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SFDR principal adverse sustainability impacts statement

SFDR Annex I
Principal adverse sustainability impacts statement

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factor

Financial market participant:

HitecVision Advisory AS

Summary

HitecVision Advisory AS (HitecVision) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of HitecVision. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

This statement provides an overview of the policies on the identification and prioritisation of principal adverse sustainability impacts and a description of the principal adverse impacts and actions taken to reduce such impacts. Among the most important principal adverse impacts of our investment decisions are environmental impacts, including greenhouse gas emissions and other emissions to the air and the sea; workplace health and safety; and diversity and inclusion. HitecVision has a continuous focus on these and other sustainability factors, monitoring for adverse impacts, and identifying potential for contributing to reducing negative impacts through our investments.

Translations of this summary are included at the end of this table.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies					
Mandatory indicators					
Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators					
Greenhouse gas emissions					
1. GHG emissions	Scope 1 GHG emissions	134,295	220,082	The significant decrease in Scope 1 emissions in 2024 is primarily attributable to the exit of Ocean Installer and Vår Energi in Q2 2024, as well as reduced emissions in NEO Energy and Sval Energi driven by ceased production on late-life fields.	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	1,183	2,110	The decrease in Scope 2 emissions in 2024 is primarily attributable to the exit of Moreld in Q4 2023 and Vår Energi in Q2 2024.	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	1,207,757	2,558,668*	The significant decrease in Scope 3 emissions is primarily attributable to the exit of Vår Energi in Q2 2024, as well as reduced emissions from use of sold products due to lower production under operational control in Sval Energi. <i>* This number has been revised from the reported figure in the 2023 report.</i>	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.
	Total GHG emissions	1,343,236	2,780,860		
2. Carbon footprint	Carbon footprint	91.4	129.4	The significant decrease in carbon footprint is primarily attributable to lower exposure to oil and gas producing companies through the exit of Vår Energi in Q2 2024.	In addition to working with each portfolio company to reduce their emissions as described above, HitecVision has since 2019 focused its new investment activity on the energy transition through its New Energy Program. The program directs all new investments towards companies aiding the energy transition. In general, these companies have lower GHG emissions than other parts of the energy industry. This strategy will contribute to reducing the carbon footprint of our portfolio over time.
3. GHG intensity of investee companies	GHG intensity of investee companies	612.4	744.5	The decrease in GHG intensity is primarily attributable to reduced exposure to oil and gas producing companies through the exit of Vår Energi, as well as lower production under operational control in Sval Energi.	In addition to working with each portfolio company to reduce their emissions as described above, HitecVision has since 2019 focused its new investment activity on the energy transition through its New Energy Program. The program directs all new investments towards companies aiding the energy transition. In general, these companies have lower GHG emissions than other parts of the energy industry. This strategy will 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	53%	63%	The reduced exposure to companies active in the fossil fuel sector is a consequence of the exit of Vår Energi and the addition of St1 Biogas to the portfolio during the year.	In the past, investments in the fossil fuel sector was HitecVision's speciality. HitecVision has since 2019 focused its new investment activity on the energy transition through its New Energy Program. The program directs all new investments towards companies aiding the energy transition. Over time this will reduce the exposure to companies active in the fossil fuel sector.

Indicators applicable to investments in investee companies					
Mandatory indicators					
Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	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	77%	90%	The decreased share of non-renewable energy consumption and production is driven by reduced exposure to oil and gas producing companies through the exit of Vår Energi and exit of companies with high consumption of non-renewable fuels, such as Ocean Installer.	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 consumption is relatively low. Those of our portfolio companies that produce energy, only produce renewable energy. HitecVision has since 2019 focused its new investment activity on the energy transition through its New Energy Program. The program directs all new investments towards companies aiding the energy transition. Over time this will reduce the share of non-renewable energy consumption and production.
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: 5.3 Mining and Quarrying: 0.2	Electricity: 5.5 Mining and Quarrying: 0.2	The decrease in energy consumption intensity is driven by decreased energy consumption in Celsius during the 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	23%	7%	The increase in activities is related to Vårgrønn which conducted an updated assessment of Dogger Bank wind farm in Q1 2024, identifying the area as biodiversity sensitive.	Four of our portfolio companies have operations in biodiversity-sensitive 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	0.7	1.5	The decrease in emissions to water is primarily attributable to the exit of Vår Energi in Q2 2024.	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	33.8	36.6	The decrease in hazardous waste is primarily attributable to the exit of Vår Energi in Q2 2024.	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 dispose of hazardous waste in line with applicable regulations and, where relevant, their licenses from relevant regulatory authorities.

Indicators applicable to investments in investee companies					
Mandatory indicators					
Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	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%	0%	No change.	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	22%	25%	As new companies are added to our portfolio, formalised processes and compliance mechanisms need to be put in place. This work is ongoing.	We believe that all portfolio companies have good compliance mechanisms in place. We intend to continue working with the companies to ensure that all companies have formalised processes and compliance mechanisms in place.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	21%**	22%*	Minor change. <i>*The figure excludes Vår Energi, as we do not have sufficient data from Vår Energi to include in the calculations.</i> <i>**In addition to Vår Energi, Skygard is also excluded from this figure due to the low number of employees.</i>	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 equal treatment and non-discrimination.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	34%	31%	The Norwegian Government has recently adopted new rules mandating 40% gender balance in the boards of Norwegian companies meeting certain size criteria. This has helped improve the board gender diversity across our portfolio.	HitecVision usually has the right to appoint a certain number of directors to its portfolio companies, and we have a target that at least 40% of these shall be female. While we do not control who is appointed by other shareholders in the investee companies, we try to influence those shareholders in order to gain a balanced board in each portfolio company. The Norwegian Government has recently adopted new rules mandating 40% gender balance in the boards of Norwegian companies meeting certain size criteria. This has helped improve the board gender diversity across our portfolio.
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%	0%	No change.	HitecVision has no exposure to weapons manufacturers of any kind, and does not intend to invest in such companies.

Indicators applicable to investments in investee companies					
Mandatory indicators					
Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies					
Voluntary indicators					
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	26%	21%	As new companies are added to our portfolio, we work to ensure that carbon emission reduction initiatives are put in place. This work is ongoing.	We ask all 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. We encourage the companies to ensure that their plans and initiatives are aligned with the Paris Agreement. In order to help drive this work, HitecVision has developed a Climate Transition Plan in accordance with the Net Zero Investment Framework (NZIF) Target Setting Protocol for Private Equity.
Social and employee matters					
16. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	2.0*	4.1*	<p>The decrease in the rate of accidents in 2024 is driven by a general reduction in accidents across the portfolio, driven by increased focus on strict HSEQ measures, as well as the exit of Moreld in Q4 2023.</p> <p><i>*The figures exclude Vår Energi, as we don't have sufficient data from Vår Energi to include in the calculations.</i></p>	<p>As an investor primarily in industrial companies for several decades, HitecVision has long had a strong focus on health and safety matters in its portfolio companies, and this is one of the issues we regularly discuss with each company.</p> <p>We expect each company to monitor its performance, and to have programs to reduce accident risk and the level of accidents.</p>

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

HitecVision has formalised several ESG policy instruments and procedures to support our ESG management and impact approach, including with respect to principal adverse impacts on sustainability factors. These include:

- Ethical Guidelines
- Responsible Investment Policy
- Climate Transition Plan
- ESG Integration Procedure
- Diversity, Equity and Inclusion Policy
- Human Rights Policy
- Business Partner and Supplier Code of Conduct

The Ethical Guidelines, the Responsible Investment Policy, the Climate Transition Plan and the Human Rights Policy are reviewed by the Board of Directors of HitecVision, while the other policy documents are adopted by management. The responsibility for the implementation of HitecVision's policies on principal adverse impacts primarily lies with the investment professionals, overseen and aided by the Head of Sustainability and the Chief Compliance Officer.

HitecVision has selected the following additional indicators:

- Investments in companies without carbon emission reduction initiatives

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 developed a Climate Transition Plan in accordance with the Net Zero Investment Framework (NZIF) Target Setting Protocol for Private Equity.

- Rate of accidents

As an investor primarily in industrial companies for several decades, HitecVision has long had a strong focus on health and 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.

The information in the periodic disclosure has been compiled using data received from our portfolio companies, and the accuracy of the calculations depends on the quality of the data received. HitecVision's ESG approach is described in detail in HitecVision's Sustainability Report, available at HitecVision's website.

Engagement policies

Our engagement policies, including our Human Rights Policy, are integral to our approach for managing principal adverse impacts on sustainability factors. By fostering a consultative and transparent relationship with our stakeholders, we aim to mitigate adverse impacts and promote sustainable development.

Engagement with portfolio companies is an integral part of HitecVision's objective of ensuring that its portfolio companies operate in an environmentally sound manner, as well as ethically, responsibly, and profitably in everything they do. Through its regular engagement with portfolio companies, HitecVision will seek to work with the portfolio companies in addressing and reducing principal adverse impacts as further described above.

References to international standards

HitecVision is a signatory to the UN Principles for Responsible Investment (PRI) and the Net Zero Asset Managers Initiative (NZAM), and members of Norsif, the Norwegian forum for sustainable investment and the ESG Data Convergence Initiative (EDCI). In its reporting, HitecVision applies internationally recognised reporting frameworks including the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) disclosures. The structure and presentation of our disclosures are inspired by the European Sustainability Reporting Standards (ESRS). Greenhouse gas emissions are calculated using the GHG Protocol. While HitecVision applies these guidelines and standards in its investment activities, the standards and guidelines alone do not entail that HitecVision's investments are aligned with the Paris Agreement. HitecVision is aware of a number of forward-looking climate scenarios, but does not use any as a basis for its investment decisions.

Translations of the Summary

Norsk

HitecVision Advisory AS (HitecVision) vurderer de viktigste negative konsekvensene av sine investeringsbeslutninger på bærekraftsfaktorer. Denne erklæringen er den konsoliderte erklæringen om de viktigste negative virkningene på bærekraftsfaktorer i HitecVision. Denne uttalelsen om prinsipielle skadevirkninger på bærekraftsfaktorer dekker referanseperioden fra 1. januar 2024 til 31. desember 2024.

Denne erklæringen gir en oversikt over retningslinjene for identifisering og prioritering av de viktigste negative konsekvensene for bærekraft og en beskrivelse av de viktigste skadevirkningene og tiltakene som er truffet for å redusere slike konsekvenser. Blant de viktigste negative konsekvensene av våre investeringsbeslutninger er miljøpåvirkning, inkludert klimagassutslipp og andre utslipp til luft og sjø, helse og sikkerhet på arbeidsplassen, og mangfold og inkludering. HitecVision har kontinuerlig fokus på disse og andre bærekraftsfaktorer, overvåker for skadevirkninger og identifiserer potensiale for å bidra til å redusere negative konsekvenser av våre investeringer.