

FSN Capital

Environmental, Social and Governance report 2018 Building Resilient Companies

About FSN Capital and the FSN Funds

Established in 1999, FSN Capital Partners («FSN Capital») is a Northern European private equity advisor. We advise the FSN Capital Funds («FSN Funds»), which currently consist of four active Funds with a total committed capital of €2 billion. The Funds focus on making control investments in companies operating in the Nordic and DACH regions with enterprise values between €50 million and €300 million.

The FSN Funds, with the support of FSN Capital, offer portfolio companies a clear value proposition: The potential to transform into more competitive, international and resilient entities during FSN Fund's period of ownership. The FSN Funds are supported by a broad range of leading international institutions that share a long-term perspective. The investors provide long-term capital that allows time to implement the transformation initiatives and create sustainable, lasting and value-added change within the portfolio companies. We are committed to taking a responsible approach when interacting with the portfolio companies, advisors, investors, local communities and the environment. FSN Capital seeks to act with the highest level of integrity.

At the core of how we operate is the FSN Capital Ethos; *«We are decent people making a decent return in a decent way».*



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

By investing with purpose, FSN Funds have realized in excess of 3x ROI and above 30% IRR, by building sustainable companies.

As such, FSN Funds are contributing to the welfare of 11 million workers and pensioners and 100,000 researchers and students.

In this report we will take you through **Who** we are, **What** we do and **How** we do it.

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Our ultimate clients



Letter from our Founder

At FSN Capital we are privileged to serve 11 million workers, pensioners and students by making a meaningful contribution to their pensions, through generating superior returns on their savings. At the end of 2018, our realized returns stand at 3.1x ROI and 34% IRR.

Moreover, we generate these returns by building stronger, more resilient companies that enhance financial performance, create employment in good and healthy working environments and make a meaningful contribution to the local communities they touch, as well as society at large.

The core of this achievement is good governance aimed at driving our companies to even better financial performance, as well as towards the UN Sustainability Goals, (UN SDGs).

Navigating towards the UN SDGs are in many ways self-serving. As a Firm, we depend 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,



Photo: Erik Burås

democratic rights, access to food, healthcare and education, and in which the general population have labour and human rights protection. This of course, is only achievable in a healthy biosphere, without which there is no life. These are all the goals of UN SDGs (Figure 1).

Driving our portfolio companies towards these goals is therefore very much part of securing an environment in which we can continue to deliver outstanding returns for decades to come.

Our efforts to address ESG factors and work towards UN SDGs has become an integral part of our governance approach to secure improved financial performance and mitigate risk. As such, we last year introduced a new and improved standFigure 1: The interconnected nature of the UN SDGs



Source: Azote Images for Stockholm Resilience Centre

«In 2078, when I turn 75 years old, I will probably spend the day with my children. Maybe they will ask me about you. About why you did not do anything while there was still time?»

GRETA THUNBERG, 15 YEARS OLD

ard framework across the portfolio companies and their supply chains. As you will see from this report, this is helping us systemize and focus the continuous improvement necessary to reach the relevant UN SDGs.

A common framework for all portfolio companies is also facilitating cooperation among them. For example, last fall, Kjell & Company and Active Brands, who both source out of China, conducted a joint anti-corruption training session in Shanghai. This year we will raise the bar on the Environment.



Watch on youtube: Greta Thunberg, 15 years old. Addressing UN Climate Change Conference in Katowice, Poland, December 2018. https://www.youtube.com/watch?v=VFk0SGyeCWg I would like to conclude with a poignant reminder of how we need to listen carefully to the next generation. «In 2078, when I turn 75 years old, I will probably spend the day with my children. Maybe they will ask me about you. About why you did not do anything while there was still time?»

Addressing Greta's concern, we will in 2019 incorporate a standard climate module in our ESG Framework inspired by the Taskforce on Climate-related Financial Disclosures (TCFD).

We hope you will enjoy reading this year's ESG Report, learning more about how we continue to contribute to the welfare of our ultimate clients, by generating superior returns, while contributing to a sustainable world with a healthy investment climate.

> Frode Strand-Nielsen Managing Partner FSN Capital Partners

Letter from our Chairman

EVEN BIGGER CHALLENGES AHEAD OF US

When reading this report, I hope you share my impression that FSN Capital is making good progress in the way we publish metrics related to the Environmental, Social and Governance standards that we are applying. Our first ESG report in 2014 was intentional, showing our dedication to take the ESG dimensions of our business seriously. The current report is more concrete and serves even better as a tool for keeping us accountable to all our stakeholders.

Why are the ESG factors so important to FSN Capital, our portfolio companies and for our investors? The simple answer is that controlling those factors is about prudent management of risk. Our time horizon for investments is very long because we also need to consider the time horizon of the future owners of the business. The long investment horizon means that the extra financial risks become crucial. Among those are how portfolio companies interact with societies, their customers, their employees and the environment. Short-term gains in some areas can become long-term liabilities.

We think that investment management and risk management are two sides of the same coin. It doesn't make much sense to assess the actual return delivered or expected for the future without a simultaneous assessment of the risk involved. Controlling risk means higher consistency in returns.

Even with a more concrete and better ESG report than our former ones we are not fully satisfied. As in the past – and in line with our mantra "positive dissatisfaction" – we will continuously work to improve the quality of our work on ESG and our reporting.



One area where we definitively have a way to go is the understanding and adoption of climate risk. There is so much evidence, as last illustrated by the United Nations Intergovernmental Panel on Climate Change (IPCC) report from October last year, that climate change represents an existential threat to our lives on the planet. With continued rise in global temperature, we may reach a tipping point where changes in the climate systems get irreversible. Impacts on climate changes today are more severe than expected one and two decades ago.

Even with radical measures to curb carbon emissions and a higher likelihood of keeping global warming well below 2°C, as was the agreed objective of the Paris Agreement signed in 2016, we will continue to see severe worsening in the physical environment. This alone will challenge most businesses across locations and sectors. The other key risk factor, the transitional risk, also has a potentially large impact for most businesses. This includes the risk of rapid policy changes, like a fast escalation to realistic carbon emission taxes, and abrupt changes in consumer and employee preferences and behavior. Lastly, technological risk like breakthrough of clean energy production and application - may imply fundamental changes to businesses.

As climate risk represent an existential threat to our civilization, we are also witnessing in parallel that the rise of populism and nationalism are challenging the political order and social stability of many liberal democracies. Climate changes are already causing immigration flows. Some measures taken to curb carbon emissions, like petrol taxes in France, contributes to social upheaval. While mitigating climate changes demand global, over-national solutions and the ability to find common ground across national borders, the trends towards populism goes in the opposite direction.

This illustrates the complexity of facing the climate changes. There are no simple solutions. As climate change can be seen as the worst market failure ever, a key element of the solution is to price the external effects. Carbon emission taxes where the revenue is delivered back to the population on a per capita basis will have a positive effect on income distribution and potentially build support for climate actions. But much more change is needed. In one way or another all businesses around the globe will be impacted.

Awareness of climate changes has pushed governments as well as investors to enhance the focus on how companies are adapting. To grasp the risk related to every company, investors need more granular information than what has historically been available, and they are now increasingly demanding this. Governments are also raising the bar on transparency and our portfolio companies will naturally be affected. We are presenting the key elements in our portfolio in this report in Chapter 4.

Disclosure of information will from 2019 not only include established measures, as the carbon footprint, but also how companies work at the board and top management level to understand and deal with climate risk. Companies will be required to develop various scenarios for climate change, one of them must be a scenario where strong policy measures and technological progress ensures that the Paris Accord objective on global warming is met.

The figure below illustrates how climate change may impact revenues, bottom line and balance sheets of companies. It categorizes the various elements companies should have in mind. But we should not lose sight of the right-side of the figure – a scenario of successfully dealing with global warming that also include enormous business opportunities. In the low carbon economy, there is huge demand for many types of businesses. At FSN Capital we are building competence to evaluate possible opportunities as well as increasing our awareness of not investing in sectors and companies that will face headwind when climate actions are stepped up.



Knut N. Kjær Chairman FSN Capital Partners

Source: TFDC 2017 report on information requirement, a milestone in the global efforts to come up with more clarity on climate related risks for all type of businesses.

1. FSN Capital – Who we are

We believe that *culture* is the most important ingredient in driving the ESG agenda.

To have culture you need to have values and values are merely codified behaviour. As such, behaviour is what we are looking for.

We at FSN Capital do not make decent people - that credit goes to mothers and fathers. In recruiting new team members, we do however go to great lengths to understand the values and the moral fabric of our candidates, in addition to their leadership and investment talent. We need to make sure that their values echo FSN Capital's values. In addition to interviews and detailed conversations, we conduct thorough background checks run by third party service providers on all new hires.

We believe in setting the tone from the top. During a two-week onboarding program, all new hires will get individual sessions with our Managing Partner and Chairman, focusing specifically on our values, ethos and our responsibility to society at large. The onboarding program also includes specific sessions on Code of Conduct, ESG and internal controls. Spending time discussing the benefits of responsible investment sends a strong signal to the new hire about the importance of ESG to our organisation. In essence, this is about providing a solid start and a tool kit to enable team members to surpass our expectations. It also emphasises that if we operate responsibly and implement sustainable practices, we mitigate risk and drive higher returns for our investors.



THE FSN CAPITAL ETHOS

FSN Capital operates with a clear ethos that is encapsulated in one sentence:

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

At FSN Capital, our ethos is expected to be at the core of how we approach decision-making every day. The Partners of the firm deliberately promote a culture that encourages this ethos.

By **decent people** we mean people of character and integrity. New team members can only be successfully on-boarded and integrated, if there is a strong cultural fit with the FSN Capital team in terms of our ethos and values.

Decent return we define as an internal rate of return which substantially outperforms that which our investors could achieve by investing in the relevant small/ midcap listed shares index.

Generating this return in a **decent way** we achieve by implementing the FSN Governance Framework in all portfolio companies and by constantly encouraging our individual team members to challenge decisions and behaviour by asking the question: "Is this in line with our ethos?"

The ethos is further reinforced through the FSN Capital Values (Appendix I).

ETHICAL STANDARDS

We strive to deliver trend shifts through transforming portfolio companies into better and more sustainable companies. We believe in building resilient companies that can withstand the test of time.

That said, we have clear ethical standards and exclusion criteria that always apply, regardless of their impact on potential returns. These standards are part of safeguarding our integrity and responsibility in the way we operate. The FSN Funds shall not invest in companies that:

- » Have contributed to systematic denial of basic human rights
- » Demonstrate a pattern of non-compliance with environmental regulations
- » Have an unacceptably high greenhouse gas footprint and fail to take economically sensible steps to reduce these emissions
- » Show a pattern of engaging in child labour or forced labour
- 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 the following industries: Adult entertainment, tobacco, gambling and alcohol.

INTEGRATION OF ESG PRINCIPLES INTO THE INVESTMENT PROCESS

FSN Capital has been a signatory of the UN PRI (United Nations Principles for Responsible Investment) since 2012.

In 2005, our Chairman was among those invited by the UN Secretary at that time, Kofi Annan, to draft the UN Principles for Responsible Investments (UN PRI). The end result was a set of principles that naturally placed ESG factors into the investment process, recognizing that ensuring integrity is among the key success factors for long-term investors.

Compliance with UN PRI's six principles is a natural part of an investment strategy to safeguard and enhance the returns of the FSN Funds' portfolio investments.

In line with the UN PRI, we have incorporated ESG issues into every step of our decision-making processes.





THE UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

We will incorporate ESG issues into investment analysis and decision-making processes.

We will be active owners and incorporate ESG issues into our ownership policies and practices.

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We will promote acceptance and implementation of the Principles within the investment industry.

5 We will work together to enhance our effectiveness in implementing the Principles..

6

We will each report on our activities and progress.

«The support from FSN Capital in matters relating to ESG and business ethics is highly appreciated. It is a pleasure to work with a private equity fund possessing a strong moral and ethical compass.»

> CFO FITNESS WORLD GROUP, NIELS MEIDAHL

UN SUSTAINABLE DEVELOPMENT GOALS

We recognise that the private sector plays an integral part in solving the most urgent global challenges as best described by the UN Sustainable Development Goals (UN SDGs). We will ensure that we will do our utmost to help achieve these broader objectives of society.

In order to succeed over the long-term, it is important that we secure a good and predictable investment environment. This is dependent on a strong, resilient economy. To achieve this, we need healthy societies and this in turn is dependent on a sustainable biosphere. Working towards the UN's SDGs is therefore also key for ensuring good returns for our investors.

We have continued to map which of the UN SDGs are relevant for each of our portfolio companies and are monitoring their progress towards these goals. FSN Capital identified six of the 17 UN SDGs that are currently especially relevant across the portfolio. As illustrated below, the jurisdictions in which FSN Capital operates are already far advanced in their ESG efforts. Nevertheless, the Private Equity industry has an important role in supporting change in scale and pace as each country continues its journey towards the UN SDGs. Our goal is to be at the forefront of that change.

THE UN SDG INDEX

#	COUNTRY	SCORE
1	Sweden	85.0
2	Denmark	84.6
3	Finland	83.0
4	Germany	82.3
5	France	81.2
6	Norway	81.2
7	Switzerland	80.1
8	Slovenia	80.0
9	Austria	80.0
10	Iceland	79.7

Source: SDG index and Dashboards Report 2018



FSN Capital has identified 6 of the SDGs that are most relevant across the portfolio



DIVERSITY

In an increasingly complex world, having teams with complementary skill sets and backgrounds is vital for success. Research shows that companies with a more diverse workforce perform better financially. The Private Equity industry is male-dominated. FSN Capital has continued to take action to improve the balance and have set specific goals to achieve this. Some of the measures taken to date include setting clear targets for improvement, unconscious bias training for the Partners, co-operation with #HunSpanderer (#ShesGotThis) and implementing the parental leave rights and obligations of our employees. We are very committed to improving our gender diversity. In 2019, our goal is that at least 50% of all new hires in the FSN investment team will be women. In addition, 50% of all new Portfolio company board members and new FSN Executive Advisors should be women.



FSN Capital Partners	2014	2015	2016	2017	2018
Employees (FTEs)	28	30	32	39	48
Percentage women versus men	25 %	27 %	28 %	28 %	33 %
Absenteeism	1 %	1 %	1 %	3 %	1 %
Employee Satisfaction NPS	87 %	92 %	92 %	79 %	46 %

«There is so much to be proud of in 2018, yet we had the poorest 360 review results since the inception of the survey. This is something I and the partner-group is taking extremely seriously. This positive dissatisfaction can be a great source of inspiration and energy. But, we must take care not to let this drive us over the top, to a point where the positive becomes a negative. In 2019, let's make sure we celebrate our victories and achieve a better work / life balance.»

FRODE STRAND-NIELSEN





DN («Dagens Næringsliv» - Today's Business), July 16th, 2018

Believing that more women is not good for business is as silly as dismissing global warming, says leading finance professional Morten Welo.

Written by Kari Vartdal Riise

Managing Partner of the private equity firm FSN Capital, Frode Strand-Nielsen, was shocked when he realized how bad the gender balance was both in his firm and the industry.

So far, FSN Capital has had more success in achieving gender balance in the portfolio companies than internally. - It's a combination of the fact that women are more difficult to find and that you need to communicate somewhat differently to get them interested in private equity, and that there are simply less women than men to choose from. Fewer women choose finance degrees, and just a small portion of them apply for positions in private equity, says Morten Welo, COO and Partner at FSN Capital.

The private equity firm has 32 partners and investment advisors. Of these, four are women.

- There is a lot of academic research and

many reports that show that diversity increases profitability. You can choose not to believe it, of course, just as you can choose not to believe in global warming. We at FSN Capital strongly believe that diversity improves profitability so we are working actively to increase both measures, says Welo, who is responsible for recruiting at FSN Capital.

Higher returns

The consulting firm McKinsey has found a clear correlation between financial performance and women in management:

- » According to McKinsey, the return on equity is on average 47 per cent higher for companies with women in management than in companies without
- » The operating margin is on average 55 per cent higher in companies with women in management than in companies without

Shy away from male-dominant companies

Private equity funds such as FSN Capital buy companies to develop and restructure them, before selling them after owning them for some years.

- Our biggest challenge is that we are in the private equity industry. A lot of people don't know about the industry, and we have not been able to communicate to women what it's really like to work here, says Morten Welo, Partner at FSN Capital. FSN Capital has, among other initiatives, hired head hunter Anna Stenberg and Women Executive Search to find more female candidates. Regarding private equity, she says:

This is an extremely male-dominated industry. They do not attract women, and few women want to work in these cultures.
Women do not want a workplace with only men. They become skeptical and ask themselves what they stand to gain there, says Stenberg

Working with people

Morten Welo at FSN Capital believes the private equity advisor would be an attractive work place for more women if they did a better job communicating that working in private equity is largely about working with people.

- Most processes in the business world are to a certain extent about spreadsheets and analyses, but after that, relationship skills are the most important part. It's about communicating well, reading situations and people, and building trust.

This is important when FSN Capital meet with founders and owners of family businesses they wish to invest in.

Since last summer, three out of six new employees are women. Six out of 12 board members recruited last year were women. - We must leave no stone unturned to

find more women, and we often have to send the recruiting agencies out the door for another round, says Welo.

https://www.dn.no/arbeidsliv/delt-arbeidsliv/likestilling/fsn-capital/-det-er-ikke-sa-mange-kvinner-som-onsker-a-jobbe-i-dissekulturene/2-1-360863

2.

FSN Capital – What we do



KEY ESG EFFORTS IN 2018

2018 has also been a busy year for FSN Funds' portfolio companies in terms of ESG efforts.

As mentioned in the 2017 report, the Norwegian law firm Selmer conducted a high-level review of key ESG risks for all portfolio companies during 2017. All new portfolio companies have been reviewed as a part of the due diligence or onboarding process. The review included benchmarking of existing compliance programmes against best practices in the relevant sector.

ESG FRAMEWORK

Our approach to ESG is commercially based and the ESG strategy is an integral part of the value creation strategy of each portfolio company. To ensure that our ESG efforts are effective, we will predominantly focus on the most relevant ESG risks and opportunities for a given portfolio company.

So, building on last year's review and to further align the portfolio companies' ESG strategy with the UN SDGs, we continue to apply our ESG framework. The framework is a standard approach to build individualized ESG strategy for each portfolio company by mapping, prioritising and monitoring key ESG aspects for each portfolio company. Furthermore, the standard approach requires the portfolio companies to set both short and long-term goals as well as identify relevant KPIs to measure progress. The reporting format also fulfils the requirements of the EU directive on non-financial reporting.

As part of the process, a market review, comprising a sectoral and peer review also provided valuable insights into which ESG themes are most relevant and what level of performance is expected. Selecting only key risks and opportunities, i.e. those material both to stakeholders and the Company, allows each Company to focus on ESG topics material to value creation. Setting longterm goals and breaking them down into shortterm actions to regularly monitor progress is a perfect fit with the FSN Execution Framework*.

The Chairman, CEO and FSN Capital point person for each portfolio company all participate in each stage of the process outlined below to ensure accountability and that the right tone is set from the top.

* FSN Execution Framework is FSN Capital's framework for setting and executing on strategic goals. According to the FEF methodology, one should not have more than 3-5 strategic goals, allowing for both management and Board of Directors to stay focused and committed.



BUILDING INTERNAL ESG KNOWLEDGE

The FSN Governance Framework is founded on our long track record of driving the ESG agenda in all of our portfolio companies, who are ultimately responsible for maintaining ESG standards. Through our historically strong focus on ESG we have built up a great deal of knowledge and experience which we have standardised and apply systematically to all new investments. By this, FSN Capital is able to substantially mitigate risk, although this cannot be fully eliminated.

In order for deal teams in their capacity as board members to set the right tone from the top in all portfolio companies, we continue to build our internal knowledge. In doing so, we aim to give our deal teams the required competence and toolset to work in close collaboration with the management team and Board of Directors to continuously improve ESG efforts. Our standard approach is to identify best practices and stakeholder expectations within the relevant industry. We then use this input to find the most up to date tools necessary to effect change together with the management team.

At FSN Capital, one of our most important assets is our people. We invest significantly in the education of our employees through the annual seminars with Harvard Professors, the Global PE Alliance Academy, FSN Executive Framework seminar and internal best practice sharing. In addition, we run 1-1 coaching and training programmes as exemplified in the case study below:

COACHING FOR PERFORMANCE

In Private Equity, one is expected to have technical and analytical skills, as well as the ability to build trust and engagement with LPs and management teams in current and potential portfolio companies. To ensure that their professionals have the right skillset, FSN Capital started offering performance coaching in 2016.

The coaching program involves a deliberate methodology to help teams build rapport, challenge, provide support and advice, develop confidence and increase impact. The program focuses on conducting business like it is a marathon, and less of a sprint, and to use passion and commitment to achieve the best results.

The team has expressed a considerable increase in self-awareness and ability to prioritise with confidence when making tough decisions since the introduction of the program.

Tim Farish, Leadership coach and advisor, Quickminds

FSN CAPITAL HAS A STRONG COMMITMENT TO ITS ESG STRATEGY

In PwC's view, FSN Capital has a strong commitment to its ESG strategy. ESG issues are always part of its pre-acquisition Due Diligence efforts, and FSN Capital's focus on ESG in their onboarding of newly acquired portfolio companies is strong. Expectations are clearly expressed and defined.

FSN Capital has a holistic approach when working with ESG issues which is best practice (cf. figure below). We share FSN Capital's strong belief that roles and responsibilities should be defined within the company, preventive systems implemented based on a performed ESG risk assessment, controls enforced, breach of code of conduct sanctioned, mistakes corrected, and learning points noted in the continuous improvement work. With this approach, the endless endeavor to uphold and improve ESG standards is owned and driven forward by management in the portfolio companies.



PwC has had the opportunity to work closely with FSN Capital and several of its portfolio companies on a broad specter of its ESG agenda, in particular within anti-corruption and trade-sanctions compliance.

In detail, PwC has for example assisted in designing company specific ESG policies, based on the ESG risk profile defined after risk workshops with company management, and translated these policies into all relevant languages for the relevant company's operations. We have not only performed ESG training to employees, but also the company's top management and Board of Directors. We have assisted with drafting training material in e-learning programs, designed third party screening procedures, performed actual trade-sanctions screening on specific customers and vendors, and advised FSN Capital on ESG matters in transactions. All in close cooperation with the FSN Capital ESG team.

Pål Lønseth, Head of Compliance and Forensic Services, PwC Internal ESG knowledge is built through our onboarding process for new hires. In addition, we conduct training sessions on specific ESG topics (both internal and external providers), facilitate best-practice sessions and discuss ESG issues as part of our monthly operating reviews.

We have established an internal ESG team with responsibility for designing the FSN Governance Framework, building internal knowledge and supporting deal teams in their ESG work. In addition to develop standard policies, the ESG team has also developed a logical, repeatable framework for raising ESG standards across the portfolio. Given our positive dissatisfaction, we continue to update our standard methods and approach based on learnings we make.

In 2018, fraud was discovered in Gram Equipment, a portfolio company acquired by Fund V in 2018. FSN Capital filed an insurance claim in June 2018 and received payment of the full insurance limit of €50 million under a warranty and indemnity liability insurance policy in March 2019.

FSN CAPITAL'S ACTIVE PROMOTION OF ESG IN VARIOUS FORUMS ACROSS THE GLOBE

UN PRI Principle 4 sets out that we should «promote acceptance and implementation of the principles within the investment industry», which is in line with our focus on continuous improvement and positive dissatisfaction. Rather than safeguarding our ESG knowledge as a competitive advantage, we actively share and promote our approach in order to improve the ESG effort of the private equity industry as a whole.

Participation in the public debate has made FSN Capital known for its values and ESG focus which increasingly has led to founders and management of potential targets reaching out to FSN Capital as a new owner.

RFKennedy Compass holds annual conferences designed to help decision makers at public and corporate pension funds, endowments, foundations, sovereign wealth funds, and family offices fulfil their fiduciary duties and meet the challenges of investing today. Each conference gathers approximately 150 institutional investors and asset managers who collectively oversee more than \$7 trillion of assets to discuss the evolving role of long-term asset ownership and ways to deliver superior risk-adjusted returns while considering human and labour rights, corporate governance, and the environment as crucial elements of investment management.

FSN Capital has been invited to The RFK Compass conference in each of the last three years, due to our ESG focus. During the conference we engage in the discussions and share our views and learnings from our own ESG journey.

Managing Partner Frode Strand-Nielsen and COO Morten Welo participated in several panel discussions last year at **a number of Superreturn conferences** to share FSN Capital's view on ESG, and how they have implemented ESG principles across all processes.

Several FSN Capital employees have been promoting the importance of ESG at **student events** at the Norwegian School of Economics. FSN Capital is also actively trying to increase number of women entering into finance. We participated at numerous events during 2018 including Women's Finance Day fair at Stockholm School of Economics (SSE) and mentoring in the Women's Finance Network.



Photo: Johan Olsson

FSN Capital also co-operates and supports **MAK** (makorg.no), a Norwegian organization focusing on intercultural competence as a competitive advantage.

Like in 2017, FSN Capital had several participants at **#shesgotthis round table diversity breakfast** in 2018. Our Managing Partner was one of the discussion facilitators. Inspired by #shesgotthis, we made made our very own discussion cards inspired by #shesgotthis to facilitate discussions regarding unconscious bias for our Annual General Meeting in 2018.

Rebecca Svensøy, General Counsel, represented FSN Capital when **AP6 invited representatives** from Nordic PE funds to share their experiences on how to achieve a better gender balance in 2018.

FSN Capital is also a part of the affiliated network to **Invest Europe Responsible Investment Roundtable**, a permanent forum dedicated to responsible investment practices and environmental, social and governance issues in Europe's private equity industry. Several meetings were conducted throughout 2018, where FSN Capital participated.

Further, FSN Capital held **presentations at smaller seminars** including Investinor annual CEO Day, Breakfast Seminar with Initiative for Ethical Trade and Group Lawyer days at Haavind in Oslo.

«Frode and FSN Capital have been key champions and driving forces to support the work on diversity and intercultural competence of MAK since its inception. Frode, and FSN Capital, has been supporting MAK with mentoring, participation in events, providing financial support and access to the right people, all of which has been key components of our success. »

JAVAD MUSHTAQ - CEO, MAK*

FSN CAPITAL'S ANNUAL ESG AWARD

As part of setting the tone from the top we have introduced an annual ESG award among the FSN Capital portfolio companies.

In 2016 and 2017, Netcompany and Green Landscaping were the proud winners of the FSN Capital ESG award as the best performing company in the portfolio with respect to ESG.

The criteria for selecting the 2018 winner remains unchanged:

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

WINNER OF FSN CAPITAL'S 2018 ESG AWARD

Kjell & Company

A vast majority of the products offered at Kjell & Company (Kjell & Co) are used to prolong life and extend the use of capital goods. As such, Kjell & Co aspires to a more sustainable society by reducing consumption of capital goods and by reducing electronic waste.

Kjell & Co's work with ESG is an integrated part of daily operations, and they continuously investigate possibilities for reducing the environmental footprint. During 2018, Kjell & Co, alongside their suppliers, launched their packaging initiative with the intention to make sure that raw materials used in the package manufacturing process come from responsibly managed forests, and thus providing environmental, social and economic benefits. A pilot was successfully launched in 2018, where a USB cable was made from 70% recycled plastic that was gathered from waste generated from plastic injection during mass production. The package was made from 100% recycled paper and printed with soy ink.

Within plastic bags Kjell & Co charges SEK 2 per bag, of which 1 SEK per bag is donated to the Swedish Child Cancer Foundation. They also track plastic bags on a monthly basis as part of their overall ESG strategy. The goal for 2019 is to reduce plastic bag usage by 40%.

Employee and consumer welfare are at the heart of everything Kjell & Co does. Kjell & Co's employees are regarded by the firm as their most valuable asset. Kjell & Co makes significant investments in training and education, and continuously focus on improving NPS in each individual department across the firm and complete bi-annual employee surveys. As an example, the NPS for the warehouse workers increased from -15% in H1 2016 to +6 in H2 2018 as a result of their efforts.

With a customer NPS of 66%, which is exceeding relevant peers by 27%, Kjell & Co has succeeded in building a customer club of 1.8 million members since 2017. The customer club allows Kjell & Co to provide customers with relevant offers and information regarding purchased products. By having access to customers via email and SMS, Kjell & Co discontinued their bi-annual release of a product catalogue, with an annual environmental impact estimated of 276 tonn of paper annually.

INTERVIEW WITH ANDREAS RYLANDER, COO IN KJELL & CO

«We are extremely happy to receive the FSN Capital Annual ESG Award as ESG is relevant for all our employees and in all parts of our operations», Mr. Rylander says with delight when he is being recognized on behalf of Kjell & Co. He continues; «Although ESG has a focus in our entire organization, the level of focus ESG is getting depends on what role each employee has in the organization. I would say that ESG is highest on the agenda for our colleagues who are working on our production facilities in China. This is also probably where we have the biggest impact. In 2018, our CEO and I went to China and together with our local staff we held our very own ESG seminar to clarify Kjell & Co's ESG requirements and expectations to 160 of our biggest suppliers. The event was very well received».

Kjell & Co believes that ESG is good business. Focus on reducing packaging and air freight have increased financial performance. According to Mr. Rylander, customers have become ever more focused on ESG during recent years and almost expect businesses to focus on ESG. «Going forward, I expect you have no other choice than to select ESG friendly solutions, unless you will become irrelevant to most consumers. You need to have a continuous focus on minimizing your footprint», Mr. Rylander adds. When questioned with potential obstacles with respect to ESG efforts, Mr. Rylander replies; «It is always a challenge to get the consumer to care about something else than price. Environmentally friendly solutions are not always the cheapest, and our experience is that it is challenging to get consumers 40+ to pay extra. Thus, we consider it as our task to improve our communications and add additional nuances and positive effects to such purchases, ie by focusing on increased longevity of the products».

Kjell & Co is continuously looking at ways to enlarge their ESG efforts and offerings. Recently, Kjell & Co started a pilot project replacing screens and fixing mobile phones as an effort to increase the mobile lifetime and thus reduce electronic waste. The ambition is to roll out this service to all stores. Smart homes are also getting more attention as they contribute to reduced electricity use by regulation heating and lightning in the most efficient way.



DELIVERING ON OUR COMMITMENTS

The table below shows the development objectives we had for the last year and what we did to deliver on these, as well as the new objectives for the coming year.

WHAT WE SAID IN 2017

- » Implement a standard electronic anti-corruption training program
- » Increase awareness and training in relation to cyber security
- Facilitate a best practice sharing workshop on supply chain management across our portfolio companies
- Continue to take a proactive role in communicating our ESG effort to the society at large
- » Continue to improve diversity KPIs across FSN Capital and FSN Funds' portfolio companies
- » Continue to work towards identifying and contributing to relevant UN SDGs in portfolio companies and FSN Capital

WHAT WE DID IN 2018

- » Monitored diversity KPIs monthly for FSN Capital and the Board of Directors of FSN Funds' portfolio companies. 67% of all Executive Advisors and 42% of all board members hired during 2018 were women.
- » We ESG onboarded 5 new portfolio companies: ensured adoption of standard ESG policies, plan for implementation and development of individual ESG strategy
- » Together with PwC, we have created an anti-corruption training program which has been tested in one portfolio company with great success.
- » We have exchanged contact details between portfolio companies where relevant to support knowledge sharing.
- » We have taken a proactive role in communicating our ESG efforts to society at large by through our participation in seminars and articles in the media
- » We continued to strive for full implementation of Employee Satisfaction and Customer Satisfaction for all portfolio companies

- » Incorporate a new Climate Risk module in the standard ESG Framework inspired by the Taskforce on Climate-related Financial Disclosures (TCFD). The Climate module will be used in DD processes and in the ongoing portfolio company ESG efforts
- » Roll out the established electronic anti-corruption training program to FSN Funds' portfolio companies
- » Create an open platform for all portfolio companies to share information and questions about their ESG processes in a secure manner
- » Implement the portfolio companies' ESG KPIs into FSN Capital's financial reporting system to more closely monitor and track progress on initiatives
- » Evaluate converting the yearly ESG report onto a digital platform
- » Continue to actively participate in network events and ESG seminars to communicate and share our ESG efforts
- » Update portfolio company Board Instructions with clear ESG responsibility
- » Continue the Diversity journey within FSN Capital and FSN Funds' portfolio companies by standardizing yearly unconscious bias training for all executives and develop a more comprehensive Mentor Program

«It's all about building a strong ESG compliance culture

within each FSN Capital portfolio company»

ERIK NELSON – PARTNER AT FSN CAPITAL



SNEAKERSNSTUFF

Sneakersnstuff (SNS) cares about society at large and is committed to contribute to UN SDG 12, responsible consumption and production. In addition to providing sustainable solutions as a part of its product offering, all SNS stores collaborated with local charity organizations for the Christmas Holidays in 2018. Gently used sneakers and clothes were collected from SNS' customers and donated to homeless people in the local cities as well as to people in Syria. To encourage donations, discount vouchers were given to donators to use for their next SNS purchase.



KARI TRAA COMPETING ON SOCIAL PURPOSE

Kari Traa, the fastest growing female sports apparel brand in Europe and the dominant brand in the Active Brands group, has since its inception been: «For girls. By girls. Exclusively!». Through its vision of inspiring girls to be happier, healthier and stronger, Kari Traa is competing on social purpose.

Kari Traa wants to encourage women to celebrate themselves and inspire them to engage in physical activity – not to lose weight or to look a certain way to satisfy a boyfriend's needs, but to increase self-esteem and mental health. By focusing both its product design and marketing messages around inspiring girls to be optimistic and confident, and living a balanced life, Kari Traa reinforces this vision. Through campaigns such as «strongerT-WOgether», «CELEBRATE YOURSELF» and «Run the Show», Kari Traa continued to celebrate women and empowering them through their communication and brand messages in 2018.

Kari Traa has received enormous response on different social media platforms from consumers with some campaigns reaching more than 3 million views. In Norway, 95% of women between 18-55 years know of the Kari Traa brand. Thus, it is reasonable to believe that the efforts have a positive impact on health and life quality for many women that have been exposed to the various campaigns. 3. FSN Capital – How we do it



Integrating ESG assessments throughout the entire investment phase is part of our efforts to take a broad and long-term view when assessing investment risks and opportunities. In general, FSN Capital's approach to ESG is materiality based with intention to identify, prioritise, monitor and measure key commercial, reputational and operational risks and opportunities. The aim is efficient use of resources by focusing on areas of impact. Through this we have consistency in all ESG efforts throughout the ownership, to ensure predictability for portfolio companies and FSN Capital's employees.

INTEGRATION IN THE PRE-INVESTMENT PHASE

When **sourcing** new opportunities, ESG matters are always considered. Clearly defined exclusion criteria together with FSN Capital's ethos and values, guide deal teams as to which deals not to pursue, and to which deals that will fit into the FSN Fund portfolio. In addition to the above, placing our trust in the management, Board of Directors and owners and their set of values are fundamental to moving forward on a potential deal.

External experts are always engaged as part of the **ESG due diligence** (DD) process. The scope of the DD will depend on relevant jurisdictions, industry, company specifics and general risk exposure, but always include anti-corruption DD and integrity DD of management.

Highlights of the key findings from the DD process are included as an important part of the formal investment papers. During **investment decision** meetings, relevant ESG topics are presented and challenged by the Investment Committee, investment team and Executive Advisors. Through the ESG DD process, deal teams will also have identified key ESG topics for the Company to focus on going forwards. To the extent relevant, investment materials will also include plans for the improvement of any of the identified ESG issues.



ONBOARDING SAFEROAD - INTERVIEW WITH JAN SINDRE EGSETH, GROUP COUNSEL, SAFEROAD GROUP

Saferoad was acquired by FSN Fund V in September 2018. Saferoad is a Norwegian based market leading provider of road safety and road infrastructure products and solutions in Europe. Saferoad has operations in ~20 EMEA countries with +2,700 employees, +80 business units and 28 production sites. As such, the onboarding of Saferoad was one of the most comprehensive onboardings ever for FSN Capital. We met with Jan Sindre Egseth, Group Counsel at Saferoad Grup, to get his view on the overall onboarding experience and the FSN Governance Framework.

«FSN has a comprehensive onboarding program with a need to focus on continuous improvement in order not to overload the organization. With the support from PwC, who also completed the ESG DD, we believe that we developed a thought through ESG improvement plan which was aligned with the Company and FSN's expectations right from the start», Mr. Egseth explains. Since Saferoad was listed on Oslo Stock Exchange when it was acquired, the Company had many processes and policies already in place. However, some policies needed an update while others were replaced with FSN Capital's standards, such as the Whistleblower policy.

When questioned which of the FSN Capital's policies or processes Mr. Egseth found the most useful he replied quickly; «The short version of Code of Conduct (CoC). It is easy to share with the entire Company – across both levels and locations». Further he adds that the short version CoC has been translated to all relevant languages, put up on the wall in the production facilities and included in all employee contracts. It has been very well received among the employees.

In Mr. Egseth's experience it is always a challenge to ensure complete alignment regarding ESG goals and ambitions throughout the entire organization. Although, he believes that this can be somewhat solved by finding the right KPIs; «Identifying relevant ESG KPIs has proven to be somewhat tricky as we operate in many jurisdiction and industries. Thus, we need to find KPIs which can be incorporated into other KPIs, which in turn are driving desired behavior and making ESG become an integrated part of operations.»



Saferoad CEO, Espen Asheim, and General Counsel, Jan Sindre Egseth, inspecting the Polish version of the COC Short Form at the Rydzina factory
OWNERSHIP PERIOD

FSN Capital has developed a standard onboarding program for new investments which is tailored for each company with assistance from the internal ESG team. The purpose of the onboarding program is to provide management with a full overview of what it means to become a FSN Fund portfolio company and set the tone from the top right from the start. In addition to the FSN Governance Framework, the onboarding program incorporates the FSN Execution Framework, FSN Capital's reporting requirements and overview of available FSN Capital's resources and upcoming best-practice seminars. The governance policies are always adopted at the first board meeting for all new investments.

The FSN Governance Framework includes standard policies and plans for implementation. Individual portfolio companies' implementation plans are tailor made, based on DD learnings. Standard policies will, however, always include FSN Capital's Code of Conduct (Appendix II), which is based on the UN Global Compact and the OECD guidelines for Corporate Governance. The code provides our team members and portfolio companies with clear instructions on how to operate and behave to secure compliance within the areas of human rights, labour rights, corruption, environment and active ownership.

Whenever we start to work with a new portfolio company or management team, we initiate a process to implement the Code of Conduct which starts with the Board and management group, but eventually involves the whole organisation. Through this process, we firmly establish what FSN Capital deems to be desirable behaviour and what is unacceptable behaviour. In addition, standard policies always include a short version Code of Conduct, Supply Chain Code of Conduct, Whistleblower Policy and minimum requirements on internal controls (see Appendix VI for full list of standard policies).

Either during the onboarding phase or as part of the strategy work, the portfolio company goes through the process of identifying business-critical ESG aspects, i.e. material to value creation. By conducting a value chain analysis and materiality assessment, based on the expectations of the shareholders and the Company, the portfolio company should define three to five key ESG priorities to focus on. Performance on these priorities are monitored and continuously assessed, based on short and long-term goals developed by the portfolio companies.

As a part of the onboarding program, FSN Capital's Finance and ESG team, either jointly or separately, has a meeting with the portfolio company's auditor to go through the auditor heatmap, also called annual review of internal control. The auditor heatmap requires the auditor to report on key controls and internal control improvement areas to the Board in a structured way. Also, by requiring the Board to report in a certain way makes it easier for deal teams and other Board members to digest the auditor's feedback.

During the **ownership period** there is a continuous focus on ESG, kicking off every Board meeting with ESG as the first agenda point. Management is required to report on status of implementation and clear path towards achieving ESG goals which is an integral part of the overall strategy for each company. FSN Funds are always represented on the Board of the portfolio companies. Expectations are explicitly defined and communicated to portfolio companies, Chairman and CEO.

EXIT

At the time of exit, FSN Capital has created a solid platform for future growth of a resilient and sustainable business for the benefit of all stakeholders and society at large.

LAGKAGEHUSET

When the FSN Funds acquired the Danish bakery chain Lagkagehuset in 2008, the Company was not tracking waste levels (both finalised products and ingredients). After the acquisition, the Company started tracking waste levels and found that waste costs were more than 16% of revenues. By tracking historical data and purchasing patterns, as well as utilising leftover products for use in other products, Lagkagehuset reduced yearly waste levels to approximately 11% during FSN's ownership. Of this, the majority was donated to charities to help the poor, nursing homes and cream given to farmers to be used in pig food; both of which provided significant social benefits.

Not only did reducing waste levels create a significant ESG impact, but it also resulted in a significant positive impact on fund performance. Reducing waste levels increased gross margin by over 5% and EBITDA by approximately EUR 5m. As such, reducing waste levels contributed to more than EUR 75m of increased value to the shareholders (realized exit multiple of c. 15x).



4. Status – ESG developments in portfolio companies

The objective of this section is to provide an overview of key ESG focus areas for current portfolio companies, as well as to describe how the companies and FSN Capital responded to these challenges and opportunities. The following pages set out the ESG strategy for each portfolio company in line with FSN Capital's ESG framework as previously described on page 23. All portfolio companies have mapped the value chain, analysed stakeholder expectations and set short and long-term ESG goals.





Saferoad is a leading supplier of road safety and road infrastructure solutions in Europe. The Group offers a broad range of innovative and high-quality products and solutions to those who own, build and maintain roads. Saferoad was acquired by FSN Fund V in 2018.



ESG IMPACTS THROUGH THE VALUE CHAIN

Saferoard's vision is "Have a safe journey" and to fulfill this Saferoad designs, manufactures and installs road safety and road infrastructure products securing roads and highways across Europe. Saferoad's use of raw material, energy as well as chemicals in its production process has an environmental impact. Furthermore, transportation of raw materials and distribution of its products to customers results in increased emissions levels. As a manufacturing and installation company, Saferoad's employees are exposed to risks during the production process as well as on constructions sites on roads. As a consequence health and safety as well as labour conditions are of highest priority to Saferoad, assuring that all its employees come home safe from work every day. Governance impacts mainly relate to anti-corruption, trade sanctions and restricted persons.

RAW MATERIAL SUPPLY

- » Key raw material: Steel, plastic, aluminium
- » Energy consumption in raw material production
- » Workers' health and safety and labour conditions in the supply chain
- » Supply chain transparency
- » Trade sanctions/restricted persons
- » Human rights

- PRODUCTION
- » Energy consumption/GHG emission
 » Management of hazardous substances and unate standarding sites
- waste at production sites >> Health and safety of own employees
- 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, easy of maintenance and climate resilient

- » Road accidents and safety
- » Public and client health and safety
- » Trade sanctions/restricted persons
- » Customer satisfaction
- » Recyclability and end-use of products

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. IMPROVE ROAD SAFETY AND EFFICIENT RISK MITIGATION	Following Saferoad's vision is "have a safe journey"; Saferoad continuously strive to improve technology, products and their application to prevent and miti- gate risks for all and thereby contributing to support Vision Zero (UN SDG 3.6).	In 2016 more than 25 000 people died in traffic acci- dents in the EU region.	Saferoad aims to contribute to 5% decrease of death accidents in traffic
2. ENSURE HEALTH, SAFETY AND SATISFACTION OF OWN EMPLOYEES	We closely monitor any and all accidents related to its employees, regardless of the severity of the accident and take continuous action to improve.	Accidents and sick leave are reported to Group as part of the financial reporting. In 2018 LTI was 65, H1 – value was 12, while sick leave was 4,4%	5% decrease in LT1 and H1 – values, maintain sick leave below 5%, and then introduce employee NPS in the three Divisions
3. ENSURE BUSINESS ETHICS AND SUSTAINABLE SUPPLY CHAIN	Saferoad has amended and strengthened several of its policies; e.g. Code of Conduct, Anti-Bribery. Updated policies have been signed-off by L1 management as well as the Board of Directors and will be further communicated and implemented across all levels.	Saferoad has rolled out a new ESG plan during 2018 and will start measuring ESG elements in 2019	Saferoad has the following ambitions in 2019: 1) Train 4 top Divisional management groups live (25 top managers). 2) Train 1500 employees by e-learning (100% with a PC/50% of all). 3) Code of Conduct poster in all existing and new locations. 4) New process for trade sanction screening to be implemented in 3 Divisions.
4. BE THE PREFERRED PARTNER IN TERMS OF THE BEST PRODUCTS, ADVICE AND SERVICE FOR ALL OUR CUSTOMERS	The Company undertook a first, and very positive, assessment of customer satisfaction with external support in 2018	Preliminary pilot of customer NPS of 45% in 2018	The Company will introduce continuous NPS monitoring of customers and partners through NPS surveys and other means during 2019
5. REDUCE CLIMATE IMPACT	Saferoad has throughout 2018 continuously been performing its activities in compliance with local environmental laws, regulations and emission licenses. Many of the facilities comply with ISO 14001 where applicable.	Performance indicators are not harmonized across European units as they are mainly focused on local standards and regulations. No breach of any emission licenses has been reported in 2018.	Maintain ISO 14001 certificate in all relevant production locations. Maintain no breach of local en- vironmental laws, regulations and emission licenses (air, water, ground and noise).





ESG IMPACTS THROUGH THE VALUE CHAIN

At Chip all share the same dedication of delivering excellent customer benefits, to exceed quality expectations and to do this while putting the needs of the customer first. Chip's offerings should cover all customer needs for IT related services in the areas of infrastructure, cloud services and Digitalization. Environmental aspects most significant to Chip are energy consumption, raw Chip is a platform investment in the Swedish IT-services market consisting of Office IT-Partner, Dicom and Zetup. The company provides managed IT services including IT-infrastructure, cloud services and process digitalization. The Group was acquired by FSN Fund V in 2018.

material used in conjunction of manufacturing IT Infrastructure components. Whilst assisting customer in their challenge of selecting the best solution long term, Chip can through their focus of sustainable improvements guide their customer in making the best possible long-term choice promoting sustainability.

Social impacts in Chip relate to labour conditions in the supply chain and the welfare of our employees, which are the Groups most valuable assets. Chip is committed to treat all with respect and equality, in addition to giving all employees the opportunity to evolve and to experience the power of working together in successful teams. This is what Chip believes is the key to long-term success.

Data integrity, data protection and IT security are the most important governing aspects for Chip, while business ethics in both procurement and in relation to customers also are high on the agenda.

BA

FACILITY & EQUIPMENT SUPPLY

- » Environmental footprint of products and services purchased
- » Sustainable mineral extraction
- » E-waste management in supply chain
- » Labour conditions and human rights in supply chain
- » Conflict minerals
- » Supply chain transparency
- » Business ethics in procurement practices

OWN OPERATIONS

- » GHG efficiency 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

MANAGEMENT AND MARKETING

- » Internal waste management
- » Internal energy use
- » Green service offerings
- » Employee health and safety
- » Employee benefits and working conditions
- » Diversity and anti-discrimination
- » Employee benefits and working conditions
- » Attracting and retaining right employees

- » Energy use of products and services after sales
- » Enabling resource efficiency through digital transformation
- » Enabling productivity through digital transformation
- » Data privacy
- » Quality of customer service
- » System reliability

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. LOYAL CUSTOMERS THAT RECOMMEND US	Established the Chip Group. Developed close customer relationships under the new Group Structure and maintained the feeling of simplicity in customer relations.	cNPS: 41	The goal is to make the customers feel that they are the "most valuable Customer" through high level of service, excellent treatment, communication and feedback. Review customer base to verify if we should avoid certain industries. Support and guide customer to embrace ESG ambitions. Strengthen the communication of high commitment to business ethics to ensure that customers feel safe when doing business with Chip.
2. SATISFIED EMPLOYEES THAT ARE PASSIONATE FOR CHIP AND OUR WHY	Culture is founded on freedom and responsibility within given bound- aries with a clear communicated WHY (purpose), common values and overall goals all striving in the same direction. Chip encourages and promotes philanthropic efforts and will inventory our current commitment in the area	eNPS: 29	Launch new brand and create a clear Group identity. Follow up on personal development plans. Develop a strong common social commitment as well as environmental thinking and sustainability both locally and within the Group through training.
3. PROMOTE DIVERSITY	A need for increased diversity has been identified, both for growth and attractiveness, focusing on human abilities.	Total: 15% women Managers: 21% women Technicians: 5% women	Work with larger and new/different networks to have a clear strategy when it comes to recruitment, salary mappings and an active agenda to address discrimination in any kind or shape. At all recruitments promote gender equality and diversity. Ensure that candidates meeting Chip requirements on gen- der equality and diversity are presented in all recruitments supported by a recruitment agency.
4. GREEN PRODUCTION	Defined a strategy to actively decrease the impact on the environment in all decisions, strategic work and existing service deliveries through formulate com- mon DataCenter strategies with clear guidelines on environmental and social responsibility require- ments to be used to evaluate investments in this sector.	ISO 9001:2015 ISO 14001:2015 At key Business Units	Through our ability to develop products and to find innovative solutions, we continuously strive to offer, and use, services and products with as little environmental footprint as possible. We will maintain our ISO certifications and combine it with green production. Identify and measure the energy effectiveness within the Group. Improve existing deliveries, development- and opera- tion-methodologies to limit environmental impact.
5. ENSURE HIGHEST INTEGRITY, INFORMATION SECURITY AND GDPR COMPLIANCE	Identified the need for processes, training, updating current agreement to ensure Information Security and compliance with GDPR.	ISO 27001:2017 At key Business Units	Within the Chip-Group create a consistent approach for Information Security and GDPR. Further strengthen the knowledge on the above areas among the employees. Establish processes to maintain the highest level of ambition regarding data integrity, Information Security, data protection and GDPR Compliance.



SNS is a leading global online and physical retailer of limited edition sneakers with approx. 85% of sales generated online. SNS' six physical stores are located in Stockholm, Berlin, Paris, London, New York & Los Angeles. SNS was acquired in 2018 by FSN Fund V.

ESG IMPACTS THROUGH THE VALUE CHAIN

Sneakersnstuff (SNS) is a leading global retailer of limited-edition sneakers. The Group does not own factories, thus all products are purchased directly from suppliers. SNS has an impact on ESG through its purchasing decisions and supplier policies. Since SNS is relatively small in comparison to some of its major suppliers, the direct impact of the full supply chain is limited. However, having sent out a supply chain Code of Conduct to all its suppliers, SNS sends a strong signal that ESG matters to them. Furthermore, SNS' most important asset is their team, which entails a responsibility of providing a safe, satisfactory and motivating work environment. Finally, being present in several countries, having a global supply chain and handling highly demanded and limited-edition items, mean SNS must consider integrity risks, as well as the data privacy and security of customers and business partners.



RAW MATERIAL SUPPLY

- KAW MATERIAL SUPPLY
- » Climate impact supply chain
- $\,\gg\,$ Chemical use and pollution in supply chain
- » Sustainable raw materials (rubber, cotton, etc)
- » Labour conditions and human rights in supply chain
- » Health and safety in supply chain in particular logistics

PRODUCTION

- » Sustainable packaging and waste management and circular economy
- » Climate impact retail operations
- » Working conditions & health and safety in own operations
- » Sanctioned countries

- MANAGEMENT AND MARKETING
- » Sustainable brand positioning and product offering
- » Employee training and development
- » Supply chain transparency
- » Level of diversity and inclusivity in the workplace
- » Anti-corruption and integrity training
- » Anti-competitive behavior reporting
- » Whistleblowing mechanisms
- » Data security and fraud protection

- » Product environmental impact in use and disposal
- » Product quality and safety
- » Customer service
- » Data privacy and security» Product labeling and transparency

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. MOTIVATED AND Satisfied employees	Employee satisfaction survey introduced in 2018 Communication of the business strategy and perfor- mance is given to employees quarterly through the SNS Sharing is Caring Session.	NPS score of 32%	Increase employee satisfaction rate by 8% points by end of 2019 by improving work envi- ronment and compensation.
2. ENSURE HEALTH, SAFETY AND SATISFACTION OF OWN EMPLOYEES	SNS introduced a supplier Code of Conduct in 2018 to all suppliers and included human rights, environ- mental impact, money laundering, integrity etc.	14 out of 39 suppliers have signed the Code of Conduct.	Training of relevant employees in supplier code of conduct Include ESG as an agenda topic in meetings with suppliers Track percentage of purchases bought from suppliers that have signed code of conduct
3. PROMOTE HIGH STANDARD BUSINESS ETHICS	SNS takes business integrity very seriously, maintaining trust among customers is key. SNS has implemented an employee Code of Conduct to promote high business ethics and to uphold the principles of fair raffles. Any deviations can be reported through the Group's Whistle Blower system.	100 % of employees have have signed the Code of Conduct. No improper behavior related to the raffles has been noted	100% of employees have completed training in anti-cor- ruption
4. PROMOTE SUSTAINABLE VALUE CHAIN	Transport identified as a significant contributor to SNS' environmental footprint. SNS provides sustainable packaging alternatives by reducing packaging and offering shoe recycling as a part of our Christmas campaign.	Performance indicators for 2018 was a preliminary pilot of Customer Introduced a new shoe box taking less space and using less material All store bags are made from recycled plastic Hundreds of pairs of sneakers donated during the Christmas campaign	Explore ways to further reduce packaging waste All our stores offer shoe donations Explore demand for sustainable sneakers
5. HIGH CUSTOMER TRUST AND LOYALTY	Focus on improving loyalty and trust as SNS is active by participating in local activations and events in key cities	Data handling made GDPR compliant.	Maintain ISO 14001 certificate in all relevant production locations. Maintain no breach of local en- vironmental laws, regulations and emission licenses (air, water, ground and noise).



Mørenot is a leading supplier of products and services to customers operating in fisheries, aquaculture and marine seismic globally. Mørenot was acquired in 2018 by Fund V.



ESG IMPACTS THROUGH THE VALUE CHAIN

Mørenot is driving the development of fishing and aquaculture solutions that will help ensure the oceans can feed generations to come. At a time of rapid climate change and growing populations, Mørenot is setting new industry standards to sustainably harvest food from the sea through innovations such as net-cleaning robots and offshore fish-farming technology. The company's environmental impact relates to both sourcing of raw material, use of chemical substances such as copper in anti-fouling treatment of aquaculture nets, and greenhouse gas emission related to logistics in a global manufacturing setup. Mørenot's supply chain includes both suppliers and customers in "high ESG risk" countries (e.g. China and Russia) involving both labour and human rights focus as well as integrity regarding intellectual property and a need for clear and global governance structure across the group companies. Mørenot's operations also involve the use of heavy machinery with implied need for focus on health and safety across all sites.

RAW MATERIAL SUPPLY

- » Waste management in supply chain (e.g. microplastic, steel)
- » Energy consumption in raw material production
- » Health and safety in supplier operations
- » Labour 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
- » Labour 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

- » 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

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. CUSTOMER SATISFACTION	Mørenot has a long tradition of a customer centric model, providing the best services where and when based on customers needs, as well as engaging in the local communities they serve. Mørenot recently acquired two complementary service stations in Norway to provide a full coverage of the entire Norwegian coastline	44 • 2018 Net Promoter Score Customers (%)	Industry leading customer NPS score Standardize the process of collecting customer feedback to further improve service offering
2. MOTIVATED Employees	The employees represents Mørenot's greatest asset. Annual employee survey is conducted to collect feedback and suggested improvements on how to further improve Mørenot as a workplace	Mørenot will start tracking employee NPS score in the next employee survey that will be issued in August 2019	Mørenot is seen as a great place to work by the employees and an attractive employer for new talent
3. SUPPLY CHAIN TRANSPARENCY	Mørenot is ISO 9001:2015 certified and all suppliers are approved according to process set out in the certification. Mørenot has created a supplier code of conduct that all suppliers sign up to which includes areas on human rights, environmental impacts, money laundering and integrity. All suppliers have signed Mørenot's supplier CoC unless they have their own which is in line with Mørenot's own.	Mørenot takes business integrity very seriously, and all employees have been given training in governance documents and have signed the code of conduct	Mørenot to take a leading role in driving the ESG agenda in industry to ensure a more sustainable harvest of food from the ocean Set up a global online training on ESG to further ensure focus on the broader ESG topic in the organization
4. INCREASED ENERGY EFFICIENCY	Mørenot is continuously working on develop- ing new technical solutions to help customers operate in a more sustainable way. Mørenot is currently developing steerable trawl doors and deflectors to help vessels operate more effi- ciently at sea thus reducing fuel consumption significantly.	Initial testing of steerable deflectors indicate po- tential for fuel savings to materialize in 2019	Commercialize steerable deflectors and trawl doors within 2020, thus making the product available to the broader market Streamline our supply chain to reduce impact from logistics
5. SUSTAINABLE MATERIALS AND PRODUCTION	Mørenot is continuously working to develop more environmentally friendly products to increase sustainability in fish farming and fisheries. E.g. Mørenot is currently working on a bio degradable net and new types of anti-fouling to help replace copper	Strong feedback and demand from customers on new products	Drive adoption and penetration of more environmentally friendly products through sales network and service stations

«Our story springs from an abiding love and respect for the oceans and the millions of people they support every day. That is why we will always keep challenging ourselves to do even more to sustain the oceans as a vital food sources for future generations.»

ARNE BIRKELAND (CEO)



Gram Equipment is a global market leader within advanced ice cream processing equipment. Gram Equipment was acquired by FSN Fund V in 2018.



ESG IMPACTS THROUGH THE VALUE CHAIN

Gram Equipment is a global market leader in food processing equipment to the leading ice cream manufacturers. The company is headquartered in Denmark where most of production also takes place. In addition, Gram has production in Turkey and Italy, as well as sales/service locations in China and the US. Parts for the equipment are produced by sub suppliers and the assembling is done by Gram Equipment. Governance factors relate to business ethics, anti-corruption and bribery. Environmental impact is dominated by the sourcing of steel and components for the machinery, as well as GHG emission in production and transportation. To encourage continuous improvement on environmental footprint, there is an increasing collaborative effort with suppliers and plan for intensifying audits, but also reducing the number of suppliers. Social impacts include labour conditions in our supply chain, employee and customer health and safety.

RAW MATERIAL SUPPLY

- » Water use in supply chain
- » Labour conditions and human rights in raw material production
- » Workers' health and safety in the supply chain
- » Intension: Code of Conduct Audit / suppliers
- » Supply chain transparency
- » Business ethics in procurement practices

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PRODUCTION

- » GHG efficiency at production sites
- » Hazardous substances and waste at production sites
- » Material utilisation and recycling
- » Water consumption at production sites
- » Transport climate impacts
- » Health and safety of own employees
- » Labour 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 behaviour
- » Tax payment transparency

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

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. SATISFIED EMPLOYEES	Gram Equipment has gone through many changes the latest few years with great cul- tural impact on many employees' identity as members of staff. Low short-term absenteeism is an indication of wellbeing and dedication. It is therefore the central metrics to ensure that the company is back on track.	Every entity made their goal for short term absenteeism in 2018 DK/BC: 3.5% DK/WC: 1.8% IT/BC: 2.4% IT/WC: 1,5% TY/BC: 1.8% TY/WC: 1.2% US/BC: 2.0% US/WC: 1.5%	Dialogue and information from the new management team in order to sustain a transparent strategy and direction. Clear role and responsibilities of the individ- ual and follow up on mutual expectations to ensure best possible working conditions. Conduct an employee satisfaction survey
2. ZERO ACCIDENTS	The assembly location in Kolding has changed layout in 2018 inspired by LEAN principles which hopefully reduce risk of incidents locally. In general, Gram Equipment employees travel, work globally, and often at customer site under different conditions.	Zero accidents	Accidents can and will never be accepted. By registering incidents, near-miss's and by analyzing the root cause and risk – Gram Equipment will improve training, commu- nication and visualize actions to improve awareness.
3. PROMOTE GENDER DIVERSITY	Gram Equipment believes that diversity helps to ensure access to the most talented potential employees and at the same time it contributes to develop the business positively with differ- ent competencies and perspectives.	Gender diversity of 15% in 2018	Include diversity factors, such as gender composition among others in the recruitment process, both for internal and external hires, as an important selection criteria to set the right team and select the best-suited candidates.
4. ENVIRONMENT	Closing down external warehousing and moving all activities to one site in Denmark has reduced the energy usage of transportation. Lighting has been exchanged to LED in produc- tion. The water usage has also been reduced as a consequence of responsible employees.	3-4 local projects with an positive environmental impact	By encouraging local and specific initiatives that can be formulated and executed within a time frame in 2019, Gram Equipment will enhance the dialogue with site managers and employees to share ideas and highlight result of reducing environmental foot print.
5. BUSINESS ETHICS	Transparent and ethical governance is essential both internally as well as externally. More than 80% of all suppliers have signed a Supplier Code of Conduct. Employees are trained in Company Code of Conduct when onboarded. In 2018 Delegation of Authority was imple- mented to specify roles and responsibility.	Supplier audits and further education of employees	Build stronger relationships with suppliers and other business partners where Business Ethics will play an essential role. Complete audit of suppliers. All employees will be asked by signature to confirm their knowledge of the Company Code of Conduct. Training of employees to ensure adherence to Company values. Training of relevant employees in anti-cor- ruption, whistleblower policy and audits of suppliers



Holmbergs Safety System is a leading global supplier of mission critical safety systems to the child safety seat industry. Holmbergs was acquired by FSN Fund V in 2017.



ESG IMPACTS THROUGH THE VALUE CHAIN

Holmbergs' business is guided by a vision to save lives and minimise damages during transport and traffic through zero defect products. Holmbergs considers this to be its most important positive social impact. Holmbergs also impacts the conduct of employees and business partners through monitoring of ethical standards and engagement with communities, as well as with suppliers and business partners. Holmbergs' environmental impact is mainly felt through the design of non-toxic products and managing operations in an environmentally conscious way. Holmbergs is also faced with labour standards and human rights considerations in production, continuously striving to have a positive impact in this regard.

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RAW MATERIAL SUPPLY

- » Climate impact of metals and plastics
- » Use of renewable and recycled plastics and metals
- » Hazardous chemical use and pollution in the supply chain
- » Environmental impacts of metal sourcing» Supplier labour conditions and human
- rights » Supplier health and safety
- » Sanctioned countries

- » Climate impact
- » Chemicals and pollution
- » Resource efficiency
- » Recycling and waste management
- » Sustainable packaging
- » Labour conditions and human rights
- » Health and safety
- » Anti-corruption and integrity

MANAGEMENT AND MARKETING

- » Sustainable design and positioning
- » Working conditions and culture
- » Safety innovation
- » Diversity
- » Anti-Corruption and integrity
- » Data security

- » Responsible product disposal and circular design
- » Product durability
- » Product weight saving benefits
- » Environmental benefits of protecting cargo
- » Protect end-user safety
- » Access and affordability
- » Human health and plastics
- » Product certification and transparency

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. SAVING LIVES AND MINIMISING DAMAGES DURING TRANSPORT AND TRAFFIC THROUGH INNOVATION AND ZERO DEFECT PRODUCTS	Commitment and structure led to improved pro- duction, product quality and product development cycles	Zero field failures according to KPI	Maintain zero fault
2. SUSTAINABLE AND NON-TOXIC MATERIALS IN OUR PRODUCTS	Committed to limiting the impact on the environ- ment and use of non-toxic products and to fulfill the legal and specific customer requirements. To be achieved through testing, design and supplier audits	Every year pass the COP test and chemical testing Supplier audits for 15/79 suppliers performed during 2018	To maintain product development of new products/processes that are sustainable Make 22 suppliers audit during 2019
3. COMMIT TO OUR Employees	Committed to maintaining and improving health and safety performance for employees	Annual surveys and KPI performance (measured NPS for the first time in 2018) Production units Low NPS scores across production units (China -41%, Hungary -77%, Lithuania -13%), although overall feedback on broader employee survey is positive Sales offices & HQ Positive NPS scores at HQ (+30%) and in Hong Kong (+20%), neutral in Salzburg (0%)	We strive to achieve zero incidents and reduce absenteeism Improve NPS score across the Group
4. ACT ETHICALLY TOWARDS SOCIETY	Encouraged employees to comply with and report any breach of the Code of Conduct	Measured through incident reports No incident during 2018	Always act on breaches of the Code of Conduct Maintain zero incident ambition Complete CoC training, including anti-corruption for all employees
5. ETHICAL AND SUSTAINABLE SUPPLY CHAIN	Encouraged suppliers to comply with and report any breach of the code of conduct	Supplier audits for 15/79 suppliers performed during 2018 including Code of Conduct	Perform 22 supplier audits during 2019

A C T I V E B R A N D S Active Brands is a leading Nordic supplier of premium sporting goods brands. Active Brands was acquired by FSN Fund IV in 2017.



ESG IMPACTS THROUGH THE VALUE CHAIN

Active Brands' most important ESG impacts are in the raw materials and production supply chain. In particular, the use of chemicals and water in textile production, animal welfare in raw material production and human rights and labour conditions in the production facilities are highly important. Wool and polyester make up the largest volumes in raw material consumption. The durability and related climate footprint of the products in the end-use phase is significant and environmental considerations related to materials consumed in production of packaging is also growing in importance. Carbon and PU-based materials account for the majority of raw material usage in the company's various packaging formats. Through the design and marketing of its products, Active Brands can also impact consumer welfare and perceptions and attitudes with regards to sports, active lifestyles and mental health.

RAW MATERIAL SUPPLY

» Animal welfare in wool and down

- Water depletion and pollution in cotton
- supply chain
- Chemicals in sourced textiles
 Labour and human rights
- Sustainable textiles and materials
- » Sanctioned countries
- Supply chain transparency
- » Climate impact

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- » Chemical use and pollution
- » Climate impact of retail and logistics
- » Sustainable packaging
- » Sustainable stock management
- » Labour conditions and human rights in production
- » Health and safety
- » Local community impact

MANAGEMENT AND MARKETING

» Sustainable and circular design

- » Sustainable service offering
- » Attracting and retaining employees
- » Diversity
- » Responsible marketing
- » Anti-Corruption and integrity
- » Sustainable product offering and positioning
- » Anti-competitive behaviour



- » Product quality and longevity
- » Product take-back and recycling
- » Product health impacts in use
- » Contributing to sport safety
- » Data security and customer privacy
- » Sanctioned countries

KEY ESG GOALS	EFFORTS	PERFORMANCE	AMBITIONS 2019
1. BRAND MANAGEMENT WITH FOCUS ON CONSUMERS' WELFARE	Continued to encourage women to be happier, healthier and stronger through various Kari Traa campaigns. Positively impacting health through motivating people to engage in sports through Johaug & Dæhlie. Introduced new and safer helmets under the Sweet Protection brand.	Taking a stand against negative body images and pressure from media. Positive health effect through inspir- ing consumer to do outdoor sports. Protecting lives and avoid injuries through development of protective wear	Continue to use the brands' power and communication platforms to positively contribute to consumers' welfare. Increased focusing on product safety, sustainability and traceability.
2. EXTENDED USAGE OF MATERIALS THAT DON'T HARM ANIMALS OR THE ENVIRONMENT. EXTENDING PRODUCT QUALITY	Active Brands CSR department inspected wool sub-sup- pliers to guarantee promised traceability of fine wool products. Extended non-mulesing wool traceability to include all first tier suppliers of fine wool products. Narrowed down its suppliers of down padded products to three code of conduct prevents force feeding and live plucking of geese in the down industry and forbids the use of furs. Products tested for chemical compliance according to AB Quality Master Document	All three down suppliers able to show traceability of their down. All new vendors have received and signed Active Brands supply chain code of conduct. Number of Blue Signed certified fabrics have increased from 0 in 2017 to 38 for AW 2019.	Source down only from suppliers who are certificated with Respon- sible Down Supplier Certification. Introduce environmentally friendly packaging for Kari Traa and prepare further roll-out in portfolio. Involve Brands' design and development teams so that more Blue Sign fabrics are chosen at the design stage.
3. RESPECT HUMAN RIGHTS AND WORKING CONDITIONS FOR ALL PEOPLE INVOLVED IN MAKING OF THE PRODUCTS	Active Brands Supply Chain CoC and product require- ments were signed by new vendors. All new vendors are included in the company's inspection scheme. Continued to work with Initiative for Ethical Trade and performing inspections.	31 product suppliers and 14 critical sub-suppliers inspected by Active Brands CSR & QA team. 87% of suppliers inspected by a accredited third party inspection authority with minimum inspection rating of C.	Extending the list of Critical Sub-suppliers to include other raw materials and taking them into Active Brands CSR and QA system. Target a BSCI rating of C or above for all suppliers.
4. ACTIVE BRANDS SHOULD BE AMONGST THE MOST ATTRACTIVE PLACES TO WORK IN THE SPORTING GOODS INDUSTRY	Continued offering competitive terms & conditions by looking at the industry at large. Active Brands Shanghai completed training to improve communication between China and Norway. Kari Traa introducing Brand Manual leading to a elevat- ed brand identity for employees within the brand. Conducted employee survey and tailoring corrective actions where needed	Global turnover for AB 2018 was 10.8% 30 30 2017 2018 Net Promoter Score Employees (%)	Create platform to increase the level of collaboration between different brands within Active Brands. Continuing training in Oslo and Shanghai to increase the level of understanding between the two offices.
5. SET HIGH STANDARDS FOR BUSINESS INTEGRITY AND ANTI- CORRUPTION	Code of Conduct and whistleblower was introduced to all employees through training at all offices. Whistle Blower policy has been implemented within the entire company and included in onboarding process for new employees.	Improvement of the internal systems in place and involving employees by raising awareness.	Creating new standard operating procedures to improve a more clear line of reporting.

Roplan

Roplan is an engineering group providing customized mechanical seals to a wide range of industries and engineering process components for the biopharmaceutical industry. Roplan was acquired by FSN Fund IV in 2015.

ESG IMPACTS THROUGH THE VALUE CHAIN

Roplan's important environmental impacts relate to the sourcing and manufacture of the raw materials used throughout its production. Energy and chemical usage within the steel manufacture process is high, as is the raw materials and sintering of the sealing faces and bushings in tungsten carbide & silicon carbide and carbon manufacturing. The use of chemicals to manufacture the elastomeric products is also a consideration. Roplan is a global manufacturing and sales organization and is responsible for greenhouse gas emissions through transportation between facilities and customers. Roplan's important environmental impacts during actual production is limited to the energy consumption of machining capabilities and also the by-product (waste) from this process. Social impacts both in own production and



in supply chain is focused on a safe and healthy work environment. The supply chain includes companies in Asia so as well as labour and human rights issues, we must also consider integrity risks associated with Roplan's intellectual property.

RAW MATERIAL SUPPLY

- » Supplier labour conditions and human rights
- » Supplier health and safety
- » Raw material climate impact and water usage (e.g. steel)
- » Responsible use and repatriation of land areas in steel mining
- » Sanctioned countries

PRODUCTION

- » Health and safety
- » Labour conditions and human rights
- » Climate impact
- » Sustainable and safe packaging
- » Resource efficiency and waste management
- » Chemicals and pollution
- » Local community impact
- » Water use

MANAGEMENT AND MARKETING

- » Anti-Corruption and integrity
- Attracting and retaining employees
- » Data security
- » Diversity
- » Sustainable product innovation

- » Climate impact of shipping and delivery
- » Product quality and safety
- » Supply chain transparency and certifications
- Product environmental impact in use
 Product longevity
- Product iongevity

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. EMPLOYEE Satisfaction	Roplan's employees are the firm's biggest asset. In addition to a satis- faction survey, each employee has an appraisal and follow up every year to discuss the past, the present and the future, reviewing and setting personal goals and training requirements. Communication of the business strategy and performance is given to employees quarterly.	12 14 3 2016 2017 2018 Net Promoter Score Employees (%) 2.1 1.8 1.4 2016 2017 2018 Absenteism (%)	Roplan aims to continuously improve its ability to serve its customers needs through satisfied, motivated and healthy employees.
2. WORKING ENVIRONMENT AND SAFETY AT ALL SITES	Roplan strives to provide a safe and healthy working environment for its employees. Premises are well maintained and clean. To define, prevent and address accidents and incidents, it is important that these are reported and investi- gated thoroughly so that corrective measures can be implemented.	2 0 0 0 0 2016 2017 2018 Accidents 4 3 4 3 2016 2017 2018 Accidents 2016 2017 2018 Accidents	Roplan aims to maintain and improve the working environment across the company, aiming for zero accidents.
3. SUPPLY CHAIN MANAGEMENT	Roplan has implemented a supplier code of conduct, that suppliers are asked to abide to, which includes human rights, environmental impact, money laundering, integrity etc.	All suppliers are expected to adhere to Supplier code of conduct at all times and Roplan will review periodically with them in person.	Roplan will focus on implement long term supply agreements with strategic suppliers to solidify the business partnership with them and to ensure that 100% of the strategic suppliers sign up to, and adhere to, the supplier code of conduct.
4. BUSINESS INTEGRITY AND TRANSPARENCY	Roplan has policies in place to uphold the principles of free and fair competi- tion and to prevent the organisation or employees behaving improperly.	Roplan takes business integrity very seriously, and all employees likely to face bribery and/or corruption situations have signed up to our code of conduct principles.	Internal training on anti-corruption and bribery principles for all employ- ees, existing and new, who are likely to face this type of situation.
5. CUSTOMER SATISFACTION	At Roplan, our customers are our part- ners. We build a lasting value chain around their needs by engaging in more open and transparent dialogue. Customer satisfaction does not solely rely on Quality, Delivery and Cost but also focuses on how we involve them and support them on a daily basis.	61 58 63 2016 2017 2018 Net Promoter Score Customer (%)	Improve customer satisfaction year- on-year.

Fibo

Fibo is the Nordic market leader within the wet room wall panel segment. Fibo was acquired by FSN Fund IV in 2015.

ESG IMPACTS THROUGH THE VALUE CHAIN

The most significant environmental impacts in Fibo's value chain, relate to lumbering and production of plywood as well as pollution, energy usage and waste in the company's production facility. Outbound logistics from the production facility in Lyngdal to customers across the Nordics, UK and Northern Europe also carry certain adverse environmental effects. From a social perspective, Fibo's impact stretches from labour conditions and human rights across the company's global supply chain (with suppliers in Asia, Latin America and Europe), to job creation and local community engagement as a key local employer in Lyngdal, Norway. The global supply chain also puts requirements on supplier evaluation and selection as well as material certification. Other governance aspect involve sanctioned countries, and anti-corruption and integrity across suppliers and customers



RAW MATERIAL SUPPLY

- » Wood sourcing (material certificates)
- » Labour conditions and human rights
- » Health and safety
- » Industrial chemical handling and treatment
- » Climate impact in the supply chain
- » Sanctioned countries

PRODUCTION

- » Labour conditions and human rights
- » Health and safety
- » Resource efficiency and waste management
- » Energy efficiency
- » Chemical use and pollution
- » Sustainable packaging
- » Sustainable and circular design

MANAGEMENT AND MARKETING

- » Anti-Corruption and integrity
- » Attracting and retaining employees
- » Local community engagement and job creation
- » Diversity
- » ESG supplier management (including audits)

- » Sustainable market positioning
- » Product quality and safety
- » Product longevity
- » Product take-back, recycling and reuse
- » Product labeling and certification
- » Climate impact of shipping and delivery

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019 Fibo aims at continuously improving it's ability to serve it's customers needs. Goal for 2019 is to increase customer NPS to 55%.
1. PRACTICAL, DURABLE AND DECORATIVE QUALITY PANELS	The customers are the most important stakeholder for Fibo and increased efforts have been made to deepen the understanding of their needs through customer satisfaction surveys and market research.	47 49 50 37 2015 2016 2017 2018 Net Promoter Score Customers (%)	
2. SATISFIED EMPLOYEES THAT ARE PASSIONATE FOR FIBO	Fibo has made efforts to create a "one firm" culture that capsules all employees across our geographies. Furthermore HSE and working conditions are key parts of lean daily management in the factory. In order to find improvement areas, continuous input from employees is systematically collected through e.g. employee surveys.	13 11 13 2016 2017 2018 Net Promoter Score Employees (%)	Fibo makes continues efforts to raise employee satisfaction through focus on HSE, corporate culture and a clear vision. Goal for 2019 is to increase employee NPS to 15%.
3. RESOURCE EFFICIENCY AND WASTE MANAGEMENT	In December 2015, Fibo started a project to expand the capacity of the current factory. On top of ena- bling growth, the investment is expected to reduce the amount of energy used to produce one m2 of panel significantly. During 2018, Fibo intensified its efforts to reduce waste in production. Several project teams work in a structured way to identify improvement opportu- nities through e.g. material selection, temperature control and humidity adjustments.	2.3 2.2 2.4 2.1 2015 2016 2017 2018 kWh per produced m ² 2015 2016 2017 2018 c0 ₂ footfrin (k tons) in production	Fibo targets continued reductions in its energy con- sumption, as efficiency gains from the upgraded production line are continuously being extracted. Goal for 2019 is to decrease energy usage to 2 kwh/m2. On the back of persistent ef- forts to optimize production, Fibo aims at continuing the trend of reduced production waste during 2019. Goal for 2019 is to decrease waste to 4.7%.

FIBO AWARDED ESG PRIZE FOR LIFTING PEOPLE OUT OF UNEMPLOYMENT

In early 2016, Fibo was recognized with the «Ringer i vannet» diploma for its efforts to take responsibility against labour market exclusion through enabling workers with gaps in their resumes to get out of unemployment. The factory in Lyngdal has already employed several people under this category, and for that they were recognized with an award from the Confederation of Norwegian Enterprises (NHO).

In 2015, the company was awarded the "Lean company of the year" for its progress in streamlining and standardization of work processes and methods. Being able to combine excellent manufacturing processes with capabilities to offer people with gaps in their resumes employment has made into Fibo a role model for other NHO-companies.

"To get so many things to work simultaneously shows an incredible strong culture in the company." Siri Mathisen, Regional Director at NHO

Fitness World is the market leader in the Danish fitness market. Fitness World was acquired by FSN Fund IV in 2015.





ESG IMPACTS THROUGH THE VALUE CHAIN

Having the ethos "Health for all", Fitness World's main social impact centres around the health benefits of living an active lifestyle via fitness training. Totaling 550,000 members in Denmark, Poland and Switzerland with over 30 million annual visits, Fitness World is a major contributor to public health and lifetime expectancy – especially in Denmark. However, the use of heavy weights in plate loading, free weight and weight stack machines in the clubs may impact the safety of members and employees. The main environmental impact relates to the manufacturing of equipment, such as the use of chemicals in leather tanneries and parts manufacturing in China (colour plating of metals) for final assembly of fitness equipment in USA and Europe. Governance impacts relate to integrity in sales and procurement, marketing and management of the business, as well as protection of customer and employee data.

RAW MATERIAL SUPPLY

- » Climate impact of raw material sourcing and manufacturing
- » Chemicals and pollution
- » Conflict materials
- » Labour conditions and human rights
- » Health and safety
- » Energy use
- » Water use

- PRODUCTION
- » Energy use
- » Water use
- » Internal waste
- » Employee health and safety
- » Labour conditions, safety and culture of own operations
- » Member safety
- » Product safety

MANAGEMENT AND MARKETING

- » Anti-Corruption and integrity
- » Diversity
- » Attracting and retaining employees
- » Sustainable brand positioning
- » Supply chain transparency
- » Responsible marketing and sales
- » Data security



- » Health benefits of FW membership
- » Body image, appearance and ideal
- » Doping. Illegal substances

KEY ESG GOALS	EFFORTS	PERFORMANCE	AMBITIONS 2019
1. EMPOWER HEALTHY BODIES AND MINDS	 FitIn program initiated for 7-9 grade in elementary schools enabling teachers to give an introduction to basic fitness and a healthy body image for teenagers Optimizing equipment configuration to avoid bottlenecks in all areas of clubs Introducing 5 new class concepts, including outdoor running New app functions: Launch of a virtual training program, booking of PT's Giving persons with a 30+ BMI free training during a 3 month period in the spring 2018 Cooperation with ADD (Anti-doping Denmark) Bike for Børnene. A national event for children with cancer in Denmark. 46 clubs participated and 1.210 bikes were sold. DKK 425.515 to Børnecancerfonden 	50,000 new members 5.000 new members between 14 and 15 years of age 2.000,000 more visits in our clubs, for a total of 28 million visits in DK. 74,000 PT sessions (+15.000 vs 2017) 264.000 live group classes (+10.000 vs, 2017) Members burned 8.4 billion calories equal to 32 million Big Mac's in 2018	Develop additional material and programs for teachers to include fitness in the curriculum Maze score of 193 (up from 189 in 2018) Add 60,000 new members and 3.3 million extra visits Cooperation with DGI/DIF to penetrate smaller cities with an attractive fitness solution. Driving penetration further in Denmark
2. MOTIVATED, SAFE AND SATISFIED EMPLOYEES	Mapped over 700 processes to help staff make the right choices Build out of FW Learning bank Launch of Workplace intranet Introduction of a performance related C&B package with bonus payments	Added 4 new modules to Learning bank NPS score of 19% (Up 16 points versus 16/17) Turnover rate of 20% Sick days of 4.1% in HQ and 6.5% in field	Add 25 modules to e-learning platform FW Learning Bank NPS score of 25% Decrease turnover rate by 5 ppts Sick days to 3.5% in HQ and to 5.5% in field
3. SAFE AND INVITING GYMS WITH IMPROVED CARBON FOOTPRINT	Dalux ticketing system for maintenance team to prioritize all technical issues in the club implemented February 2nd In 2018 we documented an additional 200 operational procedures in a cloud-based system (Gluu). Totaling 700 processes LED program rolled out to improve carbon footprint and secure lumen for safe work out	Dalux and technical team handling 40.000 tickets Member satisfaction up by 3 points from 186 EOP 2017 to 189 EOP 2018 Service days from technical team down 1.5 day to 3.31 days	Introduce SmartArt Eco Power cardio areas in 5 selected clubs to test feasibility to potentially save +60 ton of CO2 and generating 500.000 KWH Continue to roll out LED program to the remaining clubs in Denmark
4. RESPONSIBLE MANAGEMENT AND BUSINESS INTEGRITY	Additional code of conduct modules in learning platform, implemented authorization policy and updated club manager handbook GDPR program finalized and implemented Supplier code of conduct rolled-out A wide range of policies formulated and implemented via a new manager and employee handbook. Modules in Learningbank	2 whistleblower tickets in Denmark and 1 in Poland. Club Manager terminations due to fraudulent behavior up from 2 to 13 in 2018 Zero product hazard incidents (chemical or nickel release)	Anti corruption training in Learning Bank Terminations due to fraudulent behavior down to 5 Supplier audit reviews for key SKU's



EET Europarts is the leading niche distributor of technology and digital products in Europe. EET was acquired by FSN Fund IV in 2015.



ESG IMPACTS THROUGH THE VALUE CHAIN

A substantial part of EET's business is to provide spare parts for electronic devices, thereby extending the lifespan of the devices themselves. By doing so, EET contributes to a more sustainable and environmentally friendly approach to the rapid growth in use of technology hardware. EET needs to closely monitor in particular: i) the potential impact of the dual use of products for unethical purposes; ii) the conditions under which the products are produced; and iii) the potential impacts on end-user safety. Electronic waste represents an environmental impact through the value chain that must be managed through efficient stock management, clear supplier requirements and strict guidelines and processes for handling and disposing of electronic waste. The environmental impacts of production and the sourcing of raw materials are also important parts of EET's footprint.

EET has to be mindful of anti-corruption, conflict material and sanctioned countries in its supply chain and customer privacy to limit its governance impacts. The main social impacts relate to employee health and safety, and human rights in the supply chain.

RAW MATERIAL SUPPLY

- » Labour conditions and human rights
- » Conflict minerals
- » Sanctioned countries

fff PRODUCTION

» Labour conditions and human rights» Sustainable packaging 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 satisfaction) Customer privacy Dual use Sanctioned countries Climate impact of transport and shipping Product offering to enhance end-use energy efficiency Electronic waste (WEEE)

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. RESPONSIBLE SUPPLY CHAIN	Continued work to ensure that suppliers complied with EET Group's Supplier Code of Conduct by focusing on responsible supply chain management and ensuring high traceability of products Identified a few items where dual-use could be a potential risk. Established a process to identify and mitigate potential risk of dual use EET's systems block any attempt to create a customer or a delivery address that are on the list of sanctioned countries.	Number of on site factory audits carried out: 16 6 Export Control Classification Numbers registered	Update EET standard vendor contracts with requirements related to labour conditions and human rights as well as conflict minerals and dual-use products. 80% of top vendors will have signed the new requirements Review supplier risk assessment model and perform on-site audits where required. analyze the risk related to conflict minerals and dual-use products. Ensure that both countries and individual companies that are listed on a sanctioned list cannot be supplied by EET. We will include potential dual-use information in custom clearance code table.
2. RESPONSIBLE BUSINESS OPERATIONS: PEOPLE AND INTEGRITY	Continued focus to improve employee engagement. Several KPI's are followed in this area. Employee health and safety is addressed in restated HR policies. EET measures absenteeism due to illness. Anti-corruption and integrity are addressed in policies of Code of Conduct and Whistleblowing as well as mitigated via internal controls and external audits Diversity and anti-discrimination is an integral part of HR policies. We regularly track gender distribution and employees' trust in fair treatment.	Survey participation: 88% Overall engagement 7.5 Overall eNPS 20 Absenteeism due to illness: 2.5% Trust in EET taking action in case of ethics breach score 8.3 Share of women: 26% Trust in fair treatment score 8.7	To continue to measure employee engagement and aim for an overall engagement score of 7.8 and an eNPS of 24. HR policies on health and safety will be reviewed and surveyed on an ongoing basis to continuously improved work place conditions, health and safety of our employees. Anti-corruption and integrity Policies and their implementa- tion are reviewed and surveyed on an ongoing basis. Work on a daily basis to maintain high level of trust in fair treatment and aim to increase the share of women in an effort to achieve more diversity via equal gender distribution
3. RESPONSIBLE BUSINESS OPERATIONS: ENVIRONMENTAL IMPACTS	Continued efforts to reduce waste and energy consumption. EET's robotized warehouse solution, AutoStore, has decreased power consumption. Worked to reduce the climate impact of transport and shipping focusing on combined shipment solutions which have optimized the total transport solutions. Reduced the use of packaging materials and only use recycled material while still doing product safe distribution. Further a targeted effort was made to reduce plastics in packaging Supporting sustainable environmental footprint EET has added products like charging stations and cables for electric vehicles and refurbished products.	No indicators reported	Continue current procedures to reduce waste, energy con- sumption, excessive transportation and packaging and ensure compliance with legislation in all warehouses with operation. Intensify the dialogue with Private Label products suppliers in China to use more environmentally friendly packaging and ink. Increase sales of refurbished products by 20% and add more climate friendly products as appropriate. Increase focus on "smart home" products as they often facilitate improved energy efficiency at end user. Define KPI's and measure environmental impact of efforts from these procedures
4. RESPONSIBILITY TOWARDS CUSTOMERS AND CONSUMERS	Worked continuously to ensure a high level of customer satisfaction and provide safe and functional products to the end-consumers and regularly measures on Net Promoter Score As part of an overall effort related to data security, EET has implemented a level of customer data privacy to ensure compliance with the EU General Data Protection Regulation (GDPR). EET holds a tier 4 datacenter certification.	Overall cNPS score 22	Continuously measure customer satisfaction (cNPS). Increase the cNPS score while doubling the participation rate. Ensure continued GDPR compliance.

Kjell & Company

Kjell & Company is Sweden's largest retailer of accessories for home electronics. Kjell & Company was acquired by FSN Fund IV in 2014.



ESG IMPACTS THROUGH THE VALUE CHAIN

Kjell & Company is a leading Consumer Electronic Accessories firm with 104 stores in Sweden and is pursuing an expansion in Norway, with 15 stores opened by December 2018. Kjell & Company also has a purchasing office located in Shanghai, China. The headquarters and central warehouse is based in Malmö, Sweden. The most important environmental impact in the value chain is in materials used in the home electronics products, the transportation from Asia to Europe and in the electronic waste as well as packaging connected to the end products. Social impacts in Kjell & Company's supply chain include labour and human rights, in particular in Asia, but also in Kjell & Company's own stores and operations. Since Asia is a big part of the product origin, Kjell & Company must therefore be aware of risks related to anti-corruption and integrity.

BA

RAW MATERIAL SUPPLY

- » Climate impact of raw material sourcing
- » Conflict minerals in electronics
- » Sanctioned countries

PRODUCTION

- » Electronic waste (WEEE)
- » Climate impact of logistics and own operations
- » Chemical use and pollution
- » Sustainable packaging
- » Supplier labour conditions and human rights
- » Supplier health and safety
- » Labour 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

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

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE 2018	AMBITIONS 2019
1. CONSUMPTION: PRODUCT QUALITY AND SAFETY	It is essential for the company's long term development and reputation that the prod- ucts sold are safe to use and are following regulations. Kjell & Company have dedicated departments both in China and in Sweden for testing, verifying and documenting product quality.	Kjell & Company now holds 97% of all documentation regarding own brand product compliance. Resources in the quality departments in China and Sweden have been increased to enable further focus and goal achievement.	Hold close to 100% of all docu- mentation regarding own brand product compliance at all time. Strive for 100% product inspections on all own brand products.
2. PRODUCTION: LABOUR CONDITIONS AND HUMAN RIGHTS IN THE SUPPLY CHAIN	The supply chain Code of Conduct requires that suppliers respect labour and human rights. Kjell requires suppliers to sign Code of Conduct to engage in business with them. Adherence to the code is monitored through regular audits.	As of the end of 2018, the share of active suppliers in China having signed the Code of Conduct was 81%. During 2018 Kjell increased percentage of shipped goods sourced from audited suppliers from 53% to 95%.	Achieve 98% of the suppliers in China and at least 50% of active suppliers outside China to sign the Code of Conduct in 2019. Define remediation plan for all non-compliance.
3. PRODUCTION: REDUCE ENVIRONMENTAL FOOTPRINT	Continued focus on environmental impact following transports from China by reducing airfreight and increasing consolidation of shipments.	Reduction in airfreight m ³ level from 8% to 5%. Full Container Load decreased 1400 m ³ while Less than full Container Load roughly remained at the same levels. Total m ³ of shipping from China decreased with 13%.	Improve consolidation and achieve a decrease in Air fright to 4 % of total m ³ . Reduce use of plastic bags with 40% during 2019 vs. 2018 levels.
4. RELATIONSHIPS: MOTIVATED AND SATISFIED EMPLOYEES IN A DIVERSE ENVIRONMENT	The employees are Kjell & Company 's most valuable asset and they continuously strive to ensure that the employees are happy. In 2018 Kjell & Company invested in more education and training of its employees than ever before.	Employee NPS increased from 47 to 57 in 2018 (target of 50). 405 employees participated in one of our training programs (Kjell Academy) including the Advanced Leadership Course.	Invest in employees with the goal to increase employee NPS to 60. Increase share of female leaders from 13% to 20%.
5. RELATIONSHIPS: BUSINESS INTEGRITY AND TRANSPARENCY	Kjell & Company's Code of Conduct regulates its business relations. They have a clear statement to all employers that which outlines high ethical standards in everything they do. Code of Conduct is included in the employee contract which means every new employee will sign Code of Conduct before starting.	100% of employees signed Code of Conduct. Continued efforts to raise anti-corrup- tion competencies among employees: 94% of supply chain personnel have conducted anti-corruption training.	Maintain 100% employee signage of Code of Conduct and Whistle- blower policy. Yearly review and update of busi- ness ethics material and training.

KJELL & CO'S INTEGRATED SUSTAINABILITY STRATEGY IS BASED ON THREE PILLARS:





VITA is the leading beauty product specialty retailer in Norway. VITA was acquired by FSN Fund IV in 2013.



ESG IMPACTS THROUGH THE VALUE CHAIN

VITA is guided by its purpose to encourage everybody to be their true unique self every day. The purpose, business idea and values are the starting point for VITA's environmental initiatives. Sustainability - environmental, economic and social well-being for today and tomorrow – needs to become a more integrated part of the business. VITA's impact through the value chain, and the areas that VITA focus their efforts on, can be summarized in three points:

- » Environment: product packaging including plastic bags, transport, the use of chemicals in production and energy efficiency are the main environmental impact areas that VITA affects directly and indirectly.
- » Societal: health and safety issues, labour rights, and basic human rights are the main societal impact areas that VITA affects mainly indirect through the selection, collaboration and auditing of suppliers.
- » Governance: data security, privacy, anti-corruption, and fraud are the main governance impact areas for VITA. These areas are not only crucial to ensure regulatory complaiance, but also to ensure trust and confidence among VITA's customers and Club VITA members.

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RAW MATERIAL SUPPLY	PRODUCTION	MANAGEMENT AND MARKETING	CUSTOMER / END USER			
 Animal testing Climate impact Chemical use and pollution Labour conditions and human rights Health and safety Sanctioned countries 	 » Labour conditions and culture » Health and safety » Climate impact (energy use) » Sustainable packaging and waste management » Sustainable stock management » Sustainable product offering 	 Anti-corruption and integrity Diversity Sustainable brand positioning Attracting and retaining employees Responsible marketing Data security Supply chain transparency 	 Product quality and health Product environmental impact in use and disposal Customer service Product labelling and transparency 			

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019					
1. ENSURE THAT SUSTAINABILITY IS AN INTEGRATED PART OF VITA'S EVERYDAY WORK	In 2018, VITA developed its new purpose which is the foundation of VITA's sustaina- bility direction.	A new sustainability direction has been defined following the new purpose.	By the end of 2020, 80% of VITA's coworkers should agree that «sustainability is a natural part of the everyday work» Maintain share of employees having signed CoC at 100% Conduct anti-corruption training for all employees					
2. INSPIRE AND ENABLE HAPPY CUSTOMERS TO BUY MORE ENVIRONMENTALLY FRIENDLY PRODUCTS	Initiated repositioning of VITA to become more customer centric VITA continued to expand and promote its «Fri For» range	NPS of existing customers at 61% in 2018 vs 47% in 2017 VITA launched its own vegan and natural series with more than 30 000 quantities sold. VITA decided to discontinue the monthly release of the «VITA blad» in 2018 saving more than 420 tons of paper each year	NPS of existing customers 70% in 2019 Introduce at least one more ecological brand in 2019 Have the highest market share in the «Fri For» segment					
3. ENERGY EFFICIENCY THROUGH REFURBISHMENT, LOW CARBON TRANSPORTATION, WASTE MANAGEMENT AND SET REQUIREMENT TO SUPPLIERS	Made all suppliers sign our Code of Conduct.	By signing the Code of Con- duct, suppliers are committed to implement measures to increase energy efficiency.	Maintain share of suppliers having signed the CoC at 100% Evaluate sustainable low carbon transporta- tion with delivery from stores Map current energy usage and plastic waste in stores and set a goal for 2020					
4. TAKE LEAD IN CREATING A BETTER LIFE FOR THE PEOPLE AND COMMUNITIES	Member of with Initiative for Ethical Trade (IET) committed to improve hu- man and employee rights Further communicated and strengthened the understanding of our Code of Con- duct with our suppliers and employees New partnership with Amnesty against social media abuse, primarily directed towards women	Reported according to the requirements of IEH Code of Conduct signed by 100% of suppliers and employees	Continue membership of IEH focusing on improve environment throughout the value chain. Maintain 100% Code of Conduct compli- ance for all suppliers and employees Run a campaign to increase awareness on Amnesty's focus on social media abuse					



Skamol is a leading producer of energy-saving, high temperature insulation products to the global market. Skamol was acquired by FSN Fund III in 2013.



ESG IMPACTS THROUGH THE VALUE CHAIN

Skamol processes unique raw material into technical insulation systems. Sustainability is integrated into the entire supply chain from sourcing to producing energy efficient systems to our customers. The result of Skamol's efforts is a net reduction in energy consumption and greenhouse gas emissions.

Within the Building Division, Skamol delivers technical insulation systems for renovations and new buildings. Within Industry Division, Skamol delivers technical insulation systems for hot face and back up insulation that lowers the energy costs in production processes.

Skamol's raw materials are originally founded in Moler/Diatomite. Skamol excavates these raw materials in a sustainable way with respect for the landscapes and communities both during and after excavation.

RAW MATERIAL SUPPLY

- » Climate impact raw material sourcing
- » Water use and pollution
- » Responsible use and repatriation of land areas in raw material mining
- » Supplier labour conditions and human rights
- » Supplier health and safety

rtt PRODUCTION

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- » Climate impact» Chemicals and pollution
- » Resource efficiency, recycling and waste management
- » Sustainable and safe packaging
- » Water use
- » Labour conditions and human rights
- » Health and safety
- » Local community impact

MANAGEMENT AND MARKETING

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- » Sustainable product innovation
 » Attracting and retaining employees
- » Attracting a
 » Diversity
- » Anti-Corruption and integrity
- » Data security
- » Sanctioned countries
- » Sustainable brand positioning



- » Climate impact of shipping and delivery
- » Product contribution to energy efficiency
- » Product longevity
- » Product take-bake and circular design
- » Product quality and safety
- » Product contribution to end user safety
- » Supply chain transparency

KEY ESG GOALS	EFFORTS	PERFORMANCE	AMBITIONS 2019
1. LOYAL CUSTOMERS	 Skamol professionalized sales operation: » Established clear customer and market plans and classification and implemented CRM system » Implemented price management processes and tools to secure fair pricing » Established a service center with 24/7 availability » Increased control of quality » Improved R&D capabilities and product pipeline to reflect strategic initiatives 	42 2016 2017 2018 Net Promoter Score Customers (%)	 Improve market knowledge and competitiveness: Customer needs: continuous training of sales people and key managers Product Management: improve market understanding and product lifecycle management Optimize planning and logistics setup
2. LOYAL AND MOTIVATED EMPLOYEES	 Reorganized R&D and production operations and improved performance management: Established New Business Units including clear roles and responsibilities Moved main office to increase ability to attract the right talents Further developed Skamol Business System to include more process outlines and guidelines People Development Review model and process implemented to support strategic competence development Lean Daily Management implemented at all plants 	30 30 27 2016 2017 2018 Net Promoter Score Employees (%)	 Improve leadership and communication: Skamol Leadership Program Develop and implement Skamol leadership training Skamol Business System Consolidate, system- ize, and further develop Skamol Operating Model to ensure clarity and scalability in all areas Quality Improvement Program. Implement Quality Improvement Program to ensure simplified ways of working
3. CARING ABOUT PEOPLE	 Improved safety conditions and safety training: 60 Danish production workers have completed safety training in 2018 Global way of handling incidents and accidents implemented Global way of performing Safety walks implemented New safety site to handle incidents and accidents, show emergency plans, guidelines on personal protective equipment and workwear, and safety reports 	Code of conduct signed > 100% of employees > 100% of suppliers 6.14 4.26 5.00 2016 2017 2018 Incidents per million worked hours	 Further standardizing of processes and digitalizing of safety data: Material Safety Data. Establish global system for handling of supplier material safety data and workplace instructions Work Instructions. Establish online solution for work instructions Workplace organization. Implement standardized work place organization methods at all locations Safety training. Conduct an international safety training
4. INTEGRITY	 Established firm integrity processes: Code of Conduct continuously signed by all new employees Code of Conduct continuously signed by all new suppliers meeting pre-defined criteria Integrity due diligence implemented on all M&A processes and on an assessed risk basis for customers and suppliers Whistleblower policy and procedure implemented 	Example of product equip- ment lifetime in Industry > 100% of employees > 100% of suppliers	Further standardizing of integrity processes: » Extend integrity process to include screening for sanctions
5. ENERGY EFFICIENT SYSTEMS	 Developed new products providing increased energy efficiency Tested energy efficiency effects of products at customer sites, allowing to calculate average energy savings and CO2 reductions in different scenarios, being the first steps towards implementing an energy efficiency tracking system 	SkamoSteel Non-insulated 0 30 Example of product equipment lifetime in industry	 Increase energy efficiency and documentation: » Develop new products with improved insulation properties » Tracking energy efficiency Implement a system that can track CO2 reduction and energy savings » Reduced energy consumption in Production



Aura Light is a market leader in providing sustainable lighting solutions with clear economic benefits. Aura was acquired by FSN Fund II in 2006.



ESG IMPACTS THROUGH THE VALUE CHAIN

Aura Light's most important environmental impacts and key competitive advantage relate to energy savings from long-life lighting products, as well as avoidance of producing lighting products with harmful chemicals. As Aura Light purchases many of its products from suppliers in Asia and company has many substantial contracts and frame agreements with Nordic municipalities and German state-owned companies, the company has to be mindful of corruption risk (integrity risks).

Social impacts in Aura Light's supply chain include labour and human rights, in particular in Asia.

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- RAW MATERIAL SUPPLY
- » Anti-corruption and integrity
- » Supply chain climate impact
- » Raw material use
- » Labour conditions and human rights
- » Health and safety

PRODUCTION

- » Labour conditions and culture
- » Health and safety
- » Climate impact (energy use)
- » Resource and energy efficiency
- » Safe use and disposal of chemicals

» Sustainable packaging

MANAGEMENT AND MARKETING

- » Anti-corruption and integrity
- » Sustainable brand positioning and product labelling
- » Attracting and retaining employees



- Product quality and safety
 Product longevity
- » Energy consumption
- Litergy consumption
 Improved and users
- » Improved end-user working / sales conditions
- » Responsible product disposal and circular design

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019			
1. LOYAL AND CONTENT CUSTOMER	Aura Light refocused its operations to focus on key customers in the core markets in Germany, Benelux, Sweden, Norway and Finland. However, the NPS was negatively impacted by delivery issues following consolidation of production, inventory and delivery to the Vimmerby production.	Customer Net promotor score (NPS): 15	Increase NPS for key customers in core markets is a key target for 2019 achieved through i) enhanced delivery performance, ii) increased customer interactions from an in increase in number of sales employees and iii) improved and extended product portfolio			
2. MOTIVATED AND SATISFIED EMPLOYEES	Aura Light strives to have highly satisfied employees. However, 2018 was a transforma- tional year for the company which negatively impacted the employee satisfaction.	-11 -16 -2016 2017 2018 Net Promoter Score Employees (%)	Significant focus on actions to improve the employee NPS in 2019 including i) Introduce mentoring program for better onboarding of new sales employees ii) firm wide training iii) introduce a new systematic appraisal system iv) establish an occupational health care service for employees that key site in Vimmerby, Sweden v) introduce exit interviews with employees.			
3. SUPPLY CHAIN TRANSPARENCY.	Aura Light focuses on having ESG approved sup- pliers (suppliers who sign Aura's supplier policy) and systematically investigates its suppliers. During 2018, Aura Light initiated preparations to qualify additional European suppliers who are in compliance with Aura Light's code of conduct as well as technical and regulatory requirements.	No irregularities have evolved during 2018.	Ensure that Aura Light's compliance policies are an integral part of all supplier agreements. Increase number of supplier audits and improve its internal processes in its ISO system, to further improve supplier transparency.			
4. COMPLIANCE AND BUSINESS ETHICS. During 2018, Aura Light reorganized its sales organization and authorization structures. During 2018 Aura continually reinforced the strict prohibition of any inappropriate means of sales promotion, e.g. kickbacks, expensive presents, any form of material value given to business partners, which could be considered as bribery. Following re-organization responsibility within the sales organization was clarified and internal processes improved.		During the year, the company implemented i) "godfather principle" throughout the sales organiza- tion, ii) monthly business review for key contracts and iii) legal support to the sales organization	Improve the back office systems, in order to further improve sales trans- parency and follow-up of sales activi- ties. We have already converted the Code of Conduct and Whistleblower Policy into an accessible presentation format and will schedule personal meetings with all employee groups to present the implications of this policy to their areas of responsibility.			

GOVERNANCE FSNC II AND III

	AURA LIGHT	SKAMOL	
Articles of Associaton	\checkmark	\checkmark	•
Rules & Procedures for the BoD	\checkmark	\checkmark	•
CEO instructions	\checkmark	\checkmark	•
Code-of-Conduct	\checkmark	\checkmark	•
Short version CoC	\checkmark	\checkmark	•
Supply Chain CoC	\checkmark	\checkmark	•
Whistleblower protection	\checkmark	\checkmark	•
Evaluation CEO	\checkmark	\checkmark	•
Evaluation CFO	\checkmark	\checkmark	•
Agreements covering executive shareholding	\checkmark	\checkmark	•
Employment contracts for executives	\checkmark	\checkmark	•
	•	•	

GOVERNANCE FSNC IV AND V

	FIBO	EET EUROPARTS	FITNESS WORLD	KJELL & CO	ROPLAN	VITA	ACTIVE BRANDS	HOLMBERGS	GRAM	MØRENOT	SNS	CHIP	SAFEROAD	
Articles of Associaton	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Rules & Procedures for the BoD	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
CEO instructions	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Code-of-Conduct	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Short version CoC	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Supply Chain CoC	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Whistleblower protection	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Evaluation CEO	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Evaluation CFO	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Agreements covering exec- utive shareholding	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
Employment contracts for executives	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	•
	•	•	•	•	•	•	•	•	•	•	•	•	•	

	Revenue (SEKm)	Employees	Gender distribution (% women)	Absenteeism	Employee Satisfaction (NPS	Customer Satisfaction (NPC
ACTIVE BRANDS	1,127	209	64 %	4 %	30 %	65 %
AURA LIGHT	466	209	34 %	3 %	-18 %	15 %
СНІР	1,127	540	15 %	n.a.	29 %	41 %
EET EUROPARTS	4,399	590	26 %	3 %	20 %	22 %
FIBO	623	131	25 %	5 %	13 %	50 %
FITNESS WORLD	1,801	943	65 %	7 %	19 %	2 %
GRAM EQUIPMENT	796	460	15 %	3 %	n.a.	n.a.
HOLMBERGS	421	395	69 %	5 %	-33 %	33 %
KJELL & CO	1692	725	14 %	3 %	57 %	75 %
MØRENOT*	978	580	31 %	4 %	-5 %*	44 %
ROPLAN	336	147	33 %	1 %	14 %	63 %
SAFEROAD	6893	2,738	16 %	4 %	n.a.	45 %
SKAMOL	529	463	36 %	2 %	27 %	29 %
SNEAKERSNSTUFF	666	121	33 %	0 %	32 %	3 %
ATIV	1439	138	82 %	4 %	n.a.	61 %
	23,293	8,390	30 %	4 %	11 %	37 %

ACTUAL ESG KPI FIGURES

* Survey completed in 2019

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S)
«FSN Capital continues to be a leader within ESG, especially when segment and fund size are considered.»

FEEDBACK FROM ONE OF OUR INVESTOR'S ANNUAL ESG ASSESSMENT FOR 2018

5. FSN Capital – «Decent people making a decent return in a decent way»

Good governance is a fundamental and integrated part of how the directors of the Boards of the FSN Funds conduct the business of the FSN Funds.

BOARD COMPOSITION OF FSN FUNDS

The Boards of the FSN Funds aim to achieve the right balance of skills amongst the directors to ensure they can be responsible to investors for the overall management and oversight of the Funds' portfolio companies.

The Board of Directors of the FSN Funds consist of five independent members, namely Miguel Arraya, Phil Balderson, Louise Bracken- Smith, Chris Clark and Charlotte Valeur (Chair). They add diversity and extensive experience from various industries, cultures and fields of expertise such as technology, finance, accountancy and entrepreneurship.

GOVERNANCE OF FSN FUNDS

The Boards of the FSN Funds are committed to upholding the highest standards of corporate governance. They endeavour to follow corporate governance best practice procedures, in accordance with the UK Corporate Governance Code. The Board monitor the financial performance, compliance and risk, set risk appetite and ensure the Funds maintain an effective system of internal controls.

During the year there are weekly meetings and quarterly board meetings. Portfolio update, pipeline progress, draw-downs / distributions and cost approvals are covered in the weekly meeting. At the quarterly board meetings, the agenda covers areas such as portfolio company updates, pipeline, risk assessments, compliance and accounts. The ad-hoc meetings cover new platform investments or add-ons, exits and urgent business issues. The Board of the FSN Funds have implemented robust processes for investment and exit decisions, with the FSN Capital deal teams providing the Board with a detailed overview for each company, including financials and business plan. In addition, the Board runs a live risk matrix that captures all identified areas of risk that portfolio companies are exposed to.

Reflecting FSN Capital's culture of positive dissatisfaction and strive for continuous improvement, the spirit of the board meetings is collaborative but with appropriate challenging of each other, service providers and the FSN team.

PROVIDING CLEAR AND PREDICTABLE STRUCTURES FOR LONG-TERM INVESTMENTS



_____ FSN CAPITAL IV - SEK 5421 _____ Investors by type Investors by geography Pension Funds 34% 35% Nordic Endowments/Family Offices 16% Europe 30% Insurance US/Canada 21% 16% Fund of funds 12% Asia 14% Banks 5%

17%

Other



PROVIDING CLEAR AND PREDICTABLE STRUCTURES FOR LONG-TERM INVESTMENTS



THE FSN FUNDS' INVESTOR BASE

The FSN Funds invest in multiple countries with the support of investors from around the world. As illustrated in the table on the previous page, the investor base is increasingly international. For these investors, language barriers and a lack of knowledge of local legal and regulatory requirements could impede investment in the FSN Funds. In order to facilitate an international investor base, the FSN Funds are set up in Jersey. Despite its historical reputation as a "tax haven", Jersey is a well-organised and regulated jurisdiction offering, among other things, tax transparent structures such as fund vehicles. This allows the FSN Funds to bring together investors from different nationalities and countries to pool funds efficiently without complex cross-border taxation issues.

The Jersey authorities co-operate internationally and have signed numerous tax information exchange agreements. There is full engagement by the Jersey authorities in respect of the G8 and G20 transparency agendas.

As part of investing in the FSN Funds, all investors are included in a strict know your client (KYC) policy and mandatory anti-money laundering declarations in order to be accepted as a Limited Partner. This provides the necessary added confidence to pension funds, insurance providers and other investors that they will not be associated with undocumented sources of capital.

The structure of FSN Fund IV and Fund V is an example of how a functional fund structure can be set up:



APPENDIX I FSN CAPITAL'S VALUES

- The firm's assets are our people, the FSN Funds' investor franchise and our reputation. If any of these is ever diminished, our reputation is the most difficult to restore.
- 2. Integrity and honesty are at the heart of who we are. We maintain high ethical standards in everything we do, and we take pride in living by these standards, both in our work for our firm and in our personal lives.
- 3. Success is measured by the return to the investors. The return to investors is our first priority, followed by the interests of the firm, and then ourselves.
- 4. We strive to deliver trend shift through transforming portfolio companies into better and more sustainable companies.
- 5. In order to be the best firm, we seek to recruit, develop, empower and reward the best people. We believe in meritocracy.
- 6. Teamwork and collaboration are the core of our modus operandi. We are a one-team firm and believe that the team has greater impact than the sum of the impact of the individuals.
- 7. We nurture a winning culture with a strong competitive and entrepreneurial team spirit and with individuals characterised by drive, creativity, commitment and dedication, working towards common goals.
- 8. We take great pride in the professionalism,

quality and timeliness of our work. We have an uncompromising determination to achieve excellence in everything we undertake and believe in individual accountability and responsibility.

- 9. We always face up to the brutal facts and tell the truth as we see it, with direct communication, within our firm, in our portfolio companies and to our investors. We pride ourselves on our ability to avoid "group thinking" and promote and process intellectual dissent. We always treat each other, portfolio company organisations and other stakeholders with respect.
- 10. We thrive on positive dissatisfaction and always search for and seize the opportunity to grow and improve our investments, our firm, each other and ourselves.
- 11. We are determined to secure the longevity of our firm.

APPENDIX II CODE OF CONDUCT FOR FSN CAPITAL

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, attached hereto as Appendix III, (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 or of the FSN Funds direct

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FSN Capital team members must not use assets of the Firm or of the FSN Funds directly or indirectly 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, any FSN Funds 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, differ-

ential 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 or any of the FSN Capital Funds.

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 the FSN Capital Funds 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 fulfil 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 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 its relationship with the FSN Capital Funds, 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, the FSN Capital Funds, 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, the FSN Capital Funds, or other parties with whom FSN Capital or the FSN Capital Funds have 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 the FSN Capital Funds to 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 the FSN Capital Funds and their 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 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:

- » 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) it is in accordance with FSN Capital's ethos and (vi) it does not violate any laws;
- » 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;
- » 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

FSN CAPITAL PARTNERS' CODE OF CONDUCT - SHORT VERSION

PURPOSE AND MAIN PRINCIPLES

The purpose of the Code of Conduct is to create a firmwide culture that promotes integrity, our values, ethical guidelines and FSN Capital Partners policies. The underlying principle for the Code of Conduct is that we always do the

ALWAYS

- + Act professionally 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 the firm 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

WHISTLEBLOWER POLICY

If anyone at FSN Capital Partners becomes aware of circumstances that violates laws, regulations or the Code of Conduct, they are 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. Please find contact list to the right: right thing, and if we are unsure, ask people who might know first. The Code of Conduct applies to everyone at FSN Capital Partners, and we expect all Board members, Advisors and Employees to live by them.

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
- Do not give or accept gifts, entertainment or preferential treatment unless:
 o 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 labour force
- Do not exploit any form of forced or compulsory labour

ROLE	NAME
Managing Partner	FRODE STRAND-NIELSEN
C00	MORTEN WELO
Chairman	KNUT N. KJÆR
Compliance Officer FSN Capital	REBECCA SVENSØY
Executive Advisor	JESPER ISAKSEN
Head of Administration	ÅSE ULLMANN

APPENDIX IV

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

HUMAN RIGHTS

Principle 1:	Businesses should support and respect the protection of internation- ally proclaimed human rights; and
Principle 2:	make sure that they are not complicit in human rights abuses.
Principle 3:	LABOUR Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4:	the elimination of all forms of forced and compulsory labour;
Principle 5: Principle 6:	the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.
Principle 7:	ENVIRONMENT Businesses should support a precautionary approach to environmen- tal challenges;
Principle 8:	undertake initiatives to promote greater environmental responsibility; and
Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Principle 10:	ANTI-CORRUPTION Businesses should work against corruption in all its forms, including extortion and bribery.

APPENDIX V FSN CAPITAL'S WHISTLEBLOWER POLICY

Any behaviour, omissions or acts that violate our Code of Conduct may have serious consequences for the Firm, and infringements will therefore be investigated.

Everyone at FSN Capital is obligated to report breaches, or reasonable suspicions of breaches, of the Code of Conduct, the FSN Capital ethos and values that may have an impact on FSN Capital as a whole or may have a material impact on individuals' lives or health.

Reports in accordance with the Whistleblower Policy may also be made by any person affiliated with FSN Capital, including business partners, suppliers, investors in any of the FSN Funds etc.

1. REPORTING OF BREACHES OR REA-SONABLE SUSPICIONS OF BREACHES

Any breach, or reasonable suspicions of breaches, of the Code of Conduct shall be reported.

At FSN Capital, we foster an open door policy and encourage employees to share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's sponsor is in the best position to address an area of concern. If this reporting channel is deemed inappropriate due to the individuals involved or the severity of the breach in question, the breach or suspected breach should be reported to the Managing Partner (Frode Strand-Nielsen), or directly to the Compliance Officer (Rebecca C. Svensøy), or alternatively, to the Chairman of the Board of FSN Capital Partners AS (Knut Kjær). In exceptional circumstances where it would be inappropriate to approach the Managing Partner, the Compliance Officer or the Chairman, FSN Capital's Executive Advisor Jesper Isaksen may be contacted.

All reports shall be submitted in writing containing the name of the reporting party, the date and the basis for the report.

DENMARK:

In Denmark, specific rules apply: Not all concerns or breaches of the Code of Conduct may be reported through the Whistleblower Policy as such. The Whistleblower Policy only applies to material and serious illegal activities and violations. The reports that may be made in accordance with this Whistleblower Policy (collectively referred to as "Suspected Misconduct") include the following:

- » Fraud
- » Bribery
- » Blackmail and extortion
- » Money laundering
- » Anti-competitive practices
- » Pollution of the environment
- » Physical assault and gross sexual harassment
- » Suspected violations of financial statement disclosure rules, accounting rules violations, violations of internal accounting controls or auditing matters
- » Other suspected activities which may be illegal or constitute serious misconduct.

Concerns regarding other issues, such as bullying, cooperation problems, incompetence, absence, violations of internal policies on dress code, drugs and alcohol, usage of internet and emails, etc. are not covered by this Whistleblower Policy. Such concerns can, however, be raised directly with the relevant Executive Advisor or sponsor independent of the Whistleblower Policy.

2. PROCESSING AND OUTCOMES

The Compliance Officer is responsible for resolving all reported complaints and allegations concerning breaches of the Code of Conduct, our ethos and values and shall at her discretion inform and advise the Managing Partner or the Chairman of the Board of FSN Capital Partners AS. The Compliance Officer is required to report to the Chairman of the Board of FSN Capital Partners AS at least quarterly on compliance activity. The Compliance Officer shall immediately notify the Managing Partner of any reported concerns or complaints regarding FSN Capital's accounting practices, reporting procedures, internal controls or auditing.

Based on the outcome of such investigation, the Managing Partner or Chairman of the Board of FSN Capital Partners AS shall take any such action and/or impose such sanctions as are deemed appropriate and/or necessary, including any preventative measures or disciplinary sanctions.

For employees, consequences may involve verbal or written warnings or, if the matter is very serious, termination of, or summary dismissal from, their employment.

3. WHISTLEBLOWER PROTECTION – NO RETALIATION WHEN ACTING IN GOOD FAITH

The Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within FSN Capital prior to seeking resolution outside the Firm.

No one who in good faith reports a violation

of the Code of Conduct, our ethos or values shall suffer harassment, retaliation or adverse employment consequences. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment or summary dismissal.

However, any employee who is found to have intentionally and in bad faith made a false claim of violation of the Code of Conduct, our ethos or values will receive disciplinary action as deemed necessary, up to and including termination of employment or summary dismissal. For external whistleblowers, such as business partners and customers, it may lead to non-renewal of their contract or having their contract terminated.

4. PERSONAL DATA

In relation to this Whistleblower Policy, FSN Capital may receive information on both the Whistleblower and persons involved in the suspected misconduct. Such information may contain sensitive information on suspected criminal behaviour and other personal matters.

All information received according to the Whistleblower Policy will be handled in accordance with applicable law on processing of personal data. Generally, all information received according to the Whistleblower Policy will only be retained for as long as it is necessary unless otherwise required by law.

DENMARK:

In Denmark, specific rules apply: FSN Capital will store the information according to the guidelines below.

If a reported violation submitted under the Whistleblower Policy in the initial screening process is considered to be obviously without basis or outside the scope of the Whistleblower Policy, the reported violation will not be considered or investigated further. FSN Capital will in such case delete the reported violation and the information received in this regard immediately and will, if possible, encourage the whistleblower to raise the concern directly with the relevant sponsor or in another appropriate way.

If the investigation demonstrates that the reported violation is without basis, all information received and otherwise generated through their investigations will be destroyed immediately and no later than two months after the conclusion of the investigation.

The result of the investigation may be that the reported violation is reported to the police or other relevant authority. In such case, all information received according to this Whistleblower Policy, including the information obtained and received and generated through their investigations will be retained until the case has been completed with the authorities and until the period allowed for complaints and/or appeal has expired. Upon the relevant authority's completion of their investigations and their processing of the case, the information will be deleted.

When a case concerns an employee, the investigation may also result in disciplinary sanctions, including written warnings, termination of employment and, in very gross circumstances, summary dismissal. In such cases, the information collected during the investigation may be kept for as long as the disciplinary case is in progress. Furthermore, the information may also be stored in the employee's personnel file. The information kept in the personnel file will be retained for a period of up to five years after the termination of employment.

5. CONFIDENTIALITY

It is as important for FSN Capital to provide a mechanism for employees and board members to safely report illegal activities and/or serious misconduct, as it is for the Firm to protect and to avoid damage to the reputation of innocent employees or board members who are the subject of a reported violation. For these reasons, FSN Capital will conduct its investigations of any reported violation as discretely as possible and in a confidential manner to the extent possible and carry out a thorough and adequate investigation. Furthermore, to the greatest extent possible, all reasonable efforts will be made to treat the whistleblower's identity as confidential.



APPENDIX VI

FSN CAPITAL'S LIST OF STANDARD POLICIES

- **1 GROUP STRUCTURE**
- **2** ARTICLES OF ASSOCIATION
- **3 CODE OF CONDUCT**
- 4 SUPPLY CHAIN CODE OF CONDUCT
- 5 CODE OF CONDUCT SHORT VERSION
- **6 WHISTLEBLOWER POLICY**
- 7 RULES OF PROCEDURES FOR THE BOARD
- 8 INSTRUCTION FOR THE CEO
- 9 AUTHORIZATION MATRIX AND INTERNAL CONTROL (MINIMUM REQUIREMENTS AND TEMPLATE EXAMPLE)
- **10 DIRECTORS & OFFICERS LIABILITY INSURANCE**

(INSURANCE POLICY & OVERVIEW OF TERMS)

- 11 FINANCING (KEY TERMS AND COVENANTS)
- **12 CEO EMPLOYEE AGREEMENT**
- **13 BOARD SELF-EVALUATION**
- **14 CEO EVALUATION**
- **15 EMPLOYEE ENGAGEMENT SURVEY**
- **16 CUSTOMER SATISFACTION SURVEY**



Photo: Erik Burås



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

