and backgrounds. At the end of 2022, Sval also signed up for a new tool – Equality Check – which will be implemented during 2023 and will allow for better analysis and reporting of the company's strategic work on equality.

Capacity and capability building
The Norwegian oil and gas industry is experiencing record high activity levels, increasing the competition for qualified personnel. To ensure that Sval can continue to deliver to the expectations of its stakeholders, Sval put several measures in place during 2022 to maintain a high performing team. Strategic resource planning and development of a recruitment and people development philosophy were initiated, along with multiple professional and social initiatives to ensure Sval remains an attractive employer. Examples include the establishment of Sval Young People Network, and expansion of the social activity group "Team Sval".

The dedicated culture project was continued in 2022 to onboard new employees and move the organisation towards the aspired culture. A program was initiated

to formalize processes and tools as the company continues to grow, which includes setting KPIs and training of managers, more actively contributing to psychological security and ensuring awareness of unconscious bias related to gender, ethnicity, age and more.

Local community engagement
Contributing positively to society and the local communities in which the company operates is important for Sval, and the company is actively looking for opportunities to strengthen local value creation through its activities.

In 2022, Sval also contributed through sponsorships, engagement initiatives and fund-raisers. Sval was the main sponsor and contributor to "3-sjøers løpet" in Stavanger, promoting physical and mental health, "Gi-en-jul" helping families in need, and a partnership with "Sammen-om-en-jobb" through Rogaland Fylkeskommune. The latter is a pilot project that will ramp up during 2023, aiming to integrate immigrants and refugees into the workforce through direct engagement with Sval employees acting as mentors.

GOVERNANCE

During 2022, as a consequence of the major changes to the organization due to its acquisition-driven growth, Sval initiated a major revision of its Business Management System (BMS) to set up a solid foundation for the company's further development. This work is still ongoing. Sval has already established a full suite of policies to embed the highest ethical standards into the employee's business conduct. During 2022 all new employees completed e-learning modules on the Sval Code of Conduct, policies and the BMS. There have been no reported cases of non-compliance with laws and regulations in the fiscal year of 2022.

The foundation of Sval's governance approach is transparency and sustainability. The company will openly report on its own impacts and contributions, based on acknowledged standards. Sval is committed to reporting with reference to the Global Reporting Initiative (GRI) and the recommendations of the Taskforce on Climate related Financial Disclosure (TCFD). The company is set to publish its second annual sustainability report early in 2023, with reference to the GRI.

Sval takes climate risks and opportunities into account when developing strategies and financial plans. The company's TCFD-aligned climate risk assessment was updated in 2022 to reflect company changes and onboard the new members of the leadership team. The climate-related risks are viewed as material and are continuously monitored and managed, and this is also reflected in the company's overall Enterprise Risk Management register. In 2022, Sval completed its first report to the UN Global Compact covering the UN's Ten principles for Responsible Business and Sustainability Goals.

Following geopolitical developments, Sval has directed particular focus to improving its security and resilience against cyber threats. In 2022, the company initiated an Information Security Management System in accordance with its Information Security Policy. Sval also performed an in-depth study into its information security risks and established an action plan for further improvement. The company continues its targeted digital security training to raise awareness and knowledge around cyber security amongst its employees.

Sval has established a supplier code of conduct and has implemented the regulatory requirements of the new Transparency Act into its established vendor due diligence system. The company will report according to the new requirements within 30 June 2023.

WANT MORE INFORMATION?

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

Headquarters: Sandnes, Norway

Website: www.varenergi.no

Number of employees (FTEs): 977

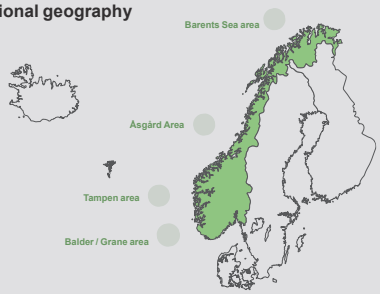
Revenues (2022): USD 9,828 million

HV's shareholding: 20.74%

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

ESG Contact: Ellen Waldeland Hoddell

Operational geography



ESG Reporting: GRI, GHG Protocol, TCFD, CDP

ESG Policies: Code of Ethics including equal opportunity, anti-bribery and anti-corruption, Corporate Social Responsibility (CSR), HSEQ Policy, Sustainability policy

Certifications: ISO 45001, ISO 14001

SDGs:

COMPANY DESCRIPTION

Vår Energi is one of the leading independent upstream oil and gas companies on the Norwegian Continental Shelf (NCS), with more than 50 years of operations. The company is committed to delivering a better future by growing responsibly, maintaining a robust and diverse asset portfolio with ongoing development projects, and a strong exploration track record. Vår Energi aims to secure long term value creation for its stakeholders and local communities situated around its operations through responsible and sustainable resource management.

With more than 900 employees and equity stakes in 36 producing oil and gas fields, of which four are operated by the company itself (in the Barents Sea, the Norwegian Sea, the North Sea and the Balder Area), Vår Energi produced net 220,000 barrels of oil equivalent (boepd) in 2022. The company was listed on the Oslo Stock Exchange on 16 February 2022 in the largest oil and gas company IPO in Europe for the last 15 years. As part of its IPO process, Vår Energi initiated an ESG assessment by the rating agency Sustainalytics and was rated number 14 out of 155 E&P companies. It also initiated CDP reporting as part of the increased transparency and stakeholder requirements as a listed company, and received its first CDP rating in December.

Torger Rød, CEO

VÅR ENERGI: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$) [1]	343 988	299 627 [2]	207 492 [2]	195 359 [2]	181 150
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$) [3]	13 394	13 709	3 381 [2]	4 714 [2]	4 680 [4]
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$) [5]	-	21 360	75 621	121 062	234 443
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	61.8	74.2	34.4	18.9
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	66.1	100.7	54.3	42.8
Total waste (tonnes)	7 486	7 347	4 227	14 913	15 085
- Non-Hazardous waste *(tonnes)*	863	833	591	906 [6]	1 461
- Hazardous waste *(tonnes)*	6 623	6 513	3 636	14 007 [6]	13 625
Recycling Ratio	16 %	6 %	8 %	4 %	18 %
Significant unplanned spills (emissions to ground/sea/air)	22 [7]	12 [7]	18 [7]	3 [7]	1
Oil in produced water (tonnes oil to sea in period)	48	38	31	21.9	25.4

SOCIAL	2018	2019	2020	2021	2022
Number of employees [8]	844	843	901	950	977
Total Recordable Incident Frequency (TRIF) [8]	2.1	2.2	3.5	3.2	3.2
Total Recordable Injuries	-	9	17	29	32
Share of women in total workforce [8]	27 %	27 %	26 %	27 %	26 %
Share of women in management [8]	20 %	23 %	25 %	17 %	25 %
Employee turnover ratio	-	0.5 %	1.5 %	1.3 %	4 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	-	80 %	80 %	96 %	92 %
Breaches of ethical guidelines	0	0	0	1	2
Investigations or lawsuits in relation to ESG issues	0	0	3	1	1
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0	0
Whistleblowing cases being addressed by management or board	0	1	3	4	9

[1] GHG emissions from combustion of diesel, fuel gas and combustion of gas in flare. [2] Figures are updated from 2021 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. In 2022, scope 3 emissions also included purchased goods and services (steel), in addition to all categories from 2021. [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	2022
Oil and gas production	Operational Control	mmboe	40.0	28.8	27.2	25.1	22.9
Oil and gas production	Equity Share	mmboe	48.8	101.2	94.6	89.7	80.3
Carbon intensity per barrel of oil equivalent produced	Operational Control	$kgCO_2e$/boe	8.7	10.1	7.2	7.8	9.0 [9]
Carbon intensity per barrel of oil equivalent produced	Equity Share	$kgCO_2e$/boe	-	10.8	10.8	11.5	11.7
Further specification of Scope 3 emissions [10]							
Combustion of sold products – crude oil and natural gas	Operational Control	tCO_2e	-	34 686 566 [11]	10 092 095	9 304 083	8 169 903
Upstream transportation and distribution	Operational Control	tCO_2e	21 238	19 948	74 521	42 066	32 662
Downstream transportation and distribution	Operational Control	tCO_2e	-	-	-	60 908	82 494
Fuel and energy related activities	Operational Control	tCO_2e	-	-	-	15 944	29 095
Waste generated in operations	Operational Control	tCO_2e				1 413	2 341
Business travel	Operational Control	tCO_2e	-	856	726	639	891
Employee commuting	Operational Control	tCO_2e	-	-	-	92	268
Purchased goods and services (steel)	Operational Control	tCO_2e	-	-	-	-	86 692

[9] Vår Energi has amended its calculations for this KPI in 2022. The figure provided is thus not directly comparable to prior years.
[10] Please refer to Vår Energi's Sustainability report per 2022 for more details. [11] Based on equity share. The calculation boundary was changed in 2022, with recalculation for 2021 and 2020 only.

PERFORMANCE COMMENTARY. Oil and gas production decreased in 2022, compared to 2021, on both an operational control and equity share basis. As a result of a range of ongoing emission reduction and energy efficiency efforts and the decreased production, total Scope 1 GHG emissions decreased by 7% in 2022, compared to 2021.

The Key KPI of CO_2 intensity per barrel of production (oil, gas, NGL) increased slightly on an operational control basis (adjusted for VE equity) in 2022 to 9 kg CO2/boe (2021: 7.8 kg CO_2e/boe), and increased on an equity share basis to 11.7 kg CO_2e/boe (2021: 11.5 kg CO_2e/boe). Please note that Vår Energi has amended its calculation for the KPI based on operational control basis this year. As such, the figure provided is thus not directly comparable to prior years. Please refer to the company's sustainability report for details.

The decrease in the share of direct (Scope 1) GHG emissions derived from flaring reductions and increased energy efficiency.

During 2022, Vår Energi's onsite generation of hazardous waste decreased by 10 percent compared to 2021. The decrease in hazardous waste was mainly due to lower drilling waste, compared to 2021, as drill cuttings and used drilling fluids are defined as hazardous waste.

Further details are provided in the company's own comprehensive ESG report.

ESG MANAGEMENT APPROACH

Vår Energi has formalized a Sustainability Policy to set the overall direction of the company's sustainability work. The Board approves the Sustainability Policy and the Senior Vice President (SVP) of Safety and Sustainability is responsible for the policy being adequately implemented and ensuring its relevance. A Safety & Sustainability Committee, which is a sub-committee of the Board, has been constituted following the public listing of the company in 2022.

Sustainability is an essential part of how Vår Energi conducts its business and is integrated in the company strategy through the corporate governance system. Vår Energi supports the UN Sustainable Development Goals (SDGs) and uses them as a framework for its sustainability approach; to create value for its stakeholders, while respecting the environment, people and society.

Vår Energi has made a commitment to deliver a better future, working towards:

- a stable and secure energy supply with lower greenhouse gas emissions
- responsible management of natural resources
- a solid flow of revenue for its owners and the Norwegian society – based on increased energy production for its customers in Europe.

Material topics

To support the ambition of being an ESG leader, Vår Energi has established a sustainability framework with strategic focus areas that cover the company's main impacts. This is further detailed in material topics where it sets goals, targets and indicators to measure performance, as outlined in the figure below.

Committed to deliver a better future

Pathway to net zero Responsible resource use	Safest operator High performing organisation Local value creation	Responsibility, integrity and transparency
ENVIRONMENTAL	**SOCIAL**	**GOVERNANCE**
■ Net zero Scope 1 and 2 and 50% reduction in Scope 1 emissions from operated assets by 2030 [1]. ■ Goliat platform electrified with power from the Norwegian grid. ■ Part of OGCI Aiming for Zero Methane Emissions Inititative.	■ Local ripple effects of >10,000 jobs and NOK ~16 billion in contract value in 2022. ■ Expected tax payment of 35-40 billion NOK for 2022. ■ >95% spend towards suppliers based in Norway in 2022.	■ ESG rated as #14 of 155 E&P companies [2]. ■ CDP score B. ■ Part of UN Global Compact. ■ Executive pay connected to ESG targets.

[1] Baseline 2005, operational control.
[2] Sustainalytics, a leading ESG research provider who provides research based on its independent methodology.

Vår Energi has reviewed and prioritized its material ESG topics based on:

- Actual and potential impact from own activities on the UN SDGs
- Vår Energi's Sustainability policy and other relevant policies/internal documents
- Risks identified in the enterprise risk management process
- Feedback from sustainability rating agencies
- Impacts and topics described in relevant reporting standards and requirements such as the GRI Oil and Gas Sector, CDP, SASB Oil & Gas Exploration & Production Sustainability Accounting Standard and TCFD recommendations on climate-related financial disclosures.

ENVIRONMENT

Climate

Vår Energi is committed to the Paris Agreement and the UN SDG 13 (Climate Action) as well as the SDG 7 (Affordable and Clean Energy) and supports the transition to net zero. This commitment is embedded in the company's decarbonization strategy and targets. Ensuring access to energy for all while transitioning toward a low-carbon economy is a major challenge both for Vår Energi and the society.

Vår Energi also supports the common industry strategy described by industry organization KonKraft in its publication "The Energy Industry of Tomorrow on the Norwegian Continental Shelf – Climate Strategy Towards 2030 and 2050", and aligns its climate strategy and GHG emission reduction goals with the KonKraft agreement, where the oil and gas industry in Norway will reduce its absolute greenhouse gas emissions by 50 percent in 2030 compared to 2005, and reduce them further to near zero by 2050.

Through electrification of offshore platforms, portfolio optimization and energy management, supported by carbon offsets and R&D, Vår Energi seeks to reach net zero from its own and partnered operations (Scope 1 & 2 emissions) by 2030.

Electrification of offshore operations is an important part of Vår Energi's decarbonization action plan towards 2030. Electrification of assets through 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 are all key measures to reduce direct emissions. With regards to long-term GHG emissions reductions, the company is looking to low-emission technologies and carbon capture and storage (CCS) technology, to be developed through R&D projects in the next decades.

Vår Energi is also looking to significantly reduce direct methane (CH4) emissions from operated assets, an essential tool for reaching the 2030 net zero target. In 2022 Vår Energi became a signatory to the OGCI Aiming for Zero methane emissions initiative, which aims to eliminate the oil and gas industry's methane footprint by 2030. In line with this, Vår Energi is revising its decarbonization plan to reinforce efforts to further reduce methane emissions at a faster pace and will develop a separate reduction plan for methane emissions.

Vår Energi regards collaboration between oil and gas companies as crucial to reach global and sector emissions reduction targets. Several emission reducing measures require significant investments which need to be approved by the involved license owners. Hence, collaboration and alignment are key enablers taking into account the company's significant portfolio of partner operated assets.

In December 2022, Vår Energi received a B score on its first Carbon Disclosure Project (CDP) report. The score is higher than the C average for the oil and gas exploration & production sector.

Vår Energi has conducted a climate risk and opportunity assessment based on the TCFD recommendations and framework. A summary of the company's main risks and opportunities can be found in the company's annual sustainability report and the complete assessment is available in the public CDP Report of 2022 [1].

[1] https://varenergi.no/wp-content/uploads/2023/01/cdp2022.pdf

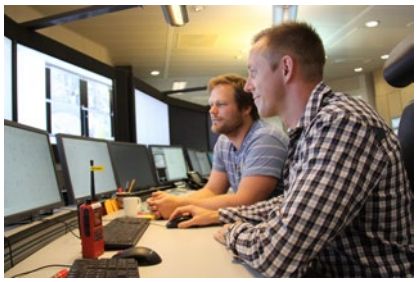
Energy efficiency
Vår Energi has in recent years been working to reduce its emissions through a range of initiatives optimizing its oil and gas production processes, including energy management. With the success from the Goliat platform, now running almost purely on electric power, an assessment of the potential for electrification of the Balder re-development is underway.

Vår Energi's Energy Management System adheres to the principles of ISO 50001 and is integrated into the company's overall 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. The company prioritizes opportunities for continuous improvement. In addition, Vår Energi systematically creates formal action plans for realizing its energy and emission reduction targets.

Environmental protection and biodiversity
As all Vår Energi's oil and gas operations are carried out offshore, on the Norwegian Continental Shelf, there exists a potential for negative impacts on marine habitats, biodiversity and ecosystems. Vår Energi is committed to life cycle conservation of ecosystems and the services they provide, and continuously evaluates the interaction with ecosystem services while striving to minimize negative impacts through reduction of emissions and discharges.

Through its Sustainability Policy, Vår Energi commits to conserve biodiversity and has adopted Biodiversity and Ecosystem Services Guidelines that define the company's guidelines for management of Biodiversity and Ecosystem Services.

SOCIAL



Health and safety

The health and safety of employees, contractors and business partners is, and always will be, Vår Energi's top priority. The company has a clear ambition to be the safest operator on the NCS. This is a strategic priority embedded in Vår Energi's culture and long-term plans for value creation. As part of this ambition, the company, together with others in the industry, has developed the Always Safe learning packages which have contributed to the strengthening of the company's safety culture behavior.

Vår Energi is certified to the ISO 45001 workplace health & safety standard. The management system for safety, health and welfare used by the company is founded on principles set out in IOGP 510, whilst also based on the "Norwegian model" which is regulated by the Norwegian Working Environment Act and other Norwegian legislation, and in accordance with the World Employment Confederation guidelines.

Diversity and competence development

During 2022 Vår Energi actively promoted new positions towards female candidates and aimed to increase the ratio of female managers at all levels of the organisation.

By the end of 2025, the aim is to have an organisation with

- 30 percent female employees;
- A ratio of female managers that reflects the gender balance both onshore and offshore.

Vår Energi has zero tolerance for harassment and is committed to a working environment free of discrimination on the basis of gender, age, religion, political views, race, skin colour, nationality, ethnic origin, sexual preference or living arrangements.

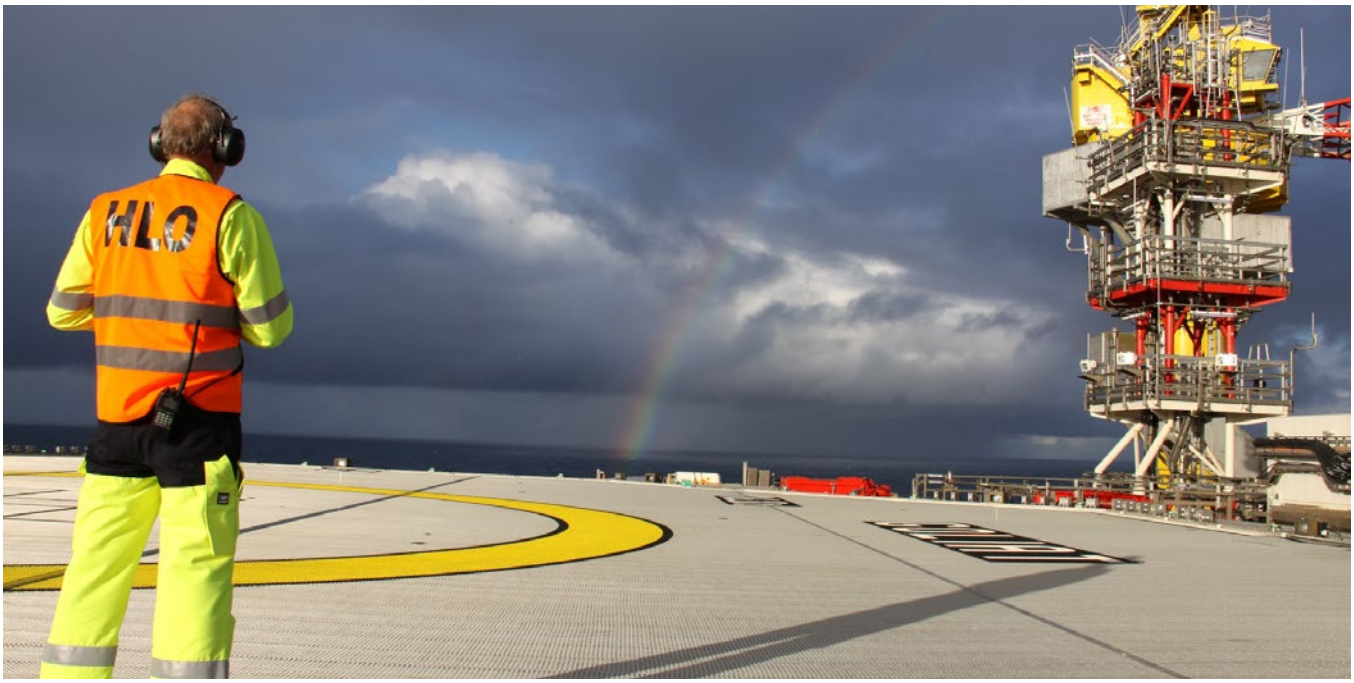
Training and education, including e-learning and in-person training sessions, are key initiatives implemented to ensure compliance with the company's stringent standards on health, safety, anti-corruption, privacy and data security.

Local value creation and corporate social responsibility

An important part of Vår Energi's sustainability agenda is to create local and regional ripple effects in the communities where it operates, such as increased industrial activity, job creation and competence development. This is measured through dedicated annual social and economic ripple effect analyses.

Ensuring positive local impact, especially in Northern Norway, is a top priority to Vår Energi, as operator of the first oil field in operation in the Barents Sea. The company is member of Petro Arctic, a network for companies and their main suppliers operating or developing operations in the northern part of the Norwegian Sea and the Barents Sea. In collaboration with its member companies, Petro Arctic is tasked with facilitating the largest possible ripple effects from the activities in northern Norway.

Vår Energi engages actively with the local communities. This is important because local industrial infrastructure and competence is part of the key to success in the development phase of a project, but also to further contribute to local ripple effects in terms of employment and municipal income through taxes and increased indirect activities in the region.



Another important local value creation lever to Vår Energi includes the development and creation of opportunities for local businesses by selecting local suppliers wherever feasible, and to support cultural, recreational, and educational initiatives within operating areas. For instance, during the 2022 above 95 percent of invoiced spend went to suppliers based in Norway.

In 2022 Vår Energi entered into a long-term cooperation with Folkehallene, a number of public sports facilities in the Stavanger region. This 10-year sponsorship engagement aims to strengthen the availability of free leisure activities for children and young adults.

GOVERNANCE

As part of the 2022 IPO process, Vår Energi initiated and received its first ESG assessment by the rating agency Sustainalytics. The result of the assessment places the company among the top 10 percent of Oil & Gas Exploration and Production companies, ranking number 14 out of 155 companies.

Business integrity

The company's Code of Ethics sets out the rules and standards on ethical integrity and fairness that all employees and business partners have to adhere to. Using the UN Sustainable Development Goals as a framework, it constitutes a guide to decision-making and actions that are consistent with Vår Energi's culture of responsibility, legality, transparency and long-term value creation.

During 2022, the company has continued its work and deployment of its Digital Security nano-learning program. Security awareness and competency building are seen as essential to ensure protection of sensitive information, prevent unauthorized access and intervention and maintain incident reporting. Up-to-date systems and personnel training are other key aspects of how Vår Energi prioritizes its measures for data security.

Sustainable supply chain
Vår Energi works to identify and mitigate potential supply chain risks as well as implementing identified improvement opportunities alongside its suppliers. Through 2022 the company has been working on strengthening supplier engagement and cooperation in new contracts, in particular with regards to fabrication and installation of subsea equipment.

With the introduction of the Norwegian Transparency Act, Vår Energi has through a collaborative engagement with industry association Offshore Norge developed a common procedure to contractualize increased transparency on human rights and working conditions issues throughout the supply chain.

As part of the company's procurement policy, sustainability is evaluated in all procurement processes, weighting environmental and social performance up to 30 percent in tender evaluations, where this is material and feasible. All key suppliers are required to have a sustainability policy with a stated ambition or plan for reducing their environmental and social impacts.

Research and Development
Investing in R&D is an important part of Vår Energi's activities to reduce emissions in the medium and long term. The company is involved in several R&D projects, amongst others the Low Emission Centre for low emission technology for petroleum activities on the Norwegian Continental Self. Vår Energi is also involved with the Norwegian CCS Research Centre (NCCS) with the objective of enabling the fast-track deployment of carbon capture and storage through industry-driven science-based innovation, addressing the major barriers identified within demonstration and industry projects.

WANT MORE INFORMATION?

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

Hav Energy

Headquarters: Stavanger, Norway

Website: www.havenergy.no

Number of employees: 6

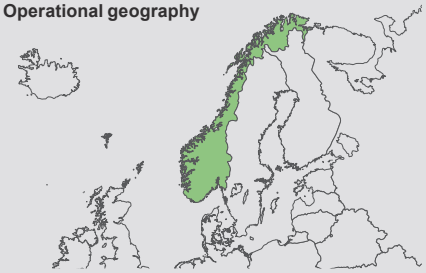
Revenues (2022): USD 507 million

HV's shareholding: 99.4%

Investor: Fund VII

ESG Contact: Atle Gundersen

Operational geography



ESG Reporting: None

ESG Policies: Code of conduct, supplier code of conduct, HSE, Cybersecurity

Certifications: None

SDGs:

COMPANY DESCRIPTION

Hav Energy is an infrastructure company established by HitecVision. The company was established as an infrastructure owner in late 2021 and has been in a start-up phase in 2022, working to establish a robust governance structure. Hav Energy owns a share of the Norwegian gas transportation infrastructure, Gassled and Polarled, which forms the world's largest offshore pipeline system, supplying about 25 percent of all gas used in the EU. In 2022, Hav Energy also became co-owner of four French SPVs which will construct, own and operate four liquified natural gas (LNG) vessels with Knutsen LNG.

Hav Energy aims to become a preferred partner for European energy and utility companies for their investments in the energy transition. The company will continue to develop its portfolio of energy assets through investments in infrastructure for natural gas and other energy carriers in the green transition.

Hav Energy wants to contribute to adapting Europe's gas infrastructure to become more climate neutral. In the short-term perspective, decarbonisation of the gas is most relevant. In a long-term perspective, the infrastructure could be repurposed for transport of hydrogen or carbon.

In 2022 Hav Energy decided to assess potential infrastructure projects within carbon capture and storage. The company has developed a strategy for this, and is currently reviewing potential partnerships to develop solutions in this area.

Stian Konstad, CEO

HAV ENERGY: KEY REPORTED ESG FIGURES FOR 2022

ENVIRONMENTAL	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	-
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	-
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$) [1]	152 707
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	301.4
Total waste (tonnes)	- [1]
Non-Hazardous waste (tonnes)	- [1]
Hazardous waste (tonnes)	- [1]
Recycling Ratio	-
Unplanned spills (emissions to ground/sea/air)	0

SOCIAL	2022
Number of employees	6
Short term sick leave	0.2 %
Long term sick leave	0.0 %
Lost Time Injuries (LTI)	0
Share of women in total workforce	14 %
Share of women in management	50 %
Employee turnover ratio	0 %

GOVERNANCE	2022
Share of relevant staff who have completed anti-corruption training (%)	100 %
Breaches of ethical guidelines	0
Investigations or lawsuits in relation to ESG issues	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0
Whistleblowing cases being addressed by management or board	0

[1] The company only has 6 employees working in offices, and their waste is as such immaterial.

PERFORMANCE COMMENTARY. Hav Energy has minimal direct emissions, and thus focuses on its indirect emissions, primarily those related to the gas infrastructure operations that the company is invested in through its 15.6% holding in Gassled (Scope 3, category 15).

The Kårstø gas processing plant was put into operation in 1985, and is Gassled's biggest source of greenhouse gas emissions, as natural gas is used to fuel the operations at the plant. The newer plants use electricity. Gassled has initiated projects to try and reduce emissions at Kårstø by 55% in 2023 compared to 2005. These are further described in the section Environment.

ESG MANAGEMENT APPROACH

Hav Energy has established ESG procedures and policies in line with HitecVision's guidelines. ESG-related matters are followed up through regular reporting and meetings, and a separate ESG committee has been established by the Board for detailed monitoring. ESG is integrated in Hav Energy's strategy, and developing a separate ESG strategy is one of the company's goals for 2023.

In 2022, Hav Energy's insurance broker Marsh carried out a survey to evaluate its customers and prepare them for upcoming ESG requirements. Hav Energy placed among the upper 10 percent of the participants, and received positive feedback on its work with ESG topics.

ENVIRONMENT

Hav Energy is an investor in infrastructure for natural gas, and therefore focuses on its Scope 3 emissions. Hav is committed to reduce its Scope 3 emissions by 55 percent by 2030, from a 2005 baseline, engaging with the asset operators and other owners to decarbonise the operations. To reach its reduction target, Hav Energy seeks to be well established within renewable energy infrastructure and carbon capture and storage by 2030, as well as supporting initiatives related to emission reductions in the current gas related portfolio.

An important project for Hav Energy in 2022 was the Kårstø Electrification Project (KELP). The Kårstø gas processing plant, where Hav has an indirect 15.6 percent holding, is Norway's second largest source of greenhouse gas emissions onshore, and the plan was that electrification of the plant would reduce emissions by approximately 50 percent, creating a nationally significant impact. The Front End Engineering Design (FEED) stage of KELP was completed in 2022, but due to rapidly escalating costs combined with a lack of the large amounts of renewable power required, the project had to be stopped.

The ambition is still there, however, and a new emissions reduction project, the Kårstø Reduced Emissions project (KREm), has been initiated, which is likely to involve a combination of electrification and other emission reducing measures. The project scope for KREm is expected to be decided in April 2023. In 2022, several minor measures have been implemented at Kårstø to reduce emissions, such as replacing filters and adjusting processes. Such measures have resulted in a 25 percent reduction in emissions compared to 2018. Larger reductions will require larger investments, and the KREm project is intended to ensure significant emission reduction.

The carbon footprints of the LNG vessels that Hav Energy will co-own with Knutsen LNG only amount to two-thirds of that of traditional LNG vessels. Replacing traditional LNG vessels with these newbuilds is therefore an energy efficient solution that will result in reduced emissions.

Hav Energy has also begun the process of assessing and adapting its investments to potential climate risk. The company has commissioned Marsh to carry out an assessment of physical climate risk for each of the onshore sites and valve stations along the onshore part of the pipelines system (the stretch from landfall to receiving terminal), in two different temperature scenarios. Through the assessment, Marsh identified that none of the sites are currently subject to significant physical climate risk, but a long-term risk towards 2100 was identified at three of the receiving facilities in the EU: Dunkerque Terminal, Europipe Receiving Facilities in Dornum and Zeebrugge Terminal.

SOCIAL

Hav Energy is committed to maintaining high social standards and has a strong focus on the safety and wellbeing of the employees The company strives to ensure a good work-life balance for the company's employees.

Hav Energy recognizes the importance of gender balance among employees, and the company has received a strong call to ensure such a balance from various stakeholders, including HitecVision. As there is a current preponderance of men in the company's workforce, measures to ensure that future job advertisements are appealing to all potential applicants have been implemented.

GOVERNANCE

Hav Energy has fully implemented both the HitecVision Board Guidelines and the Compliance Program, as well as a Code of Conduct and a supplier code that set out clear rules and guidelines for both Hav Energy's employees and suppliers.

The Company's Governing Principles and Code of Conduct form the foundation for its ESG governance. It guides directors and employees (including consultants) in complying with the legal and ethical requirements governing all business conduct. All employees are expected to conduct their actions in accordance with the Code and all applicable laws and regulations. Beyond that, employees are required to respect safety and environmental concerns and be sensitive to society at large. The Code provides procedures on how employees must report any breaches of the Code and follow up any reported misconduct.

Hav Energy has also established a health & safety policy and a cyber security policy in 2022. The company recognizes the importance of cyber security, and the company's employees are regularly required to undergo training within this matter.

Risk management is an integrated part of the company's business processes and decisions. Hav Energy is working to identify potential risks within the company, supply chain and among business partners. The company's suppliers and business partners are also challenged to assess their own operations, supply chains and business partners in terms of human rights and working conditions. In 2022 Hav Energy has initiated a due diligence process to assess potential risks in its supply chain, in line with the requirements of the Transparency Act.

Headquarters: Oslo, Norway

Website: www.omp.no

Number of employees (FTEs): 12

Revenues (2022): USD 58 million

HV's shareholding: 68.7%

Investor: Fund VI

ESG Contact: Espen Tørvold Guldbrandsen

Operational geography

ESG Reporting: None

ESG Policies: Code of Conduct, ESG / CSR Policy, ICT / Cybersecurity Policy

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

SDGs:

COMPANY PROFILE

OMP Capital is a finance and asset management firm specializing in custom financing solutions in the energy and energy infrastructure industry. The company has expanded its investment approach towards opportunities in the energy transition and the renewable energy sector, particularly liquified natural gas (LNG) and solar power, as well as energy infrastructure and offshore wind.

OMP Capital was established in 2013 by HitecVision and is backed by leading U.S. and European institutional investors. 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) managing alternative investment funds established in Malta and Guernsey, and complies with regulations in all three jurisdictions.

Ivar H. Myklebust, CEO

OMP: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	-	0	0	0	0
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	-	0	0	0	0
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$) [1]	-	34	1	39 998	51 649
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	0.01	0	0.0	0.0
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	0.6	0	651.9	889.7
Total waste (tonnes)					0
Non-Hazardous waste (tonnes)					0
Hazardous waste (tonnes)					0
Recycling Ratio					0 %
Unplanned spills (emissions to ground/sea/air)					0

SOCIAL	2018	2019	2020	2021	2022
Number of employees	12	11	12	10	12
Short term sick leave	0.4 %	1.0 %	0.5 %	0.7 %	1.2 %
Long term sick leave	0 %	0 %	0.0 %	0.0 %	0.0 %
Lost Time Injuries (LTI)					0
Share of women in total workforce	-	9 %	8 %	10 %	25 %
Share of women in management	-	0 %	0 %	0 %	0 %
Employee turnover ratio	0.0 %	8.3 %	16.7 %	9.1 %	18 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	100 %	100 %	100 %	100 %	66 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	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] New Scope 3 baseline established in 2021.

PERFORMANCE COMMENTARY. OMP Capital has very limited greenhouse gas emissions within Scope 1 and 2, hence focuses primarily on its Scope 3 emissions. The company has established processes to ensure that these are provided by the operators of assets financed by OMP (Scope 3 category 13), with comprehensive data available since 2021. The figures show an increase of 29 percent from 2021 to 2022, which is due to higher utilization of assets, including one high-emitting asset coming out of lay-up. OMP is currently considering measures to establish relevant carbon intensity calculations for its financed assets.

OMP has focused on improving the diversity of its team, and has made progress in 2022. Given the small size of the company, the share of women increased from 10 to 25 percent from 2021 to 2022 as a result of two of the company's new hires being women.

ESG MANAGEMENT APPROACH

OMP Capital aims to become a leading sustainable capital manager. To achieve this, the company has invested in projects positioned within energy transition and updated its investment process to include ESG factors. The ESG due diligence process covers various risks while identifying opportunities. For physical assets, the company assesses sustainability risks using internal and external data, evaluating the asset's alignment with a low-carbon society. Furthermore, the company collects and monitors emission data from the vessels and other physical assets it controls on a quarterly basis.

ENVIRONMENT

OMP Capital aims to play a strategic role in lowering emissions by allocating financing to more sustainable energy solutions. In 2022, an example includes an investment in a project to support Poland's transition from coal and Russian gas to LNG as an energy source. This included investments of over USD 200 million directed to modern LNG ships. This investment contributes to European energy security and supports the transition to cleaner energy in Poland.

SOCIAL

OMP Capital's focus areas when it comes to employee welfare is equal treatment and inclusion, security and professional growth. Following the pandemic, the company also provides greater flexibility in working locations for individuals and strives for a healthy work-life balance. In 2022, OMP Capital made recruitments in line with strategic objectives which helped improve its gender balance.

GOVERNANCE

As a regulated financial markets company, OMP Capital has established extensive compliance protocols that address anti-corruption, anti-money laundering, transactions, and cyber security. All staff members have to undergo general anti-corruption and anti-money laundering training, as well as further training that is specific to their role. OMP has rigorous policies for employee trading.

A yearly business risk evaluation at both the fund and fund manager levels enables effective management of all significant risks that OMP's operations are subject to. Any shifts in OMP's risk exposure are evaluated frequently and reported to the Board on a quarterly basis, and whenever a significant risk event takes place.

The company has a quarterly ESG reporting process towards the Board and also presents an annual TCFD assessment to the Board for review and comment. The annual risk review also includes a review of ESG as one of four risk blocks. The results of this review are presented to the board and contribute to the framework for the company's risk management.

OceanInstaller

Headquarters: Stavanger, Norway

Website: www.oceaninstaller.com

Number of employees (FTEs): 230

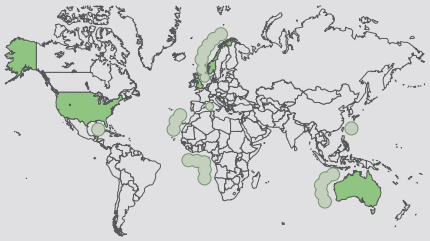
Revenues (2022): USD 287 million

HV's shareholding: 99.6%

Investor: HVAS and Fund V (indirectly)

ESG Contact: Richard Stewart

Operational geography



ESG Reporting: Inaugural ESG report for 2022

ESG Policies: Code of Ethics, Health, Safety and Environmental, Diversity and inclusion, Human Rights, Sanctions Compliance and Code of Business Conduct

Certifications: ISO 9001, ISO 14001 and ISO 45001

SDGs:

COMPANY DESCRIPTION

Ocean Installer is a subsea installation company for offshore marine constructions for the oil and gas and renewables markets. Initially active in the oil and gas market, Ocean Installer later expanded its business to become a service provider to the offshore wind industry, in addition to subsea contracting and installation, and rebranded in the process to Havfram in 2020. In 2022, after a successful incubation period, Havfram's offshore wind businesses were demerged, and new investors were found to provide the significant capital needed for the independent development of this part of the group. The offshore wind business kept the Havfram brand, while the subsea business has reclaimed the Ocean Installer brand.

Ocean Installer provides full EPCI (Engineering, Procurement, Construction and Installation) services. The company offers turnkey solutions in the areas of Offshore Field Developments, Subsea Umbilicals, Risers and Flowlines (SURF), Rigid Pipelay Installation, Tow and Mooring Operations, Offshore Floating Wind, Tidal Power, Floating Solar, Decommissioning and Inspection, Repair and Maintenance (IRM) and Carbon Capture and Storage (CCS).

The company is currently expanding its service offerings and will continue working across all global markets. In 2022, Ocean Installer expanded its operations to Senegal and Taiwan.

Kevin Murphy, CEO

OCEAN INSTALLER: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

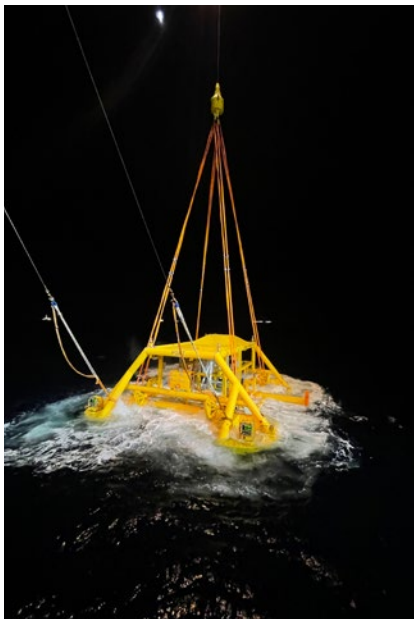
ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	-	12 248	47 718	34 049	44 043
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	-	34	28	25	24
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$)	-	660	680	720	815
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	128.5	182.8	136.2	153.6
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	135.4	185.4	139.1	156.4
Total waste (tonnes)	-	35	39	39	43
Non-Hazardous waste (tonnes)	-	-	-	39	43
Hazardous waste (tonnes)	-	-	-	-	-
Recycling ratio	91 %	83 %	77 %	65 %	62 %
Unplanned spills (emissions to ground/sea/air)	1	0	1	0	0

SOCIAL	2018	2019	2020	2021	2022
Number of employees	150	198	252	266	230
Total Recordable Incident Frequency (TRIF)	0	0	0.4	0	0
Lost Time Injuries (LTI)	0	0	0	0	0
Restricted Work Cases (RWC)	0	0	1	0	0
Medical treatment case (MTC)	-	-	-	0	0
Share of women in total workforce	31 %	27 %	27 %	27 %	27 %
Share of women in management	30 %	29 %	31 %	30 %	40 %
Short term sick leave	1.1 %	1.3 %	0.2 %	0.3 %	0.3 %
Long term sick leave	1.6 %	1.1 %	0.4 %	0.4 %	0.5 %
Employee turnover ratio	2.0 %	1.8 %	0.9 %	4.6 %	8 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	94 %	75 %	86 %	88 %	91 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0	0

PERFORMANCE COMMENTARY. Many of Ocean Installer's ESG data are closely tied to the number of vessel days used in offshore operations. Due to higher vessel operating activities in 2022, Ocean Installer's GHG emissions increased by approximately one third compared to 2021, which is the same level as in 2020. Similarly, total fuel consumption increased by 29.3 percent, to a total volume of 15,869 m3 MGO.

The demerger from Havfram led to a reduction in the number of employees: Out of 299 employees (as of September 2022), 45 continued working for Havfram. Moreover, the share of women in management positions increased to 40 percent as two female executives were appointed to the management team. All other metrics remained stable with no noteworthy developments from previous years.



ESG MANAGEMENT APPROACH

Ocean Installer has committed to protect the people and the environment associated with its projects and follow high ethical standards in all operations. The company has developed a structured approach for managing ESG at the company level.

Organisational capabilities will be enhanced in 2023 by the appointment of additional resources and specific sustainability focused training.

Ocean Installer's commitment to developing and implementing sustainable solutions that support the UN Sustainable Development Goals (SDGs) is a positive step towards promoting sustainable development. By mapping its focus areas and prioritizing seven SDGs that align with the company's mission statement and values, Ocean Installer is demonstrating a clear strategy for addressing sustainability challenges and contributing to a more sustainable future.

By embedding these goals globally and incorporating them at project level, Ocean Installer is ensuring that sustainability considerations are integrated into all aspects of its business activities. This approach will help motivate project teams to focus on relevant ESG factors when planning and executing projects, ultimately leading to better outcomes for the company and its stakeholders.

ENVIRONMENT

Ocean Installer has an integrated environmental management system certified to ISO 14001. The management system sets out the requirements the company uses to enhance its environmental performance.

Ocean Installer has committed to reduce its carbon footprint by 50 percent for Scope 1 and 2 by 2035 and achieve carbon neutrality for Scope 1, 2, and 3 by 2050, as stated in its Climate Pledge. This pledge has been publicly announced on the company's website and communicated throughout the company. The company's primary focus for achieving these goals is reducing fuel consumption related to vessel operations, which currently accounts for 98 percent of its total carbon emissions.

Ocean Installer has developed a low carbon transition plan. By focusing on improving energy efficiency across all operations, the company is taking steps towards reducing its carbon footprint.

Ocean Installer has an opportunity to influence emissions reduction across its supply chain. Ocean Installer is an asset-light company, as it mainly leases the vessels employed in the subsea installation services instead of owning them. Collaborating with vessel owners and clients to promote sustainable options such as the use of biofuels and green technologies is a practical approach to achieving emissions reduction targets.

By monitoring progress towards its targets, Ocean Installer can continually evaluate the effectiveness of its low carbon transition plan and make adjustments where necessary. This approach will enable the company to stay on track and ultimately achieve its Climate Pledge goals.

Ocean Installer will be actively engaging with its clients and suppliers regarding its Scope 3 emissions. In 2022, the company participated in upskilling sessions organised by HitecVision for Scope 3 calculations and is working to include more categories in its analysis to gain a better overview of emission hotspots in the company's value chain.

SOCIAL

Workplace health and safety is a key priority area for Ocean Installer, and these issues are managed in accordance with ISO 45001. The company systematically measures and evaluates performance against requirements set out in the annual HSEQ program, and has a goal of zero accidents and incidents. Robust procedures are implemented to ensure that all personnel have the necessary resources, equipment, and training to understand their personal responsibility for conducting operations in a safe, environmentally friendly, and efficient manner.

The company has developed a supplier declaration with requirements to suppliers to ensure safe working conditions, ethical labor practices, and respectful and dignified treatment of workers. Ocean Installer has a zero-tolerance approach to slavery and human trafficking and has developed a policy on Slavery and Human Trafficking, outlining actions to assess its own operations and supply chain, and mitigate risks. All procurement and HR staff are required to complete training on modern slavery.

Ocean Installer seeks to build a diverse and inclusive workplace and is working to improve the level of diversity in its organization. The goal is to increase the share of female employees and managers to 35 percent by 2024. In 2022, Ocean Installer formalized existing processes and improved transparency. The company formed a non-discrimination taskforce, chaired by employees, and supported by the HR department. One of the initiatives that emerged from this work includes an improvement to the recruitment process, focusing on more inclusive language and structured advertisements to attract more female applicants. The company has also initiated a young aspiring leaders programme for the purpose of developing female leaders.

As a global operator, Ocean Installer showcases integrity and care for local communities and surroundings. As an example, during an operation in Tenerife, the company engaged with locals to find new homes for excess shipping crates. Ultimately, the crates were donated to a local animal shelter, who could use the excess crates to house animals in need.

GOVERNANCE

Ocean Installer includes selected ESG parameters in the management team's performance review, salaries and bonuses, which is an example of how the sustainability perspective is a driver in Ocean Installer's core operations. Progress on ESG KPIs is presented to the directors at every board meeting.

Ocean Installer has implemented a comprehensive Code of Conduct that applies to all employees and business partners. The annual read-through of ethical guidelines helps ensure that employees understand the company's expectations and reinforces the importance of ethical behaviour.

Established whistleblowing procedures means there is a confidential channel for employees to make disclosures without fear of retaliation, crucial to maintaining a culture of openness and transparency.

Overall, Ocean Installer's commitment to ethical conduct reflects the company's values and dedication to responsible business practices. By promoting transparency and accountability, the company can build trust with stakeholders and establish a reputation for ethical excellence in the industry.

Ocean Installer performs due diligence 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. A new software which balances the full overview of lifecycle and emissions effects in a comprehensive dashboard is currently in development to aid in the supplier selection process. In 2023, the company aims to standardize ESG checklists to be sent out during vendor approvals.

The company has completed a mapping of current legal and regulatory requirements and monitors any changes to ensure good governance as the legal frameworks evolve. The introduction of the Norwegian Transparency Act has extended ESG responsibility across the HR, procurement, legal, and supply chain departments.

Ocean Installer has taken measures in recent years to strengthen its cyber security programme, which includes yearly risk assessments and security reviews, as well as running tests to prevent phishing, data loss, hacking and virus outbreaks. In 2023, Ocean Installer will continue this work and implement training for all employees.

Headquarters: Stavanger, Norway

Website: www.moreld.com

Number of employees (FTEs): 2 484

Revenues (2022): NOK 5,334 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, GHG Protocol

ESG Policies: Environment, Health & Safety, Diversity & inclusion

Certifications: ISO 9001, ISO 14001, ISO 45001, ISO 18001, ISO 27001

SDGs:

COMPANY DESCRIPTION

Moreld is a group of 16 companies that offer end-to-end products, services, and solutions to customers in offshore and renewable energy, marine, aquaculture, and other markets. The company's overarching goal is to enable the energy transition, and it applies its competence and expertise from the oil and gas sector to develop new, sustainable business lines. To achieve this, Moreld capitalizes on its knowledge from its different companies, combined with its notable size, robustness and access to talent and key resources.

Geir Austigard, CEO

MORELD: KEY REPORTED ESG FIGURES FOR 2022

(2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2020	2021 [1]	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	1 407	1 254	557
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	1 843	1 116	829
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$)	4 407	2 259	4 689
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	5.3	3.6	2.6
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	12.4	6.9	11.4
Total waste (tonnes)	2 605	2 758	1 017
Non-Hazardous waste (tonnes)	-	2 749	965
Hazardous waste (tonnes)	-	9	52
Recycling ratio	78 %	94 %	89 %
Unplanned spills (emissions to ground/sea/air)	3	0	1

SOCIAL	2020	2021 [1]	2022
Number of employees	3 003	2 304	2 484
Total Recordable Incident Frequency (TRIF)	5.8	7.8	5.8
Lost Time Injuries (LTI)	9	8	7
Medical treatment case (MTC)	16	24	22
Share of women in total workforce	16 %	17 %	18 %
Share of women in management	26 %	25 %	25 %
Short term sick leave	2.1 %	1.7 %	1.8 %
Long term sick leave	3.3 %	1.9 %	2.0 %
Employee turnover ratio	7.7 %	15.6 % [2]	10 %

GOVERNANCE	2020	2021 [1]	2022
Share of relevant staff who have completed anti-corruption training ”portfolio weighted average”	79 %	87 %	90 %
Breaches of ethical guidelines	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	2	2	0
Whistleblowing cases being addressed by management or board	1	2	1

[1] The 2021 numbers does not include companies that were divested during 2021, being 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 of 56 and 26 percent respectively for its Scope 1 and 2 emissions in 2022, partly due to divestment of carbon intensive companies, but also driven by emission reduction initiatives in the company's own operations. Reported Scope 3 emissions more than doubled as a result of improved and increased reporting requirements for Scope 3 categories across the Group.

Waste generated decreased by 61 percent, which should be considered a return to normal levels, as waste in 2021 was extra-ordinarily high due to the closing of a manufacturing facility by Moreld Agility, resulting in extraordinary recycling of 1,400 tonnes of metals. Due to this the recycling ratio across the company dropped from 94 percent in 2021 to 84.7 percent in 2022, while the waste intensity (tonnes waste per million NOK revenue) was reduced by 61 percent compared to 2021.

The metrics for health, safety, social and governance performance remained relatively stable compared to 2021.

ESG MANAGEMENT APPROACH

Moreld has defined five focus areas for its sustainability efforts, with a goal of aligning and embedding sustainability targets in its strategy and operations. The five topics are 1) Carbon neutrality, 2) Waste reduction, 3) Gender balance, 4) Good health and wellbeing, and 5) Enabling the energy transition.

Moreld has an ESG policy which outlines principles for operating in an environmentally and socially sound manner. Moreld's board of directors has played an active role in defining the ESG policy and mapping the company's contribution to the UN's sustainable development goals (SDGs). Guided by the ESG policy, Moreld has integrated environmental, social and ethical issues into the assessment and selection of new and existing business lines.

A key success factor for Moreld is to develop and distribute ESG competencies across the group companies. During 2022, the Group's ESG network, with participants from all the different companies, had its first year of operation. This is considered to be a useful forum with quarterly meetings to discuss relevant ESG topics, including preparations for upcoming reporting requirements and regulations.

The Moreld Group publishes a yearly sustainability report in accordance with GRI, which is available on the company's website.

ENVIRONMENT

Moreld's most important climate goal is to become carbon neutral in its own operations (Scope 1 and 2) by 2030, and reduce Scope 3 emissions in line with national targets. Decarbonization of both its own and partner companies' operations is a key factor for achieving these goals.

Moreld believes that offsetting will be necessary to become carbon neutral in its own operations, and has therefore decided to climate compensate its 2022 Scope 1 and 2 emissions through carbon capture investment with Trefadder (Bio-CCS). This entails planting trees in Norway, capturing 1,387 tonnes CO_2e.

Innovations for cleaner fjords

In 2022, Moreld included SDG 14 as a core component of its sustainability focus, which concerns protecting life below water. Moreld Aqua has several projects in place with the aim of contributing to cleaner fjords and more healthy fish in fish farms. For example, NanoFjord is an innovative closed cage farming (CCF) solution that uses enclosed structures, such as floating cages, to raise fish and other aquatic species.

NanoFjord helps reduce the spread of disease and parasites such as sea lice. The habitat of the fish is segregated from the natural environment and shielded from unwanted exposure, while still maintaining good growth conditions and fish welfare. The solution thus reduces the risk of fish escaping into the wild and helps avoiding disruption of local ecosystems and genetic pollution of wild fish populations. The solution is designed to be more energy-efficient and to use fewer resources than traditional open-water fish farming and land-based farming. This is possible due to increased feed efficiency (less spill), energy efficient water circulation and no need for heating. NanoFjord can also collect up to 60 percent of the sludge, which can be used to create biogas (including biomethane and fertilizer).

Several of the Group's companies contribute to lower emissions by developing and innovating renewable energy solutions, as well as promoting energy efficiency across operations. For example, Moreld Ocean Wind aims to be one of the leading suppliers of floating wind technology in Europe. The company has established a modular approach to designing, prefabricating, assembling, and installation

MORELD COMPANIES:

Aluminium Offshore
əDrilling
EUREKA
FPE SONTUM
moreld agility
moreld apply
moreld aqua
moreld aquamarine
moreld capnor
moreld flux
moreld global maritime
moreld karsten moholt
moreld minox
moreld ocean wind
moreld ross offshore
origo SOLUTIONS

of floating foundations for offshore wind turbines. The components can be manufactured at different locations and transported on conventional cargo vessels to end locations to be assembled. Additionally, the design requires 30 to 40 percent less steel than competing designs, making the components less costly as well as reducing their environmental impact.

Moreld's companies also collaborate to reduce the environmental impact of its customers and have several initiatives in place to increase circularity of products. In 2022, Moreld Flux started working with Vår Energi to sort approximately 3,500 unused valves, held by Vår Energi as spare parts. The purpose was to identify which valves were OK for use, which ones needed repair, and which ones could be scrapped. The scrapped valves will be recycled into fine metal powder which can be used to 3-D print new spare parts for valves that need repair. Other valves will be given to universities for education purposes.

SOCIAL

Ensuring all individuals have equal rights is at the core of Moreld's work with gender balance. Being part of a traditionally male-dominated industry, it is important to be aware of the biases and obstacles that women might face in recruitment processes or when entering the workforce. Moreld is working actively to raise the share of women in its workforce and in leadership positions, and has set targets to increase these shares. The company's 2022 targets of a 20 percent share of women in the total workforce and 28 percent in management positions were not quite met, with 18 percent and 25 percent respectively. Moreld will continue to work towards its 2030 target of 35 percent women in the workforce and gender balance in leading positions.

Equality is, however, not only about gender, but about bringing equal opportunities to all genders, races, beliefs, and disabilities. To ensure this work is done at the highest level, the diversity & inclusion policy sets guidelines for all group companies and is reviewed on a regular basis.

Good health and wellbeing is a focus area that has especially high importance in the sectors Moreld is operating in. Providing a healthy, safe and secure working environment must always be the number one priority in all activities, and Moreld's

ambition is to be industry leading on safety and the company has a target of zero LTIs and serious incidents. As Moreld's companies are working in harsh offshore environments like the North Sea, this is a challenging endeavor that requires deep commitment from the entire organization. During 2022, Moreld continued implementing measures to improve its safety performance, including regular information bulletins, management safety inspections and a hazard observation campaign rewarding employees for rigorous safety work.

Moreld continues to actively develop and support relevant and local community activities. Some community investment examples from across the group include:

- **The Pink Ribbon run:** Moreld Ross Offshore supported breast cancer awareness by participating in a 10k run in in Bergen, Oslo, Stavanger and virtually.
- **Marcothon:** Moreld Global Maritime organized a charity event called The Marcothon, which included donating 10 NOK per kilometer that employees ran in December. A donation was provided to Autism and Neurodiversity Scotland, an organization that supports autistic individuals, their families and wider support networks.
- **Traffic safety:** Moreld Apply supports Trafikkland, which is an organization that provides traffic safety training for children in elementary schools in Sola municipality. In 2022, Apply supported the program with reflective vests and training materials.

GOVERNANCE

Moreld is committed to operating to the highest standards of integrity. Behavior and policies are guided by a code of conduct that describes the rules and ethical standards. New employees need to complete compliance training as part of the onboarding process. Moreld works to constantly review and strengthen the quality of its governance guidelines, ESG reporting, whistleblowing procedures and supplier declarations.

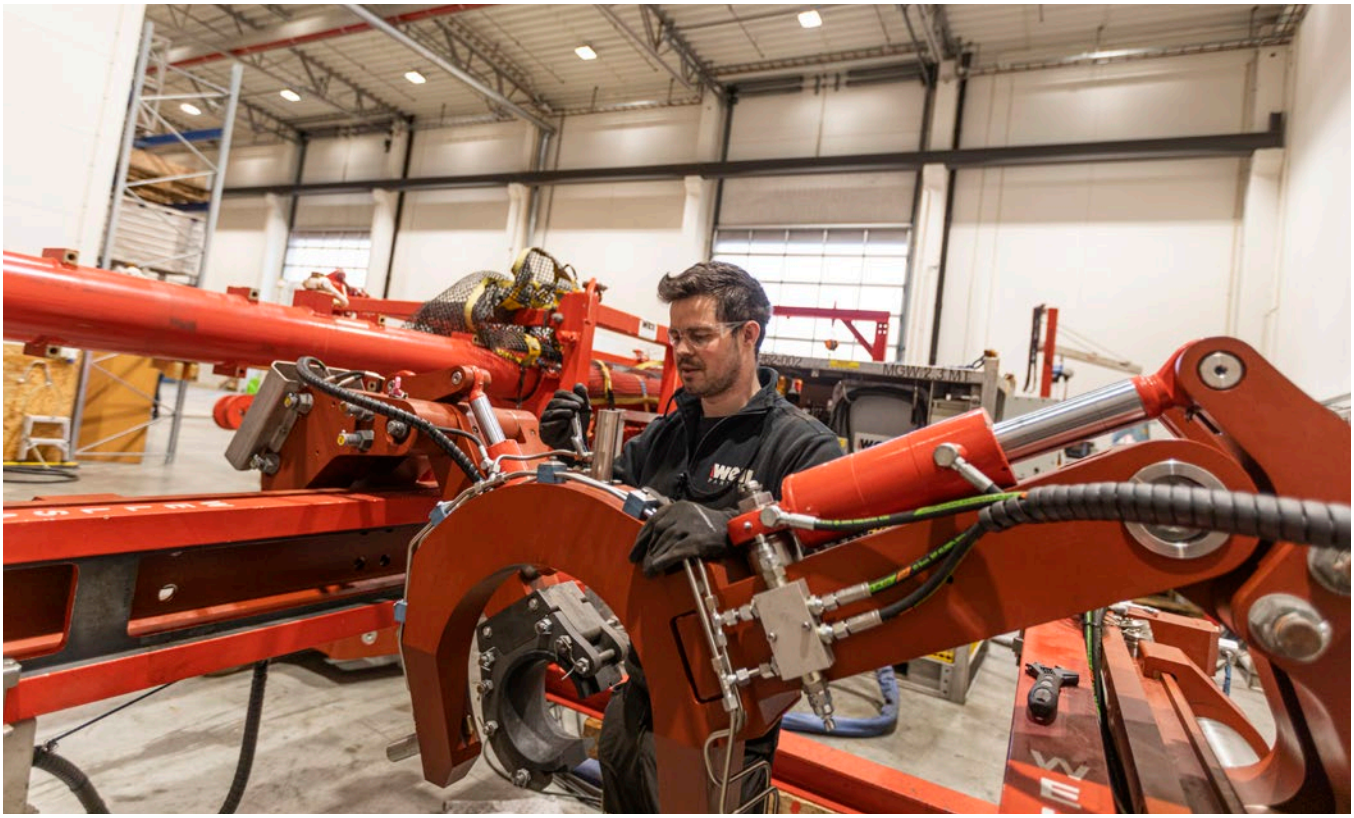
Moreld performed a detailed review and update to the group whistleblowing procedures in 2021, and the management recognizes that whistleblowing is a positive contribution to the governance of the company. All group companies have a procedure in place that covers all employees and is publicly available on the website. Insights from the whistleblowing channel have proven to be valuable for correction of and learning from deviations. During 2022, there were two whistleblowing cases in the Group, and both were investigated and handled together with external auditors.

Moreld's companies regularly perform supplier audits that include audit of environmental, social and governance issues. This includes expectations towards suppliers and partners on social aspects such as human rights and health and safety, anti-bribery, anti-corruption and environmental impacts. In 2022, this work has been aligned with the Norwegian Transparency Act.

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 or Achilles. To register in the qualification system, suppliers perform a detailed capability assessment that covers compliance with 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. It is also expected that all suppliers and business contacts commit to Moreld's anti-bribery and anti-corruption policies and take all possible actions to mitigate the risk of corruption.

WANT MORE INFORMATION?

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



Headquarters: Stavanger, Norway

Website: www.wellpartner.no

Number of employees (FTEs): 42

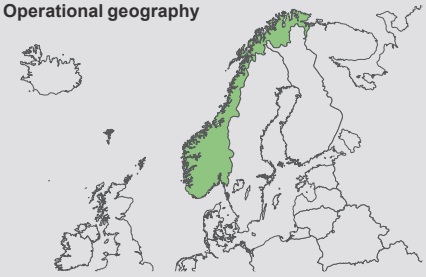
Revenues (2022): NOK 190 million

HV's shareholding: 75.4%

Investor: Fund VII

ESG Contact: Ketil Myhre

Operational geography



ESG Reporting: None

ESG Policies: Code of Conduct, Quality Policy, Health and Safety Policy, Environmental Policy, Whistleblower policy, intellectual property policy, security policy, data protection policy, anti-corruption policy, business hospitality policy, sanctions policy

Certifications: ISO 9001

SDGs:

COMPANY DESCRIPTION

WellPartner is a Norwegian service and supply company to the oil and gas sector. WellPartner delivers technical expertise and high-quality equipment and services within subsea, drilling, completion and well intervention operations. The company's product offering is divided into eight categories, including HP riser systems, tension, WellSafe and umbilical deployment systems, Casing Landing Assembly (CLA), rental products and rig integration and interface services, as well as customized product development. At its core, the company is developing knowledge to enable zero waste and emissions reduction solutions. A main part of its revenue stems from rental of specialized riser products to operations.

Eivind Håvarstein, CEO

WELLPARTNER: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	4	2	2	3	6
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	32	33	33	44	49
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$)	34	17	17	19	25
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	2.5	2.4	2.4	3.2	2.8
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	4.8	3.6	3.6	4.5	4.0
Total waste (tonnes)	23.4	19.5	19.5	20.0	30.6
Non-Hazardous waste (tonnes)	-	-	-	17.0	28.0
Hazardous waste (tonnes)	-	-	-	3.0	2.6
Recycling ratio	82 %	71 %	71 %	71 %	80 %
Unplanned spills (emissions to ground/sea/air)	0	0	0	0	0

SOCIAL	2018	2019	2020	2021	2022
Number of employees	29	30	33	34	42
Lost Time Injuries (LTI)	0	0	0	0	0
Medical treatment case (MTC)	-	-	0	0	0
First aid case (FAC)	-	-	0	0	0
Share of women in total workforce	15 %	14 %	16 %	16 %	7 %
Share of women in management	30 %	30 %	30 %	30 %	14 %
Short term sick leave	0.4 %	1.2 %	0.2 %	2.2 %	2.9 %
Long term sick leave	3.7 %	0.8 %	0.3 %	5.6 %	1.5 %
Employee turnover ratio	3.9 %	11.0 %	9.5 %	0.0 %	11 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	81 %	97 %	97 %	100 %	100 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0	0

PERFORMANCE COMMENTARY. In 2022, WellPartner expanded its operations, leading to increased energy consumption and generation of waste. The Scope 2 emissions and total waste have therefore increased by 11 and 53 percent respectively. The company has implemented a new waste management system that improved recycling by 30 percent. Additionally, a closed-loop product cleaning facility and a new software for chemicals management helped achieve a 13 percent reduction in hazardous waste.

The company's workforce grew by 24 percent (eight FTEs) in 2022. As a consequence, the share of women in the workforce dropped from 16 to 7 percent, which is connected to the non-availability of female professionals in certain oil industry operational roles.

ESG MANAGEMENT APPROACH

WellPartner has established a simple and effective approach to the management of ESG issues. The company is in the process of getting certified to additional ISO standards, and will align its ESG routines and monitoring with the requirements of the ISO 140001, 45001 and 9001 standards. Considering the relatively small size of the company, this is a significant step towards elevating the company's ESG management approach to the level of professionalism seen in larger organizations. ESG is also on the agenda in all board meetings. In 2022, the company strengthened the ESG focus in its supplier code of conduct, in accordance with the Norwegian Transparency Act.

ENVIRONMENT

WellPartner is an oilfield service provider and follows statutory and clients' environmental management requirements. The company minimizes potentially negative environmental impacts with an approach driven by three priorities: reducing GHG emissions across operations; efficient and sustainable waste management; and rental of large machinery as a circular economic business model.

The direct environmental impacts from WellPartner's operations are limited. The company improved its waste management systems in 2022, leading to an increased sorting degree of 30 percent, and built a new washing facility for heavy equipment that separates oil in a closed loop, hence minimizing local pollution. WellPartner also improved its system for chemicals management by replacing a manual system with EcoOnline, a software that enables a data-driven approach to monitoring and risk assessment of associated chemicals.

Moving forward, WellPartner will focus on including more categories in its Scope 3 emissions reporting. The company is also considering phasing out fossil fuel vehicles, including replacing its diesel truck and car with electric substitutes.

WellPartner also offers rental services that reduce waste and contribute 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. In 2022, WellPartner increased its Norwegian market share of riser systems, currently owning three out of four risers for rental.

WellPartner offers specialized products and services that contribute 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, with a primary purpose to improve the safety of drilling operations.

As the products are developed to be more efficient and thus reducing rig operating times, this also results in a reduction of GHG emissions. A semi-submersible drilling rig in dynamic positioning mode can have emissions of around 150 tCO_2e per day. Saving just a few hours of rig time may therefore have a substantial positive impact on emissions.

SOCIAL

Employee health and safety is of critical importance to WellPartner and a main priority in all operations undertaken by the company. The company uses a HSEQ reporting system to track data related to injuries and has achieved its goal of zero injuries since 2015.

In 2022, the company has grown and thus invested in employee training and development programs to ensure that the new hires have the necessary skills and knowledge. WellPartner is a knowledge-based business, and training includes on the job training, internal training on company products, as well as tailored workshops. Specialized external training in technical and engineering disciplines is also provided to enhance knowledge and expertise.

WellPartner has also launched a new program and campaign to ensure employee wellbeing and good health. The company entered a new agreement with a health provider for its employees, as well as offering health checks and monitoring. WellPartner's Christmas gift to its employees was a donation of two power generators to Ukraine. The company is also involved in the local community by sponsoring local sports teams.

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 2022, all employees have been trained in the company's anti-corruption policy. The whistle-blower 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 the work to obtain another two ISO certifications, WellPartner has enhanced its risk assessment process, and aims to update its internal policies in line with the ISO requirements in 2023.

The implementation of the Norwegian Transparency Act has prompted an improvement to WellPartner's supplier code of conduct. This also enables the company to respond to customers with the necessary information for them to comply with the Act.

Prosafe

Headquarters: Stavanger, Norway

Website: www.prosafe.com

Number of employees (FTEs): 182

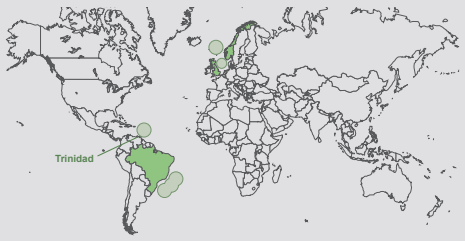
Revenues (2022): USD 199 million

HV's shareholding: 28.1%

Investor: Fund VI and VII

ESG Contact: Karine Cosemans

Operational geography



ESG Reporting: SASB, NSA Guidelines[1], UNGC CoP

ESG Policies: Code of Conduct, Corporate Social Responsibility (CSR), Anti-bribery and Anti-corruption, Human Rights

Certifications: ISO9001, ISO14001, ISO45001 & ISO50001. ISM Code[2]

SDGs:

COMPANY DESCRIPTION

Prosafe is an owner and operator of semi-submersible offshore accommodation vessels used as temporary living quarters for offshore personnel in the oil and gas industry. The vessels have accommodation capacity of 159-500 people and offer welfare and catering facilities, storage, workshops, offices, medical services and lifesaving equipment. The company owns seven vessels and operates in offshore environments globally. In 2022, the locations included Norway, UK, Brazil and Trinidad and Tobago.

The demand for Prosafe's services is mainly related to maintenance and modification of installations on fields already in production, hook-up and commissioning of new fields, tie-backs to existing infrastructure, and decommissioning. Prosafe is listed on the Oslo Stock Exchange.

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).

Jesper Kragh Andresen, CEO

PROSAFE: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2019	2020	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	113 558	133 332	53 744	100 678	24 368
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	163	156	11	7	19
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$)	2 657	3 193	1 785	1 964	95 652
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	591.5	948.1	713.1	122.6
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	605.7	979.5	727.0	603.5
Total waste (tonnes)	1 099	2 309	1 034	3 044	4 499
Non-Hazardous waste (tonnes)	1 099	2 064	903	2 857	4 253
Hazardous waste (tonnes)	312	245	62	187	246
Recycling Ratio	53 %	56 %	9.1 %	34.3 %	28 %
Unplanned spills (emissions to ground/sea/air)	0	0	0	0	0

SOCIAL	2018	2019	2020	2021	2022
Number of employees	417	150	99	103	182
Total Recordable Incident Frequency (TRIF)	2.5	0.8	1.8	0.0	11.1
Lost Time Injuries (LTI)	2	0	0	0	1
Medical treatment case (MTC)	3	6	2	0	16
First aid case (FAC)	49	27	7	32	75
Short term sick leave (onshore / offshore)	0.8 % / 1.9 %	0.5 % / 0.8 %	0.6 %	0.2 %	1.0 %
Long term sick leave (onshore / offshore)	0.8 % / 1.9 %	0.9 % / 1.9 %	0.6 %	0.1 %	0.4 %
Share of women in total workforce	40.6 % / -	36.6 % / 0.9 %	27 %	26 %	15 %
Share of women in management	25 %	27 %	30 %	26 %	19 %
Employee turnover ratio	9 %	19 %	8 %	11 %	27 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	N/A	78 %	88 %	46 %	86 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	0	0	0	0
Whistleblowing cases being addressed by management or board	1	2	2	0	2

PERFORMANCE COMMENTARY. Prosafe's fleet utilization increased from 54.5 percent in 2021 to 70.6 percent in 2022. This increased activity has resulted in a corresponding increase in KPIs such as fuel consumption, emissions and waste.

The company has recategorized some of its emissions from Scope 1 to Scope 3, following a thorough quality check of its data aided by an external consultant. Prosafe has earlier reported all emissions related to fuel consumption as its Scope 1 emissions. However, a significant proportion of these were already reported by Prosafe's clients as their Scope 1 emissions in accordance with the GHG protocol, as the clients often have operational control of the vessels. Since Scope 1 emissions can only be reported once, Prosafe has reclassified them as Scope 3. In sum, this has resulted in a decrease of Scope 1 emissions and an increase in Scope 3 emissions.

The company has continued its good results for safety performance and sickness absence. Prosafe has grown by almost 80 people in the past year, which has also reduced the share of women in the company due to the limited number of female operators in the oil service industry. The share of female onshore employees is 33.3 percent. Prosafe has further increased the share of its staff who has completed anti-corruption training to 86 percent, which is similar to its 2020 performance.

ESG MANAGEMENT APPROACH

Prosafe has several policies in place that provide an overarching framework for its approach to ESG topics, including Code of Conduct, Corporate Social Responsibility (CSR) Policy, Anti-bribery and Anti-corruption Policy and Human Rights Policy. Prosafe is a signatory to the United Nations Global Compact (UNGC) and hence publishes an annual Communication on Progress (CoP) report on the company's efforts and progression.

The Board and executive management regularly discuss ESG opportunities, risks and goals to ensure that they are integrated into the operations, culture, values, incentives and business practices of Prosafe.

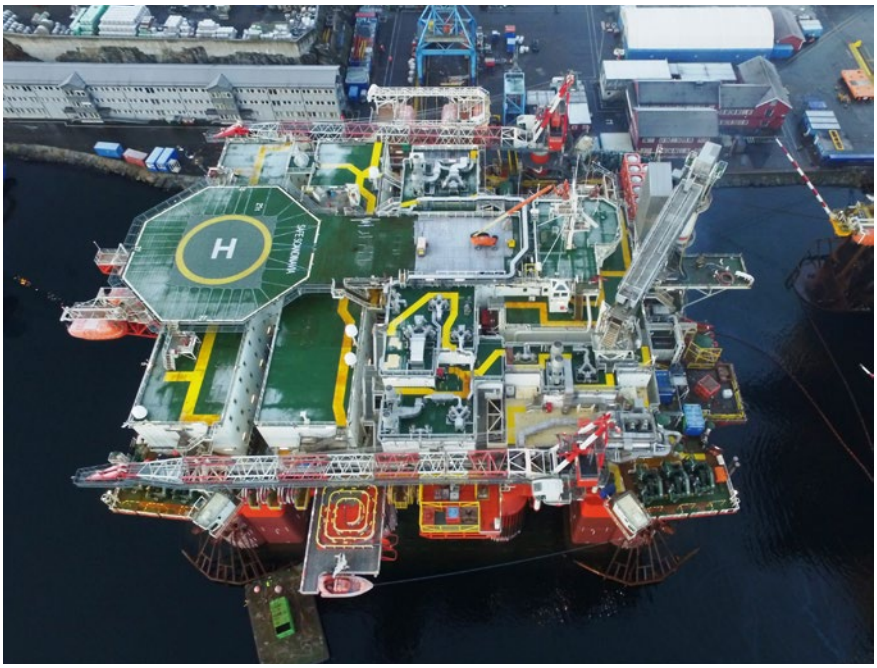
Prosafe publishes an annual ESG report, available on its website, and has in 2022 updated its reporting practice to be in line with SASB standards. The company views enhanced reporting requirements as an opportunity to improve its routines and performance, as well as addressing topics that otherwise would not be given the same attention. In 2022, the company has prepared for the Norwegian Transparency Act and performed a climate risk review in accordance with TCFD. Looking forward, Prosafe will start further preparations for the European Corporate Sustainability Reporting Directive (CSRD), which is expected to apply to the company from 2025.

ENVIRONMENT

Prosafe manages its environmental efforts according to the environment and energy standards ISO 14001 and ISO 50001. In order to reduce its impact on the environment and increase energy efficiency, the company has identified three key areas of focus: i) reducing GHG emissions from its vessels, ii) assessing fuels for the future to identify suitable options for the long term and iii) implementing energy efficiency measures.

Prosafe works closely with its customers and other stakeholders to find ways to reduce GHG emissions from its vessels. The company operates vessels that are dynamically positioned, meaning that a substantial amount of fuel is used to keep the vessels positioned alongside the offshore installations they support. In 2022, Prosafe successfully introduced the ability for two of its Dynamically Positioned (DP) vessels to operate using two engines instead of three in normal operational weather conditions, providing fuel savings of up to 15 percent when in use and thereby reducing GHG emissions. In recognition of the emissions reduction, Prosafe received a grant of NOK 3.5 million from the NOx Fund, a Norwegian instrument established to finance concrete NOx reduction measures. Going forward, Prosafe will engage with clients, technical authorities and regulators to gain acceptance this operational mode and expand the implementation of the approach in its operations globally.

The company has established a GHG emissions reduction roadmap based on currently available technology, and aims to meet the International Maritime Organization's target of a 50 percent reduction in GHG emissions by 2030. In 2022, Prosafe established an energy management team that is mandated to contribute in assessing solutions for emission reduction and energy optimization, as well as solutions for alternative fuels, such as biofuel, battery, power from shore. The company's operations are classified as Scope 1 or Scope 3 emissions by its customers, and Prosafe can offer customers a "menu" of green solutions through its low carbon transition plan.



Prosafe is dedicated to not only reducing its greenhouse gas emissions and energy use, but also proactively managing a variety of potential environmental impacts. The company has systems in place to handle responsible vessel recycling, waste management and recycling, water management, sewage discharge, use of chemicals, and avoiding spills, and is already using low sulfur fuel (maximum 0.1 percent), exceeding the MARPOL requirement of 0.5 percent. Prosafe has set goals for each important area of impact and reports on its progress annually in its ESG report.

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. 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. Prosafe carries out regular occupational health assessments for this purpose. Prosafe also provides training, conducts regular reviews, and monitors the situation to foster a culture of health and safety within the company. In 2022, Prosafe has continued its low lost time injury incidents with one occurrence in Q3 and has a low sickness absence at 1.31 percent. The company has also adopted more flexible working arrangements, such as flexible hours and working from home twice a week for its onshore employees.

Prosafe seeks to ensure that all staff are treated fairly and without discrimination. The company operates an equal opportunity policy, including gender equality, and seeks to build a diverse and inclusive workplace. Prosafe respects workers' right to freedom of association and rights to negotiate and cooperate through relevant representative bodies.

The company endeavors to ensure that its operations and those of its suppliers are conducted in accordance with basic human rights standards. In 2022, Prosafe

prepared for the Norwegian Transparency Act and developed a human rights policy, reviewed its standard terms and conditions and added clauses for termination and audit, updated its Approved Supplier Verification Questionnaire with additional questions regarding human rights and labor standards, and updated the scope of items addressed in supplier audits. Prosafe requires that human rights are respected within its own operations and within those of its suppliers and partners.

Prosafe has mapped its suppliers and business associates and started the due diligence of some of its suppliers. The assessments will be in proportion to the supplier's size, nature and context. In addition, the probability that violations of basic human rights and decent working conditions occur shall be assessed, as well as the severity in the event of violations and the potential for influence.

The implementation of the Transparency Act has also shed light on discrepancies in ESG focus across the globe as Prosafe operates in very diverse environments. Nevertheless, the implementation process has increased Prosafe's awareness of the company's actual and potential impact, and has also introduced monitoring measures for more parameters such as parental leave, part-time work and equal pay.

GOVERNANCE

The Board has the ultimate responsibility for the governance of Prosafe's ESG impacts. Prosafe's Ethics Committee assists the Board in its supervision of the company's ESG performance. The Committee reports at least annually and otherwise when needed to Prosafe's Audit Committee and 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 fosters a culture of transparency by encouraging its employees to report any violations of its Code of Conduct or unethical conduct through established whistleblower channels. This guarantees that the company can take corrective action, learn from incidents and prevent its recurrence. The company's performance management process guarantees fair, consistent and prompt handling of employee concerns, with a confidential grievance resolution process in place. While Prosafe does not set a specific whistleblower reporting goal, it strives to maintain an effective whistleblower system that ensures all concerns are properly addressed.

Prosafe has established emergency response plans to ensure adequate handling of any situations that are threatening to people, the environment and material assets. 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. The plans also ensure that correct, relevant and timely information is provided to relevant stakeholders if and when required.

Prosafe is committed to ensuring the highest standards of data security and privacy for its employees, stakeholders and clients. The company has a number of procedural and organizational controls and protective measures in place. This includes continuous evaluation of new options to improve cyber security measures, including control of remote access to Information Technology and Operation Technology systems, and email security. Prosafe also runs security awareness campaigns to educate its employees on best practices for working from home and maintaining data security vigilance.

In 2022, Prosafe did not experience any loss of data, loss of integrity or other loss. Further, there were no incidents of downtime of critical IT systems due to cyber-attacks or similar incidents. E-learning on cyber security is mandatory for all employees.

WANT MORE INFORMATION?

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

energy drilling
Your Partner in Drilling

Headquarters: Singapore

Website: www.edrill.com

Number of employees (FTEs): 186

Revenues (2022): USD 40 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 is an offshore drilling company. The company provides tender-assisted mobile offshore drilling rigs and drilling crews to the oil and gas industry. Typical customers are oil majors and independent oil and gas companies. The company is recognised for providing high quality operations, in challenging sectors of offshore drilling. The combination of quality drilling units, experienced and skilled employees as well as trusted suppliers allows Energy Drilling to provide its customers with safe and effective operations.

Energy Drilling is based and registered in Singapore and operates in the South East Asia region. Two of its vessels are Singapore-flagged. The company has entered into an agreement with Aquadrill LLC to operate three tender rigs on its behalf. In 2022, Energy Drilling 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.

Marcus Chew, CEO

ENERGY DRILLING: KEY REPORTED ESG FIGURES FOR 2022

(2018, 2019, 2020 and 2021 figures displayed where available):

ENVIRONMENTAL	2018	2018	2019	2021	2022
Direct GHG emissions (GHG Protocol Corporate Standard Scope 1, in $tC0_2e$)	38 266	19 625	14 389	20 754	32 188
Energy indirect GHG emissions (GHG PCS Scope 2, in $tC0_2e$)	-	23	21	11	13
Other indirect GHG emissions (GHG PCS Scope 3, in $tC0_2e$)	-	565	62	63	293
Carbon intensity – Scope 1 & 2 (tCO_2e / million USD revenues)	-	665.4	1244.6	992.3	805.1
Carbon intensity – Scope 1, 2 & 3 (tCO_2e / million USD revenues)	-	684.5	1250.0	995.3	812.5
Total waste (tonnes)	946	424	126	200	697
Non-Hazardous waste (tonnes)	-	-	-	200	570
Hazardous waste (tonnes)	-	-	-	0	127
Recycling ratio	40 %	40 %	40 %	40 %	40 %
Unplanned spills (emissions to ground/sea/air)	0	0	0	0	0
Fuel Used (in million litres)	12.4	7.2	5.8	7.7	11.9

SOCIAL	2018	2019	2020	2021	2022
Number of employees	110	67	63	65	186
Total Recordable Incident Frequency (TRIF)	2.4	1.2	4.6	2.5	3.8
Lost Time Injuries (LTI)	1	0	0	1	0
Medical treatment case (MTC)	-	-	1	0	0
First aid case (FAC)	-	-	1	1	1
Share of women in total workforce	0 %	0 %	7.9 %	8 %	9 %
Share of women in management	0 %	0 %	0 %	0 %	0 %
Short term sick leave	-	0 %	0.2 %	0 %	0 %
Long term sick leave	-	0 %	0 %	0 %	0 %
Employee turnover ratio	-	3.8 %	15.4 %	1.6 %	10 %

GOVERNANCE	2018	2019	2020	2021	2022
Share of relevant staff who have completed anti-corruption training (%)	66 %	100 %	100 %	100 %	100 %
Breaches of ethical guidelines	0	0	0	0	0
Investigations or lawsuits in relation to ESG issues	0	0	0	0	0
Cyber attacks or similar incidents resulting in loss of data, loss of integrity or other loss	0	1	0	0	0
Whistleblowing cases being addressed by management or board	0	0	0	0	0

PERFORMANCE COMMENTARY. Operational activity has increased significantly in 2022 compared to a 2021 still recovering from the Covid-19 pandemic, translating into higher fuel use and direct GHG emissions increasing by 55%. However, revenue GHG intensity decreased by 18%. This year was also another year where Energy Drilling documented zero accidential oil/fluid spills to ground, sea or air.

Social and governance performance metrics remain stable. The total recordable incident frequency (TRIF) saw an increase from 2.5 to 3.8, however, the vast majority of reported incidents were of minor nature. Employee turnover remains relatively low, and all relevant staff have completed and maintained their anti-corruption training.

ESG MANAGEMENT APPROACH

ESG is integrated into the company's business strategy by setting ESG goals and targets, incorporating ESG considerations into decision-making processes and regularly reporting on ESG performance. Energy Drilling has established a corporate statement committing to effectively manage and continuously improving ESG issues.

To adequately implement its ESG strategy, Energy Drilling fosters collaboration across departments, active engagement with stakeholders and the integration of ESG data into key performance metrics.

ENVIRONMENT

Direct emissions from operational activities are mainly related to running the main engines of its drilling rigs. Energy Drilling has limited influence on the running hours of these, as having one idling in case of emergency while three others operate is a safety requirement by clients. The company therefore does not control its fuel consumption and consequently its GHG emissions.

Energy Drilling actively looks at relevant mitigation measures to reduce indirect emissions (Scope 2 & 3). Following power production on the rigs, the principal carbon emissions stem from crew change flights. From the beginning of Covid-19, and persisting, is the desire to solely employ crew who reside near to, or within, the operating countries. This has in isolation resulted in a reduction of flight distances and subsequently a reduction in the company's total carbon emissions. With regards to transportation of equipment, Energy Drilling opts for maritime rather than air carriage whenever possible.

The company has evaluated retrofitting of additional sensors and computational equipment to clearly measure and indicate its energy consumption as a lever to create awareness on energy usage which will then enable focused reduction of resources.

Energy Drilling has set a target to reduce its GHG emissions by 10 percent within 2030 which realistically reflects the company's capabilities to influence and manage emissions resulting from its activities.

The offshore oil and gas industry relies on a wide range of chemicals to facilitate drilling and production. Environmental considerations are always included in Energy Drilling's activity risk management process, particularly with regards to the selection and use of chemicals, and the risk of spills to the environment. The risk management process involves a series of steps, including hazard identification, risk assessment, risk mitigation, monitoring and evaluation. The hazard identification involves identifying potential chemicals that could cause harm to the environment. The risk assessment step involves quantifying the likelihood and consequences of harm, including the likelihood of spills and the potential impact on marine ecosystems. Once the risks have been identified, appropriate mitigation measures are implemented. These may include using less hazardous chemicals, implementing spill prevention measures, and developing response plans to minimize the impact of spills. The effectiveness of the risk management measures is subject to regularly monitoring and evaluation.

SOCIAL

With the rapid increase of activity in the drilling and exploration sector comes a significant demand for skilled and experienced crew. To Energy Drilling, employee engagement is encouraged through regular training and development. Reinforcement of the appraisal process and employee engagement survey enables managers to consider employee interests in their organizational and operational decision-making. The company employs succession planning and a talent development framework to prioritize career development and promotion from within the company.

Energy Drilling emphasizes the importance of a strong team culture and has created smaller teams in a "Buddy System" within each shift. The teams are motivated to cultivate relations with their respective crewmates in order to develop a team identity. This initiative has been well received and motivates teammates to support each other.

Rig crews are typically multi-national, multi-ethnic, and multi-denominational. In 2022 Energy Drilling formalized a diversity & inclusion policy with support from HitecVision. A diversity & inclusion survey, designed based on guidance from ISO 30415:2021, was rolled out on one of the rigs. The survey received high participation and positive feedback; 94 percent responded to all questions with 'Strongly Agree/ Agree'. Cases where individual crew members felt bullied or unfairly treated were followed up on a case-by-case basis.

Due to its internationally oriented operations, Energy Drilling is subject to, and operates within, a range of legal jurisdictions. Each country has its own requirements for how many of the crewmembers should be from the country of operations, and Energy Drilling is investing significant amounts in the upskilling of crew members to meet its professional operational requirements.

Key strategic decisions taken during the financial year have been to review the Compensation and Benefits measures, to ensure that they are fair and applied on a consistent basis. These are designed to incentivize and retain talent, and Energy Drilling believes long term staff retention has benefited as a result of such equitable packages. The company believes that it maintains the best compensation and benefits among its regional competitors.

GOVERNANCE

Beyond complying with applicable laws and regulations, Energy Drilling enforces a strict Code of Conduct and implements best practices to govern its operations. The company maintains an integrated management system. At the top is the Code of Conduct and Governing Policies, included therein the different ESG policies (health & safety, diversity & inclusion, environment, integrity channel risks/internal control policies, anti-corruption and bribery and the company's core values). A procedure to approve vendors on anti-slavery requirements has been formalized.

The different sub-policies follow the requirements set out in relevant ISO standards and are reviewed every two years and consequently updated in accordance with any changes to the respective ISO standards. New employees receive an onboarding program that includes all governing policies and relevant procedures. Annual recertification at level 1 is conducted with all crews.

The company has a strong emphasis on using local suppliers and service providers when feasible, supporting local businesses and the community.

Appendix

A. GRI Index

Statement of use: HitecVision has reported in accordance with the GRI Standards for the period 01/01/2022 – 31/12/2022.
GRI 1 used: GRI 1: Foundation 2021

GRI 2: GENERAL DISCLOSURES 2022

2-1	Organizational details	https://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, 2022. Annual paal.dahlberg@hitecvision.com
2-4	Restatements of information	None
2-5	External assurance	Pages 10 and 141
2-6	Activities, value chain and other business relationships	https://hitecvision.com/about-us/ Page 4, 11, 15-16, 51-125
2-7	Employees	Page 13 & 26-28
2-8	Workers who are not employees	none
2-9	Governance structure and composition	Annual report: https://otc.nfmf.no/public/news/20936.pdf
2-10	Nomination and selection of the highest governance body	Annual report: https://otc.nfmf.no/public/news/20936.pdf
2-11	Chair of the highest governance body	Annual report: https://otc.nfmf.no/public/news/20936.pdf
2-12	Role of the highest governance body in overseeing the management of impacts	Page 9
2-13	Delegation of responsibility for managing impacts	Page 9
2-14	Role of the highest governance body in sustainability reporting	Page 9
2-15	Conflicts of interest	Page 136
2-16	Communication of critical concerns	This information is currently not reported. During 2023 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 2023 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 2023 we will assess applicability and how it can be disclosed.
2-19	Remuneration policies	Page 27 and https://hitecvision.com/wp-content/uploads/2022/12/Remuneration-Policies.pdf
2-20	Process to determine remuneration	Page 27 and https://hitecvision.com/wp-content/uploads/2022/12/Remuneration-Policies.pdf
2-21	Annual total compensation ratio	This information is currently not reported. During 2023 we will assess applicability and how it can be disclosed.
2-22	Statement on sustainable development strategy	Pages 4-5
2-23	Policy commitments	Page 9
2-24	Embedding policy commitments	Pages 9,10 and 12
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 8-28.
2-26	Mechanisms for seeking advice and raising concerns	Page 27
2-27	Compliance with laws and regulations	No known instances of non-compliance in 2022.
2-28	Membership associations	Page 8
2-29	Approach to stakeholder engagement	Page 12
2-30	Collective bargaining agreements	None. HitecVision is a small organization and believes that its employees have working conditions and terms of employment that are in line with or better than the general market.

GRI 3: MATERIAL TOPICS 2022

3-1	Process to determine material topics	Page 12
3-2	List of material topics	Page 12

GRI 205: ANTI-CORRUPTION 2016

3-3	Management of material topics	Pages 8-10, 14-18 and 22-24
205-2	Communication and training about anti-corruption policies and procedures	Pages 13 and 22-24
205-3	Confirmed incidents of corruption and actions taken	Page 13

GRI 305: EMISSIONS 2016

3-3	Management of material topics	Pages 8 and 14-18, 22-24
305-1	Direct (Scope 1) GHG emissions	Pages 13 and 22-24
305-2	Energy indirect (Scope 2) GHG emissions	Pages 13 and 22-24
305-3	Other indirect (Scope 3) GHG emissions	Pages 13 and 22-24
305-4	GHG emissions intensity	Pages 22-24

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

3-3	Management of material topics	Pages 11, 22-24
403-9	Work-related injuries	None

GRI 404: TRAINING AND EDUCATION 2016

3-3	Management of material topics	Page 10
404-2	Programs for upgrading employee skills and transition assistance programs	Page 10
404-3	Percentage of employees receiving regular performance and career development reviews	100%

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

3-3	Management of material topics	Pages 26-28
405-1	Diversity of governance bodies and employees	Pages 13 and 26-28

GRI 418: CUSTOMER PRIVACY

3-3	Management of material topics	Page 10
418-1	Substantiated complaints concerning breaches of customer privacy	None

NON-GRI MATERIAL TOPICS AND DISCLOSURES 2022

ESG INVESTMENT APPROACH

3-3	Management of material topics	Pages 14-18, 133

PORTFOLIO ENGAGEMENT

3-3	Management of material topics	Pages 14-18 and 133
	Percentage portfolio companies engaged on ESG issues	Page 24

SOCIAL IMPACT

3-3	Management of material topics	Pages 29-32

CYBERSECURITY

3-3	Management of material topics	Page 10
	Number of cyber security attacks	Pages 13 and 24

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) 25% women (2) n/a (3) 30% women (4) 54% women As at December 31, 2022. The company does not register the ethnic background of its employees.	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 8 billion (2) USD 0.9 billion (3) USD 8 billion As at December 31, 2022.	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 8-28	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, antitrust, 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 137	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 8 billion (2) USD 0 As at December 31, 2022	Reporting currency	FN-AC-000.A
Total assets under custody and supervision	0 USD	Reporting currency	FN-AC-000.B

C. SFDR Principal Adverse Impact indicators

Principal Adverse Impact indicators, as defined by the Sustainable Finance Disclosure Regulation:

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES MANDATORY INDICATORS					
Adverse sustainability indicator	**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
GREENHOUSE GAS EMISSSIONS					
1. GHG Emissions	Scope 1 GHG emissions	305 366	n/a	n/a – first reporting year	HitecVision works closely with its portfolio companies on an ongoing basis to reduce their Scope 1 emissions, including creating emission reduction plans. As energy use and thus emissions are in many cases closely correlated with the activity level of a business, and we generally expect our companies to grow, we focus on relative emissions rather than absolute emissions for most of the companies with high emissions. This entails identifying and implementing suitable carbon intensity KPIs.
	Scope 2 GHG emissions	2 025	n/a	n/a – first reporting year	HitecVision works closely with its portfolio companies on an ongoing basis to reduce their Scope 2 emissions, including creating emission reduction plans. As energy use and thus emissions are in many cases closely correlated with the activity level of a business, and we generally expect our companies to grow, we focus on relative emissions rather than absolute emissions for most of the companies with high emissions. This entails identifying and implementing suitable carbon intensity KPIs.
	Scope 3 GHG emissions	177 623	n/a	n/a – first reporting year	HitecVision is encouraging its portfolio companies on an ongoing basis to analyse and report their Scope 3 emissions, as a basis for creating emission reduction plans. As part of this effort, HitecVision arranged a Scope 3 seminar for staff and portfolio companies in 2022.
	Total GHG emissions	485 014	n/a	n/a – first reporting year	
2. Carbon Footprint	Carbon footprint	15.9	n/a	n/a – first reporting year	In addition to working with each portfolio company to reduce their emissions as described above, HitecVision's strategy is that all new investments shall be in companies that contribute to the energy transition. In general, these companies have lower carbon footprints than other parts of the energy industry. This strategy will thus contribute to reducing the carbon footprint of our portfolio over time.
3. GHG intensity of investee companies	GHG intensity of investee companies.	144.7	n/a	n/a – first reporting year	In addition to working with each portfolio company to reduce their emissions as described above, HitecVision's strategy is that all new investments shall be in companies that contribute to the energy transition. In general, these companies have lower carbon footprints than other parts of the energy industry. This strategy will thus contribute to reducing the GHG intensity of our portfolio over time.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector.	80 %	n/a	n/a – first reporting year	In the past, investments in the fossil fuel sector was HitecVision's speciality. Our new strategy since 2021 is that all new investments shall be in companies that contribute to the energy transition. Over time this will reduce the exposure to companies active in the fossil fuel sector.

C. SFDR Principal Adverse Impact indicators

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES MANDATORY INDICATORS					
Adverse sustainability indicator	**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources.	29 %	n/a	n/a – first reporting year	We encourage our portfolio companies to use certified renewable energy as far as possible. As most of our portfolio companies have their main activities in Norway, the share of non-renewable energy is low. Those of our portfolio companies that produce energy, only produce renewable energy.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.	Electricity: 4.1 Mining and Quarrying: 0.1	n/a	n/a – first reporting year	HitecVision encourages all portfolio companies to find ways to reduce their energy consumption, and regularly discuss this issue with the companies. An increasing proportion of companies have introduced energy management systems in accordance with the ISO 50001 standard.
BIODIVERSITY					
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	3 %	n/a	n/a – first reporting year	Only one of our portfolio companies has operations in biodiversity-senitive areas, while other companies have operations near such areas. In all cases we aim to ensure that the activities do not have negative effects of any significance in those areas. This is done through a focus on Environmental Impact Assessments before activities are commenced, and monitoring of activities thereafter.
WATER					
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	1.6	n/a	n/a – first reporting year	The bulk of emissions to water generated by our portfolio companies is generated as a result of offshore oil and gas production activities, where certain emissions to the sea are allowed by regulators. We expect all portfolio companies to keep their emissions to water in line with or better than applicable regulations and, where relevant, their licenses from relevant regulatory authorities.
WASTE					
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.	25.1	n/a	n/a – first reporting year	The bulk of hazardous waste generated by our portfolio companies is generated as a result of oil and gas drilling activities, where certain types of drilling waste are classified as hazardous. Other companies produce small amounts of hazardous waste as part of their operations. We expect all portfolio companies to reduce their generation of hazardous waste as far as possible and dispose of hazardous waste in line with applicable regulations and, where relevant, their licenses from relevant regulatory authorities.

C. SFDR Principal Adverse Impact indicators

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES MANDATORY INDICATORS					
Adverse sustainability indicator	**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
SOCIAL AND EMPLOYEE MATTERS					
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	0 %	n/a	n/a – first reporting year	HitecVision focuses on strong corporate governance at its portfolio companies, and these issues are among the ESG issues we regularly follow up with each company.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	40 %	n/a	n/a – first reporting year	We believe that all portfolio companies have good compliance mechanisms in place, however some companies have not formalised these. We intend to continue working with the companies to ensure that all companies for which this is relevant have formalised processes and compliance mechanisms in place.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	31 %	n/a	n/a – first reporting year	HitecVision's Diversity, Equity and Inclusion Policy states that: "Our employees shall receive equal pay for work of equal value, regardless of gender, race, religion or belief, age, marital or civil status, pregnancy, sexual orientation or disability." We require all portfolio companies to establish similar policies, and work with them to ensure that these are implemented.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	31 %	n/a	n/a – first reporting year	HitecVision usually has the right to appoint a certain number of directors at its portfolio companies, and we have a target that at least 40% of these shall be female. At the end of 2022 this target was exceeded. While we do not control who is appointed by other shareholders in the investee companies, we will try to influence those shareholders in order to gain a balanced board in each portfolio company.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.	0 %	n/a	n/a – first reporting year	HitecVision has no exposure to weapons manufacturers of any kind, and does not intend to invest in such companies.

C. SFDR Principal Adverse Impact indicators

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES VOLUNTARY INDICATORS					
Adverse sustainability indicator	**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
GREENHOUSE GAS EMISSIONS					
15. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.	38 %	n/a	n/a – first reporting year	We ask all of our portfolio companies to develop plans for reducing their carbon emissions, in absolute terms or, where the companies are in a strong growth phase, in intensity terms. These plans should be aligned with the Paris agreement. In order to help drive this work, HitecVision has joined the Net Zero Asset Managers Initiative. Most companies have developed and are implementing comprehensive emission reduction plans or free-standing initatives. We will encourage the companies to ensure that their plans and initiatives are aligned with the Paris Agreement, for example by joining the Science Based Targets initiative.
SOCIAL AND EMPLOYEE MATTERS					
16. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	3.3	n/a	n/a – first reporting year	As an investor primarily in industrial companies for several decades, HitecVision has long had a strong focus on health & safety matters in its portfolio companies, and this is one of the issues we regularly discuss with each company. We expect each company to monitor its performance, and to have programs to reduce accident risk and the level of accidents.

D. 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.

E. 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 AFIM 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 also set out the Company's overarching rules and principles for its relationship with its supply chain and business partners.

1.6 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

1.7 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.

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

1.9 DEFINITIONS

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

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

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

2.0 The five principles

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

2.2 The five principles are:

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

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

2.4 PRINCIPLE 1:
WE BEHAVE AND COMPLY WITH LAWS

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

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

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

2.5 PRINCIPLE 2:
WE RESPECT OUR COLLEAGUES

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

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

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

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

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

2.5.6 You should never:

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

2.6 PRINCIPLE 3: WE PROTECT OUR ASSETS AND CONFIDENTIAL INFORMATION

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

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

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

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

2.6.4 In particular, you should ensure that you:

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

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

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

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

For more guidance, please consult:

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

2.7 PRINCIPLE 4: WE NEVER MAKE ILLEGAL PAYMENTS

2.7.1 Illegal payments comprise all types of payments that are illegal under applicable laws. The term 'illegal payments' should be taken to mean not only corruption, but also embezzlement, fraud and other economic crimes. 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). Under Norwegian legislation, it is prohibited to, for themselves or others, require, receive, or accept an offer of an improper advantage (passive corruption), or to give or offer someone an improper advantage (active corruption), in relation to performance under employment or other position in Norway or abroad. The term 'improper advantage' is vague and it is required to exercise proper caution when accepting or offering something of value.

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, actually pay 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. Embezzling or 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 RESPECT FOR HUMAN RIGHTS AND DECENT WORKING CONDITIONS

3.1.1 The Company respects internationally recognized human rights, including the International Bill of Human Rights, and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. This includes respecting the right to freedom from forced labour, right to equality and freedom of discrimination, freedom of thought, conscience and religion, freedom of opinion and expression, and right to adequate living standards.

3.1.2 Human rights and decent working conditions shall at all times be respected within the Company's own operations. HitecVision shall avoid causing or contributing to adverse impacts on human rights and decent working conditions, avoid infringing on the rights of others, and implement suitable measures to cease, prevent or mitigate adverse impacts which HitecVision has caused or contributed to within its own operations.

3.1.3 In case of doubt as to whether an incident or circumstance may lead to adverse impacts on human rights or decent working conditions, the Compliance Officer shall be consulted.

3.2 SUPPLIERS AND BUSINESS PARTNERS

3.2.1 In accordance with internationally recognised principles for responsible business conduct, HitecVision shall seek to avoid causing or contributing to, directly or indirectly, adverse impacts on fundamental human rights and decent working conditions through its supply chain or its business partners.

3.2.2 The Company shall seek to ensure its supply chain and its business partners respect fundamental human rights and decent working conditions and conduct their business operations in accordance with internationally recognised principles for responsible business conduct.

3.2.3 The Company shall identify and assess actual and potential adverse impacts to fundamental human rights or decent working conditions in its supply chain and with its business partners in accordance with the Transparency Act.

3.2.4 In case of doubt as to whether the Company causes or contributes to adverse impacts on human rights or decent working conditions through its supply chain or its business partners, the Compliance Officer shall be consulted.

3.3 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.

3.4 ANNUAL REVISION

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

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

3.5 WHISTLEBLOWING

Please consult the Whistleblowing Procedure.

3.6 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.

F. 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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G. Terms and abbreviations

Some terms and abbreviations used in this report:

ABC	Anti-Bribery and Corruption.
APS	Announced Pledges Scenario.
AUM	Assets Under Management.
bcm	Billion cubic metres.
BECC / BECCS (bio-CCS)	Bioenergy with Carbon Capture/ Bioenergy with Carbon Capture & Storage.
BMS	Business Management System.
boe / boepd	Barrels of oil equivalent / barrels of oil equivalent per day.
CCS / CCUS	Carbon Capture (Utilisation) and Storage.
CDP	Carbon Disclosure Project.
CISO	Chief Information Security Officer.
COP/CoP	Communication on Progress.
CSR	Corporate Social Responsibility.
CSRD	Corporate Sustainability Reporting Directive.
EPD	Environmental Product Declaration.
ESG	Environment, social and governance.
ETO	Energy Transition Outlook.
EV	Electric vehicle.
E&P	Exploration and production.
FEED	Front-End Engineering & Design.
FID	Final Investment Decision.
FTE	Full-time employee.
GHG	Greenhouse gases, primarily Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Chlorofluorocarbons (CFCs) and Hydrofluorocarbons (incl. HCFCs and HFCs).
GRI	Global Reporting Initiative.
Gt	Gigatonne.
GW/GWh	Gigawatt / gigawatt hours.
HR	Human Resources.
HSE / HSSE / HSEQ	Health, Safety, Security, Environment, Quality – terms used by different companies in the industry, with broadly the same meaning.
IT / ICT	Information Technology/ Information and Communications Technology.
IEA	International Energy Agency.
IFI	International Financial Institutions.
IPCC	Intergovernmental Panel on Climate Change.
IPO	Initial Public Offering.
IRA	Inflation Reduction Act.
OGCI	Oil and Gas Climate Initiative.
ISO 9001	International standard for quality management systems.
ISO 14001	International standard for environmental management systems.
ISO 14040-14044	International standards specifying principles/frameworks and requirements/guidelines for conducting a life cycle analysis.
ISO 14064-1	International standard for quantification and reporting of GHG emissions and removals.
ISO 18001	International standard for health and safety management system.
ISO 27001	International standard for managing information security.
ISO 30415:2021	International standard aiming at promoting commitment to diversity and inclusion.
ISO 4500	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.
LCOE	Levelized Cost of Energy.
LES	Low Emission Scenario.
LNG	Liquified 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.
mmboe	Million barrels of oil equivalent.
Mt	Megatonne.
Mtoe	Million tonnes of oil equivalent.
MW / MWt	Megawatt / megawatt hours.
NCS	Norwegian Continental Shelf.
NGL	Natural Gas Liquids.
NZE / NZE2050	Net Zero Emissions by 2050 Scenario.
OECD	Organisation for Economic Cooperation and Development, with 37 member states.
OPEC	Organization of the Petroleum Exporting Countries.
PAI	Principal Adverse Impact.
PRI	UN Principles for Responsible Investment.
PV	Photovoltaics.
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.
SFDR	Sustainable Finance Disclosure Regulation.
SHE	Social Human Equity.
SPAR	Semi-submersible type rigs.
SPV	Single-Purpose Vehicle.
STEM	Science, Technology, Engineering, Mathematics.
STEPS	Stated Policies Scenario.
SMR	Small Modular Reactors.
SURF	Subsea Structures, Umbilicals, Risers, Flowlines.
TCFD	Task Force on Climate-related Financial Disclosures.
TLP	Tension-Leg Platform.
TNFD	Task Force on Nature-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.
TWh	Terawatt hours.
UKCS	UK Continental Shelf.
UNFCCC	United Nations Framework Convention on Climate Change.
UNGC	United Nations Global Compact.
WEO	World Energy Outlook.
WOO	World Oil Outlook.
WRI	World Resources Institute.

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Assurance Statement

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To the Management of HitecVision AS

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON HITECVISION 2022 ESG AND SUSTAINABILITY REPORT

This Independent Auditor's Limited Assurance Report to the Management of HitecVision AS (HitecVision) relates to information in HitecVision ESG and Sustainability Report 2022 (the "Report") for the reporting period ended 31 December 2022.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as listed below has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

HitecVision engaged Deloitte AS to provide an Independent Limited Assurance Report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in the Report, for the period ended 31 December 2022 is as follows:

Selected Information	Applicable Criteria
The Report	Reporting in accordance with the GRI Standards 2021, pursuant to HitecVision's disclosures under the Global Reporting Initiative (GRI) Appendix – A. GRI Index.

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The Management's responsibilities

The Management is responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting, and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the Applicable Criteria publicly, where it is not publicly available, in advance of, or at the same time as, the publication of the Selected Information.

- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services.
- Confirming to us through written representations that you have provided us with all information relevant to our Services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Management.

Our independence and quality management

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.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out the limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Obtained an understanding of HitecVision's systems and processes for the identification, processing and controls associated with the Selected information.
- Made inquiries with relevant personnel to obtain an understanding of the process for collecting and reporting the Selected Information, and relevant internal controls; but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed limited substantive testing on a selective basis of the Applicable Criteria to test whether data has been appropriately measured, recorded, collated and reported.

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 in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Assurance Statement

Stavanger, 25 May 2023
Deloitte AS

Bård Frøyland
State Authorised Public Accountant (Norway)

Frank Dahl
Sustainability expert

This document is signed electronically

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Frank Dahl
Sustainability expert
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