



FSN Capital

Environmental, Social and Governance report 2020

We are decent people making a decent return in a decent way

Impact that lasts

Our objective is to create alpha return to investors, our ultimate clients, and we will do so in a responsible and sustainable manner.

FSN Capital delivers trend shifts through transformation, creating sustainable and resilient companies that withstand the test of time – for the benefit of both our investors and society at large.

Transparency will keep us accountable. This is our eighth annual ESG report, and all historical reports are available on [our website](#).

Our historic strong focus on ESG, initiated by a clear tone from the top on the value of responsible investing, has ensured that ESG is now deeply integrated in our culture, investment processes, and how we govern our Portfolio Companies.

As responsible owners we recognize that we have an obligation to use our ownership position to drive change and impact. We want to ensure that our Portfolio Companies also remain sustainable after our ownership period, so our ESG approach is focused on integrating material ESG topics in the strategy, operations, and the culture of each Portfolio Company.

**FSN Capital seeks to ensure
that it will have impact that lasts beyond
our ownership period.**

The Partner Group at FSN Capital Partners

FSN
CAPITAL

Our purpose is to contribute to the welfare of everyday people.

Our ultimate clients are 11 million workers and pensioners, and 100,000 researchers and students globally.

«We are decent people making a decent return in a decent way»

Our ultimate clients



Letter from our Founder

**Strong performance
in a difficult year**



The year of the pandemic

2020 was an extraordinary year overshadowed by the global pandemic of Covid-19. Countless people have been furloughed or lost their jobs permanently. As I write this, the death count stands at 2.7 million deaths globally. Our hearts go out to all those who have lost close ones, including the families of the two employees we are saddened to have lost in our Portfolio Companies.

The economic environment we have been operating in can best be described as opaque, uncertain, and frustrating, with cycles of hope and disappointment. Navigating successfully through this environment as owners and leaders

has required us to bring out the best in ourselves and our management teams.

When the pandemic hit, we came together with our management groups and worked closely as one team to address the challenge that faced us. The first lockdown materialized in early March and we held a virtual all-hands meeting with our management teams to align around two key priorities. Firstly, we all committed to protect the health and safety of our people and do whatever we could to protect the local communities in which our Portfolio Companies operate. Secondly, we focused on preserving the competitiveness and financial stability of our Portfolio Companies. Our management

teams rose to the occasion, we escaped any larger scale outbreaks thanks to the stringent countermeasures that were put in place in our facilities, recording a low number of infections throughout the portfolio.

We believe we were well prepared going into the crisis, having taken a cautious investment approach and prepared our Portfolio Companies over the last 3-4 years anticipating some kind of economic and financial correction. Moreover, we are blessed with strong management teams who were supported by local FSN Capital teams and our robust active ownership model; The FSN Capital Execution Framework (FEF). The combination allowed us to switch focus early and implement effective countermeasures.

Having incorporated ESG factors in our governance model proved invaluable as the pandemic hit. Solid health and safety procedures were already in place, which facilitated resolute implementation of effective pandemic countermeasures. Moreover, the Portfolio Companies delivered unyielding performance in the face of the lockdowns, again an attribute of the success of ESG integration in our active ownership approach.

The ever-evolving ESG agenda

Ever since our inception 20 years ago, ESG has been a core part of FSN Capital’s value creation. As responsible owners we are dedicated to continuing pushing the frontier of what constitutes good ESG governance. Over the years we have expanded our focus and approach from ESG compliance to long term value creation.

While the ESG journey was initially driven by a crisp tone from the top represented by us as owners, the commitment has quickly spread to the Chairpersons, boards, and our management

groups. Today we are inspired to see that much of the energy propelling the ESG flywheel is generated throughout our Portfolio Companies’ organizations, who are increasingly taking ownership of their ESG agendas. **We share a common understanding that ESG is simply good business.**

The continuous improvement of our ESG work culminated in our first **ESG-linked Credit Facility in 2020**. Under this facility the interest margin we pay depends on us delivering on stated ESG ambitions, the main goal being to accelerate the ESG transformation needed to remain relevant in the future low-carbon economy.

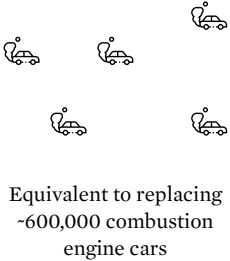
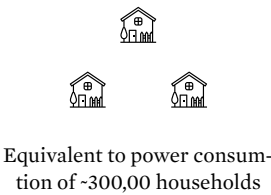
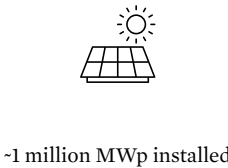
Impact

In 2020 we recorded several ESG wins both within our Firm and in our Portfolio Companies. Our «Team First» initiative aimed at fostering trust and collaboration across our offices and cohorts continued to pay dividends evidenced by the highest 360 review (employee satisfaction) score we have ever recorded. Driving diversity and inclusion is a central part of the Team First initiative. I am happy to report that gender diversity is improving, but much remains to be done also in improving diversity in the broader sense.

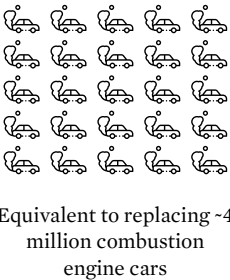
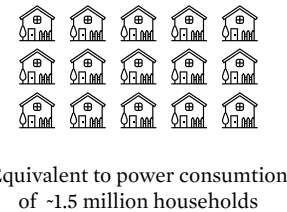
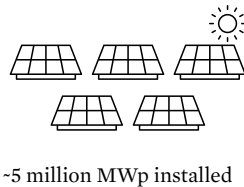
At FSN Capital Partners, we also purchased our first carbon offsets (see page 91) for our 2019 and 2020 emissions. Going forward we will continue purchasing offsets for all FSN Capital Partners’ emissions. We will also formalize our commitment to the Paris Agreement and look to the Science Based target initiative as a potential mean to guide our ambitions.

We made four attractive investments in 2020, of which I would like to highlight one investment

The Obton Group today



The Obton Group's plan for 2025



The Obton Group’s 5-year business plan implies installing solar capacity equivalent to the power needs of ~1.5 million households*

** Based on the assumption of 1.5 million households reached by 2025, and average combustion engine emissions of 0.1000 kg CO₂e/km*

which is signed, but not yet closed, the Obton Group, a leading European developer of solar power parks. With our focus on thematic sourcing of companies in sectors that contribute sustainable development, we should see more investments of this character in the years to come**.

In closing we would like to thank our management groups and all our 53 team members for their stoic efforts of stewarding us through a very difficult year. We are still not out of the woods and it is only natural that some

fatigue may slip in. However, we proved our resilience in the first and second waves of the pandemic, and we proved how to work together and navigate our companies through these stormy waters. We are confident we will ride this out and emerge even stronger as the pandemic eventually fades and becomes a thing of the past.

Frode Strand-Nielsen
Managing Partner
FSN Capital Partners

*** A full list of Portfolio Companies is available on request.*

Letter from our Chairperson Times they are a-changin'

50 years have passed since Milton Friedman wrote the influential article, «The Social Responsibility of Business is to Increase Its Profits». Over the years most investors as well as business leaders have nuanced their positions. The purpose of business goes beyond increasing its bottom line. This ESG report is an example of times that are a-changin'.

Friedman builds his theses on quite rigid and theoretical assumptions. Time has proved that such models are not necessarily a reflection of reality. The main reason is what economists call «externalities». Global warming is such an example - the biggest market failure of all time. This potential threat to humanity is not built in with realistic pricing of greenhouse gas emissions. Governments have so far failed to address this by sufficiently high carbon taxes.

Over the last year, however, we have seen significant step-ups by some governments. In particular, the EU European Green Deal with the target of carbon neutrality by 2050 sends strong signals on policy changes. EU emphasizes that the transition towards a low carbon society needs to be just, and by this highlighting the importance of social equality. The Green Deal will reduce the physical risks of climate change but increases the transition risk as it requires businesses and consumers to change behavior. For example, carbon taxes are expected to increase, posing existential challenges to most business. Just being short-

sighted and focusing on the bottom line may lead to failure. Key elements of EU Green Deal are directives on treating waste and adapting to the circular economy. They will impact hugely on the development of products and markets in the future and enhance awareness among customers. EU is also raising the bar for transparency and reporting.

As you will read from this year's report, both our Portfolio Companies and we at FSN Capital are on the alert. We need to future-proof our business models against the new low-carbon world and ensure that we meet new reporting requirements. This is in the best interest of the longevity and long-term profitability of our Firm and Portfolio Companies.

The pandemic has reminded us that no business is an island sheltered from society. It emphasized mutual dependency between the corporate and civil societies, as it also revealed strengths and weaknesses in social and political structures. Societies with high level of trust in government and mutual trust between the citizens have tended to tackle the Covid-19 outbreak better than other societies.

A year has passed since the first lockdowns. All our Portfolio Companies have shown strong resilience during this exceptional time. Faster than ever before they have had to adapt to changing technology and market structures, much of which is irreversible. At FSN Capital,

we have gained valuable learnings and insights into what will be the «new normal» out of this crisis. 2020 was also a year with significant pressure on democratic institutions around the world that remind us about the fragility of the societal structures that businesses operate within. The free marketplace where rule of law prevails cannot be taken as given. Businesses must contribute to the pillars of the marketplace itself by always acting with high integrity and trustworthiness. The prospects of business and the foundation of rule of law goes hand in hand.

«S» in ESG stands for Social. Businesses are dependent on the societies where they operate, like access to highly trained and motivated employees – as it also thrives better in societies with high level of trust. The pandemic, like global warming, shows that companies must be conscious of how they affect societies as they are deeply dependent upon the actions and feedback from their surroundings.

15 years ago I took part in drafting the UN Principles of Responsible Investment (UN PRI). At the time it was pioneering to underline the mutual dependencies between business, societies and the environment. But time has changed and today more than 3,000 investors representing above USD 100 trillion in assets, have signed on to the principles. FSN Capital was among the early signatories. Going forward, this massive support makes me optimistic that investors and business will contribute positively to solving the challenges posed on us by global warming and social distrust.

FSN Capital is a learning firm. We were early adopters when we published our first ESG report eight years ago. Back then we knew we still had a long way to go. But making the ambitions visible



Photo by Håvard Solerød, for the newspaper Øyene.

and clear was natural for us as a Firm since we base all our activities on a strong sense of ethical values. It has helped us to stretch. This ESG report is miles ahead of the first one with regards to reporting and tangible actions. Being specific on targets and KPIs makes us more accountable.

The fundamental driver of our work is our values of integrity and decency and a sincere ambition to ensure that all businesses we own in the future will be well aligned with preferences and requirements from their customers, employees and society at large. To survive and prosper in the time ahead of us, businesses must apply a mindset and take responsibility that stretches beyond increasing its profit.

Knut N. Kjær
Chairperson
FSN Capital Partners

About FSN Capital

Established in 1999, FSN Capital Partners (FSN Capital) is a Northern European private equity investment advisor. We advise the FSN Capital Funds (FSN Funds), four active funds with a total committed capital of more than EUR 2 billion.

FSN Capital has been entrusted with the management of financial resources of our clients. The investors provide long-term capital allowing

us to implement transformational initiatives and create sustainable lasting change within the Portfolio Companies.

FSN Capital focuses on making control investments in companies operating in Northern Europe with enterprise value between EUR 50 million and EUR 500 million.

FSN Capital in numbers			
4	53	42	142
offices across Norway, Sweden, Denmark, and Germany	employees in FSN Capital Partners (excluding interns)	investments advised by FSN Capital since 1999	add-ons advised by FSN Capital
2,206	18	11,291	132
million EUR total committed capital	active Portfolio Companies (one additional company signed, but not closed)	employees in our Portfolio Companies	institutional investors

FSN Capital Portfolio Companies increased total revenues by 11% in 2020*	The Portfolio Companies increased total EBITDA by 35 % in 2020*
Number of people employed by FSN Capital Portfolio Companies increased by 25 % in 2020	FSN Capital employee Net Promoter Score of 66 in 2020

* Past performance is not necessarily indicative or a guarantee of future results.

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1.

FSN Capital's ESG engagement

Why ESG

Private equity investing is about managing risk and creating value and returns by active ownership.

ESG is simply good business. Done right, we believe our ESG focus will mitigate risks, drive returns and create resilient companies. As an example, our Portfolio Companies thrive long after our ownership period. Our IPO track record shows that the companies we have listed significantly outperforms the comparable indexes (see page 37).

ESG has been part of FSN Capital’s DNA and value creation approach since the inception of the Firm. In the beginning ESG was part of the broader prudent risk management, while now it is a cornerstone of every Portfolio Company’s strategic considerations.

In 2014 we conducted our first stakeholder assessment on ESG, and also published our first annual ESG report. Already then it was evident that our investors cared deeply about their returns being generated in a responsible manner, a focus that has increased ever since.

The private equity governance model can be very effective in transforming ESG issues into

opportunities for value creation. Firstly, FSN Capital has a long-term horizon that not only spans our 5-7 year investment period, but also into the investment period of the next owner and beyond. This puts us in a unique position to capitalize on ESG initiatives that have an impact on long-term value creation. Secondly, FSN Capital’s active ownership model enables us to support and drive long-term change and to facilitate real implementation of ESG improvement programs in our Portfolio Companies.

The UN Sustainable Development Goals (SDG) are described by the UN as «a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity». Since 2017 the SDGs have been part of how we engage with Portfolio Companies on ESG.

As a Firm we see ourselves as a learning organization with continuous improvement processes in everything we do, including our ESG approach. As responsible owners, we are dedicated to continuing to push the frontier of what constitutes good ESG governance. The illustration on the next page shows our historic strong focus on ESG and key milestones in our developments to date.



Conducted the first stakeholder assessment and published the first ESG report (for FY 2013)



Introduced the FSN Capital ESG Strategy Framework, based on the EU Non-financial Reporting Directive (NFRD), supporting Portfolio Companies in developing tailor-made ESG strategies



Rolled out climate change due diligence approach
ESG-linked Credit Facility launched

2012

Became signatory of the Principles for Responsible Investment

2014

Conducted the first stakeholder assessment and published the first ESG report (for FY 2013)

2017

Awarded the prize for Corporate Citizenship at the European Private Equity Awards in London

2018

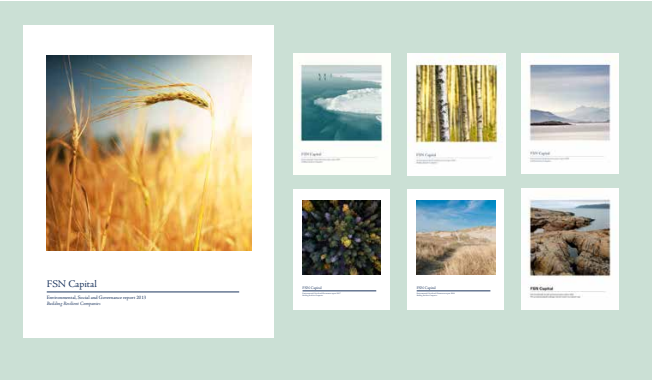
Introduced the FSN Capital ESG Strategy Framework, based on the EU Non-financial Reporting Directive (NFRD), supporting Portfolio Companies in developing tailor-made ESG strategies

2019

Introduced the FSN Capital Climate Module, based on recommendations from the Task force on Climate-related Financial Disclosures (TCFD)

2020

Rolled out climate change due diligence approach
ESG-linked Credit Facility launched



Validating our commitment to ESG

As PRI signatories we are serious about promoting sustainable business practices in our industry. In 2020, FSN Capital reached yet another milestone when launching our first ESG-linked Credit Facility. This means that the interest rate paid and ESG performance are linked.

An ESG-linked facility sends a strong signal to the market, our team, and Portfolio Companies about the positive correlation between returns and sustainability performance. We are happy to be early movers – utilizing debt financing as an instrument to transform our Portfolio Companies.

«Being a part of a collaboration where our clients share how they address sustainability is both enriching and insightful. The structure FSN Capital has built to address both ESG opportunities and challenges is impressive.

FSN Capital has shown how effective change can be successfully implemented in accordance with meeting the Paris Agreement. We are grateful for FSN Capital selecting SEB as its Sustainability Coordinator to ensure a well-structured incentive framework aligned with international goals and standards.»

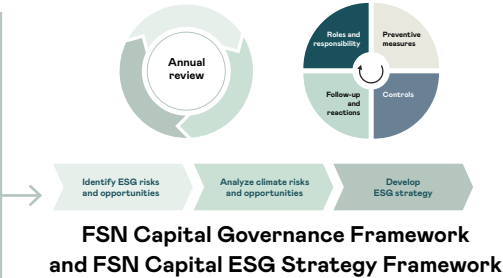
CHRISTOPHER FLENSBORG
Head of Sustainable Finance at SEB

The three main KPIs and targets agreed under the ESG-linked Credit Facility are built on FSN Capital’s ESG Frameworks for driving long-term change in our Portfolio Companies. **Under the Facility, the aggregate success rate across the portfolio determines the interest rate - both with an upside and downside included in the targets agreed.** We therefore see the ESG-linked Credit Facility as an additional tool to further incentivise full implementation of our ESG Frameworks.

The KPIs of the ESG-linked Credit Facility are linked to FSN Capital's current ESG approach

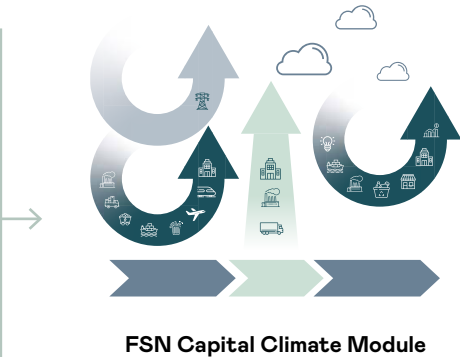
1. ESG Strategy and Governance KPIs

- A ESG Strategy and Climate Assessment**
Each Portfolio Company develops an ESG strategy w/ annual targets
- B ESG Ownership**
Designate political (Board) and operational (mgmt) ownership per Portfolio Companies
- C ESG Board Meeting Status Report**
Semi-annual confirmation that ESG has been discussed by the board of directors of the Portfolio Companies



2. Greenhouse gas (GHG) emission KPIs

- A GHG Reporting System**
Set up CEMAsys (or equivalent) system
- B GHG Emission Scope 1 & 2**
Report Scope 1 and 2 emissions
- C GHG Emission Scope 3**
Report Scope 3 to the extent deemed relevant
- D GHG Emission Target**
Set ambitious GHG reduction target



3. Diversity Ratio KPIs

- A Diversity Ratio**
Incentive for having % of female Portfolio Company board members above 25%, margin increase if below 20% (in aggregate)



“We are decent people making
a decent return in a decent way”

The FSN Capital Ethos

Our ethos is at the core of how we approach decision-making every day.

By *decent people* we mean people of character and integrity, the FSN Capital team operates according to our ethos and values.

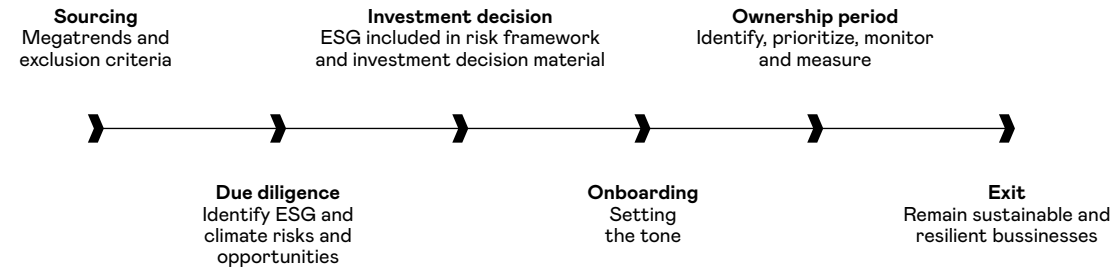
By *decent returns* we mean an internal rate of return which substantially outperforms that which our investors could achieve by investing in the public market.

Generating returns in a *decent way* is achieved by implementing the FSN Capital Code of Conduct, which is based on the UN Global Compact, in all Portfolio Companies.

We believe that culture is the most important ingredient in driving the ESG agenda. FSN Capital is the sum of our people, and we invest significant time and resources to find and recruit talented individuals who share our values and who fit well with our culture.

JESPER ISAKSEN
Head of Talent and Partner at FSN Capital





2. ESG integration through the investment process

In line with UN PRI and our Responsible Investment Policy, we integrate ESG into every phase of the investment cycle. Integrating ESG considerations is part of FSN Capitals’s broad and long-term view when evaluating and managing investment risks and opportunities.

We have developed mandatory standard ESG procedures and requirements for all stages of the investment cycle. FSN Capital’s ESG approach seeks to identify, prioritize, monitor, and measure material commercial, reputational, and operational ESG risks and opportunities. Our strength lies in our ability to combine a standardized ESG approach while establishing personal relationships with Portfolio Companies’ management to drive lasting change.

Clear roles and responsibilities

The basis of our ESG work is accountability and a clear definition of roles and responsibilities. Each FSN Capital pointperson* is responsible for the development of his / her Portfolio Company and is always represented on the

board of directors of such Portfolio Company. They contribute in setting the tone from the top, ensuring compliance with our ESG Governance and ESG Strategy frameworks. At the Portfolio Company level, the respective Chairperson and board members remain fully accountable for the implementation plan for ESG policies, the ESG strategy, and monitoring status of integration. The CEO is fully responsible for the daily management of his / her Portfolio Company. It is important to acknowledge that ESG efforts require time and resources, hence, going forward we will ensure that named individuals have ESG included in their formal job description.

FSN Capital’s ESG team is responsible for defining FSN Capital’s ESG expectations, developing tools and frameworks, supporting Portfolio Companies in their ESG work, and monitoring ESG status and progress. The ESG team also supports deal teams in climate change and ESG due diligences and onboarding of new Portfolio Companies.



Pre-investment

Sourcing – Applying a long-term perspective

FSN Capital targets high-quality companies operating in Northern Europe with limited exposure to uncontrollable beta risks, as explained in our Risk Framework on [page 26](#), and with the potential to double EBITDA.

We apply a long-term perspective when evaluating potential investment opportunities. Megatrends are always used to challenge our current perception of reality and identify both systemic risks and areas for growth.

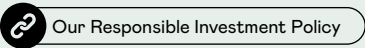
Consideration of emerging ESG megatrends, such as inter alia climate change and resource scarcity, is thereby naturally integrated when evaluating the attractiveness of a potential investment. Our goal is to identify companies which we believe are best positioned to capitalize on emerging trends at sector level, and to avoid companies exposed to either transitional and physical climate risks. We will prioritize investment opportunities that have tailwinds from major macro- and megatrends.

Exclusion criteria

Exclusion criteria filter out investments that are clearly not in line with our ethos and values.

Our Responsible Investment Policy defines our formal exclusion criteria, stating that we shall not invest in companies that:

- › Have contributed to systematic denial of human rights
- › Demonstrate a pattern of non-compliance with environmental regulations
- › Show a pattern of engaging in child labor or forced labor
- › Have an unacceptable high greenhouse gas footprint and have failed to take reasonable steps to reduce these emissions
- › Produce weapons that through their normal use may violate fundamental humanitarian principles (e.g. anti-personnel land mines, production of cluster munitions, production of nuclear arms)
- › Are directly related to adult entertainment, tobacco, gambling or alcohol



* The partner or principal responsible for a particular Portfolio Company.

LARS DENKOV
Partner at FSN Capital

* Based on the assumption of 1.5 million households reached by 2025, and average combustion engine emissions of 0.1000 kg CO₂e/km.





Due diligence

Climate change due diligence – Identifying climate risks and opportunities

In 2020, we developed a high-level climate change due diligence approach which is now a standard requirement in all our transactions. The objective is to test the robustness of the strategy and value chain of a potential investment in different climate scenarios.

With the objective of building relevant ESG competence internally, we decided that the climate change due diligence will be completed by the deal teams themselves. This will be done early in the pre-investment phase, and deal teams' conclusions from the climate change due diligence

will be included in their Investment Proposal. Depending on findings, their recommendation may be that external experts should be engaged to conduct a more detailed climate due diligence.

We have internally developed the climate change due diligence tool and templates, and a mandatory training video. The video underlines the importance of understanding the impact of climate change and goes through the four-step process (illustrated below). We have also developed a longer version video which includes a practical example on how to use the climate change due diligence tool.

The climate change due diligence

Our climate change due diligence evaluates transition and physical risks and opportunities along all stages of the company's value chain. Transition risks and opportunities are assessed based on sector-specific properties, while physical risks and opportunities are assessed based on the geographical reach of the company's value chain.

Transition risks and opportunities



Sector-based assessment of transition risks as companies in the same sector share similar:

- › Industry standards
- › Technology
- › Markets and customers

Physical risks and opportunities



Location-based assessment of physical risks as companies in the same jurisdictions are exposed to similar:

- › Climate and temperature change
- › Acute weather events

Value chain mapping

Transition risk and opportunity assessment

Physical risk and opportunity assessment

Conclusion and IP summary



Due diligence

ESG due diligence – Identifying ESG risks and opportunities

An ESG due diligence conducted by external experts is a standard requirement for all new potential investments. The due diligence scope depends on the risk profile of the specific investment opportunity, but will always include anti-corruption, sanctions, and integrity background checks.

The objective of this is threefold: (i) to identify potential “show-stoppers”; (ii) to ensure that ESG risks and opportunities are included in the

pricing considerations and transaction documentation; and (iii) to identify the status quo and use this as a baseline in planning the onboarding and continuous improvement during the ownership phase.

To ensure that we understand the underlying risk drivers we always ask the external ESG experts to comment on specific risks related to jurisdictions in target's value chain (where they typically use Transparency International ratings as basis) and any industry specific ESG risks.

The ESG due diligence

The scope of the due diligence depends on relevant jurisdictions, industry and company specifics. However, it always includes anti-corruption and sanction due diligence, as well as integrity due diligence of management.

What we do



Integrity background checks of target, management and seller(s)



Risk based ESG due diligence – focus on key areas (depending on the specifics of the case)



Anti-corruption due diligence and sanction screening

How we do it



Discreet sources



Questionnaire



On-site due diligence



Management session

FSN Capital’s risk categories

The FSN Capital Risk Framework is used for detailed analysis of alpha and beta risks in a due diligence process. Alpha risks can be managed actively by our guidance, while beta risks are beyond our control.



* Beta risk

Investment decision – Including ESG in investment materials

FSN Capital seeks to limit exposure to uncontrollable beta risk factors and instead focus on understanding and dealing with the alpha risks that can be controlled or mitigated.

The FSN Capital Risk Framework forms the basis for any investment decision, and a summary of key findings from the ESG and climate change due diligences are also always included in the formal investment documentation. Our Risk Framework thereby considers to what

extent identified ESG risks could result in a potential or actual adverse effect on the value of any investment and these findings are subsequently discussed by, amongst others, the Investment team, Executive Advisors, and the Investment Committee.

To the extent relevant, investment materials include countermeasures and plans to address identified ESG risks, and/or for how to capture ESG opportunities. This will then also form the basis for a tailor-made ESG onboarding plan.





Onboarding ViaCon*

ViaCon was divested from FSN Capital Portfolio Company Saferoad in 2019. To ensure that ViaCon built an ESG approach on a stand-alone basis, we decided to give ViaCon a new ESG onboarding in 2020. **We spoke with Mattias Hakeröd, ViaCon's Chief Human Resource Officer, about his experiences regarding FSN Capital's ESG onboarding process.**

How did you perceive the overall onboarding process? The FSN Capital board members clearly transmitted their ethos: «We are decent people making a decent return in a decent way». These people are down to earth and will treat you with fairness and integrity, which really appealed to me as I believe these are important characteristics of any leader.

Which parts of the ESG onboarding did you find more useful? Finding the resources needed to drive the ESG agenda was initially difficult – my responsibility is divided between human resources, internal communications, and ESG. Thus, having access to the ESG team was important when defining ViaCon's ESG strategy. In the beginning I found the ESG Strategy Framework a bit cumbersome, as it is a new way of thinking about ESG, but with the support and guidance from the ESG team I found a way to make the FSN Capital ESG Framework really work for ViaCon.

ViaCon's ESG strategy is an example of how to integrate ESG with overall commercial objectives. How did you go on about formulating

and implementing the ESG strategy? ViaCon's products have a clear environmental profile with high durability, where we also offer installations that are more efficient than customer offerings in relation to work site interruptions. It is important for us to highlight and advance these aspects, particularly as we see an increasing focus on sustainability in EU public tenders. By uncovering the link between ViaCon's offering and material ESG topics, we made it easier to identify how ESG supports the commercial objectives of each business unit.

2021 is the first year ViaCon has an ESG strategy. We have set long-term targets and broken these down in short-term goals with KPIs to be reported regularly. Progress is monitored in iNEXUS, the IT system for monitoring progress of our commercial strategy is part of our FEF* approach. We have spent significant time defining ESG KPIs with a clear business purpose. I believe this is essential to motivate the internal ESG work, as it makes it easier to see how ESG initiatives have direct effect on the bottom line. Examples include lost-time incidents and waste from the production process.

What is your advice to others who wish to get started with their ESG strategy? Focus on the topics most material to value creation and define short- and long-term targets per business area. Involvement of a broader group is also important, valuable insight can be gathered from external sources but most importantly your fellow employees!

* A full list of Portfolio Companies is available on request.
** FSN Execution Framework



The ownership period

Onboarding – Partnering to create long term value

The standard ESG onboarding program marks the first step toward continuous improvement throughout the ownership period. The purpose of the onboarding program is to set clear expectations as majority owners and to align with management on ESG ambitions.

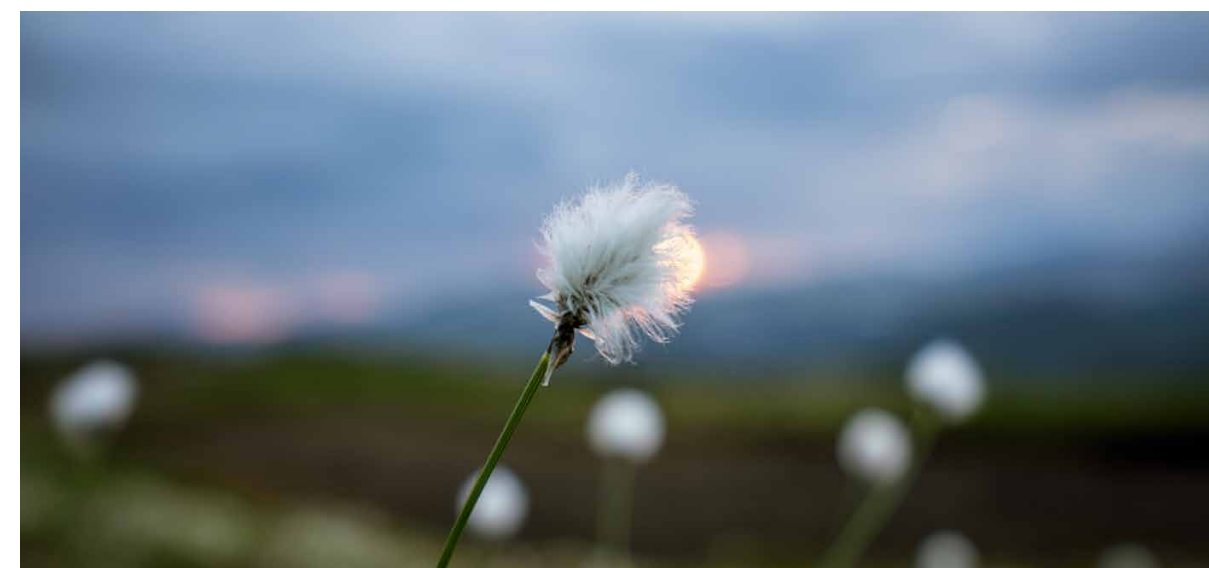
As responsible owners we recognize that we have an obligation to use our impact to drive change. We want to ensure that our Portfolio Companies also remain sustainable after our ownership period, so our ESG approach is focused on integrating key ESG topics in both the strategy and operations of each Portfolio Company.

We focus onboarding on the CEO and management team as they are responsible for the daily ESG work in their company. We

always have a kick-off meeting, preferably in-person, between the Portfolio Company CEO, management team, FSN Capital deal team and ESG team. Here we present FSN Capital's ESG expectations, share material from the ESG and climate change due diligence and discuss how the Portfolio Company is currently working with ESG.

The Portfolio Company is presented with the two pillars of our ESG work: the **FSN Capital Governance Framework** (see page 30) and the **FSN Capital ESG Strategy Framework** (see page 32).

A member of FSN Capital's ESG team will participate in the first Portfolio Company board meeting to discuss ESG topics, share best practice and set the tone from the top.



The FSN Capital Governance Framework

The objective of FSN Capital Governance Framework is to ensure that our Portfolio Companies operate in line with ethical standards with a focus on continuous improvement. We set minimum requirements with regards to ESG policies, implementation, and governance. Our Governance Framework defines roles and responsibilities with clear expectations to the Chairperson, board of directors, and the CEO.

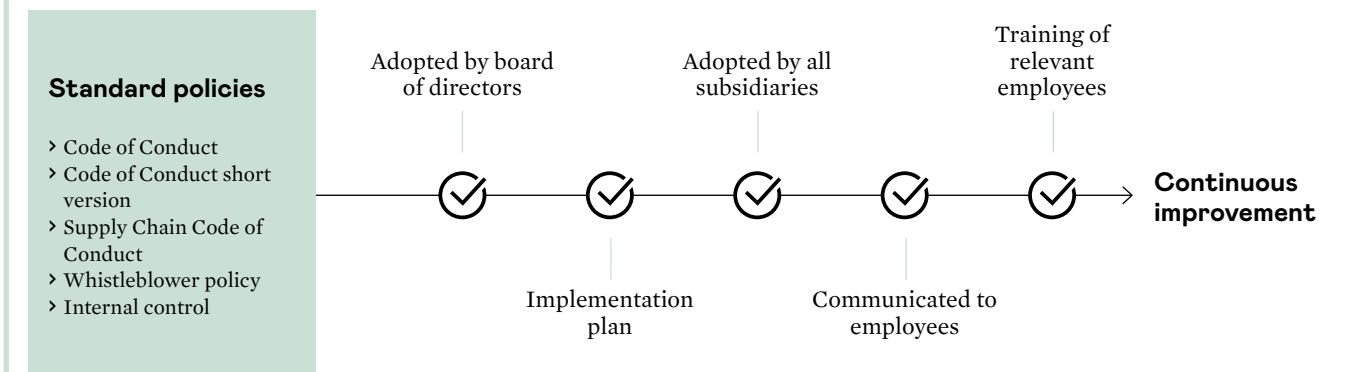
As part of the ESG onboarding program, management will in close dialogue with the FSN Capital deal team and ESG team, tailor-fit FSN Capital’s standard ESG policies and minimum requirements and prepare a proposed plan for implementation, as illustrated on the next page. The Portfolio Company board of directors is responsible for setting the tone from the top,

approving ESG policies, implementation plan, monitoring ESG progress and status in every board meeting, and for conducting an annual review and update of ESG policies and plan for implementation.

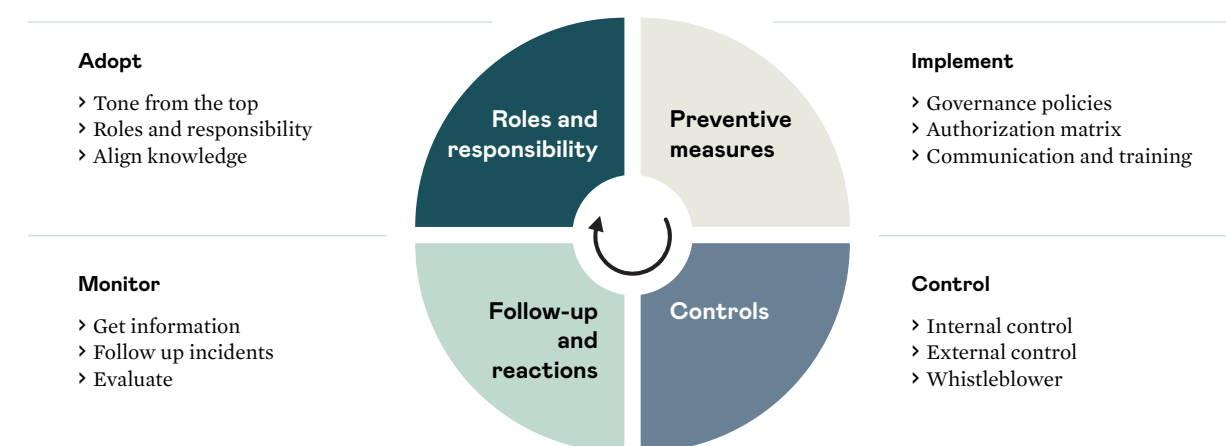
As illustrated by the road map to ESG implementation below, our objective is integration of ethical standards throughout each Portfolio Company’s organization and relevant operational processes – with a focus on building ESG knowledge through training of employees. This will ensure that we have impact beyond our ownership period.

Our focus in 2021 will be on increasing the number of Portfolio Companies setting up electronic whistleblower channels and rolling out an ESG e-Learning platform to their employees.

Roadmap to ESG implementation



The Governance Framework is designed to drive change in the Portfolio Company



«Ethical business practices must be very high on the agenda of any company. As Chairperson of two FSN Capital Portfolio Companies it is my duty to ensure that these Portfolio Companies measure success not only financially, but also ethically. Having template ESG policies as well as passionate and dedicated colleagues on the FSN Capital team has been tremendously helpful and efficient in onboarding these Portfolio Companies regarding ESG. FSN Capital’s strong and long-standing commitment to ESG is one of the main reason why I am thankful to be part of the FSN Executive Advisor team.»

CHRISTIAN MANGSTL
FSN Capital Executive Advisor



The ownership period



The ownership period

The FSN Capital ESG Strategy Framework



- › Identify Environmental, Social and Governance risks and opportunities throughout the value chain.
- › Market (sector and peers) and stakeholder analysis to identify trends and expectations.

- › Climate change analysis inspired by Task Force on Climate-Related Financial Disclosures (TCFD).
- › Evaluate the company's value chain in three different climate scenarios to ensure the value chain is robust, and the business relevant, in both the short- and long-term.

- › Materiality assessment to prioritize the most important ESG topics for the stakeholders and the company.
- › Develop an ESG strategy for sustainable value creation.
- › Define 3-5 strategic ESG priorities, set long term goals, identify KPIs, and annual goals to monitor progress.

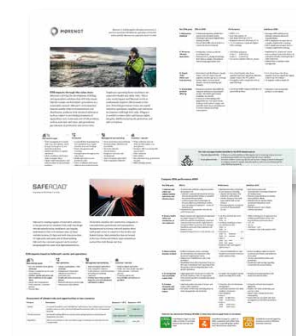
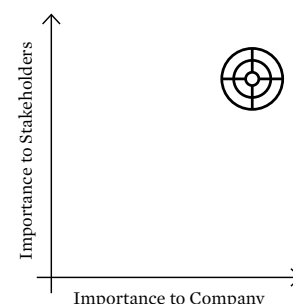
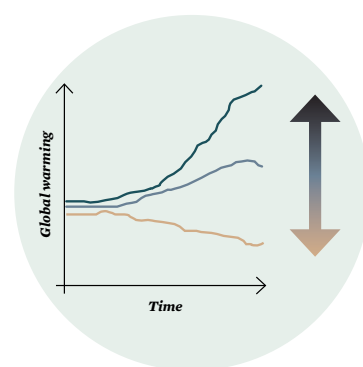
- › Annual review and reporting of ESG strategy, disclosure aligned with EU Non-financial Reporting Directive (NFRD).
- › Annual review and reporting of climate management, disclosure aligned with TCFD.

 Raw material supply

 Production

 Management and marketing

 Customer / end user



The FSN Capital ESG Strategy Framework

The FSN Capital ESG Strategy Framework is our method for establishing an individualized ESG strategy for each Portfolio Company. The objective is to ensure that Portfolio Companies focus their resources on ESG topics most material to both their stakeholders and their own commercial strategy. With this approach ESG becomes an integral part of the value creation approach, and our Portfolio Companies are more likely to also remain sustainable after our ownership period.

External ESG experts conduct an outside-in analysis under the ESG Strategy Framework. The process is designed to drive change by continuously increasing ESG knowledge in our Portfolio Companies. The initial discussions with external ESG experts and the annual self-review of the ESG strategy ensures that Portfolio Companies stay updated on key ESG topics in their sector, as well as coming ESG trends and regulatory requirements. Having a holistic ESG strategy allows them to be agile because they see

the bigger picture and can be proactive rather than reactive to emerging sustainability trends. We see that when management combine their deep industry expertise with the output from the ESG Strategy Framework, their strategic responses surpass our expectations.

Each Portfolio Company's ESG strategy focus on 3-5 key strategic ESG topics where they develop long term ambitions, identify relevant KPIs and set annual targets. The ESG strategy of each Portfolio Company is included in [chapter 3](#).

The ESG Strategy Framework ensures an analysis and reporting according to the EU Non-financial Disclosure Directive (NFRD) and is also inspired by the Task Force on Climate-related Financial Disclosures (TCFD). In 2021 we will introduce a slightly updated ESG Strategy Framework integrating the EU Taxonomy and the latest non-financial reporting trend – double materiality.

The ESG Strategy Framework consists of three main steps as illustrated to the left.

«Before we had a strategy, which had ESG elements by chance. Today we have an ESG strategy that assist and complements our commercial strategy.»

SØREN KNUDSEN
CEO iMPREG

FSN Capital's ESG Expectations

In every transaction

- › Climate change due diligence
- › Anti-corruption and sanction due diligence
- › ESG due diligence on a risk-based approach
- › Integrity due diligence / background check of key management and seller

Onboarding of Portfolio Companies

- › FSN Capital Governance Framework: Adopt standard ESG policies and prepare implementation plan together with ESG team
- › FSN Capital ESG Framework: Develop tailor-made ESG strategy with key ESG goals and annual ambitions, including a climate review

ESG focus in Portfolio Companies

- › ESG is the first point on the agenda at every board meeting:
 - Implementation of ESG policies
 - Status towards annual ESG goals
 - Any ESG-related incidents
- › Implement standard internal control heat map
- › Integrity due diligence of all new Board members and key management
- › Include information on ESG status in monthly and quarterly reports
- › Annual activities:
 - Review ESG strategy and next years' annual goals and ambitions
 - Review plan for implementation of ESG policies
 - Review governance documents and procedures
 - Report on internal control from the auditor to the board of directors
 - Board of directors' self-assessment
 - Employee satisfaction rate (eNPS)
 - Customer satisfaction rate (cNPS)

Ownership period – monitor progress

With the Governance Framework and the ESG Strategy Framework each Portfolio Company has developed an annual plan both for implementation of ESG policies and for progress towards long-term strategic ESG ambitions.

ESG is a topic on the agenda in every board meeting at FSN Capital's Portfolio Companies. Management is required to report, and the board of directors will discuss (i) status on ESG policy implementation; (ii) progress towards annual goals set out in the ESG strategy; and (iii) any ESG incidents. Regular discussions and review of progress towards annual targets will ensure continuous improvements.

All our Portfolio Companies are also required to report their GHG emissions with the objective of setting reduction targets once the reporting captures material emissions ([see page 76](#)). Portfolio Companies are also expected to have a proactive approach to climate change. The annual TCFD reporting encourages companies to take climate risks and opportunities into consideration in the company's governance, strategy, and risk management.

ESG reporting to FSN Capital is important for us to monitoring progress and identifying points

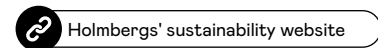
of improvement. In 2020 we asked our Portfolio Companies to report their ESG KPIs monthly through our financial reporting system. During 2021 we will continue to make ESG reporting more efficiently and seamlessly.

During our ownership period, we support the Portfolio Companies on ad hoc projects and in the annual review of their ESG Strategy. ESG is however no longer a top-down initiative, we see an increasing request for ESG support and sharing of best practices among our Portfolio Companies. A great example was the virtual FSN Capital Leadership Seminar in January 2021 where iMPREG shared how ESG can be a competitive advantage; and Mørenot shared both how sustainability is considered a key enabler for their commercial strategy and how they use a digital tool to closely monitor employee satisfaction.

In 2021 we plan to establish an ESG forum where Portfolio Companies can share experiences and best practices in an informal manner.



The ownership period



Holmbergs Communicating progress

For stakeholders to make informed decisions, companies are increasingly required to provide transparency and insight into their ESG focus areas. Governments and regulators place requirements on sustainability reporting and customers want insight in the sustainability impacts, positive or negative, products and services have on society. Good ESG communication is therefore key to staying relevant in the market going forward.

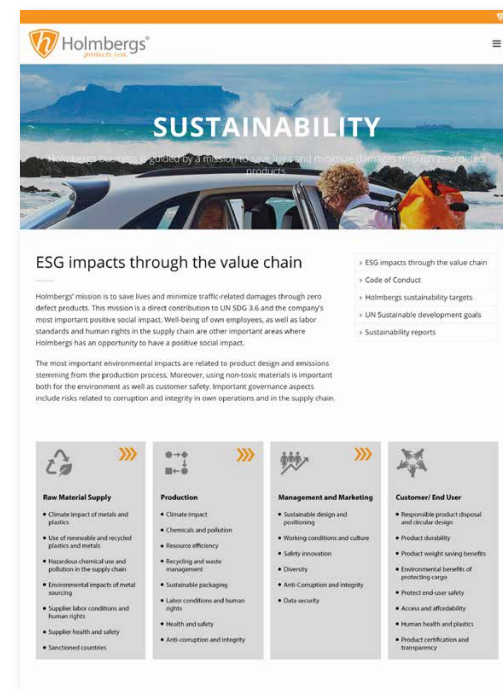
Holmbergs Group has taken this challenge to heart and used the opportunity to create a customer-oriented webpage addressing sustainability. Here Holmbergs informs stakeholders on its sustainability targets and relevant UN Sustainable Development Goals, as well as the company's ESG impacts throughout the value chain. The company Code of Conduct is also available to all external stakeholders.

« The ESG work has inspired Holmbergs to look beyond the traditional financial goals and see the business in a larger context.»

CARINA LANDSTRÖM
CFO, Holmbergs Group

As ESG-lingo may be unfamiliar to most, Holmbergs has taken a visual approach to the communication strategy. Key messages are clearly illustrated and ESG topics are informed in an educational manner.

Carina Landström, CFO in the Holmbergs Group notes that through communicating ESG, new opportunities and challenges have surfaced. New topics have been put on management's agenda, shaping the strategic business plans going forward.



Exit

The exit process

Exit – Remain sustainable and resilient

At the time of exit, sound ESG management has reduced risks throughout our ownership period, put Portfolio Companies in a position to capture emerging ESG opportunities and thereby increased the value of the company.

We see to an increasing degree that sophisticated buyers of our Portfolio Companies appreciate and value the development of ESG metrics over time and use this as part of their assessment of the attractiveness of a company. Our ESG Frameworks ensures focus on and monitoring of

key ESG topics from the time of our acquisition, which simplifies documentation of a Portfolio Company's ESG progress in an exit process. More importantly, it clearly shows how ESG is an integrated part of both strategy and operations and that the ESG ambitions are driven by the management team, not us as majority owners.

In close collaboration with our management teams, we seek to create robust and sustainable businesses – we have impact that lasts beyond our ownership period.

Strong track record in developing and preparing companies for successful IPOs

FSN Funds IPOs

Average of indexed share price performance of the six companies listed by FSN Funds (Troax, Netcompany, Bygghemma, Instalco, Green Landscaping, Kongsberg Automotive)

Market

Index based on the average of the performance of the relevant index (OMX30, OMXC20CAP or OBX) at the relevant post-IPO time period for each company.



*) Average aggregated return for all companies.

Source: FSN Capital, Capital IQ. All data as of August 2020.

The annual FSN Capital ESG Award



Winner of FSN Capital's 2020 ESG Award

Our annual ESG award is part of setting the tone from the top. Netcompany, Green Landscaping, Kjell & Company, and Saferoad are all proud winners in previous years.

The criteria for selecting the winner remain unchanged:

- › Awareness and ESG efforts in daily operations
- › Value creation in society at large
- › Clarity in ESG policies
- › Focus on continuous improvement and progress
- › Tone from the top (i.e. management and board engagement)
- › Portfolio Company's holistic approach to sustainability
- › Adherence to FSN Capital's values
- › Be a FSN Portfolio Company*

Mørenot was acquired by FSN Capital Fund V in 2018. The company has a clear vision **to ensure that the oceans can feed generations to come**, which sets ESG at the core of their operations.

* A full list of Portfolio Companies is available on request.

Over time, Mørenot has managed to internalize ESG by identifying how ESG factors can support the overall commercial strategy. In this way ESG has become a value-adding activity owned by several people in the company, and not a reporting exercise to FSN Capital.

As Mørenot has operations in high risk jurisdictions from a compliance perspective, it is vital to mitigate the risk of unethical behavior. When it comes to strengthening **business ethics and governance**, Mørenot has continued their implementation of ESG policies by rolling out e-Learning and making anonymous whistleblowing available to all employees through an electronic whistleblower channel. The e-Learning included a short video of Mørenot's CEO setting the tone from the top and emphasizing the importance of safeguarding the company's reputation by complying with the company's ethical standards. However, training and policies are not enough when operating in high risk jurisdictions. Mørenot's key management has therefore also closely followed

up local business units. This sends a strong signal from the top and enables identification of irregularities at an early stage.

Employee satisfaction is also high on Mørenot's agenda. In 2020 they implemented Winningtemp, an AI and cloud-based software for measuring and monitoring employee engagement. With this tool, employees answer a few questions every second week on their mobile phone or laptop. Mørenot's middle management are responsible for following up comments and insights from the tool and including these in the monthly management meeting. Mørenot wants to extend the use of Winningtemp to all their sites in more than 10 countries on three continents.

«Implementing a strong ESG platform is a two-phase-process.» explains CEO Arne Birkeland, «First you need to make sure your operations meet ethical standards, and then you can use ESG as a value-adding measure.» Birkeland believes the company has just started their journey in the second phase.

The fishing and aquaculture industry is dependent on responsible consumption of the ocean's resources, and Mørenot's customers are increasingly seeking sustainable solutions. **Environmental and climate impacts** of the company's operations have therefore been in focus over the past year. In line with Mørenot's vision, the company has identified how sustainability aspects can support each business unit and the overarching commercial strategic objectives. Each target has been broken down in actions assigned to specific people to ensure they are followed up.

Results have already started to materialize. Mørenot has changed their fishnet drying process. The industry standard diesel generators were substituted with a solution using 25% less energy while at the same time drying the nets twice as fast as conventional methods. The company is also continuing to explore net repair, re-use and recycling of nets, as well as fishing solutions that reduces the risk of bycatch.

Going forward, the strategic ESG priorities will be further operationalised. In 2021 the company is launching two cross-organisational groups, one focusing on sustainability and the other on digitalisation. By bringing together minds across the organisation, there is a potential to identify synergies and take ESG integration to the next level. Arne Birkeland also sees these groups as an important initiative to give all employees ownership of the ESG agenda; **«In the future Mørenot will consist of 800 sustainability directors!»**



3.


ESG developments in the Portfolio Companies





This chapter sets out the ESG strategy for each Portfolio Company in line with FSN Capital's ESG Strategy Framework.








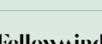




Four new investments were signed in 2020: Håndverksgruppen (HG), MHP Solution Group (MHP), TASKING, and Obton Group.

Håndverksgruppen has prepared its first ESG strategy (see pages 72-73), while company descriptions of MHP and TASKING are provided on pages 74-75 as they will develop their tailor-made ESG strategies in 2021. The Obton Group transaction is waiting for clearance from the Danish Financial Supervisory Authority (DFSA), a description is included on page 23.



		EBITDA 2019 EURm	EBITDA 2020 EURm	EBITDA Change
	A leading producer of energy-saving, high temperature insulation products to customers globally.	12	11	-3 %

		EBITDA 2019 SEKm	EBITDA 2020 SEKm	EBITDA Change
	A Nordic supplier of premium sporting goods brands.	142	119	-16 %
	A value-added distributor of technology and digital products in Europe.	272	354	30 %
	The Nordic market leader within the wet room wall panel segment.	58	70	19 %
	Sweden's largest retailer of accessories for home electronics.	160	175	10 %

		EBITDA 2019 SEKm	EBITDA 2020 SEKm	EBITDA Change
	A global supplier of mission critical safety systems to the child safety seat industry.	104	119	15 %
	A global market leader within advanced ice cream processing equipment.	-7	63	n/m
	A leading supplier of equipment and services to the world's fishery and aquaculture industries.	117	108	-7 %
	A global online and physical retailer of limited edition sneakers and apparel.	70	44	-38 %
	One of the leading digitalization and managed IT services partners for the SME and smaller enterprise segment in the Nordics.	191	228	19 %
	The largest supplier of road safety and road infrastructure solutions in Europe.	416	539	30 %
	Europe's largest omni-channel aftermarket distributor of tow bars and wiring kits and Germany's largest aftermarket-installer of tow bar systems.	173	228	31 %
	A leading Microsoft Business Applications and Modern Workplace partner in Europe.	140	260	86 %
	A leading supplier of glass fiber liners for sustainable and environmentally friendly sewage rehabilitation.	72	120	68 %
	The European market leader of engineered corrugated steel structures and pipes used to build e.g. culverts, bridges and tunnels.	123	199	62 %
	Norway's largest provider of surface treatment services, offering a broad range of services within painting, flooring and masonry.	111	117	6 %
	The leading provider of end-to-end logistics software solutions in the DACH region.	80	95	19 %

* Includes Portfolio Companies as of 31.12.2020.



SKAMOL.COM

Skamol produces and markets specialty insulation systems based on the four key raw materials calcium silicate, vermiculite, moler, and diatomite. The system portfolio spans bricks and blocks, insulation boards and fire protection boards which drives health-, safety- and energy preserving benefits for customers and end-users around the world.


The Building sector provides easy-to-install systems for both renovation and new build projects, while the Industry sector provides systems to industrial customers handling heat intensive materials or to niche applications requiring superior insulation properties at low weights.



Skamol’s mission is to enable smarter, healthier and more sustainable living and uses of energy resources in homes and industries across the globe.

The company is headquartered in Denmark where it also operates three production plants. Two other production plants are found in Poland and Russia.

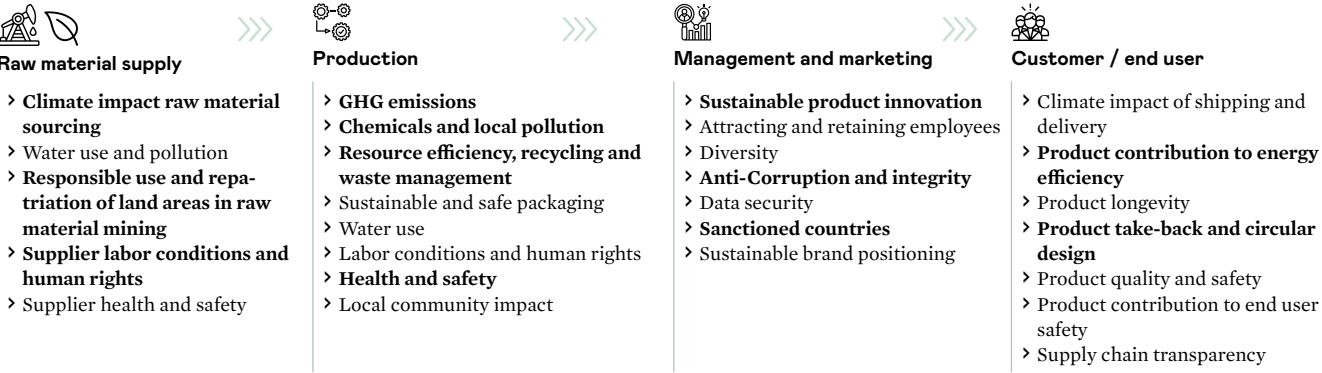
Skamol serves a global market (more than 70 countries) with own sales force or agents in all regions.



Key climate risks and opportunities

- › **Opportunity:** Increased demand for insulation products that reduces energy consumption, reducing end-customer’s expenses and environmental footprint.
- › **Acute physical risk:** Local flooding and earth slides could interrupt raw material extraction as well as production sites and transportation routes.
- › **Regulatory risk:** Increased production costs as carbon tax might be placed on direct emissions from Skamol’s production sites.

ESG impacts identified along Skamol's value chain





ACTIVEBRANDS.COM



Active Brands is a leading Nordic supplier of sporting goods brands and promotes seven own brands. The Active Brands’ product portfolio consists of a variety of clothing, apparel, and equipment related to an active Nordic lifestyle. Norway is currently the biggest market, while Sweden and North America represents the second and third largest end-markets. The main customer group is B2B, where the company serves leading sporting goods retailer and e-tailers. Active

Brands also serves customers through each brand’s own webshops and outlets.

Main raw materials include animal products like wool and goose down, as well as cotton and synthetic fabrics. The raw material is sourced globally by the manufacturers on behalf of Active Brands, and products are manufactured by third-party producers, most of which are found in Asia, including China and Myanmar.

Key climate risks and opportunities

- **Chronic physical risk:** Permanent changes in seasons and temperatures affect customer purchasing patterns and needs.
- **Acute physical risk:** Extreme weather events disrupts raw material supply (e.g. cotton) and global logistics, which may cause unexpected price increases and delays.
- **Regulatory risk:** Regulations to mitigate the negative impact of fast fashion, aiming to increase circular design (following EU Taxonomy on circularity), recycling and transparency.

ESG impacts identified along Active Brands' value chain



Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Happy and healthy customers	<ul style="list-style-type: none">➤ Introduced new policies addressing «Cultural Appropriation” and “Inclusive Colorway». Important for North American markets.➤ Kari Traa: Launched “Exercise outdoors” during Covid-19 lockdown, and actively participated in the Black Lives Matter movement.➤ Dæhlie: Partnered with Norwegian cross-country skier Emil Iversen promoting «Unity, Community and Belonging» among children.	<ul style="list-style-type: none">➤ NOK 25, 000 awarded to Varden IL from Meråker as one of the winners of the «Unity, Community and Belonging»-campaign.	<ul style="list-style-type: none">➤ Present (by Q1) the 10-year horizon ESG strategy, emphasizing focus on customer welfare: Health by promoting physical and mental health through core categories. Standing up for human rights with a focus on diversity and gender equality.
2. Extended use of low impact materials with circular attributes	<ul style="list-style-type: none">➤ Following the 2020 ambition we initiated a processes to prepare for the EU Circular Economy strategy and directives through focusing on Reuse, Recycle and Product Life Cycle Analysis. Ex. Wastelayer (Kari Traa) and Wonderful Waste (Johaug).➤ 100% recycled and Blue Sign certified lining replaced old lining fabrics in 89 technical styles for Kari Traa, Dæhlie and Johaug’s AW21 collections.➤ All polybags replaced with bags made of recycled low-density polyethylene, reducing virgin plastic use.	<ul style="list-style-type: none">➤ Styles containing Blue Sign fabrics 2020: 191/800 2019: 170/800➤ Styles containing certified organic cotton 2020: 6/800 2019: 0/800➤ Styles containing recycled polymer 2020: 20/800 2019: 10/800➤ FSC certified packaging solutions % 2020: 63 2019: 23	<ul style="list-style-type: none">➤ Conduct customer survey to discover how to help them participate in the circular economy.➤ Apply for Sustainable Apparel Coalition (SAC) membership, looking into the Higg Index to better manage environmental footprint.➤ 20% of styles containing recycled polymer.➤ Increase number of wool styles containing Waste Wool from 1% to 5%.
3. Supporting ethical trade and a responsible supply chain	<ul style="list-style-type: none">➤ Exceeded target of 70 % first tier suppliers to be involved in a 3rd party auditing scheme.➤ Supplier audits uncovered social management and decent working hours as improvement areas, particularly for suppliers beyond tier 1.➤ One supplier received a D-rating on BSCI and have submitted a corrective action plan and will be re-audited in 2021.➤ Traceable non-mulesing Merino wool has become a company standard.➤ Shifted all down sourcing to Responsible Down Standard (RDS) certified suppliers.	<ul style="list-style-type: none">➤ BSCI* members, first tier suppliers % 2020: 85 2019: 70 2018: 73➤ BSCI* members with rating C or higher 2020: 31/32 2019: 35/37➤ End-products supplier audits rated acceptable 2020: 19/19 2019: 26/28➤ 2nd and 3rd Tier Suppliers: 25 fabric and trims suppliers included in CSR and Quality System.➤ Styles containing RDS certified down 2020: 40/100 2019: 0/800	<ul style="list-style-type: none">➤ Improving supplier social standards by helping tier 1 suppliers set up policies and implement standard operating procedures.➤ Following up on Corrective Action Plans communicated to suppliers.➤ Reduce number of temporary employees and offer suitable insurance to temporary employees.
4. Active Brands should be amongst the most attractive places to work in the sporting goods industry	<ul style="list-style-type: none">➤ Annual employee survey not conducted due to Covid-19, and hence an NPS was not conducted.➤ Between March and October 2020, many employees were furloughed due to lockdown and reduced activity at Active Brands. At the beginning of November 2020, all employees were fully back.	<ul style="list-style-type: none">➤ Women employees % 2020: 70	<ul style="list-style-type: none">➤ Look at solutions to increase employee engagement.➤ Introduce Winningtemp to help employees and leaders interact through constructive feedback.
5. Set high standards for business integrity and anti-corruption	<ul style="list-style-type: none">➤ One full day training in the company’s Code of Conduct and anti-corruption policies planned for all Shanghai employees and performed in 2021.➤ Anti-corruption policies made available to Oslo employees via the intranet.➤ Updated standard operating procedures for high-risk areas of bribery.	<ul style="list-style-type: none">➤ 100 % of tier 1 and 2 suppliers signed anti-bribery agreement.➤ 100 % of Shanghai management team completed initial training in Code of Conduct and anti-corruption.	<ul style="list-style-type: none">➤ Follow up on anti-bribery agreement signed by suppliers as they are required to set up internal procedures, identify high-risk areas and train their personnel.

* Business Social Compliance Initiative



EETGROUP.COM

EET Group (EET) is a value-added distributor of IT products and spare parts for electronic equipment. The company operates across eight business lines: Server, Computer & Printer Parts, ProAV Solutions, Surveillance & Security, Network, Storage, POS & Auto-ID, and Consumer Electronics. The company is headquartered in Denmark, where you also find the central warehouse. Other warehouses are in UK, France, Spain, Poland, Norway, and Finland. EET has operations in more than 20 countries in Europe.



EET sources all products form third-party producers. Most products are sources from Asia, and China in particular. EET’s private label products are also produces in Asia and the production is fully outsourced.

Third-party transportation companies are engaged to ship goods to the customers. EET’s main customer base is solely B2B and constitutes a mix of integrators and re-seller.



Key climate risks and opportunities

- › **Opportunity:** Customers looking to reduce their environmental footprint by requesting spare parts, repairs, and products that increase energy efficiency.
- › **Acute physical risk:** Extreme weather causing delays as they disrupt global logistics and may damage private label production sites in Asia.
- › **Regulatory risk:** Increased responsibility for e-waste management under the EU Waste Electrical and Electronic Equipment Directive, as well as the EU Taxonomy on circularity. Carbon tax could affect prices on plastic packaging and transportation.

ESG impacts based on EET’s sector and operations



Raw material supply

- › Labor conditions and human rights
- › Conflict minerals
- › Sanctioned countries



Production

- › Labor conditions and human rights
- › Sustainable packaging in the supply chain
- › Transportation and logistics in the supply chain



Management and marketing

- › Anti-corruption and integrity
- › Employee health and safety
- › Employee satisfaction and development
- › Diversity and anti-discrimination
- › Product offering to enhance electronics’ longevity
- › Internal waste management
- › Operational climate impact
- › Sustainable packaging to customers
- › Tax policies and payments



Customer / end user

- › Product quality and safety
- › Customer privacy
- › Dual use goods
- › Sanctioned countries
- › Climate impact of transport and shipping
- › Product offering to enhance end-use energy efficiency
- › Electronic waste (WEEE)

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Responsible and active supply chain management	<ul style="list-style-type: none">› The 2020 ambitions were met as EET has:› Worked with private label suppliers to provide climate friendly alternatives.› Performed 20 supplier audits with no major findings.› Increased number of Supplier Code of Conduct signatories.	<ul style="list-style-type: none">› Spend stemming from vendors with an ESG policy and/or completes self-assessment %<div><div></div><div>100 %</div></div>2020: 952019: 80› Private label vendors responded to self-assessment questionnaire %<div><div></div><div>100 %</div></div>2020: 202019: 16	<ul style="list-style-type: none">› 100 % of vendors to sign new contracts and perform self-assessment.› Perform 20 audits, gradually increase audit capacity next 3 years.
2. A trusted and ethical business partner	<ul style="list-style-type: none">› Updated the following internal policies: Code of Conduct, anticorruption, whistleblower.› New policies introduced for quality, ESG and conflict minerals, all available on EET’s website.	<ul style="list-style-type: none">› 1 whistleblower incident reported and handled according to internal procedures.	<ul style="list-style-type: none">› Ensure internal policies are up-to-date, reflecting societal trends (e.g. diversity and fair treatment).› Evaluate potential business ethics e-learning for all employees.› Introduce an anonymous whistleblower channel.
3. A great place to work	<ul style="list-style-type: none">› Continued focus on lowest scoring work satisfaction drivers from 2019 (growth and reward).› Frequent communication with employees following Covid-19 to ensure their continued wellbeing.› Increased share of women leaders to actively impact gender diversity (20 % compared to 15 % in 2019).› Managed to maintain share of female employees and trust in fair treatment scores.	<ul style="list-style-type: none">› eNPS %<div><div></div><div>100 %</div></div>2020: 282019: 202018: 20› Absenteeism %<div><div></div><div>10 %</div></div>2020: 1.92019: 2.52018: 2.5› Female employees<div><div></div><div>100 %</div></div>2020: 282019: 282018: 26› Trust in fair treatment score2020: 8.8 / 102019: 8.8 / 102018: 8.7 / 10	<ul style="list-style-type: none">› EET will continue to:› Address areas of employee frustration to maintain or increase eNPS.› Increase share of female employees.› Maintain or increase trust in fair treatment score.
4. Minimise the environmental impact through the value chain	<ul style="list-style-type: none">› Strengthened capacity to deliver on increasing demand stemming from EU’s «right to repair» strategy.› Improved scope of GHG emissions reporting as we obtained data from the majority of the outbound transportation partners.› Reviewed solutions to provide partners with opportunity to CO2-offset their orders.	<ul style="list-style-type: none">› 2020 GHG emissions:<div>Scope 1: 96 tCO₂e</div><div>Scope 2: 92 tCO₂e</div><div>Scope 3: 9,309 tCO₂e</div>	<ul style="list-style-type: none">› Continued focus on «right to repair» by reducing customer e-waste and increase product lifetime.› Provide CO₂ neutral deliveries for majority of shipments through investing in carbon offsetting projects.› Improve waste management measurement and efforts.
5. Ensure safe and satisfied customers and consumers	<ul style="list-style-type: none">› «Right to repair», packaging optimization and waste reduction identified as opportunities to reduce customers’ environmental footprint.› Launched online shop giving customers access to enhanced product information.	<ul style="list-style-type: none">› cNPS %<div><div></div><div>100 %</div></div>2020: 292019: 272018: 22› Data breaches identified<div><div></div><div>100 %</div></div>2020: 02019: 0	<ul style="list-style-type: none">› Look into possibilities to gain a deeper understanding of our customers’ ESG related priorities.› cNPS: 30

EET has chosen to focus on the following UN SDGs, and connected each to the Key ESG Goals:



Achieve gender equality and empower women and girls.



Promote sustainable economic growth and decent work for all.



Ensure sustainable consumption and production patterns.



Take urgent action to combat climate change and its impacts.



Promote just, peaceful, and inclusive societies.



FIBOSYSTEM.COM

Fibo is the leading global manufacturer of high-quality wet room wall systems, which is a more environmentally friendly, design versatile, functional and cost-efficient substitute to traditional ceramic tiles. The product range includes complete wet room wall systems, comprising fully waterproof wall panels and related installation accessories, as well as kitchen boards and countertops.

Plywood constitutes the main raw material and is sourced from suppliers in Asia, Latin America, and Europe, while the end-product is produced at Fibo’s factory in Lyngdal, Norway. The company is headquartered in Oslo.



The final products are sold to customers across the new construction, repair, and manufactured housing markets in Scandinavia, Europe, New Zealand, Canada, and North America. Fibo is active across different distribution channels, with key customers being builders’ merchants, DIY chains and direct B2B sales, that in turn mainly sell to installers within residential and non-residential construction.



Key climate risks and opportunities

- **Opportunity:** Increased demand for building products with circular attributes made of raw material with lower environmental footprint compared to alternatives like ceramic tiles (following EU Taxonomy for climate change mitigation).
- **Acute physical risk:** Extreme weather events may impact forestry production and disrupt the supply chain and increase plywood raw material prices.
- **Regulatory risk:** Requirements on ensuring sustainable forestry, as well as increased emphasis on supply chain transparency and product traceability.

ESG impacts based on Fibo’s sector and operations





KJELL.COM



Kjell & Company is a leading consumer electronics accessories omnichannel retailer, operating 130 stores across Sweden and Norway. Both markets are also served through an online shop, where the logistics to deliver the products to the end-customer has been outsourced to third-party logistics operators. The product line covers everything from computer screens, drones, and gaming accessories, to memory chips and printer ink.

All products are produced by third-party manufacturers and sourced from suppliers in Europe and Asia. Most goods, including the private label products, are produced in China, and Kjell & Company runs a procurement office in Shanghai. The goods from Asia are primarily shipped by boat to the central warehouse in Malmö, where you also find the headquarter. Substantial work has been done in recent years to cut out air freight and reduce packaging size to reduce both emissions and cost.



Key climate risks and opportunities

- **Opportunity:** Increased demand for indoor climate products as average temperatures increase and seasonal heatwaves becomes more common.
- **Acute physical risk:** Extreme weather events interrupting supply chain activities and damaging production sites in Asia that produce private label products.
- **Regulatory risk:** Tightened environmental and climate regulations in China, as well as EU regulations on packaging and product circularity (following the EU Taxonomy on circularity).

ESG impacts identified along Kjell & Company's value chain



Raw material supply

- Climate impact of raw material sourcing
- Conflict minerals in electronics
- Sanctioned countries
- Supply chain transparency and ethics



Production

- Electronic waste (WEEE)
- Climate impact of logistics and own operations
- Chemical use and pollution
- Sustainable packaging
- Supplier labor conditions and human rights
- Supplier health and safety
- Labor conditions and culture of own operations
- Employee health and safety
- Internal waste



Management and marketing

- Anti-Corruption and integrity
- Diversity
- Sustainable stock management
- Product offering to enhance energy efficiency and electronics' longevity
- Attracting and retaining employees
- Tax policies



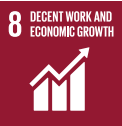
Customer / end user

- Product quality and safety
- Product take-back, recycling and reuse
- Sustainable brand positioning
- Product labelling and transparency
- Dual use
- Data security and privacy

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Environment: Reduce CO2e emissions with 50 % by 2030	<ul style="list-style-type: none">➤ Achieved ambition of 100 % climate compensated e-commerce shipments.➤ Made agreements with last-mile-forwarders to climate compensate their emissions; Kjell & Company purchased climate compensation for the one forwarder that was unable to compensate own emissions.➤ Started measuring material usage in private label packaging to reduce plastic usage.➤ No plastic was allowed in new item packaging production.➤ Assessed the potential to minimize plastic in repeat order packages – where financially viable.	<ul style="list-style-type: none">➤ Climate compensated outgoing e-commerce shipments % 2020: 100 2019: 15➤ GHG emissions (tCO₂e): Scope 1: NA Scope 2: 169.5 Scope 3: 1,237.2➤ Plastic in private label packaging % 2020: 13 2019: 22	<ul style="list-style-type: none">➤ Evaluate opportunities for recycling in all locations.➤ Reduce energy consumption by 5% by upgrading lightning to LED in 95% of shops.➤ Reduce non-renewable plastic used in private label packaging to 5%.
2. Social: Fair and safe employer offering opportunities for career as well as personal growth	<ul style="list-style-type: none">➤ Efforts made to achieve eNPS of 60 %, the share of female employees to 21%, and to keep absenteeism at 3%, however, the pandemic forced a shift in focus from launching new initiatives to ensure staff and consumer safety in our stores.➤ Stricter rules for absenteeism applied in 2020.	<ul style="list-style-type: none">➤ eNPS % 2020: 47 2019: 44 2018: 57➤ Women employees % 2020: 20 2019: 19 2018: 17➤ Women leaders % 2020: 20 2019: 15 2018: 14➤ Absenteeism % 2020: 5 2019: 3	<ul style="list-style-type: none">➤ 60 % eNPS.➤ 10 % of employees originate from another country than the one they are currently working in.➤ 25 % female leaders.
3. Governance: Set an example for business ethics and social responsibility	<p>Business integrity and transparency</p> <ul style="list-style-type: none">➤ Planned to implement a new way to measure customer satisfaction to better understand how to improve customer relationships, however it was put on hold due to Covid-19. <p>Product quality and safety</p> <ul style="list-style-type: none">➤ Implemented stricter quality controls to identify high return ranges and managed to decrease private label returns below ambition of 1.5 %.➤ 0.5 FTE position dedicated to collect and verify compliance documents of new products. <p>Supply chain management</p> <ul style="list-style-type: none">➤ Efforts made to audit all new private label suppliers for compliance against the Code of Conduct, follow up on all existing suppliers' corrective action plans and have 90% of active European suppliers sign a Code of Conduct – according to 2020 ambitions.➤ 80 days of work allocated to auditing.➤ 1/3 FTE devoted to have the Code of Conduct signed by our suppliers.	<p>Business integrity and transparency</p> <ul style="list-style-type: none">➤ Efforts to be resumed in 2021. <p>Product quality and safety</p> <ul style="list-style-type: none">➤ Private label returns % 2020: 0.8 2019: 1.7➤ % of unique new items introduced where relevant compliance documents are obtained 2020: 89 2019: 58 <p>Supply chain management</p> <ul style="list-style-type: none">➤ Supplier Code of Conduct signed by private label suppliers % 2020 100 2019: 100 2018: 81➤ Supplier Code of Conduct signed by European suppliers % 2020: 93 2019: 61 2018: 0➤ All 38 new suppliers were audited➤ 134 audit findings required follow up, but only able to verify 111 due to the pandemic.	<p>Business integrity and transparency</p> <ul style="list-style-type: none">➤ Conduct anticorruption training with all staff in assortment, sourcing, and procurement. <p>Product quality and safety</p> <ul style="list-style-type: none">➤ Hold 100% of relevant compliance documentation for new items introduced to our range. <p>Supply chain management</p> <ul style="list-style-type: none">➤ Ensure all suppliers have signed the Supplier Code of Conduct.

According to Kjell & Company's employees the following SDGs are relevant for the company's operations:





HOLMBERGSGROUP.COM



Holmbergs develop and produce critical safety components and systems for child safety car seats. The products include harness systems, ISOFIX connectors, retractors, and covers. The company operates two production sites in China, one in Lithuania, and one in Romania. The main raw material inputs are plastic, metal and webbing, and textiles.

The company only serves B2B customers, primarily child seat OEMs (original equipment manufacturers). They also provide some customers in other transportation niches with safety belt solutions, including buses, agriculture machinery, and rescue vehicles.

Key climate risks and opportunities

- Regulatory risk:** Increased regulations on end-of-life product management (e.g. waste and plastic) in relation to the EU Circular Economy strategy could impact current production methods and sourcing strategies.
- Market risk:** Changes in mobility patterns, moving towards the sharing economy may affect the demand for car-related products.
- Acute physical risk:** Extreme weather events disrupting supply chain activities and damaging production sites – heath waves may interrupt productivity as factory workers' health and safety is put at risk.

ESG impacts based on Holmbergs’ sector and operations



Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Saving lives and minimising damages during transport and traffic through innovation and zero defect products	<ul style="list-style-type: none">› Launched Roll Fix, a safety belt helping parents fasten their children in the car seat in the right way, reducing the risk of injuries.› The group is certified according to International Automotive Task Force (IATF).	<ul style="list-style-type: none">› Number of field failures 2020: 0 2019: 0 2018: 0	<ul style="list-style-type: none">› Maintain zero faults by continuing to improve production, product quality, and product development cycles.
2. Moving towards circularity and low-impact products	<ul style="list-style-type: none">› All relevant products fulfills REACH regulations.› 70 % of covers produced in a non-chemical environment in Lithuania .› Suppliers required to minimize number of materials used in products to facilitate for re-design and recycling.› Scrap steel at QingXi factory, China, sold for recycling, equivalent to 1,978 tCO₂e.	<ul style="list-style-type: none">› Passed the COP test and chemical testing.› Passed annual testing conducted by third party institute.› 2020 GHG emissions Scope 2: 1,238.1 tCO₂e* <p><i>*788.1 tCO2e related to new factory in QingXi.</i></p>	<ul style="list-style-type: none">› Discuss ambition of climate neutral operations by 2030.› Management group to develop circular economy strategy.› Investigate possibility of installing solar panels in Chinese factories.
3. Commit to our employees	<ul style="list-style-type: none">› In 2020 Holmbergs significantly increased eNPS by high focus on creating a common company culture in a fast-growing organization.› Covid-19 initiatives in factories: temperature checks and intensified cleaning routines.› Fire drills and training at the factories.› Refurbished kitchen, dining room, and sanitary area at Chinese production site.	<ul style="list-style-type: none">› eNPS % (compared to 2019) Production sites Lithuania: +62 % China, Hengli: +36 % China, QingXi: NA Corporate offices Sweden: +0 %› Sickness absenteeism % Production sites Lithuania: 9,4 % China, Hengli: 1,0 % China, QingXi: 1,2 % Corporate offices Sweden: 1 %	<ul style="list-style-type: none">› We strive to achieve zero incidents and reduce absenteeism.› Holmbergs will focus on how to improve the eNPS scores.
4. Act ethically towards society	<ul style="list-style-type: none">› All new employees receives and signs the Code of Conduct› Code of Conduct posted on bulletin boards across the organization.› Established anonymous whistleblower channels.	<ul style="list-style-type: none">› One Code of Conduct incident reported and handled according to internal procedures.› 100 % employees signed Code of Conduct.	<ul style="list-style-type: none">› Always act on Code of Conduct breaches .› Maintain zero incident ambition.› Implement eLearning available for all staff.
5. Responsible supply chain management	<ul style="list-style-type: none">› Dialogue with suppliers to improve traceability.› Supplier Code of Conduct distributed in local languages to all critical suppliers.› Supplier site visit audits cancelled due to Covid-19, however, 8 self-assessment questionnaires were distributed with no main findings.	<ul style="list-style-type: none">› Supplier audits performed by site visits %: 2020: 0 2019: 28 (25/89) 2018: 28 (22/79)› Suppliers signed Supplier Code of Conduct 2020: 41	<ul style="list-style-type: none">› Perform 20 supplier audits.

Holmbergs has selected the following UN SDGs to which they have the opportunity to contribute:



Holmgren’s products directly contribute to UN SDG 3.6 on road safety and traffic accidents.



GRAM-EQUIPMENT.COM

Gram Equipment (Gram) assembles and produces food processing equipment and spare parts for the global ice cream production industry. The machinery is for high-throughput production only and can produce more than 40,000 ice creams per hour.

The machine parts are mainly made of stainless-steel components, sourced from sub-suppliers, and are assembled at Gram’s facilities in Denmark and Turkey. Transport to the customer site is outsourced, while Gram handles the installation and machinery service.



Gram’s customers operate across the globe, ranging from North America to New Zealand.



Key climate risks and opportunities

- **Opportunity:** Increased demand for production equipment that reduce energy consumption and food waste as customers seek to minimize their environmental footprint (following the EU taxonomy on circularity).
- **Acute physical risk:** Extreme weather events may disrupt own production lines in Denmark, as well as cause supply chain delays.
- **Regulatory risk:** Policies related to energy efficiency and waste management may affect both Gram’s production methods and end-products.

ESG impacts based on Gram’s sector and operations



Raw material supply

- Water use in supply chain
- Labor conditions and human rights in raw material production
- Workers’ health and safety in the supply chain
- Supply chain transparency
- Business ethics in procurement practices



Production

- GHG efficiency at production sites
- Hazardous substances and waste at production sites
- Material utilization and recycling
- Water consumption at production sites
- Transport climate impacts
- Health and safety of own employees
- Labor and human rights



Management and marketing

- Product innovation: longevity and ease of maintenance
- Green marketing
- Employee education and development
- Diversity and anti-discrimination
- Anti-corruption and bribery
- Anti-competitive behavior
- Tax payment transparency



Customer / end user

- Promote reduced food waste
- Equipment GHG emissions (energy use and refrigerants)
- Equipment water use
- End-of-life: Machine reuse, repair, and recycling
- Consumer health and safety (nutrition and hygiene)
- Customer health and safety (operating the machines)
- Partner and customer integrity

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Supporting customers to reach their environmental ambitions	<ul style="list-style-type: none">➤ Continued customer dialogue and actions to further the innovation of resource-efficient products.➤ Active partnership with the Easy-E project which aims at reducing energy consumption for production machines; the project is supported by the Danish Energy Agency and done in cooperation with the Danish Tech. University and the Danish Technological Institute.	<ul style="list-style-type: none">➤ Initiated the establishment of a test center for innovation and development of sustainable solutions.	<ul style="list-style-type: none">➤ Roll out a global customer survey which includes questions on which ESG topics they find more important.➤ cNPS above 10.➤ Open the test center to support innovation projects and the development of sustainable solutions.➤ Continue the Easy-E project with the aim of reducing machine energy consumption by 27 %.
2. Motivated employees and a diverse workplace	<ul style="list-style-type: none">➤ Covid-19 measures and contingency plans implemented at all sites, no infection outbreaks and the few individual cases were handled according to the government’s recommendations.➤ Positive development in the eNPS score at all sites, employee engagement and loyalty scored particularly high.➤ Leadership training for all manages was prepared but execution postponed to 2021.➤ Group Management formulated 4 leadership virtues.➤ Continued work to improve diversity, focusing on recruiting female graduates for a career at Gram.	<ul style="list-style-type: none">➤ Short term absenteeism➤ Production sites % (goal 3 %) <div><div></div><div>2020: 4.1</div><div>2019: 3.8</div></div>➤ Administration % (goal 1.4 %) <div><div></div><div>2020: 0.8</div><div>2019: 1.0</div></div>➤ eNPS % <div><div></div><div>2020: 13</div><div>2019: -8</div></div>➤ Women employees % <div><div></div><div>2020: 17</div><div>2019: 17</div></div>➤ Women recruitments % <div><div></div><div>2020: 18</div><div>2019*: 26</div></div> <p>* (few recruitments in total)</p>	<ul style="list-style-type: none">➤ Continue to monitor short-term absenteeism closely and limit the consequences of the pandemic, aiming for:➤ Production sites: 3.9%➤ Administration: 1.1% (Due to expected COVID-19 effects on absenteeism)➤ eNPS: above 20 %➤ Completing the new leadership program with a 360-degree evaluation of all managers.➤ Continue to include diversity factors, such as gender composition and nationality, in recruitment processes.➤ 20 % of new recruitments are women.
3. Reducing our environmental footprint	<ul style="list-style-type: none">➤ All entities, except the Chinese, office have completed their first year of GHG emissions reporting.➤ Business operations in Denmark changed power supply to Green Energy.	<ul style="list-style-type: none">➤ 2020 GHG emissionsScope 1: 480 tCO₂eScope 2: 318 tCO₂eScope 3: 1,128 tCO₂e	<ul style="list-style-type: none">➤ Improve data quality of quarterly scope 2 reporting and increase number of emission sources included in scope 3.➤ Reduce GHG emissions by 50 % by 2030 per FTE, compared to 2021.➤ Describe how surplus material is handled and/or waste management at warehouse.➤ Group Management to assess climate risks and opportunities.
4. Ethical value chain /	<ul style="list-style-type: none">➤ Code of Conduct is a mandatory part of the onboarding process for new-hires.➤ Current employees re-signed the Code of Conduct to emphasize the importance for our business.➤ Engaged dialogue with suppliers to recognize and sign the Supplier Code of Conduct.➤ Contact details for whistleblower incidents were included in the Code of Conduct.	<ul style="list-style-type: none">➤ 99 % of employees signed the Code of Conduct.➤ 76 % of supplier value spend signed the supplier Code of Conduct.➤ No whistleblower incidents in 2020.	<ul style="list-style-type: none">➤ Continued focus on Code of Conduct compliance, and the policy will be part of the onboarding for all new hires.➤ Roll out eLearning on business ethics.➤ Implement an anonymous and electronic whistleblower channel.➤ 85 % of supplier value spend to sign the Supplier Code of Conduct.➤ Conduct supplier risk assessments and audits following a risk-based approach.



MORENOT.COM



Mørenot manufactures and services solutions within the global fishing, aquaculture and seismic industries. The company is divided in three divisions: Aquaculture, Fishery, and Offshore. Key products and services offered within the Aquaculture division include the production and service of nets, mooring systems, and cages. The Fishery division produces trawls, longlines, purse seines, and pots. The Offshore division produces seismic towing solutions such as deflectors, seismic buoys, and ropes.

Mørenot is headquartered in Ålesund, Norway, with service stations mainly on the Norwegian coastline. However, the company has a global footprint with equipment production in China, Lithuania, Canada, Spain, and Denmark.

The customer base consists of blue-chip fish farming and vessel companies. The key target markets are Norway, the United States, Russia, South Korea, Scotland, and Iceland. Each of which has a sizeable and industrialized aquaculture and fishing market.

Key climate risks and opportunities



- **Opportunity:** Extreme weather events increase the market for climate robust fishing equipment.
- **Opportunity:** Utilise new technologies to develop products that reduce fuel consumption and increase energy efficiency in the fishing and aquaculture industry.
- **Regulatory risk:** Taxation on non-renewable raw materials, as well as requirements to ensure product circularity and recycling (e.g. extended producer responsibility for plastic products).

ESG impacts based on Mørenot's sector and operations



Raw material supply

- Waste management in supply chain (e.g. microplastic, steel)
- Energy consumption in raw material production
- Health and safety in supplier operations
- Labor conditions and human rights in supply chain
- Supply chain transparency and business ethics in procurement practices



Production

- Local pollution stemming from own operations (e.g. copper emission from anti-fouling)
- Waste management and recycling
- Transportation throughout the value chain
- Health and safety at own production sites
- Labor conditions and human rights at own production sites



Management and marketing

- Green innovation and marketing
- Product safety, reliability and traceability
- Diversity and anti-discrimination
- Employee education and development
- Anti-corruption and bribery
- Anti-competitive behavior



Customer / end user

- Water pollution and end-of-life product mgmt. (e.g. microplastic)
- Products' effect on marine life (e.g. bycatch)
- GHG emissions
- Fish welfare
- Net robustness (e.g. prevent fish escapes)
- HSE at fishing vessels

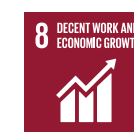
Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Attractive employer with a sustainable mindset	<ul style="list-style-type: none">➤ Measures taken to improve participation in employee surveys, e.g. implemented human resources software (Winningtemp).➤ Covid-19 had a negative effect on eNPS, sick-leave, and turnover rate, and we did not achieve the stated 2020 ambition of increased eNPS.➤ Increased focus on employee development and internal knowledge sharing through digital seminars.➤ Started challenging the organization regarding current ESG work and future aspirations.	<ul style="list-style-type: none">➤ eNPS % 2020: -12 2019: -5➤ Lost Time Injury (LTI) 2020: 5 2019: 1➤ Sick-leave % 2020: 6.2 2019: 5.2➤ Employee turnover % 2020: 12.0 2019: 8.7➤ 100% of employees completed ethics training, in line with 2020 ambition.	<ul style="list-style-type: none">➤ eNPS of 10, with focus on participation and meaningfulness.➤ Arrange more digital knowledge exchange seminars.➤ Increase awareness of sustainability throughout organization and develop measurement indicators.➤ Initiate a sustainability steering group with broad presence in the organization.
2. Resource efficient production and circularity	<ul style="list-style-type: none">➤ Developed a new drying technology for aquaculture nets that reduces both time and energy consumption. The technology is implemented at 5 locations, exceeding 2020 ambition of 3.➤ Set up 2 return points for net recycling.	<ul style="list-style-type: none">➤ 2020 GHG emissions Scope 1: 1,290 tCO₂e Scope 2: 758 tCO₂e Scope 3: 3,290 tCO₂e➤ 5/12 stations with new drying technology (+4 compared to 2019).	<ul style="list-style-type: none">➤ Implement new drying technology at 3 more locations. Investigate potential synergies with the fishery.➤ Increase the share of renewable energy used in the drying process, reducing GHG emissions by 2,800 tCO₂e.➤ Develop tracking indicators for resource efficiency, circularity and environmental impacts in the Aquaculture division.➤ Set targets for GHG emissions reduction.
3. Supply chain ethics and transparency	<ul style="list-style-type: none">➤ All new suppliers signed the Supply Chain Code of Conduct, or similar agreement.➤ Due to Covid-19 fewer site-audits completed than the 20 which were planned.➤ Initiated the development of a Risk Management Framework, covering key principles for risk management and strengthening supply chain governance.	<ul style="list-style-type: none">➤ Supplier by purchase value who have signed the supplier code of conduct, or an equivalent agreement % 2020: 36 2019: 19➤ Number of supplier audits completed* 2020: 13 2019: 10 <p><i>* There were no major findings in each of the years.</i></p>	<ul style="list-style-type: none">➤ 80 % of purchase value from suppliers that signed the Supply Chain Code of Conduct or a similar agreement.➤ Complete 20 enhanced supplier due diligences and supplier audits.➤ Continue Risk Management Framework development. Implement in one location.
4. Sustainable product offering and R&D	<ul style="list-style-type: none">➤ Met 2020 ambition by releasing 3 products deemed as more sustainable alternatives:<ul style="list-style-type: none">➤ Banana Pingers (Prevents by-catch)➤ Hvalpsund Extreme 500 (Reduces risk of fish escape).➤ NetCare (Reduces risk of releasing harmful chemicals from coating to the ocean).➤ Established an R&D group in Aquaculture division to develop new, more sustainable products.	<ul style="list-style-type: none">➤ 4 products currently deemed «more sustainable alternatives».	<ul style="list-style-type: none">➤ Initiate and develop a product portfolio of more sustainable products and develop clear criteria for sustainability classification.➤ Introduce 7 new sustainable products to the market.

Mørenot has selected the following UN SDGs to which they have the opportunity to contribute:



Support a sustainable food production system (2.4) and promote seafood as a nutritious and affordable food alternative (2.1).



Ensure decent labour conditions in the supply chain (8.6, 8.7).



Resource efficiency and circularity throughout the products' lifecycles (12.5)



Develop products that enable the customers to sustainably harvest the sea.



SNEAKERSNSTUFF.COM

Sneakersnstuff (SNS) is a global online and physical retailer of sneakers and apparel, as well as a creative contributor to street culture. The primary product segments are limited edition/rare sneakers sold through raffles, normal premium sneakers, apparel & accessories. Adding to this, SNS also have a bar in New York and a café in Tokyo to connect to the local culture.

SNS is headquartered in Sweden and operates seven physical stores in Europe, the United States and Japan, as well as an online shop shipping to customers across 64 countries. To reach the customers, SNS has three warehouses in Stockholm, New York, and Tokyo.



Products are mainly branded goods, primarily Nike and Adidas, but SNS also sell their own-branded products. All products are sourced from a selected number of third-party suppliers.

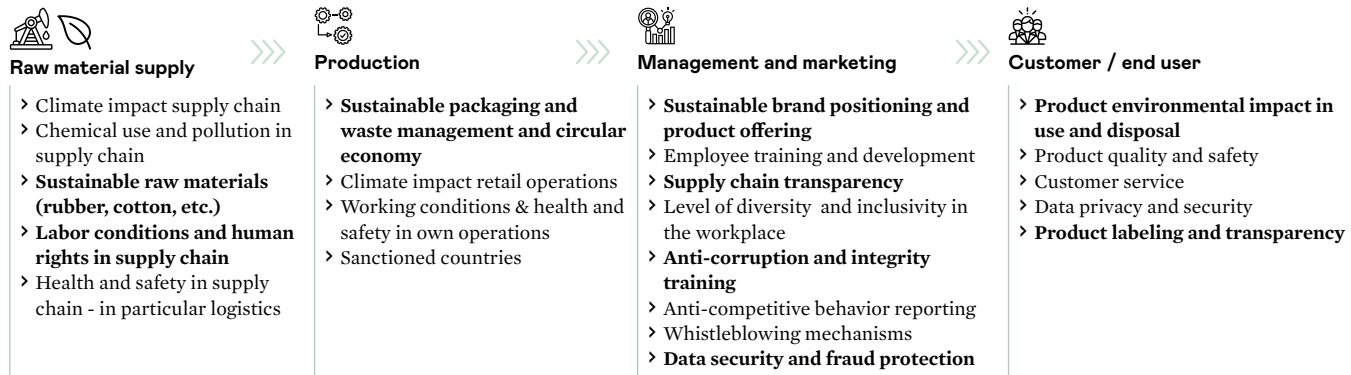
SNS’ customer base is primarily millennials with a great interest in the sneaker and streetwear culture.



Key climate risks and opportunities

- **Opportunity:** Increased demand for high-end sneakers with a low environmental footprint.
- **Acute physical risk:** Extreme weather events disrupting shipping goods to end-customers, as well as delaying supply chain activities.
- **Regulatory risk:** Increased regulation on end-of-life product management (following the EU taxonomy on circularity), while carbon tax increase cost of transport.

ESG impacts based on Sneakersnstuff’s sector and operations



NORDLO

NORDLO.COM



Nordlo is a Nordic IT and digitalization partner helping customers improve their IT environment by offering scalable IT solutions addressing the needs of both businesses and employees. The service offering includes a broad range of services and can assume a full commitment for clients’ IT environment and digitalization. Key service offerings include managed IT services, IT infrastructure, cloud services, hardware and software management, and digital transformation. These are organized in three main service segments: 1) IT Operations; 2) Hardware; and 3) Consulting. Services are provided through Nordlo’s own data centers.

Nordlo is headquartered in Stockholm, Sweden, and operates 33 offices across Sweden and five in Norway. About 600 people work at Nordlo with operations coordinated under three main divisions: Regional Sweden, National Sweden, and Regional Norway.

The key customer focus is companies with limited to no in-house IT department across a wide range of different industries. The main customer segments are small to medium-sized enterprises, public institutions, NGOs, and the education sector.

Key climate risks and opportunities



- › **Opportunity:** Increased demand for green IT and services that support the transition to a low carbon economy.
- › **Acute physical risk:** Extreme weather events causing physical damage to data centers, disrupting Nordlo’s services.
- › **Regulatory risk:** Regulations on energy consumption for electricity intensive operations, following EU Taxonomy (climate change mitigation), as well as on non-renewable energy sources, and requirements on end-of-life management for electronic goods and e-waste.

ESG impacts identified along the value chain

Facility & equipment supply	Production	Management and marketing	Customer / end user
<ul style="list-style-type: none">› Environmental footprint of products and services purchased› Sustainable mineral extraction› E-waste management in supply chain› Labor conditions and human rights in supply chain› Conflict minerals› Supply chain transparency› Business ethics in procurement processes	<ul style="list-style-type: none">› GHG efficiency in own operations (data centers)› Water use in data centers› E-waste and end-of-life management (data centers and IT equipment)› Noise generation from data centers› Employee education and development› Data security	<ul style="list-style-type: none">› Internal waste management› Internal energy use› Green service offerings› Employee health and safety› Employee benefits and working conditions› Diversity and anti-discrimination	<ul style="list-style-type: none">› Energy use of products and after sales-services› Enabling resource efficiency and productivity through digital transformation› Data privacy› Quality of customer service› System reliability and security

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Customers: Offer services and products that promote sustainable digitalization	<ul style="list-style-type: none">› Assessment to identify ESG areas to support customers.› Reduced customers’ travel through digitalization.› Helped customers to be efficient and safe when working remotely and in digital meetings during Covid-19.› Did not achieve 2020 ambition of cNPS increase.	<ul style="list-style-type: none">› cNPS % 2020: 30 2019: 40 2018: 42	<ul style="list-style-type: none">› Strengthen business understanding and proactivity to help customer’ ESG challenges.› Strategic customer workshops with sustainability integrated in the agenda.› Develop service offering related to the green transition and circular economy.› Include ESG topics in customer survey.
2. Own operations: Close the loop and deliver responsible and environment considerate tech	<ul style="list-style-type: none">› Increased share of renewable energy in strategic data centers.› Retained ISO 14001 certifications, according to 2020 ambition.› Provided Infrastructure as a Service: customers can reduce own IT management resources with a sustainable and reliable product.› Implemented reporting structure to gather GHG emission data from all business units (including scope 2 & 3).› Current scope 3 factors include e-waste, business travel and employee commuting.	<ul style="list-style-type: none">› Renewable energy in strategic data centers % 2020: 85 2019: 78› 2020 GHG emissions Scope 1: 69.1 tCO2e Scope 2: 185.7 tCO2e Scope 3: 234.7 tCO2e	<ul style="list-style-type: none">› Follow-up and further develop circularity initiatives.› Continue working towards 100 % renewable electricity in data centers.› Improve energy efficiency and optimization in data centers.› Set short- and long-term carbon strategies, and improve reporting in line with the GHG Protocol.› Offset the 2020 carbon footprint, all scopes included.
3. Data security: Be a trustworthy partner providing secure IT solutions	<ul style="list-style-type: none">› Expanded IT security and information security services: Prevent threats, discover potential security threats, limit and restore.› Increased capacity in DDOS protection and quarterly security scans of all data centers.› Säpo audited some customers’ IT operations with good results.› Nordlo’s «IT security podcast».	<ul style="list-style-type: none">› Strategic hosting capacity with ISO 27001 certification % 2020: 70 2019: 70› 0 reports on data privacy breaches.	<ul style="list-style-type: none">› Further develop IT-security service offering in line with business plan.› GDPR-refresh e-learning for all existing employees and for new employees within the first two months of employment.› One more business unit to obtain ISO 27001 certification.
4. Employees: Be an attractive, inclusive employer committed to greater diversity and equality	<ul style="list-style-type: none">› Continued to develop our purpose-driven, transparent and team-based approach.› Developed the Nordlo joint intranet, HR-guidelines and financial handbook as a common base in the growing group.› Launched «Nordlo More», a group-wide initiative to drive areas related to equality, gender equality, diversity and inclusion.	<ul style="list-style-type: none">› eNPS % 2020: 37 2019: 40› Total Women FTEs % 2020: 14.5 2019: 15› Women managers % 2020: 23 2019: 22› Women technicians % 2020: 3 2019: 4	<ul style="list-style-type: none">› Leadership development - including sustainability.› Work on possibilities for recovery and reduced unwanted stress related to the business.› Continue “Nordlo More” and develop an ambassadorial initiative, with extra focus on gender equality.› Improve and increase frequency of employee surveys, including eNPS.
5. Supply chain: Act with high ethical standards and transparency, while promoting human rights	<ul style="list-style-type: none">› ESG dialogue with suppliers focused on environmental impacts.› Retained ISO 9001, 14001 and 45001 certifications; one additional business unit certified.› Increased transparency through 2020 sustainability report.	<ul style="list-style-type: none">› Code of Conduct signed by new employees and new Nordlo business units.› > 50 % of employees work in ISO-certified business units 9001, 14001, 45001.	<ul style="list-style-type: none">› Annual follow-up with Nordlo-common supplier assessment template.› Conduct supplier risk assessment, with extra focus on social and working conditions.› ESG training for all leaders and people in key functions.

Nordlo is contributing to the following UN SDGs:



Opportunity to indirectly contribute to upgrading the technological capabilities of customers (9.5) by promoting digitalization.



Opportunity to indirectly reduce environmental impact of cities (11.6) and increase their resource efficiency (11.B) by promoting digitalization.



Saferoad is a leading supplier of road safety solutions in Europe and serves customers from early road design through manufacturing, installation, and ongoing maintenance in four core business areas: (1) Road restraint systems; (2) Signs and work zone protection; (3) Light poles and masts; and (4) Road marking. Saferoad’s key customer segment vary by product and geography but spans from light manufacturers,

wholesalers, installers and construction companies to road authorities, governments and municipalities. Headquartered in Norway, Saferoad employs about 2,100 people across 13 countries in the Nordics and Eastern Europe. Main production sites are located in Norway, Sweden and Poland. Input materials are sourced from both Europe and Asia.

Key climate risks and opportunities



- › **Opportunity:**

Increased demand for road rehabilitation and infrastructure resilient against extreme weather events, as well as increased demand for products with a low environmental footprint.
- › **Chronic physical risk:**

Decreased working efficiency at project sites during heatwaves and permanent temperature increases.
- › **Regulatory risk:**

Policies and taxation on non-renewable energy increasing costs of production and transportation.

ESG impacts based on Saferoad’s sector and operations



Raw material supply

- › **Key raw material: Steel, plastic, aluminum**

› Energy consumption in raw material production

› **Workers’ health and safety and labor conditions in the supply chain**

› Supply chain transparency

› Trade sanctions / restricted persons

› Human rights



Own operations

- › **Energy consumption / GHG emissions**

› Management of hazardous substances and waste at production sites

› **Health and safety of own employees in production**

› Material utilization and recycling

› Chemical use and pollution



Management and marketing

- › **Anti-corruption and bribery**

› Anti-competitive behavior

› Trade sanction / restricted persons

› Attracting and retaining employees

› **Product innovation: product longevity, ease of maintenance and climate resilient**



Customer / end user

- › **Road accidents and safety**

› Public and client health and safety

› Trade sanctions / restricted persons

› Customer satisfaction

› **Recyclability and end-use of products**

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Improve road safety and climate resilient operations and infrastructure	<div><p>› To achieve the ambition to improve product development we:</p><p>› Defined a common framework for the business area Road Safety Systems to standardize internal R&D processes.</p><p>› Actively pursued new technologies to increase efficiency, performance, reduce cost, and safeguard employees – across all business areas.</p><p>› Identified ESG opportunities and risks for each business area.</p></div>	<div><p>› Implemented safety technology in new products, including:</p><p>› Planned development of an innovative crash cushion.</p><p>› Turbine drying of road marking to enable work on wet surfaces.</p><p>› Steering assistance to improve accuracy of Thermoplastic lay-out.</p></div>	<div><p>› R&D teams in place and revised product road maps defined for all business areas.</p><p>› External communication on mission, vision and ESG efforts.</p><p>› Identify KPIs for climate related operational disruptions, track quarterly.</p><p>› Identify areas for more climate resilient operations.</p></div>
2. Ensure health, safety and satisfaction of own employees	<div><p>› Rapid response and organizational alignment to mitigate impact of Covid-19, however some negative effects included:</p><p>› Slight decline in overall eNPS for business units that implemented forlough-programs.</p><p>› Sick leave peaked in March 2020, resulting in overall increase compared to previous years.</p><p>› eNPS executed for all employees. Improved communication pre-survey, implemented a structured follow-up process, incl. Manager Handbook and Action Plan template in all Business Units.</p><p>› Surpassed targets for LTI (<60) and H1 (<16).</p></div>	<div><p>› Lost time incident rate (LTI) 2020: 58 2019: 62</p><p>› Accidents resulting in at least one day absence (H1) 2020: 13 2019: 14</p><p>› Sick leave % 2020: 5.1 2019: 4.5</p><p>› eNPS % 2020: 24.9 2019: 28.0</p><p>› Business Units with negative eNPS scores: 3</p></div>	<div><p>› HSE re-training for all employees and establish an HSE Network for common initiatives and best practices.</p><p>› LTI <55</p><p>› H1 <13</p><p>› Sick leave < 4.5%</p><p>› 0 Business Units with negative eNPS.</p></div>
3. Ensure ethical business conduct	<div><p>› Rolled out business ethics e-learning for all employees; 310 employees in key functions completed the course.</p><p>› Adopted new whistleblower policy and procedure.</p><p>› Established Group ESG Functional Team as a first step to implement ESG-reporting within the group, as well as integrating ESG in the group’s operations.</p></div>	<div><p>› 2 external whistleblower cases handled in accordance with new policy and procedure.</p></div>	<div><p>› Review the handling of «conflict of interest» in policies, procedures, and authorization matrix.</p><p>› Review material ESG policies and procedures.</p><p>› Distribution and training regarding revised policies and procedures.</p></div>
4. A transparent and sustainable supply chain	<div><p>› Implemented new Travel and Car Policy for all Nordic Business Units. In cooperation with selected suppliers, strengthening supplier governance.</p></div>	<div><p>› Screened 1420 suppliers (annual spend exceeding NOK 100K).</p></div>	<div><p>› Revitalized implementation of Saferoad Procurement Policy.</p></div>
5. Increase circularity and reduce climate impact	<div><p>› Improved quality and scope of Scope 1 and Scope 2 GHG emissions.</p><p>› ISO 14001 certifications, including focus on waste management and circularity.</p></div>	<div><p>› 0 breaches of local environmental legislation.</p><p>› 9 production facilities ISO 14001 certified, 4 in process.</p><p>› 2020 GHG emission: Scope 1: 11,488 tCO₂e Scope 2: 2,922 tCO₂e</p></div>	<div><p>› 0 breaches of local environmental legislation.</p><p>› Finalize ISO 14001 certification process for 4 units.</p><p>› Report scope 3 emissions for steel consumption.</p><p>› Define KPIs for circularity and waste management on ISO14001 production sites.</p></div>

Saferoad has selected the following UN SDGs to which they have the opportunity to contribute:



Contributes to target 3.6, road traffic accidents, by providing products that increase road safety



Contributes to target 9.1, quality, reliable, sustainable and resilient infrastructure, by providing high-quality road infrastructure components.



Contributes to several targets by focusing on resource efficiency and waste reduction.



RAMEDER.EU



Rameder is Europe’s largest omni-channel aftermarket distributor of car-related transportation solutions and Germany’s largest aftermarket installer of tow bar systems. Rameder is headquarter in Leutenberg (Thuringa), Germany and operates several warehouses and offices across Germany. Rameder serves customers in both the B2B and B2C markets. It operates more than 70 tow bar installation centres Germany, Sweden, Finland and France. Moreover, products are also sold online through Rameder’s own website and via other

online retailers. While the original key customer group was car garages and other installers of tow bars and transportation equipment, the company has recently experienced a shift towards the end-consumer market.

Towbars are sourced directly from third-party manufacturers. Due to the products’ heavy weight, the suppliers are exclusively located in Europe.

Key climate risks and opportunities

- › **Opportunity:** Customers prefer products with less packaging delivered by logistics with a low carbon footprint.
- › **Chronic physical risk:** Price increases on non-renewable materials may increase costs of tow bars and logistics services.
- › **Regulatory risk:** Extreme weather events interrupting supply chain activities, causing delays in product deliveries from Europe.

ESG impacts based on Rameder’s sector and operations



Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Satisfied customers	<ul style="list-style-type: none">› Market growth during Covid-19 highlighted how Rameder's products enable active life-styles outdoors.› Tracked customer satisfaction via independent customer reviews.› cNPS reduced partially due to strong demand growth negatively impacting product availability and call center response time.	<ul style="list-style-type: none">› Customer satisfactioneKomi.de % 2020: 94 <div><div></div></div> 2019: 96 <div><div></div></div>Trustedshops.de % 2020: 94 <div><div></div></div> 2019: 96 <div><div></div></div>Ebay % 2020: 99.1 <div><div></div></div> 2019: > 99 <div><div></div></div>› Service cNPS % 2020: 77 <div><div></div></div> 2019: 82 <div><div></div></div>› Retail cNPS % 2020: 54 <div><div></div></div> 2019: 52 <div><div></div></div>› Call center reachability: 63%	<ul style="list-style-type: none">› All KPIs above 2019-levels by improving shop systems and customer service.› 80 % reachability of call center agents.› Investigate which ESG topics are most important to our customers.› Understand how macrorends affect our end-customers.
2. Be an attractive employer	<ul style="list-style-type: none">› High focus on employee satisfaction during Covid-19, implemented initiatives like temporary leave and bonuses.› Managed to keep sick-leave below 4.5 %, according to our 2020 ambition.› Installed ergonomic workplace.› Employee surveys conducted twice a year to monitor initiatives effects,› Male majority of new hires, resulted in lower ratio of women employees.› 13 trainees offered permanent employment.	<ul style="list-style-type: none">› Employee satisfaction 2020: 4.2/5 2019: 4.0/5› eNPS % 2020: 29 <div><div></div></div> 2019: 11 <div><div></div></div>› Female employees % 2020: 24 <div><div></div></div> 2019: 26 <div><div></div></div>› Sick leave % 2020: 3.6 <div><div></div></div> 2019: 3.9 <div><div></div></div>	<ul style="list-style-type: none">› > 50 % employee survey participation.› Increase awareness of diversity and conduct appropriate trainings amid an increasing share of female mechanics.› < 4 % sick leave.
3. Sustainable supply chain	<ul style="list-style-type: none">› All new suppliers required to sign the Supplier Code of Conduct as a part of the admission process.	<ul style="list-style-type: none">› Supplier Code of Conduct signed by % of purchasing volume: 2020: 82 <div><div></div></div> 2019: 67 <div><div></div></div>	<ul style="list-style-type: none">› 100% of suppliers to sign the Supplier Code of Conduct.› Conduct risk-based supplier audits, annual self-assessment for low-risk suppliers.
4. Sustainable operations	<ul style="list-style-type: none">› All subsidiaries included in the GHG emissions reporting scheme.› Increase in emissions mainly related to new add-ons (scope effects).› Reduced packaging and increased use of renewable material.› Selected suppliers and logistics providers based on location and emission profile.	<ul style="list-style-type: none">› 2020 GHG emissions Scope 1: 147.2 tCO₂e Scope 2: 507.7 tCO₂e Scope 3: 6,282 tCO₂e	<ul style="list-style-type: none">› Reduce GHG emission per EURm sales by 5%.› Investigate climate compensated shipping.› 20 % electric and hybrid vehicles in the company car fleet.
5. Safe products	<ul style="list-style-type: none">› Installed approximately 32,000 tow bars.› Strong focus on customer education on the correct and safe usage of tow bars.	<ul style="list-style-type: none">› Zero accidents known to Rameder due to faulty installations.	<ul style="list-style-type: none">› Keep number of known accidents at zero.› Continue the training of mechanics to ensure quality, efficiency, and safety.

Fellowmind

FELLOWMINDCOMPANY.COM

Fellowmind is a Microsoft Business Applications and Modern Workplace partner, dedicated to deliver digital transformations for its customers. Key offerings include consulting and implementation services across all Microsoft products as well as managed services. Revenue is also generated from the sale of licenses from third-party developers, including Microsoft, as well as internally developed software.

Fellowmind’s key asset is its 1,600 employees. The company serves the European market through 35 offices located in the Netherlands, Finland, Sweden, Denmark, Germany, and Poland. Fellowmind is organized in a decentralized model with the group



management based in the Netherlands but with a local team in each country, enabling Fellowmind to be close to its customers.

The company serves public and private customers across a wide range of industries, including industrials, infrastructure, and agriculture.

Key climate risks and opportunities



- › **Opportunity:** Increased demand for green IT and services that reduce customers’ environmental footprint and support the transition to a low carbon economy.
- › **Opportunity:** Increased demand for IT services and solutions that help businesses manage a new permanent changes in seasons and weather patterns.
- › **Regulatory risk:** Regulations on energy consumption for electricity intensive operations, following EU Taxonomy (climate change mitigation), as well as on non-renewable energy sources, and requirements on end-of-life management for electronic goods and e-waste.

ESG impacts based on Fellowmind’s sector and operations



Raw material supply

- › Environmental footprint of purchased goods and services (e.g. data center services)
- › Labor conditions and human rights in supply chain
- › Business ethics in procure-ment practices



Production

- › Employee education and devel-opment
- › Data security
- › E-waste and end-of-life manage-ment of IT equipment



Management and marketing

- › Green service offerings
- › Employee health and safety
- › Diversity and anti-discrimination
- › Energy use in offices
- › General waste management in offices



Customer / end user

- › Enabling resource and produc-tivity efficiency through digital transformation
- › Data privacy
- › Quality of customer service
- › System reliability

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. The best workplace in the industry	<ul style="list-style-type: none">› Conducted a company-wide employee survey and used results to define specific focus areas per business unit to further increase employee engagement.› The survey results showed employees value their colleagues and the low levels of internal bureaucracy.	<ul style="list-style-type: none">› Female ratio % 2020: 24,5 <div><div></div></div> 100 %› eNPS % 2020: 24 <div><div></div></div> 100 %	<ul style="list-style-type: none">› Increase diversity, with the aim of at least 30 % of all new hires being women.› eNPS of 35 % in 2021 and 50 % in 2024.
2. Enabling the green transition	<ul style="list-style-type: none">› Serviced many customers by implementing technology to reduce waste and improve resource efficiency in several industries, including the waste industry itself.	<ul style="list-style-type: none">› Teamed up with Microsoft on their FarmBeats program; enabling farmers to improve production and reduce carbon footprint by adding IoT, sensors and develop smart dashboards.	<ul style="list-style-type: none">› Identify the top climate related topics according to the EU taxonomy for the business’ main verticals.› Start reporting GHG emissions and define action plan for emis-sion reduction.
3. Personal connection with our customers	<ul style="list-style-type: none">› Conducted customer survey to better understand their needs.› The results show Fellowmind’s people have the most positive impact on the customer satisfaction score.	<ul style="list-style-type: none">› cNPS % 2020: 27 <div><div></div></div> 100 %	<ul style="list-style-type: none">› Be a business partner to custom-ers by offering a holistic service for the digital transformation journey.› cNPS of 35 % in 2021 and 50 % in 2024.
4. Enhancing meaningful connections	<ul style="list-style-type: none">› We want technology to be a tool for social inclusion and started an initiative to organize activities for people who have lost connection with society because of rapid digitalization and changes.	<ul style="list-style-type: none">› The German team developed a digital learning platform for teachers to help them engage students amid the Covid-19 lockdown.	<ul style="list-style-type: none">› Allocate a budget to support initiatives that help people gain digital literacy and reconnect with society.
5. Ethical and reliable business partner	<ul style="list-style-type: none">› Rolled out the company Code of Conduct and whistleblower policy.› Established eLearning portal for business ethics training.› Incidents on data security, privacy and ESG should be reported to the board of directors.› An IT security baseline was put in place, cover-ing the most critical security areas.	<ul style="list-style-type: none">› ESG policies implemented in all business units.› > 90% of employees signed the ESG policies through the eLearning portal.	<ul style="list-style-type: none">› Draft and implement a GDPR policy.› Implement and audit the IT security baseline.

Chatbots take strain off Denmark’s emergency helplines

In a health crisis medical helplines — as many people are now discovering first hand — quickly get overwhelmed.

“We were worried because the call volumes more than doubled for us,” says Freddy Lippert, chief executive of Copenhagen Emergency Medical Services, who is responsible for both the emergency call line in Copenhagen and an advice line for less urgent medical problems. Both became completely jammed as people began to call about Covid-19, even before the pandemic had really begun to spread in the country.

Fellowmind and Microsoft offered a free chatbot that could help handle the call volume. It worked well enough that the chatbot service was soon rolled out to all of Denmark.

The chatbot answers people’s questions about their symptoms and advises them when they need to get additional help.

The chatbot can also be used as a diagnostic tool. Lippert’s team is already using it to identify hotspots of Covid-19 development around the country.



IMPREG.COM

iMPREG supplies sewer rehabilitation products, focused on fiberglass-based cured-in-place pipe liners that enable trenchless repair of wastewater pipes. The company operates four production sites, two in Germany, one in China, and one in the Unites States, to be close to regional markets.

Key raw material inputs include fiberglass and styrene-based resin. Along with the local production strategy, iMPREG focuses on localizing its supply chain and has established relationships with local partners in Europe and China. iMPREG is headquartered in Denmark, and operates dedicated organizations in Europe,



Asia and North America with local management, production and sales teams.

The main customers are installers and contractors that conduct rehabilitation work for pipe owners, including municipalities. The customer base spans across Europe, Middle East and Africa, Asia-Pacific, and the Americas.



Key climate risks and opportunities

- › **Opportunity:** Increase demand for wastewater infrastructure upgrades in areas experiencing a wetter climate due to chronic change in seasons and precipitation patters.
- › **Opportunity:** Increased demand for energy efficient wastewater treatment systems (following EU Taxonomy on climate change mitigation).
- › **Acute physical risk:** Extreme weather events damaging production sites, causing production delays; transport routes may also be impacted.

ESG impacts based on iMPREG's sector and operations



Raw material supply

- › **Energy consumption in raw material production** (styrene, fiberglass, foil)
- › Resource use (petroleum, wood)
- › **Workers' health, safety and labor conditions** (e.g. exposure to ethyl benzene)
- › Supply chain transparency
- › Trade sanctions/restricted persons



Production

- › **Energy efficiency** (production, building)
- › **Climate impact of transport**
- › Sustainable packaging (wood, plastic)
- › Styrene leakage (aquatic toxicity)
- › Resource efficiency (water, waste, materials)
- › **Labor conditions**
- › Employee education and development



Management and marketing


- › Sustainable market positioning
- › **Sustainable product offering**
- › **Anti-corruption and bribery**
- › Anti-competitive behavior
- › Trade sanction/restricted persons
- › Attracting and retaining employees
- › **Diversity and anti-discrimination**
- › Whistleblowing mechanisms



Customer / end user

- › **Product takeback, recycling and reuse** (plastics, wood)
- › **Product longevity and quality**
- › **Site working conditions and safety** (construction sites, old pipe systems)

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Ensure health, safety and employee satisfaction	Safety <ul style="list-style-type: none">› Implemented routine reporting on accident rates globally.› Defined training manuals in APAC for site installations. Employee satisfaction <ul style="list-style-type: none">› Implemented frequent management meetings in all regions.› Introduced communication tool for workers to propose initiatives to improve their work.› Introduced an incentive scheme to improve performance and idea generation.	Safety <ul style="list-style-type: none">› Accident rate: 8 % Employee satisfaction <ul style="list-style-type: none">› Employee turnover rate and eNPS to be reported from 2021.	Safety <ul style="list-style-type: none">› Improve HSE through training and by tracking causes and mitigating actions.› < 5 % accident rate in global operations. Employee satisfaction <ul style="list-style-type: none">› Introduce eNPS surveys with ongoing follow-ups and mitigation plans.› Implement global routines for turnover rate reporting.› < 15 % turnover rate.
2. Be the preferred partner for all our customers in all our regions	<ul style="list-style-type: none">› Performed customer interviews to understand key buying criteria and satisfaction levels.› Invested in new capacity that reduces lead times, a key aspect for customer satisfaction.	<ul style="list-style-type: none">› cNPS 2020: 48 	<ul style="list-style-type: none">› Introduce a repeatable, standard way of measuring cNPS and set appropriate targets.› No region with negative cNPS.› Include question on main ESG concerns in the customer survey.
3. Ensure compliance and business ethics	<ul style="list-style-type: none">› Revisited authority matrix, rules of procedures, delegated powers, and introduced revised Monthly Operating Review reporting.› Revised the Code of Conduct.› Implemented the Code of Conduct all regions.› Introduced anonymous Whistleblower channels in most regions.	<ul style="list-style-type: none">› Code of Conduct communicated to all business operations.› 100% of employees in Chinese operations completed business ethics training.	<ul style="list-style-type: none">› Monthly ESG KPI reporting.› 100 % indirect labor to complete business ethics training.› 80 % of suppliers to sign the Supplier Code of Conduct.
4. Maximize energy efficiency in production	<ul style="list-style-type: none">› Defined «energy efficiency» as a new activity relevant for the overall business strategy.	<ul style="list-style-type: none">› GHG emissions to be reported from 2021.	<ul style="list-style-type: none">› Set up GHG reporting system.› Track and report Scope 1 and 2 GHG emissions.› Track and report material scope 3 GHG emissions.
5. Material utilization and recycling in production	<ul style="list-style-type: none">› Introduced incentive scheme to promote improvement initiatives and ideas, including better waste management at production sites.› Implemented improvement ideas suggested by employees, e.g. replacing wood boxed with cardboard.	<ul style="list-style-type: none">› 85 ideas received in China and 31 ideas received in Germany for how to improve sustainability at production sites.› Waste to be reported from 2021.	<ul style="list-style-type: none">› Tracking waste generation.› Replace wood transportation boxes with cardboard boxes.› Set a target for share of shipped boxes made of cardboard.› Further investigate the opportunities to promote circularity, e.g. create a market for scrap material from production sites.

iMPREG has selected the following UN SDGs to which they have the opportunity to contribute:



Environment: iMPREG's products enable clean water preservation (SDG 6), while resource efficiency is important throughout the products' lifecycle (SDGs 9 and 12).



Social: iMPREG's operations have an impact on the health and safety of own employees, (SDG 8), and its products could prevent water-related illnesses in civil society (SDG 3).



VIACONGROUP.COM



ViaCon provides engineered corrugated steel structures and pipes to customers in Northern and Eastern Europe, France, as well as Middle East and North Africa (MENA). The business is organized in three segments: 1) Bridge & culverts solutions – consist of the design, engineering, manufacturing and installation of corrugated steel as well as the production of steel and plastic pipes; 2) Geotechnical solutions – provides geotextiles required in road infrastructure projects; and 3) Stormwater solutions – consists of the design, engineering, manufacturing and

installation of water management systems. The company employs about 750 people across 18 countries. The two main production plants are in Poland and Turkey. Main raw materials used in the production include steel coils and raw plastic, while geotextiles are procured by third-party suppliers. ViaCon often acts as a sub-supplier to construction companies that participate in larger public tenders for road and tunnel construction. Stormwater solutions are sold to the B2B market and the customer base is largely private sector companies.



Key climate risks and opportunities

- › **Opportunity:** Increased demand for infrastructure that help societies adapt to a new climate reality of more frequent extreme weather and shifts in seasons.
- › **Regulatory risk:** Taxation on non-renewable materials and on energy intensive production processes (e.g. steel and plastic), increases raw material and production costs.
- › **Acute physical risk:** Construction work disrupted by unforeseen weather events like heavy downpour and heat waves that put workers’ health and safety at risk.

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Improve climate resilience of the society	<ul style="list-style-type: none">› Defined an ESG strategy with short- and long-term targets to develop and promote climate resilient solutions.	<ul style="list-style-type: none">› 1 new Environmental Product Declaration (EPD) for steel structures (MultiPlate, SuperCor and UltraCor).	<ul style="list-style-type: none">› Further build the stormwater business.› Develop Life Cycle Assessment (LCA) calculation tool for corrugated steel bridges and geotechnical solutions.› Expand EPDs to 2 additional production units.
2. Be this industry’s best employer	<ul style="list-style-type: none">› Created a «one-stop-shop» on the intranet for ESG, including policies and trainings.› Introduced ‘Winningtemp’ to monitor employee engagement.› Established eNPS reporting.	<ul style="list-style-type: none">› Lost time frequency rate: 2020: 28.81› Lost time severity rate: 2020: 30.57› eNPS to be reported from 2021	<ul style="list-style-type: none">› 100 % factories audited for HSE, plans for improvement implemented where relevant.› Improve internal communication and review core values.› eNPS > 10› Piloting Winnintemp.› Deploy new bonus program with clear and aligned group targets.
3. Act with business ethics	<ul style="list-style-type: none">› Launched whistleblower channel.› Defined a set of new compliance policies, all approved by the board.› Compliance eLearning launched for all staff in December.	<ul style="list-style-type: none">› Employees who has completed compliance training to be reported from 2021.	<ul style="list-style-type: none">› 95 % employees completed compliance training.› Develop Supplier Code of Conduct.
4. limit our own environmental footprint	<ul style="list-style-type: none">› Set up the structure of GHG emissions reporting.› Defined the following emission sources as relevant for 2021 scope 3 reporting: transportation, waste, steel consumption.	<ul style="list-style-type: none">› GHG emissions to be reported from 2021.› Waste to be reported from 2021.	<ul style="list-style-type: none">› 2 % reduced scrap in steel production through production process improvements.› On average reduce plastics raw material per diameter sold by 2 %.› 5 % reduced electricity consumption per ton plastic pipes produced.› Instal LED-lights in all factories.

ViaCon has selected the following UN SDGs to which they have the opportunity to contribute:



Raw material supply

- › Energy consumption in raw material production
- › Workers’ health and safety and labour conditions in the supply chain
- › Supply chain transparency and traceability
- › Business ethics in procurement practices



Own operations

- › Management of hazardous substances and waste at production sites
- › Health and safety of own employees
- › Material utilization and recycling
- › Chemical use and pollution
- › GHG emissions from transport



Management and marketing

- › Anti-corruption and bribery
- › Anti-competitive behavior
- › Trade sanction/restricted persons
- › Attracting, engaging and retaining employees
- › Product innovation: climate adaptation



Customer / end user

- › Product life cycle and end of life management
- › Quality and safety of products/services
- › Public and client health and safety
- › Trade sanctions/restricted persons



Promote safe working environments for all employees through HSE training and audits (8.8).



Develope resilient and sustainable infrastructure (9.1), and increase resource efficiency in infrastructure development (9.4).



Reduce raw material consumption and scrap material, particularly of steel and plastic, thus reducing waste (12.5).



HANDVERKSGRUPPEN.COM

Håndverksgruppen (HG) is Norway’s largest entity offering surface treatment services including painting, flooring, tiling and masonry. The group has strong local presence across Norway with more than 1,000 employees in their 44 operating companies.

The main input factor to offer surface treatment services are labor and building materials, including paint, fillers, and flooring (wood, carpets and epoxy). The materials are purchased mainly from large Norwegian distributors which source the materials from leading national and international building materials suppliers.

The companies in HG operate in their local markets and the logistics required to offer the different services



are mainly transportation of workforce and building materials to different worksites. There is an ongoing focus to increase the relative share of electrical vehicles used in the group.

HG mainly serves the B2B segment, including building contractors, insurance companies, municipalities, and real estate owners. HG’s key value proposition to public and professional B2B customers is the strong ESG focus by offering high quality services, with clear ethical standards and strong HSE compliance and documentation.



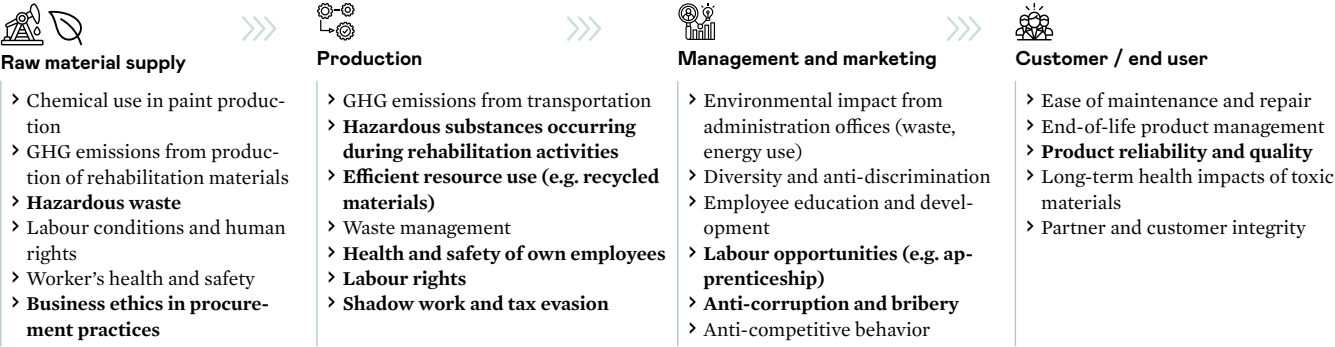
Key climate risks and opportunities

- **Opportunity:** Increased demand for rehabilitation and repairs, as well as climate resilient solutions, as extreme weather events damage properties.
- **Acute physical risk:** Painting and rehabilitation jobs disrupted by unforeseen extreme weather events as workers’ health and safety is put at risk.
- **Regulatory risk:** Local regulations on zero-emission vehicles and construction sites, as well as regulations on construction site waste management, mainly driven by public procurement.

Company ESG performance 2020

Key ESG goals	Efforts 2020	Performance 2020	Ambitions 2021
1. Attractive employer who takes social responsibility	<ul style="list-style-type: none">➤ Implemented Code of Conduct and whistleblower policy.➤ Prepared for eNPS data collection and reporting.	<ul style="list-style-type: none">➤ Established a group-wide communication channel.➤ 98% of companies are approved apprentice training companies.	<ul style="list-style-type: none">➤ Update all employment contracts and provide opportunities for personal development through the «HG school».➤ Conduct employee surveys.➤ Define short- and long term eNPS targets.➤ The Code of Conduct will be included in all updated employee contracts.
2. Deliver the right quality from a life cycle perspective and promote circular economy for us and our customers	<ul style="list-style-type: none">➤ Collaborated with flooring supplier to recycle the removed flooring in two medium-sized projects.	<ul style="list-style-type: none">➤ cNPS % 2020: 92➤ 30 tonnes of flooring recycled across 30 companies.	<ul style="list-style-type: none">➤ Maintain the industry’s highest customer satisfaction by delivering high quality projects.➤ Engage in partnerships with the main flooring suppliers to increase floor recycling.
3. Reduce our and our customers’ footprints by minimizing emissions and securing proper waste management	<ul style="list-style-type: none">➤ All companies have strict procedures to return all residual paint from completed projects.	<ul style="list-style-type: none">➤ Eco-lighthouse-certified companies (similar to ISO 14001) % 2020: 33➤ Electric vehicles as share of company’s fleet % 2020: 5	<ul style="list-style-type: none">➤ Establish ways of measuring leftover paint returns and volume reduction.➤ Measure GHG emissions and set a reduction goal.➤ Raise awareness of the environmental impact of customers’ choices by proposing waste-reducing solutions.
4. Be a driving force in the industry by maintaining high business standards	<ul style="list-style-type: none">➤ Begun implementation of Supplier Code of Conduct, which will be included in all new supplier contracts.	<ul style="list-style-type: none">➤ Initiated cooperation with «Fair Play», promoting and verifying worker’s labor conditions; relevant KPI to be established in 2021.	<ul style="list-style-type: none">➤ All employees trained and signed Code of Conduct by Q1 2021.➤ Electronic whistle-blower channel implemented by Q1 2021.➤ Define requirements for suppliers’ adherence to ethical guidelines and define a plan for audits and monitoring.

ESG impacts based on Håndverksgruppen’s sector and operations



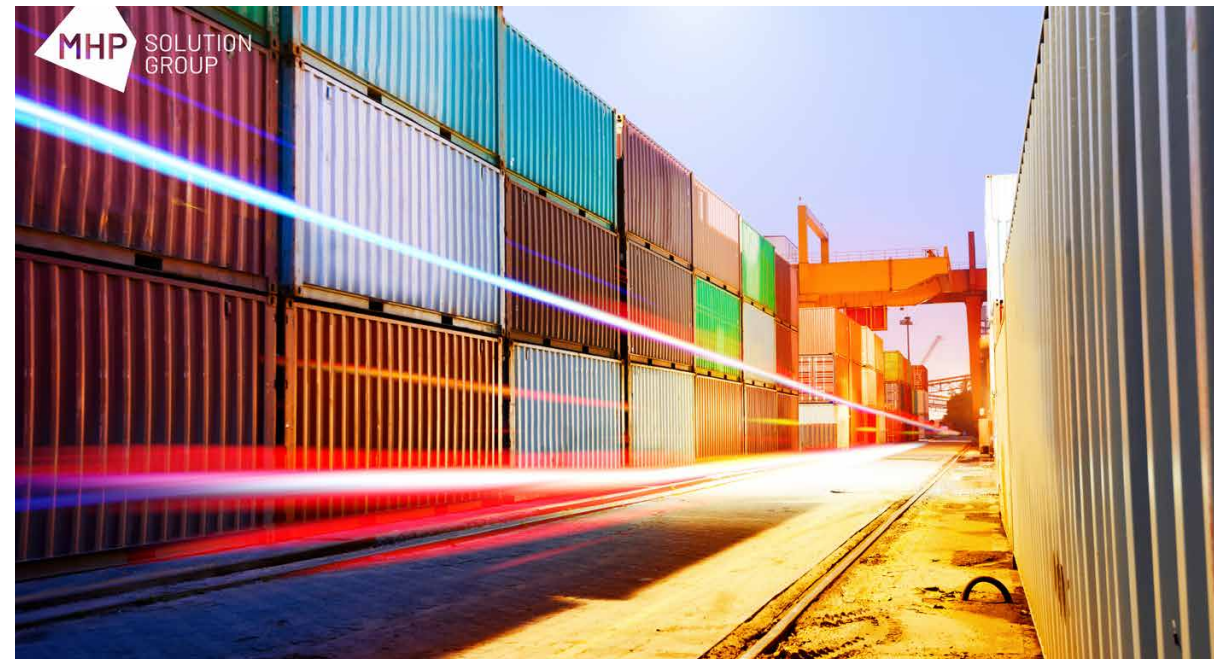
Håndverksgruppen has selected the following UN SDGs to which they have the opportunity to contribute:

Increase number of youth and adults who have relevant vocational skills for future employment by employing apprentices and supporting them on the way to certification (4.4).

Reduce the number of unemployed youth through apprenticeship (8.6) as well as preventing shadow work and promote labour rights and safe working environments (8.8).

HG’s core competency can make direct contribution to ensure access to adequate, safe and affordable housing for all (11.1).

Promote sustainable consumption through waste reduction (12.5) and supporting sustainable public procurement (12.7).

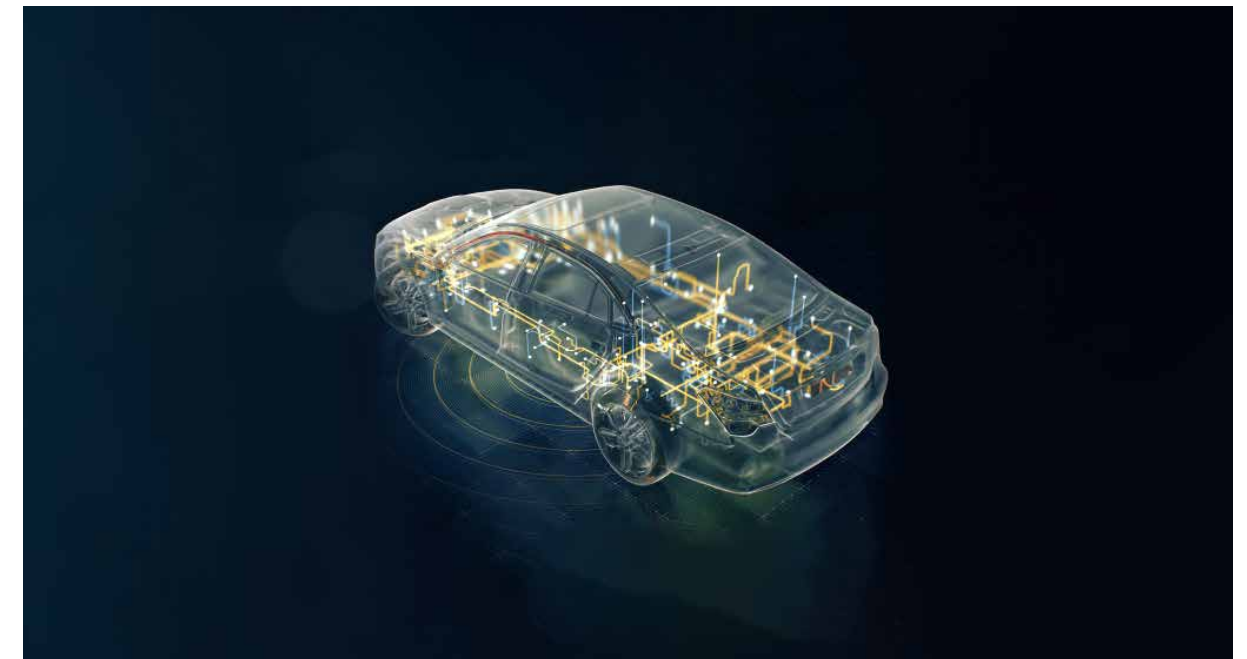


Newly acquired

MPH Solution Group (MPH) provides end-to-end logistics software solutions to the German-speaking part of Europe (DACH-region). The company develops software for four distinct areas in the logistics supply chain: Shipping, Customs, Warehouse Management, and Transportation Management Systems. The company also operates a hardware business that sells and configures hardware products for large original equipment manufacturers (OEM) along with its software to customers. MHP has offices across Germany and a development centre in Spain.

Software solutions are developed in-house, while third-party software suppliers are mainly relied on for development tools, databases, and storage. Hardware is sourced from global OEMs.

MHP's customers are mainly medium to large enterprises, spanning across a variety of industries, including logistics forwarders, retail, e-commerce, wholesale, and manufacturing.



Newly acquired

TASKING offers embedded software development tools for automotive original equipment manufacturers (OEMs) and tier 1 suppliers in the automotive space. The tools are critical for software engineers to create safety-certified and high-performance software, which is then implemented on microcontrollers. These components are critical for software used in advanced driving assistance systems (ADAS) and autonomous driving.

The company's software development teams are in Germany, the Netherlands and Russia, while the headquarter is based in Munich, Germany. In addition to its R&D team, TASKING utilizes its own salesforce in various regions with sales and customer service offices in the US, India, Japan and China.

ESG KPIs for FSN Capital Portfolio Companies

Status per 31 December 2020

	Revenue (SEKm)	Employees	Gender distribution (% women total workforce)	Gender distribution (% women BoD)	Gender distribution (% women C-suite officers)	Absenteeism	Employee Satisfaction (eNPS)	Customer Satisfaction (cNPS)	Scope 1 GHG emissions (tCO2e)	Scope 2 GHG emissions (tCO2e, location based)	Scope 3 GHG emissions (tCO2e)	Total emissions (tCO2e, Location-based) **	Scope 2 GHG emissions (tCO2e, market-based)	Total emissions (tCO2e, market-based) **
Skamol	531	409	25 %	20 %	0 %	NA	22 %	29 %	28,622	3,757	NA	32,380	7,128	35,750
Fibo	639	139	23 %	40 %	11 %	4.7 %	52 %	60 %	75	41	59	175	1,816	1,949
EET Europarts	4,573	534	28 %	0 %	25 %	1.9 %	28 %	29 %	96	92	9,309	9,496	166	9,570
Kjell & Co	1,999	646	20 %	40 %	20 %	5.0 %	47 %	74 %	NA	170	1,237	1,407	1,087	2,324
Active Brands	919	205	70 %	29 %	0 %	2.5 %	NA	71 %	90	122	1,308	1,519	590	1,987
Holmbergs	584	634	67 %	33 %	17 %	4.8 %	33 %	33 %	NA	1,238	NA	1,238	1,247	1,247
Gram	937	445	17 %	0 %	0 %	1.9 %	13 %	NA	481	318	1,128	1,926	472	2,080
Mørenot	1,217	781	39 %	17 %	0 %	6.2 %	-12 %	NA	1,290	758	3,290	5,338	4,998	9,578
SNS	902	163	42 %	43 %	0 %	NA	36 %	3 %	NA	57	8	66	71	79
Nordlo	1,309	600	15 %	29 %	23 %	NA	37 %	30 %	69	186	235	490	929	1,233
Saferoad	5,146	2,200	18 %	33 %	6 %	5.1 %	24 %	33 %	11,488	2,922	NA	14,410	9,799	21,287
Rameder	1,213	336	24 %	0 %	0 %	3.6 %	29 %	66 %	147	508	6,282	6,937	704	7,134
Fellowmind	2,265	1,500	25 %	0 %	25 %	NA	24 %	27 %	NA	NA	NA	NA	NA	NA
iMPREG	709	295	NA	33 %	NA	NA	NA	48 %	NA	NA	NA	NA	NA	NA
ViaCon	1,986	779	20 %	0 %	13 %	4.3 %	NA	NA	NA	NA	NA	NA	NA	NA
HG	1,250	1,300	NA	20 %	0 %	NA	NA	92 %	NA	NA	NA	NA	NA	NA
MHP	339	268	27 %	0 %	50 %	3.5 %	NA	NA	NA	NA	NA	NA	NA	NA
TASKING	167	57	17 %	0 %	0 %	NA	NA	NA	NA	NA	NA	NA	NA	NA
SUM	26,683	11,291							42,358	10,169	22,855	75,381	29,006	94,218

* Location-based is calculated based on where the electricity is consumed. Market-based is calculated based on where the electricity is purchased. Including both methods for calculation in the GHG reporting is recommend by the GHG Protocol.

«The Portfolio Companies bring our standard ESG frameworks to life. The combination of internal sustainability competence and deep industry expertise allows them to respond to stakeholders' ever-evolving ESG expectations. We are impressed to see ESG embedded in the strategies, operations, and cultures of our Portfolio Companies.»

REBECCA SVENSØY
General Counsel at FSN Capital Partners

4.

ESG in FSN Capital Partners

The FSN Capital culture is built on our ethos and values and is realized through our behavior and priorities. We continue to strengthen our culture in a growing organization by nurturing the collaboration across offices and cohorts and with our Portfolio Companies.

In 2019 we launched our Firm-wide «**Team First**» initiative that focused on reinforcing a common culture across our four offices. The immediate goal of Team First is to engage everyone to think deeply about our core values as an organization, to further foster trust and collaboration amongst all team members, and to ensure that we transparently communicate our guiding principles to all employees. The initiative also seeks to underscore the importance of diversity and inclusion in everything we do. Moreover, Team First had a positive impact on our culture and well-being of our employees during the Covid-19 pandemic.

Best practice ESG knowledge and a good understanding of ongoing ESG regulatory initiatives is part of the key skillset of FSN Capital employees. As board members in Portfolio Companies they are in a unique position to set the tone from the top and send a strong message about the importance of sound ESG management.

At FSN Capital we have high expectations to our team, but we always make sure to equip them with guidance, support and tools which allow them to surpass our expectations.

The ESG knowledge of our deal team members is therefore continuously updated through:

- › Our Managing Partner and Chairperson setting the tone from the top when onboarding new employees.
- › An introduction session with the ESG team for all new employees.
- › Our Firm-wide ESG Slack channel where everyone shares best practice and external articles.
- › On the job training by being responsible for climate change and ESG due diligence in transactions, and ESG implementation in Portfolio Companies – always in close cooperation with the ESG team.
- › Our ESG intranet with information about our ESG approach, ESG Frameworks, standard policies and external ESG sources.
- › Annual seminars, the Global PE Alliance Academy, FSN Leadership Seminar and internal best practice sharing sessions.
- › Firm-wide training sessions when rolling out new ESG initiatives (eg. climate change due diligence).
- › Participation in external ESG seminars as presenters or panelists.

Team First and Covid-19

The success of FSN Capital is dependent on the trust of our investors and the founders we partner with.

Trust comes from within, and is a key component of the culture at FSN Capital. We believe that we are at our very best when every member of the team actively participates in the continued development of the Firm.

In 2019, we launched our Team First initiative. This comprised of three workshops addressing 1) group discussions about building trust and commitment in high performance teams, 2) workshops on themes that are central to who we are and how we operate at FSN Capital, 3) effective teamwork through the «five dysfunctions of a team», as well as a project to simplify our existing FSN Capital Values.

«The five dysfunctions of a team»* explains how to overcome common hurdles in team work (i.e. dysfunctions) and thereby build efficient teams. The five dysfunctions are i) absence of trust, ii) fear of conflict, iii) lack of commitment, iv) avoidance of accountability, and v) inattention to details.

** book by Patrick Lencioni*

Our team members were divided into six groups across all levels of seniority, business areas and geographies, and the initiative was launched with a two-day physical workshop in January 2020. The workshops were an arena for developing personal connections and trust in smaller groups and discussing topics important to the further development of the Firm.

Although the world seemed a bit chaotic when Covid-19 broke out, we decided early on to keep driving the Team First initiative and to complete scheduled workshops and meetings in a virtual setting. While the normal social touchpoints were absent following mandatory home office, Team First groups provided a valuable arena to discuss matters outside business, including personal issues, and to suggest improvements.

With Team First, the broader team became an even more integrated part of managing FSN Capital. Comments from employees indicate that Team First meetings had a positive impact on their well-being during Covid-19 and proved that FSN Capital has an open culture, with willingness to learn, listen and improve. In 2021, we will continue to drive the Team First initiative by focusing on implementing the actions suggested by the six different groups. Each group will be responsible for following up progress on their proposed actions monthly.



Improving Diversity & Inclusion

FSN Capital is committed to contribute towards UN SDG 5, «Gender Equality». It is proven that diversity within a team is a key driver of long term performance. Yet, the Private Equity industry still has a long way to go, both we and our peers need to take action.

We strongly believe that having teams with complementary skillsets and diverse backgrounds are vital for success. Since 2017 we have had commitment to improving the diversity of ideas, backgrounds, and perspectives in our team – with an explicit focus on gender diversity.

Some of our accomplishments to date include:

- › Defined clear targets for improvement: 50% of all new hires to the Investment team, Executive Advisors and Portfolio Company board of directors should be female.

FSN Capital’s Performance*	2014	2015	2016	2017	2018	2019	2020
Employees (FTEs)	28	30	32	39	48	51	53
Percentage women versus men (all FSN Capital employees)	25 %	27 %	28 %	28 %	33 %	33 %	36 %
Employee Satisfaction NPS	87 %	92 %	92 %	79 %	46 %	60 %	66 %

* Numbers as of 31.12 each calendar year, interns not included

- › Partnered with headhunters specialized in recruiting female candidates to help us achieve the goal.
- › Unconscious bias training conducted for the Partner Group and all employees.
- › Implemented mandatory parental leave for all team members – male and female.
- › Cooperation with Equality Check (former #ShesGotThis) since 2017.
- › Mentoring program for all females in the Investment team, where they are paired with external female senior executives.
- › Part of the Nordic Executive Committee of Level20.
- › Cooperation with MAK, a network for young professionals promoting intercultural and ethnic diversity.

In 2020 we launched two new important initiatives on Diversity & Inclusion. First, the ESG-linked Credit Facility (see page 17) has gender diversity on Portfolio Companies’ boards as one of three KPIs; second, we set up a separate internal Diversity & Inclusion group as part of our Team First initiative (see page 78).

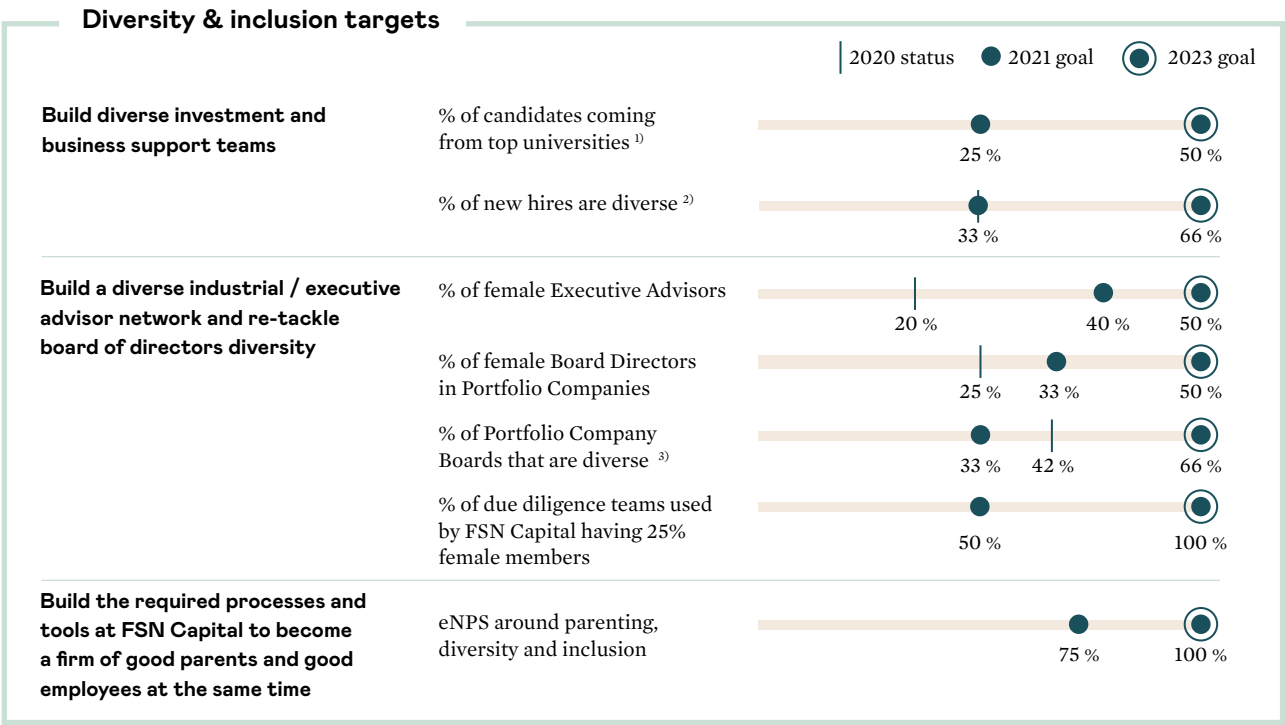
The internal Diversity & Inclusion group has defined detailed diversity targets, specific actions to reach the targets, nominated owners of each action item, and will be responsible for monitoring progress, and reporting status on a monthly basis.

Building diversity starts with recruiting. To recruit talents from a more diverse base, we have decided to increase our focus on top international universities, which often have a more diverse student base with interest in private equity than

universities in our home countries. To ensure that female and diverse talent is retained, we are increasing our support to employees who are parents of young children and measuring the employee net promoter score on this topic specifically.

We seek to influence diversity also outside of our firm and have therefore defined indicators related to our executive advisor base, our portfolio company boards and the professional services teams that we hire for due diligence work. Please see the table below for an overview of our current Diversity & Inclusion targets.

Building on our current gender diversity targets, we will work towards a broader perspective that also includes nationality, ethnicity, education, and professional experience.



1) Based on the Top 30 Times Higher Education ranking
2) In terms of gender, ethnicity or educational/professional background compared to the team you are hired into (i.e. a male is considered diverse if hired into a female-dominated team) – no double counting
3) At least one female and one international board member – no double counting.

UN Principles for Responsible Investment



Compliance with the six principles in the UN Principles for Responsible Investment (PRI) is a natural part of our investment approach and the foundation for our Responsible Investment Policy (included in Appendix III).

We highly welcome how PRI continues to drive the sustainable investment agenda, the PRI climate module being the latest development.

Below we have highlighted some of our key efforts to fulfil our commitments under each of PRI's principle.

	The Principles	Examples of how FSN Capital upholds each principle
1	We will incorporate ESG issues into the investment analysis and decision-making process	ESG and climate considerations are always included in the pre-investment phase (see page 21).
2	We will be active owners and incorporate ESG issues into our ownership policies and practices	We engage with our Portfolio Companies, providing them with ESG frameworks to support them in identifying material ESG issues and addressing these through ESG strategies (see page 29). The ESG-linked Credit Facility is designed to further incentivize implementation of our ESG frameworks in the ownership phase (see page 17).
3	We will seek appropriate disclosure on ESG issues by the entities in which we invest	Portfolio Companies are required to disclose material ESG issues in their value chain, their ESG strategy (see chapter 3), as well as FSN Capital standard ESG KPIs (see page 76).
4	We will promote acceptance and implementation of the Principles within the investment industry	Our Responsible Investment Policy forms part of our formal commitment to our investors. ESG questions are included in the annual service provider assessment conducted by FSN Capital.
5	We will work together to enhance our effectiveness in implementing the Principles	We share our ESG approach in relevant fora and contribute to sector ESG initiatives and events (see page 94).
6	We will each report on our activities and progress towards implementing the Principles	FSN Capital's PRI transparency reports are publicly available on UN PRI's websites . See table of historic PRI scores.

Historical PRI scorecard (median score)	2014	2015	2016	2017	2018	2019	2020
Strategy & Governance	C (B)	B(B)	B(B)	B(A)	A(A)	A(A)	A+(A)
Private Equity	B(B)	A(B)	A(B)	A+(B)	A+(B)	A+(B)	A(A)*

* In 2020 we scored A following a reporting error on a question regarding existence of our responsible investment policy.



UN Sustainable Development Goals

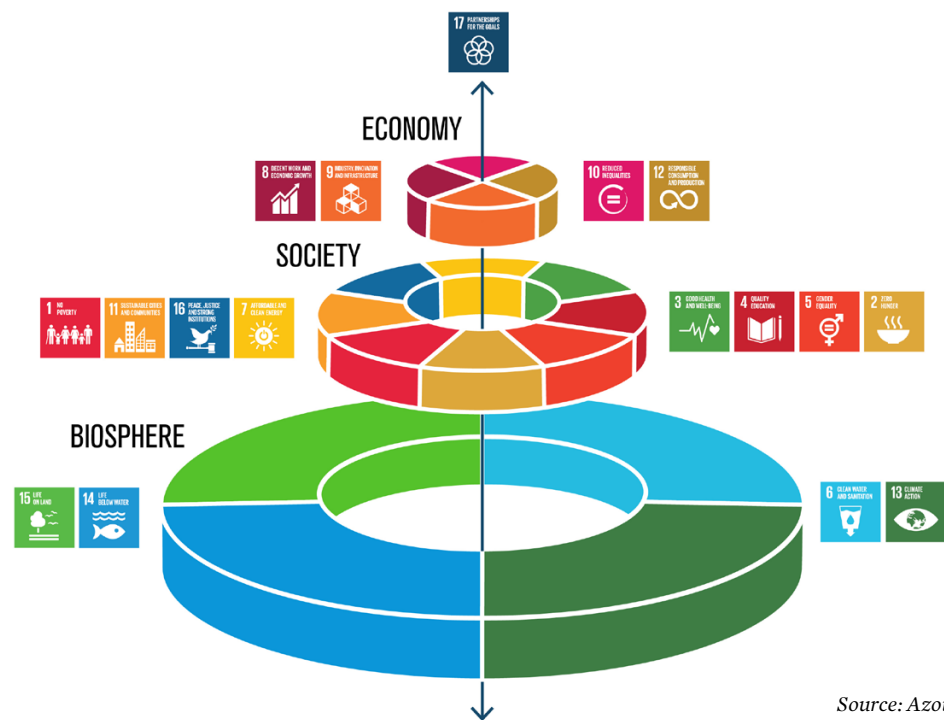
The private sector plays an integral part in solving the most urgent global challenges that are best described by the UN Sustainable Development Goals (SDGs).

Navigating towards the SDGs is in many ways self-serving. The private equity industry depends on a predictable and healthy investment environment, and our Portfolio Companies depend on a strong and healthy economy to thrive. Such investment environments and economic climates grow out of transparent societies, predicated on equal opportunities for all, be it through freedom of speech, democratic

rights, access to food, healthcare and education, and in which the general population have labor and human rights protection. This of course, is only achievable in a healthy biosphere, without which there is no life. The codependency of the SDGs are illustrated by the figure below.

Our investment philosophy is also inspired by the SDGs when we look to identify global growth trends and deal opportunities.

We have identified the SDGs and targets to which FSN Capital can contribute in its investments (see table to the right).



Source: Azote Images for Stockholm Resilience Centre

Goal	Target	Our opportunity to contribute	KPI and 2020 performance
5 GENDER EQUALITY	5.5. Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	Opportunity to include women on board of directors and key C-suite positions, both in our Portfolio Companies and in FSN Capital.	26 % women on board of directors in Portfolio Companies*. 2/10 Executive Advisors are women. Launched ESG-linked financing with KPIs on % of women on board of directors in Portfolio Companies. See «Improving Diversity & Inclusion» for more information.
8 DECENT WORK AND ECONOMIC GROWTH	8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Job creation through organic growth in the Portfolio Companies.	25 % increase in the number of people employed by Portfolio Companies. 4 % increase in FSN Capital employees in 2020.
13 CLIMATE ACTION	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaption, impact reduction and early warning.	Opportunity to increase awareness among Portfolio Companies and FSN Capital’s employees when supporting strategy development and training. Opportunity to reduce our environmental footprint through investments and KPIs.	12/18 Portfolio Companies submitted GHG reporting. 9/18 Portfolio Companies have begun reporting scope 3 emissions. Climate change due diligence completed ahead of every transaction. Launched ESG-linked financing with KPIs on GHG reporting by Portfolio Companies. Carbon offsetting FSN Capital’s greenhouse gas emissions.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5 Substantially reduce corruption and bribery in all their forms.	Opportunity to strengthen ethical business conduct by always conducting an ESG due diligence and implementing the FSN Capital ESG Governance Framework in our Portfolio Companies.	Launched mandatory e-Learning for FSN Capital employees - 100% completed. 100 % Portfolio Companies have implemented the FSN Code of Conduct. 100 % Portfolio Companies have implemented the FSN Standard Supply Chain Code of Conduct. 100 % Portfolio Companies adopted Whistleblower policy.

* Excluding FSN Capital employees and company employee representatives.

FSN Capital’s climate change approach

FSN Capital is committed to contribute towards UN’s SDG 13 «Climate action». As illustrated on the next page we have integrated climate change considerations in the full investment process.

We will continue to work with the Portfolio Companies to help reduce their absolute GHG emissions. The greenhouse gas emission KPI under our ESG-linked Credit Facility (see page 17) will be an important incentive in this regard. In 2021 we will look further into the Science Based Target initiative as a potential mean to guide our GHG reduction ambitions.

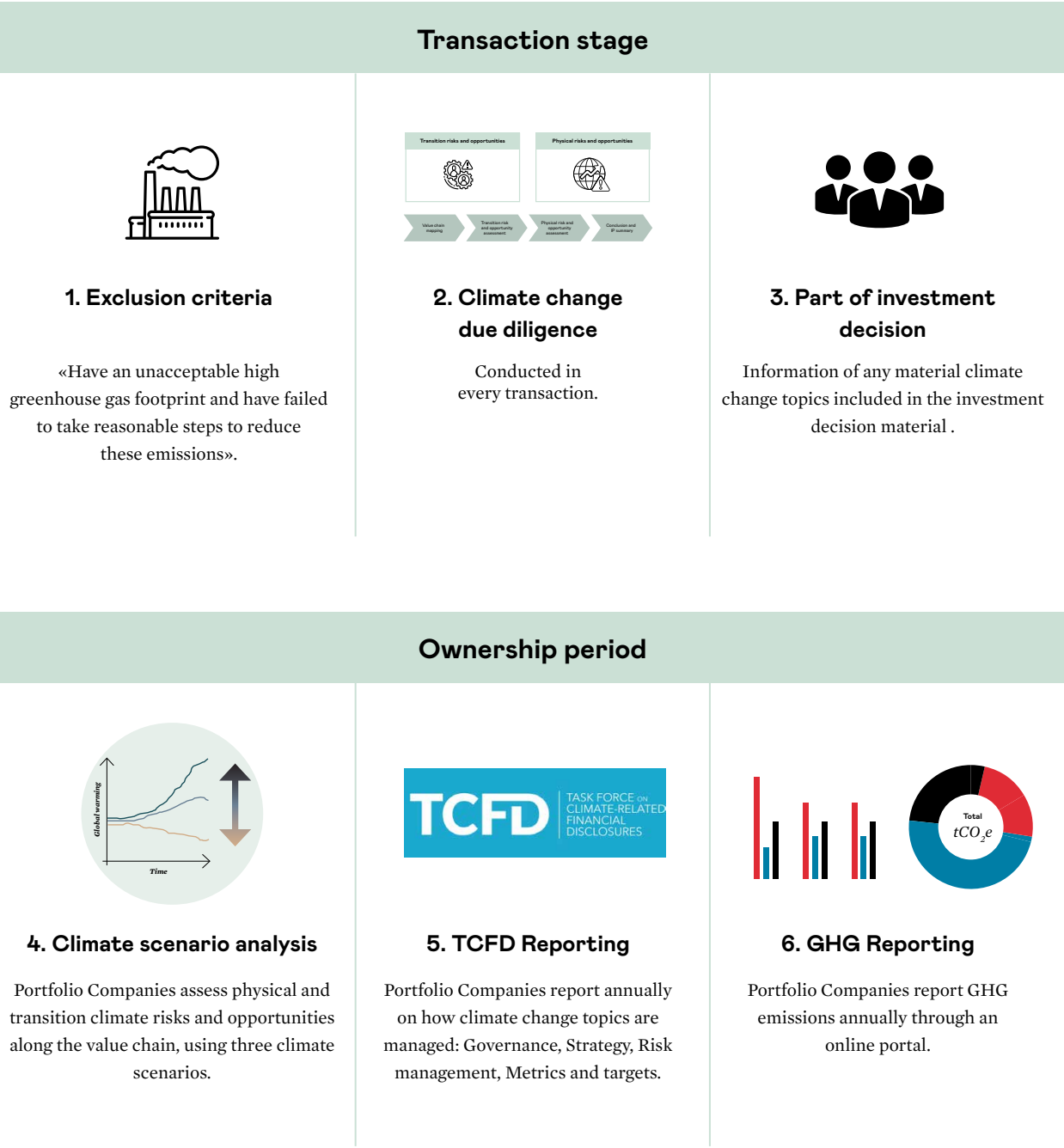
The EU has an ambition to be climate neutral by 2050. FSN Capital seeks to ensure that our Portfolio Companies can contribute to this transition and stay relevant in a low-carbon society. We therefore integrate relevant ESG regulations into our existing ESG Frameworks and approach.



We have already initiated an EU taxonomy assessment of our portfolio (see page 93). Our ESG Strategy Framework is based on EU’s Non-Financial Reporting Directive (NFRD). In 2021 we will introduce a slightly updated ESG Strategy Framework integrating the EU taxonomy and the latest non-financial reporting trend – double materiality.

FSN Capital fully supports initiatives that promote transparency on ESG in the financial industry, the latest being the Sustainable Finance Disclosure Regulation (SFDR). To increase transparency on our ESG approach, we have in 2021 updated our Responsible Investment Policy (see appendix III) and website with more detailed information.

FSN Capital's Climate Module



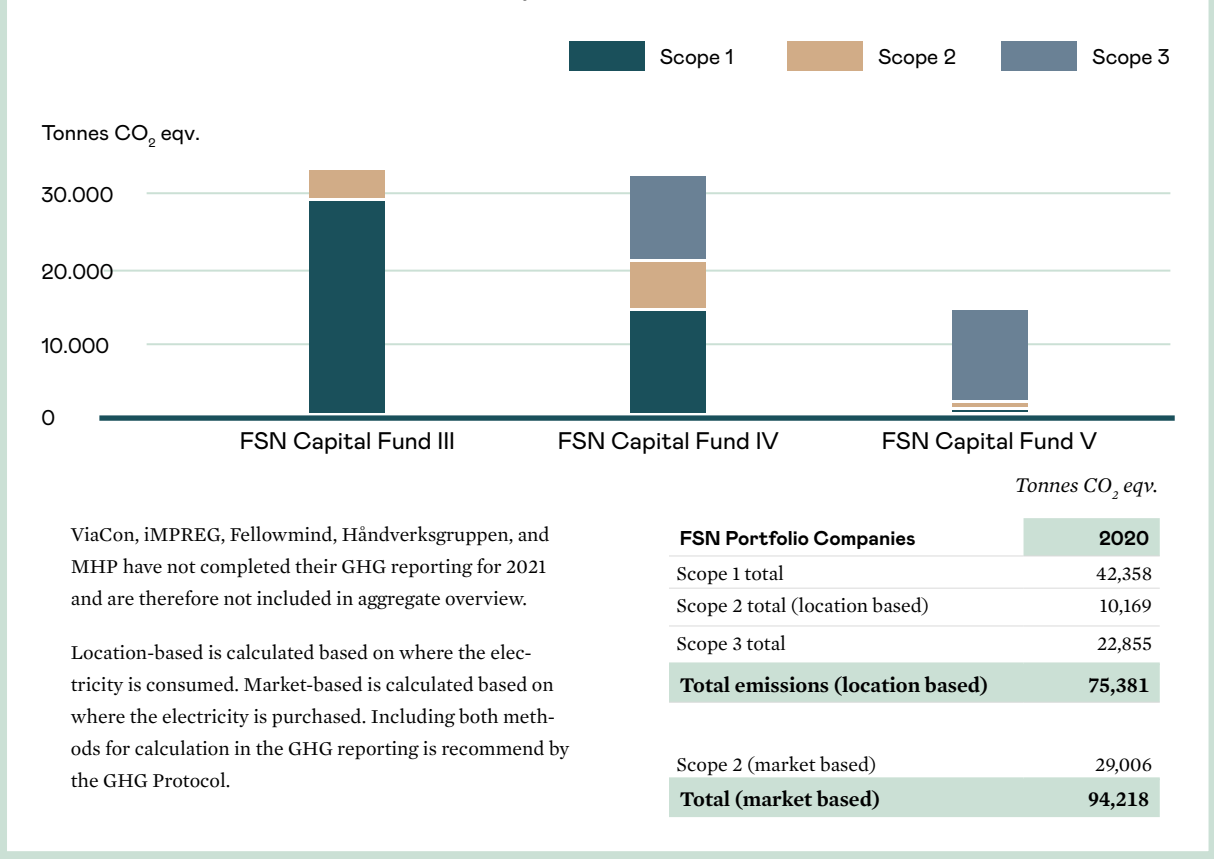
Our portfolio's greenhouse gas emissions

As of 2019 all Portfolio Companies are required to report their greenhouse gas emissions. This being the early days of reporting, we have focused our efforts on establishing a system, and then improving data scope and quality. Despite the Covid-19 outbreak, most Portfolio Companies managed to improve reporting compared to last year. In 2021, we will conduct a quality check of the reported 2020 numbers. We will also continue to inspire Portfolio Companies to define emission reduction targets.

On an aggregate level across the FSN Capital portfolio:

- › **Scope 1** emissions constitute 56 % of total emissions and are mainly driven by companies with energy intensive production facilities and processes, like Skamol and Saferoad.
- › **Scope 2** is based on electricity use and represent 13 % of total location-based emissions and 30 % of total market-based emissions*; and it should be possible for Portfolio Companies to reduce this going forward.
- › As most of our Portfolio Companies have global value chains, 26 % of total emissions stem from purchased transport services, representing 85 % of reported **scope 3** emissions.

GHG emissions for FSN Funds III, IV & V



Aggregated climate risks and opportunities

We have conducted a climate change analysis also on an aggregate basis. The tables below provide an overview of the aggregate risks and opportunities for FSN Capital. Detailed findings are described per Portfolio Company in chapter 3.

There is a clear opportunity for our Portfolio Companies to offer sustainable products and services, and to assist customers reduce their environmental footprint. Exposure to regulatory

risks is driven by EU's push towards a low carbon society. All Portfolio Companies are exposed to acute physical risk, reflecting their dependency on complex global supply chains.

Risks and opportunities driven by physical climate change will increase as temperature rises, while those driven by the transition to a low carbon society will increase pending regulatory and market push to limit global warming.

Key climate risks and opportunities

- › **Opportunity:** Increased demand for products that help customers reduce their environmental footprint, dependent on the companies' structuring business strategy and product development accordingly.
- › **Opportunity:** Several Portfolio Companies will experience increased demand for their products and services due to extreme weather events damaging infrastructure and properties.
- › **Acute physical risk:** All companies source raw materials or products from locations exposed to extreme weather events. This could both drive raw material prices, as well as disrupting production and logistics.
- › **Regulatory risk:** Regulations on circularity and waste management (driven by the EU taxonomy) is relevant for all companies, applying to the products, packaging, and responsibility for end-of-life management.
- › **Regulatory risk:** A wider set of potential regulations, driven by the EU Green Deal, on consumption of non-renewable energy, is relevant for the companies with own production sites, as well as those relying on energy intensive data centers to deliver their services.

Reducing our internal greenhouse gas emissions

FSN Capital Partners will also reduce GHG emissions from own operations. While our business operations have some environmental impact, FSN Capital's largest contribution to global warming (Portfolio Companies aside) has traditionally been business travel. Travel restrictions during Covid-19 has required us to go digital to a greater extent than what we have previously done. The pandemic has been an eye-opener, and we believe business travel will be less frequent in the future.

Annual GHG emissions for FSN Capital

Our **scope 1** emissions are insignificant.

In 2020 we have increased our **scope 2** reporting to include waste from some of our office facilities. The reported emissions remain incomplete due to unavailable data from some landlords.

Scope 3 still constitutes our largest footprint, despite 2020 being an odd year. Air and business travel represent 83 % of total 2020 emissions.

In 2021 we will request more data from our landlords to improve the completeness of scopes 2 and 3.

** Location-based is calculated based on where the electricity is consumed. Market-based is calculated based on where the electricity is purchased. Including both methods for calculation in the GHG reporting is recommend by the GHG Protocol.*

In 2020 FSN Capital Partners decided to purchase carbon offsets for all our own reported emissions, starting from 2019, as illustrated on the next page.

In 2021 we were the first Nordic Firm to sign up to the PRI backed private equity collaboration Initiative Climat International (iCI). iCI is a collective commitment to understand and reduce carbon emissions of private equity-backed companies and secure sustainable investment performance.

Tonnes CO ₂ eqv.				
Annual GHG emmissions per scope*	2018	2019	2020	
Transportation	-	-	4.3	
Scope	-	-	4.3	
Electricity (location based)	7.6	10.1	6.6	
District heating	-	-	1.6	
Scope total (location based)	7.6	10.1	8.2	
Waste			1.8	
Business travel	348.6	303.5	69.8	
Scope total (location based)	348.6	303.5	71.6	
Total emissions (location based)	356.2	313.5	84.2	
Scope 2 (market based)	16	38.7	47.3	
Total (market based)	364.6	342.2	123.2	

Offsetting FSN Capital Partners’ carbon footprint

In 2020 we initiated a partnership with CEMAsys to reduce our climate footprint through carbon offsets. By purchasing offsets for our reported greenhouse gas emissions, we neutralize our own carbon footprint while supporting projects with a positive environmental impact.

We have purchased carbon offsets for our 2019 and 2020 emissions through the Thor Heyerdahl Climate Park - a project aiming to restore mangrove forests in the Ayeyarwady Region of Myanmar.

In Ayeyarwady, only 16 percent of the original mangrove forest is still intact. The project aims to plant 300 million trees by 2023, which will biologically capture and store over 150 million

tons of CO₂e. The mangrove tree is the only tree on the planet which can grow in saltwater, thus protecting the coastal areas from extreme weather conditions such as cyclones, increasing seafood production and biodiversity, and preserving coral reefs.

The Thor Heyerdahl Climate Park is a **climate change mitigation** project as the trees will essentially remove CO₂ from the atmosphere. The mangrove trees capture up to five times more CO₂ compared to other trees in the rainforest.

The project also has local benefits. Breeding, planting, and cultivating the forests creates local jobs, while the network of roots filter polluted water.









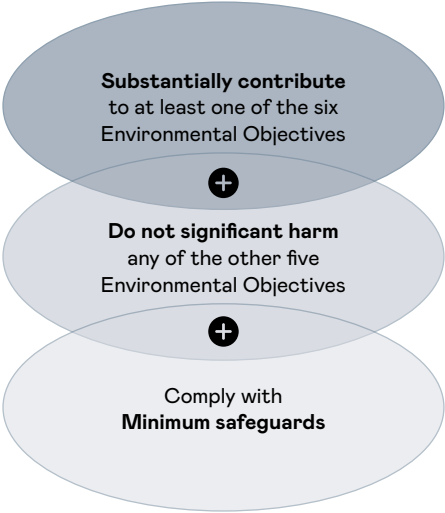
EU taxonomy screening

The EU taxonomy defines clear criteria for an economic activity to be considered sustainable: it must substantially contribute to one of six environmental objectives (see below), while not significantly harming any of the remaining

environmental objectives, and finally the economic activity must be conducted in line with minimum social safeguard (as also defined by the EU taxonomy by reference to international social standards).

The EU taxonomy's six environmental objectives

	Climate change mitigation
	Climate change adaptation
	Sustainable and protection of water and marine resources
	Transition to circular economy
	Polution prevention and control
	Protection and restoration of biodiversity and ecosystems



** Currently criteria have only been published for two of the six environmental objectives – climate change mitigation and climate change adaptation. Further, criteria under these two objectives are still only available for seven sectors. More criteria are expected to be published by the EU in 2022.*

Aligning our portfolio with the EU taxonomy



The EU taxonomy for sustainable activities is part of EU's Action Plan addressing planetary boundaries.

As the EU taxonomy is a sustainability benchmarking tool, alignment with the criteria may have commercial and strategic value for several of our Portfolio Companies.

In early 2021, we initiated a project, assisted by KPMG Pure Consulting, to determine whether the economic activities of our Portfolio Companies can be considered sustainable based on the EU taxonomy criteria. Since sustainability criteria do not exist for all economic activities, we decided to conduct the EU taxonomy screening in two steps:

1. An outside-in high level assessment, with the preliminary results below. The grouping indicates which of the six environmental objectives each Portfolio Company have a potential to contribute to - pending such activities meeting the technical screening criteria.
2. In step two we will focus on the Portfolio Companies with potential to meet currently published criteria: climate change mitigation and climate change adaptation. We will evaluate whether these Portfolio Companies' activities actually meet the technical criteria to be labeled sustainable.

The final result of the EU taxonomy screening of our portfolio will be published in FSN Capital's 2021 ESG report.

 1: Climate change mitigation Fellowmind, Fibo, Håndverksgruppen, iMPREG, MHP, Mørenot, Nordlo, Saferoad, Skamol, Tasking, ViaCon	 2: Climate change adaption Fellowmind, Fibo, iMPREG, MHP, Nordlo, Saferoad, Skamol, ViaCon
 3. Sustainable and protection of water and marine resources Mørenot, Saferoad, Skamol	 4: Transition to a circular economy EET, Gram, Holmbergs, Kjell & Company, Mørenot, Rameder, Saferoad, Sneakersnstuff
 5: Pollution prevention and control Saferoad	 6: Protection and restoration of biodiversity and ecosystems Saferoad

Actively promoting ESG

The PRI principle 5 states that we should «work together to enhance our effectiveness in implementing the Principles within the investment industry». Rather than safeguarding our ESG knowledge as a competitive advantage, we actively share and promote our approach to improve ESG efforts of the private equity industry.

Participation in the public debate has made FSN Capital known for its values and ESG focus. Despite most conferences and seminars being canceled or moved online in 2020 due to Covid-19, FSN Capital has promoted ESG in several external forums.

Managing Partner Frode Strand-Nielsen shared how the pandemic had affected the Private Equity industry, and his reflections on climate change at the **Nordic Buy Out Forum**, an event hosted by Wiersholm in collaborations with NVCA (Norwegian Venture Capital Association).

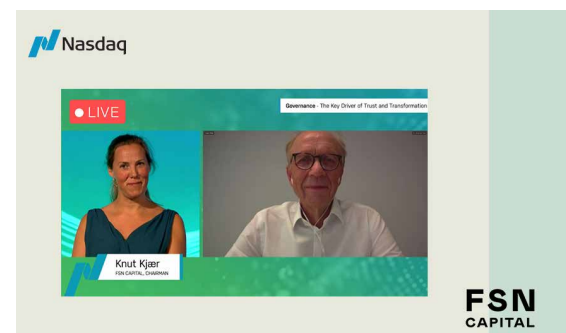
Our Chairperson, Knut Kjær, participated in panel discussions on how the financial markets should address sustainability and climate risk at the **Norwegian University of Life Sciences (NMBU)** and at **Arendalsuka** – Norway’s largest gathering for open debate and involvement. Further, he was part of the panel at the **IMD CEO Roundtable**, addressing how investor views are evolving. Kjær was also invited to share his thoughts on the importance of integrity in leadership at the **ESG Summit**, organized by NASDAQ.

Rebecca Svensøy, General Counsel, represented FSN Capital as a panelist during the **SuperReturn International conference**, organized by Infroma Connect. Moreover, she participated in a fire side chat on how the sustainability agenda will affect the M&A market at the **Nordic M&A and Private Equity Forum**, hosted by Mergermarket.

During 2020 Mia Sørli was a temporary member of the FSN Capital ESG team, and she shared insights on how FSN Capital work with ESG in our Portfolio Companies at the **Norwegian Compliance day**, organized by Juristenes Utdanningsenter, and at **PwC’s Internal Ethics Day**.

FSN Capital was present at the **Womens Finance Day** at NHH, promoting women in Private Equity with Level20 and NCVA, and facilitated case studies for the school’s female students.

FSN Capital is affiliated with the network **Invest Europe Responsible Investment Roundtable**, a permanent forum dedicated to promoting responsible investment practices and ESG considerations in Europe’s private equity industry.



Giving back

FSN Capital donates to selected philanthropic initiatives that support our values.

Since 2014 we have donated a Christmas gift to the Naandi Foundation. The charity supports the education and empowerment of underprivileged girls in India. As of 2020, our donations have contributed to 30 students completing 10 years education. Currently we support the education of 268 girls in school.

FSN Capital also sponsored and co-operated with other initiatives including:

MAK (makorg.no), a network for young professionals promoting intercultural and ethnic diversity.

RFKennedy Compass, promoting investment approaches that consider social justice.

NRK Telethon (TV-aksjonen), the 2020 charity campaign supported World Wildlife Fund.

From 2021 onwards each local FSN Capital Partners’ office will also be allocated their own donation budgets. In this way we hope to further align our philanthropic activities with our values and ethos on a local level.

Setting the tone from the top

FSN Capital’s strong belief in doing the right thing is firmly rooted in our foundation. Frode Strand-Nielsen, our Managing Partner and Founder, sports a strong passion for social justice both at FSN Capital and in private.

As our Managing Partner, Frode Strand-Nielsen was in 2020 named on Real Deals Future 40 Diversity and Inclusion Leaders list for recognition of his important work to level the playing field.

Frode Strand-Nielsen also takes a stance outside the professional arena. As a Simon Fraser University (SFU) alumnus, and former men’s soccer captain, he learnt how to manage conflict, overcome negative thinking, and engage with diverse team members – all key leadership skills.

Frode Strand-Nielsen has established an endowment of CAD 2.2m that will provide 10-12 full scholarships for athletes in perpetuity. Since male athletes tend to receive more donations, he has ear-marked 50% of the endowment to support female athletes.



Developing tomorrow's board member today

As an initiative to increase board diversity on boards globally, our Chairperson Charlotte Valeur founded a not-for-profit social franchise – Board Apprentice.

Board Apprentice place appropriate individuals as board apprentices on boards for 1 year to gain firsthand experience, through observation of the workings and dynamics on boards. This in turn will grow and widen the pool of board-ready individuals. The Board Apprentices do not receive remuneration and are subject to

strict conflict of interest and confidentiality obligations.

The concept works because a number of boards are willing to reserve a seat at the table for education of tomorrow's board members. In 2020 FSN Capital decided to join the initiative and appointed Sean Madden as our Board Apprentice. He is currently a consultant to the financial services industry, with data analytics and project management competence.

Delivering on our commitments

2020 was an extraordinary year due to the global Covid-19 pandemic. We still managed to keep ESG high on the agenda both internally and with the Portfolio Companies.

The tables below show our 2020 ambitions, what we did to deliver on these, as well as our plans for 2021.

What we said we would do		How we did it
Hire a full-time dedicated ESG resource to the FSN Capital ESG team.	×	Recruiting process initiated but put on hold due to Covid-19. This ambition will be followed up in 2021.
Launch a standard climate change due diligence approach.	✓	Tool developed and mandatory video training launched for all employees in August 2020. Climate change due diligence is included in the mandatory training for all new hires.
Present at four ESG seminars in the DACH-region, with the overall aim to raise awareness of ESG in the DACH private equity market and educate our advisors.	×	Initiated dialogue with local networks and platforms but put on hold due to Covid-19.
Actively participate in ESG seminars and networks.	✓	Virtual participation at several international seminars and networks (see page 94).
Update and roll out a revisited Whistleblower Policy and procedures in FSN Capital and all Portfolio Companies.	~	The new policy was rolled out in FSN Capital in February 2020. The policy was updated in some Portfolio Companies, with the ambition of completing the process for the entire portfolio in 2021.
Implement an electronic whistleblower channel for FSN Capital.	✓	Established in February 2020, available on our website.
Update formal Portfolio Company board instructions template with clear ESG responsibilities.	×	Put on hold due to Covid-19, and will be a priority in 2021.
Formalize FSN Capital's climate ambitions and set emission targets.	~	We purchased carbon offsets for FSN Capital's 2019 and 2020 emissions. Formal ambitions will be set post Covid-19.
Formalize FSN Capital's commitment to Diversity & Inclusion.	✓	Established a Diversity & Inclusion working group, which will set ambitions and targets going forward (see page 81).
Create a platform for all Portfolio Companies to share information and questions about their ESG processes.	×	Put on hold due to Covid-19 and will be a priority in 2021.
Assist Portfolio companies in setting quantitative emission reduction targets.	✓	Individual meetings held with all Portfolio Companies in Q1 to evaluate 2019 reporting and identify improvement areas.
Increase scope of mandatory KPIs that are reported by Portfolio Companies in FSN Capital's financial reporting system (iLevel).	✓	Implemented 2020, but we will continue to explore how to gather ESG KPIs from Portfolio Companies in the most efficient manner.

- ✓ Completed
- ×
- ~ In progress

In 2020 we also

How we did it

Mapped fund-level climate risks and opportunities.	✓	Climate risk and opportunities mapped for all funds, see page 89 for the results.
Updated the FSN Capital ESG Strategy Framework according to the latest recommendations under EU Non-financial Reporting Directive.	✓	Updated in December 2020 and will be rolled out in 2021.
Launched ESG intranet available to all FSN Capital employees.	✓	The ESG intranet was launched and provides and overview of the most important initiatives the Investment team should know about.
Signed the first fund-level ESG-linked Credit Facility.	✓	FSN Capital signed the Facility in December 2020.
Rolled out mandatory eLearning for all FSN Capital employees.	✓	All FSN Capital employees completed the training by August 2020, the training is included in the mandatory training for all new hires.

What we will do in 2021

Roll out the updated FSN Capital ESG Strategy Framework to all Portfolio Companies.
EU Taxonomy screening of all Portfolio Companies.
Create a platform for all Portfolio Companies to share and discuss ESG knowledge, best practice and questions.
Pilot an ESG reporting tool with at least one Portfolio Company.
Hire a full-time dedicated ESG resource to the FSN Capital ESG Team.
Implement Team-First recommendations.
Present at two ESG seminars in the DACH-region.
Respond to the EU Sustainable Finance Disclosure Regulations, including updating our communications material and responsible investment policy.
Apply for UN Global Compact membership.
Further formalize FSN Capital's climate ambitions and set a science-based target for emission reduction in line with the Paris Agreement.
Update Portfolio Company board instructions template with clear ESG responsibilities.





Appendix I

FSN Capital Partners’ Code of Conduct - short version

Purpose and main principle

The purpose of the Code of Conduct is to create a company culture that promotes integrity, our values, ethical guidelines and the FSN Capital Partners’ policies. The underlying principle for the Code of Conduct is that we always do the right thing, and if we are unsure, ask people who might know first. The Code of Conduct applies to everyone in FSN Capital Partners, including all direct and indirect subsidiaries, and we expect all Board members, Advisors and Employees to live by them.

Whistleblower policy

If anyone in FSN Capital Partners becomes aware of circumstances that violates laws, regulations or the Code of Conduct, they are encouraged and sometimes obligated to report this. We encourage employees to make good faith reports of actual or suspected breaches of our Code of Conduct, and no one who in good faith reports a violation shall suffer retaliation from FSN Capital Partners

or other employees. In most cases, an employee’s sponsor or the head of relevant local FSN Capital Partners’ office is in the best position to address an area of concern. If this reporting channel is deemed inappropriate, please see contact list:

Contact			
Compliance Officer FSNC			
Rebecca Svensøy	+47 924 97 857	rcs@fsrcapital.com	
Managing Partner FSNC			
Frode Strand-Nielsen	+47 917 31 364	fsn@fsrcapital.com	
Chairperson FSNC			
Knut Kjær	+47 901 00 438	knk@fsrcapital.com	
External contact person			
Gunnar Holm Ringen at PwC	+47 952 60 175	gunnar.holm.ringen@ pwc.com	

We expect that all employees are familiar with our Code of Conduct and actively promote its content. Please see the full version policies for further details Code of Conduct (go/coc), Whistleblower Policy (go/whistleblower) and Procedure for handling reported issues of concerns (go/whistleblowerprocedure).

Always

- + Act professional and treat others with respect
- + Be careful when writing or posting pictures in blogs and social media regarding FSN Capital Partners, suppliers or customers
- + Comply with applicable laws and regulations in the countries in which we operate
- + Act to promote a culture characterized by respect, inclusion, equality and diversity
- + Act in the best interest of FSN Capital Partners at all times
- + Avoid conflict of interests and disclose all actual or potential conflict of interest to your line manager
- + Follow regulations regarding insider information and the insider list
- + Compete fairly within the framework of relevant anti-trust and competition laws
- + Act in a socially responsible manner that is safe and protective to people, the environment and society
- + Promote principles set out in international conventions regarding human rights and worker’s rights

Never

- Do not conduct any form of harassment, discrimination or treatment that may be interpreted as threatening or degrading by others
- Do not discriminate or provide differential treatment to others
- Do not share any confidential information
- Do not conduct any form of corruption – this includes offer, promise, request, demand, receive or accept unlawful or inappropriate gifts or other remunerations (all employees will be provided training in this)
- Do not give or accept gifts, entertainment or preferential treatment unless:
 - › it is a non-cash gift
 - › it is consistent with customary business practice
 - › it is of insignificant value
 - › it cannot be construed as a bribe or kickback
 - › it is in accordance with FSN Capital Partners values
 - › it does not violate any laws
- Do not exploit children as a labor force
- Do not exploit any form of forced or compulsory labor

Appendix II

Code of Conduct for FSN Capital, last updated in 2019

Introduction

Our ethos reads «We are decent people making a decent return in a decent way».

Integrity and honesty are at the heart of who we are. We maintain high ethical standards in everything we do and take pride in living by these standards, both in our professional and personal lives.

We believe that FSN Capital has three assets – people, capital and reputation. If any of these are ever compromised, reputation is the most difficult one to restore. Reputation takes years to build, but only one wrong decision to ruin.

The purpose of this Code of Conduct is to breathe life into the definition of who we are and what we stand for, and to inspire and steer our team members, Executive Advisors and portfolio companies to do the right thing every day – even when no one is looking. A breach of law or of our Code of Conduct is a threat to our Firm’s culture, our competitiveness and our reputation. We strive, therefore, to ensure that we do not compromise our ethos, integrity or values and that every member of the FSN Capital team is encouraged to raise the following question if in doubt: «Is this behaviour in line with our ethos and values?»

Code of conduct for FSN Capital

Ethics deals with ideas about what is right and wrong. We believe that ethics in professional life must be directly linked to the ethics that set the

standards for us as individuals and as a society. Combining ethical judgment with personal strength to act out that judgment is our definition of integrity.

FSN Capital shall respect the principles set out in the UN Global Compact as attached hereto as Appendix IV, (principles derived from the UN Convention against Corruption, the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development), the OECD guidelines for corporate governance for multilateral enterprises and the UN Convention on the Rights of the Child.

1. Personal Conduct

FSN Capital sets high ethical standards for everyone who acts on behalf of the Firm. All board members and employees must conduct themselves with courtesy, respect and integrity in business relationships, towards customers, colleagues and others who they encounter in professional life. No one should behave in a manner that may offend local customs or culture.

All board members and employees must protect FSN Capital’s assets to ensure that they are used efficiently and properly for legitimate business purposes. Each employee is personally accountable for the use of any Firm assets which he or she controls. Incidental personal use of telephones, copy machines, personal computers and similar equipment is allowed provided that there is no significant cost to the Firm, it does not interfere

with duties to the Firm, and it is not related to any illegal activity or is otherwise outside the Firm's business activity.

FSN Capital team members must not use assets of the Firm direct or indirect for contributions of any kind to any political party, political committee or candidate for, or holder of, any public office. Board members and employees may participate in political activities solely in their personal capacity and never in the capacity of being an employee or representative of FSN Capital, and always with due consideration to FSN Capital's Code of Conduct.

Even when a person makes a statement in a personal capacity, they are still representing FSN Capital. Each employee is personally responsible for blog entries or participation in internet discussions. Everyone at FSN Capital shall be particularly careful in relation to entries and pictures in blogs and internet discussions relating to FSN Capital or any of the portfolio companies. Confidential information shall not be published and neither colleagues, customers, partners nor suppliers may be quoted or referenced without their prior consent. Everyone at FSN Capital must respect intellectual property rights and copyright-protected material.

2. Laws and Regulations

All board members and employees are personally responsible for complying with applicable laws, regulations and guidelines issued by public authorities. In some instances, FSN Capital's Code of Conduct may be more comprehensive than the applicable laws and regulations and, if not in conflict with the laws and regulations, FSN Capital's Code of Conduct shall prevail.

3. Work environment and safety

FSN Capital shall provide a professional, inspired and safe workplace in accordance with mandatory legislation and will show respect for all individuals and make active efforts to ensure a good and inclusive working environment characterised by equality and diversity. FSN Capital's suppliers shall be required to apply the same principles.

No form of harassment, discrimination, differential treatment or other conduct which may be interpreted as threatening or degrading shall take place.

All board members and employees must refrain from conduct that may have a negative effect on colleagues or on the work environment of FSN Capital.

4. Conflicts of interest

Board members and employees must behave impartially in all business dealings and not give other individuals, companies or organisations improper advantages. Everyone shall avoid situations where conflicts of interest may arise between their personal and/or financial interests and those of FSN Capital.

No one must work on or deal with any matter in which they themselves, their spouse, partner, close relative or any other person with whom they have a close relationship, has a direct or indirect financial interest. Further, the same applies when special circumstances exist which may weaken the perceived impartiality or the trust and integrity of employees or of their work.

Employees who consider themselves not to be impartial in relation to any particular matter, or who are uncertain as to their impartiality, shall

notify their sponsor or point person of their situation and may then be excused from having any further involvement in the matter concerned.

5. Directorship, employment and other assignments

Board members, Executive Advisors and employees are expected to show loyalty towards FSN Capital and shall not participate in any competing business.

No one must engage in other directorships, employment or assignments of any material significance outside FSN Capital unless otherwise agreed with FSN Capital. Should a conflict of interest arise, or if the relevant person's ability to perform their duties or fulfill their obligations to FSN Capital is compromised, such approval will be evaluated and could be withdrawn.

6. Investment in publicly traded shares and funds

FSN Capital's Executive Advisors, board members and employees are not permitted to invest in single company shares in companies trading on any of the Nordic or DACH stock exchanges. Portfolio investments made by independent financial advisors on behalf of the employee or in investment funds are exempted from this policy.

FSN Capital employees are required to report all share and fund holdings to the Compliance Officer every six months.

7. Confidentiality

Everyone at FSN Capital shall maintain all proprietary and confidential information in strict confidence, except when disclosure is authorised by FSN Capital Partners' Managing Partner or required by law.

Proprietary and confidential information generated and gathered in the Firm's business is a valuable FSN Capital asset. Protecting this information is critical to FSN Capital's reputation for integrity and ensures compliance with the complex regulations governing the financial services industry. «Proprietary information» includes all non-public information that might be useful to competitors or that could be harmful to FSN Capital, its investors, portfolio companies or other connections if disclosed. It includes, for example, intellectual property, business plans, personal employee information, unpublished financial information and identification of target portfolio companies. «Confidential information» is information that is not generally known to the public about FSN Capital or other parties with whom FSN Capital has a business relationship and that have an expectation of, or legal right to, confidentiality.

8. Insider information

All Executive Advisors, FSN Capital board members and employees shall comply with applicable laws and regulations regarding insider information. Everyone is advised to take necessary measures to ensure that insider information regarding a potential target portfolio company is not received. FSN Capital should under no circumstance advise or act (purchase or sell shares) as a result of insider information.

9. Anti-corruption regulations: Remuneration and gifts

FSN Capital is strongly opposed to all forms of corruption. Corruption undermines legitimate business activities, distorts competition, ruins reputations and exposes companies and individuals to risk. FSN Capital makes active efforts to ensure that corruption does not occur in its business activities.

The purpose of entertainment and gifts in a business setting is to create and enhance goodwill and working relationships to better serve FSN Capital and its investors, and not to gain an unfair business advantage. No Executive Advisor and no one at FSN Capital shall offer, promise, request, demand, receive or accept unlawful or inappropriate gifts or other remuneration. In some countries, «facilitating» (paying a «small token» to smooth a process or transaction) is not uncommon, but FSN Capital does not accept this as a way of doing business.

No one shall gain personal business-related benefits other than gifts or services of insignificant value.

FSN Capital Partners' policy for gifts is as follows:

- a. No gift, entertainment or preferential treatment can ever be solicited, provided or accepted by any individual at FSN Capital unless (i) it is a non-cash gift, (ii) it is consistent with customary business practices, (iii) it is of insignificant value, (iv) it cannot be construed as a bribe, payoff or kickback, (v) is in accordance with FSN Capital's ethos and (vi) it does not violate any laws;
- b. All directors and employees of FSN Capital shall notify the Compliance Officer of any gifts, entertainment or preferential treatment prior to such being provided or accepted. The Compliance Officer shall maintain a gift-log and approve gifts, entertainment or preferential treatment only when such are in compliance with FSN Capital's anti-corruption policy set out herein;

- c. As a general rule, one should decline invitations to paid events or trips hosted by service providers or other business contacts. Participation at paid events must always be authorised by FSN Capital's Compliance Officer.

Agreements with consultants, suppliers, partners or other middle-men must never be used to channel payment or other remuneration to anyone within or outside FSN Capital.

10. Fair Competition

FSN Capital will compete in a fair and ethically justifiable manner within the framework of the antitrust and competition rules in the markets in which the Firm operates.

11. Correct information

FSN Capital requires that all employees are truthful in their dealings with one another, our clients and other business partners. In our interaction with investors, each other, intermediaries and potential sellers of portfolio companies, FSN Capital will always be honest and fair in terms of how we act in processes and «only promise what we can deliver».

We will never take short-cuts in terms of due diligence of potential portfolio companies. We will view each deal in isolation and only base our investment recommendations on the merits of that particular transaction.

FSN Capital's business information will be communicated accurately and fully, both internally and externally. All accounting information must be correctly registered and reproduced in accordance with laws and regulations, including relevant accounting standards. Any intentional act that results in material misstatements in financial statements will be treated as fraud.

Appendix III

Responsible Investment Policy for FSN Capital Partners

We are decent people seeking to make a decent return in a decent way.

FSN Capital seeks to act with the highest level of integrity, taking a responsible approach when interacting with our portfolio companies, our advisors, our investors, local communities, and the environment. FSN Capital publishes an annual ESG report to be transparent about our performance and keep ourselves accountable.

With our investment approach, FSN Capital doesn't see a need for a responsible investment policy that is treated separately from our general investment strategy. Our policy for responsible investments and our investment philosophy are intertwined and in fact two sides of the same coin; tools we apply to ensure that we over time get the best possible combination of controlling risk and enhancing value.

Compliance with UN's Principles for Responsible Investment (UN PRI)

FSN Capital became a signatory to the United Nations-backed Principles for Responsible Investment on September 14, 2012.

UN PRI promotes integrating ESG perspectives into the investment process and active ownership policy. For FSN Capital, being a signatory falls naturally within our investment approach and being compliant with these six UN PRI principles is a natural part of an investment strategy to safeguard and enhance return of our portfolio investments:

1. We always incorporate ESG risks and opportunities into the investment analysis and decision-making process.

- › This Responsible Investment Policy defines our formal exclusion criteria.
- › We conduct a climate change due diligence in every transaction.
- › We conduct an ESG due diligence in every transaction.
- › A summary of the key risks and opportunities identified in the climate and ESG due diligence is always included in the investment decision material.
- › We always consider the likely impact of key sustainability risks on return by having ESG risks integrated in our Risk Framework.

2. We are active owners and incorporate ESG into our ownership policies and practices.

ESG is a core part of FSN Capital Partners' value creation approach.

We implement both the FSN Capital Governance Framework and the FSN Capital ESG Strategy Framework in every Portfolio Company. With the FSN Capital Governance Framework we set the tone from the top and have minimum requirements with regards to ESG policies, implementation of ESG policies, and governance. The FSN Capital ESG Strategy Framework is our method

for establishing an individualized ESG strategy for each Portfolio Company.

As responsible owners, we are dedicated to continuing to push the frontier of what constitutes good ESG governance. Our ESG Frameworks will therefor evolve over time in line with international conventions, standards, and guidelines.

- 3. We seek appropriate disclosure on ESG risks and opportunities by the entities in which we invest.
- 4. We promote acceptance and implementation of the UN PRI within the investment industry.
- 5. We work together to enhance our effectiveness in implementing the Principles.
- 6. We will each year report on our activities and progress towards implementing UN PRI by completing the annual PRI signatory survey.

FSN Capital's exclusion criteria
We shall not invest in companies that:

- 1. Have contributed to systematic denial of human rights
- 2. Demonstrate a pattern of non-compliance with environmental regulations.
- 3. Show a pattern of engaging in child labour or forced labour.

- 4. Have an unacceptable high greenhouse gas footprint and have failed to take reasonable steps to reduce these emissions.
- 5. Produce weapons that through their normal use may violate fundamental humanitarian principles (eg Anti-personnel land mines, Production of cluster munitions, Production of nuclear arms)
- 6. Are directly related to the following industries:
 - a. Adult entertainment
 - b. Tobacco
 - c. Gambling
 - d. Alcohol

FSN Capital Partners' annual ESG report
FSN Capital has published an annual ESG report since 2014.

We will continue to publish an annual ESG report to transparently report on the progress of both FSN Capital Partners and the Portfolio Companies.

In the annual ESG report we will describe in more detail how ESG is integrated in our investment process and ownership approach, as this naturally evolves over time.

This policy will be reviewed and amended as appropriate from time to time.

Revised March 2021



We hope you appreciated reading this year's ESG report.
Please provide any feedback, comments or questions
you may have to esg@fsncapital.com



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